

**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-131-19,
503(a)-24, and 332-331

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United States International Trade Commission
Washington, DC 20436



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CONTENTS

	<u>Page</u>
Introduction.....	1
Presentation of probable effect advice.....	5
Probable effect digest locator and overview.....	11
Commodity digests.....	15
Certain canned smoked sardines.....	17
Pineapple juice concentrate.....	27
Certain benzenoid commodity chemicals.....	37
MTBE.....	47
Phthalic anhydride.....	55
Bicycle tires.....	67
Certain prepared buffalo leather.....	77
Swine leather.....	85
French doors.....	93
Nonwoven headwear.....	103
Ferrosilicon chromium.....	113
Aluminum electrical conductors, other than with steel core, not fitted.....	123
Certain spark-ignition engines for use in motor vehicles.....	131
Video recording or reproducing apparatus.....	139
Other radio-tape recorder combinations.....	147
Radio-tape player combinations.....	155
 Appendixes:	
A. United States Trade Representative's request received August 17, 1992, for probable economic effect advice.....	A-1
B. United States Trade Representative's request received September 23, 1992, for withdrawal of two petitions.....	B-1
C. U.S. International Trade Commission notice of investigation and hearing.....	C-1
D. List of witnesses appearing at the Commission hearing.....	D-1
E. Types of trade shifts resulting from modification of GSP eligibility.....	E-1

Note.--This report is a declassified version of the confidential probable effects advice report submitted to the President on November 25, 1992.



INTRODUCTION

On August 17, 1992, the U.S. International Trade Commission (Commission) received a request from the U.S. Trade Representative (USTR) requesting certain Commission advice under sections 131 and 503 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-131-19, 503(a)-24, and 332-331 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 annex to the USTR request (see appendix A),¹ 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 French doors, provided for in HTS [Harmonize Tariff Schedule] subheading 4418.20.00(pt) (listed in part B of the annex to the USTR request), from eligibility for duty-free treatment under the GSP;

(b) as to the probable economic effect on domestic industries producing like or directly competitive articles and on consumers of the removal of phthalic anhydride, provided for in HTS subheading 2917.35, from Mexico and/or Venezuela (listed in part C of the annex to the USTR request), from eligibility for duty-free treatment under the GSP;

(c) 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 annex to the USTR request were being produced in the United States on January 3, 1985.

¹ The request for GSP review for articles in Harmonized Tariff Schedule (HTS) subheading 1302.39.00, case 92-1 and HTS subheading 8527.31.50, case 92-10 were withdrawn pursuant to the letter from the USTR to the Commission on Sept. 23, 1992 (see app. B).

(d) with respect to whether any industry in the United States is likely to be adversely affected by a waiver of the competitive need limits for countries specified with respect to the articles listed in part D of the annex to the USTR request and for Thailand with respect to the article provided for in HTS subheading 2009.40.40, for Zimbabwe with respect to the article provided for in HTS subheading 7202.50.00, and for Malaysia with respect to HTS subheading 8527.31.50.²

(e) with respect to whether any industry in the United States is likely to be adversely affected by a waiver of the competitive need limits specified in section 504(c)(2) of the 1974 Act, but not a waiver of the competitive need limits specified in section 504(c)(1) of the 1974 Act, for Brazil with respect to the article provided for in HTS subheading 8527.21.10 listed in Part D, the foregoing article for which Brazil currently is subject to the reduced competitive need limits specified in section 504(c)(2)(B) of the 1974 Act.

In providing its advice under (1), the Commission assumed, 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 to articles for Thailand included under HTS subheading 2009.40.40 and for Zimbabwe included under HTS subheading 7202.50.00).

The Commission instituted the investigations on September 2, 1992. The Commission indicated that it would seek to provide its advice not later than November 30, 1992, as requested by USTR.

The Commission notice of investigation and hearing is reproduced in appendix C.³ A public hearing in connection with the investigation was held in the Commission hearing room, 500 E Street SW., Washington, DC 20436, on

² The request for Malaysia with respect to articles in HTS subheading 8527.31.50 was withdrawn pursuant to the letter from the USTR to the Commission on Sept. 23, 1992 (see app. B).

³ The following Federal Register notices were issued by the Commission and the USTR related to investigations Nos. TA-131-19, 503(a)-24 and 332-331:

<u>Date</u>	<u>Notice</u>	<u>Subject</u>
Aug. 21, 1992	57 F.R. 38088	USTR notice of annual GSP review
Sept. 11, 1992	57 F.R. 41778	Notice of ITC investigation and hearing

October 8, 1992. All parties expressing a desire to appear at the hearing were afforded an opportunity to appear either by counsel or in person, to present information, and to be heard.⁴

⁴ A list of witnesses who appeared at the Commission hearing is contained in app. D.

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, 1991
- 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, 1991--This section provides 1991 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 1991 as well as for any additional GSP country proposed for a "waiver."

IV. Competitiveness profiles--This section provides background information on GSP supplier countries that are (1) the most significant sources, (2) likely to emerge as significant suppliers as a result of the GSP modification, and/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,⁵ 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, 1993-97) 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 measure 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.

⁵ 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" AND "WAIVER" DIGESTS:

Level of total U.S. imports:

- Code A: Little or no increase.
- Code B: Moderate increase.
- Code C: Significant increase.
- 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:⁶

- Code A: The bulk of duty savings is expected to be absorbed by the foreign suppliers. The price U.S. consumers pay is not expected to fall significantly.
- Code B: Duty savings are expected to benefit both the foreign suppliers and the domestic consumer.
- Code C: The bulk of duty savings is expected to benefit the U.S. consumer.
- Code N: No impact.

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.

FOR "REMOVAL" DIGESTS:

Level of total U.S. imports:

- Code X: Little or no decrease.
- Code Y: Moderate decrease.
- Code Z: Significant decrease.
- 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:⁷

- Code X: The bulk of the duty increase 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.
- Code Z: The bulk of the duty increase 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 1987-1988 used in the investigation were developed by the Commission by converting official TSUSA [Tariff Schedule of the United States Annotated] 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 the great majority of the technical problems in converting trade data

⁷ 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.

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 and 14. 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--Continued

HTS sub-heading(s) ¹	Short title	Proposed action	Petitioner(s)	Probable effects	Col. 1 rate of duty or AVE	U.S. production, of like or directly competitive articles, Jan. 3, 1985?	Analyst
<u>7202.50.00</u>	Ferrosilicon chromium	Addition ⁴	Minerals Marketing Corp. of Zimbabwe, Zimbabwe	***	10%	Yes	DeSapio
<u>7614.90.20</u>	Aluminum electrical conductors, other than with steel core, not fitted	Waiver (Venezuela)	Penn Central Corp., Cincinnati, OH; Capital Wire & Cable Corp., Plano, TX	***	4.9%	Yes	Yost
<u>8407.34.2080</u>	Certain spark-ignition engines for use in motor vehicles	Waiver (Brazil)	General Motors Corp., Detroit, MI	***	3.1%	Yes	Topolansky
<u>8527.31.50²</u>	Other combinations including tape recorders	Addition ⁵	Thomson Consumer Electronics, Inc., Indianapolis, IN				
<u>8521.10.0020</u>	Video recording or reproducing apparatus	Waiver (Malaysia)	Government of Malaysia	***	3.9%	Yes	Sherman
<u>8527.11.60</u>	Other radio-tape recorder combinations	Waiver (Malaysia)	Government of Malaysia, Santronics (M) SDN BHD, Malaysia, Sanyo Fisher (USA) Corp., Chatsworth, CA	***	3.7%	No	Kitzmilller
<u>8527.21.10</u>	Radio-tape player combinations	Waiver (Brazil)	Ford Motor Co., Dearborn, MI	***	3.7%	Yes	Kitzmilller

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

² USTR withdrew request for economic advice on this item in letter to U.S. International Trade Commission on September 23, 1992. See Appendix B in this report.

³ Advice on a waiver of competitive need for Thailand with respect to HTS subheading 2009.40.40 is also requested.

⁴ Advice on a waiver of competitive need for Zimbabwe with respect to HTS subheading 7202.50.00 is also requested.

⁵ Advice on a waiver of competitive need for Malaysia with respect to HTS subheading 8527.31.50 is also requested.

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, of like or directly competitive articles, Jan. 3, 1985?	Analyst
<u>1302.39.00(pt)²</u>	Carrageenan	Addition	Algas Marinas S.A., Chile	***	4%	Yes	Cory
<u>1604.13.10</u>	Certain canned smoked sardines	Addition	Government of Thailand	***	1.3€/liter	Yes	Dennis
<u>2009.40.40</u>	Pineapple juice concentrate	Addition ³	Dole Packaged Foods Company, San Francisco, CA	***	1.1€/kg + 17.3%, 3.7€/kg + 16.8%	Yes	Matusik
<u>2902.60.00</u> <u>2906.12.00</u>	Certain benzenoid commodity chemicals	Addition	Petroflex Industria E Comercio, S.A., Brazil, and Rhodia, S.A., Brazil	***	5.6%	Yes	Michels
<u>2909.19.10(pt)</u>	MTBE	Waiver (Venezuela)	Ecofuel S.p.A., Italy (Venezuela)	***	2.6€/kg + 8.6%	Yes	Matusik
<u>2917.35.00</u>	Phthalic anhydride	Removal (Mexico and/or Venezuela)	Aristech Chemical Corp., Neville Island, PA	***	5%	Yes	Raffery
<u>4011.50.00</u>	Bicycle tires	Addition	Government of Thailand	***	3.7%	Yes	Rhodes
<u>4104.31.20</u>	Certain prepared buffalo leather	Waiver (Thailand)	Lackawanna Leather Company, Conover, NC	***	4.2%	Yes	Rhodes
<u>4107.10.00</u>	Swine leather	Addition	Government of Slovenia	***	7.5%	Yes	Stahmer
<u>4418.20.00(pt)</u>	French doors	Removal	McPhillips Manufacturing Company Inc., Mobile, AL	***	22€/kg + 8%	Yes	Jones
<u>6505.90.8015</u>	Nonwoven headwear	Addition	Boundary Healthcare Products Corp., Columbus, MS	***			

See footnote at end of table.

COMMODITY DIGESTS

DIGEST NO. 1604.13.10

CERTAIN CANNED SMOKED SARDINES

Certain Canned Smoked Sardines

I. Introduction

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

HTS subheading	Short description	Col. 1 rate of duty (1/1/92) Percent ad valorem	Like or directly competitive article produced in the United States on Jan. 3, 1985?
1604.13.10	Canned smoked sardines, in oil.	4%	Yes

Description and uses.--Canned smoked sardines are a popular seafood, widely consumed throughout the United States. They are processed from small herrings, which are found in marine waters in many parts of the world. They may be either "cold smoked," i.e., prepared simply with a smoke-flavored additive, or "hot smoked," in which the fillets are hung in small, smoke-filled rooms for extended periods. They are then canned with vegetable oil or some other packing medium in small containers (usually about 4 to 5 ounces) for retail or institutional sale.

II. U.S. market profile

Profile of U.S. industry and market, 1987-91¹

Item	1987	1988	1989	1990	1991
Producers (number) ²	8	8	7	7	6
Employment (1,000 employees) ²	(3)	(3)	(3)	(3)	(3)
Production (1,000 dollars) ²	22,420	24,082	16,799	17,300	18,750
Exports (1,000 dollars) ⁴	688	1,005	838	1,159	1,142
Imports (1,000 dollars)	18,616	16,805	18,131	18,859	19,704
Consumption (1,000 dollars)	40,348	39,882	34,092	35,000	37,312
Import-to-consumption ratio (percent)	46	42	53	54	53
Capacity utilization (percent).	80	75	70	80	90

¹Trade data for 1987 and 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 1987 and 1988 may not be directly comparable with HTS trade data for 1989-91.

²Covers all canned sardine products.

³Not available.

⁴Excludes exports to Canada, substantially all of which are believed to be only warehoused in Canada and then re-imported into the United States.

Comment.--The U.S. industry is located entirely in Maine, close to the abundant herring resources of the northwest Atlantic. U.S. canners usually buy herring from independent boats, but some own their own boats. They typically do not diversify beyond closely related products (e.g., canned herring steaks). There is significant horizontal integration with the Atlantic Canadian industry. Brand-name marketing of canned sardines is important; about four U.S./Canadian brands compete with two or three foreign (primarily Scandinavian and Portugese) brands. Competition with GSP or non-European imports lies mainly in the "private label" market (such as for supermarkets' own brands) where price is a more important competitive factor than producer/brand reputation.

III. GSP import situation, 1991

U.S. imports and share of U.S. consumption, 1991

<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	19,704	100	-	53
Imports from GSP countries:				
Total	3,265	17	100	9
Thailand.	2,847	14	87	8
Yugoslavia.	380	2	12	1
Morocco	30	(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 Thailand for all digest products

Ranking as a U.S. import supplier, 1991. 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 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

Competitiveness indicators for Yugoslavia for all digest products

Ranking as a U.S. import supplier, 1991. 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 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

Competitiveness indicators for Morocco for all digest products

Ranking as a U.S. import supplier, 1991. 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 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

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

Support.--The Government of Thailand supports the petition, stating that the U.S. industry's competitiveness "appears to have improved considerably during 1989-91, as its exports increased from \$7.8 million to \$9.4 million." However, these data refer not to canned smoked sardines but to total sardine exports. Moreover, over 80 percent of the reported increase consisted of exports to Canadian parent firms; the product subsequently was re-imported into the United States for domestic consumption. The Government of Thailand states that Yugoslavia and Morocco will also benefit from GSP eligibility of canned smoked sardines; however, Yugoslavia is no longer a GSP-eligible exporter.

VI. Summary of probable economic effects--Addition

* * * * *

Table 1.
Digest title: Certain canned smoked sardines
U.S. imports for consumption, principal sources, 1987-91

Source	1987	1988	1989	1990	1991
Value (1,000 dollars)					
Norway.....	16,198	14,010	11,881	11,926	11,559
Canada.....	265	512	2,988	2,927	3,934
Thailand.....	813	577	599	1,951	2,847
Portugal.....	185	107	652	441	550
Yugoslavia.....	129	568	631	563	380
United Kingdom...	33	0	0	317	172
Soviet Union.....	0	0	0	0	109
Denmark.....	218	304	128	126	72
Spain.....	4	28	8	8	31
Morocco.....	109	84	181	268	30
Ecuador.....	0	0	0	0	8
Japan.....	0	29	0	0	5
Greece.....	0	7	0	0	3
Taiwan.....	0	134	2	11	2
Germany.....	307	123	287	59	2
All other.....	353	322	774	263	0
Total.....	18,616	16,805	18,131	18,859	19,704
GSP Total.....	1,207	1,249	1,432	2,903	3,265
Percent					
Norway.....	87.0	83.4	65.5	63.2	58.7
Canada.....	1.4	3.0	16.5	15.5	20.0
Thailand.....	4.4	3.4	3.3	10.3	14.4
Portugal.....	1.0	.6	3.6	2.3	2.8
Yugoslavia.....	.7	3.4	3.5	3.0	1.9
United Kingdom...	.2	.0	.0	1.7	.9
Soviet Union.....	.0	.0	.0	.0	.6
Denmark.....	1.2	1.8	.7	.7	.4
Spain.....	1/	.2	1/	1/	.2
Morocco.....	.6	.5	1.0	1.4	.2
Ecuador.....	.0	.0	.0	.0	1/
Japan.....	.0	.2	.0	.0	1/
Greece.....	.0	1/	.0	.0	1/
Taiwan.....	.0	.8	1/	.1	1/
Germany.....	1.7	.7	1.6	.3	1/
All other.....	1.9	1.9	4.3	1.4	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total.....	6.5	7.4	7.9	15.4	16.6

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1987-89 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-91 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

Table 2.
Digest title: Certain canned smoked sardines
U.S. exports of domestic merchandise, by principal markets, 1987-91

Market	1987	1988	1989	1990	1991
Value (1,000 dollars)					
Canada.....	323	6,897	6,985	7,996	8,252
Australia.....	3	0	0	0	180
Mexico.....	0	95	232	724	153
New Zealand.....	0	0	32	0	110
Bahamas.....	18	19	55	31	95
Morocco.....	0	21	2	0	88
St Vinc & Gren...	0	0	44	10	68
Dominica.....	0	0	0	19	65
Peru.....	0	0	0	0	59
St Lucia.....	0	20	4	11	57
Nicaragua.....	0	0	0	0	51
Panama.....	20	42	66	55	30
Trin & Tobago....	0	19	23	41	25
Colombia.....	16	10	11	32	16
Netherlands Ant..	0	11	25	22	15
All other.....	309	766	344	214	132
Total.....	688	7,902	7,823	9,155	9,394
GSP Total.....	295	650	742	1,134	768
Percent					
Canada.....	47.0	87.3	89.3	87.3	87.8
Australia.....	.4	.0	.0	.0	1.9
Mexico.....	.0	1.2	3.0	7.9	1.6
New Zealand.....	.0	.0	.4	.0	1.2
Bahamas.....	2.6	.2	.7	.3	1.0
Morocco.....	.0	.3	1/	.0	.9
St Vinc & Gren...	.0	.0	.6	.1	.7
Dominica.....	.0	.0	.0	.2	.7
Peru.....	.0	.0	.0	.0	.6
St Lucia.....	.0	.3	.1	.1	.6
Nicaragua.....	.0	.0	.0	.0	.5
Panama.....	2.9	.5	.8	.6	.3
Trin & Tobago....	.0	.2	.3	.4	.3
Colombia.....	2.3	.1	.1	.3	.2
Netherlands Ant..	.0	.1	.3	.2	.2
All other.....	44.9	9.7	4.4	2.3	1.4
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total.....	42.9	8.2	9.5	12.4	8.2

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1987-89 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-91 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

DIGEST NO. 2009.40.40
PINEAPPLE JUICE CONCENTRATE

Pineapple Juice Concentrate

I. Introduction

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

HTS subheading	Short description	Col. 1 rate of duty (1/1/92)	Like or directly competitive article produced in the United States on Jan. 3, 1985?
2009.40.40	Pineapple juice concentrate.	1.3¢/liter	Yes

Description and uses.--Pineapple juice concentrate is made by extracting and then concentrating the juice of fresh pineapples. Pineapple concentrate may be imported in either bulk form or in industrial-size containers. Most imports are packaged and imported in ocean containers (approximately 3500 gallons/container). The concentrate is imported in both frozen and non-frozen form. The product has two distinct uses: (1) as an ingredient in fruit-juice mixtures (such as pineapple-orange juice), in fruit-flavored drinks (such as fruit punch), in sauces and frozen desserts, in baby food, or in other prepared food products; and (2) as retail product sold to consumers for consumption as pineapple juice. The former use accounts for over 80 percent of the pineapple concentrate supplied to the United States, whereas the latter accounts for less than 20 percent. When processed for consumption as juice, the product is sold either as frozen concentrate, which the consumer mixes with water, or as reconstituted juice, which has water already added by the manufacturer prior to retail sale. About one-third of pineapple juice sold in the U.S. market is from concentrate; the remaining two-thirds is pineapple juice which does not come from concentrate.

II. U.S. market profile

Profile of U.S. industry and market, 1987-91¹

Item	1987	1988	1989	1990	1991
Producers (number).	***	***	***	***	***
Employment (1,000 employees).	5-10	5-10	5-10	5-10	5-10
Shipments (1,000 dollars)	***	***	***	***	***
Exports (1,000 dollars)	1,849	2,477	3,183	4,934	6,265
Imports (1,000 dollars)	34,166	34,325	41,789	55,660	70,842
Consumption (1,000 dollars) ²	***	***	***	***	***
Import-to-consumption ratio (percent)	***	***	***	***	***
Capacity utilization (percent).	(³)	(³)	(³)	(³)	(³)

¹Trade data for 1987 and 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 1987 and 1988 may not be directly comparable with HTS trade data for 1989-91.

²Consumption is understated inasmuch as shipments include only the value of concentrate made from domestically grown pineapples; imports are foreign value of bulk shipments; and exports are mostly retail-size containers and include products made from imported concentrate (which are not included in shipments).

³Capacity utilization is unavailable. Capacity utilization is highly variable because of the seasonal nature of pineapple juice processing and so would not be meaningful.

Comment.--U.S. pineapple production is limited to Hawaii, where there are *** processors of pineapple juice concentrate. These processors are large companies, ***. Some of the imports are re-exported to third countries, especially Canada, Japan, the EC, and Eastern Europe. Recent market shortages and increased demand have driven up prices sharply, causing processors to rely even more heavily on imports. Much of the increase in demand has resulted from the introduction of new blends

of pineapple juice drinks, such as pineapple/orange/banana, pineapple/orange, and pineapple/orange/guava. Adverse growing conditions in several pineapple-producing countries and the opening of new markets in Eastern Europe have also contributed to the worldwide shortage of pineapple juice concentrate.

III. GSP import situation, 1991

U.S. imports and share of U.S. consumption, 1991

<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	70,842	100	-	***
Imports from GSP countries:				
Total	69,618	98	100	***
Thailand	31,067	44	45	***
Philippines	25,444	36	37	***
Costa Rica	4,600	6	7	***
Mexico	4,087	6	6	***

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

Comment.--About 98 percent of imports of pineapple juice concentrate were supplied by GSP-eligible countries in 1991. Imports were equivalent to almost *** percent of U.S. consumption in that year. Thailand and the Philippines are, by far, the most important suppliers and both are eligible for GSP treatment.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Thailand for all digest products

Ranking as a U.S. import supplier, 1991. 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.--During 1987-91 Thailand's exports of pineapple juice concentrate to the United States increased steadily from \$11 million to \$31 million, as a result of higher volume and higher prices. Thailand displaced the Philippines as the leading foreign supplier to the United States during the period. Most of the juice is processed in Thailand by U.S. companies who then ship it to subsidiaries in the United States or third countries.

