

# Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences

Report to the President on  
Investigation No. 332-383

Note.--This report is a declassified version of the  
confidential probable effect advice report submitted to  
the President on December 15, 1997

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NOTICE

**This report is a declassified version of the confidential probable effect advice report submitted to the President on December 15, 1997. All probable effect advice has been removed and all business proprietary information has been replaced with "\*\*\*."**

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## INTRODUCTION<sup>1</sup>

On September 5, 1997, the U S International Trade Commission received a request from the United States Trade Representative (USTR) for an investigation under section 332(g) of the Tariff Act of 1930 for the purpose of providing advice concerning possible modifications to the Generalized System of Preferences (GSP). The USTR request letter is included in appendix A. Following receipt of the request, the Commission instituted investigation No. 332-383 to provide--

- (1) in accordance with sections 503(a)(1)(A), 503(e) and 131(a) of the Trade Act of 1974, as amended (the 1974 Act) and under the authority delegated by the President, pursuant to section 332(g) of the Tariff Act of 1930, its advice, with respect to certain articles being considered for designation as eligible articles for the purposes of the GSP, as to the probable economic effect on the U S industries producing like or directly competitive articles and on consumers of the elimination of U S import duties under the GSP,
- (2) in accordance with section 503(c)(2)(E) of the 1974 Act, which exempts articles from one of the competitive-need limits in section 503(c)(2)(A) of the 1974 Act for which no like or directly competitive article was being produced in the United States on January 1, 1995, its advice as to whether products like or directly competitive with certain articles were being produced in the United States on January 1, 1995,
- (3) its advice as to the probable economic effect on U S industries producing like or directly competitive articles and on consumers of the removal of polyethylene terephthalate film from India from eligibility for duty-free treatment under the GSP, and
- (4) in accordance with section 503(d)(1)(A) of the 1974 Act, advice as 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 503(c)(2)(A) of the 1974 Act for the country specified with respect to certain articles. As requested, the Commission used the dollar value limit of \$80,000,000

The Commission instituted the investigation on September 11, 1997, and indicated that it would seek to provide its advice no later than December 15, 1997, as requested by USTR. The Commission's notice of investigation is contained in appendix B.

Following receipt on October 2, 1997, of a request from the USTR, the Commission amended the scope of its investigation to include advice concerning whether any industry in the United States is likely to be adversely affected by a waiver of the competitive-need limits specified in section 503(c)(2)(A) of the Trade Act of 1974 with respect to imports of raw sugar from Brazil, provided for under subheading 1701.11.10 of the Harmonized Tariff Schedule of the United States. The USTR request letter for the

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<sup>1</sup> The following *Federal Register* notices were issued by the USTR and the Commission relating to investigation No. 332-383:

<u>Date</u>	<u>Notice</u>	<u>Subject</u>
Aug 13, 1997	62 F R. 43408	USTR notice of GSP review
Sept 18, 1997	62 F R. 49028	Notice of USITC investigation
Sept 25, 1997	62 F R. 50426	USTR notice of addition of one petition
Oct 8, 1997	62 F R. 52573	Notice of USITC addition of one petition

addition of the raw sugar petition is contained in appendix C, and the Commission notice of the addition is contained in appendix D.

All interested parties were afforded an opportunity to provide the Commission with written comments and information. In addition, the Commission held a public hearing on the investigation in Washington, DC, on October 21, 1997. The list of witnesses appearing before the Commission is contained in appendix E.

## PRESENTATION OF PROBABLE ECONOMIC ADVICE

In response to the USTR request for economic advice on whether any industry in the United States is likely to be adversely affected by possible modifications to the U S Generalized System of Preferences (GSP), the Commission has provided its advice in the form of commodity digests, as has been done in prior GSP investigations. Each digest deals with the effect of tariff modification on a limited number of Harmonized Tariff Schedule of the United States (HTS) subheadings, and advice is provided in terms of the traditional coding scheme noted later in this section.

Each digest contains the following sections:

- I Introduction
- II U S market profile
- III GSP import situation, 1996
- IV Competitiveness profiles, GSP suppliers
- V Position of interested parties
- VI Summary of probable economic advice  
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 a like or directly competitive article produced in the United States on January 1, 1995.

II U.S. market profile --This section provides information on U S producers, employment, shipments, exports, imports, consumption, import market share, and capacity utilization. When exact information is not obtainable, the best available estimates are provided.<sup>2</sup>

III GSP import situation, 1996 --This section provides 1996 U S import data, including the world total and certain GSP country-specific data.

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<sup>2</sup> Data presented in the digests may use the following coding system:

\* = Based on partial information/data adequate for estimation with a moderately high degree of confidence

\*\* = Based on limited information/data adequate for estimation with a moderate degree of confidence

IV Competitiveness profiles, GSP suppliers --This section provides background information on the major GSP-eligible countries for that digest their ranking as an import supplier, the price elasticities of supply and demand for imports from that country,<sup>3</sup> and the price and quality of the imports it supplies compared with U S and other foreign products. Information is provided on other countries as appropriate.

V Position of interested parties --This section provides brief summaries of the petition to the USTR, hearing testimony, and any written submissions from interested parties.

VI Summary of probable economic advice --This section provides advice on the short-to-near-term (1 to 5 years) 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. 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, the elimination of even a moderate-level tariff suggests the possibility of large import increases from the beneficiary country. Appendix F provides a brief textual and graphic presentation on the model used for evaluating the probable economic effects of changes in the GSP. For the products in this report, however, it is not possible to measure such trade shifts precisely.

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

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<sup>3</sup> Price elasticity is a measure of the changes in quantity supplied or demanded 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 estimates based on staff analysis of industry conditions.



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

FOR "ADDITION" AND "COMPETITIVE-NEED-LIMIT WAIVER" DIGESTS

Level of total U S imports

- Code A Little or no increase (0 to 5 percent)
- Code B Moderate increase (6 to 15 percent)
- Code C Significant increase (over 15 percent).
- Code N No impact

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, and departure of firms, effects on some segments of the industry may be substantial even though they are not 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 None

U S consumer <sup>4</sup>

- Code A The bulk of duty savings (greater than 75 percent) is expected to be absorbed by the foreign suppliers. The price U S consumers pay is not expected to fall significantly
- Code B Duty savings are expected to benefit both the foreign suppliers and the domestic consumer (neither absorbing more than 75 percent of the costs)
- Code C The bulk of duty savings (greater than 75 percent) are expected to benefit the U S consumer
- Code N None

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<sup>4</sup>"U S consumer" refers to the the first-level consumer and may be a firm or a person receiving an intermediate good for further processing or an end user receiving a final good

FOR "REMOVAL" DIGESTS.

Level of total U S imports.

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

U S industry and employment

- Code X Little or negligible beneficial impact
- Code Y Significant beneficial impact (significant number of additional workers employed, increases in output, increases in profit levels, new firms, but beneficial impact not industrywide)
- Code Z Substantial beneficial impact (substantial increase in employment, widespread increased production, substantial increases in profit levels, beneficial impact on the industry as a whole)
- Code N None

U S consumer

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

The probable economic effect advice for U S imports and the domestic industry is based on estimates of what is expected in the future with the proposed change in GSP eligibility compared with what is expected without it. That is, the estimated effects are independent of and in addition to any changes that will otherwise occur. Although other 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 ADVICE DIGEST LOCATOR AND OVERVIEW

Note --Digests are listed in sequential order by HTS subheading. This listing provides the following information on the individual digests: a digest title, the proposed action, probable economic advice codes (deleted), petitioners, column 1 rate of duty, existence of U S production on January 1, 1995, and the name of the International Trade Analyst assigned.

HTS subheadings requiring probable economic advice and listing of digests

HTS sub-headings <sup>1</sup>	Short title	Proposed action	Petitioners	Probable economic advice	Col. 1 rate of duty or AVE	U.S. production of like or directly competitive articles, Jan. 1, 1995	Analyst
<u>0409.00.00</u>	Natural honey	Addition	Aegean Livestock, Aqua Products Exporters' Union, Turkey	***	2.0%	Yes	Harman
<u>0703.10.40</u>	Fresh onions	Addition	Government of Uruguay	***	3.0%	Yes	McCarty
<u>0712.90.75(pt)</u> <u>2002.90.00(pt)</u>	Tomato powder	Addition	McCormick & Co., Inc., Sparks, MD	***	10.9% 12.6%	Yes Yes	McCarty
<u>0811.20.20</u>	Certain berries, frozen	Waiver (Chile)	The Association of Frozen Products Exporters, Chile; Chilean Exporters' Assoc., Chile; The Chilean Federation of Food Processors and Agribusiness, Chile	***	5.8%	Yes	Newman
<u>0812.10.00</u>	Cherries, provisionally preserved	Addition	Aegean Fresh Fruits and Vegetables Exporters' Union, Turkey	***	9.0%	Yes	Newman
<u>1604.30.20</u>	Caviar	Waiver (Russia)	Petrosian Paris, Inc., New York, NY	***	15.0%	Yes	Corey
<u>1701.11.10</u>	Raw sugar	Waiver (Brazil)	Sindicato da Industria do Azucar e do alcool do Estado De Pernambuco, Brazil	***	2/	Yes	Harman
<u>2849.90.50</u>	Certain other carbides	Waiver (South Africa)	U.S. Vanadium Corp. Danbury, Ct.	***	3.7%	Yes	Greenblatt

See footnotes at end of table.

HTS subheadings requiring probable economic effect advice and listing of digests

HTS sub-headings <sup>1</sup>	Short title	Proposed action	Petitioners	Probable economic advice	Col. 1 rate of duty or AVE	U.S. production of like or directly competitive articles, Jan. 1, 1995	Analyst
<u>2917.12.10</u>	Adipic acid	Addition	Rhodia S.A., Brazil	***	15.9%	Yes	Jonnard
<u>2933.71.00</u>	6-Hexanelactam	Waiver (Russia)	Government of Russia; Allied Signal, Inc., Washington, DC; Allied Signal Polymers, Washington, DC; BASF Corp., Mt. Olive, NJ; Customs Resins, Inc., Wayne, NJ	***	11.4%	Yes	Matusik
<u>3204.12.20</u> <u>3204.12.30</u> <u>3204.12.45</u> <u>3204.12.50</u>	Certain acid dyes	Addition	Government of Morocco, Dyechem SA, Morocco	***	7.6% 7.5% 12.4% 16.0%	Yes	Wanser
<u>3824.90.28</u>	Certain chemical mixtures	Addition	Cargill, Inc., Minneapolis, MN, Cargill Nutri-Products, Eddyville IA; Zaklady Przemystu	***	13.4%	Yes	Matusik
<u>3920.62.00</u>	Polyethylene terephthalate film	Removal <sup>3</sup> (India)	Hoechst Diafoil Co. Greer, SC	***	4.2%	Yes	Cantrell
<u>4011.10.10</u> <u>4011.10.50</u> <u>4011.20.10</u> <u>4011.20.50</u>	New pneumatic tires	Waiver (Brazil)	Associacao Nacional da Industria de Pneumaticos, Brazil	***	4.0% 3.6% 4.0% 3.6%	Yes Yes Yes Yes	Howlett
<u>7108.12.50</u>	Miscellaneous unwrought forms of gold, other than bullion, dore, or powder	Addition	Government of South Africa	***	5.7%	Yes	Tsuji

See footnotes at end of table.

HTS subheadings requiring probable economic effect advice and listing of digests

HTS sub-headings <sup>1</sup>	Short title	Proposed action	Petitioners	Probable economic advice	Col. 1 rate of duty or AVE	U.S. production of like or directly competitive articles, Jan. 1, 1995	Analyst
<u>7108.13.70</u>	Certain semimanufactured forms of gold, other than gold leaf or minted bars	Addition	Government of South Africa	***	5.7%	Yes	Tsuji
<u>8108.10.50</u>	Unwrought titanium metal, including sponge, powders, ingots, billets, and so forth	Addition	Government of Russia; Verkhnesaldinskoe Metallurgicheskoe Proizvodstvennoe Ob'edinenie, Russia	***	15.0%	Yes	DeSapio
<u>8108.90.60</u>	Wrought titanium metal: including bars, rods, plates, sheets, tubes, pipes, and so forth	Waiver (Russia)	Government of Russia; Verkhnesaldinskoe Metallurgicheskoe Proizvodstvennoe Ob'edinenie, Russia	***	15.0%	Yes	DeSapio
<u>8704.10.50</u>	Off-highway dump trucks	Addition	Bell Equipment North America, Inc., Garden City, GA; Bell Equipment, Ltd., South Africa	***	10.0%	Yes	Polly

<sup>1</sup> The first HTS subheading (underlined) is the Digest number.

<sup>2</sup> The ad valorem equivalent for raw sugar is difficult to determine in a meaningful way because of the complicated nature of sugar sales; however, it is estimated at 3 percent. The Col. 1 rate of duty for HTS subheading 1701.11.10, as of 1/1/97 is 1.4606 cents per kilogram minus 0.020668 cents for each degree under 100 degrees, but not less than 0.943854 cents per kilogram (0.625 cents per pound is the most commonly used rate for analytical purposes).

<sup>3</sup> Advice is requested on the removal of duty-free status of this product from the designated country. While the Trade Policy Staff Committee (TPSC) review will focus on the designated country, the TPSC reserves the right to address removal of GSP status for countries other than India as well as the removal of GSP status for the entire article.

## **COMMODITY DIGESTS**

DIGEST NO. 0409.00.00

NATURAL HONEY



## Natural Honey

I. IntroductionX Addition to GSP

HTS subheading	Short description	Col. 1 rate of duty (1/1/97) <u>Percent ad valorem</u>	Like or directly competitive article produced in the United States on Jan. 1, 1995?
0409.00.00 <sup>1</sup>	Natural honey	2%	Yes

<sup>1</sup> Based on 1996 trade data, no country exceeds the competitive-need limits for articles included under HTS subheading 0409.00.00.

Description and uses.--Honey is a natural sweetener produced by bees. It is used by itself as a table syrup and as a sweetener and/or flavoring in a wide array of manufactured food products

II. U.S. market profile

Profile of U.S. industry and market, 1992-96

Item	1992	1993	1994	1995	1996
Producers ( <u>number</u> ) . . . . .	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Employment ( <u>1,000 employees</u> ) . . . . .	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Shipments ( <u>1,000 dollars</u> ) <sup>2</sup> . . . . .	121,321	125,320	111,190	144,203	177,097
Exports ( <u>1,000 dollars</u> ) . . . . .	7,155	6,119	5,632	7,711	9,239
Imports ( <u>1,000 dollars</u> ) . . . . .	48,884	51,555	45,632	47,122	110,728
Consumption ( <u>1,000 dollars</u> ) . . . . .	163,050	170,756	151,190	183,614	278,586
Import-to-consumption ratio ( <u>percent</u> ) . . . . .	30	30	30	26	40
Capacity utilization ( <u>percent</u> ) <sup>2</sup> . . . . .	100	100	100	100	100

<sup>1</sup> Not available.

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

Source: Data compiled from official statistic of the U.S. Department of Commerce, except as noted.

Comment.--The U.S. honey/beekeeping industry is a complex mixture of hobbyists and large and small commercial operations. There are no statistics kept on the number of beekeepers/honey producers in the United States.

In terms of quantity, U.S. production of honey declined steadily from 230 million pounds in 1993 to 198 million pounds in 1996<sup>1</sup> owing to a particular pest that has destroyed a significant part of the bee population. For many years, imports have been a steadily increasing necessity for the end users of honey. Much of the imported honey is less expensive and of a generally lower quality honey which is used in manufacturing processes.

<sup>1</sup> Data derived from the U.S. Department of Agriculture, National Agricultural Statistical Service; Statistical Bulletin 912, Final Estimates for 1986-92; U.S. Honey Report, Feb. 1997, Feb. 1996 and Feb. 1995.

III. GSP import situation, 1996

## U.S. imports and share of U.S. consumption, 1996

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total. . . . .	110,728	100	( <sup>1</sup> )	40
Imports from GSP countries:				
GSP total . . . . .	53,478	48	100	19
Argentina . . . . .	50,462	46	94	18
India . . . . .	796	1	1	( <sup>2</sup> )
Panama . . . . .	772	1	1	( <sup>2</sup> )
Uruguay . . . . .	647	1	1	( <sup>2</sup> )

<sup>1</sup> Not applicable.<sup>2</sup> Less than 0.5 percent.

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

Comment.--Argentina is currently the only GSP-eligible country supplying honey and accounting for a significant portion of total imports. The United States is Argentina's major export market for honey; however, it supplies nearly like quantities to Germany. Argentina continues to increase its production of honey and is projected to increase its exports by 16 percent to all destinations in 1997.<sup>2</sup> It is likely that there will continue to be production of high-quality honey in the United States with simultaneous imports of lower quality, lower priced bulk honey.

IV. Competitiveness profiles, GSP suppliers

## Competitiveness indicators for Argentina for all digest products

Ranking as a U.S. import supplier, 1996. . . . . 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. import demand? . . . . . High X Moderate    Low   

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

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

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

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

Price level compared with--

  U.S. products. . . . . Above    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   

<sup>2</sup> U.S. Department of Agriculture, Foreign Agricultural Service, Report AR 7083, Oct 1997.

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for Turkey for all digest products

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Ranking as a U.S. import supplier, 1996. . . . . (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. import demand? . . . . . High X Moderate    Low   

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

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

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

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

Price level compared with--

U.S. products . . . . . Above    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   

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(1) Not applicable.

Comment.--There were no U.S. imports of natural honey from Turkey during 1995-96. It is unlikely that Turkey could produce and export enough honey to significantly affect the U.S. market. In the petition it is stated that \$46 million in imports of honey will be imported by the United States in 1997. This would give Turkey a market share of less than 1 percent.

Competitiveness indicators for all GSP countries and for all digest products

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Ranking as a U.S. import supplier, 1996. . . . . (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. import demand? . . . . . High X Moderate    Low   

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

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

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

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

Price level compared with--

U.S. products . . . . . Above    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   

---

(1) Not applicable.

V. Position of interested parties

Petitioner.--In testimony before the U.S. International Trade Commission, the petitioner, the Aegean Livestock Aqua Products Exporters' Union, stated that if GSP eligibility is granted, exports to the United States are expected to increase, which will motivate growers to increase their production. Consequently, the incomes of the growers, processors, and exporters will increase and promote economic development in Turkey.