Competitiveness indicators for the Philippines for all digest products

Ranking as a U.S. import supplier, 1991. 2

Price elasticity:

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

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

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

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

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

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

Price level compared with--

U.S. products. Above Equivalent Below

Other foreign products Above Equivalent Below

Quality compared with--

U.S. products. Above Equivalent Below

Other foreign products Above Equivalent Below

Comment.--During 1987-91 The Philippines's exports of pineapple juice concentrate to the United States increased steadily from \$16 million to \$25 million, as a result of higher volume and higher prices, but fell to second place, behind Thailand, as the leading foreign supplier to the United States during the period. Most of the pineapple juice is processed in the Philippines by U.S. companies which then ship it to subsidiaries in the United States or third countries.

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.--GSP-eligible imports of pineapple juice concentrate increased from \$33 million in 1987 to \$70 million in 1991, or as a share of total imports from 96 percent to 98 percent. This period was marked by increasing demand for pineapple juice concentrate, restricted supply, and increasing prices.

V. Position of interested parties

Support.--A post-hearing brief was filed on behalf of Dole Packaged Foods Company of San Francisco, California in support of its petition to add HTS number 2009.40.40 to the list of eligible articles for the U.S. Generalized System of Preferences. The petitioner seeks to permit the duty-free importation of pineapple juice concentrate produced in GSP-eligible countries on the grounds that domestic production is insufficient to satisfy domestic demand for pineapple concentrate. The petitioner states that only a small proportion of domestic demand for concentrate is currently supplied by domestic production. The petitioner also states that pineapple concentrate is a secondary product in the overall growing and processing of pineapples and therefore has only a marginal effect on the level of domestic pineapple production.

VI. Summary of probable economic effects--Addition

* * * * *

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

* * * * *

Table 1.
Digest title: Pineapple Juice Concentrate
U.S. imports for consumption, principal sources, 1987-91

Digest No.
20094040

Source	1987	1988	1989	1990	1991
Value (1,000 dollars)					
Thailand.....	10,944	13,765	18,338	25,723	31,067
Philippines.....	15,828	16,090	20,019	17,525	25,444
Costa Rica.....	0	0	184	1,917	4,600
Mexico.....	1,281	866	287	4,426	4,087
Dominican Rep....	98	191	62	420	2,446
Hong Kong.....	962	573	372	3,224	1,099
Indonesia.....	0	10	48	329	796
Honduras.....	1,948	720	570	510	658
Venezuela.....	1	0	0	426	377
Fr Polynesia.....	0	0	0	0	93
Japan.....	23	0	9	260	76
China.....	12	0	0	0	33
Macao.....	0	0	0	0	23
Israel.....	94	128	19	64	21
Portugal.....	0	0	0	4	9
All other.....	2,975	1,982	1,880	832	12
Total.....	34,166	34,325	41,789	55,660	70,842
GSP Total.....	32,644	33,208	40,971	51,739	69,618
Percent					
Thailand.....	32.0	40.1	43.9	46.2	43.9
Philippines.....	46.3	46.9	47.9	31.5	35.9
Costa Rica.....	.0	.0	.4	3.4	6.5
Mexico.....	3.7	2.5	.7	8.0	5.8
Dominican Rep....	.3	.6	.1	.8	3.5
Hong Kong.....	2.8	1.7	.9	5.8	1.6
Indonesia.....	.0	1/	.1	.6	1.1
Honduras.....	5.7	2.1	1.4	.9	.9
Venezuela.....	1/	.0	.0	.8	.5
Fr Polynesia.....	.0	.0	.0	.0	.1
Japan.....	.1	.0	1/	.5	.1
China.....	1/	.0	.0	.0	1/
Macao.....	.0	.0	.0	.0	1/
Israel.....	.3	.4	1/	.1	1/
Portugal.....	.0	.0	.0	1/	1/
All other.....	8.7	5.8	4.5	1.5	1/
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total.....	95.5	96.7	98.0	93.0	98.3

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1987-89 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-91 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

Table 2.
Digest title: Pineapple Juice Concentrate
U.S. exports of domestic merchandise, by principal markets, 1987-91

Market	1987	1988	1989	1990	1991
Value (1,000 dollars)					
Japan.....	192	323	31	1,188	2,246
Canada.....	747	938	1,488	2,032	2,051
Netherlands.....	164	150	246	302	440
Panama.....	12	27	36	10	155
Saudi Arabia.....	11	18	22	104	125
Netherlands Ant..	0	34	13	126	124
Norway.....	5	10	92	89	108
Korea.....	23	84	3	39	102
Finland.....	2	1	5	52	93
Jamaica.....	164	24	18	69	93
Sweden.....	13	39	83	78	63
United Arab Em...	25	70	82	41	61
Spain.....	0	94	335	0	60
Singapore.....	8	17	14	44	50
Philippines.....	1	1	0	6	48
All other.....	482	649	714	751	445
Total.....	1,849	2,477	3,183	4,934	6,265
GSP Total.....	433	397	404	725	741
Percent					
Japan.....	10.4	13.0	1.0	24.1	35.9
Canada.....	40.4	37.9	46.8	41.2	32.7
Netherlands.....	8.8	6.1	7.7	6.1	7.0
Panama.....	.7	1.1	1.1	.2	2.5
Saudi Arabia.....	.6	.7	.7	2.1	2.0
Netherlands Ant..	.0	1.4	.4	2.6	2.0
Norway.....	.3	.4	2.9	1.8	1.7
Korea.....	1.2	3.4	.1	.8	1.6
Finland.....	.1	1/	.2	1.1	1.5
Jamaica.....	8.8	1.0	.6	1.4	1.5
Sweden.....	.7	1.6	2.6	1.6	1.0
United Arab Em...	1.4	2.8	2.6	.8	1.0
Spain.....	.0	3.8	10.5	.0	1.0
Singapore.....	.4	.7	.4	.9	.8
Philippines.....	1/	1/	.0	.1	.8
All other.....	26.0	26.2	22.4	15.2	7.1
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total.....	23.4	16.0	12.7	14.7	11.8

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1987-89 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-91 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

DIGEST NO. 2902.60.00
CERTAIN BENZENOID COMMODITY CHEMICALS

Certain Benzenoid Commodity Chemicals¹

I. Introduction

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

HTS subheadings	Short description	Col. 1 rate of duty (1/1/92)	Like or directly competitive article produced in the United States on Jan. 3, 1985?
2902.60.00	Ethylbenzene	1.1¢/kg +17.3%	Yes
2906.12.00	Cyclohexanol, methylcyclohexanols and dimethylcyclohexanols	3.7¢/kg +16.8%	Yes

Description and uses.--Ethylbenzene is an aromatic intermediate chemical produced from the primary petrochemicals, ethylene and benzene. Almost all ethylbenzene produced annually is used to manufacture styrene monomer, which, in turn, is used to produce polystyrene resins. Cyclohexanol, derived from the hydrogenation of the chemical phenol, is used to produce adipic acid and caprolactam. Both of these latter chemicals serve as raw materials for manufacturing nylon. Dimethylcyclohexanols and methylcyclohexanols are intermediate chemicals produced from the hydrogenation of xylenols or cresols respectively. Dimethylcyclohexanols and methylcyclohexanols are used to produce antioxidants for lubricants, as solvents for cellulose esters and ethers and for lacquers, and as blending agents for special textile soaps and detergents.

II. U.S. market profile

Profile of U.S. industry and market, 1987-91¹

Item	1987	1988	1989	1990	1991
Producers (number).	11	11	11	11	11
Employment (1,000 employees).	(2)	(2)	(2)	(2)	(2)
Production (million dollars).	***	***	***	***	***
Exports (million dollars)	49	52	32	75	46
Imports (million dollars)	23	51	35	22	2
Consumption (million dollars)	***	***	***	***	***
Import-to-consumption ratio (percent)	***	***	***	***	***
Capacity utilization (percent).	*100	*100	*85	*72	**90

¹Trade data for 1987 and 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 1987 and 1988 may not be directly comparable with HTS trade data for 1989-91.

²Not available.

***.

Comment.--The chemicals covered by this digest are commodity chemicals produced in very large quantities and purchased principally on the basis of price. U.S. production of these chemicals *** during 1989-90. In 1991, production *** to ***, due to an *** in the domestic and world markets for styrene monomer. Ethylbenzene, the raw material for styrene monomer production, accounted for *** percent of total production of these chemicals during 1991. The U.S. producers of the chemicals covered by this digest are also the principal consumers. In 1991, approximately *** percent of the total production of these chemicals was consumed captively. All the products covered by this digest exhibit high price elasticities of demand and supply, hence, the primary consideration in purchasing these chemicals from all sources is price followed by quality and supplier reliability.

¹ This digest includes the following HTS subheadings: 2902.60.00 and 2906.12.00.

III. GSP import situation, 1991

U.S. imports and share of U.S. consumption, 1991

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total	2,056	100	-	***
Imports from GSP countries:				
Total	(²)	(²)	100	(²)

²There were no imports of the chemicals covered by this digest from GSP-eligible countries during 1991; however, in 1990, imports from Brazil were valued at approximately \$2 million.

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, 1991. (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 ___

¹There were no imports of the chemical covered by this digest from Brazil during 1991.

Competitiveness indicators for all GSP 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

No statements were received either in support of or in opposition to the proposed modifications to the GSP considered in this digest.

VI. Summary of probable economic effects--Addition

* * * * *

Table 1.
Digest title: Certain benzenoid commodity chemicals
U.S. imports for consumption, principal sources, 1987-91

Source	1987	1988	1989	1990	1991
Value (1,000 dollars)					
Canada.....	2,086	920	753	1,135	2,048
Germany.....	4,506	9,032	9	17	4
Japan.....	3,528	3,444	262	218	3
Belgium.....	237	197	0	0	1
Dominican Rep....	1/	0	0	0	0
Brazil.....	0	3,563	807	1,611	0
Sweden.....	110	305	0	0	0
United Kingdom...	575	242	0	0	0
Netherlands.....	1,862	16,818	32,631	19,204	0
France.....	9,540	14,288	890	0	0
Austria.....	0	37	0	0	0
Hungary.....	0	0	0	3	0
Switzerland.....	83	124	0	0	0
Spain.....	285	284	0	0	0
Italy.....	34	2,083	0	0	0
All other.....	29	0	0	0	0
Total.....	22,876	51,337	35,354	22,188	2,056
GSP Total.....	1/	3,563	807	1,614	0
Percent					
Canada.....	9.1	1.8	2.1	5.1	99.6
Germany.....	19.7	17.6	1/	.1	.2
Japan.....	15.4	6.7	.7	1.0	.1
Belgium.....	1.0	.4	.0	.0	.1
Dominican Rep....	1/	.0	.0	.0	.0
Brazil.....	.0	6.9	2.3	7.3	.0
Sweden.....	.5	.6	.0	.0	.0
United Kingdom...	2.5	.5	.0	.0	.0
Netherlands.....	8.1	32.8	92.3	86.6	.0
France.....	41.7	27.8	2.5	.0	.0
Austria.....	.0	.1	.0	.0	.0
Hungary.....	.0	.0	.0	1/	.0
Switzerland.....	.4	.2	.0	.0	.0
Spain.....	1.2	.6	.0	.0	.0
Italy.....	.1	4.1	.0	.0	.0
All other.....	.1	.0	.0	.0	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total.....	1/	6.9	2.3	7.3	.0

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1987-89 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-91 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

Table 1.
Digest title: Certain benzenoid commodity chemicals
U.S. imports for consumption, principal sources, 1987-91

Source	1987	1988	1989	1990	1991
Value (1,000 dollars)					
Canada.....	2,083	919	753	1,132	2,048
Japan.....	3,288	3,280	0	0	3
Brazil.....	0	3,563	807	1,611	0
Sweden.....	0	9	0	0	0
United Kingdom...	305	0	0	0	0
Netherlands.....	1,816	16,812	32,631	19,204	0
Belgium.....	229	185	0	0	0
France.....	9,516	14,286	890	0	0
West Germany.....	1,797	2,354	0	0	0
Switzerland.....	30	11	0	0	0
Spain.....	285	284	0	0	0
Italy.....	25	2,083	0	0	0
Korea.....	8	0	0	0	0
Total.....	19,382	43,787	35,082	21,948	2,051
GSP Total.....	0	3,563	807	1,611	0
Percent					
Canada.....	10.7	2.1	2.1	5.2	99.9
Japan.....	17.0	7.5	.0	.0	.1
Brazil.....	.0	8.1	2.3	7.3	.0
Sweden.....	.0	1/	.0	.0	.0
United Kingdom...	1.6	.0	.0	.0	.0
Netherlands.....	9.4	38.4	93.0	87.5	.0
Belgium.....	1.2	.4	.0	.0	.0
France.....	49.1	32.6	2.5	.0	.0
West Germany.....	9.3	5.4	.0	.0	.0
Switzerland.....	.2	1/	.0	.0	.0
Spain.....	1.5	.6	.0	.0	.0
Italy.....	.1	4.8	.0	.0	.0
Korea.....	1/	.0	.0	.0	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total.....	.0	8.1	2.3	7.3	.0

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1987-89 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-91 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

Table 1.
Digest title: Certain benzenoid commodity chemicals
U.S. imports for consumption, principal sources, 1987-91

Source	1987	1988	1989	1990	1991
Value (1,000 dollars)					
Germany.....	2,709	6,678	9	17	4
Belgium.....	8	11	0	0	1
Canada.....	3	1	0	3	0
Dominican Rep....	1/	0	0	0	0
Sweden.....	110	296	0	0	0
United Kingdom...	270	242	0	0	0
Netherlands.....	46	6	0	0	0
France.....	23	2	0	0	0
Austria.....	0	37	0	0	0
Hungary.....	0	0	0	3	0
Switzerland.....	53	113	0	0	0
Italy.....	9	0	0	0	0
China.....	1	0	0	0	0
Taiwan.....	21	0	0	0	0
Japan.....	241	164	262	218	0
Total.....	3,494	7,550	272	240	6
GSP Total.....	1/	0	0	3	0
Percent					
Germany.....	77.5	88.4	3.4	6.9	77.0
Belgium.....	.2	.1	.0	.0	23.0
Canada.....	.1	1/	.0	1.1	.0
Dominican Rep....	1/	.0	.0	.0	.0
Sweden.....	3.1	3.9	.0	.0	.0
United Kingdom...	7.7	3.2	.0	.0	.0
Netherlands.....	1.3	.1	.0	.0	.0
France.....	.7	1/	.0	.0	.0
Austria.....	.0	.5	.0	.0	.0
Hungary.....	.0	.0	.0	1.1	.0
Switzerland.....	1.5	1.5	.0	.0	.0
Italy.....	.3	.0	.0	.0	.0
China.....	1/	.0	.0	.0	.0
Taiwan.....	.6	.0	.0	.0	.0
Japan.....	6.9	2.2	96.6	90.9	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total.....	1/	.0	.0	1.1	.0

1/ Less than \$500 or less than 0.05 percent.

Notes.--Because of rounding, figures may not add to totals shown. German trade data for 1987-89 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-91 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

Table 2.
Digest title: Certain benzenoid commodity chemicals
U.S. exports of domestic merchandise, by principal markets, 1987-91

Market	1987	1988	1989	1990	1991
Value (1,000 dollars)					
Netherlands.....	11,562	5,849	7,418	12,098	13,808
Taiwan.....	13,368	6,090	5,569	28,479	12,714
Japan.....	11,179	17,327	9,464	19,536	8,828
Korea.....	3,904	4,351	9	3	4,636
Brazil.....	490	377	1,354	0	1,591
United Kingdom...	236	315	2	18	1,447
China.....	276	2,662	0	0	1,033
Canada.....	1,001	3,926	3,168	7,409	622
Hong Kong.....	436	319	0	75	287
Mexico.....	1,775	1,398	180	308	126
Colombia.....	127	132	31	7	115
Thailand.....	52	70	0	0	111
Belgium.....	325	2,309	0	6	69
Australia.....	1,290	76	922	1,269	37
Syria.....	0	0	0	0	28
All other.....	3,094	6,730	4,171	5,607	39
Total.....	49,116	51,932	32,286	74,814	45,490
GSP Total.....	4,911	7,288	3,328	1,507	2,010
Percent					
Netherlands.....	23.5	11.3	23.0	16.2	30.4
Taiwan.....	27.2	11.7	17.2	38.1	27.9
Japan.....	22.8	33.4	29.3	26.1	19.4
Korea.....	7.9	8.4	1/	1/	10.2
Brazil.....	1.0	.7	4.2	.0	3.5
United Kingdom...	.5	.6	1/	1/	3.2
China.....	.6	5.1	.0	.0	2.3
Canada.....	2.0	7.6	9.8	9.9	1.4
Hong Kong.....	.9	.6	.0	.1	.6
Mexico.....	3.6	2.7	.6	.4	.3
Colombia.....	.3	.3	.1	1/	.3
Thailand.....	.1	.1	.0	.0	.2
Belgium.....	.7	4.4	.0	1/	.2
Australia.....	2.6	.1	2.9	1.7	.1
Syria.....	.0	.0	.0	.0	.1
All other.....	6.3	13.0	12.9	7.5	.1
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total.....	10.0	14.0	10.3	2.0	4.4

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1987-89 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-91 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

DIGEST NO. 2909.19.10(pt)

MTBE

I. Introduction

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

HTS subheading	Short description	Col. 1 rate of duty (1/1/92) <u>Percent ad valorem</u>	Like or directly competitive article produced in the United States on Jan. 3, 1985?
2909.19.10(pt) ¹	MTBE	5.6%	Yes

¹India has been proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 2909.19.10.

Description and uses.--Methyl tertiary butyl ether, also know as MTBE, is a synthetic organic chemical produced from methanol and isobutylene. It is used as an additive to increase the octane rating and oxygen level in gasoline.

II. U.S. market profile

Profile of U.S. industry and market, 1987-91¹

Item	1987	1988	1989	1990	1991
Producers (number)	6	16	19	18	18
Employment (employees)	300	800	950	900	900
Shipments (million dollars)	1,000	1,192	1,829	1,854	*2,000
Exports (million dollars)	1	1	(²)	1	1
Imports (million dollars)	*2	*15	*18	*41	*84
Consumption (million dollars)	*1,001	*1,206	*1,847	*1,894	*2,083
Import-to-consumption ratio (percent)	(³)	*1	*1	*2	*4
Capacity utilization (percent)	80	85	90	95	95

¹Trade data for 1987 and 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 1987 and 1988 may not be directly comparable with HTS trade data for 1989-91.

²Less than \$500,000.

³Less than 0.5 percent.

Comment.--The U.S. MTBE industry is well-developed and highly competitive. Most of the firms that produce MTBE domestically are also gasoline refiners or blenders. The technology used to produce this chemical in the United States is the most advanced in the world. Although some domestic MTBE is sold on the open market, most is used captively.

III. GSP import situation, 1991

U.S. imports and share of U.S. consumption, 1991

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total	84,475	100	-	*4
Imports from GSP countries:				
Total	34,338	41	100	2
Venezuela	31,609	37	92	2
Argentina	1,195	1	4	(1)
Brazil	1,047	1	3	(1)

¹Less than 1 percent.

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

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Venezuela for all digest products

Ranking as a U.S. import supplier, 1991. 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.-- MTBE is a commodity chemical, that is, a chemical produced in very large quantities and purchased principally on the basis of price. Therefore, price elasticity of demand is considered to be highly elastic.

V. Position of interested parties

Petitioner.-- The petitioner is Ecofuel, S.P.A., Milan, Italy. The petitioner has stated that they believe imports from their plant in Venezuela during 1992 may exceed the competitive need limits, and they do not believe that a waiver would adversely affect relevant U.S. industries.

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

* * * * *

Table 1.
Digest title: MTBE
U.S. imports for consumption, principal sources, 1987-91

Source	1987	1988	1989	1990	1991
Value (1,000 dollars)					
Venezuela.....	0	0	0	0	31,609
Saudi Arabia.....	0	1,718	12,764	18,000	28,910
France.....	95	105	100	4,187	11,735
Korea.....	0	0	0	0	4,571
Netherlands.....	15	3,282	1,086	13,846	3,449
Argentina.....	0	0	0	100	1,195
Brazil.....	0	5,283	3,160	906	1,047
Germany.....	650	894	630	2,967	734
Bahrain.....	0	0	0	0	486
Canada.....	27	17	0	71	376
Japan.....	549	884	524	467	260
United Kingdom...	1	46	23	37	64
Spain.....	0	0	2	0	25
Switzerland.....	10	1,349	10	8	13
Mexico.....	0	5	0	0	0
All other.....	297	1,531	1	3	0
Total.....	1,645	15,114	18,300	40,591	84,475
GSP Total.....	3	5,296	3,161	1,006	34,338
Percent					
Venezuela.....	.0	.0	.0	.0	37.4
Saudi Arabia.....	.0	11.4	69.7	44.3	34.2
France.....	5.8	.7	.5	10.3	13.9
Korea.....	.0	.0	.0	.0	5.4
Netherlands.....	.9	21.7	5.9	34.1	4.1
Argentina.....	.0	.0	.0	.2	1.4
Brazil.....	.0	35.0	17.3	2.2	1.2
Germany.....	39.5	5.9	3.4	7.3	.9
Bahrain.....	.0	.0	.0	.0	.6
Canada.....	1.6	.1	.0	.2	.4
Japan.....	33.4	5.8	2.9	1.2	.3
United Kingdom...	.1	.3	.1	.1	.1
Spain.....	.0	.0	1/	.0	1/
Switzerland.....	.6	8.9	.1	1/	1/
Mexico.....	.0	1/	.0	.0	.0
All other.....	18.1	10.1	1/	1/	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total.....	.2	35.0	17.3	2.5	40.6

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1987-89 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-91 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

Table 2.
Digest title: MTBE
U.S. exports of domestic merchandise, by principal markets, 1987-91

Digest No.
29091910

Market	1987	1988	1989	1990	1991
Value (1,000 dollars)					
Mexico.....	29	27	4	148	294
Taiwan.....	87	162	56	103	213
Canada.....	82	34	24	182	182
Japan.....	56	66	38	37	44
Germany.....	5	3	1	8	14
Belgium.....	30	27	6	10	14
Spain.....	1/	1	0	0	12
Netherlands.....	209	53	102	143	12
Rep So Africa....	6	4	1/	1/	5
Singapore.....	5	6	39	38	5
Korea.....	15	17	1/	1	4
Brazil.....	19	16	4	2	3
Switzerland.....	5	4	2	3	3
Austria.....	1/	1/	2	2	1
Trin & Tobago....	1/	1/	1/	1	1
All other.....	69	92	53	20	5
Total.....	618	514	332	699	811
GSP Total.....	84	100	51	160	300
Percent					
Mexico.....	4.8	5.3	1.2	21.1	36.2
Taiwan.....	14.1	31.6	17.0	14.8	26.3
Canada.....	13.3	6.6	7.2	26.0	22.5
Japan.....	9.0	12.8	11.3	5.2	5.5
Germany.....	.9	.6	.4	1.1	1.8
Belgium.....	4.8	5.3	1.8	1.4	1.7
Spain.....	1/	.3	.0	.0	1.5
Netherlands.....	33.9	10.3	30.8	20.5	1.4
Rep So Africa....	.9	.8	1/	1/	.6
Singapore.....	.8	1.1	11.6	5.5	.6
Korea.....	2.5	3.3	1/	.1	.4
Brazil.....	3.0	3.2	1.1	.3	.3
Switzerland.....	.8	.8	.6	.4	.3
Austria.....	1/	1/	.5	.3	.1
Trin & Tobago....	1/	1/	1/	.1	.1
All other.....	11.2	17.8	16.1	2.9	.6
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total.....	13.6	19.4	15.3	22.9	37.0

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1987-89 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-91 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

DIGEST NO. 2917.35.00

PHTHALIC ANHYDRIDE

Phthalic Anhydride

I. Introduction

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

HTS subheadings	Short description	Col. 1 rate of duty (1/1/92) <u>Percent ad valorem</u>	Like or directly competitive article produced in the United States on Jan. 3, 1985?
2917.35.00	Phthalic anhydride	2.6¢/kg +8.6%	Yes

Description and uses.--Phthalic anhydride (PA) is an aromatic synthetic organic chemical produced from a primary petrochemical called o-xylene. PA is considered to be a commodity chemical, that is, a chemical produced in very large quantities and purchased principally on the basis of price. The chemical is available in two physical forms, namely, molten (or liquid) and flaked solid. The molten form, used by large volume consumers, is shipped by rail or truck in heated tanks, while the flaked product is shipped in bags. All imports of PA are the flake form. There is no chemical difference between molten and flaked PA. Either physical form can be used as a raw material in manufacturing end-products; however, smaller volume consumers generally prefer the flaked material since storage of molten PA in heated tanks is not economical. Large volume consumers, while utilizing molten PA, usually keep flaked as a backup should a problem develop in their system using the molten material.

Plasticizers account for approximately 50 percent of total annual PA consumption. Unsaturated polyester resins and alkyd resins account for approximately 45 percent of annual PA consumption. The remaining 5 percent of annual PA production is consumed in the production of certain dyes and pigments, pesticides, and other specialty chemicals.

II. U.S. market profile

Profile of U.S. industry and market, 1987-91¹

Item	1987	1988	1989	1990	1991
Producers (number)	6	6	6	6	6
Employment (1,000 employees)	(2)	(2)	(2)	(2)	(2)
Production (million dollars)	259	290	279	260	*242
Exports (million dollars)	6	9	7	19	26
Imports (million dollars)	4	9	6	7	7
Consumption (million dollars)	257	289	278	248	*223
Import-to-consumption ratio (percent)	2	3	2	3	*3
Capacity utilization (percent)	*97	*94	*81	*83	**92

¹Trade data for 1987 and 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 1987 and 1988 may not be directly comparable with HTS trade data for 1989-91.
²Not available.

Comment.--***.¹ Production of PA increased from \$259 million in 1987, to \$290 million in 1988, before steadily decreasing to *\$242 million in 1991. As a commodity chemical used to manufacture other chemicals for items consumed by the construction and automobile industries, sales of PA are directly influenced by the status of the

¹ ***. Naphthalene is derived from coal tar.

nation's overall economy. Consequently, production, as well as consumption, declined during 1988-91, following a similar trend in the U.S. economy. Exports, however, increased during 1987-91, as U.S. producers found overseas markets for their product to reduce the falling trend in capacity utilization as domestic consumption declined. PA shows a high price-sensitivity of demand, and consumers, particularly small to moderate volume consumers, could readily switch to imported PA should prices from these sources warrant such action.

III. GSP import situation, 1991

U.S. imports and share of U.S. consumption, 1991

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total	7,106	100	-	*3
Imports from GSP countries:				
Total	7,106	100	100	*3
Mexico	4,135	58	58	*2
Venezuela	2,663	38	38	*1
Brazil	308	4	4	(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, 1991. 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 X Below

Quality compared with--

 U.S. products Above Equivalent X Below

 Other foreign products Above Equivalent X Below

Comment.--Raw material o-xylene used by Mexican PA producers is purchased from the state owned and operated firm, PEMEX. This o-xylene feedstock is priced below those feedstocks available to PA producers in the United States and other petroleum consuming countries.² Since feedstock costs represent 61 percent of total PA production costs,³ Mexican PA producers can offer their product to consumers at lower prices than U.S. and Western European producers. Companies that choose to purchase all or some portion of their phthalic anhydride requirements from domestic producers, despite the price differential, generally do so for one or more of the following reasons: (1) the location of the domestic firm(s) could result in decreased transportation costs; (2) sourcing from

² Foreign Investment Barriers or Other Restrictions that Prevent Capital from Claiming the Benefits of Foreign Government Programs, USITC Publication 2212, August 1989.

³ H.L. List, Petrochemical Technology: An Overview for Decision Makers in the International Petrochemical Industry, published by Prentice-Hall, Englewood Cliffs, NJ, 1986, P.244.

IV. Competitiveness profiles, GSP suppliers--Continued

domestic producers offers alternate sources of supply and, therefore, more reliability; and (3) companies may be involved in long term contracts with the domestic producers.

Competitiveness indicators for Venezuela for all digest products

Ranking as a U.S. import supplier, 1991.				<u>2</u>
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"/>
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"/>
Price level compared with--				
U.S. products.	Above	<input type="checkbox"/>	Equivalent	<input 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.--The raw material, o-xylene, used by Venezuela's PA producer is purchased from the state owned and operated firm, Petroleos de Venezuela (PDV). This o-xylene feedstock is priced below similar feedstock available to PA producers in the United States and other petroleum consuming countries.⁴ Since feedstock costs represent 61 percent of total PA production costs,⁵ the Venezuelan PA producer can offer their product to consumers at a lower price than U.S. and Western European producers. Companies that choose to purchase all or some portion of their phthalic anhydride requirements from domestic producers, despite the price differential, generally do so for one or more of the following reasons: (1) the location of the domestic firm(s) could result in decreased transportation costs; (2) sourcing from domestic producers offers alternate sources of supply and, therefore, more reliability; and (3) companies may be involved in long term contracts with the domestic producers.

Competitiveness indicators for Mexico and Venezuela 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"/>
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"/>
Price level compared with--				
U.S. products.	Above	<input type="checkbox"/>	Equivalent	<input 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.--The raw material, o-xylene, used by Mexican and Venezuelan PA producers is purchased from state owned and operated petrochemical refineries. This o-xylene feedstock is priced below feedstock available to U.S. and other petroleum consuming countries.⁴ Since feedstock costs represent 61 percent of total PA production costs,⁵ Mexico and Venezuelan producers can offer PA at lower prices than U.S. and Western European producers. Companies that choose to purchase all or some

⁴ U.S.I.T.C. Publication 2212, August 1989.

⁵ H.L. List, Petrochemical Technology, p. 244.

IV. Competitiveness profiles, GSP suppliers--Continued

portion of their phthalic anhydride requirements from domestic producers, despite the price differential, generally do so for one or more of the following reasons: (1) the location of the domestic firm(s) could result in decreased transportation costs; (2) sourcing from domestic producers offers alternate sources of supply and, therefore, more reliability; and (3) companies may be involved in long term contracts with the domestic producers.

V. Position of interested parties

Petitioner--A submission from Peter Koenig of Ablondi & Foster, dated September 23, 1992, on behalf of Aristech Chemical Corporation, states that Aristech, the petitioner, is requesting that GSP eligibility for U.S. imports of phthalic anhydride from Venezuela and Mexico be removed for the following reasons:

- " ● the adverse impact of such imports on U.S. production;
- the international competitiveness of Venezuelan and Mexican exporters, meaning that they no longer need GSP duty-free status to compete; and
- unfair trade practices (subsidiaries and import restrictions) by these countries."

In its post-hearing brief, dated October 16, 1992, Aristech addresses several issues that it believes are affecting the U.S. industry negatively, including plant shutdowns, low capacity utilization, "prices that are insufficient to justify reinvestment in America," increased imports of flake phthalic anhydride from Venezuela and Mexico, and reported subsidies received by phthalic anhydride producers in Venezuela and Mexico. Aristech also provides answers in the brief to questions raised by the Commission during the Commission hearing, including sourcing options for U.S. consumers of orthoxylene and the general status of the U.S. phthalic anhydride industry.

Support--In written statements received by the Commission, Mr R.T. Mason, Manager, Chemical Technology and Marketing, Koppers Industries, Pittsburgh, PA., and Mr. Richard W. Wehman, Jr., Business Manager, Phthalic Anhydride, Stepan Company, Northfield, IL., support the petitioner, Aristech Chemical Corp., in requesting the removal of phthalic anhydride imports from Venezuela and Mexico from GSP eligibility. Koppers and Stepan, both U.S. producers of flake phthalic anhydride, maintain that low-priced Venezuelan and Mexico imports adversely impact the U.S. industry. These firms also stated that the Venezuelan and Mexican phthalic anhydride producers will remain competitive with U.S. and other world producers of this chemical since they can undersell U.S. producers even with the reimposition of the duty for this product.

Opposition-- Oxidaciones Organicas, CA, (Oxidor) states in its submissions, dated September 23, 1992, and October 16, 1992, that it opposes removal of GSP eligibility for U.S. imports of phthalic anhydride from Venezuela. In addition to contending that phthalic anhydride is not import sensitive and that removal of GSP eligibility would benefit neither the U.S. economy or phthalic anhydride producers, Oxidor cites in its statement dated September 23 the following reasons for its opposition:

- " ● contrary to the assertions of Aristech Chemical Corporation in its petition, there is only one domestic industry -- not two;
- total GSP imports of this product are de minimis (3.7 percent of domestic consumption in 1991);
- imports from Venezuela are de minimis (only 1.39 percent of domestic consumption in 1991) and have had no effect on the market; and
- Venezuela requires GSP benefits to remain competitive."

In regard to the question on subsidies raised during the Commission hearing, Oxidor states in its post-hearing brief of October 16 that "Oxidor does not receive any subsidy from the Venezuelan government and pays world market prices for orthoxylene purchased from Pequiven, the Venezuelan supplier."

Position of interested parties--Continued

According to a submission from Leslie Alan Click of Potter, Wright, Morris & Arthur, dated, September 23, 1992, on behalf of the Mexican industry,⁶ the Mexican industry opposes the removal of GSP eligibility for U.S. imports of this product from Mexico and requests that the petition be denied. The industry cites several reasons for its opposition, including the "competitive disadvantages" that Mexican companies face in the U.S. market. The statement concludes that:

"The U.S. industry is producing at close to capacity, shortages exist, and prices are being increased while Mexican exports have decreased. No indicia of injury exist and a removal of GSP benefits could be extremely harmful to U.S. consumers of the product who already face a short supply."

In its post-hearing brief, dated October 16, 1992, the Mexican industry addresses several points reportedly raised by Aristech, adding that the "petitioner has failed to provide evidence to support its claim that GSP imports from Mexico are adversely affecting a U.S. industry producing a like and competitive product. Indeed, the information appears to demonstrate just the opposite."

⁶ The submission was filed on behalf of the Asociación Nacional de la Industria Química, A.C.; Grupo Primex, S.A.; Celanese Mexicana, S.A.; and Grupo Idesa, S.A. This grouping of companies/associations was designated "the Mexican industry" in the submission.

VI. Summary of probable economic effects--removal (Mexico)

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VI. Summary of probable economic effects--removal (Venezuela)

* * * * *

VI. Summary of probable economic effects--removal (Mexico and Venezuela)

* * * * *

Table 1.
Digest title: Phthalic anhydride
U.S. imports for consumption, principal sources, 1987-91

Digest No.
29173500

Source	1987	1988	1989	1990	1991
Value (1,000 dollars)					
Mexico.....	2,481	4,939	3,692	4,314	4,135
Venezuela.....	119	0	503	2,596	2,663
Brazil.....	359	2,874	417	0	308
Canada.....	220	554	851	11	0
Argentina.....	119	93	104	0	0
United Kingdom...	0	0	8	0	0
Netherlands.....	0	6	0	0	0
Germany.....	45	1	16	0	0
Romania.....	0	58	0	0	0
Israel.....	49	38	254	49	0
Korea.....	0	18	0	0	0
Japan.....	955	0	494	6	0
Total.....	4,345	8,582	6,339	6,977	7,106
GSP Total.....	3,125	7,944	4,970	6,959	7,106
Percent					
Mexico.....	57.1	57.5	58.2	61.8	58.2
Venezuela.....	2.7	.0	7.9	37.2	37.5
Brazil.....	8.3	33.5	6.6	.0	4.3
Canada.....	5.1	6.5	13.4	.2	.0
Argentina.....	2.7	1.1	1.6	.0	.0
United Kingdom...	.0	.0	.1	.0	.0
Netherlands.....	.0	.1	.0	.0	.0
Germany.....	1.0	1/	.3	.0	.0
Romania.....	.0	.7	.0	.0	.0
Israel.....	1.1	.4	4.0	.7	.0
Korea.....	.0	.2	.0	.0	.0
Japan.....	22.0	.0	7.8	.1	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total.....	71.9	92.6	78.4	99.7	100.0

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1987-89 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-91 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

Table 2.
Digest title: Phthalic anhydride
U.S. exports of domestic merchandise, by principal markets, 1987-91

Market	1987	1988	1989	1990	1991
Value (1,000 dollars)					
Taiwan.....	3,241	4,102	5,123	12,631	15,385
Canada.....	1,232	1,653	1,346	5,797	10,386
Indonesia.....	0	0	131	117	112
India.....	0	87	0	28	103
Germany.....	27	30	54	106	90
Mexico.....	0	0	0	195	42
Guatemala.....	0	0	13	8	35
Saudi Arabia.....	0	0	0	0	30
Philippines.....	0	19	18	0	27
Jamaica.....	0	0	16	0	15
Sri Lanka.....	0	0	0	0	14
Thailand.....	60	0	142	12	6
United Kingdom...	1	24	3	0	3
Honduras.....	0	0	37	0	0
Dominican Rep....	0	0	0	44	0
All other.....	1,364	2,815	244	386	0
Total.....	5,925	8,730	7,127	19,324	26,248
GSP Total.....	235	109	378	604	354
Percent					
Taiwan.....	54.7	47.0	71.9	65.4	58.6
Canada.....	20.8	18.9	18.9	30.0	39.6
Indonesia.....	.0	.0	1.8	.6	.4
India.....	.0	1.0	.0	.1	.4
Germany.....	.5	.3	.8	.5	.3
Mexico.....	.0	.0	.0	1.0	.2
Guatemala.....	.0	.0	.2	1/	.1
Saudi Arabia.....	.0	.0	.0	.0	.1
Philippines.....	.0	.2	.3	.0	.1
Jamaica.....	.0	.0	.2	.0	.1
Sri Lanka.....	.0	.0	.0	.0	.1
Thailand.....	1.0	.0	2.0	.1	1/
United Kingdom...	1/	.3	1/	.0	1/
Honduras.....	.0	.0	.5	.0	.0
Dominican Rep....	.0	.0	.0	.2	.0
All other.....	23.0	32.2	3.4	2.0	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total.....	4.0	1.2	5.3	3.1	1.4

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1987-89 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-91 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

DIGEST NO. 4011.50.00

BICYCLE TIRES

Bicycle Tires

I. Introduction

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

HTS subheading	Short description	Col. 1 rate of duty (1/1/92) <u>Percent ad valorem</u>	Like or directly competitive article produced in the United States on Jan. 3, 1985?
4011.50.00	Bicycle tires	5%	Yes

Description and uses.--Nearly all tires designed for normal bicycle use are pneumatic clincher-type tires (the manner in which they adhere to the tire rim), which incorporate a replaceable tube. Bicycle tires are composed of the tread, bead, and carcass. These components are primarily manufactured from styrene-butadiene rubber, which has excellent abrasion resistance. The bead and carcass compounds also contain small amounts of natural rubber.

II. U.S. market profile¹

Profile of U.S. industry and market, 1987-91¹

Item	1987	1988	1989	1990	1991
Producers (number)	1				
Employment (1,000 employees)	***				
Shipments (1,000 dollars)	***				
Exports (1,000 dollars) ²	177	308	470	883	980
Imports (1,000 dollars)	40,789	44,018	46,633	56,885	70,393
Consumption (1,000 dollars)	***	43,710	46,163	56,002	69,413
Import-to-consumption ratio (percent)	***	101	101	102	101
Capacity utilization (percent)	(³)				

¹Trade data for 1987 and 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 1987 and 1988 may not be directly comparable with HTS trade data for 1989-91.

²Consist mostly of reexports.

³Not available.

Comment.--Carlisle Tire and Rubber Company of Carlisle, PA was the sole U.S. producer of bicycle tires during 1976-87. As of March 31, 1987, Carlisle ceased all production of bicycle tires. ***. Since March 1987, there has been no domestic production of bicycle tires. The exports are mainly reexports to bicycle manufacturers in Canada and Mexico.

¹ There was no U.S. production during 1988-91.

III. GSP import situation, 1991

U.S. imports and share of U.S. consumption, 1991

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total	70,393	100	-	¹ 101
Imports from GSP countries:				
Total	13,403	19	100	19
Thailand	11,247	16	84	16
Indonesia	1,898	3	14	3
Rwanda	195	(2)	1	(2)
Argentina	18	(2)	(2)	(2)

¹There was no U.S. production. About 1 percent of U.S. imports became U.S. exports.
²Less than 0.5 percent.

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

Comment.--Among GSP countries supplying bicycle tires to the United States, Thailand's share of all GSP imports ranged from 47 percent in 1988 to 84 percent in 1991.

IV. Competitiveness profiles, GSP suppliers²

Competitiveness indicators for Thailand for all digest products

Ranking as a U.S. import supplier, 1991. 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 ___ Below ___

Other foreign products Above ___ Equivalent X Below ___

Quality compared with--

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

Other foreign products Above ___ Equivalent X Below ___

Comment.--If bicycle tires are granted GSP status, Thailand will approach Taiwan as a major source of supply.

Competitiveness indicators for Indonesia for all digest products

Ranking as a U.S. import supplier, 1991. 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 ___

Other foreign products Above ___ Equivalent X Below ___

Quality compared with--

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

Other foreign products Above ___ Equivalent X Below ___

Comment.--Indonesia's exports to the United States increased 319 percent during 1987-91.

² There was no U.S. production in 1991.

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

No statements were received either in support of or in opposition to the proposed modifications to the GSP considered in this digest.