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

VI. Summary of probable economic advice--Addition

\* \* \* \* \*

Table 1 --Natural honey: U S imports for consumption, by principal sources, 1992-96, January-June 1996-97

Source						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Argentina	13,159 26	14,458 20	15,029 80	13,496 25	50,462 11	30,550 22	39,830 40
China	22,178 90	24,837 06	19,661 14	11,904 20	27,487 76	13,792 90	14,238 41
Canada	9,998 18	7,792 51	7,136 01	17,452 91	16,581 71	7,185 11	4,464 71
Mexico	1,903 10	1,982 55	1,951 78	2,761 45	8,795 42	4,277 61	6,502 60
Australia	36 03	938 68	481 01	90 17	2,024 21	1,283 19	1,442 65
Vietnam	0 00	0 00	12 04	61 78	927 32	251 51	658 18
India	0 00	0 00	0 00	0 00	796 34	314 19	1,560 24
Panama	0 00	0 00	0 00	0 00	771 66	54 82	0 00
Uruguay	20 89	0 00	0 00	0 00	646 69	496 73	376 44
Chile	0 00	1 51	0 00	28 02	477 94	444 55	440 34
Germany	289 66	261 99	289 76	243 90	353 63	141 61	127 49
New Zealand	156 42	164 69	159 01	259 35	329 53	211 51	109 33
All other	1,141 45	1,117 31	911 23	823 94	1,073 54	430 17	1,173 15
<b>Total</b>	<b>48,883.90</b>	<b>51,554.51</b>	<b>45,631.78</b>	<b>47,121.95</b>	<b>110,727.86</b>	<b>59,434.14</b>	<b>70,923.93</b>
<b>Total from GSP-eligible nations</b>	<b>13,578.13</b>	<b>14,914.59</b>	<b>15,211.05</b>	<b>13,752.01</b>	<b>53,478.15</b>	<b>31,987.21</b>	<b>42,966.31</b>
	<i>Percent</i>						
Argentina	26 9	28 0	32 9	28 6	45 6	51 4	56 2
China	45 4	48 2	43 1	25 3	24 8	23 2	20 1
Canada	20 5	15 1	15 6	37 0	15 0	12 1	6 3
Mexico	3 9	3 8	4 3	5 9	7 9	7 2	9 2
Australia	0 1	1 8	1 1	0 2	1 8	2 2	2 0
Vietnam	0 0	0 0	0 0	0 1	0 8	0 4	0 9
India	0 0	0 0	0 0	0 0	0 7	0 5	2 2
Panama	0 0	0 0	0 0	0 0	0 7	0 1	0 0
Uruguay	0 0	0 0	0 0	0 0	0 6	0 8	0 5
Chile	0 0	0 0	0 0	0 1	0 4	0 7	0 6
Germany	0 6	0 5	0 6	0 5	0 3	0 2	0 2
New Zealand	0 3	0 3	0 3	0 6	0 3	0 4	0 2
All other	2 3	2 2	2 0	1 7	1 0	0 7	1 7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Share from GSP-eligible nations</b>	<b>27.8</b>	<b>28.9</b>	<b>33.3</b>	<b>29.2</b>	<b>48.3</b>	<b>53.8</b>	<b>60.6</b>

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

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

**Table 2 –Natural honey: U S exports of domestic merchandise, by principal markets, 1992-96, January-June 1996-97**

Market						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Saudi Arabia	1,289 51	994 39	551 41	1,027 63	1,345 42	434 68	576 85
Canada	691 43	588 83	587 03	600 42	1,172 25	362 86	305 48
Japan	543 04	334 59	598 00	531 75	1,108 53	764 35	522 71
Korea	157 14	3 90	119 16	487 93	809 84	54 88	48 00
Sweden	76 69	383 67	772 30	451 45	754 20	408 39	40 13
Yemen	1,150 30	858 63	637 46	869 97	677 89	72 21	619 29
Germany	306 53	388 28	561 21	1,378 22	661 05	310 56	155 29
Kuwait	288 42	532 05	122 13	634 38	592 55	210 71	339 41
United Arab Emirates	285 00	406 54	328 90	200 97	464 45	259 49	248 04
Hong Kong	224 16	320 95	458 17	278 17	349 73	148 49	160 48
Philippines	313 23	53 17	0 00	14 80	211 88	112 80	14 40
Singapore	117 84	109 03	71 17	84 82	123 47	54 28	42 68
All other	1,711 65	1,144 80	824 55	1,150 63	968 10	296 27	809 63
<b>Total</b>	<b>7,154.94</b>	<b>6,118.84</b>	<b>5,631.47</b>	<b>7,711.13</b>	<b>9,239.35</b>	<b>3,489.97</b>	<b>3,882.40</b>
	<i>Percent</i>						
Saudi Arabia	18 0	16 3	9 8	13 3	14 6	12 5	14 9
Canada	9 7	9 6	10 4	7 8	12 7	10 4	7 9
Japan	7 6	5 5	10 6	6 9	12 0	21 9	13 5
Korea	2 2	0 1	2 1	6 3	8 8	1 6	1 2
Sweden	1 1	6 3	13 7	5 9	8 2	11 7	1 0
Yemen	16 1	14 0	11 3	11 3	7 3	2 1	16 0
Germany	4 3	6 3	10 0	17 9	7 2	8 9	4 0
Kuwait	4 0	8 7	2 2	8 2	6 4	6 0	8 7
United Arab Emirates	4 0	6 6	5 8	2 6	5 0	7 4	6 4
Hong Kong	3 1	5 2	8 1	3 6	3 8	4 3	4 1
Philippines	4 4	0 9	0 0	0 2	2 3	3 2	0 4
Singapore	1 6	1 8	1 3	1 1	1 3	1 6	1 1
All other	23 9	18 7	14 6	14 9	10 5	8 5	20 9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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

Market Compiled from official statistics of the U S Department of Commerce

DIGEST NO. 0703.10.40

FRESH ONIONS

## Fresh Onions

## I. Introduction

X Addition to GSP

HTS subheading	Short description	Col. 1 rate of duty (1/1/97) <u>Percent ad valorem</u>	Like or directly competitive article produced in the United States on Jan. 1, 1995?
0703.10.40 <sup>1 2</sup>	Fresh onions	3.0	Yes

<sup>1</sup> HTS subheading 0703.10.40 includes all fresh or chilled onions and shallots, other than onion sets and other than pearl onions not over 16 mm in diameter.

<sup>2</sup> Based on 1996 trade data, no country exceeded the competitive-need limit for articles included under HTS subheading 0703.10.40.

Description and uses.--Fresh onions, including sweet onions, are the common onion of commerce. The term "sweet" refers to mild or less pungent flavor. In the raw form, they are often sliced, chopped, or diced and used as condiments on sandwiches or other meat preparations, in fresh vegetable salads, and in casseroles or other prepared dishes.

## II. U.S. market profile

Profile of U.S. industry and market, 1992-96

Item	1992	1993	1994	1995	1996
Producers ( <u>number</u> ) <sup>1</sup> . . . . .	3,400	3,400	3,300	3,300	3,100
Employment ( <u>1,000 employees</u> ) . . . . .	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Shipments ( <u>1,000 dollars</u> ) <sup>1</sup> . . . . .	566,120	748,790	564,100	570,320	530,940
Exports ( <u>1,000 dollars</u> ) . . . . .	40,077	48,977	67,853	59,140	49,710
Imports ( <u>1,000 dollars</u> ) <sup>3</sup> . . . . .	109,933	103,384	139,766	131,962	148,078
Consumption ( <u>1,000 dollars</u> ) . . . . .	635,976	803,197	636,013	643,142	629,308
Import-to-consumption ratio ( <u>percent</u> ) <sup>4</sup> . . . . .	17	13	22	21	24
Capacity utilization ( <u>percent</u> ) . . . . .	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )

<sup>1</sup> Estimated by the staff of the U.S. International Trade Commission, based on official statistics of the U.S. Department of Agriculture.

<sup>2</sup> Data are not meaningful for this crop production enterprise.

<sup>3</sup> Imports are for all items included under HTS subheading 0703.10.40, the majority of which are believed to consist of onions other than sweet or mild onions.

<sup>4</sup> According to industry sources, the import-to-consumption ratio for fresh onions is more likely to be around 10-15 percent.

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

Comment.--U.S. shipments of fresh onions have trended downward since 1992, with per capita consumption of onions remaining static since 1993. U.S. imports of fresh onions rose irregularly from \$109.9 million in 1992 to \$148.1 million in 1996; the import-to-consumption ratio has increased significantly since 1993.



III. GSP import situation, 1996

## U.S. imports and share of U.S. consumption, 1996

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total. . . . .	148,078	100	( <sup>1</sup> )	24
Imports from GSP countries:				
GSP total . . . . .	9,325	6	100	1
Peru . . . . .	4,712	3	51	1
Chile . . . . .	2,523	2	27	( <sup>2</sup> )
Uruguay . . . . .	1,075	1	12	( <sup>2</sup> )

<sup>1</sup> Not applicable.<sup>2</sup> Less than 0.5 percent.

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

Comment.--Imports of fresh onions rose irregularly from \$109.9 million in 1992 to \$148.1 million in 1996. The principal sources of such imports from all countries in 1996, together with their share of total imports, included Mexico (85 percent) and Canada (6 percent). Effective January 1, 1996, the duties on imports from Mexico under subheading 0703.10.10 were 3.1 cents per kilogram for quantities within quota and entered during January 1 to April 30, and 3.8 cents per kilogram for quantities over quota and entered during the same period. Imports from Mexico during the rest of the year were dutiable at 3.1 cents per kilogram. The duty on imports from Canada under subheading 0703.10.40 was 0.7 cents per kilogram effective January 1, 1996. Imports from GSP-eligible suppliers rose irregularly from \$1.8 million in 1992 to \$9.3 million in 1996. The principal sources for GSP-eligible imports in 1996 included Peru and Chile with shares of 3 percent and 2 percent, respectively. Prior to enactment of the NAFTA, Mexico was the most important GSP-eligible supplier, often accounting for over 95 percent of total GSP imports annually.

IV. Competitiveness profiles, GSP suppliers

## Competitiveness indicators for Peru for all digest products

Ranking as a U.S. import supplier, 1996. . . . .	<u>3</u>			
Price elasticity:				
Can the U.S. purchaser easily shift among this and other suppliers? . . . . .	Yes	<u>X</u>	No	___
What is the price elasticity of U.S. import demand? . . . . .	High	<u>X</u>	Moderate	Low ___
Can production in the country be easily expanded or contracted in the short term? . . . . .	Yes	<u>X</u>	No	___
Does the country have significant export markets besides the United States? . . . . .	Yes	<u>X</u>	No	___
Could exports from the country be readily redistributed among its foreign export markets? . . . . .	Yes	<u>X</u>	No	___
What is the price elasticity of import supply? . . . . .	High	<u>X</u>	Moderate	Low ___
Price level compared with--				
U.S. products. . . . .	Above	___	Equivalent	<u>X</u> Below ___
Other foreign products . . . . .	Above	___	Equivalent	<u>X</u> Below ___
Quality compared with--				
U.S. products. . . . .	Above	___	Equivalent	<u>X</u> Below ___
Other foreign products . . . . .	Above	___	Equivalent	<u>X</u> Below ___

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for Chile for all digest products

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Ranking as a U.S. import supplier, 1996. . . . . 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. import 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   

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Competitiveness indicators for all GSP countries and for all digest products

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Ranking as a U.S. import supplier, 1996. . . . . (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. import 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   

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<sup>1</sup> Not applicable.V. Position of interested parties

**Petitioner.**--The Government of Uruguay petitioned for the designation of GSP eligibility for fresh onions from Uruguay, or for the establishment of a separate category for fresh onions (as opposed to onions other than fresh onions) to be designated as GSP eligible. The petitioner stated that duty-free treatment would allow for continued increase in their export earnings and a concurrent annual rate of increase of 10 percent in future fresh onion exports from Uruguay to the United States.

**Opposition.**--The National Onion Association, a nonprofit trade association of onion growers, handlers, shippers, and brokers located throughout the United States, opposes the addition of fresh onions to the list of articles eligible for duty-free treatment under the GSP.<sup>1</sup> The Association states that the U.S. onion industry is already in an oversupply situation and any additional market pressure resulting from the addition of imports is undesirable and unwanted. Further, the Association states that most developing countries already benefit from lower costs of production because of lower wage rates and less burdensome environmental and other regulations.

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<sup>1</sup> Commission staff conversation with an official of the National Onion Association, Oct. 29, 1997.

VI. Summary of probable economic advice--Addition

\* \* \* \* \*

**Table 1 -Fresh onions: U S imports for consumption, by principal sources, 1992-96, January-June 1996-97**

Source						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Mexico	93,850 40	90,352 55	115,754 52	116,414 55	126,238 86	84,666 56	66,402 07
Canada	9,103 89	6,875 00	6,953 22	4,232 31	8,663 75	2,935 91	2,572 83
Peru	0 00	0 00	53 07	458 76	4,712 25	2,742 57	1,612 32
France	3,471 44	2,735 46	3,688 59	3,318 52	2,528 35	1,195 75	1,692 66
Chile	1,034 42	986 01	6,697 20	2,584 78	2,522 88	2,352 16	1,677 92
Uruguay	0 00	15 52	148 52	842 44	1,074 98	844 04	27 10
Netherlands	554 89	803 35	969 69	1,368 11	863 72	500 69	443 98
Guatemala	0 00	288 98	529 73	592 93	679 52	377 52	374 54
Argentina	26 28	62 70	118 83	0 00	162 02	0 00	0 00
New Zealand	556 24	621 59	2,556 62	348 75	159 93	156 76	242 79
Nicaragua	16 20	107 97	467 05	221 49	117 74	117 74	90 17
Ecuador	0 00	0 00	0 00	0 00	110 40	110 40	0 00
All other	1,319 15	534 42	1,828 84	1,579 51	243 73	91 31	151 92
<b>Total</b>	<b>109,932 92</b>	<b>103,383 55</b>	<b>139,765 88</b>	<b>131,962 14</b>	<b>148,078 12</b>	<b>96,091 39</b>	<b>75,288 30</b>
<b>Total from GSP-eligible nations</b>	<b>1,766 42</b>	<b>1,517 19</b>	<b>8,357 73</b>	<b>5,672 00</b>	<b>9,324 68</b>	<b>6,452 96</b>	<b>3,747 68</b>
	<i>Percent</i>						
Mexico	85 4	87 4	82 8	88 2	85 3	88 1	88 2
Canada	8 3	6 6	5 0	3 2	5 9	3 1	3 4
Peru	0 0	0 0	0 0	0 3	3 2	2 9	2 1
France	3 2	2 6	2 6	2 5	1 7	1 2	2 2
Chile	0 9	1 0	4 8	2 0	1 7	2 4	2 2
Uruguay	0 0	0 0	0 1	0 6	0 7	0 9	0 0
Netherlands	0 5	0 8	0 7	1 0	0 6	0 5	0 6
Guatemala	0 0	0 3	0 4	0 4	0 5	0 4	0 5
Argentina	0 0	0 1	0 1	0 0	0 1	0 0	0 0
New Zealand	0 5	0 6	1 8	0 3	0 1	0 2	0 3
Nicaragua	0 0	0 1	0 3	0 2	0 1	0 1	0 1
Ecuador	0 0	0 0	0 0	0 0	0 1	0 1	0 0
All other	1 2	0 5	1 3	1 2	0 2	0 1	0 2
<b>Total</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>
<b>Share from GSP-eligible nations</b>	<b>1 6</b>	<b>1 5</b>	<b>6 0</b>	<b>4 3</b>	<b>6 3</b>	<b>6 7</b>	<b>5 0</b>

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

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

Table 2 --Fresh onions: U S exports of domestic merchandise, by principal markets, 1992-96, January-June 1996-97							
Market						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Canada	28,979 81	34,342 82	27,096 94	30,548 99	25,959 87	13,841 54	15,641 91
Japan	1,126 92	6,373 33	22,823 39	19,457 40	10,677 56	3,680 13	1,770 98
Korea	0 00	13 52	5,837 91	98 04	3,792 66	0 00	348 93
Mexico	5,772 65	3,130 79	4,731 63	789 91	2,907 60	122 66	185 25
Taiwan	802 81	2,024 28	1,683 62	2,077 45	2,035 71	181 53	92 08
United Kingdom	1,615 17	1,316 08	946 68	445 40	766 14	645 19	438 39
Hong Kong	643 31	585 26	1,560 51	1,011 91	639 26	128 40	149 28
Russia	0 00	0 00	299 57	827 70	612 57	184 35	241 36
Australia	125 61	181 12	294 51	1,098 21	440 14	11 00	0 00
Costa Rica	47 60	24 67	0 00	187 32	386 72	55 67	134 82
Kuwait	16 99	10 45	47 20	26 94	204 44	178 61	38 76
Nicaragua	0 00	0 00	0 00	87 00	137 56	0 00	5 67
All other	946 45	974 90	2,531 11	2,483 29	1,150 26	226 61	1,292 17
<b>Total</b>	<b>40,077 33</b>	<b>48,977 23</b>	<b>67,853 08</b>	<b>59,139 57</b>	<b>49,710 49</b>	<b>19,255 70</b>	<b>20,339 59</b>
	<i>Percent</i>						
Canada	72 3	70 1	39 9	51 7	52 2	71 9	76 9
Japan	2 8	13 0	33 6	32 9	21 5	19 1	8 7
Korea	0 0	0 0	8 6	0 2	7 6	0 0	1 7
Mexico	14 4	6 4	7 0	1 3	5 8	0 6	0 9
Taiwan	2 0	4 1	2 5	3 5	4 1	0 9	0 5
United Kingdom	4 0	2 7	1 4	0 8	1 5	3 4	2 2
Hong Kong	1 6	1 2	2 3	1 7	1 3	0 7	0 7
Russia	0 0	0 0	0 4	1 4	1 2	1 0	1 2
Australia	0 3	0 4	0 4	1 9	0 9	0 1	0 0
Costa Rica	0 1	0 1	0 0	0 3	0 8	0 3	0 7
Kuwait	0 0	0 0	0 1	0 0	0 4	0 9	0 2
Nicaragua	0 0	0 0	0 0	0 1	0 3	0 0	0 0
All other	2 4	2 0	3 7	4 2	2 3	1 2	6 4
<b>Total</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>

Note Because of rounding figures may not add to totals shown

Market Compiled from official statistics of the U S Department of Commerce

DIGEST NO. 0712.90.75

TOMATO POWDER

Tomato Powder<sup>1</sup>I. IntroductionX Addition to GSP

HTS subheadings	Short description	Col. 1 rate of duty (1/1/97) <u>Percent ad valorem</u>	Like or directly competitive article produced in the United States on Jan. 1, 1995?
0712.90.75(pt) <sup>1</sup>	Dried tomatoes (including powder)	10.9%	Yes
2002.90.00(pt) <sup>1 2</sup>	Other processed tomato products (including tomato powder made from tomato paste)	12 6%	Yes

<sup>1</sup> Based on 1996 trade data, no country exceeded the competitive-need limit for articles included under HTS subheadings 0712.90.75 and 2002.90.00.

<sup>2</sup> Historically, dried tomato products (also known as dehydrated tomatoes, tomato flour, tomato powder, tomato flakes, and spray-dried tomatoes made from paste) were classified under HTS subheading 0712.90.75 (Dried tomatoes). Dried tomatoes and tomato powder, made directly from whole, cut, sliced, or broken tomatoes, were also classified under this subheading. However, tomato powder made from spray-dried tomato paste was reclassified in 1994 by U.S. Customs and now enters under subheading 2002.90.00 (Other prepared or preserved tomatoes, other than tomatoes whole or in pieces, tomato paste, and tomato puree).

Description and uses.--Tomato powder is made by crushing fresh tomatoes, removing the seeds, evaporating the pulp, and mechanically or air-drying the resulting paste or concentrate,<sup>2</sup> or by drying whole, cut, sliced, or broken fresh tomatoes. Tomato powder is used almost exclusively by institutional or industrial users in the preparation of numerous other products, including dry soups and other mixes, and in seasonings.<sup>3</sup>

<sup>1</sup> This digest includes the following HTS subheadings: 0712.90.75(pt) and 2002.90.00(pt), except where noted. Advice is provided only on tomato powder, not on the other products classified within these two HTS subheadings.

<sup>2</sup> See Petition for Designation to GSP Eligibility of Tomato Powder from Morocco, submitted by Vincent Bowen, White & Case, Washington, DC, July 2, 1997.