VI. Summary of probable economic effects--Addition

* * * * *

Table 1.
Digest title: Bicycle tires
U.S. imports for consumption, principal sources, 1987-91

Source	1987	1988	1989	1990	1991
Value (1,000 dollars)					
Taiwan.....	21,973	22,481	25,033	29,795	36,654
Thailand.....	677	979	2,955	7,096	11,247
Japan.....	7,506	9,708	7,257	6,896	9,062
Korea.....	7,069	6,463	5,052	6,017	6,925
Indonesia.....	453	954	1,865	2,371	1,898
Germany.....	267	670	1,171	1,775	1,676
Italy.....	1,294	1,438	1,464	1,449	1,317
France.....	1,263	1,152	1,461	987	810
China.....	0	19	112	132	490
Rwanda.....	0	0	0	0	195
Czech & Slovak...	33	0	0	0	33
Netherlands.....	76	2	20	79	31
Argentina.....	1	11	2	48	18
United Kingdom...	2	3	1	5	12
Yugoslavia.....	7	72	172	150	11
All other.....	168	68	68	86	14
Total.....	40,789	44,018	46,633	56,885	70,393
GSP Total.....	1,270	2,068	5,038	9,683	13,403
Percent					
Taiwan.....	53.9	51.1	53.7	52.4	52.1
Thailand.....	1.7	2.2	6.3	12.5	16.0
Japan.....	18.4	22.1	15.6	12.1	12.9
Korea.....	17.3	14.7	10.8	10.6	9.8
Indonesia.....	1.1	2.2	4.0	4.2	2.7
Germany.....	.7	1.5	2.5	3.1	2.4
Italy.....	3.2	3.3	3.1	2.5	1.9
France.....	3.1	2.6	3.1	1.7	1.2
China.....	.0	1/	.2	.2	.7
Rwanda.....	.0	.0	.0	.0	.3
Czech & Slovak...	.1	.0	.0	.0	1/
Netherlands.....	.2	1/	1/	.1	1/
Argentina.....	1/	1/	1/	.1	1/
United Kingdom...	1/	1/	1/	1/	1/
Yugoslavia.....	1/	.2	.4	.3	1/
All other.....	.4	.2	.1	.2	1/
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total.....	3.1	4.7	10.8	17.0	19.0

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1987-89 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-91 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

Table 2.
Digest title: Bicycle tires
U.S. exports of domestic merchandise, by principal markets, 1987-91

Market	1987	1988	1989	1990	1991
Value (1,000 dollars)					
Mexico.....	18	50	178	353	444
Canada.....	15	2	7	229	252
Germany.....	.0	0	190	60	58
France.....	0	0	0	35	41
Australia.....	20	15	2	19	39
Taiwan.....	0	0	6	24	33
Japan.....	3	2	0	4	30
Netherlands.....	11	31	0	9	28
Belgium.....	0	1	0	0	16
United Kingdom...	0	2	14	14	12
Italy.....	0	0	0	0	9
Austria.....	0	0	0	0	8
New Zealand.....	2	0	0	0	7
Colombia.....	3	12	0	0	4
Guatemala.....	2	0	0	0	0
All other.....	102	193	73	136	0
Total.....	177	308	470	883	980
GSP Total.....	117	248	223	373	448
Percent					
Mexico.....	10.2	16.3	37.8	40.0	45.3
Canada.....	8.7	.7	1.4	25.9	25.7
Germany.....	.0	.0	40.5	6.7	6.0
France.....	.0	.0	.0	4.0	4.2
Australia.....	11.1	4.8	.5	2.2	4.0
Taiwan.....	.0	.0	1.3	2.7	3.4
Japan.....	1.5	.6	.0	.4	3.1
Netherlands.....	6.5	9.9	.0	1.0	2.8
Belgium.....	.0	.3	.0	.0	1.6
United Kingdom...	.0	.6	2.9	1.6	1.2
Italy.....	.0	.0	.0	.0	.9
Austria.....	.0	.0	.0	.0	.8
New Zealand.....	1.3	.0	.0	.0	.7
Colombia.....	1.8	4.0	.0	.0	.4
Guatemala.....	1.0	.0	.0	.0	.0
All other.....	57.9	62.7	15.6	15.4	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total.....	66.3	80.7	47.5	42.2	45.7

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1987-89 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-91 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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



DIGEST NO. 4104.31.20

CERTAIN PREPARED BUFFALO LEATHER

Certain Prepared Buffalo Leather

I. Introduction

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

HTS subheading	Short description	Col. 1 rate of duty (1/1/92) <u>Percent ad valorem</u>	Like or directly competitive article produced in the United States on Jan. 3, 1985?
4104.31.20 ¹	Full grains and grains splits buffalo leather, parchment-dressed or prepared after tanning	3.7%	Yes ⁽²⁾

¹ Thailand has been proclaimed by the President as non-eligible for GSP treatment for the articles included under HTS subheading 4104.31.20.

² A source at the Leather Industries of America stated there is no domestic production of buffalo leather. However, the leather goods representative from the U.S. Department of Commerce contends that buffalo leather is interchangeable with domestic and imported cattlehide leather.

Description and uses.--The leather included in this digest is derived from the hides and skins of water buffalo. American bison leather is also included in this grouping; however, there is believed to be no commercial production of American bison leather. Buffalo leather is believed to be primarily used in furniture and automotive upholstery.

II. U.S. market profile¹

Profile of U.S. industry and market, 1987-91¹

Item	1987	1988	1989	1990	1991
Producers (number)					
Employment (1,000 employees)					
Shipments (1,000 dollars)	0	0	0	2,0	2,0
Exports (1,000 dollars)	0	0	0	213	2,117
Imports (1,000 dollars)	280	212	4,348	12,601	7,875
Consumption (1,000 dollars)	280	212	4,348	12,601	7,875
Import-to-consumption ratio (percent)	100	100	100	100	102
Capacity utilization (percent)					

¹ Trade data for 1987 and 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 1987 and 1988 may not be directly comparable with HTS trade data for 1989-91.

Comment.--There is no domestic production of water buffalo leather and American bison leather in the United States. However, there is significant domestic production of cattlehide leather. In 1991, shipments of all leather classified in SIC 3111 (leather tanning and finishing) were valued at \$2,928 million. The quality difference between water buffalo leather and cattlehide leather is generally not significant; however, water buffalo leather is less expensive than cattlehide leather. Consequently, lower-priced imported water buffalo leather has the potential to displace domestic production of the higher-priced cattlehide leather.

¹ Production and consumption data associated with this analysis is for water buffalo leather only, of which there is no domestic production. It does not include production and consumption data for cattlehide leather, which, by at least some accounts, is a like or directly competitive product.

III. GSP import situation, 1991

U.S. imports and share of U.S. consumption, 1991

<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	7,875	100	-	102
Imports from GSP countries:				
Total	7,607	97	100	98
Thailand	7,066	90	93	91
India	314	4	4	4
Brazil	99	1	1	1
Pakistan	83	1	1	1

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

Comment.--Domestic consumption of water buffalo leather is exclusively supplied by imports. However, domestic consumption of all bovine leathers (primarily cattlehide leather) is supplied by domestic producers and import suppliers.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Thailand for all digest products

Ranking as a U.S. import supplier, 1991. 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

¹ There is no buffalo leather production in the United States. However, cattlehide leather is believed to be a directly competitive product, especially in furniture and automotive upholstery applications.

Comment.--Imported water buffalo leather is generally priced significantly below domestic and imported cattlehide leather, and water buffalo leather quality is comparable to cattlehide quality for, at least, some market applications (e.g., upholstery leather).

V. Position of interested parties

No statements were received either in support of or in opposition to the proposed modifications to the GSP considered in this digest.

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

* * * * *

Table 1.
Digest title: Certain prepared buffalo leather
U.S. imports for consumption, principal sources, 1987-91

Digest No.
41043120

Source	1987	1988	1989	1990	1991
Value (1,000 dollars)					
Thailand.....	62	84	2,851	10,909	7,066
India.....	94	64	402	210	314
United Kingdom...	40	31	266	384	247
Brazil.....	1/	1	119	214	99
Pakistan.....	18	16	527	252	83
Bangladesh.....	0	0	0	0	26
Italy.....	29	5	156	4	21
Paraguay.....	0	0	0	0	13
Colombia.....	0	0	0	95	6
Canada.....	1/	1	0	0	0
Argentina.....	5	0	2	465	0
Sweden.....	19	0	0	0	0
Norway.....	0	0	0	6	0
Netherlands.....	1/	1	4	27	0
France.....	3	0	0	4	0
All other.....	9	9	20	31	0
Total.....	280	212	4,348	12,601	7,875
GSP Total.....	180	165	3,910	12,145	7,607
Percent					
Thailand.....	22.3	39.4	65.6	86.6	89.7
India.....	33.6	30.2	9.2	1.7	4.0
United Kingdom...	14.3	14.7	6.1	3.0	3.1
Brazil.....	1/	.6	2.7	1.7	1.3
Pakistan.....	6.4	7.6	12.1	2.0	1.1
Bangladesh.....	.0	.0	.0	.0	.3
Italy.....	10.3	2.5	3.6	1/	.3
Paraguay.....	.0	.0	.0	.0	.2
Colombia.....	.0	.0	.0	.8	.1
Canada.....	1/	.4	.0	.0	.0
Argentina.....	1.9	.0	.1	3.7	.0
Sweden.....	6.8	.0	.0	.0	.0
Norway.....	.0	.0	.0	1/	.0
Netherlands.....	1/	.5	.1	.2	.0
France.....	1.1	.0	.0	1/	.0
All other.....	3.0	4.2	.5	.2	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total.....	64.2	77.7	89.9	96.4	96.6

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1987-89 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-91 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

Table 2.
Digest title: Certain prepared buffalo leather
U.S. exports of domestic merchandise, by principal markets, 1987-91

Market	1987	1988	1989	1990	1991
Value (1,000 dollars)					
Taiwan.....	0	0	0	0	90
Australia.....	0	0	0	0	15
Greece.....	0	0	0	0	7
Hong Kong.....	0	0	0	0	5
Germany.....	0	0	0	5	0
Japan.....	0	0	0	8	0
Total.....	0	0	0	13	117
GSP Total.....	0	0	0	0	0
Percent					
Taiwan.....	.0	.0	.0	.0	77.1
Australia.....	.0	.0	.0	.0	12.4
Greece.....	.0	.0	.0	.0	5.9
Hong Kong.....	.0	.0	.0	.0	4.6
Germany.....	.0	.0	.0	38.9	.0
Japan.....	.0	.0	.0	61.1	.0
Total.....	.0	.0	.0	100.0	100.0
GSP Total.....	.0	.0	.0	.0	.0

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1987-89 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-91 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

DIGEST NO. 4107.10.00

SWINE LEATHER

Swine Leather

I. Introduction

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

HTS subheading	Short description	Col. 1 rate of duty (1/1/92) Percent ad valorem	Like or directly competitive article produced in the United States on Jan. 3, 1985?
4107.10.00	Swine leather.	4.2%	Yes

Description and uses.--The leather included in this digest is derived from the hides and skins of swine. The pigskin hides and skins classified here have also been subject to the tanning process. In the tanning process, hides and skins are treated with chemicals in order to preserve and convert them into a marketable form (e.g., garments and footwear).

II. U.S. market profile

Profile of U.S. industry and market, 1987-91¹

Item	1987	1988	1989	1990	1991
Producers (number).	(2)	(2)	(2)	(2)	(3)
Employment (1,000 employees).	(2)	(2)	(2)	(2)	(2)
Shipments (1,000 dollars) ⁽⁴⁾	***	***	***	***	***
Exports (1,000 dollars)	5,587	7,168	8,947	9,605	8,643
Imports (1,000 dollars)	19,726	26,631	38,156	29,873	23,644
Consumption (1,000 dollars) ⁽⁴⁾	***	***	***	***	***
Import-to-consumption ratio (percent)	***	***	***	***	***
Capacity utilization (percent).	(2)	(2)	(2)	(2)	(2)

¹ Trade data for 1987 and 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 1987 and 1988 may not be directly comparable with HTS trade data for 1989-91.

² Not available.

³ There were believed to be no more than 3 domestic pigskin leather producers in 1991.

⁴ Shipment and consumption estimates were made by the USITC staff and were rounded to the nearest millionth dollar.

Comment.--Domestic and imported pigskin leather is primarily used in the production of shoes and other leather garments and articles (coats, handbags, wallets, etc.).

III. GSP import situation, 1991

U.S. imports and share of U.S. consumption, 1991

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total	23,644	100	-	***
Imports from GSP countries:				
Total	2,197	9	100	***
Yugoslavia.	1,586	7	72	***
Mexico.	482	2	22	***
Philippines	42	(1)	2	***
Poland.	36	(1)	2	***

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

¹ Less than 0.5 percent.

Comment.--In 1991, U.S. imports of pigskin leather from GSP suppliers (including the former Yugoslavia) represented about *** of domestic consumption.

* * * * *

Table 1.
Digest title: Swine leather
U.S. imports for consumption, principal sources, 1987-91

Source	1987	1988	1989	1990	1991
Value (1,000 dollars)					
Taiwan.....	7,053	8,496	12,497	10,841	11,950
China.....	2,777	3,492	1,937	3,417	3,128
Japan.....	4,995	6,319	8,174	6,104	3,086
Germany.....	768	730	591	854	1,906
Yugoslavia.....	506	2,511	5,955	4,828	1,586
Hong Kong.....	857	263	2,215	510	703
Mexico.....	254	430	950	591	482
Italy.....	347	476	947	483	241
United Kingdom...	179	95	143	85	149
Korea.....	29	366	1,447	750	124
Canada.....	18	5	0	4	61
Philippines.....	0	6	0	20	42
France.....	102	23	37	22	39
Poland.....	0	0	0	130	36
Spain.....	0	89	65	135	35
All other.....	1,840	3,331	3,197	1,099	75
Total.....	19,726	26,631	38,156	29,873	23,644
GSP Total.....	1,169	4,463	8,317	6,057	2,197
Percent					
Taiwan.....	35.8	31.9	32.8	36.3	50.5
China.....	14.1	13.1	5.1	11.4	13.2
Japan.....	25.3	23.7	21.4	20.4	13.1
Germany.....	3.9	2.7	1.5	2.9	8.1
Yugoslavia.....	2.6	9.4	15.6	16.2	6.7
Hong Kong.....	4.3	1.0	5.8	1.7	3.0
Mexico.....	1.3	1.6	2.5	2.0	2.0
Italy.....	1.8	1.8	2.5	1.6	1.0
United Kingdom...	.9	.4	.4	.3	.6
Korea.....	.1	1.4	3.8	2.5	.5
Canada.....	.1	1/	.0	1/	.3
Philippines.....	.0	1/	.0	.1	.2
France.....	.5	.1	.1	.1	.2
Poland.....	.0	.0	.0	.4	.2
Spain.....	.0	.3	.2	.5	.1
All other.....	9.3	12.5	8.4	3.7	.3
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total.....	5.9	16.8	21.8	20.3	9.3

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1987-89 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-91 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

Table 2.
Digest title: Swine leather
U.S. exports of domestic merchandise, by principal markets, 1987-91

Market	1987	1988	1989	1990	1991
Value (1,000 dollars)					
Canada.....	1,196	1,500	2,344	4,402	2,540
Taiwan.....	1,088	956	1,750	1,331	1,261
Hong Kong.....	1,523	798	465	291	852
Japan.....	21	228	117	234	674
United Kingdom...	524	634	77	220	561
Costa Rica.....	0	0	0	970	557
Korea.....	224	213	68	378	433
Rep So Africa....	3	0	3	15	362
Mexico.....	309	841	598	519	340
Italy.....	11	41	369	298	319
Dominican Rep....	0	631	295	149	227
Germany.....	119	61	0	0	95
Thailand.....	186	77	3	50	84
Argentina.....	0	0	17	4	82
Austria.....	0	0	12	0	67
All other.....	383	1,187	2,829	744	190
Total.....	5,587	7,168	8,947	9,605	8,643
GSP Total.....	794	2,357	2,901	2,070	1,444
Percent					
Canada.....	21.4	20.9	26.2	45.8	29.4
Taiwan.....	19.5	13.3	19.6	13.9	14.6
Hong Kong.....	27.3	11.1	5.2	3.0	9.9
Japan.....	.4	3.2	1.3	2.4	7.8
United Kingdom...	9.4	8.8	.9	2.3	6.5
Costa Rica.....	.0	.0	.0	10.1	6.4
Korea.....	4.0	3.0	.8	3.9	5.0
Rep So Africa....	.1	.0	1/	.2	4.2
Mexico.....	5.5	11.7	6.7	5.4	3.9
Italy.....	.2	.6	4.1	3.1	3.7
Dominican Rep....	.0	8.8	3.3	1.6	2.6
Germany.....	2.1	.8	.0	.0	1.1
Thailand.....	3.3	1.1	1/	.5	1.0
Argentina.....	.0	.0	.2	1/	.9
Austria.....	.0	.0	.1	.0	.8
All other.....	6.8	16.6	31.6	7.8	2.2
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total.....	14.2	32.9	32.4	21.6	16.7

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1987-89 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-91 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

DIGEST NO. 4418.20.00(pt)

FRENCH DOORS

French Doors

I. Introduction

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

HTS subheading	Short description	Col. 1 rate of duty (1/1/92) <u>Percent ad valorem</u>	Like or directly competitive article produced in the United States on Jan. 3, 1985?
4418.20.00(pt)	French doors.	7.5%	Yes

Description and uses.--French doors, which are wooden doors, are included among the familiar, conventional, mass-produced doors which are of rigid construction and are customarily used as closures to framed openings in the walls of single and multi-family homes, and institutional and office buildings. Wooden doors are made in a variety of standard sizes, grades and kinds. French doors under consideration are a form of panel door with glass in the panel section; for interior and exterior uses. Panel doors are made by attaching an exterior frame of vertical and horizontal pieces around a panel core. Panel doors are frequently used in the main entrances to residences. As such, these doors need to be of rugged construction and architecturally compatible with the dwelling.

II. U.S. market profile

Profile of U.S. industry and market, 1987-91¹

Item	1987	1988	1989	1990	1991
Producers (number).	***	***	***	***	***
Employment (1,000 employees) ²	89	91	91	89	81
Shipments (1,000 dollars) ²	2,640,000	2,692,000	2,761,500	2,725,600	2,780,100
Exports (1,000 dollars) ²	14,774	21,658	38,838	56,775	95,945
Imports (1,000 dollars) ²	80,252	84,260	86,639	68,828	59,851
Consumption (1,000 dollars) ²	2,705,478	2,754,602	2,809,301	2,737,653	2,744,006
Import-to-consumption ratio (percent) ²	3	3	3	3	2
Capacity utilization (percent).	(3)	(3)	(3)	(3)	(3)

¹Trade data for 1987 and 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 1987 and 1988 may not be directly comparable with HTS trade data for 1989-91.

²Data are for HTS item 4418.20.00 which includes an unknown share of French doors, for which advice is requested as well as other wood door and frame products.

³Not available

Comment.--The number of domestic producers of wood doors including french doors has changed little during 1987-91. Wood door producers are part of the overall millwork industry sector. This sector had about 81,000 employees in 1991. The millwork industry manufactures a variety of doors, windows and other general millwork products. The domestic wood door (millwork) industry is distributed throughout the United States, but certain types of doors, such as panel doors, including French doors, rely on western sources for the Ponderosa pine and Douglas fir species used to produce these doors. U.S. domestic consumption is highly dependent on the level of residential housing starts. The imported product has little discernable differences in quality and features compared with the U.S.-made product. ***. According to industry sources, panel doors account for only about *** percent of annual U.S. interior door production, and about *** percent of U.S. exterior door production. French door production is only a small portion of panel door production.

III. GSP import situation, 1991

U.S. imports and share of U.S. consumption, 1991

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total	59,851	100	-	2
Imports from GSP countries:				
Total	40,746	68	100	2
Mexico	11,467	19	28	(1)
Brazil	8,876	15	22	(1)
Malaysia	8,199	14	20	(1)
Philippines	3,728	6	9	(1)

¹Less than 0.5 percent.

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

Comment.--During 1987-89 the leading U.S. supplier was Canada. Brazil was the leading supplier in 1990, and Mexico was the leading supplier in 1991. Brazil was the leading GSP supplier over the period. Other GSP countries with sizeable imports supplied to the United States under HTS 4418.20.00 include Malaysia and the Philippines.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1991. 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 Brazil for all digest products

Ranking as a U.S. import supplier, 1991. 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 ___

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for Malaysia for all digest products

Ranking as a U.S. import supplier, 1991. 4

Price elasticity:

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

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

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

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

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

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

Price level compared with--

U.S. products. Above Equivalent Below

Other foreign products Above Equivalent Below

Quality compared with--

U.S. products. Above Equivalent Below

Other foreign products Above Equivalent Below

Competitiveness indicators for 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.--McPhillips Manufacturing Company, of Mobile, AL, a major supplier of French doors and other wood doors, requested, in a written submission and by testimony at the Commission hearing (Robert G. Hayes representing McPhillips), that wooden French doors imported from Malaysia be removed from the list of products accorded duty-free treatment under GSP. Mr. Hayes in his testimony stated that the import of Malaysian doors, in particular, were injurious to the U.S. wooden French door manufacturing industry. Mr. Hayes emphasized six points:

- 1) Domestic French door manufacturers are losing sales and market share to imports. Mostly from Malaysian imports of these products.
- 2) Imported Malaysian doors are often sold at less than the domestic cost of production.
- 3) The U.S. market share of Malaysian wood doors is increasing in an overall declining market.
- 4) U.S. production costs are rising.
- 5) Raw material prices for Malaysian doors are roughly the same as the domestic raw material price.
- 6) The U.S. Government is encouraging the import of Malaysian doors to the detriment of the domestic industry by continuing the GSP treatment for this product.