<sup>3</sup> See Petition for Designation to GSP Eligibility of Tomato Powder from Morocco, submitted by Vincent Bowen, White & Case, Washington, DC, July 2, 1997, on behalf of McCormick & Co., Inc., and Statement of the National Association of Growers and Processors for Fair Trade Opposing GSP Treatment on Dried Tomatoes, submitted by John Welty, Stockton, CA, Sept. 26, 1997, on behalf of the National Association of Growers and Processors for Fair Trade.

II. U.S. market profile

Profile of U.S. industry and market, 1992-96

Item	1992	1993	1994	1995	1996
Producers ( <u>number</u> ) <sup>1</sup> . . . . .	6	6	6	6	6
Employment ( <u>1,000 employees</u> ) . . . . .	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Shipments ( <u>1,000 dollars</u> ) . . . . .	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Exports ( <u>1,000 dollars</u> ) <sup>3</sup> . . . . .	64,093	71,822	68,177	79,592	84,980
Imports ( <u>1,000 dollars</u> ) <sup>4</sup> . . . . .	46,056	46,728	63,933	59,720	52,756
Consumption ( <u>1,000 dollars</u> ) . . . . .	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Import-to-consumption ratio ( <u>percent</u> ) . .	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Capacity utilization ( <u>percent</u> ) . . . . .	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )

<sup>1</sup> Estimated by the staff of the U.S. International Trade Commission.<sup>2</sup> Not available.

<sup>3</sup> The export data shown are for Sch. B No 0712.90.90, which also include other dried vegetables, in addition to tomato powder, and dried mixtures of vegetables. Exports of tomato powder under the 2002.90 subheading also include other processed tomato products and estimates for tomato powder can not accurately be calculated from this category. See comment.

<sup>4</sup> The import data shown here are for HTS subheading 0712.90.75 (dried tomatoes including tomato powder) and subheading 2002.90.00 (other prepared or preserved tomatoes including tomato powder).

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

Comment.--Because U.S. exports of the products covered in this digest are part of a larger basket category, estimates of actual U.S. exports of these products for the period are as follows (in 1,000 dollars)--

<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
236	254	200	223	224

The U.S. dried tomato market is believed to be small relative to the market for other processed tomato products. In recent years, increasing amounts of consumption are believed to have been accounted for by imports. Domestic producers may benefit from a competitive advantage vis-a-vis their foreign competitors because of their close proximity to U.S. markets, but have a disadvantage owing to a lack of any real brand preference on the part of institutional consumers.

There are no data available on U.S. production of tomato powder. However, domestic production is believed to have accounted for less than 20 percent of consumption in recent years.<sup>4</sup> U.S. imports of tomato powder rose steadily from \$46.1 million in 1992 to \$63.9 million in 1994 before falling steadily to \$52.8 million in 1996.

<sup>4</sup> Petition for Designation to GSP Eligibility of Tomato Powder from Morocco, Vincent Bowen, July 2, 1997.



III. GSP import situation, 1996

## U.S. imports and share of U.S. consumption, 1996

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total. . . . .	52,756	100	( <sup>1</sup> )	( <sup>1</sup> )
Imports from GSP countries:				
GSP total . . . . .	11,203	21	100	( <sup>1</sup> )
Turkey. . . . .	4,134	8	37	( <sup>1</sup> )
Chile . . . . .	3,390	6	30	( <sup>1</sup> )
Morocco . . . . .	3,134	6	28	( <sup>1</sup> )

<sup>1</sup> Not applicable.

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

Comment.--Imports of tomato powder rose from \$46.1 million in 1992 to \$63.9 million in 1994 and then fell to \$52.8 million in 1996. The principal sources of such imports in 1996, together with their share of total imports, included Spain (31 percent), Mexico (16 percent), and Israel (12 percent). Effective January 1, 1996, the duties on imports from Mexico and Israel under subheading 0712.90.75 were free; imports under subheading 2002.90.00 were free from Israel and dutiable at 8 percent ad valorem from Mexico. Imports from GSP-eligible suppliers declined irregularly from \$16.6 million in 1992 to \$11.2 million in 1996. The principal sources of total imports from GSP-eligible countries in 1996 included Turkey (8 percent) and Chile and Morocco (6 percent each). The latter three countries were the principal GSP-eligible suppliers during 1992-96.

IV. Competitiveness profiles, GSP suppliers

## Competitiveness indicators for Turkey for all digest products

Ranking as a U.S. import supplier, 1996. . . . .	5
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. import demand? . . . . .	High <input checked="" type="checkbox"/> Moderate <input type="checkbox"/> Low <input type="checkbox"/>
Can production in the country be easily expanded or contracted in the short term? . . . . .	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Does the country have significant export markets besides the United States? . . . . .	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Could exports from the country be readily redistributed among its foreign export markets? . . . . .	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
What is the price elasticity of import supply? . . . . .	High <input checked="" type="checkbox"/> Moderate <input type="checkbox"/> Low <input type="checkbox"/>
Price level compared with--	
U.S. products. . . . .	Above <input type="checkbox"/> Equivalent <input checked="" type="checkbox"/> Below <input type="checkbox"/>
Other foreign products . . . . .	Above <input type="checkbox"/> Equivalent <input checked="" type="checkbox"/> Below <input type="checkbox"/>
Quality compared with--	
U.S. products. . . . .	Above <input type="checkbox"/> Equivalent <input checked="" type="checkbox"/> Below <input type="checkbox"/>
Other foreign products . . . . .	Above <input type="checkbox"/> Equivalent <input checked="" type="checkbox"/> Below <input type="checkbox"/>

## IV. Competitiveness profiles, GSP suppliers--Continued

## Competitiveness indicators for Chile for all digest products

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Ranking as a U.S. import supplier, 1996. . . . . 7

Price elasticity:

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

What is the price elasticity of U.S. import 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   

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## Competitiveness indicators for Morocco for all digest products

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Ranking as a U.S. import supplier, 1996. . . . . 8

Price elasticity:

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

What is the price elasticity of U.S. import 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   

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## Competitiveness indicators for all GSP countries and for all digest products

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Ranking as a U.S. import supplier, 1996. . . . . (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. import demand? . . . . . High X Moderate X Low   

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

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

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

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

Price level compared with--

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

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

Quality compared with--

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

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

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<sup>1</sup> Not applicable.

V. Position of interested parties

Petitioner.--Counsel for McCormick & Co., Inc., petitioned for the designation of GSP eligibility for tomato powder from Morocco, stating that U.S. production capacity is less than 8 percent of demand and is insufficient to supply even a modest share of McCormick's internal processing requirements. The petitioner stated further that there is no basis for the domestic industry's claim that lowering the tariff on tomato products will result in injury, and that the existing tariffs lead to rising materials' costs for U.S. food processors.

Opposition.--The National Association of Growers and Processors for Fair Trade, representing growers and processors of tomatoes and products, opposes GSP treatment for all dried tomato products (including tomato powder). The Association describes these tomato products as import-sensitive products, sold in the institutional market characterized by buyers with little or no consumer brand loyalty and where most sales are based on price. They also stated that both U.S.-produced and imported dried tomato products are comparable in quality and that beneficiary developing countries that currently supply exports of such products to the United States are major global producers and exporters of these products, fully competitive with U.S. producers.

Kerry International, a U.S. producer of tomato powder, is opposed to GSP treatment for tomato powder. This producer stated that domestic production is increasing and that any reduction in the existing duties would lead to increased imports and decrease demand for the U.S.-produced product, with no price savings passed on to consumers.

Kerry Ingredients, Inc. (Kerry), a manufacturer of specialty food ingredients, is opposed to the granting of duty-free treatment to tomato powder. Kerry states that it already competes with allegedly heavily subsidized tomato powder producers throughout Europe and that it expects to displace production from some of these producers if GSP status for tomato powder is not changed. Kerry further states that most foreign suppliers currently have sufficient existing supplies to lower their prices and increase their shipments to the U.S. market, and that allowing GSP status for tomato powder will lead to depressed future growth and development of the U.S. tomato powder industry overall.

VI. Summary of probable economic advice--Addition (Morocco)

\* \* \* \* \*

**Table 1 -Tomato powder (HTS Subheading 07129075, pt ): U S imports for consumption, by principal sources, 1992-96, January-June 1996-97**

Source						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Spain	10,689 67	8,158 41	4,035 49	5,921 21	7,473 25	3,492 52	1,200 04
Turkey	235 22	825 58	2,533 21	1,861 19	4,074 26	436 20	820 24
Switzerland	6,297 35	3,228 72	4,616 61	5,196 66	3,319 20	2,693 06	217 92
Mexico	58 33	95 39	286 36	2,104 28	3,059 46	1,481 00	2,698 92
Morocco	7,414 44	5,423 43	1,246 39	559 66	2,784 66	336 92	957 76
Chile	1,507 54	1,720 86	2,621 39	3,074 88	2,422 05	1,415 26	1,384 16
Israel	223 09	125 67	185 75	460 13	2,273 28	865 92	1,357 25
Italy	2,510 12	1,692 82	2,030 36	1,143 56	1,476 01	251 76	343 79
Portugal	2,379 49	1,895 63	2,158 41	763 20	573 13	281 60	145 75
China	0 00	0 00	0 00	32 49	128 11	40 15	132 96
India	0 00	0 00	0 00	0 00	71 28	0 00	0 00
Bulgaria	0 00	32 80	134 66	97 62	65 71	40 57	0 00
All other	977 10	1,313 01	451 78	424 35	59 07	39 46	141 17
<b>Total</b>	<b>32,292.34</b>	<b>24,512.31</b>	<b>20,300.40</b>	<b>21,639.25</b>	<b>27,779.47</b>	<b>11,374.43</b>	<b>9,399.96</b>
<b>Total from GSP-eligible nations</b>	<b>20,685.78</b>	<b>17,488.95</b>	<b>13,202.40</b>	<b>13,665.79</b>	<b>20,994.95</b>	<b>6,175.38</b>	<b>5,184.10</b>
	<i>Percent</i>						
Spain	33 1	33 3	19 9	27 4	26 9	30 7	12 8
Turkey	0 7	3 4	12 5	8 6	14 7	3 8	8 7
Switzerland	19 5	13 2	22 7	24 0	11 9	23 7	2 3
Mexico	0 2	0 4	1 4	9 7	11 0	13 0	28 7
Morocco	23 0	22 1	6 1	2 6	10 0	3 0	10 2
Chile	4 7	7 0	12 9	14 2	8 7	12 4	14 7
Israel	0 7	0 5	0 9	2 1	8 2	7 6	14 4
Italy	7 8	6 9	10 0	5 3	5 3	2 2	3 7
Portugal	7 4	7 7	10 6	3 5	2 1	2 5	1 6
China	0 0	0 0	0 0	0 2	0 5	0 4	1 4
India	0 0	0 0	0 0	0 0	0 3	0 0	0 0
Bulgaria	0 0	0 1	0 7	0 5	0 2	0 4	0 0
All other	3 0	5 4	2 2	2 0	0 2	0 3	1 5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Share from GSP-eligible nations</b>	<b>64.1</b>	<b>71.3</b>	<b>65.0</b>	<b>63.2</b>	<b>75.6</b>	<b>54.3</b>	<b>55.2</b>

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

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

Table 1 -Tomato powder (HTS Subheading 20029000, pt ): U S imports for consumption, by principal sources, 1992-96, January-June 1996-97							
Source						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Spain	73 10	573 25	8,673 00	6,651 58	8,675 73	4,870 07	8,711 97
Mexico	4,470 14	14,974 07	18,652 48	5,980 40	5,157 38	5,157 38	5,342 46
Israel	414 67	643 09	686 55	2,849 71	4,057 84	1,353 18	1,458 52
Italy	1,322 72	1,136 88	1,735 98	3,283 14	2,616 80	1,209 20	1,743 53
Canada	343 22	933 38	3,934 32	7,946 43	1,279 70	1,064 53	218 97
Switzerland	0 00	6 49	0 00	0 00	1,160 10	0 00	1,765 39
Chile	4,841 89	2,313 94	5,643 45	4,733 73	967 67	751 55	310 67
Morocco	0 00	92 59	3,100 56	5,643 70	349 14	277 86	2,514 32
Dominican Rep	127 12	20 85	189 85	351 39	187 53	84 00	43 40
Ecuador	44 37	75 20	139 35	508 07	159 75	8 35	166 47
Portugal	113 24	320 12	214 18	16 54	138 01	138 01	283 97
Turkey	279 33	254 56	170 88	6 72	59 31	24 16	119 87
All other	1,733 80	871 31	491 49	108 91	167 86	139 57	555 86
<b>Total</b>	<b>13,763 59</b>	<b>22,215 73</b>	<b>43,632 11</b>	<b>38,080 30</b>	<b>24,976 81</b>	<b>15,077 85</b>	<b>23,235 39</b>
<b>Total from GSP-eligible nations</b>	<b>6,796 74</b>	<b>3,546 30</b>	<b>9,653 18</b>	<b>11,301 99</b>	<b>1,755 27</b>	<b>1,170 31</b>	<b>3,703 41</b>
	<i>Percent</i>						
Spain	0 5	2 6	19 9	17 5	34 7	32 3	37 5
Mexico	32 5	67 4	42 7	15 7	20 6	34 2	23 0
Israel	3 0	2 9	1 6	7 5	16 2	9 0	6 3
Italy	9 6	5 1	4 0	8 6	10 5	8 0	7 5
Canada	2 5	4 2	9 0	20 9	5 1	7 1	0 9
Switzerland	0 0	0 0	0 0	0 0	4 6	0 0	7 6
Chile	35 2	10 4	12 9	12 4	3 9	5 0	1 3
Morocco	0 0	0 4	7 1	14 8	1 4	1 8	10 8
Dominican Rep	0 9	0 1	0 4	0 9	0 8	0 6	0 2
Ecuador	0 3	0 3	0 3	1 3	0 6	0 1	0 7
Portugal	0 8	1 4	0 5	0 0	0 6	0 9	1 2
Turkey	2 0	1 1	0 4	0 0	0 2	0 2	0 5
All other	12 6	3 9	1 1	0 3	0 7	0 9	2 4
<b>Total</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>
<b>Share from GSP-eligible nations</b>	<b>49 4</b>	<b>16 0</b>	<b>22 1</b>	<b>29 7</b>	<b>7 0</b>	<b>7 8</b>	<b>15 9</b>

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

**Table 1 -Tomato powder (digest-level): U S imports for consumption, by principal sources, 1992-96, January-June 1996-97**

Source						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Spain	10,762 77	8,731 66	12,708 49	12,572 78	16,148 98	8,362 59	9,912 01
Mexico	4,528 47	15,069 46	18,938 84	8,084 68	8,216 84	6,638 38	8,041 39
Israel	637 76	768 76	872 30	3,309 84	6,331 11	2,219 10	2,815 78
Switzerland	6,297 35	3,235 21	4,616 61	5,196 66	4,479 30	2,693 06	1,983 30
Turkey	514 54	1,080 13	2,704 10	1,867 92	4,133 57	460 36	940 10
Italy	3,832 85	2,829 71	3,766 34	4,426 70	4,092 82	1,460 96	2,087 32
Chile	6,349 42	4,034 80	8,264 84	7,808 61	3,389 72	2,166 81	1,694 83
Morocco	7,414 44	5,516 02	4,346 95	6,203 36	3,133 80	614 78	3,472 08
Portugal	2,492 72	2,215 75	2,372 60	779 74	711 13	419 61	429 71
Dominican Republic	127 12	20 85	189 85	351 39	187 53	84 00	43 40
Ecuador	44 37	75 20	139 35	508 07	159 75	8 35	166 47
China	0 00	0 00	63 87	32 50	128 11	40 15	132 96
All other	3,054 12	3,150 50	4,948 38	8,577 30	1,643 62	1,284 13	916 00
<b>Total</b>	<b>46,055 93</b>	<b>46,728 04</b>	<b>63,932 51</b>	<b>59,719 54</b>	<b>52,756 28</b>	<b>26,452 28</b>	<b>32,635 35</b>
<b>Total from GSP-eligible nations</b>	<b>20,685 78</b>	<b>17,488 95</b>	<b>13,202 40</b>	<b>13,665 79</b>	<b>20,994 95</b>	<b>6,175 38</b>	<b>5,184 10</b>
	<i>Percent</i>						
Spain	23 4	18 7	19 9	21 1	30 6	31 6	30 4
Mexico	9 8	32 2	29 6	13 5	15 6	25 1	24 6
Israel	1 4	1 6	1 4	5 5	12 0	8 4	8 6
Switzerland	13 7	6 9	7 2	8 7	8 5	10 2	6 1
Turkey	1 1	2 3	4 2	3 1	7 8	1 7	2 9
Italy	8 3	6 1	5 9	7 4	7 8	5 5	6 4
Chile	13 8	8 6	12 9	13 1	6 4	8 2	5 2
Morocco	16 1	11 8	6 8	10 4	5 9	2 3	10 6
Portugal	5 4	4 7	3 7	1 3	1 3	1 6	1 3
Dominican Republic	0 3	0 0	0 3	0 6	0 4	0 3	0 1
Ecuador	0 1	0 2	0 2	0 9	0 3	0 0	0 5
China	0 0	0 0	0 1	0 1	0 2	0 2	0 4
All other	6 6	6 7	7 7	14 4	3 1	4 9	2 8
<b>Total</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>
<b>Total from GSP-eligible nations</b>	<b>44 9</b>	<b>37 4</b>	<b>20 7</b>	<b>22 9</b>	<b>39 8</b>	<b>23 3</b>	<b>15 9</b>

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

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

**Table 2 –Tomato powder: U S exports of domestic merchandise, by principal markets, 1992-96, January-June 1996-97**

Market						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Canada	37,972 32	43,528 72	41,543 33	41,787 01	42,848 67	18,348 76	15,776 35
Japan	6,998 83	5,573 37	7,616 75	9,605 43	10,248 13	5,662 35	4,139 80
Korea	4,604 73	4,455 22	2,474 91	3,890 36	5,107 85	2,899 82	4,062 82
Italy	7 59	21 03	57 89	4,905 05	4,695 15	3,369 44	2,628 54
Brazil	0 26	3 50	710 21	1,545 60	3,739 48	1 01	14,165 49
Haiti	130 60	410 14	582 56	2,490 31	3,675 16	1,606 28	1,001 04
Mexico	5,025 01	2,231 57	2,359 87	515 45	1,917 47	464 50	2,268 57
Australia	11 11	5,360 95	1,306 83	670 28	1,765 56	764 16	204 87
Philippines	2,776 70	2,820 06	3,451 98	1,203 91	1,756 40	559 86	574 40
Hong Kong	554 95	666 66	1,292 38	1,006 96	1,203 11	582 24	605 74
Dominican Republic	341 14	1,843 20	61 53	1,500 36	1,092 86	81 19	68 65
Taiwan	228 83	378 35	1,537 31	2,760 05	1,043 31	770 76	860 65
All other	5,440 72	4,529 18	5,181 41	7,710 93	5,886 85	2,519 01	3,688 97
<b>Total</b>	<b>64,092.79</b>	<b>71,821.95</b>	<b>68,176.96</b>	<b>79,591.70</b>	<b>84,980.01</b>	<b>37,629.36</b>	<b>50,045.87</b>
	<i>Percent</i>						
Canada	59 2	60 6	60 9	52 5	50 4	48 8	31 5
Japan	10 9	7 8	11 2	12 1	12 1	15 0	8 3
Korea	7 2	6 2	3 6	4 9	6 0	7 7	8 1
Italy	0 0	0 0	0 1	6 2	5 5	9 0	5 3
Brazil	0 0	0 0	1 0	1 9	4 4	0 0	28 3
Haiti	0 2	0 6	0 9	3 1	4 3	4 3	2 0
Mexico	7 8	3 1	3 5	0 6	2 3	1 2	4 5
Australia	0 0	7 5	1 9	0 8	2 1	2 0	0 4
Philippines	4 3	3 9	5 1	1 5	2 1	1 5	1 1
Hong Kong	0 9	0 9	1 9	1 3	1 4	1 5	1 2
Dominican Republic	0 5	2 6	0 1	1 9	1 3	0 2	0 1
Taiwan	0 4	0 5	2 3	3 5	1 2	2 0	1 7
All other	8 5	6 3	7 6	9 7	6 9	6 7	7 4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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

Market Compiled from official statistics of the U S Department of Commerce



DIGEST NO. 0811.20.20  
CERTAIN BERRIES, FROZEN

## Certain Berries, Frozen

I. IntroductionX Competitive-need-limit waiver (Chile)

HTS subheading	Short description	Col. 1 rate of duty (1/1/97) <u>Percent ad valorem</u>	Like or directly competitive article produced in the United States on Jan. 1, 1995?
0811.20.20 <sup>1</sup>	Certain berries, frozen	5.8%	Yes

<sup>1</sup> Chile has been proclaimed by the President as noneligible for GSP treatment for articles included under HTS subheading 0811.20.20.

Description and uses.--This HTS subheading includes frozen raspberries, loganberries, black currants, and gooseberries (other than kiwi fruit). These products may be uncooked, steamed, or boiled in water and may contain added sugar or other sweetening material. These products generally are packed in a number of ways, including in bulk, individually-quick-frozen, as puree, and as concentrate. These products are generally used as an ingredient for further-processed foods. The great bulk of this category is accounted for by raspberries.

II. U.S. market profile

Profile of U.S. industry and market, 1992-96

Item	1992	1993	1994	1995	1996
Producers ( <u>number</u> ) <sup>1</sup> . . . . .	**1,200	**1,200	**1,200	**1,200	**1,200
Employment ( <u>1,000 employees</u> ) . . . . .	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Production ( <u>1,000 dollars</u> ) <sup>1</sup> . . . . .	*40,197	*31,960	*39,546	*54,068	*33,573
Exports ( <u>1,000 dollars</u> ) . . . . .	3,046	2,165	2,866	2,956	3,995
Imports ( <u>1,000 dollars</u> ) . . . . .	4,103	4,855	5,945	8,036	14,573
Consumption ( <u>1,000 dollars</u> ) . . . . .	*41,254	*34,650	*42,625	*59,148	*44,151
Import-to-consumption ratio ( <u>percent</u> ) . .	*10	*14	*14	*14	*33
Capacity utilization ( <u>percent</u> ) . . . . .	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )

<sup>1</sup> Data derived from official statistics of the U.S. Department of Agriculture.

<sup>2</sup> Not available.

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

Comment.--The bulk of U.S. frozen raspberry production occurs in the Northwest region; where most raspberry production is destined for the frozen market. The U.S. industry comprises raspberry growers, grower/freezers, and freezers. The U.S. product is generally considered to be of a higher quality (mainly in terms of flavor and color) and is higher in price than imported products. Global market conditions are largely determined by the annual crops in the United States and Europe, with imports (particularly from Chile) generally filling any market gaps. Currently there exists a global surplus of frozen raspberries, mainly as a result of rising production. In particular, production has risen in recent years in Central and Eastern Europe, displacing both U.S. and Chilean exports to major European markets. U.S. consumption fluctuated in terms of value during 1992-96, but U.S. imports rose both in absolute terms and as a share of consumption.

III. GSP import situation, 1996

## U.S. imports and share of U.S. consumption, 1996

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total. . . . .	14,573	100	( <sup>1</sup> )	33
Imports from GSP countries:				
GSP total . . . . .	10,451	72	100	24
Chile . . . . .	8,416	58	81	19
Macedonia . . . . .	947	6	9	2
Poland. . . . .	395	3	4	1
Guatemala . . . . .	264	2	3	1

<sup>1</sup> Not applicable.

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

Comment.--Chile is, by far, the largest supplier of U.S. imports of the frozen berries included in this digest and accounts for the great bulk of imports from GSP beneficiaries. The primary market for Chilean exports of the subject frozen berries is the European Union (EU), which accounts for about three-fourths of such exports. Chilean exports are currently subject to an average tariff of about 14 percent ad valorem in the EU compared with 5.8 percent ad valorem in the United States. U.S. imports of frozen raspberries from Chile increased substantially in 1996, mainly the result of a weather-related decline in the U.S. raspberry crop that year.

IV. Competitiveness profiles, GSP suppliers

## Competitiveness indicators for Chile for all digest products

Ranking as a U.S. import supplier, 1996. . . . . 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. import 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 X Equivalent    Below   

Quality compared with--

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

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

Comment.--Chile holds a competitive advantage compared with the United States in production costs, particularly labor and land. U.S. producers hold advantages in terms of quality and proximity to domestic markets.

V. Position of interested parties

Petitioners.--The petitioners, the Chilean Exporters' Association, the Chilean Federation of Food Processors and Agribusiness, and the Association of Frozen Products Exporters, represent exporters of Chilean fruit, including frozen raspberries. The petitioners state that the value of U.S. imports of the items in the subject HTS subheading is close to the de minimis level; that the waiver would reinforce the economic development of Chile; that the waiver would strengthen the U.S.-Chilean relationship; that the waiver would benefit U.S. consumers and the food processing industry; and that the waiver would mitigate the negative effects of the recent cyclospora outbreak (which did not occur in Chile) on the Chilean industry.

V. Position of interested parties--Continued

Opposition.--The Washington Red Raspberry Commission opposes the granting of a waiver. The Commission states that U.S. imports of the items included in the subject HTS subheading from Chile are substantial, particularly in relation to domestic production; that there is evidence that Chile is dumping frozen red raspberries in the U.S. market; that granting the waiver would be a de facto endorsement of extending NAFTA to Chile without consulting domestic producers; and, that the waiver would result in further price suppression in the U.S. market for processed red raspberries.

VI. Summary of probable economic advice--Competitive-need-limit waiver (Chile)

\* \* \* \* \*

**Table 1 --Certain berries, frozen: U S imports for consumption, by principal sources, 1992-96, January-June 1996-97**

Source						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Chile	2,241 94	2,803 42	3,716 21	3,619 38	8,416 14	6,186 18	5,701 96
Canada	829 92	1,045 30	1,074 99	3,109 98	1,813 26	631 55	301 97
Mexico	2 66	90 11	16 91	295 65	1,140 37	898 66	235 93
Macedonia	0 00	347 07	631 21	596 26	947 06	363 95	622 15
Yugoslavia	52 32	0 00	0 00	0 00	598 28	113 64	230 70
Poland	0 00	86 90	24 47	3 57	395 28	9 02	43 71
Guatemala	12 60	0 00	4 45	58 50	264 32	50 67	108 73
Bulgaria	0 00	0 00	0 00	0 00	199 36	0 00	129 83
Sweden	98 26	136 99	150 21	228 21	198 06	52 30	74 01
France	169 64	74 11	87 08	23 89	112 70	47 72	32 97
Hungary	30 78	50 21	54 68	0 00	108 09	0 00	91 04
Luxembourg	0 00	0 00	0 00	0 00	86 09	0 00	0 00
All other	664 63	220 42	185 11	100 77	293 97	49 13	161 80
<b>Total</b>	<b>4,102 75</b>	<b>4,854 51</b>	<b>5,945 32</b>	<b>8,036 20</b>	<b>14,572 96</b>	<b>8,402 83</b>	<b>7,734 79</b>
<b>Total from GSP-eligible nations</b>	<b>2,513 34</b>	<b>3,477 47</b>	<b>4,587 95</b>	<b>4,370 02</b>	<b>10,450 74</b>	<b>6,639 37</b>	<b>6,704 61</b>
	<i>Percent</i>						
Chile	54 6	57 7	62 5	45 0	57 8	73 6	73 7
Canada	20 2	21 5	18 1	38 7	12 4	7 5	3 9
Mexico	0 1	1 9	0 3	3 7	7 8	10 7	3 1
Macedonia	0 0	7 1	10 6	7 4	6 5	4 3	8 0
Yugoslavia	1 3	0 0	0 0	0 0	4 1	1 4	3 0
Poland	0 0	1 8	0 4	0 0	2 7	0 1	0 6
Guatemala	0 3	0 0	0 1	0 7	1 8	0 6	1 4
Bulgaria	0 0	0 0	0 0	0 0	1 4	0 0	1 7
Sweden	2 4	2 8	2 5	2 8	1 4	0 6	1 0
France	4 1	1 5	1 5	0 3	0 8	0 6	0 4
Hungary	0 8	1 0	0 9	0 0	0 7	0 0	1 2
Luxembourg	0 0	0 0	0 0	0 0	0 6	0 0	0 0
All other	16 2	4 5	3 1	1 3	2 0	0 6	2 1
<b>Total</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>
<b>Share from GSP-eligible nations</b>	<b>61 3</b>	<b>71 6</b>	<b>77 2</b>	<b>54 4</b>	<b>71 7</b>	<b>79 0</b>	<b>86 7</b>

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

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

**Table 2 --Certain berries, frozen: U S exports of domestic merchandise, by principal markets, 1992-96, January-June 1996-97**

Market						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Canada	1,225 29	1,109 48	1,484 50	1,911 89	2,286 41	1,016 10	591 94
Australia	459 95	313 94	467 86	306 08	627 89	214 60	103 62
Japan	147 70	158 88	369 33	243 23	627 40	419 99	281 13
Mexico	0 00	49 80	21 17	199 83	185 96	149 03	43 26
United Kingdom	478 69	58 25	72 07	5 99	84 21	36 96	0 00
Russia	0 00	2 63	53 33	61 54	50 17	35 95	0 00
Finland	0 00	13 85	0 00	0 00	41 25	0 00	0 00
Switzerland	4 80	4 81	6 01	26 83	26 57	0 00	0 00
Norway	2 53	0 00	0 00	0 00	18 06	0 00	0 00
Israel	0 00	0 00	0 00	0 00	18 00	18 00	15 98
Netherlands	6 48	0 00	0 00	18 85	14 43	0 00	0 00
Singapore	2 85	39 00	13 65	3 56	12 48	5 29	18 35
All other	717 79	414 02	378 26	178 14	2 63	0 00	45 00
<b>Total</b>	<b>3,046.08</b>	<b>2,164.85</b>	<b>2,866.18</b>	<b>2,955.95</b>	<b>3,995.44</b>	<b>1,895.92</b>	<b>1,099.29</b>
	<i>Percent</i>						
Canada	40 2	51 3	51 8	64 7	57 2	53 6	53 8
Australia	15 1	14 5	16 3	10 4	15 7	11 3	9 4
Japan	4 8	7 3	12 9	8 2	15 7	22 2	25 6
Mexico	0 0	2 3	0 7	6 8	4 7	7 9	3 9
United Kingdom	15 7	2 7	2 5	0 2	2 1	1 9	0 0
Russia	0 0	0 1	1 9	2 1	1 3	1 9	0 0
Finland	0 0	0 6	0 0	0 0	1 0	0 0	0 0
Switzerland	0 2	0 2	0 2	0 9	0 7	0 0	0 0
Norway	0 1	0 0	0 0	0 0	0 5	0 0	0 0
Israel	0 0	0 0	0 0	0 0	0 5	0 9	1 5
Netherlands	0 2	0 0	0 0	0 6	0 4	0 0	0 0
Singapore	0 1	1 8	0 5	0 1	0 3	0 3	1 7
All other	23 6	19 1	13 2	6 0	0 1	0 0	4 1
<b>Total</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>

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

Market: Compiled from official statistics of the U S Department of Commerce

DIGEST NO. 0812.10.00  
CHERRIES, PROVISIONALLY PRESERVED



## Cherries, Provisionally Preserved

## I. Introduction

X Addition to GSP

HTS subheading	Short description	Col. 1 rate of duty (1/1/97) Percent ad valorem	Like or directly competitive article produced in the United States on Jan. 1, 1995?
0812.10.00 <sup>1</sup>	Cherries, provisionally preserved	9%	Yes

<sup>1</sup> Based on 1996 trade data, no country exceeds the competitive-need limits for articles included under HTS subheading 0812.10 00.

Description and uses.--The cherries included in this category are sweet cherries preserved in a brine solution; they are principally used to produce maraschino and glace cherries or are used as an ingredient in fruit cocktail and ice cream production. Smaller amounts are used in the baked goods and confectionery markets. Sweet cherries traditionally have been preserved by this method to bridge the time between their harvest in the spring and their further processing in the fall and winter.

## II. U.S. market profile

Profile of U.S. industry and market, 1992-96

Item	1992	1993	1994	1995	1996
Producers ( <u>number</u> ) <sup>1</sup> . . . . .	**5,000	**5,000	**5,000	**5,000	**5,000
Employment ( <u>1,000 employees</u> ) . . . . .	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Production ( <u>1,000 dollars</u> ) <sup>1</sup> . . . . .	*42,545	*38,760	*33,901	*30,333	*33,831
Exports ( <u>1,000 dollars</u> ) . . . . .	6,951	4,698	3,699	5,598	5,953
Imports ( <u>1,000 dollars</u> ) . . . . .	2,014	3,540	3,377	2,572	5,027
Consumption ( <u>1,000 dollars</u> ) <sup>1</sup> . . . . .	*37,608	*37,602	*33,579	*27,307	*32,905
Import-to-consumption ratio ( <u>percent</u> ) . . . . .	*5	*9	*10	*9	*15
Capacity utilization ( <u>percent</u> ) . . . . .	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )

<sup>1</sup> Data derived from official statistics of the U.S. Department of Agriculture.

<sup>2</sup> Not available.

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

Comment.--Slightly under one-third of the U.S. sweet cherry crop was brined in 1996. U.S. production of brined cherries is concentrated in Michigan, Oregon, Washington, and California. The U.S. industry includes sweet cherry growers, who provide the raw material; briners, who supply brined cherries to finishers; and, briner/finishers, who produce brined cherries for their own use for finished products such as maraschino cherries. U.S.-produced brined cherries generally are regarded to be of superior quality (mainly in terms of firmness, stem retention, color, and damage) and are higher in price compared with those from GSP sources. Imports traditionally have been complementary and have responded to annual fluctuations in the U.S. and European cherry crops. The U.S. sweet cherry crop was relatively large in 1997 following 2 depressed years. U.S. consumption generally declined in terms of value during 1992-96, and imports captured an increasing share of the U.S. market during the period.

III. GSP import situation, 1996

## U.S. imports and share of U.S. consumption, 1996

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total. . . . .	5,027	100	( <sup>1</sup> )	15
Imports from GSP countries:				
GSP total . . . . .	66	1	100	( <sup>2</sup> )
Turkey . . . . .	37	1	56	( <sup>2</sup> )
Bulgaria . . . . .	29	1	44	( <sup>2</sup> )

<sup>1</sup> Not applicable.<sup>2</sup> Less than 0.5 percent.

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

Comment.--GSP countries supply a small share of total U.S. imports of the cherries included in this digest, about 1 percent of the value in 1996. However, these countries are substantial producers of cherries. Among U.S. suppliers during 1992-96, Turkey was the second leading global cherry producer in 1996. Bulgaria ranked 8th, and Chile ranked 14th (the United States ranked 3rd). Guatemala was a minor producer. Other major GSP country producers in 1996 included Russia, Romania, and Poland. Total U.S. imports of brined cherries increased substantially in 1996, mainly because of a weather-related decline in the U.S. sweet cherry crop that year. Virtually all of the increase was accounted for by Italy and Greece, the leading suppliers.

IV. Competitiveness profiles, GSP suppliers

## Competitiveness indicators for Turkey for all digest products

Ranking as a U.S. import supplier, 1996. . . . .	3
Price elasticity:	
Can the U.S. purchaser easily shift among this and other suppliers? . . . . .	Yes <u>X</u> No <u>  </u>
What is the price elasticity of U.S. import demand? . . . . .	High <u>X</u> Moderate <u>  </u> Low <u>  </u>
Can production in the country be easily expanded or contracted	
in the short term? . . . . .	Yes <u>  </u> No <u>X</u>
Does the country have significant export markets besides the	
United States? . . . . .	Yes <u>X</u> No <u>  </u>
Could exports from the country be readily redistributed among	
its foreign export markets? . . . . .	Yes <u>X</u> No <u>  </u>
What is the price elasticity of import supply? . . . . .	High <u>  </u> Moderate <u>X</u> Low <u>  </u>
Price level compared with--	
U.S. products. . . . .	Above <u>  </u> Equivalent <u>  </u> Below <u>X</u>
Other foreign products . . . . .	Above <u>  </u> Equivalent <u>  </u> Below <u>X</u>
Quality compared with--	
U.S. products. . . . .	Above <u>  </u> Equivalent <u>  </u> Below <u>X</u>
Other foreign products . . . . .	Above <u>  </u> Equivalent <u>  </u> Below <u>X</u>

Comment.--Turkey trailed only Germany as a global cherry producer in 1996, when it produced 158,000 metric tons. However, Turkey currently produces a small amount of brined cherries, 4,400 metric tons in 1996. Most of Turkey's brined cherry output is exported, mainly to Europe.

IV. Competitiveness profiles, GSP suppliers--Continued

## Competitiveness indicators for Bulgaria for all digest products

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Ranking as a U.S. import supplier, 1996. . . . . 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. import demand? . . . . . High    Moderate X Low   

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

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

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

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

Price level compared with--

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

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

Quality compared with--

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

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

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Comment.--Bulgaria has the potential to increase its exports of brined cherries to the U.S. market. The average unit value of U.S. imports from Bulgaria exceeded that of other sources, likely owing to the relatively small quantity involved. U.S. finishers occasionally source small amounts of brined cherries from potential new suppliers.

## Competitiveness indicators for all GSP countries and for all digest products

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Ranking as a U.S. import supplier, 1996. . . . . (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. import demand? . . . . . High    Moderate X Low   

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

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

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

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

Price level compared with--

U.S. products. . . . . Above    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

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<sup>1</sup> Not applicable.

Comment.--GSP countries have the capacity to substantially expand exports in the long run. The petitioner estimates that production capacity in Turkey could increase by 27 percent if GSP is granted. GSP countries hold advantages in labor and land costs compared with domestic and non-GSP suppliers. However, any expansion in exports from GSP countries likely would be constrained in the near term by the long maturity period for cherry trees,<sup>1</sup> quality issues, and buyer-supplier unfamiliarity.

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<sup>1</sup> A cherry tree requires 5 to 6 years before reaching production. Transcript of the hearing, p. 122.

V. Position of interested parties

Petitioner.--The petitioner, the Aegean Fresh Fruits and Vegetables Exporters' Union, represents exporters of Turkish fruit and vegetables, including brined cherries. The petitioner has requested GSP treatment in order to increase members' export potential, to increase members' incomes, and to increase the foreign exchange reserves of Turkey.

Opposition.--The National Cherry Growers and Industries Foundation opposes the addition of provisionally preserved cherries to the GSP. The Foundation states that the U.S. market for such cherries is mature, and consumption is flat. It asserts that granting GSP status would result in increased imports, which would displace domestic production and result in lower prices. The Foundation also states that the expansion of Turkey's production base (cherry trees) is constrained in the short run and that Turkey most likely would source raw material from the EU, thus diluting the intended effect of GSP treatment.