***.

VI. Summary of probable economic effects--Removal

* * * * *

Table 1.
Digest title: French Doors
U.S. imports for consumption, principal sources, 1987-91

Digest No.
44182000 (pt)

Source	1987	1988	1989	1990	1991
Value (1,000 dollars)					
Mexico.....	6,247	7,751	13,964	10,297	11,467
Canada.....	21,743	23,573	25,187	10,404	10,483
Brazil.....	10,077	9,404	10,408	11,672	8,876
Malaysia.....	328	1,621	3,012	5,292	8,199
Taiwan.....	23,880	17,099	12,024	9,094	5,489
Philippines.....	2,817	5,508	4,016	4,572	3,728
Costa Rica.....	2,572	4,700	5,027	5,785	3,384
Indonesia.....	518	459	632	1,801	1,757
Guatemala.....	1,134	1,535	1,699	1,595	1,546
Singapore.....	1,922	3,056	2,242	1,185	863
Japan.....	135	107	195	66	377
India.....	34	300	116	97	358
Korea.....	296	1,394	774	842	316
Germany.....	1,194	987	429	625	292
Colombia.....	237	98	156	185	257
All other.....	7,118	6,667	6,757	5,314	2,461
Total.....	80,252	84,260	86,639	68,828	59,851
GSP Total.....	25,534	32,733	40,087	42,259	40,746
Percent					
Mexico.....	7.8	9.2	16.1	15.0	19.2
Canada.....	27.1	28.0	29.1	15.1	17.5
Brazil.....	12.6	11.2	12.0	17.0	14.8
Malaysia.....	.4	1.9	3.5	7.7	13.7
Taiwan.....	29.8	20.3	13.9	13.2	9.2
Philippines.....	3.5	6.5	4.6	6.6	6.2
Costa Rica.....	3.2	5.6	5.8	8.4	5.7
Indonesia.....	.6	.5	.7	2.6	2.9
Guatemala.....	1.4	1.8	2.0	2.3	2.6
Singapore.....	2.4	3.6	2.6	1.7	1.4
Japan.....	.2	.1	.2	.1	.6
India.....	1/	.4	.1	.1	.6
Korea.....	.4	1.7	.9	1.2	.5
Germany.....	1.5	1.2	.5	.9	.5
Colombia.....	.3	.1	.2	.3	.4
All other.....	8.9	7.9	7.8	7.7	4.1
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total.....	31.8	38.8	46.3	61.4	68.1

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1987-89 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-91 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

Table 2.
Digest title: French Doors
U.S. exports of domestic merchandise, by principal markets, 1987-91

Market	1987	1988	1989	1990	1991
Value (1,000 dollars)					
Mexico.....	603	658	7,166	5,473	31,510
Canada.....	6,062	6,573	8,046	16,213	25,153
United Kingdom...	2,633	4,579	9,972	10,082	13,738
Japan.....	756	1,608	3,447	10,212	10,828
Korea.....	570	446	761	2,624	4,994
Bahamas.....	496	838	1,571	1,181	1,318
Saudi Arabia.....	327	313	451	559	735
Bermuda.....	456	727	1,581	1,469	721
Netherlands Ant..	0	377	374	673	598
Israel.....	2	9	50	65	549
Malaysia.....	0	25	72	146	507
Greece.....	0	0	0	191	432
Hong Kong.....	0	26	32	9	363
Taiwan.....	31	31	282	422	316
France.....	25	144	115	240	296
All other.....	2,812	5,302	4,919	7,217	3,886
Total.....	14,774	21,658	38,838	56,775	95,945
GSP Total.....	2,355	3,655	11,520	9,754	36,345
Percent					
Mexico.....	4.1	3.0	18.5	9.6	32.8
Canada.....	41.0	30.4	20.7	28.6	26.2
United Kingdom...	17.8	21.1	25.7	17.8	14.3
Japan.....	5.1	7.4	8.9	18.0	11.3
Korea.....	3.9	2.1	2.0	4.6	5.2
Bahamas.....	3.4	3.9	4.0	2.1	1.4
Saudi Arabia.....	2.2	1.4	1.2	1.0	.8
Bermuda.....	3.1	3.4	4.1	2.6	.8
Netherlands Ant..	.0	1.7	1.0	1.2	.6
Israel.....	1/	1/	.1	.1	.6
Malaysia.....	.0	.1	.2	.3	.5
Greece.....	.0	.0	.0	.3	.5
Hong Kong.....	.0	.1	.1	1/	.4
Taiwan.....	.2	.1	.7	.7	.3
France.....	.2	.7	.3	.4	.3
All other.....	19.0	24.5	12.7	12.7	4.1
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total.....	15.9	16.9	29.7	17.2	37.9

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1987-89 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-91 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

DIGEST NO. 6505.90.8015

NONWOVEN HEADWEAR

Nonwoven Headwear

I. Introduction

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

HTS subheading	Short description	Col. 1 rate of duty (1/1/92) <u>Percent ad valorem</u>	Like or directly competitive article produced in the United States on Jan. 3, 1985?
6505.90.80.15 ^{1 2}	Nonwoven disposable headwear of manmade fibers.	22¢/kg + 8%	Yes

¹ The nonwoven disposable headwear under consideration here was eligible for the GSP under the Tariff Schedules of the United States (TSUS). This headwear lost GSP eligibility when the Harmonized Tariff Schedule of the United States (HTS) was implemented in 1989.

² The scope of products covered under the equivalent item number in the TSUS and an equivalent statistical reporting number under the HTS through mid-1989 was slightly more limited, covering only nonwoven disposable headwear designed for use in hospitals, clinics, laboratories, and other contaminated areas. In mid-1989, a new HTS statistical reporting number was created, broadening the scope of the types of nonwoven man-made fiber headwear included in the new classification. Still, headwear used in hospitals, clinics, laboratories, and other contaminated areas accounts for most of the imports entering under the current HTS statistical reporting number.

Description and uses.--The disposable headwear covered in this digest is made of nonwoven manmade-fiber fabric and without peaks or visors. Included are scrub caps, hoods, and "nurses' caps", also known as "bouffants," which are similar to shower caps. These items are used by the medical community for protection of staff and patients and are often sterilized. The unsterilized articles are also used in industries (e.g. electronics and food processing) and institutions (e.g., food handlers in cafeterias or laboratory workers) to protect against product contamination.

II. U.S. market profile

Profile of U.S. industry and market, 1987-91¹

Item	1987	1988	1989	1990	1991
Producers (number).	25	25	25	25	25
Employment (1,000 employees).	2	2	2	2	2
Shipments ² (1,000 dollars).	3,700	3,700	4,000	4,400	4,800
Exports (1,000 dollars)	(3)	(3)	(3)	(3)	(3)
Imports ⁴ (1,000 dollars)	15,089	15,527	15,667	18,653	18,381
Consumption ⁵ (1,000 dollars)	18,789	19,227	19,667	23,053	23,181
Import-to-consumption ratio (percent)	80	81	80	81	79
Capacity utilization (percent).	75	75	75	70	75

¹ Trade data for 1987 and 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 1987 and 1988 may not be directly comparable with HTS trade data for 1989-91.

² Data reflect only those U.S. shipments which were produced wholly in the United States.

³ Exports of finished nonwoven disposable manmade-fiber headwear are believed to have totaled less than \$500,000 during 1989-91, the only years for which estimates could be made.

⁴ Data reflect the total value of imports.

⁵ The consumption figures here include shipments plus imports and do not take into account exports because of the unavailability of the export data. The current level of U.S. exports of these products, however, is believed to be relatively small.

Comment.--The U.S. market is supplied primarily by firms which produce nonwoven disposable apparel, including headwear in production sharing arrangements in Mexico and a few other Latin American and Caribbean countries which assemble U.S. components into finished products for subsequent return to the U.S. market. Such imports enter the United States under HTS heading 9802.00.80 (formerly TSUS item 807.00) with only the value added offshore subject to duty. The practice of using foreign assembly has grown in recent years. The assembly of these products is highly labor intensive, with minimal barriers to entry. Capital investment requirements are minimal. The U.S. industry limits investment primarily to Mexico and a few other Central American and Caribbean countries because of these countries' proximity which allows U.S. companies to control quality. * * *

The U.S. market for nonwoven disposable headwear is highly concentrated. * * * with the remainder of the industry consisting of small firms which manufacture primarily for the industrial and institutional markets. These small firms have the flexibility to produce a diverse line of nonwoven products and fill specialty needs in the marketplace.

The U.S. market for nonwoven disposable products is both mature and highly competitive. Sales of these products tend to track fluctuations in U.S. economic activity, and consequently, have been sluggish in recent years. However, demand in the medical market is expected to pick up in response to guidelines issued in 1992 by the Center for Disease Control (CDC) and regulations issued by the Occupational Safety and Health Administration (OSHA) for protection from bloodborn pathogens. Consequently, the importance of product quality in the medical market is also expected to intensify. Industry sources suggested that the potential for real growth lies in foreign markets.

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for Thailand for all digest products

Ranking as a U.S. import supplier, 1991. 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 ___ Below X

Other foreign products Above ___ Equivalent ___ Below X

Comment.--Although small, Thailand emerged as a supplier of this headwear in 1987. Trade sources indicate that producers in Thailand source their raw materials, namely the nonwoven fabrics, from Taiwan. Trade sources also report that if GSP treatment were granted to this headwear, production of these items could shift from Taiwan to Thailand.

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 ___ No X

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

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

Price level compared with--

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

Other foreign products Above X Equivalent ___ Below ___

Quality compared with--

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

Other foreign products Above X Equivalent ___ Below ___

Comment.--Currently, GSP-eligible suppliers include Mexico, Grenada, and the Dominican Republic, where U.S. producers account for virtually all the imports through their production sharing operations, and Thailand and the Philippines.

V. Position of interested parties

Petitioner.--Boundary Healthcare Products Corp., Columbus, MS, a producer of nonwoven disposable headwear and other medical products, petitioned for the restoration of GSP benefits for "nurses' caps." Boundary contended that, when the nonwoven disposable headwear of manmade fibers lost GSP eligibility, the firm lost competitiveness in the U.S. market for nurses' caps, as did the smaller GSP supplying nations vis-a-vis Mexico and Pacific Rim countries. * * *

Boundary indicated that the restoration of GSP benefits for the nurses' caps would enable the firm to retain its competitive position in the domestic market. It also stated that this action would stimulate economic activity in both the beneficiary developing countries and the United States because most of the imported articles are assembled from U.S.-made fabric.

Opposition.--Baxter Healthcare Corp., a multi-national company headquartered in Deerfield, IL, manufactures and markets a wide range of medical products, including nurses' caps which are manufactured in production sharing operations in El Paso, TX, and Chihuahua, Mexico. Mr. James M. Lyons with the law firm Katten, Muchin, and Zavis, testified on behalf of Baxter in opposition to granting nurses' caps GSP eligibility. He stated that because nurses' caps along with other nonwoven disposable headwear of manmade fibers are subject to textile agreements (although these products are not subject to quota), they are specifically excluded from GSP eligibility. He elaborated in his prehearing brief that granting GSP treatment would undermine the NAFTA, which was negotiated with the understanding that nurses' caps are textile products. Under the NAFTA, the duties on these items are not reduced immediately, but in stages over a six-year period.

Mr. Lyons testified at the Commission hearing that granting GSP treatment to nurses' caps would cause Mexico to lose competitiveness since all developing countries except Mexico would receive GSP eligibility. Mexico would not be eligible for the GSP because it exceeds the competitive need limitation. He stressed that the major threat would come from increased imports from the Far East. He stated that the technology and raw material resources to manufacture nonwoven disposable manmade-fiber headwear, including nurses' caps, exist in Far Eastern countries, some of which already manufacture these products. It would be easy for non-GSP suppliers like Taiwan to transfer production to GSP-eligible countries like Thailand and the Philippines. Mr. Lyons elaborated on the price sensitivity of nurses' caps in the U.S. market and stated that only a slight change in price could cause a customer to switch to other suppliers. Movement of production of these caps to the Far East would not only hurt U.S. companies which produce in Mexico, but also hurt U.S. producers of the nonwoven material. He suggested that Boundary, the petitioner, would be much better served to obtain duty-free treatment for the caps it produces in the Dominican Republic and Grenada through the Caribbean Basin Initiative than through the GSP which would grant competitive advantages to eligible Far Eastern suppliers. Baxter's prehearing brief stated that if Boundary's petition should be granted, the U.S. Government should waive the competitive need limitation with respect to imports of nonwoven disposable manmade-fiber headwear from Mexico and amend the NAFTA to provide immediate tariff elimination for this headwear.

VI. Summary of probable economic effects--Addition

* * * * *

VI. Summary of probable economic effects--Addition--Cont.

* * * * *

Table 1.
Digest title: Nonwoven headwear
U.S. imports for consumption, principal sources, 1987-91

Source	1987	1988	1989	1990	1991
	Value (1,000 dollars)				
Mexico	11,426	10,548	11,519	14,464	12,896
Taiwan	2,013	2,517	1,231	1,445	2,051
Grenada	1,023	1,300	1,643	1,367	1,746
Thailand	329	779	645	643	435
China	2	0	319	365	361
Dominican Republic	170	276	76	132	258
Philippines	0	0	0	35	183
Honduras	0	0	12	64	124
Haiti	0	0	0	3	93
Ecuador	0	0	0	0	92
United Kingdom	103	84	140	120	91
Hong Kong	0	0	51	0	36
France	0	0	5	6	12
Malaysia	0	0	0	0	2
Canada	0	0	15	0	1
All other	22	23	11	9	0
Total	15,089	15,527	15,667	18,653	18,381
GSP Total	12,949	12,903	13,901	16,708	15,829
	Percent				
Mexico	75.7	67.9	73.5	77.5	70.2
Taiwan	13.3	16.2	7.9	7.7	11.2
Grenada	6.8	8.4	10.5	7.3	9.5
Thailand	2.2	5.0	4.1	3.4	2.4
China	1/	.0	2.0	2.0	2.0
Dominican Republic	1.1	1.8	1/	1.0	1.4
Philippines . . . . .	.0	.0	.0	1/	1.0
Honduras . . . . .	.0	.0	.0	1/	1.0
Haiti . . . . .	.0	.0	1/	1/	1.0
Ecuador . . . . .	.0	.0	.0	.0	1.0
United Kingdom	1/	1/	1.0	1.0	1/
Hong Kong . . . . .	.0	.0	1/	.0	1/
France . . . . .	.0	.0	1/	1/	1/
Malaysia . . . . .	.0	.0	.0	.0	1/
Canada . . . . .	.0	.0	1/	.0	1/
All other	1/	1/	1/	1/	.0
Total	100.0	100.0	100.0	100.0	100.0
GSP Total	85.8	83.1	88.7	89.6	86.1

1/ Less than \$500 or less than 0.05 percent.

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

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

DIGEST NO. 7202.50.00

FERROSILICON CHROMIUM

Ferrosilicon Chromium

I. Introduction

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

HTS subheading	Short description	Col. 1 rate of duty (1/1/92) <u>Percent ad valorem</u>	Like or directly competitive article produced in the United States on Jan. 3, 1985?
7202.50.00	Ferrosilicon chromium.	10%	Yes

Description and uses.--Ferrosilicon chromium is a ferroalloy containing about 43 percent silicon and 35 percent chromium. The alloy is cast in ingots weighing several tons and then broken into manageable chunks. It is typically used by the stainless and specialty steel industry as a source of silicon and chromium.

II. U.S. market profile¹

Profile of U.S. industry and market, 1987-91¹

Item	1987	1988	1989	1990	1991
Producers (number).	(2)				
Employment (1,000 employees).	(2)				
Shipments (1,000 dollars)	(2)	(2)	(2)	(2)	(2)
Exports (1,000 dollars)	1,948	4,251	2,788	1,048	939
Imports (1,000 dollars)	4,920	5,461	4,565	2,616	3,517
Consumption (1,000 dollars)	(2)	(2)	(2)	(2)	(2)
Import-to-consumption ratio (percent)	(2)	(2)	(2)	(2)	(2)
Capacity utilization (percent).	(2)	(2)	(2)	(2)	(2)

¹Trade data for 1987 and 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 1987 and 1988 may not be directly comparable with HTS trade data for 1989-91.
²Not available.

Comment.--Officials at SKW Inc. of Niagara Falls, NY, indicated in a telephone conversation that they were the sole remaining U.S. producer of ferrosilicon chromium when they suspended production in 1988. SKW continues to sell the product out of remaining inventories; however, data pertaining to these shipments are not available. ***.²

¹ There was no U.S. production from 1988-91.
² ***

III. GSP import situation, 1991

U.S. imports and share of U.S. consumption, 1991

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total	3,517	100	-	(1)
Imports from GSP countries:				
Total	3,517	100	100	(1)
Zimbabwe	3,517	100	100	(1)

↑ Not available.

Comment.--Zimbabwe accounts for total U.S. imports of ferrosilicon chromium.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Zimbabwe for all digest products

Ranking as a U.S. import supplier, 1991. 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.--Zimbabwe exports ferrosilicon chromium to Europe, the United States, and Japan. U.S. consumers can import ferrosilicon chromium from other countries, principally South Africa and China, and can import ferrosilicon and alloy it with either high-carbon or low-carbon ferrochrome as an alternative to imports of ferrosilicon chromium. Because the market for ferrosilicon chromium is characterized by small demand and low prices, most of the world's major alloy producers have chosen not to compete with Zimbabwe in supplying this market.

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.--Because Zimbabwe is the only foreign supplier of ferrosilicon chromium to the U.S., it is expected to receive the majority of benefit from any increased ferrosilicon chromium trade.

³ Because there is no U.S. production of ferrosilicon chromium, price and quality comparisons with U.S. products are not possible.

V. Position of interested parties

No statements were received either in support of or in opposition to the proposed modifications to the GSP considered in this digest.

VI. Summary of probable economic effects--Addition

* * * * *

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

* * * * *

Table 1.
Digest title: Ferrosilicon chromium
U.S. imports for consumption, principal sources, 1987-91

Source	1987	1988	1989	1990	1991
Value (1,000 dollars)					
Zimbabwe.....	3,315	4,139	4,469	2,616	3,517
United Kingdom...	0	332	0	0	0
China.....	0	0	96	0	0
Rep So Africa....	1,604	990	0	0	0
Total.....	4,920	5,461	4,565	2,616	3,517
GSP Total.....	3,315	4,139	4,469	2,616	3,517
Percent					
Zimbabwe.....	67.4	75.8	97.9	100.0	100.0
United Kingdom...	.0	6.1	.0	.0	.0
China.....	.0	.0	2.1	.0	.0
Rep So Africa....	32.6	18.1	.0	.0	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total.....	67.4	75.8	97.9	100.0	100.0

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1987-89 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-91 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

Table 2.
Digest Title: Ferrosilicon chromium
U.S. exports of domestic merchandise, by principal markets, 1987-91

Market	1987	1988	1989	1990	1991
Value (1,000 dollars)					
Canada.....	1,058	3,131	2,738	1,001	886
Sweden.....	26	75	0	20	26
Mexico.....	321	545	28	23	25
Taiwan.....	32	53	0	0	3
Colombia.....	12	27	0	0	0
Venezuela.....	183	59	10	0	0
Peru.....	0	1	0	0	0
Chile.....	6	5	0	0	0
Argentina.....	74	143	12	0	0
Iceland.....	26	0	0	0	0
United Kingdom...	97	36	0	3	0
Netherlands.....	5	0	0	0	0
Belgium.....	0	7	0	0	0
France.....	3	10	0	0	0
Germany.....	43	132	0	0	0
All other.....	62	28	0	0	0
Total.....	1,948	4,251	2,788	1,048	939
GSP Total.....	621	801	50	23	25
Percent					
Canada.....	54.3	73.6	98.2	95.5	94.3
Sweden.....	1.3	1.8	.0	1.9	2.7
Mexico.....	16.5	12.8	1.0	2.2	2.6
Taiwan.....	1.6	1.2	.0	.0	.3
Colombia.....	.6	.6	.0	.0	.0
Venezuela.....	9.4	1.4	.4	.0	.0
Peru.....	.0	1/	.0	.0	.0
Chile.....	.3	.1	.0	.0	.0
Argentina.....	3.8	3.4	.4	.0	.0
Iceland.....	1.3	.0	.0	.0	.0
United Kingdom...	5.0	.8	.0	.3	.0
Netherlands.....	.3	.0	.0	.0	.0
Belgium.....	.0	.2	.0	.0	.0
France.....	.1	.2	.0	.0	.0
Germany.....	2.2	3.1	.0	.0	.0
All other.....	3.2	.7	.0	.0	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total.....	31.9	18.8	1.8	2.2	2.6

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1987-89 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-91 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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



DIGEST NO. 7614.90.20

ALUMINUM ELECTRICAL CONDUCTORS OTHER THAN WITH
STEEL CORE, NOT FITTED

Aluminum Electrical Conductors Other Than With
Steel Core, Not fitted

I. Introduction

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

HTS subheading	Short description	Col. 1 rate of duty (1/1/92) <u>Percent ad valorem</u>	Like or directly competitive article produced in the United States on Jan. 3, 1985?
7614.90.20 ¹	Aluminum electrical conductors other than with steel core, not fitted	4.9%	Yes

¹Petitioner requests a waiver because the company's imports already exceed the 50 percent share and the company anticipates that its imports will exceed de minimis values during 1992-94.

Description and uses.--Digest products are uninsulated aluminum stranded wire, cable, and plaited bands without a steel core, which are used largely for conducting electricity. According to industry classifications, digest products are largely comprised of all-aluminum conductor (AAC), used mostly for high voltage overhead electrical transmission lines, and all-aluminum alloy conductor (AAAC), used mostly for primary and secondary transmission lines in buildings.

II. U.S. market profile

Profile of U.S. industry and market, 1987-91¹

Item	1987	1988	1989	1990	1991
Producers (number)	**8	**8	**6	**6	**6
Employment (1,000 employees)	**2	**2	**1	**1	**1
Shipments (1,000 dollars)	**163,100	**285,400	**255,700	**171,000	**165,700
Exports (1,000 dollars)	3,910	5,053	2,123	3,494	2,615
Imports (1,000 dollars)	2,051	1,904	1,464	5,625	7,949
Consumption (1,000 dollars)	**161,241	**282,251	**255,041	**173,131	**171,034
Import-to-consumption ratio (percent)	**1	**1	**1	**3	**5
Capacity utilization (percent)	(²)	(²)	(²)	(²)	(²)

¹ Trade data for 1987 and 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 1987 and 1988 may not be directly comparable with HTS trade data for 1989-91.

² Not available; estimated at between 50 and 60 percent for several companies in the industry segment.