VI. Summary of probable economic advice--Addition

\* \* \* \* \*

**Table 1 --Cherries, provisionally preserved: U S imports for consumption, by principal sources, 1992-96, January-June 1996-97**

Source						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Italy	1,850 35	2,051 48	2,448 99	1,287 60	3,041 21	494 14	2,862 94
Greece	0 00	1,097 12	665 01	1,124 44	1,908 26	0 00	108 49
Turkey	0 00	0 00	12 78	0 00	36 54	0 00	0 00
Bulgaria	0 00	0 00	0 00	160 32	29 07	0 00	0 00
Mexico	0 00	0 00	0 00	0 00	11 55	6 31	9 34
Spain	0 00	171 31	91 18	0 00	0 00	0 00	0 00
Guatemala	14 35	0 00	5 60	0 00	0 00	0 00	0 00
Chile	149 76	220 06	153 06	0 00	0 00	0 00	0 00
Canada	0 00	0 00	0 00	0 00	0 00	0 00	18 89
<b>Total</b>	<b>2,014.46</b>	<b>3,539.97</b>	<b>3,376.63</b>	<b>2,572.36</b>	<b>5,026.62</b>	<b>500.45</b>	<b>2,999.65</b>
<b>Total from GSP-eligible nations</b>	<b>184.11</b>	<b>220.06</b>	<b>158.86</b>	<b>160.32</b>	<b>29.07</b>	<b>0.00</b>	<b>0.00</b>
	<i>Percent</i>						
Italy	91 85	57 95	72 53	50 06	60 50	98 74	95 44
Greece	0 00	30 99	19 69	43 71	37 96	0 00	3 62
Turkey	0 00	0 00	0 38	0 00	0 73	0 00	0 00
Bulgaria	0 00	0 00	0 00	6 23	0 58	0 00	0 00
Mexico	0 00	0 00	0 00	0 00	0 23	1 26	0 31
Spain	0 00	4 84	2 70	0 00	0 00	0 00	0 00
Guatemala	0 71	0 00	0 17	0 00	0 00	0 00	0 00
Chile	7 43	6 22	4 53	0 00	0 00	0 00	0 00
Canada	0 00	0 00	0 00	0 00	0 00	0 00	0 63
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
<b>Share from GSP-eligible nations</b>	<b>8.15</b>	<b>6.22</b>	<b>4.70</b>	<b>6.23</b>	<b>0.58</b>	<b>0.00</b>	<b>0.00</b>

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

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

**Table 2 --Cherries, provisionally preserved: U S exports of domestic merchandise, by principal markets, 1992-96, January-June 1996-97**

Market						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Canada	4,838 92	2,871 31	1,767 62	3,752 31	4,188 07	1,168 32	1,442 14
Japan	1,144 43	516 98	1,169 81	793 76	1,168 41	1,160 98	0 00
Australia	0 00	0 00	0 00	0 00	278 38	73 44	113 16
United Kingdom	347 31	158 21	228 40	257 22	84 68	84 68	0 00
Brazil	0 00	0 00	0 00	8 90	61 18	61 18	0 00
Chile	0 00	0 00	0 00	123 20	51 00	51 00	0 00
Mexico	82 80	6 88	0 00	149 20	48 57	48 57	0 00
Trinidad & Tobago	0 00	0 00	0 00	0 00	29 08	9 28	19 00
New Zealand	38 00	0 00	0 00	0 00	18 81	18 81	172 68
Barbados	0 00	0 00	0 00	0 00	17 87	17 87	0 00
Argentina	0 00	0 00	0 00	0 00	7 29	7 29	0 00
Hong Kong	0 00	199 32	0 00	0 00	0 00	0 00	0 00
All other	499 14	945 32	533 61	513 27	0 00	0 00	4 29
<b>Total</b>	<b>6,950 59</b>	<b>4,698 01</b>	<b>3,699 45</b>	<b>5,597 86</b>	<b>5,953 32</b>	<b>2,701 41</b>	<b>1,751 26</b>
	<i>Percent</i>						
Canada	69 6	61 1	47 8	67 0	70 3	43 2	82 3
Japan	16 5	11 0	31 6	14 2	19 6	43 0	0 0
Australia	0 0	0 0	0 0	0 0	4 7	2 7	6 5
United Kingdom	5 0	3 4	6 2	4 6	1 4	3 1	0 0
Brazil	0 0	0 0	0 0	0 2	1 0	2 3	0 0
Chile	0 0	0 0	0 0	2 2	0 9	1 9	0 0
Mexico	1 2	0 1	0 0	2 7	0 8	1 8	0 0
Trinidad & Tobago	0 0	0 0	0 0	0 0	0 5	0 3	1 1
New Zealand	0 5	0 0	0 0	0 0	0 3	0 7	9 9
Barbados	0 0	0 0	0 0	0 0	0 3	0 7	0 0
Argentina	0 0	0 0	0 0	0 0	0 1	0 3	0 0
Hong Kong	0 0	4 2	0 0	0 0	0 0	0 0	0 0
All other	7 2	20 1	14 4	9 2	0 0	0 0	0 2
<b>Total</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>

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

Market Compiled from official statistics of the U S Department of Commerce

DIGEST NO. 1604.30.20

CAVIAR



## Caviar

## I. Introduction

X Competitive-need-limit waiver (Russia)

HTS subheading	Short description	Col. 1 rate of duty (1/1/97) <u>Percent ad</u> <u>valorem</u>	Like or directly competitive article produced in the United States on Jan. 1, 1995?
1604.30.20 <sup>1</sup>	Caviar	15%	Yes

<sup>1</sup> Russia has been proclaimed by the President as noneligible for GSP treatment for articles included under HTS subheading 1604.30.20.

Description and uses.--Caviar is salted fish eggs from any of several species of sturgeon, an anadromous fish found in temperate waters around the world. The eggs are cleaned, usually salted and in airtight containers, and destined for human consumption. Competing products include caviar substitutes such as eggs from salmon, lumpfish, and other fish species.

## II. U.S. market profile

Profile of U.S. industry and market, 1992-96

Item	1992	1993	1994	1995	1996
Producers ( <u>number</u> ) . . . . .	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Employment ( <u>1,000 employees</u> ) . . . . .	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Shipments ( <u>1,000 dollars</u> ) . . . . .	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Exports ( <u>1,000 dollars</u> ) . . . . .	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Imports ( <u>1,000 dollars</u> ) . . . . .	5,402	6,708	6,219	6,359	8,025
Consumption ( <u>1,000 dollars</u> ) . . . . .	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Import-to-consumption ratio ( <u>percent</u> ) . .	100.0	100.0	100.0	100.0	100.0
Capacity utilization ( <u>percent</u> ) . . . . .	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )

<sup>1</sup> Not available.

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

Comment.--Sturgeon in the wild is an endangered species in the United States. Some supplies are farmed, and a U.S. industry producing caviar is growing but remains small relative to market demand.

III. GSP import situation, 1996

## U.S. imports and share of U.S. consumption, 1996

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total . . . . .	8,025	100	( <sup>1</sup> )	100
Imports from GSP countries:				
GSP total . . . . .	7,485	93	100	93
Russia . . . . .	6,523	81	87	81
Kazakhstan . . . . .	784	10	10	10
Poland . . . . .	178	2	2	2

<sup>1</sup> Not applicable.

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

**Comment.**--Most of the world's production of caviar comes from sturgeon from the Caspian Sea, bordered by Russia, Kazakhstan, and other former USSR territories, and Iran. Despite significant and worsening sturgeon depletion from overfishing and industrial development in the Caspian Sea region, most U.S. imports continue to come from this region. According to industry and press reports, at current sturgeon harvest rates, world supplies and U.S. imports of caviar from this region are expected to decline.

IV. Competitiveness profiles, GSP suppliers

## Competitiveness indicators for Russia for all digest products

Ranking as a U.S. import supplier, 1996. . . . . 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. import 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 ☐

<sup>1</sup> See comment.

**Comment.**--There is no information on price or quality comparisons between the foreign and domestic products. The above price-elasticity characterizations refer to short-term elasticities. In the long term, the price elasticity of demand is likely to be higher, and that of supply is likely to be lower. Consumption in the U.S. market is limited because of consumer taste preferences and because the high product price gives the product a gourmet status. Russia's supply depends on the abundance of sturgeon, which in turn depends not only on Russian sturgeon harvests but on harvests by other Caspian Sea countries, and on the level of industrial development and resulting marine degradation now occurring in the region. An expanded U.S. market would induce further Caspian Sea sturgeon depletion, leading to reduced future abundance and caviar production, which could negatively rather than positively affect Russian caviar producers' and exporters' interests.

V. Position of interested parties

Petitioner.--Petitioner Petrossian Paris, Inc., a U.S. caviar importer, seeks a waiver for Russian caviar because the company claims it suffers a severe economic hardship from non-GSP status of the product. Petitioner notes that the Russian caviar industry and market are erratic and have been disrupted by the former USSR's transition to a market economy, which has, inter alia, significantly reduced the Russian Republic's ability to effectively manage sturgeon harvesting. Petitioner claims that continued nonGSP status for Russian caviar would undermine Russian privatization and risk stalling the Russian economy.

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

VI. Summary of probable economic advice--Competitive-need-limit waiver: (Russia)

\* \* \* \* \*

Table 1 --Caviar: U S imports for consumption, by principal sources, 1992-96, January-June 1996-97

Source						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Russia	3,700 08	5,250 98	5,228 39	5,286 05	6,522 91	3,335 85	6,398 97
Kazakhstan	2 48	136 45	339 80	394 03	784 14	335 50	156 06
Poland	58 16	340 34	2 16	14 43	178 36	82 82	24 42
Sweden	0 00	0 00	8 36	45 47	158 79	0 00	0 00
Germany	31 76	78 59	18 41	155 74	123 31	7 80	0 00
Canada	69 73	3 13	171 86	81 27	78 11	6 32	23 23
China	378 71	144 58	240 09	247 69	61 61	6 75	23 74
United Arab Emirates	0 00	13 82	0 00	0 00	50 04	34 97	1 42
Finland	0 00	0 00	0 00	0 00	39 59	0 00	0 00
United Kingdom	0 00	0 00	0 00	1 30	16 00	0 00	0 00
Azerbaijan	0 00	136 25	1 45	6 79	5 76	0 00	0 00
Denmark	2 06	74 56	67 94	16 70	3 91	0 00	0 00
All other	1,158 61	529 45	140 71	109 91	2 07	0 00	12 60
<b>Total</b>	<b>5,401 59</b>	<b>6,708 16</b>	<b>6,219 16</b>	<b>6,359 38</b>	<b>8,024 58</b>	<b>3,810 00</b>	<b>6,640 44</b>
<b>Total from GSP-eligible nations</b>	<b>3,854 64</b>	<b>5,835 02</b>	<b>5,633 13</b>	<b>5,714 97</b>	<b>7,485 40</b>	<b>3,754 16</b>	<b>6,579 45</b>
	<i>Percent</i>						
Russia	68 5	78 3	84 1	83 1	81 3	87 6	96 4
Kazakhstan	0 0	2 0	5 5	6 2	9 8	8 8	2 4
Poland	1 1	5 1	0 0	0 2	2 2	2 2	0 4
Sweden	0 0	0 0	0 1	0 7	2 0	0 0	0 0
Germany	0 6	1 2	0 3	2 4	1 5	0 2	0 0
Canada	1 3	0 0	2 8	1 3	1 0	0 2	0 3
China	7 0	2 2	3 9	3 9	0 8	0 2	0 4
United Arab Emirates	0 0	0 2	0 0	0 0	0 6	0 9	0 0
Finland	0 0	0 0	0 0	0 0	0 5	0 0	0 0
United Kingdom	0 0	0 0	0 0	0 0	0 2	0 0	0 0
Azerbaijan	0 0	2 0	0 0	0 1	0 1	0 0	0 0
Denmark	0 0	1 1	1 1	0 3	0 0	0 0	0 0
All other	21 4	7 9	2 3	1 7	0 0	0 0	0 2
<b>Total</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>
<b>Share from GSP-eligible nations</b>	<b>71 4</b>	<b>87 0</b>	<b>90 6</b>	<b>89 9</b>	<b>93 3</b>	<b>98 5</b>	<b>99 1</b>

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

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

Table 2 --Caviar: U S exports of domestic merchandise, by principal markets, 1992-96, January-June 1996-97

Market						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
France	38 50	131 05	42 57	92 90	795 55	18 74	73 60
Sweden	123 07	418 40	553 78	260 30	516 08	4 43	543 08
Canada	194 71	534 15	314 18	404 91	433 60	142 77	178 25
Belgium	0 00	0 00	8 46	0 00	233 87	0 00	87 52
Switzerland	0 00	0 00	31 32	174 88	154 00	134 00	55 58
Korea	7 40	0 00	44 40	138 57	147 04	91 97	29 26
Israel	45 44	16 21	28 42	92 99	136 99	54 22	94 33
Japan	4,878 54	4,019 24	1,234 93	3,726 21	78 74	36 96	48 52
Germany	121 86	7 50	27 00	132 09	49 65	0 00	55 51
Mexico	97 72	201 67	136 46	53 45	37 72	22 56	8 75
Colombia	29 51	0 00	0 00	12 31	17 96	0 00	13 16
Russia	0 00	0 00	0 00	19 80	16 00	16 00	0 00
All other	295 44	112 46	75 54	247 85	47 67	27 41	314 33
<b>Total</b>	<b>5,832 19</b>	<b>5,440 67</b>	<b>2,497 04</b>	<b>5,356 24</b>	<b>2,664 87</b>	<b>549 05</b>	<b>1,501 88</b>
	<i>Percent</i>						
France	0 7	2 4	1 7	1 7	29 9	3 4	4 9
Sweden	2 1	7 7	22 2	4 9	19 4	0 8	36 2
Canada	3 3	9 8	12 6	7 6	16 3	26 0	11 9
Belgium	0 0	0 0	0 3	0 0	8 8	0 0	5 8
Switzerland	0 0	0 0	1 3	3 3	5 8	24 4	3 7
Korea	0 1	0 0	1 8	2 6	5 5	16 8	1 9
Israel	0 8	0 3	1 1	1 7	5 1	9 9	6 3
Japan	83 6	73 9	49 5	69 6	3 0	6 7	3 2
Germany	2 1	0 1	1 1	2 5	1 9	0 0	3 7
Mexico	1 7	3 7	5 5	1 0	1 4	4 1	0 6
Colombia	0 5	0 0	0 0	0 2	0 7	0 0	0 9
Hong Kong	0 0	4 2	0 0	0 0	0 0	0 0	0 0
All other	7 2	20 1	14 4	9 2	0 0	0 0	0 2
<b>Total</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>

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

Market Compiled from official statistics of the U S Department of Commerce

DIGEST NO. 1701.11.10

RAW SUGAR

## Raw Sugar

I. IntroductionX Competitive-need-limit waiver (Brazil)

HTS subheading	Short description	Col. 1 rate of duty (1/1/97) <sup>1</sup>	Like or directly competitive article produced in the United States on Jan. 1, 1995?
1701.11.10 <sup>2</sup>	Raw sugar	1.4606¢ per kilogram minus 0.020668¢ for each degree under 100 degrees, but not less than 0.943854¢ per kilogram. (0.625¢/pound is the most commonly used rate for analytical purposes).	Yes

<sup>1</sup> The ad valorem equivalent is difficult to determine in a meaningful way because of the complicated nature of sugar sales. However, it is estimated at 3 percent.

<sup>2</sup> Brazil has been proclaimed by the President as noneligible for GSP treatment for articles included under HTS subheading 1701.11.10.

Description and uses.--Sugar is a caloric sweetening and bulking agent used in foods and beverages. Sugar is obtained from sugarcane and from sugar beets. Raw sugar is the intermediate product obtained from milling sugarcane. Raw sugar is further processed into refined sugar. Sugar refineries process domestic and imported raw cane sugar. Refined beet sugar is produced from sugar beets in a continuous process.

II. U.S. market profile

## Profile of U.S. industry and market, 1992-96

The U.S. sugar industry comprises intertwined and interdependent groups of producers, refiners, and processors. As a result, data on an industry level are not available or meaningful in terms of value owing to the vast range of cost, price, and value of sugar. The HTS item under consideration (HTS subheading 1701.11.10-raw sugar) is an intermediate good; however, the quantity imported is dependent on the quantities of the other, similar intermediate products produced in the United States. At that stage, the products are not necessarily identical. At the final stages of production, the products have been transformed into identical products. Cane refiners produce a finished, refined sugar from raw sugar generally imported under the tariff-rate quota (TRQ), or U.S.-grown sugarcane is processed into raw sugar at one of the processing facilities and subsequently refined at cane refining facilities. Refined sugar derived from sugar beets is completed in a one-step process. Most U.S. imports of sugar enter under the TRQ, however, some sugar enters under higher duty rates in other subheadings, accounting for the difference between total imports and TRQ imports. Exports of sugar are generally part of the sugar re-export program. The following tabulation provides data for the U.S. sugar industry in terms of quantity, and is based on a fiscal year calendar because the TRQ is allocated and monitored as such:<sup>1</sup>

<sup>1</sup> Table 1 presents import data for HTS subheading 1701.11.10 in terms of value; however, the United States does not export raw sugar under this classification, therefore, this digest does not contain a Table 2.



## II. U.S. market profile--Continued

Item	1992	1993	1994	1995	1996
Production facilities:					
Cane refiners . . . . .	( <sup>1</sup> )	12	12	11	11
Beet processors . . . . .	36	34	34	34	31
Cane processors . . . . .	40	38	38	36	35
Production of refined sugar from:					
Sugarcane (1,000 short tons raw value) . . . . .	3,436	3,582	3,485	3,611	3,368
Sugar beets (1,000 short tons raw value) . . . . .	4,133	4,249	4,184	4,367	3,909
Total (1,000 short tons raw value) . . . . .	7,569	7,831	7,669	7,978	7,276
Exports (1,000 short tons raw value) . . . . .	554	405	454	502	385
Total imports (1,000 short tons raw value) . . . . .	2,194	2,039	1,772	1,853	2,772
TRQ imports (1,000 short tons raw value) . . . . .	1,486	1,335	1,113	1,564	2,231
Consumption (1,000 short tons raw value) <sup>2</sup> . . . . .	9,547	9,650	9,794	9,876	9,891
Import-to-consumption ratio (percent) . . . . .	23	21	18	19	28
Capacity utilization of cane refiners (percent) . . . . .	75	75	75	75	75

<sup>1</sup> Not available.<sup>2</sup> Consumption data includes withdrawals and additions to stocks, which are not presented individually.

Source: Data estimated by the staff of the U.S. International Trade Commission, based on industry sources, trade associations, and official statistics of the U.S. Department of Agriculture, Economic Research Service.

**Comment.**--Sugar consumed in the United States is made from sugarcane or sugar beets. Between 1992 and 1996, approximately 80 percent of the sugar consumed was grown and processed in the United States. The remaining 20 percent was imported as raw cane sugar to be further processed and sold on the domestic market, used in sugar-containing products, or reexported.

In 1990 a tariff-rate quota replaced an absolute quota system for the importation of raw sugar into the United States. Approximately 40 countries are allocated an amount of sugar on an annual basis. The United States Trade Representative determines the participating countries and relative allotments, and the Secretary of Agriculture determines the amount of raw sugar that will enter the United States during the quota year. HTS subheading 1701.11.10 is the designated tariff item for raw sugar that enters the United States under the quota system. Raw cane sugar can enter under several other HTS subheadings, however, under different duty structures and for different and restricted purposes.

The cost of producing cane sugar in the United States has consistently been higher than the cost of producing beet sugar. U.S. sugar prices have been above world prices continuously since 1982. The TRQ is the primary mechanism for maintaining domestic prices. The two key prices in the United States are the raw cane sugar price and the refined beet sugar price. Raw sugar prices remain less variable than refined sugar prices. The refined sugar prices tend to drop when there is a large beet sugar crop, and rise when beet sugar production declines. The per pound margin between raw cane and refined beet sugar has varied between 1 cent and 10 cents in the last 15 years.

III. GSP import situation, 1996

## U.S. imports and share of U.S. consumption, 1996

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total . . . . .	900,754	100	( <sup>1</sup> )	( <sup>2</sup> )
Imports from GSP countries:				
GSP total . . . . .	775,246	86	100	
Dominican Republic . . . . .	150,424	17	19	( <sup>2</sup> )
Brazil . . . . .	125,347	14	16	( <sup>2</sup> )
Philippines . . . . .	98,231	11	13	( <sup>2</sup> )

<sup>1</sup> Not applicable.<sup>2</sup> Not available.

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

Comment.--Although Brazil is eligible for GSP, it has been ineligible for duty-free treatment for sugar since the inception of the GSP program because imports of sugar into the United States from Brazil have exceeded the statutory competitive-need limits. The limit in 1996 was \$75,000,000; for each calendar year thereafter it will be an additional \$5,000,000, as described under the designation of eligible articles in sec. 503 under title V of the Trade Act of 1974, as amended. The increase (in both quantity and value) in 1996 can be attributed to the increased quantity of sugar permitted to enter the United States under the TRQ, as determined annually by the Secretary of Agriculture.

IV. Competitiveness profiles, GSP suppliers

## Competitiveness indicators for Brazil for raw cane sugar under the tariff-rate quota.

Ranking as a U.S. import supplier, 1996. . . . . 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. import demand? . . . . . High    Moderate    Low   

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

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

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

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

Price level compared with--

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

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

Quality compared with--

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

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

<sup>1</sup> The price elasticities of import demand and supply are irrelevant because the raw sugar is imported under the TRQ, and U.S. prices exceed world prices.

Comment.--Sugarcane production in Brazil has tripled since the mid-1970's and increased by over 20 percent in the past 2 years. Approximately two-thirds of the sugarcane produced in Brazil is used for the production of fuel ethyl alcohol. Brazil ranks as the third highest producer of sugar after India and the European Union. Brazil is the world's largest producer of fuel alcohol at 14.15 billion liters in 1995. The United States is a distant second in world production at 5.3 billion liters in 1995.

Brazil has approximately 370 processing facilities which are capable of producing sugar or fuel alcohol from sugarcane. Of these facilities, 200 are capable of switching between the production of sugar and that of fuel alcohol. Of the remaining 170 facilities, 145 produce only alcohol, and 25 produce only sugar.

#### IV. Competitiveness profiles, GSP suppliers--Continued

Both raw and refined sugar are exported from Brazil. Of the estimated 5.9 million tons exported for 1996-97, refined sugar accounted for 4.6 million tons and raw sugar, 1.3 million tons. It is projected that in 1997-98 Brazil will rank as the world's largest exporter of sugar. Because of its unique ability to switch production from sugar to fuel alcohol in response to changing world prices, Brazil has multiple markets, unlike many other sugarcane producers.

The Brazilian Government maintains control of the production of sugarcane and determines what amount of sugarcane will be grown for the production of fuel alcohol and sugar for both domestic and export uses. For 1997-98 the emphasis will be on the production of fuel alcohol. The current system sets an export quota under which exports may be sold tax free. Exports beyond the level are taxed at a rate of 40 percent. The Government has deregulated certain aspects of the sugarcane program in recent years and is studying the abolishment of the export quota system.

#### V. Position of interested parties

Petitioner.--According to the petitioner, Sindicato da Indústria do Açúcar e do Alcool do Estado de Pernambuco, the social and economic development of the North-Northeastern cane-growing region of Brazil would be positively affected if the competitive-need limit was removed from the raw sugar exports to the United States. The petitioner states that sugar mills in this region have priority in the sale of sugar to the United States under the TRQ. The petitioner also states that the consumers of the raw cane in the United States will benefit in that costs will be lower. Another stated benefit is that sugar production in the North-Northeastern region of Brazil would increase.

Opposition.--The United States Cane Sugar Refiners' Association, which submitted a written statement in opposition to granting the waiver of the competitive needs limit for Brazil, stated that because sugar imports are subject to the import quota, the amount of Brazilian raw sugar exported to the United States would not increase if given duty-free status. However, the action would severely affect the sugar reexport program and U.S. refiners, causing refinery slowdowns and shutdowns, and reducing employment. Because U.S. refiners are able to import raw sugar for refining by using idle capacity and re-export, duties can be recovered, allowing the refiners to remain competitive. However, according to the Association, approximately 50 percent of the available duty drawback is received from duties paid on Brazilian sugar. The Association also states that Brazil is an unreliable source of supply, and since imported raw sugar helps to maintain the balance of supply of sugar for the U.S. market, overdependence on imports could severely affect the U.S. consumer.

A statement was received from the Domino Sugar Corp. (Domino), supporting the Association's opposition to the competitive-needs-limit waiver for Brazil. Domino stated that one of the refineries owned and operated by Domino is located in Louisiana, employing approximately 400 workers. If the waiver is granted to Brazil it is likely that this refinery will be severely affected with the potential for a total shutdown, leaving only one refinery in the area and causing employee layoffs. Domino also stated that Brazil, which has an industrialized, diversified economy with a high GNP, is one of the most developed of the beneficiary developing countries in the world and accounts for the second largest U.S. import quantity of raw sugar under the TRQ. According to Domino, the competitive-need limit was established for three reasons: to establish a benchmark for determining when products from particular countries are competitive in the U.S. market and therefore no longer warrant preferential tariff treatment; to reallocate GSP benefits to less competitive producing countries; and to provide some measure of import protection to domestic producers of like or directly competitive products. Domino further states that Brazil's exports of raw sugar to the United States are already competitive in the U.S. market. In conclusion, Domino stated that waiving the competitive-need limit would directly and significantly harm Domino and other domestic cane sugar refiners as well as the thousands of American workers who have already been negatively affected by the domestic sugar program in the United States.

VI. Summary of probable economic advice--removal of competitive-need-limit waiver (Brazil)

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Table 1 --Raw sugar: U S imports for consumption, by principal sources, 1992-96, January-June 1996-97							
Source						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Dominican Rep	84,911 66	82,875 92	80,543 80	83,849 95	150,424 47	113,047 61	133,619 04
Brazil	44,896 02	65,781 79	42,228 24	90,874 46	125,346 94	103,807 16	99,772 49
Australia	52,618 39	50,781 32	22,775 90	52,144 99	101,887 12	31,126 57	13,457 71
Philippines	85,857 55	62,514 88	43,275 21	66,774 70	98,231 23	24,528 34	57,135 27
Guatemala	23,655 14	21,697 02	10,287 97	20,528 92	55,058 98	49,687 64	31,330 10
Peru	23,299 73	18,018 57	29,237 57	33,253 71	37,353 75	14,873 36	20,941 32
Colombia	15,051 00	8,382 24	11,139 41	14,317 01	32,414 38	16,501 47	2,574 62
Argentina	10,205 13	10,214 23	27,470 90	41,458 98	31,859 17	0 00	9,276 90
South Africa	12,264 96	10,810 31	0 00	10,969 00	29,333 42	10,541 62	3,700 19
Panama	2,573 65	8,750 61	169 96	21,089 38	26,054 24	19,497 93	17,249 77
El Salvador	14,836 46	11,547 52	5,919 96	15,461 86	24,654 14	24,208 54	22,224 06
Ecuador	0 00	5,403 94	8,376 78	6,441 08	17,819 52	6,524 89	0 00
All other	116,503 58	104,768 87	141,271 99	125,885 70	170,316 42	71,316 46	98,684 91
<b>Total</b>	<b>486,673 27</b>	<b>461,547 24</b>	<b>422,697 69</b>	<b>583,049 74</b>	<b>900,753 76</b>	<b>485,661 58</b>	<b>509,966 37</b>
<b>Total from GSP-eligible nations</b>	<b>412,551 62</b>	<b>395,560 70</b>	<b>387,640 51</b>	<b>499,256 67</b>	<b>775,246 19</b>	<b>432,905 07</b>	<b>471,934 69</b>
	<i>Percent</i>						
Dominican Rep	17 4	18 0	19 1	14 4	16 7	23 3	26 2
Brazil	9 2	14 3	10 0	15 6	13 9	21 4	19 6
Australia	10 8	11 0	5 4	8 9	11 3	6 4	2 6
Philippines	17 6	13 5	10 2	11 5	10 9	5 1	11 2
Guatemala	4 9	4 7	2 4	3 5	6 1	10 2	6 1
Peru	4 8	3 9	6 9	5 7	4 1	3 1	4 1
Colombia	3 1	1 8	2 6	2 5	3 6	3 4	0 5
Argentina	2 1	2 2	6 5	7 1	3 5	0 0	1 8
South Africa	2 5	2 3	0 0	1 9	3 3	2 2	0 7
Panama	0 5	1 9	0 0	3 6	2 9	4 0	3 4
El Salvador	3 0	2 5	1 4	2 7	2 7	5 0	4 4
Ecuador	0 0	1 2	2 0	1 1	2 0	1 3	0 0
All other	23 9	22 7	33 4	21 6	18 9	14 7	19 4
<b>Total</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>
<b>Share from GSP-eligible nations</b>	<b>84 8</b>	<b>85 7</b>	<b>91 7</b>	<b>85 6</b>	<b>86 1</b>	<b>89 1</b>	<b>92 5</b>

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

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

DIGEST NO. 2849.90.50

CERTAIN OTHER CARBIDES

## Certain Other Carbides

I. IntroductionX Competitive-need-limit waiver (South Africa)

HTS subheading	Short description	Col. 1 rate of duty (1/1/97) <u>Percent ad valorem</u>	Like or directly competitive article produced in the United States on Jan. 1, 1995?
2849.90.50 <sup>1</sup>	Certain other carbides	3.7%	Yes

<sup>1</sup> India has been proclaimed by the President as noneligible for GSP treatment for articles included under HTS subheading 2849.90 50. South Africa remains eligible for GSP treatment but could be proclaimed as noneligible in 1997.

Description and uses.--The products under consideration in this digest include all inorganic carbides other than those of calcium, silicon, boron, chromium and tungsten imported from South Africa. \*\*\*. Vanadium carbonitrides, sold under the trade name "Nitrovan," are used as additives in steel manufacture to produce high-strength, low-alloy (HSLA) steel; the vanadium carbides \*\*\*.

II. U.S. market profile

Profile of U.S. industry and market, 1992-96

Item	1992	1993	1994	1995	1996
Producers ( <u>number</u> ) . . . . .	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Employment ( <u>1,000 employees</u> ) . . . . .	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Shipments ( <u>1,000 dollars</u> ) . . . . .	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Exports ( <u>1,000 dollars</u> ) . . . . .	2,351	1,896	4,210	4,356	7,185
Imports ( <u>1,000 dollars</u> ) . . . . .	5,127	5,155	6,680	8,253	26,043
Consumption ( <u>1,000 dollars</u> ) . . . . .	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Import-to-consumption ratio ( <u>percent</u> ) . . . . .	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Capacity utilization ( <u>percent</u> ) . . . . .	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )

<sup>1</sup> Not available.

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

Comment.--During 1992-96, there was little or no U.S. production of vanadium carbonitrides and vanadium carbides, which resulted in the closure of the one plant producing these chemicals in 1996. \*\*\*. Several industry sources differ on their assessment of the degree of competition between vanadium carbonitrides and ferrovanadium, which is produced in the United States. \*\*\*.<sup>1</sup> Others, however, stated that ferrovanadium and Nitrovan are virtually 100-percent fungible.<sup>2</sup>

<sup>1</sup> Staff conversation with \*\*\*, Sept., 23, 1997.

<sup>2</sup> Staff conversation with \*\*\*, Sept., 22, 1997.

III. GSP import situation, 1996

## U.S. imports and share of U.S. consumption, 1996

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total . . . . .	26,043	100	( <sup>1</sup> )	( <sup>1</sup> )
Imports from GSP countries:				
GSP total . . . . .	19,811	76	100	( <sup>2</sup> )
Trinidad and Tobago . . . . .	11,262	43	57	( <sup>2</sup> )
South Africa . . . . .	8,334	32	42	( <sup>2</sup> )
Russia . . . . .	206	1	1	( <sup>2</sup> )
Brazil . . . . .	6	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>2</sup> )

<sup>1</sup> Not applicable.<sup>2</sup> Not available.<sup>3</sup> Less than 0.5 percent

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

Comment.--According to the petitioner, U.S. imports of vanadium-based chemicals under HTS subheading 2849 90.50 are only from South Africa. Official U.S. import statistics differ from those reported by the petitioner for vanadium carbonitrides and vanadium carbides from South Africa. According to the petitioner, imports from South Africa of vanadium carbonitrides in 1996 amounted to \*\*\* higher than the number reported by the U.S. Department of Commerce (\$8.334 million).

IV. Competitiveness profiles, GSP suppliers

## Competitiveness indicators for South Africa for certain other carbides

Ranking as a U.S. import supplier, 1996. . . . . 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. import 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 --Currently, the domestic market for vanadium is fairly tight, but market conditions for vanadium could change rapidly. Also, although imported vanadium carbonitrides are more expensive than ferrovanadium on a vanadium-content basis, the petitioner states that significantly less vanadium carbonitride needs to be used than ferrovanadium to achieve the same strength requirements, thereby reducing overall costs



V. Position of interested parties

Petitioner.--According to the petitioner, U.S. Vanadium Corp., continuation of GSP eligibility would reduce the costs of imported materials and enable the parent company, Strategic Minerals Corp. (Stratcor), to continue making additional capital available for investment in South Africa. The loss of GSP eligibility could have a direct negative effect on workers and consumers in the United States as well because the cost of the raw material used in the production of high-strength, low-alloy steel will increase, reducing the competitiveness of U.S. downstream products in the world marketplace.

Opposition.--According to a statement made by Shieldalloy Metallurgical Corp., a U.S. ferrovanadium producer, nitrated vanadium (vanadium carbonitrides) from South Africa produced by a subsidiary of Stratcor in South Africa is directly competitive with ferrovanadium produced domestically in the manufacture of certain types of alloy steels. According to the statement, granting Stratcor a permanent duty exemption for this item would seriously and adversely affect Shieldalloy, the U.S. vanadium industry, and U.S. workers in that industry, especially since Stratcor is increasing its production capacity of nitrated vanadium in South Africa as well as its exports of that product to the United States.

VI. Summary of probable economic advice--Competitive-need-limit waiver (South Africa)

\* \* \* \* \*

**Table 1: Certain other carbides: U S imports for consumption, by principal sources, 1992-96, January-June 1996-97**

Source						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Trinidad & Tobago	0 00	0 00	0 00	809 44	11,261 75	3,353 37	2,859 46
South Africa	0 00	0 00	0 00	233 99	8,333 67	765 74	8,328 00
Canada	1,521 19	1,368 87	1,673 91	1,555 57	2,007 19	945 55	320 76
Austria	164 83	273 69	988 52	1,371 02	1,529 06	713 31	481 96
Germany	2,290 81	2,080 91	2,995 49	2,647 80	1,467 46	779 88	1,127 67
Hong Kong	0 00	0 00	207 46	461 00	504 67	198 00	90 47
United Kingdom	899 20	1,143 96	540 92	706 40	373 03	111 20	545 30
Russia	0 00	60 44	9 18	106 60	206 30	38 00	106 87
Israel	0 00	0 00	2 16	35 70	156 22	115 02	0 00
China	1 32	73 50	68 93	79 00	153 93	66 14	523 00
Japan	228 28	117 27	71 30	123 99	14 20	9 18	2 59
Ireland	0 00	0 00	0 00	0 00	11 99	0 00	0 00
All other	21 21	36 35	121 76	122 08	23 82	7 58	157 54
<b>Total</b>	<b>5,126 83</b>	<b>5,154 99</b>	<b>6,679 62</b>	<b>8,252 80</b>	<b>26,043 30</b>	<b>7,102 98</b>	<b>14,543 63</b>
<b>Total from GSP-eligible nations</b>	<b>0 00</b>	<b>60 44</b>	<b>9 18</b>	<b>1,150 04</b>	<b>19,810 99</b>	<b>4,157 11</b>	<b>11,448 02</b>
	<i>Percent</i>						
Trinidad & Tobago	0 0	0 0	0 0	9 8	43 2	47 2	19 7
South Africa	0 0	0 0	0 0	2 8	32 0	10 8	57 3
Canada	29 7	26 6	25 1	18 8	7 7	13 3	2 2
Austria	3 2	5 3	14 8	16 6	5 9	10 0	3 3
Germany	44 7	40 4	44 8	32 1	5 6	11 0	7 8
Hong Kong	0 0	0 0	3 1	5 6	1 9	2 8	0 6
United Kingdom	17 5	22 2	8 1	8 6	1 4	1 6	3 7
Russia	0 0	1 2	0 1	1 3	0 8	0 5	0 7
Israel	0 0	0 0	0 0	0 4	0 6	1 6	0 0
China	0 0	1 4	1 0	1 0	0 6	0 9	3 6
Japan	4 5	2 3	1 1	1 5	0 1	0 1	0 0
Ireland	0 0	0 0	0 0	0 0	0 0	0 0	0 0
All other	0 4	0 7	1 8	1 5	0 1	0 1	1 1
<b>Total</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>
<b>Share from GSP-eligible nations</b>	<b>0 0</b>	<b>1 2</b>	<b>0 1</b>	<b>13 9</b>	<b>75 1</b>	<b>58 5</b>	<b>78 7</b>

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

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

**Table 2 --Certain other carbides: U S exports of domestic merchandise, by principal markets, 1992-96, January-June 1996-97**

Market						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Canada	737 90	586 95	1,247 76	1,290 42	1,277 06	746 69	588 32
Japan	82 92	198 74	594 83	199 45	898 32	127 13	701 94
Israel	32 11	8 28	427 92	1,635 26	888 00	888 00	231 30
Korea	81 77	130 86	311 86	14 10	740 40	273 28	582 11
Germany	67 80	210 28	88 68	96 16	702 85	131 34	593 93
United Kingdom	103 30	67 08	417 36	132 26	439 16	194 03	42 66
Brazil	45 95	89 01	254 57	219 23	331 73	81 39	87 74
Netherlands	52 58	7 00	0 00	2 70	306 77	79 36	0 00
Taiwan	59 31	58 62	46 05	50 35	306 16	111 00	13 64
Singapore	96 49	33 88	52 51	50 76	235 37	79 35	63 81
Mexico	138 68	119 08	37 33	117 17	221 44	122 57	272 65
Australia	0 00	0 00	29 28	47 16	127 27	38 15	23 97
All other	852 26	1,253 83	946 67	501 48	710 12	394 62	1,137 57
<b>Total</b>	<b>2,351.07</b>	<b>1,896.45</b>	<b>4,210.31</b>	<b>4,356.49</b>	<b>7,184.66</b>	<b>3,266.89</b>	<b>3,590.11</b>
	<i>Percent</i>						
Canada	31 4	31 0	29 6	29 6	17 8	22 9	16 4
Japan	3 5	10 5	14 1	4 6	12 5	3 9	19 6
Israel	1 4	0 4	10 2	37 5	12 4	27 2	6 4
Korea	3 5	6 9	7 4	0 3	10 3	8 4	16 2
Germany	2 9	11 1	2 1	2 2	9 8	4 0	16 5
United Kingdom	4 4	3 5	9 9	3 0	6 1	5 9	1 2
Brazil	2 0	4 7	6 0	5 0	4 6	2 5	2 4
Netherlands	2 2	0 4	0 0	0 1	4 3	2 4	0 0
Taiwan	2 5	3 1	1 1	1 2	4 3	3 4	0 4
Singapore	4 1	1 8	1 2	1 2	3 3	2 4	1 8
Mexico	5 9	6 3	0 9	2 7	3 1	3 8	7 6
Australia	0 0	0 0	0 7	1 1	1 8	1 2	0 7
All other	36 3	20 4	16 7	11 5	9 9	12 1	10 8
<b>Total</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>

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

Market Compiled from official statistics of the U S Department of Commerce

DIGEST NO. 2917.12.10

ADIPIC ACID

## Adipic Acid

I. IntroductionX Addition to GSP

HTS subheading	Short description	Col. 1 rate of duty (1/1/97) <u>Percent ad</u> <u>valorem</u>	Like or directly competitive article produced in the United States on Jan. 1, 1995?
2917.12.10 <sup>1</sup>	Adipic acid	15.9%	Yes

<sup>1</sup> Based on 1996 trade data, no country exceeded the competitive-need limit for articles included under HTS subheading 2917.12.10.