Comment.--The domestic industry was composed of about 6 integrated producers that manufactured digest products from captive rod and wire production in 1991 ***. The producers in this energy and capital-intensive industry are competitive on a worldwide basis in the manufacture of digest products. Domestic industry sources indicate that the market for aluminum cable is mature, with much of the production utilized for the replacement of existing cable (reportedly, U.S. shipments of aluminum cable declined by approximately *60 percent during the 1980s and there exists excess production capacity). Sales of digest products to the domestic market and to downstream consumers (the **15 domestic companies that insulate aluminum cable from purchased wire) are highly price sensitive with imports and with substitute materials, such as bare copper cable. Domestic products are generally priced higher than imported material, reflecting in part, the small premium consumers are willing to pay for shorter delivery time, supplier reliability, and technical service. U.S. purchasers indicate lower purchase price as the most important reason for buying foreign-made digest products, although the decline in the value of the U.S. dollar on international exchange markets since 1989 has caused imports to be less competitive on a price basis.

III. GSP import situation, 1991

U.S. imports and share of U.S. consumption, 1991

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total	7,949	100	-	**5
Imports from GSP countries:				
Total	6,770	85	100	**4
Venezuela	6,217	78	92	**4
Brazil	539	7	8	(1)
Yugoslavia ²	14	(1)	(1)	(1)

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

¹ Less than 0.5 percent.

² Yugoslavia was removed from GSP eligibility effective Dec. 20, 1991 per proclamation 6389, dated Dec. 5, 1991.

Comment.--The countries shown in the table are the top GSP suppliers in 1991.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Venezuela for all digest products

Ranking as a U.S. import supplier, 1991. 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 x Below

Quality compared with--
 U.S. products. Above Equivalent x Below

Other foreign products Above Equivalent x Below

Comment.--Aluminum is Venezuela's second largest source of foreign exchange earnings after petroleum, and the country is one of the largest exporters in the world.¹ Venezuela is believed to be one of the world's lowest cost producers of primary aluminum due to the availability of low-cost hydroelectric power and domestic reserves of bauxite.²

Parastatal firms dominate aluminum production, although foreign participation has broadened, and several American companies signaled their interest in investing in the expansion of aluminum production capacity. Since 1990 Venezuela has ceased to screen most investments, abandoned general restrictions on foreign direct investment, lifted previously-extensive restrictions on capital transfers, and implemented an extensive privatization program.³ Venezuela's comprehensive IMF/World Bank program and GATT membership (since 1990) has led to substantial import liberalization in quantitative restrictions and import levies. Venezuela announced its intention to substantially reduce or phase out export subsidies, although preferential tax credits and credit access are accorded to export-oriented firms.⁴

Production of digest products in Venezuela expanded during the period, following the imposition of countervailing duties on imports into the United States of electrical conductor aluminum redraw rod (used for the production of aluminum electrical conductor wire) from Venezuela; such duties were lowered to 0.5 percent ad valorem following a recent review by the U.S. Dept. of Commerce.⁵ There are at least 4 and possibly 6 companies in Venezuela that produce digest products: one *** owns a U.S. company *** that imports aluminum cable on master reels and cuts the cable to desired length, and another Venezuelan company *** supplies the petitioner with digest products which the petitioner uses to supplement inputs for its production of insulated aluminum cable.⁶ According to industry sources, *** has invested in a Canadian company as well. Imports of digest products from Venezuela grew rapidly during 1987-91 and totaled \$6 million in 1991. Domestic products are generally priced higher than imported material, reflecting in part, the small premium consumers are willing to pay for shorter delivery time, supplier reliability, and technical service. Several U.S. companies utilize imports so as to increase their production of digest products as well as the production of insulated aluminum cable.

¹ Minerals Yearbook, U.S. Dept. of the Interior, 1990 and The Aluminum Association, Aluminum Statistical Review for 1991, Sept. 1992.

² Mining Annual Review, Mining Journal, annual issues 1988-90.

³ USTR, 1992 National Trade Estimate Report on Foreign Trade Barriers, pp. 251-2.

⁴ 1992 National Trade Estimate, p. 253.

⁵ "Certain Electrical Conductor Aluminum Redraw Rod from Venezuela; Final Results of Countervailing Duty Administrative Review," 57 Federal Register (Sept. 14, 1992), p. 41918.

⁶ Trade sources indicate that *** draw and strand bare aluminum electrical conductor wire.

V. Position of interested parties

Petitioner.--The petitioners are subsidiaries of Penn Central Corp. (Cincinnati, OH): Capital Wire and Cable Corp. (Plano, TX) and its Guardian Products Division. Petitioners request a waiver of the GSP competitiveness limits, recognizing that imports from Venezuela already exceed 50 percent of total imports and may exceed de minimis value levels in 1992-94.⁷ Petitioners contend that continuing to grant GSP duty-free status to digest products will improve the competitive position and operating efficiency of the U.S. industry, which reportedly does not fully utilize either its stranding or insulating capacity. Petitioners contend that they have been unable to purchase bare aluminum conductor from U.S. integrated companies at competitive prices and imports provide them with a competitive alternate source of supply. A waiver would stimulate competition and assist consumers of bare and insulated aluminum conductor cable within the United States. Petitioners also highlighted the fair-trade aspects of certain industrial and trade policies implemented as a result of Venezuela's recent accession to GATT, and indicated that certain structural changes and deregulation made the Venezuelan industry less competitive because of increases in electricity and interest rates.

Opposition.--The U.S. Cable Trade Action Group (USCTAG), comprised of Southwire Corp. (Carrollton, GA) and Rome Cable Corp. (Rome, NY) oppose granting a waiver of competitive need limits for digest products.⁸ USCTAG claims that unlimited duty-free treatment for imports of digest products from Venezuela will adversely affect the U.S. industry, while denial of a waiver will have little or no impact on the importers.⁹ USCTAG also claims that the industry in Venezuela possesses world-class facilities and because exports to the U.S. market represents approximately one-fifth of total exports of digest products, Venezuela does not need GSP benefits to compete in the U.S. market. USCTAG also claims that Venezuela's trade practices (export subsidies and lack of intellectual property protection, for example) are adverse to U.S. economic interests and are grounds for a denial of a waiver. Finally, USCTAG disputes petitioner's claims that aluminum electrical conductor is not available in the U.S. market, and that petitioner adds the tariff reduction to its price margin.

7 ***

8 Post-hearing submission of McKenna & Cuneo on behalf of USCTAG dated Oct. 16, 1992.

9 ***

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

* * * * *

Digest No.
76149020

Table 1.
Digest Title: Aluminum electrical conductors, other than steel cove, not fitted
U.S. imports for consumption, principal sources, 1987-91

Source	1987	1988	1989	1990	1991
Value (1,000 dollars)					
Venezuela.....	2	21	493	4,655	6,217
Canada.....	169	228	57	179	946
Brazil.....	10	15	0	156	539
Germany.....	136	191	166	74	221
Yugoslavia.....	0	0	0	0	14
New Zealand.....	1/	2	8	19	11
Japan.....	558	482	547	93	2
Mexico.....	49	78	0	0	0
Bermuda.....	0	1/	0	0	0
Martinique.....	1	0	0	0	0
Chile.....	32	7	0	0	0
Argentina.....	105	109	0	0	0
Sweden.....	26	1	8	0	0
Norway.....	1	2	0	0	0
Finland.....	1	105	0	0	0
All other.....	962	663	185	449	0
Total.....	2,051	1,904	1,464	5,625	7,949
GSP Total.....	201	277	503	4,811	6,770
Percent					
Venezuela.....	.1	1.1	33.7	82.8	78.2
Canada.....	8.2	12.0	3.9	3.2	11.9
Brazil.....	.5	.8	.0	2.8	6.8
Germany.....	6.6	10.0	11.4	1.3	2.8
Yugoslavia.....	.0	.0	.0	.0	.2
New Zealand.....	1/	.1	.5	.3	.1
Japan.....	27.2	25.3	37.4	1.7	1/
Mexico.....	2.4	4.1	.0	.0	.0
Bermuda.....	.0	1/	.0	.0	.0
Martinique.....	1/	.0	.0	.0	.0
Chile.....	1.6	.4	.0	.0	.0
Argentina.....	5.1	5.7	.0	.0	.0
Sweden.....	1.3	.1	.5	.0	.0
Norway.....	.1	.1	.0	.0	.0
Finland.....	1/	5.5	.0	.0	.0
All other.....	46.9	34.8	12.6	8.0	.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total.....	9.8	14.5	34.4	85.5	85.2

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1987-89 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-91 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

Table 2.
Digest Title: Aluminum electrical conductors, other than steel cove, not fitted
U.S. exports of domestic merchandise, by principal markets, 1987-91

Market	1987	1988	1989	1990	1991
Value (1,000 dollars)					
China.....	4	23	0	383	853
Taiwan.....	174	175	656	1,030	637
Egypt.....	1	1	0	0	451
Mexico.....	818	1,501	238	101	221
Hong Kong.....	95	175	530	6	97
Kuwait.....	2	2	0	0	60
Canada.....	1,045	1,114	249	98	57
Japan.....	111	103	8	26	48
Suriname.....	4	3	32	30	29
Venezuela.....	167	354	7	0	23
India.....	27	10	0	0	20
Sweden.....	12	20	22	0	20
Jamaica.....	19	29	40	100	18
Philippines.....	25	24	24	10	11
Nigeria.....	7	1/	0	0	10
All other.....	1,399	1,519	317	1,710	60
Total.....	3,910	5,053	2,123	3,494	2,615
GSP Total.....	1,636	2,627	526	289	806
Percent					
China.....	.1	.5	.0	11.0	32.6
Taiwan.....	4.5	3.5	30.9	29.5	24.3
Egypt.....	1/	1/	.0	.0	17.2
Mexico.....	20.9	29.7	11.2	2.9	8.5
Hong Kong.....	2.4	3.5	24.9	.2	3.7
Kuwait.....	.1	1/	.0	.0	2.3
Canada.....	26.7	22.0	11.7	2.8	2.2
Japan.....	2.8	2.0	.4	.7	1.9
Suriname.....	.1	.1	1.5	.9	1.1
Venezuela.....	4.3	7.0	.3	.0	.9
India.....	.7	.2	.0	.0	.8
Sweden.....	.3	.4	1.1	.0	.8
Jamaica.....	.5	.6	1.9	2.9	.7
Philippines.....	.7	.5	1.1	.3	.4
Nigeria.....	.2	1/	.0	.0	.4
All other.....	35.8	30.1	14.9	49.0	2.3
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total.....	41.8	52.0	24.8	8.3	30.8

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1987-89 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-91 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

DIGEST NO. 8407.34.2080

CERTAIN SPARK-IGNITION ENGINES FOR USE IN MOTOR VEHICLES

Certain Spark-Ignition Engines For Use In Motor Vehicles

I. Introduction

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

HTS subheading	Short description	Col. 1 rate of duty (1/1/92) <u>Percent ad valorem</u>	Like or directly competitive article produced in the United States on Jan. 3, 1985?
8407.34.2080 ¹	Certain spark-ignition engines for use in motor vehicles are gasoline-type reciprocating piston engines with a cylinder capacity of more than 1,000 cubic centimeters.....	3.1%	Yes

¹ Mexico has been proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 8407.34.20.

Description and uses.--The subject products are spark-ignition reciprocating internal combustion piston engines of a kind used for the propulsion of vehicles classified in chapter 87 of the Harmonized Tariff Schedule of the United States (HTS). Specifically, these engines are used in road tractors for semi-trailers (HTS subheading 8701.20); in public-transport type passenger motor vehicles (HTS heading 8702); in motor cars and other motor vehicles principally designed for the transport of persons (HTS heading 8703); and in motor vehicles designed for the transport of goods (HTS heading 8704).

II. U.S. market profile

Profile of U.S. industry and market, 1987-91¹

Item	1987	1988	1989	1990	1991
Establishments (number).	28	26	25	25	25
Employment (1,000 employees).	42	39	38	38	38
Shipments (millions).	14,551	15,598	15,206	14,259	15,041
Exports (millions).	375	401	320	669	841
Imports (millions).	2,313	2,416	1,498	2,263	1,918
Consumption (millions).	16,489	17,613	16,384	15,853	16,118
Import-to-consumption ratio (percent)	14	14	9	14	12
Capacity utilization (percent).	74	73	72	71	69

¹Trade data for 1987 and 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 1987 and 1988 may not be directly comparable with HTS trade data for 1989-91.

Comment.--U.S. producers of engines are generally well-recognized in the U.S. market for both the quality of the engines they produce and the service they provide. U.S. production of engines is largely captive, dominated by the engine divisions of the Big Three automakers (General Motors (GM), Ford, and Chrysler). U.S. consumers of motor vehicles, however, are relatively open-minded regarding brand-loyalty and prefer to choose products that are of the highest quality, yet price-competitive. Competitive strengths of U.S. producers include proximity to the U.S. consumer, as well as the developed state of the U.S. industry. Major foreign competitors for U.S. engine producers are located in Canada, Japan, Mexico, and the European Community.

III. GSP import situation, 1991

U.S. imports and share of U.S. consumption, 1991

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total	1,918,334	100	-	12
Imports from GSP countries:				
Total	360,064	19	100	2
Mexico	328,365	17	91	2
Brazil	31,581	2	9	(1)

¹ Less than 0.5 percent.

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

Comment.--***. In 1991, U.S. imports of the Brazilian-made engines amounted to only 2 percent and less than 1 percent of total U.S. imports and U.S. consumption of the engines classified under HTS statistical reporting number 8407.34.2080, respectively. Mexico accounted for 91 percent of U.S. imports from GSP beneficiary countries during 1991; however, the subject engines imported from Mexico are no longer eligible for duty-free treatment under the GSP. Canada is the largest foreign supplier of these engines, accounting for 45 percent of total U.S. imports during 1991. Over 90 percent of U.S. imports of engines from Canada in 1991 entered the United States free of duty under the Automotive Products Trade Act of 1965, or at substantially reduced duty rates under the U.S.-Canada Free Trade Agreement.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1991. 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.--Brazil was the fifth largest source of U.S. imports of the products discussed in this digest during 1991. ***. The Brazilian-sourced engines also tend to have a price advantage over comparable engines imported from Japan, Canada, and Germany, and are price competitive with Mexican-made engines. The quality of the engines imported from Brazil is comparable to similar type U.S.-made and other foreign-sourced engines.

V. Position of interested parties

No statements were received either in support of or in opposition to the proposed modifications to the GSP considered in this digest.

VI. Summary of probable economic effects--Competitive-need-limit waiver Brazil

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Table 1.
Digest title: Certain spark-ignition engines for use in motor vehicles
U.S. imports for consumption, principal sources, 1987-91

Source	1987	1988	1989	1990	1991
Value (1,000 dollars)					
Canada.....	1,136,858	1,344,717	691,976	1,222,858	857,372
Germany.....	375,085	416,585	287,093	542,927	567,279
Mexico.....	598,695	486,010	330,381	307,063	328,365
Japan.....	151,583	127,725	173,234	174,496	102,531
Brazil.....	37,939	27,160	4,796	1,197	31,581
Netherlands.....	2,700	1,498	1,839	1,338	15,393
Belgium.....	27	8	0	0	10,501
United Kingdom...	3,281	3,929	6,726	5,277	2,551
France.....	3,565	3,703	920	4,982	1,391
Korea.....	57	135	358	280	503
Italy.....	2,154	2,005	111	192	235
Sweden.....	680	650	153	247	221
Spain.....	60	1,357	144	611	144
Taiwan.....	55	50	0	22	67
Australia.....	49	14	64	76	66
All other.....	460	746	118	1,287	135
Total.....	2,313,248	2,416,293	1,497,913	2,262,853	1,918,334
GSP Total.....	637,062	513,824	335,261	308,773	360,064
Percent					
Canada.....	49.1	55.7	46.2	54.0	44.7
Germany.....	16.2	17.2	19.2	24.0	29.6
Mexico.....	25.9	20.1	22.1	13.6	17.1
Japan.....	6.6	5.3	11.6	7.7	5.3
Brazil.....	1.6	1.1	.3	.1	1.6
Netherlands.....	.1	.1	.1	.1	.8
Belgium.....	1/	1/	.0	.0	.5
United Kingdom...	.1	.2	.4	.2	.1
France.....	.2	.2	.1	.2	.1
Korea.....	1/	1/	1/	1/	1/
Italy.....	.1	.1	1/	1/	1/
Sweden.....	1/	1/	1/	1/	1/
Spain.....	1/	.1	1/	1/	1/
Taiwan.....	1/	1/	.0	1/	1/
Australia.....	1/	1/	1/	1/	1/
All other.....	1/	1/	1/	.1	1/
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total.....	27.5	21.3	22.4	13.6	18.8

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1987-89 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-91 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

Table 2.
Digest title: Certain spark-ignition engines for use in motor vehicles
U.S. exports of domestic merchandise, by principal markets, 1987-91

Market	1987	1988	1989	1990	1991
Value (1,000 dollars)					
Canada.....	362,930	360,461	271,203	616,233	754,503
Mexico.....	4,778	6,378	356	10,019	55,279
Belgium.....	368	14,473	26,141	31,559	26,312
Saudi Arabia.....	1,752	819	760	813	1,155
Germany.....	156	131	459	116	1,142
United Kingdom...	658	9,669	17,760	9,302	585
Italy.....	7	17	127	96	281
Korea.....	2	109	6	2	261
United Arab Em...	139	210	181	126	193
Venezuela.....	627	3,417	882	64	187
Qatar.....	150	74	109	65	129
Kuwait.....	261	311	359	315	99
Netherlands.....	25	61	72	119	74
Sweden.....	26	79	17	7	48
Finland.....	23	26	30	82	37
All other.....	2,647	5,050	1,286	268	232
Total.....	374,549	401,285	319,747	669,186	840,516
GSP Total.....	6,625	10,660	1,352	10,151	55,550
Percent					
Canada.....	96.9	89.8	84.8	92.1	89.8
Mexico.....	1.3	1.6	.1	1.5	6.6
Belgium.....	.1	3.6	8.2	4.7	3.1
Saudi Arabia.....	.5	.2	.2	.1	.1
Germany.....	1/	1/	.1	1/	.1
United Kingdom...	.2	2.4	5.6	1.4	.1
Italy.....	1/	1/	1/	1/	1/
Korea.....	1/	1/	1/	1/	1/
United Arab Em...	1/	.1	.1	1/	1/
Venezuela.....	.2	.9	.3	1/	1/
Qatar.....	1/	1/	1/	1/	1/
Kuwait.....	.1	.1	.1	1/	1/
Netherlands.....	1/	1/	1/	1/	1/
Sweden.....	1/	1/	1/	1/	1/
Finland.....	1/	1/	1/	1/	1/
All other.....	.7	1.3	.4	1/	1/
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total.....	1.8	2.7	.4	1.5	6.6

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1987-89 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-91 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

DIGEST NO. 8521.10.0020

VIDEO RECORDING OR REPRODUCING APPARATUS

Video Recording or Reproducing Apparatus

I. Introduction

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

HTS subheading	Short description	Col. 1 rate of duty (1/1/92)	Like or directly competitive article produced in the United States on Jan. 3, 1985?
		<u>Percent ad valorem</u>	
8521.10.00.20 ¹	Video recording or reproducing apparatus. . .	3.9%	Yes

¹Malaysia and Thailand have been proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 8521.10.00.

Description and uses.--Video cassette recorders (VCRs) are the principal video recording or reproducing apparatus covered in this digest. VCRs may be connected to a television or other monitor to record and play back movies, instructional videos, or other prerecorded material. VCRs are also used in television production studios and broadcasting facilities to edit television programming.

II. U.S. market profile

Profile of U.S. industry and market, 1987-91¹

Item	1987	1988	1989	1990	1991
Producers (number).	***	***	***	***	***
Employment (1,000 employees).	***	***	***	***	***
Shipments (1,000 dollars).	***	***	***	***	***
Exports (1,000 dollars) ²	50,742	61,003	57,864	48,842	47,294
Imports (1,000 dollars)	370,705	306,548	2,849,314	2,520,051	2,572,894
Consumption (1,000 dollars)	***	***	***	***	***
Import-to-consumption ratio (percent)	***	***	***	***	***
Capacity utilization (percent).	(³)	(³)	(³)	(³)	(³)

¹Trade data for 1987 and 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 1987 and 1988 may not be directly comparable with HTS trade data for 1989-91.

²Consist mostly of reexports and transshipments of foreign goods.

³Not available.

Comment.--***. The Ampex Corp. of Redwood City, CA, produces VCRs for television broadcast and studio use. However, this equipment does not compete with the consumer-grade VCRs covered in this petition. Two Japanese electronics firms assembled VCRs from imported components in the United States between 1984 and 1990, but these facilities were recently switched to other product lines. U.S. exports of VCRs are primarily reexports of units that were assembled and packaged here from imported components, or transshipments of foreign goods.

III. GSP import situation, 1991

U.S. imports and share of U.S. consumption, 1991

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total	2,572,894	100	-	***
Imports from GSP countries:				
Total	540,203	21	100	***
Malaysia	296,403	12	55	***
Thailand	233,519	9	43	***
Indonesia	10,139	(1)	2	***
Mexico	140	(1)	(1)	***

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

¹***.

Comment.--Total U.S. imports of VCRs from Malaysia increased from under \$18 million in 1989 to nearly \$300 million in 1991, to claim nearly 12 percent of total U.S. VCR imports. Malaysian VCRs are produced in 8 facilities that are owned or operated by foreign firms, principally Japanese electronics conglomerates. U.S. imports of VCRs from Japan declined steadily during this period.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Malaysia for all digest products

Ranking as a U.S. import supplier, 1991. 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 X No

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

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

Price level compared with--

U.S. products. Above Equivalent Below X

Other foreign products Above Equivalent X Below

Quality compared with--

U.S. products. Above Equivalent Below X

Other foreign products Above Equivalent X Below

Comment.--U.S. imports of VCRs for consumer use do not compete with the more sophisticated television broadcast equipment made in the United States. VCR production in Malaysia is concentrated among Japanese-owned facilities. These same Japanese firms dominate the global VCR industry.

V. Position of interested parties

No statements were received either in support of or in opposition to the proposed modifications to the GSP considered in this digest.

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

* * * * *

Table 1.
Digest title: Video recording or reproducing apparatus
U.S. imports for consumption, principal sources, 1987-91

Digest No.
8521100020

Source	1987	1988	1989	1990	1991
Value (1,000 dollars)					
Japan.....	298,290	228,534	2,014,598	1,781,981	1,407,650
Korea.....	62,435	63,854	551,535	383,717	510,897
Malaysia.....	10	6	17,109	81,819	296,403
Thailand.....	0	76	112,091	207,464	233,519
Singapore.....	78	156	9,256	10,166	53,354
Taiwan.....	7,379	10,289	115,548	27,769	42,185
Hong Kong.....	66	2,836	21,153	22,030	14,839
Indonesia.....	0	0	32	0	10,139
Germany.....	1,054	346	1,691	2,332	1,568
United Kingdom...	235	142	578	287	722
Belgium.....	162	62	1,583	2	585
Switzerland.....	8	8	106	47	274
Canada.....	372	85	280	961	189
Mexico.....	15	1	342	0	140
France.....	534	22	87	3	133
All other.....	66	131	3,325	1,474	297
Total.....	370,705	306,548	2,849,314	2,520,051	2,572,894
GSP Total.....	38	98	130,393	289,315	540,203
Percent					
Japan.....	80.5	74.6	70.7	70.7	54.7
Korea.....	16.8	20.8	19.4	15.2	19.9
Malaysia.....	1/	1/	.6	3.2	11.5
Thailand.....	.0	1/	3.9	8.2	9.1
Singapore.....	1/	.1	.3	.4	2.1
Taiwan.....	2.0	3.4	4.1	1.1	1.6
Hong Kong.....	1/	.9	.7	.9	.6
Indonesia.....	.0	.0	1/	.0	.4
Germany.....	.3	.1	.1	.1	.1
United Kingdom...	.1	1/	1/	1/	1/
Belgium.....	1/	1/	.1	1/	1/
Switzerland.....	1/	1/	1/	1/	1/
Canada.....	.1	1/	1/	1/	1/
Mexico.....	1/	1/	1/	.0	1/
France.....	.1	1/	1/	1/	1/
All other.....	1/	1/	.1	.1	1/
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total.....	1/	1/	4.6	11.5	21.0

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1987-89 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-91 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

Table 2.
Digest Title: Video recording or reproducing apparatus
U.S. exports of domestic merchandise, by principal markets, 1987-91

Market	1987	1988	1989	1990	1991
Value (1,000 dollars)					
Canada.....	4,816	3,008	4,651	6,794	8,188
Mexico.....	6,835	11,182	9,840	8,396	7,104
Japan.....	4,261	6,881	11,029	6,012	4,003
United Kingdom...	4,095	3,598	4,971	4,992	2,918
Australia.....	1,275	1,254	1,541	1,116	2,748
Chile.....	29	627	1,083	578	2,315
Hong Kong.....	1,261	2,802	2,414	889	1,535
Venezuela.....	894	1,029	455	808	1,373
Paraguay.....	8,674	5,033	1,623	2,139	1,341
Korea.....	421	1,499	1,366	543	1,315
Germany.....	1,322	1,711	2,178	2,299	1,078
Switzerland.....	402	131	1,109	251	1,005
Argentina.....	1,558	840	44	85	815
Soviet Union.....	1	832	380	379	793
Spain.....	487	1,487	933	760	751
All other.....	14,413	19,090	14,246	12,799	10,014
Total.....	50,742	61,003	57,864	48,842	47,294
GSP Total.....	24,750	26,515	18,983	17,952	17,545
Percent					
Canada.....	9.5	4.9	8.0	13.9	17.3
Mexico.....	13.5	18.3	17.0	17.2	15.0
Japan.....	8.4	11.3	19.1	12.3	8.5
United Kingdom...	8.1	5.9	8.6	10.2	6.2
Australia.....	2.5	2.1	2.7	2.3	5.8
Chile.....	.1	1.0	1.9	1.2	4.9
Hong Kong.....	2.5	4.6	4.2	1.8	3.2
Venezuela.....	1.8	1.7	.8	1.7	2.9
Paraguay.....	17.1	8.3	2.8	4.4	2.8
Korea.....	.8	2.5	2.4	1.1	2.8
Germany.....	2.6	2.8	3.8	4.7	2.3
Switzerland.....	.8	.2	1.9	.5	2.1
Argentina.....	3.1	1.4	.1	.2	1.7
Soviet Union.....	1/	1.4	.7	.8	1.7
Spain.....	1.0	2.4	1.6	1.6	1.6
All other.....	28.4	31.3	24.6	26.2	21.2
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total.....	48.8	43.5	32.8	36.8	37.1

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1987-89 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-91 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

DIGEST NO. 8527.11.60

OTHER RADIO-TAPE RECORDER COMBINATIONS

Other Radio-Tape Recorder Combinations

I. Introduction

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

HTS subheading	Short description	Col. 1 rate of duty (1/1/92) <u>Percent ad valorem</u>	Like or directly competitive article produced in the United States on Jan. 3, 1985?
8527.11.60 ¹	Other radio-tape recorder combination. . . .	3.7%	No

¹Malaysia has been proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 8527.11.60.

Description and uses.--These devices are radio-broadcast receivers combined with sound recording or reproducing apparatus (generally audio cassette recorder/player and/or CD player) capable of operating on battery power, that are not elsewhere specified. Excluded from this category are radio/tape player combinations (8527.11.11), radio/phonograph or radio/CD player combinations (8527.11.40), and simple radio/tape recorder combinations (8527.11.20).

II. U.S. market profile¹

Profile of U.S. industry and market, 1987-91¹

Item	1987	1988	1989	1990	1991
Producers (number).					
Employment (1,000 employees).					
Shipments (million dollars).					
Exports (million dollars) ²	2	3	5	5	8
Imports (million dollars).	(3)	(3)	73	148	396
Consumption (million dollars).	(3)	(3)	68	143	388
Import-to-consumption ratio (percent).	(3)	(3)	100	100	100
Capacity utilization (percent).					

¹Trade data for 1987 and 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 1987 and 1988 may not be directly comparable with HTS trade data for 1989-91.

²Consist mostly of reexports and transshipments of foreign goods.

³Not available.

Comment.--There are no commercial producers of the articles covered by this digest in the United States. U.S. production of these items ceased before 1980. U.S. exports of these products are primarily units that were assembled and packaged here from imported components, or transshipments of foreign goods.

¹ There is no U.S. production of the items covered by this digest.

III. GSP import situation, 1991

U.S. imports and share of U.S. consumption, 1991

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total	395,848	100	-	100
Imports from GSP countries:				
Total	112,755	28	100	28
Malaysia	108,231	27	96	27
Philippines	3,940	1	3	1
Indonesia	259	(1)	(1)	(1)
Thailand	229	(1)	(1)	(1)

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

¹Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers¹

Competitiveness indicators for Malaysia for all digest products

Ranking as a U.S. import supplier, 1991. 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

Other foreign products Above Equivalent x Below

Quality compared with--

U.S. products. Above Equivalent Below

Other foreign products Above Equivalent x Below

¹ There is no U.S. production of the items covered by this digest.

V. Position of interested parties

No statements were received either in support of or in opposition to the proposed modifications to the GSP considered in this digest.

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

* * * * *

Table 1.
Digest title: Other radio-tape recorder combinations
U.S. imports for consumption, principal sources, 1987-91

Source	1987	1988	1989	1990	1991
Value (1,000 dollars)					
Malaysia.....	1/	1/	14,641	46,840	108,231
Korea.....	1/	1/	10,867	14,303	100,120
Singapore.....	1/	1/	16,399	33,114	74,006
China.....	1/	1/	9,477	10,786	64,610
Japan.....	1/	1/	9,923	38,021	37,581
Taiwan.....	1/	1/	8,664	1,075	4,736
Philippines.....	1/	1/	628	1,878	3,940
Hong Kong.....	1/	1/	1,768	561	1,723
Indonesia.....	1/	1/	188	146	259
Switzerland.....	1/	1/	0	0	234
Thailand.....	1/	1/	29	821	229
Mali.....	1/	1/	0	0	96
Canada.....	1/	1/	35	12	38
Rep So Africa....	1/	1/	0	0	16
United Kingdom...	1/	1/	5	39	11
All other.....	1/	1/	240	415	18
Total.....	1/	1/	72,863	148,010	395,848
GSP Total.....	1/	1/	15,486	49,724	112,755
Percent					
Malaysia.....	1/	1/	20.1	31.6	27.3
Korea.....	1/	1/	14.9	9.7	25.3
Singapore.....	1/	1/	22.5	22.4	18.7
China.....	1/	1/	13.0	7.3	16.3
Japan.....	1/	1/	13.6	25.7	9.5
Taiwan.....	1/	1/	11.9	.7	1.2
Philippines.....	1/	1/	.9	1.3	1.0
Hong Kong.....	1/	1/	2.4	.4	.4
Indonesia.....	1/	1/	.3	.1	.1
Switzerland.....	1/	1/	.0	.0	.1
Thailand.....	1/	1/	2/	.6	.1
Mali.....	1/	1/	.0	.0	2/
Canada.....	1/	1/	2/	2/	2/
Rep So Africa....	1/	1/	.0	.0	2/
United Kingdom...	1/	1/	2/	2/	2/
All other.....	1/	1/	.3	.3	2/
Total.....	1/	1/	100.0	100.0	100.0
GSP Total.....	1/	1/	21.3	33.6	28.5

1/ Not available.

2/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1987-89 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-91 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

Table 2.
Digest title: Other radio-tape recorder combinations
U.S. exports of domestic merchandise, by principal markets, 1987-91

Digest No.
85271160

Market	1987	1988	1989	1990	1991
Value (1,000 dollars)					
Mexico.....	666	1,979	1,938	1,438	1,849
Argentina.....	5	15	6	48	826
Belgium.....	4	8	193	260	522
Venezuela.....	115	136	101	133	507
Canada.....	156	155	177	339	464
Senegal.....	0	0	0	220	379
Israel.....	3	2	36	166	354
Brazil.....	79	48	54	35	302
Paraguay.....	29	20	82	644	295
Germany.....	25	52	5	41	196
United Kingdom...	95	91	115	105	166
Hong Kong.....	17	44	199	357	157
Spain.....	11	18	4	18	131
Chile.....	5	5	7	64	112
Uruguay.....	12	2	21	48	112
All other.....	753	840	1,578	1,566	1,322
Total.....	1,975	3,415	4,515	5,484	7,693
GSP Total.....	1,485	2,739	3,263	3,778	5,408
Percent					
Mexico.....	33.7	58.0	42.9	26.2	24.0
Argentina.....	.3	.4	.1	.9	10.7
Belgium.....	.2	.2	4.3	4.7	6.8
Venezuela.....	5.8	4.0	2.2	2.4	6.6
Canada.....	7.9	4.5	3.9	6.2	6.0
Senegal.....	.0	.0	.0	4.0	4.9
Israel.....	.1	.1	.8	3.0	4.6
Brazil.....	4.0	1.4	1.2	.6	3.9
Paraguay.....	1.5	.6	1.8	11.8	3.8
Germany.....	1.3	1.5	.1	.8	2.5
United Kingdom...	4.8	2.7	2.5	1.9	2.2
Hong Kong.....	.8	1.3	4.4	6.5	2.0
Spain.....	.6	.5	.1	.3	1.7
Chile.....	.2	.1	.2	1.2	1.5
Uruguay.....	.6	.1	.5	.9	1.5
All other.....	38.2	24.6	35.0	28.6	17.2
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total.....	75.2	80.2	72.3	68.9	70.3

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1987-89 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-91 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

DIGEST NO. 8527.21.10
RADIO-TAPE PLAYER COMBINATIONS

Radio-Tape Player Combinations

I. Introduction

Addition to GSP Removal from GSP Competitive-need-limit waiver Brazil¹

HTS subheading	Short description	Col. 1 rate of duty (1/1/92) <u>Percent ad valorem</u>	Like or directly competitive article produced in the United States on Jan. 3, 1985?
8527.21.10 ¹	Radio/tape player combinations	3.7%	Yes

¹Brazil and Mexico have been proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 8527.21.10.

Description and uses.--These products are radio-broadcast receivers combined with audio cassette players designed for use in motor vehicles.

II. U.S. market profile

Profile of U.S. industry and market, 1987-91¹

Item	1987	1988	1989	1990	1991
Producers (number)	7	7	5	5	6
Employment (1,000 employees)	2	1	1	1	1
Shipments (million dollars)	307	143	138	161	150
Exports (million dollars)	11	19	36	100	96
Imports (million dollars)	1,209	1,333	1,243	992	896
Consumption (million dollars)	1,505	1,457	1,345	1,053	950
Import-to-consumption ratio (percent)	80	91	92	94	94
Capacity utilization (percent)	79	79	79	76	76

¹Trade data for 1987 and 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 1987 and 1988 may not be directly comparable with HTS trade data for 1989-91.

Comment.--U.S. producers of radio/tape player combinations generally serve as suppliers of autosound equipment to U.S. automobile manufacturers, although some production does go to the aftermarket. Both Chrysler and General Motors have U.S. production facilities for the items covered by this digest. Ford uses products imported from Mexico and Brazil to supply its autosound needs, while other U.S. auto manufacturers, including Honda and Nissan, use U.S. producers other than Chrysler and GM as suppliers. Automobile producers with their own autosound production facilities generally will not use other producers as suppliers.

¹ Brazil has been found sufficiently competitive and is subject to lower competitive needs limits. Advice is also requested on restoring normal limits for Brazil as well as a waiver of all competitive needs limits.

III. GSP import situation, 1991

U.S. imports and share of U.S. consumption, 1991

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total	895,781	100	-	94
Imports from GSP countries:				
Total	276,216	31	100	29
Mexico	209,554	23	76	22
Brazil	44,301	5	16	5
Malaysia	16,881	2	6	2
Philippines	3,779	(¹)	1	(¹)

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

¹ Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1991. 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 ___ Low x

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.--Ford Motor Company requests that Brazil be awarded a full waiver of the competitive need limits for this item, not simply a restoration of the standard limits. According to the petitioner, the U.S. industry is healthy and highly competitive, and granting a waiver will enhance Ford's ability to compete in the U.S. automobile market against foreign producers. Ford also indicated that granting the waiver would benefit the U.S. producers of the component parts that are incorporated into the units assembled by Ford in Brazil.

Ford stated that it consumes virtually all of the automotive radios imported from Brazil. The petitioner contends that U.S. automotive radio manufacturers are extremely healthy and that there is ample competition in this particular market. Thus, Ford maintains that any increase in imports of the radio-tape player combinations from Brazil resulting from the waiver would likely not harm U.S. producers by displacing sales of U.S. devices. Further, even if the potential GSP products did compete directly with U.S.-made car radio equipment, it is unlikely that the competition would have an appreciable impact on U.S. producers, because this market is already fiercely competitive, according to the petitioner.

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

* * * * *

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

* * * * *

Table 1.
Digest title: Radio tape player combinations
U.S. imports for consumption, principal sources, 1987-91

Source	1987	1988	1989	1990	1991
Value (1,000 dollars)					
Japan.....	453,885	393,531	371,522	343,967	322,580
Mexico.....	280,550	426,554	314,607	201,078	209,554
Korea.....	166,319	215,929	189,707	173,865	153,159
Singapore.....	31,626	43,812	77,826	66,059	63,538
Brazil.....	97,882	98,999	97,973	83,429	44,301
China.....	11,733	19,634	25,493	28,929	31,768
Canada.....	76,954	68,500	95,403	44,825	24,232
Malaysia.....	2,425	4,790	8,544	9,782	16,881
Taiwan.....	30,817	28,285	25,911	17,173	10,262
Hong Kong.....	31,719	23,563	26,942	14,476	7,143
Philippines.....	0	0	991	1,797	3,779
Denmark.....	0	0	2,300	1,361	3,202
Germany.....	22,488	9,104	4,294	3,834	2,076
France.....	233	86	416	198	1,410
Indonesia.....	0	0	31	0	965
All other.....	2,838	600	1,221	958	932
Total.....	1,209,468	1,333,386	1,243,182	991,729	895,781
GSP Total.....	380,923	530,610	422,610	296,713	276,216
Percent					
Japan.....	37.5	29.5	29.9	34.7	36.0
Mexico.....	23.2	32.0	25.3	20.3	23.4
Korea.....	13.8	16.2	15.3	17.5	17.1
Singapore.....	2.6	3.3	6.3	6.7	7.1
Brazil.....	8.1	7.4	7.9	8.4	4.9
China.....	1.0	1.5	2.1	2.9	3.5
Canada.....	6.4	5.1	7.7	4.5	2.7
Malaysia.....	.2	.4	.7	1.0	1.9
Taiwan.....	2.5	2.1	2.1	1.7	1.1
Hong Kong.....	2.6	1.8	2.2	1.5	.8
Philippines.....	.0	.0	.1	.2	.4
Denmark.....	.0	.0	.2	.1	.4
Germany.....	1.9	.7	.3	.4	.2
France.....	1/	1/	1/	1/	.2
Indonesia.....	.0	.0	1/	.0	.1
All other.....	.2	1/	.1	.1	.1
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total.....	31.5	39.8	34.0	29.9	30.8

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1987-89 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-91 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

Table 2.
Digest title: Radio tape player combinations
U.S. exports of domestic merchandise, by principal markets, 1987-91

Market	1987	1988	1989	1990	1991
Value (1,000 dollars)					
Canada.....	882	878	18,015	60,490	53,717
Mexico.....	3,772	11,216	12,351	32,990	34,824
Japan.....	209	419	1,434	548	1,790
Venezuela.....	652	772	313	725	1,161
Brazil.....	449	270	128	209	1,053
El Salvador.....	55	55	36	265	515
Korea.....	40	34	917	146	426
Argentina.....	29	86	48	0	376
Paraguay.....	164	115	465	1,370	348
Guatemala.....	279	297	137	152	234
Chile.....	27	28	100	102	194
Singapore.....	9	74	386	460	172
Germany.....	143	294	48	49	140
Ecuador.....	50	24	89	39	107
Italy.....	46	88	99	127	99
All other.....	4,387	4,699	1,876	1,916	835
Total.....	11,190	19,349	36,441	99,588	95,991
GSP Total.....	8,416	15,519	14,749	36,769	39,214
Percent					
Canada.....	7.9	4.5	49.4	60.7	56.0
Mexico.....	33.7	58.0	33.9	33.1	36.3
Japan.....	1.9	2.2	3.9	.6	1.9
Venezuela.....	5.8	4.0	.9	.7	1.2
Brazil.....	4.0	1.4	.4	.2	1.1
El Salvador.....	.5	.3	.1	.3	.5
Korea.....	.4	.2	2.5	.1	.4
Argentina.....	.3	.4	.1	.0	.4
Paraguay.....	1.5	.6	1.3	1.4	.4
Guatemala.....	2.5	1.5	.4	.2	.2
Chile.....	.2	.1	.3	.1	.2
Singapore.....	.1	.4	1.1	.5	.2
Germany.....	1.3	1.5	.1	1/	.1
Ecuador.....	.4	.1	.2	1/	.1
Italy.....	.4	.5	.3	.1	.1
All other.....	39.2	24.3	5.1	1.9	.9
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total.....	75.2	80.2	40.5	36.9	40.9

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1987-89 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-91 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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



APPENDIX A

UNITED STATES TRADE REPRESENTATIVE'S REQUEST, RECEIVED
AUGUST 17, 1992, FOR PROBABLE ECONOMIC EFFECT ADVICE



NUMBER

1713

Office of the
Secretary
Int'l Trade Commission

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

cc: The Commission
XL
TO: *Deletts*
Industries

The Honorable Don E. Newquist
Chairman
United States International Trade
Commission
500 E Street, S.W.
Washington, DC 20436

92 AUG 17 13:00
11:50
11:50

Dear Chairman Newquist:

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 1992 Annual Review. Modifications to the GSP which may result from the review will be announced in early 1993 and become effective July 1, 1993. 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, as amended (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 United States industries producing like or directly competitive articles and on consumers of the elimination of United States 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 92-3, 92-9, and 92-10).

The Honorable Don E. Newquist
Page Two

Under authority delegated by the President, pursuant to section 332(g) of the Tariff Act of 1930, I further request:

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

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

c) in accordance with section 504(d)(1) 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.

Further, in accordance with section 504(c)(3)(A)(i) of the 1974 Act, I request that the Commission provide advice on whether any industry in the United States is likely to be adversely affected by:

a) a waiver of the competitive need limits specified in section 504(c)(1) of the 1974 Act for the countries specified with respect to the articles in Part D of the enclosed list, and for Thailand with respect to the articles involved in case 92-3 (Harmonized Tariff Schedule (HTS) subheading 2009.40.40), for Zimbabwe with respect to the articles involved in case 92-9 (HTS subheading 7202.50.00), and for Malaysia with respect to the articles involved in case 92-10 (HTS subheading 8527.31.50); and

b) a waiver of the competitive need limits specified in section 504(c)(2) of the 1974 Act, but not a waiver of the competitive need limits specified in section 504(c)(1) of the 1974 Act, for Brazil with respect to the articles involved in case 92-20 (HTS subheading 8527.21.10), the

The Honorable Don E. Newquist
Page Three

foregoing article for which Brazil currently is subject to the reduced competitive need limits specified in section 504(c)(2)(B) of the 1974 Act.