Description and uses.--Adipic acid is a six-carbon chain with an acid group at each end. It is a petrochemical most of which is made by oxidizing cyclohexane, itself a byproduct and derivative of petroleum refining. It was introduced to the world market in 1940 by DuPont Co. as the main raw material for nylon for hosiery. Nylon (fiber and plastics) is still by far its main use. Only about 10 percent goes to other uses such as plasticizers and nonnylon plastics such as polyurethanes.

II. U.S. market profile

Profile of U.S. industry and market, 1992-96

Item	1992	1993	1994	1995	1996
Producers ( <u>number</u> ) <sup>1</sup> . . . . .	3	3	3	3	3
Employment ( <u>1,000 employees</u> ) <sup>1</sup> . . . . .	**2	**2	*2	*2	*2
Shipments ( <u>1,000 dollars</u> ) <sup>1</sup> . . . . .	*986,000	*1,050,000	*1,070,000	*1,170,000	*1,220,000
Exports ( <u>1,000 dollars</u> ) . . . . .	51,669	51,570	48,925	70,325	53,318
Imports ( <u>1,000 dollars</u> ) . . . . .	76,363	52,892	57,741	48,035	59,020
Consumption ( <u>1,000 dollars</u> ) <sup>1</sup> . . . . .	1,000,694	1,051,322	1,178,816	1,147,710	1,225,702
Import-to-consumption ratio ( <u>percent</u> ) . .	7	5	5	4	5
Capacity utilization ( <u>percent</u> ) . . . . .	90	94	96	96	98

<sup>1</sup> Estimated by the staff of the U.S. International Trade Commission, based on information obtained from industry sources.

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

Comment.--Adipic acid is produced by three U.S. chemical companies. DuPont and Monsanto produce it (from purchased cyclohexane) for captive consumption for their own nylon fiber and plastics. These two companies sell only small amounts to other parties. AlliedSignal produces a much smaller amount of adipic acid as a coproduct in its manufacture of a different type of nylon, and all of that adipic acid is offered for sale.

III. GSP import situation, 1996

## U.S. imports and share of U.S. consumption, 1996

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total. . . . .	59,020	100	( <sup>1</sup> )	5
Imports from GSP countries:				
GSP total . . . . .	1,849	3	100	( <sup>2</sup> )
Brazil. . . . .	1,849	3	100	( <sup>2</sup> )

<sup>1</sup> Not applicable.<sup>2</sup> Less than 0.5 percent.

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

Comment.--Approximately 96 percent of total U.S. imports come from Canada, where the only producer, DuPont, is adjusting its nylon activities to meet the demand in both the U.S. and Canadian markets.

IV. Competitiveness profiles, GSP suppliers

## Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1996. . . . . 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. import 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   

## Competitiveness indicators for all GSP countries for all digest products

Ranking as a U.S. import supplier, 1996. . . . . (<sup>1</sup>)

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. import 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   

<sup>1</sup> Not available.

IV. Competitiveness profiles, GSP suppliers--Continued

Comment.--With capacity of 60 million kilograms per year of adipic acid in its plant, Rhodia S.A., in Sao Paulo, Brazil, is believed to be economically competitive with larger plants in the United States, assuming it can purchase or produce the raw material cyclohexane (benzene) at favorable prices.

There are no other GSP countries with Brazil's potential. Poland, for example, has three much smaller production facilities, all owned by the government.

V. Position of interested parties

Petitioner.--A statement regarding GSP eligibility for adipic acid, HTS 2917.12.10, was submitted by the petitioner, Rhodia S.A., a Brazilian producer of the subject chemical. The statement mentions that if GSP treatment is granted, Rhodia expects to export adipic acid to the United States, thereby having a positive impact on costs in its main consuming industries--producers of nylon fiber and plastics. Benefits to Brazil would be increased employment and a decrease in Brazil's fast-growing trade deficit with the United States.

Opposition.--Two of the three U.S. producers of adipic acid, Solutia Inc. and AlliedSignal Inc., submitted a statement to the Commission. They state that the U.S. market is already over-supplied and that the Brazilian company Rhodia S.A. is a wholly-owned subsidiary of the large French company Rhone Poulenc, itself a world-scale producer of adipic acid that would like to export it to the United States. According to their statement, with GSP granted, Rhone Poulenc could achieve this aim free of tariff, by supplying the U.S. market from Rhodia's plant and directing its own adipic acid to markets elsewhere in the world. The GSP program, the domestic producers say, was not conceived to benefit a unit of a well run and respected multinational company.



VI. Summary of probable economic advice--Addition (Brazil)

\* \* \* \* \*

Table 1 --Adipic acid: U S imports for consumption, by principal sources, 1992-96, January-June 1996-97

Source						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Canada	64,459 97	52,089 16	56,376 79	46,002 25	56,930 33	30,923 53	33,473 07
Brazil	119 39	589 64	1,030 41	1,767 83	1,848 57	824 89	1,519 56
France	233 65	174 94	332 36	257 54	206 29	206 29	240 81
Belgium	0 00	0 00	0 00	0 00	24 11	13 11	0 00
Japan	0 00	13 01	0 00	6 43	10 65	9 27	0 00
United Kingdom	496 04	4 97	0 00	1 43	0 00	0 00	0 00
Ukraine	0 00	0 00	0 00	0 00	0 00	0 00	2 95
Switzerland	0 00	0 00	1 57	0 00	0 00	0 00	0 00
Poland	0 00	20 12	0 00	0 00	0 00	0 00	0 00
Germany	11,053 90	0 00	0 00	0 00	0 00	0 00	0 00
<b>Total</b>	<b>76,362.95</b>	<b>52,691.84</b>	<b>57,741.13</b>	<b>48,035.49</b>	<b>59,019.95</b>	<b>31,977.09</b>	<b>35,236.39</b>
<b>Total from GSP-eligible nations</b>	<b>119.39</b>	<b>609.76</b>	<b>1,030.41</b>	<b>1,767.83</b>	<b>1,848.57</b>	<b>824.89</b>	<b>1,522.51</b>
	<i>Percent</i>						
Canada	84.4	98.5	97.6	95.8	96.5	96.7	95.0
Brazil	0.2	1.1	1.8	3.7	3.1	2.6	4.3
France	0.3	0.3	0.6	0.5	0.3	0.6	0.7
Belgium	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	0.6	0.0	0.0	0.0	0.0	0.0	0.0
Ukraine	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Switzerland	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Poland	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Germany	14.5	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Share from GSP-eligible nations</b>	<b>0.2</b>	<b>1.2</b>	<b>1.8</b>	<b>3.7</b>	<b>3.1</b>	<b>2.6</b>	<b>4.3</b>

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

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

Table 2 —Adipic acid: U S exports of domestic merchandise, by principal markets, 1992-96, January-June 1996-97

Market						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Taiwan	6,240 19	10,549 28	10,528 47	13,323 08	13,098 92	8,371 11	12,701 45
Japan	17,174 04	13,719 57	16,312 02	20,271 34	9,859 31	5,261 04	8,162 19
Singapore	0 00	0 00	200 56	3,508 16	5,881 46	4,751 24	8,455 98
Korea	2,459 95	3,964 21	3,618 50	7,030 54	5,405 10	3,481 94	6,285 52
Argentina	292 55	983 03	705 60	2,013 73	5,342 82	1,754 69	2,853 12
Canada	3,904 40	2,917 30	3,467 35	4,738 63	5,147 07	1,712 09	2,179 19
Israel	8,435 56	2,787 27	2,684 45	4,325 83	2,243 78	989 28	2,127 04
Mexico	1,566 49	1,896 77	3,488 58	2,854 27	1,488 16	747 53	794 10
Thailand	467 88	528 88	206 48	628 33	1,100 18	679 80	592 54
Brazil	0 00	28 03	692 21	652 94	951 79	396 84	734 36
Australia	892 91	393 75	620 45	819 28	830 59	272 77	496 42
India	444 80	573 28	751 92	474 03	757 38	327 70	378 51
All other	9,789 85	13,228 44	5,648 53	9,684 44	1,211 40	497 86	3,290 21
<b>Total</b>	<b>51,668 62</b>	<b>51,568 78</b>	<b>48,925 10</b>	<b>70,324 60</b>	<b>53,317 95</b>	<b>29,243 89</b>	<b>49,050 62</b>
	<i>Percent</i>						
Taiwan	12 1	20 5	21 5	18 9	24 6	28 6	25 9
Japan	33 2	26 6	33 3	28 8	18 5	18 0	16 6
Singapore	0 0	0 0	0 4	5 0	11 0	16 2	17 2
Korea	4 8	7 7	7 4	10 0	10 1	11 9	12 8
Argentina	0 6	1 9	1 4	2 9	10 0	6 0	5 8
Canada	7 6	5 7	7 1	6 7	9 7	5 9	4 4
Israel	16 3	5 4	5 5	6 2	4 2	3 4	4 3
Mexico	3 0	3 7	7 1	4 1	2 8	2 6	1 6
Thailand	0 9	1 0	0 4	0 9	2 1	2 3	1 2
Brazil	0 0	0 1	1 4	0 9	1 8	1 4	1 5
Australia	1 7	0 8	1 3	1 2	1 6	0 9	1 0
India	0 9	1 1	1 5	0 7	1 4	1 1	0 8
All other	18 9	25 7	11 5	13 8	2 3	1 7	6 7
<b>Total</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>

Note Because of rounding figures may not add to totals shown

Market Compiled from official statistics of the U S Department of Commerce

DIGEST NO. 2933.71.00

6-HEXANELACTAM

## 6-Hexanelactam

## I. Introduction

X Competitive-need-limit waiver (Russia)

HTS subheading	Short description	Col. 1 rate of duty (1/1/97) <u>Percent ad valorem</u>	Like or directly competitive article produced in the United States on Jan. 1, 1995?
2933.71.00 <sup>1</sup>	6-Hexanelactam (ε-caprolactam)	11.4%(AVE)	Yes

<sup>1</sup> Russia was proclaimed by the President as noneligible for GSP treatment for articles included under HTS subheading 2933.71.00.

Description and uses.--The chemical 6-hexanelactam (also called ε-caprolactam), is an intermediate chemical used to produce nylon 6, which is used in turn to manufacture nylon fibers for carpeting and other applications, and nylon resin for molding, film, and coatings. Approximately 82 percent of all 6-hexanelactam produced annually is consumed in the production of nylon fiber.

## II. U.S. market profile

Profile of U.S. industry and market, 1992-96

Item	1992	1993	1994	1995	1996
Producers ( <u>number</u> ) <sup>1</sup> . . . . .	3	3	3	3	3
Employment ( <u>1,000 employees</u> ) . . . . .	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Production ( <u>1,000 dollars</u> ) <sup>1</sup> . . . . .	1,223,000	1,272,000	1,450,000	*1,510,000	**1,520,000
Exports ( <u>1,000 dollars</u> ) . . . . .	125,620	70,302	94,372	139,501	120,778
Imports ( <u>1,000 dollars</u> ) . . . . .	1,885	9,206	24,291	24,260	30,883
Consumption ( <u>1,000 dollars</u> ) <sup>1</sup> . . . . .	1,099,265	1,210,904	1,379,919	*1,394,759	**1,430,105
Import-to-consumption ratio ( <u>percent</u> ) . . . . .	( <sup>3</sup> )	1	2	*2	**2
Capacity utilization ( <u>percent</u> ) <sup>1</sup> . . . . .	*98	*99	**99	**100	**100

<sup>1</sup> Estimated by the staff of the U.S. International Trade Commission, based on information obtained from industry sources.

<sup>2</sup> Not available.

<sup>3</sup> Less than 0.5 percent.

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

Comment.--During 1992-96, U.S. production steadily increased from \$1.2 billion to \*\*\$1.5 billion. Domestic production capacity also increased over the same period, and capacity utilization remained high. As production capacity limits were reached, imports increased to supplement domestic consumption. Overall, the U.S. industry expects to experience an annual rate of growth of 5 to 10 percent over the next 5 years, with only moderate additional production capacity growth. Hence, imports will still be needed to augment domestic production as apparent consumption rises. This chemical, 6-hexanelactam, sells principally on the basis of quality, then price. It is characterized by a moderate price elasticity of demand.

III. GSP import situation, 1996

## U.S. imports and share of U.S. consumption, 1996

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total. . . . .	30,883	100	( <sup>1</sup> )	**2
Imports from GSP countries:				
GSP total . . . . .	11,818	38	100	**1
Brazil. . . . .	6,352	21	54	( <sup>2</sup> )
Colombia. . . . .	4,099	13	35	( <sup>2</sup> )
Poland. . . . .	1,363	4	12	( <sup>2</sup> )

<sup>1</sup> Not applicable.<sup>2</sup> 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 Russia for all digest products

Ranking as a U.S. import supplier, 1996. . . . . (<sup>1</sup>)

Price elasticity:

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

What is the price elasticity of U.S. import 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 ☐

<sup>1</sup> There were no imports of 6-hexanelactam from Russia during 1996.

Comment.--Although Russia exported no 6-hexanelactam to the United States during 1996, there were imports of this chemical from Russia during 1993-95 and January to June 1997. Such imports accounted for approximately 1 percent of domestic consumption during 1993-94.

V. Position of interested parties

Petitioners.--The Russian Federation petitioned for a waiver of the competitive need limit for GSP-eligible imports from Russia of the chemical 6-hexanelactam (also known as  $\epsilon$ -caprolactam). AlliedSignal, Inc. (New Jersey); AlliedSignal Polymers (Virginia); BASF Corp. (New Jersey); Custom Resins, Inc. (New Jersey); and Polymeric Resources Corp. (New Jersey) filed petitions of support for the waiver.

Support.--In oral testimony before the Commission, Mr. Mark Dobson, Business Director, Fiber Intermediates, BASF Corp., remarked that because domestic producers have not been able to meet U.S. demand for 6-hexanelactam over the last few years, it has been increasingly necessary to supplement domestic supply of this chemical with imports from GSP sources, such as Russia. However, because import sources are predominantly GSP-eligible countries, increased imports from these sources resulted in the temporary loss of GSP-eligibility because no waiver of competitive-need limit exists. Mr. Dobson asserts that granting the waiver for Russia is necessary in order to satisfy the anticipated 6-hexanelactam supply deficit predicted for the entire NAFTA region.

VI. Summary of probable economic advice--competitive-need-limit waiver (Russia)

\* \* \* \* \*

Table 1 -6-Hexanelactam: U S imports for consumption, by principal sources, 1992-96, January-June 1996-97							
Source						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Germany	1,798 08	4,709 05	2,022 14	6,073 74	17,628 03	2,678 81	22,732 96
Brazil	0 00	0 00	1,997 15	2,784 74	6,352 22	6,352 22	0 00
Colombia	0 00	0 00	0 00	2,016 02	4,098 66	4,098 66	4,395 54
Japan	0 00	0 00	0 00	0 00	1,439 82	0 00	0 00
Poland	0 00	2 01	5,422 27	614 79	1,363 09	0 00	149 00
Belgium	0 00	0 00	0 00	0 00	1 28	1 28	0 00
United Kingdom	7 70	0 00	0 00	0 00	0 00	0 00	31 65
Switzerland	61 03	86 82	48 68	11 68	0 00	0 00	0 00
Russia	0 00	4,406 41	13,460 71	8,787 00	0 00	0 00	4,109 62
Mexico	0 00	0 00	629 85	3,044 62	0 00	0 00	1,628 62
India	0 00	0 00	39 53	582 99	0 00	0 00	0 00
Canada	18 25	1 80	0 00	15 98	0 00	0 00	0 00
All other	0 00	0 00	670 50	328 49	0 00	0 00	802 99
<b>Total</b>	<b>1,885.06</b>	<b>9,206.08</b>	<b>24,290.81</b>	<b>24,260.03</b>	<b>30,883.10</b>	<b>13,130.96</b>	<b>33,850.37</b>
<b>Total from GSP-eligible nations</b>	<b>0.00</b>	<b>4,408.41</b>	<b>21,590.15</b>	<b>15,114.02</b>	<b>11,813.97</b>	<b>10,450.88</b>	<b>9,457.14</b>
	<i>Percent</i>						
Germany	95.4	51.2	8.3	25.0	57.1	20.4	67.2
Brazil	0.0	0.0	8.2	11.5	20.6	48.4	0.0
Colombia	0.0	0.0	0.0	8.3	13.3	31.2	13.0
Japan	0.0	0.0	0.0	0.0	4.7	0.0	0.0
Poland	0.0	0.0	22.3	2.5	4.4	0.0	0.4
Belgium	0.0	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	0.4	0.0	0.0	0.0	0.0	0.0	0.1
Switzerland	3.2	0.9	0.2	0.0	0.0	0.0	0.0
Russia	0.0	47.9	55.4	36.2	0.0	0.0	12.1
Mexico	0.0	0.0	2.6	12.5	0.0	0.0	4.8
India	0.0	0.0	0.2	2.4	0.0	0.0	0.0
Canada	1.0	0.0	0.0	0.1	0.0	0.0	0.0
All other	0.0	0.0	2.8	1.4	0.0	0.0	2.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Share from GSP-eligible nations</b>	<b>0.0</b>	<b>47.9</b>	<b>88.9</b>	<b>62.3</b>	<b>38.3</b>	<b>79.6</b>	<b>27.9</b>

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

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



**Table 2 --6-Hexanelactam: U S exports of domestic merchandise, by principal markets, 1992-96, January-June 1996-97**

Market						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Taiwan	48,655 70	17,835 86	32,428 49	84,058 39	79,146 49	42,972 73	40,321 33
Canada	26,824 50	27,758 08	28,563 22	33,981 79	37,607 08	18,607 72	20,494 42
Korea	38,483 08	15,367 81	23,281 08	15,037 85	3,504 07	3,457 52	1,821 42
Belgium	3,754 17	0 00	0 00	0 00	428 80	0 00	0 00
United Kingdom	0 00	0 00	0 00	0 00	58 18	58 18	83 80
Colombia	0 00	0 00	0 00	0 00	29 64	29 64	0 00
Thailand	5,258 88	6,722 82	6,581 80	5 28	3 30	3 30	0 00
Japan	0 00	828 43	0 00	0 00	0 00	0 00	0 00
China	1,037 24	0 00	0 00	2 75	0 00	0 00	0 00
France	0 00	0 00	4 20	0 00	0 00	0 00	0 00
Germany	0 00	0 00	0 00	6,354 04	0 00	0 00	0 00
India	1,382 88	0 00	0 00	0 00	0 00	0 00	0 00
All other	223 08	1,789 36	3,513 66	60 68	0 00	0 00	2 75
<b>Total</b>	<b>125,619.52</b>	<b>70,302.36</b>	<b>94,372.44</b>	<b>139,500.77</b>	<b>120,777.56</b>	<b>65,129.09</b>	<b>62,723.72</b>
	<i>Percent</i>						
Taiwan	38 7	25 4	34 4	60 3	65 5	66 0	64 3
Canada	21 4	39 5	30 3	24 4	31 1	28 6	32 7
Korea	30 6	21 9	24 7	10 8	2 9	5 3	2 9
Belgium	3 0	0 0	0 0	0 0	0 4	0 0	0 0
United Kingdom	0 0	0 0	0 0	0 0	0 0	0 1	0 1
Colombia	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Thailand	4 2	9 6	7 0	0 0	0 0	0 0	0 0
Japan	0 0	1 2	0 0	0 0	0 0	0 0	0 0
China	0 8	0 0	0 0	0 0	0 0	0 0	0 0
France	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Germany	0 0	0 0	0 0	4 6	0 0	0 0	0 0
India	1 1	0 0	0 0	0 0	0 0	0 0	0 0
All other	0 2	2 5	3 7	0 0	0 0	0 0	0 0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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

Market Compiled from official statistics of the U S Department of Commerce

DIGEST NO. 3204.12.20

CERTAIN ACID DYES

## Certain Acid Dyes

I. IntroductionX Addition to GSP

HTS subheadings	Short description	Col. 1 rate of duty (1/1/97) <u>Percent ad valorem</u>	Like or directly competitive article produced in the United States on Jan. 1, 1995?
3204.12.20 <sup>1</sup>	Certain acid dyes	7.6%	Yes
3204.12.30 <sup>1</sup>	Certain acid dyes	7.5%	Yes
3204.12.45 <sup>1</sup>	Certain acid dyes	12.4%	Yes
3204.12.50 <sup>1</sup>	Certain acid dyes	16%	Yes

<sup>1</sup> Based on 1996 trade data, no country exceeded the competitive-need limit for articles included under HTS subheadings 3204.12.20, 3204.12.30, 3204.12.45 and 3204.12.50.