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, 1992, 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 1993. Also, to the maximum extent possible, it would be greatly appreciated if the probable economic advice and statistics (profile of U.S. industry and market and U.S. import and export data) and any other relevant information or advice be provided individually for each HTS subheading in the cases involved in this investigation.

I direct you to mark as "Confidential" those portions of the Commission's report and related working papers that contain the Commission's advice on the probable economic effect on United States industries producing like or directly competitive articles and on consumers. All other parts of the report are unclassified, but the overall classification marked on the front and back covers of the report should be "Confidential" to conform with the confidential sections contained therein. All business confidential information contained in the report should be clearly identified.

When the Commission's confidential report is provided to my Office, the Commission should issue, as soon as possible thereafter, a public version of the report containing only the unclassified sections, with any business confidential information deleted.

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

Sincerely,



Carla A. Hills

Case No.	ETS Subheading	Article	Petitioner
<p>(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.)</p>			
<p>A. <u>Petitions to add products to the list of eligible articles for the Generalized System of Preferences.</u></p>			
92-1	1302.39.00(pt.)	Vegetable saps and extracts; pectic substances, pectinates and pectates; agar-agar and other mucilages and thickeners, whether or not modified, derived from vegetable products: Mucilages and thickeners, whether or not modified, derived from vegetable products: (Agar-agar; Mucilages and thickeners, whether or not modified, derived from locust beans, locust bean seeds or guar seeds) Other: Carrageenan	Algas Marinas S.A., Chile
92-2	1604.13.10	Prepared or preserved fish; caviar and caviar substitutes prepared from fish eggs: Fish, whole or in pieces, but not minced: Sardines, sardinella and hrisling or sprats: In oil, in airtight containers: Smoked sardines, neither skinned nor boned, valued \$1 or more per kg in tin-plate containers, or \$1.10 or more per kg in other containers	Government of Thailand
92-3	2009.40.40 1/	Fruit juices (including grape must) and vegetable juices, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter: Pineapple juice: (Not concentrated, or having a degree of concentration of not more than 3.5 (as determined before correction to the nearest 0.5 degree))	Dole Packaged Foods Company, San Francisco, CA
92-4	2902.60.00	Cyclic hydrocarbons: Ethylbenzene	Petroflex Industria E Comercio S.A., Brazil
92-5	2906.12.00	Cyclic alcohols and their halogenated, sulfonated, nitrated or nitrosated derivatives: Cyclanic, cyclenic or cycloterpenic: Cyclohexanol, methylcyclohexanols and dimethylcyclohexanols	Rhodia, S.A., Brazil
92-6	4011.50.00	New pneumatic tires, of rubber: Of a kind used on bicycles	Government of Thailand
92-7	4107.10.00	Leather of other animals, without hair on, other than leather of heading 4108 or 4109: Of swine	Government of Slovenia
		Hats and other headgear, knitted or crocheted, or made up from lace, felt or other textile fabric, in the piece (but not in strips), whether or not lined or trimmed; hair-nets of any material, whether or not lined or trimmed: (Hair-nets) Other: Of man-made fibers: (Knitted or crocheted or made up from knitted or crocheted fabric)	
92-8	6505.90.8015	Other: Not in part of braid: Nonwoven disposable headgear without peaks or visors	Boundary Healthcare Products Corporation, Columbus, MS
92-9	7202.50.00 2/	Ferroalloys: Ferrosilicon chromium	Minerals Marketing Corporation of Zimbabwe, Zimbabwe

1/ The IPSC requests advice on a waiver of competitive need for Thailand on the articles provided for in ETS subheading 2009.40.40.
 2/ The IPSC requests advice on a waiver of competitive need for Zimbabwe on the articles provided for in ETS subheading 7202.50.00.

Case No.	BTS Subheading	Article	Petitioner
A. <u>Petitions to add products to the list of eligible articles for the Generalized System of Preferences. (con.)</u>			
		Reception apparatus for radiotelephony, radiotelegraphy or radiobroadcasting, whether or not combined, in the same housing, with sound recording or reproducing apparatus or a clock (con.): [Articles provided for in subheadings 8527.11.11 through 8527.29.00, inclusive]	
		Other radiobroadcast receivers, including apparatus capable of receiving also radiotelephony or radiotelegraphy: Combined with sound recording or reproducing apparatus: [Articles designed for connection to telegraphic or telephonic apparatus or instruments or to telegraphic or telephonic networks]	
		Other: [Combinations incorporating tape players which are incapable of recording]	
92-10	8527.31.50 1/	Other combinations incorporating tape recorders	Thomson Consumer Electronics, Inc., Indianapolis, IN
B. <u>Petitions to remove products from the list of eligible articles for the Generalized System of Preferences.</u>			
		Builders' joinery and carpentry of wood, including cellular wood panels and assembled parquet panels; shingles and shakes: Doors and their frames and thresholds: French doors	
92-11	4418.20.00(pt.)		McPhillips Manufacturing Company, Inc., Mobile, AL
C. <u>Petitions to remove duty-free status from beneficiary developing country/countries for a product on the list of eligible articles for Generalized System of Preferences. 3/</u>			
		Polycarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulfonated, nitrated or nitrosated derivatives: Aromatic polycarboxylic acids, their anhydrides, halides, peroxides, peroxyacids and their derivatives: Phthalic anhydride	
92-12	2917.35.00 (Mexico)		Aristech Chemical Corporation, Neville Island, PA
	and/or		
92-13	2917.35.00 (Venezuela)	Phthalic anhydride	do.
D. <u>Petitions for waiver of competitive need limit for a product on the list of eligible products for the Generalized System of Preferences.</u>			
		Ethers, ether-alcohols, ether-phenols, ether-alcohol-phenols, alcohol peroxides, ether peroxides, ketone peroxides (whether or not chemically defined), and their halogenated, sulfonated, nitrated or nitrosated derivatives: Acyclic ethers and their halogenated, sulfonated, nitrated or nitrosated derivatives: (Diethyl ether) Other: Ethers of monohydric alcohols: Methyl tertiary butyl ether	
92-14	2909.19.10(pt.) (Venezuela)		Ecofuel S.p.A., Italy

1/ The petitioner also requests a waiver of competitive need for Malaysia on the articles provided for in BTS subheading 8527.31.50.

2/ The countries named are the beneficiary developing countries specified by the petitioner. While the Trade Policy Staff Committee (TPSC) review will focus on that country, the TPSC reserves the right to address removal of GSP status for countries other than those specified by the petitioner as well the GSP status of the entire article.

Case No.	HTS Subheading	Article	Petitioner
92-15	4104.31.20 (Thailand)	<p>Leather of bovine or equine animals, without hair on, other than leather of heading 4108 or 4109: (Whole bovine skin leather, of a unit surface area not exceeding 28 square feet (2.6 m²); Other bovine leather and equine leather, pretanned, tanned or retanned but not further prepared, whether or not split)</p> <p>Other bovine leather and equine leather, parchment-dressed or prepared after tanning: Full grains and grain splits: Buffalo</p>	Lackawanna Leather Company, Conover, NC
92-16	7614.90.20 (Venezuela)	<p>Stranded wire, cables, plaited bands and the like, including slings and similar articles, of aluminum, not electrically insulated: (With steel core) Other: Not fitted with fittings and not made up into articles: Electrical conductors</p>	Penn Central Corporation Cincinnati, OH; Capital Wire & Cable Corporation, Plano, TX
92-17	8407.34.2080 (Brazil)	<p>Spark-ignition reciprocating or rotary internal combustion piston engines: Reciprocating piston engines of a kind used for the propulsion of vehicles of chapter 87: Of a cylinder capacity exceeding 1,000 cc: To be installed in vehicles of subheading 8701.20, or heading 8702, 8703 or 8704: (Used or rebuilt) Other</p>	General Motors Corporation, Detroit, MI
92-18	8521.10.0020 (Malaysia)	<p>Video recording or reproducing apparatus: Magnetic tape-type: Color, cartridge or cassette type: (Not capable of recording) Other</p>	Government of Malaysia
92-19	8527.11.60 (Malaysia)	<p>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) Other: (Radio-tape recorder combinations: Radio-phonograph combinations)</p>	Government of Malaysia Santronics (M) SDN. Malaysia; Sanyo Fisher (USA) Corporation, Chatsworth, CA
92-20	8527.21.10 (Brazil)	<p>Radiobroadcast receivers not capable of operating without an external source of power, of a kind used in motor vehicles, including apparatus capable of receiving also radiotelephony or radiotelegraphy: Combined with sound recording or reproducing apparatus: Radio-tape player combinations</p>	Ford Motor Company, Dearborn, MI

APPENDIX B

UNITED STATES TRADE REPRESENTATIVE'S REQUEST RECEIVED
SEPTEMBER 23, 1992, FOR WITHDRAWAL OF TWO PETITIONS

OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON
20506

September 23, 1992

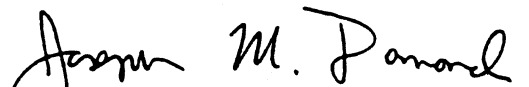
Mr. William T. Hart
Director
Office of Executive and International Liaison
U.S. International Trade Commission
Room 716
Washington, DC 20436

Dear Mr. Hart:

This is to inform you of the withdrawal of two petitions to add items to the Generalized System of Preferences (GSP) in the 1992 GSP annual review. The petitions that have been withdrawn requested the addition of carrageenan (HTS 1302.39.00, case 92-1) and AC only audio combination units (HTS 8527.31.50, case 92-10) to the list of GSP-eligible articles. On the basis of this withdrawal, the GSP Subcommittee has determined that the review of these items for addition to the list of eligible GSP items is no longer warranted, and has terminated such review.

As a result, we are no longer in need of the economic advice with respect to these two articles requested from the U.S. International Trade Commission in a letter from Ambassador Hills to Commissioner Newquist on August 14, 1992. Thank you for your assistance in this matter.

Sincerely,



Joseph M. Damond
Director

Generalized System of Preferences

APPENDIX C

U.S. INTERNATIONAL TRADE COMMISSION NOTICE OF
INVESTIGATION AND HEARING

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

(Inv. Nos. TA-131-19, 503(a)-24, and 332-331)

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 17, 1992, the Commission received a request from the U.S. Trade Representative (USTR) requesting certain Commission advice under sections 131 and 503 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-131-19, 503(a)-24, and 332-331 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 French doors, provided for in HTS subheading 4418.20.00(pt) (listed in Part B of the attached Annex), from eligibility for duty-free treatment under the GSP;

(b) as to the probable economic effect on domestic industries producing like or directly competitive articles and on consumers of the removal of phthalic anhydride, provided for in HTS subheading 2917.35, from Mexico and/or Venezuela (listed in Part C of the attached Annex), from eligibility for duty-free treatment under the GSP;

(c) 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.

(d) with respect to whether any industry in the United States is likely to be adversely affected by a waiver of the competitive

need limits for countries specified with respect to the articles listed in Part D of the attached Annex and for Thailand with respect to the article provided for in HTS subheading 2009.40.40, for Zimbabwe with respect to the article provided for in HTS subheading 7202.50.00, and for Malaysia with respect to HTS subheading 8527.31.50.

(e) with respect to whether any industry in the United States is likely to be adversely affected by a waiver of the competitive need limits specified in section 504(c)(2) of the 1974 Act, but not a waiver of the competitive need limits specified in section 504(c)(1) of the 1974 Act, for Brazil with respect to the article provided for in HTS subheading 8527.21.10 listed in Part D, the foregoing article for which Brazil currently is subject to the reduced competitive need limits specified in section 504(c)(2)(B) of the 1974 Act.

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 in the USTR letter with respect to articles for Thailand included under HTS subheading 2009.40.40, for Zimbabwe included under HTS subheading 7202.50.00, and for Malaysia included under HTS subheading 8527.31.50).

As requested by USTR, the Commission will seek to provide its advice not later than November 30, 1992.

EFFECTIVE DATE: September 2, 1992

FOR FURTHER INFORMATION CONTACT:

- (1) Agricultural products, Mr. C. B Stahmer (202-205-3321)
- (2) Textiles and apparel, Ms. Jackie Jones (202-205-3466)
- (3) Chemical products, Mr. James Raftery (202-205-3365)
- (4) Minerals and metals, Ms. Linda White (202-205-3427)
- (5) Machinery and equipment, Ms. Georgia Jackson (202-205-3399)
- (6) Services and electronic technology, Mr. Tom Sherman (202-205-3389)

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 202-205-3091.

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 21, 1992, the acceptance of product petitions for modification of the Generalized System of Preferences (GSP) received as part of the 1992 annual review. According to the announcement, modifications to the

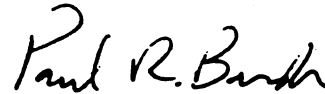
GSP which may result from this review will be announced in early 1993, and become effective July 1, 1993.

PUBLIC HEARING: A public hearing in connection with this investigation is currently scheduled to begin at 9:30 a.m. on October 8-9, 1992, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, D.C. All persons 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 a letter asking to testify with the Secretary, United States International Trade Commission, 500 E St., SW., Washington, DC 20436, not later than the close of business (5:15 p.m.) on September 18, 1992. In addition, persons testifying should file prehearing briefs (original and 14 copies) with the Secretary by the close of business on September 23, 1992. The deadline for filing post hearing briefs is the close of business on October 16, 1992.

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 16, 1992. 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 the Commission's TDD terminal on (202) 205-1810.

By order of the Commission.


Paul R. Bardos
Acting Secretary

Attachment

Issued: September 3, 1992

Annex I (HTS Subheadings)¹

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

1302.39.00(pt)	4011.50.00
1604.13.10	4107.10.00
2009.40.40 ²	6505.90.8015
2902.60.00	7202.50.00 ³
2906.12.00	8527.31.50 ⁴

B. Petition to remove a product from the list of eligible articles for the Generalized System of Preferences.

4418.20.00(pt)

C. Petitions to remove duty-free status from beneficiary developing countries for a product on the list of eligible articles for the Generalized System of Preferences.⁵

2917.35.00 (Mexico and/or Venezuela)

D. Petitions for waiver of competitive need limit for products on the list of eligible products for the Generalized System of Preferences.

2909.19.10(pt) (Venezuela)	8521.10.0020 (Malaysia)
4104.31.20 (Thailand)	8527.11.60 (Malaysia)
7614.90.20 (Venezuela)	8527.21.10 (Brazil)
8407.34.2080 (Brazil)	

¹ See USTR Federal Register notice of August 21, 1992 (57 F.R. 38088) for article descriptions.

² Advice is also requested on waiving the competitive need limit for Thailand on articles in this subheading.

³ Advice is also requested on waiving the competitive need limit for Zimbabwe on articles in this subheading.

⁴ Advice is also requested on waiving the competitive need limit for Malaysia on articles in this subheading.

⁵ While the Trade Policy Staff Committee (TPSC) review will focus on the specified countries, the TPSC reserves the right to address removal of GSP status for countries other than those specified by the petitioner as well as the GSP status of the entire article.

APPENDIX D

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 U.S.
GENERALIZED SYSTEM OF PREFERENCES**

Inv. No. : **TA-131-19, TA-503(a)-24, and 332-331**

Date and Time : **October 8, 1992 - 9:30 a.m.**

Sessions were held in connection with the investigation in the Main Hearing Room 101 of the United States International Trade Commission, 500 E Street, S.W., Washington, D.C.

**HTS
NUMBER**

ORGANIZATION AND WITNESS:

Paul, Weiss, Rifkind, Wharton & Garrison
Washington, D.C.
On behalf of

Ecofuel, S.p.A.

Fabrizio Zichichi, Vice President
MTBE Sales Division, American Agip Co. Inc.

2909.19.10
(Methyl
tertiary
butyl ether)

Terence J. Fortune)

)—OF COUNSEL

Susan E. Ryan)

Ablondi & Foster
Washington, D.C.
On behalf of

Aristech Chemicals

Peter Koenig

)—OF COUNSEL

2917.35
(Phthalic
anhydride)

- MORE -

ORGANIZATION AND WITNESS:**HTS
NUMBER**

Morrison & Foerster
Washington, D.C.
On behalf of

Oxidaciones Organicas, CA

Pablo Pick, President
Blue Channel Chemical, Inc.

Donald B. Cameron)
)---OF COUNSEL
Nicholas J. Spiliotes)

2917.35
(Phtalic
anhydride)

Porter, Wright, Morris & Arthur
Washington, D.C.
On behalf of

Asociacion Nacional de la Industria Quimica (ANIQ), A.C.

Leslie Alan Glick)---OF COUNSEL

2917.35
(Phtalic
anhydride)

Bogle & Gates
Washington, D.C.
On behalf of

McPhillips Manufacturing Company, Inc.

Robert G. Hayes)---OF COUNSEL

4418.20.00
(French wooden
doors)

Katten Muchin Zavis & Dombroff
Washington, D.C.
On behalf of

Baxter Healthcare Corporation

James M. Lyons)---OF COUNSEL

6505.90.80
(Non-woven
headwear)

ORGANIZATION AND WITNESS:

**HTS
NUMBER**

**Arnold & Porter
Washington, D.C.
On behalf of**

General Cable Corporation

**7614.90.20
(Aluminum
conductor)**

**Eugene J. Tonkovich
Electrical Group**

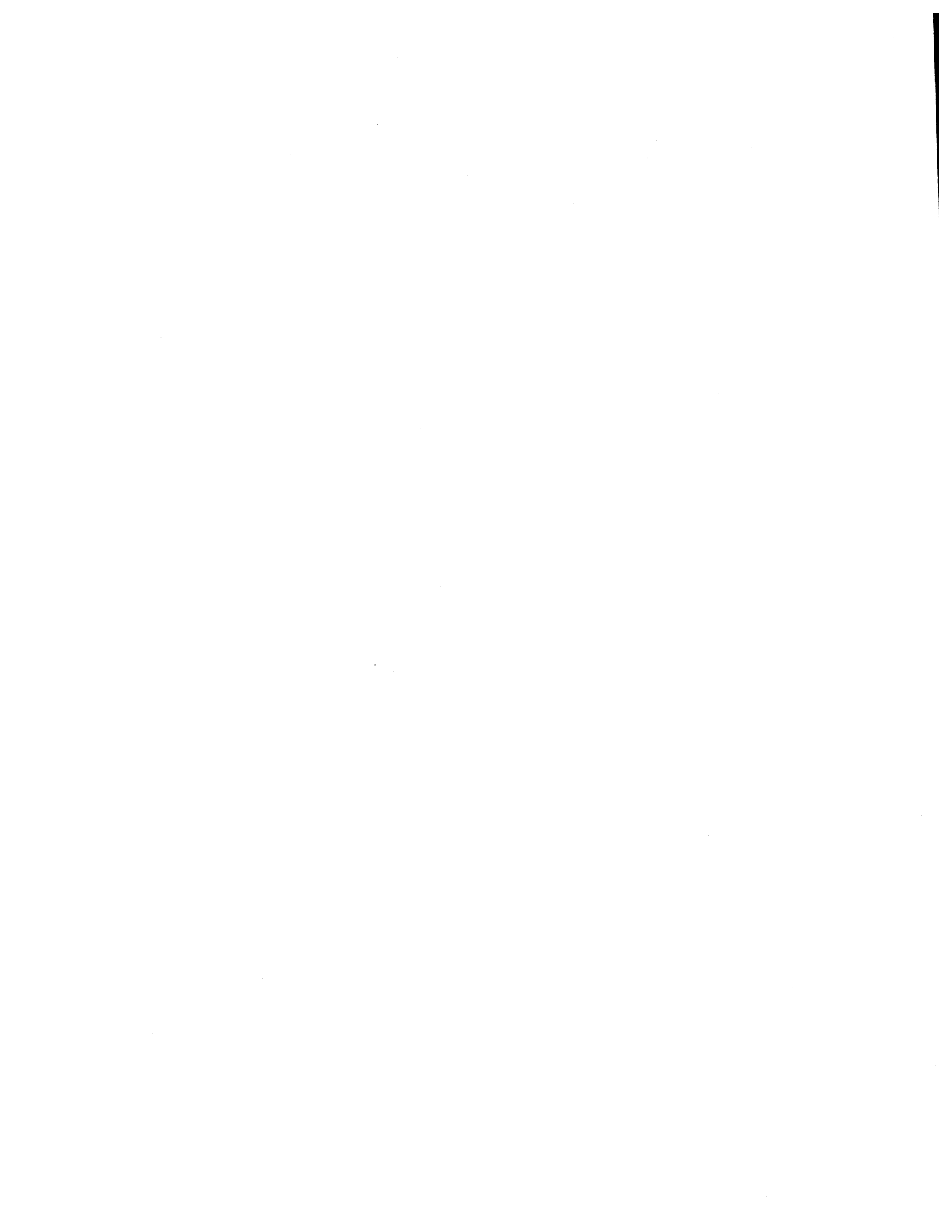
**Jose Luis Gomez, General Manager
CONAL Conductores y Aluminio, C.A.
and President, Aluminum Committee of
Venezuela**

**Harold Paul Luks,
International Trade Specialist
Arnold & Porter**

Nancy Perkins)--OF COUNSEL



APPENDIX E
TYPES OF TRADE SHIFTS RESULTING FROM MODIFICATION OF
GSP ELIGIBILITY



This report examines the probable economic effects of adding products to the list of articles eligible for GSP duty-free treatment. 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.