Description and uses.--The products covered in this digest are classified in one category of synthetic organic dyes, namely acid dyes. Dyes are substances that impart color to a substrate (e.g., textiles) by selective adsorption and are retained in the substrate by some sort of chemical or physical bond. There are eight six-digit headings pertaining to dyes listed in the HTS. Of these classifications, only a portion of acid dyes is included in the GSP request. Acid dyes, which are among the most high-valued dyes, are used primarily to dye wool, silk, and nylon.

II. U.S. market profile

Profile of U.S. industry and market, 1992-96

Item	1992	1993	1994	1995	1996
Producers ( <u>number</u> ) <sup>1</sup> . . . . .	6	6	6	6	6
Employment ( <u>1,000 employees</u> ) <sup>1</sup> . . . . .	2	2	2	2	2
Shipments ( <u>1,000 dollars</u> ) <sup>1</sup> . . . . .	69,785	71,494	73,377	75,242	76,605
Exports ( <u>1,000 dollars</u> ) . . . . .	11,262	11,016	12,888	18,072	19,493
Imports ( <u>1,000 dollars</u> ) . . . . .	88,106	89,504	97,565	89,518	86,709
Consumption ( <u>1,000 dollars</u> ) <sup>1</sup> . . . . .	146,629	149,982	158,054	146,687	143,821
Import-to-consumption ratio ( <u>percent</u> ) . . . . .	60	60	62	61	60
Capacity utilization ( <u>percent</u> ) <sup>1</sup> . . . . .	80	80	80	80	80

<sup>1</sup> Estimated by the staff of the U.S. International Trade Commission.

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

Comment.--In 1996, acid dyes accounted for approximately 10 percent, by value, of total U.S. dye production; the portion of acid dyes potentially affected by GSP eligibility is approximately 8 percent of total U.S. dye production. The U.S. dye industry is composed of approximately 30 companies, including some of the largest foreign-based multinational chemical companies in the world and some relatively small domestic companies producing only dyes.<sup>1</sup> For acid dyes, approximately six companies, including both foreign multinationals and domestic producers, could be affected if the subject dyes obtain GSP eligibility. Today, most companies (particularly the small- and medium-sized U.S. companies) specialize in manufacturing only one or two classes of dyes. Nevertheless, the equipment used is not specific to any one class of dye and can be easily adapted to accommodate most other dye chemistry. Further, the chemistry is well known, making it possible to transfer production from one class to another. The products are easily shipped, and so location is not a significant barrier to trade. These characteristics make it easy for other countries, including less developed countries, to produce dyes that are competitive with U.S. dyes in price and quality.

<sup>1</sup> Since the end of the 1980s, many U.S. multinational producers left the industry, leaving one large U.S. multinational firm.

The most significant competitive issues are price, marketing, and technical support. With the newer acid dyes, the domestic and larger multinational companies with U.S. subsidiaries seem to have a competitive advantage in marketing and technical support. However, with the older dyes, these factors are not as important. The net result is that with many acid dyes, demand is quite sensitive to price among suppliers (the cross-price elasticity is moderately high) even if the total demand for acid dyes may be only low or moderately elastic.

### III. GSP import situation, 1996

#### U.S. imports and share of U.S. consumption, 1996

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total. . . . .	86,709	100	( <sup>1</sup> )	60
Imports from GSP countries:				
GSP total . . . . .	8,360	10	100	6
India . . . . .	7,142	8	85	5
Czech Republic. . . . .	566	1	7	( <sup>2</sup> )

<sup>1</sup> Not applicable.

<sup>2</sup> Less than .05 percent.

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

### IV. Competitiveness profiles, GSP suppliers

#### Competitiveness indicators for India for all digest products

Ranking as a U.S. import supplier, 1996. . . . .	<u>5</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. import demand? . . . . .	High	<input type="checkbox"/>	Moderate	<input checked="" type="checkbox"/> Low
Can production in the country be easily expanded or contracted in the short term? . . . . .	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Does the country have significant export markets besides the United States? . . . . .	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Could exports from the country be readily redistributed among its foreign export markets? . . . . .	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
What is the price elasticity of import supply? . . . . .	High	<input checked="" type="checkbox"/>	Moderate	<input type="checkbox"/> Low
Price level compared with--				
U.S. products. . . . .	Above	<input type="checkbox"/>	Equivalent	<input checked="" type="checkbox"/> Below
Other foreign products . . . . .	Above	<input type="checkbox"/>	Equivalent	<input checked="" type="checkbox"/> Below
Quality compared with--				
U.S. products. . . . .	Above	<input type="checkbox"/>	Equivalent	<input checked="" type="checkbox"/> Below
Other foreign products . . . . .	Above	<input type="checkbox"/>	Equivalent	<input checked="" type="checkbox"/> Below

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for Czech Republic for all digest products

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Ranking as a U.S. import supplier, 1996. . . . . 13

Price elasticity:

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

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

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

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

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

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

Price level compared with--

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

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

Quality compared with--

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

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

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Competitiveness indicators for all GSP countries for all digest products

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Ranking as a U.S. import supplier, 1996. . . . . (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. import demand? . . . . . High    Moderate X Low   

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

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

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

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

Price level compared with--

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

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

Quality compared with--

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

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

---

(1) Not applicable.

V. Position of interested parties

Petitioner.--The GSP request was introduced by the Kingdom of Morocco. The request stated that its objective was to stimulate economic development in developing countries through the expansion of acid dye exports. GSP-related price reductions would increase the developing countries' price competitiveness in U.S. markets and permit the expansion of their production and exports. The Moroccan request also listed among the benefits of GSP eligibility (1) a reduction in the cost of better quality products on the U.S. market, (2) the creation of jobs in the United States related to the sale and distribution of Moroccan products, and (3) the creation of opportunities for cooperation between Moroccan and U.S. firms in the field of dyes.

Opposition.--Opposition to the request came from the domestic industry in the form of two groups. One group was an ad hoc coalition of domestic producers (Crompton & Knowles, DyStar, BASF Corporation, Clariant, Fabricolor, and Warner Jenkinson). A second party in opposition was the International Association of Color Manufacturers. The thrust of the opposition is the contention that developing countries (India, in particular) have shown themselves to be competitive in the acid dye market without GSP benefits. The dye industry (including the acid dye segment) is a mature industry with its technology well known. Two significant competitive issues in dye production are labor and environmental costs. On both issues, the opposition stated that developing countries have a strong advantage.

VI. Summary of probable economic advice--Addition

\* \* \* \* \*

VI. Summary of probable economic advice--Addition--Continued

\* \* \* \* \*

**Table 1 –Certain acid dyes (HTS Subheading 32041220): U S imports for consumption, by principal sources, 1992-96, January-June 1996-97**

Source						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Germany	10,422 70	10,656 72	11,412 26	10,367 19	6,864 53	4,437 87	3,470 46
Switzerland	4,696 08	4,292 87	6,286 80	6,135 65	5,472 88	2,601 76	2,776 65
United Kingdom	4,063 93	941 00	1,810 41	2,280 98	3,153 98	1,545 38	1,645 28
India	659 09	1,435 84	1,920 40	2,156 93	2,263 31	1,515 18	932 19
France	2,325 49	2,223 23	1,516 79	1,040 48	1,541 18	717 29	498 18
Spain	1,096 64	1,006 45	1,126 13	1,280 83	1,477 32	861 29	1,145 27
Japan	518 92	848 14	1,272 34	888 79	1,097 90	640 28	662 78
Taiwan	414 49	570 79	841 92	670 30	457 73	202 76	381 94
Korea	0 00	7 22	30 72	81 04	370 07	123 46	161 50
China	224 41	123 07	321 26	138 64	314 24	119 86	281 87
Belgium	405 52	151 98	183 29	55 09	203 39	126 33	123 27
Netherlands	429 83	460 08	339 82	110 62	200 98	82 54	124 45
All other	471 96	431 67	610 01	971 31	368 84	144 88	269 70
<b>Total</b>	<b>25,729.05</b>	<b>23,149.07</b>	<b>27,672.14</b>	<b>26,177.85</b>	<b>23,786.35</b>	<b>13,118.89</b>	<b>12,473.56</b>
<b>Total from GSP-eligible nations</b>	<b>917.05</b>	<b>1,775.90</b>	<b>2,196.80</b>	<b>2,385.73</b>	<b>2,547.57</b>	<b>1,610.76</b>	<b>1,127.25</b>
	<i>Percent</i>						
Germany	40 5	46 0	41 2	39 6	28 9	33 8	27 8
Switzerland	18 3	18 5	22 7	23 4	23 0	19 8	22 3
United Kingdom	15 8	4 1	6 5	8 7	13 3	11 8	13 2
India	2 6	6 2	6 9	8 2	9 5	11 6	7 5
France	9 0	9 6	5 5	4 0	6 5	5 5	4 0
Spain	4 3	4 3	4 1	4 9	6 2	6 6	9 2
Japan	2 0	3 7	4 6	3 4	4 6	4 9	5 3
Taiwan	1 6	2 5	3 0	2 6	1 9	1 5	3 1
Korea	0 0	0 0	0 1	0 3	1 6	0 9	1 3
China	0 9	0 5	1 2	0 5	1 3	0 9	2 3
Belgium	1 6	0 7	0 7	0 2	0 9	1 0	1 0
Netherlands	1 7	2 0	1 2	0 4	0 8	0 6	1 0
All other	1 8	1 9	2 2	3 7	1 6	1 1	2 2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Share from GSP-eligible nations</b>	<b>3.6</b>	<b>7.7</b>	<b>7.9</b>	<b>9.1</b>	<b>10.7</b>	<b>12.3</b>	<b>9.0</b>

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

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



**Table 1 --Certain acid dyes (HTS Subheading 32041230): U S imports for consumption, by principal sources, 1992-96, January-June 1996-97**

Source						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
United Kingdom	0 00	5 91	2 69	98 68	1,897 09	701 54	617 02
Germany	19 74	43 70	312 14	555 17	1,470 56	723 07	1,134 07
Switzerland	872 00	773 92	1,048 62	1,347 43	723 87	674 84	234 58
Taiwan	34 83	125 04	93 75	100 49	129 14	76 79	50 64
India	0 00	0 00	0 00	12 00	79 93	41 57	26 50
France	0 00	0 00	11 31	4 55	72 04	72 04	44 18
China	25 61	0 00	0 00	0 00	30 42	30 42	0 00
Spain	7 05	0 00	0 00	1 74	16 12	0 00	0 00
Japan	442 97	638 91	298 04	6 29	6 66	2 64	17 57
Poland	0 00	0 00	0 00	0 00	0 00	0 00	2 10
Czech Republic	0 00	0 00	0 00	10 11	0 00	0 00	0 00
Canada	3 74	0 00	0 00	2 33	0 00	0 00	0 00
Belgium	0 00	1 54	0 00	0 00	0 00	0 00	0 00
<b>Total</b>	<b>1,405.94</b>	<b>1,589.02</b>	<b>1,766.54</b>	<b>2,138.78</b>	<b>4,425.82</b>	<b>2,322.91</b>	<b>2,126.66</b>
<b>Total from GSP-eligible nations</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>22.11</b>	<b>79.93</b>	<b>41.57</b>	<b>28.60</b>
	<i>Percent</i>						
United Kingdom	0 0	0 4	0 2	4 6	42 9	30 2	29 0
Germany	1 4	2 8	17 7	26 0	33 2	31 1	53 3
Switzerland	62 0	48 7	59 4	63 0	16 4	29 1	11 0
Taiwan	2 5	7 9	5 3	4 7	2 9	3 3	2 4
India	0 0	0 0	0 0	0 6	1 8	1 8	1 2
France	0 0	0 0	0 6	0 2	1 6	3 1	2 1
China	1 8	0 0	0 0	0 0	0 7	1 3	0 0
Spain	0 5	0 0	0 0	0 1	0 4	0 0	0 0
Japan	31 5	40 2	16 9	0 3	0 2	0 1	0 8
Poland	0 0	0 0	0 0	0 0	0 0	0 0	0 1
Czech Republic	0 0	0 0	0 0	0 5	0 0	0 0	0 0
Canada	0 3	0 0	0 0	0 1	0 0	0 0	0 0
Belgium	0 0	0 1	0 0	0 0	0 0	0 0	0 0
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
<b>Share from GSP-eligible nations</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1.0</b>	<b>1.8</b>	<b>1.8</b>	<b>1.3</b>

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

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

**Table 1 --Certain acid dyes (HTS Subheading 32041245): U S imports for consumption, by principal sources, 1992-96, January-June 1996-97**

Source						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Germany	12,220 84	9,946 74	9,827 89	9,406 74	12,295 28	5,997 92	4,985 31
Switzerland	2,810 79	3,874 55	4,169 92	7,900 52	7,742 66	3,872 45	4,967 43
France	1,511 82	1,070 32	2,786 91	2,806 26	3,642 00	1,946 40	2,298 02
Japan	1,477 57	2,537 24	4,210 56	2,605 14	1,723 59	417 54	720 20
United Kingdom	3,064 69	3,377 37	2,052 42	2,184 02	1,719 97	824 97	1,192 47
Taiwan	793 47	321 50	662 70	665 72	849 45	470 24	284 82
Korea	0 00	7 32	12 45	152 59	690 57	474 02	53 40
India	82 75	475 89	317 71	273 00	494 38	184 77	137 16
China	21 16	108 04	484 60	332 17	449 73	308 05	201 69
Spain	102 50	146 57	108 02	170 04	291 66	179 44	93 08
Netherlands	31 62	31 26	169 27	272 74	285 96	91 85	121 78
Argentina	246 23	385 96	310 98	127 51	205 99	123 05	97 55
All other	367 60	332 33	215 61	155 49	282 21	104 40	162 64
<b>Total</b>	<b>22,731.06</b>	<b>22,615.08</b>	<b>25,329.02</b>	<b>27,051.93</b>	<b>30,673.44</b>	<b>14,995.10</b>	<b>15,315.55</b>
<b>Total from GSP-eligible nations</b>	<b>517.67</b>	<b>1,073.59</b>	<b>687.16</b>	<b>477.47</b>	<b>759.69</b>	<b>356.54</b>	<b>303.54</b>
	<i>Percent.</i>						
Germany	53 8	44 0	38 8	34 8	40 1	40 0	32 6
Switzerland	12 4	17 1	16 5	29 2	25 2	25 8	32 4
France	6 7	4 7	11 0	10 4	11 9	13 0	15 0
Japan	6 5	11 2	16 6	9 6	5 6	2 8	4 7
United Kingdom	13 5	14 9	8 1	8 1	5 6	5 5	7 8
Taiwan	3 5	1 4	2 6	2 5	2 8	3 1	1 9
Korea	0 0	0 0	0 0	0 6	2 3	3 2	0 3
India	0 4	2 1	1 3	1 0	1 6	1 2	0 9
China	0 1	0 5	1 9	1 2	1 5	2 1	1 3
Spain	0 5	0 6	0 4	0 6	1 0	1 2	0 6
Netherlands	0 1	0 1	0 7	1 0	0 9	0 6	0 8
Argentina	1 1	1 7	1 2	0 5	0 7	0 8	0 6
All other	1 6	1 5	0 9	0 6	0 9	0 7	1 1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Share from GSP-eligible nations</b>	<b>2.3</b>	<b>4.7</b>	<b>2.7</b>	<b>1.8</b>	<b>2.5</b>	<b>2.4</b>	<b>2.0</b>

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

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

**Table 1 –Certain acid dyes (HTS Subheading 32041250): U S imports for consumption, by principal sources, 1992-96, January-June 1996-97**

Source						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Japan	12,193 32	16,535 41	13,292 73	13,281 38	9,465 61	5,417 59	1,308 01
India	2,764 27	3,650 36	4,636 58	3,028 19	4,304 51	2,022 94	1,643 86
China	1,267 16	2,019 68	2,367 93	2,787 33	2,296 33	1,068 78	1,184 32
Germany	6,616 83	7,159 02	6,344 26	3,691 43	1,763 72	908 26	781 46
Taiwan	1,740 69	2,109 10	2,050 98	1,249 03	1,738 34	887 01	1,135 78
United Kingdom	5,632 06	3,562 55	4,013 65	2,171 08	1,592 03	684 35	1,171 30
Belgium	413 47	802 94	1,291 94	2,277 16	1,392 74	762 22	458 81
Korea	400 70	361 98	525 55	604 03	1,293 18	602 31	680 96
Netherlands	2,079 23	1,526 85	1,807 54	1,732 91	1,208 14	643 30	606 34
France	1,183 78	948 64	1,880 01	1,254 59	942 53	472 50	265 29
Switzerland	1,808 59	2,007 89	2,756 37	920 99	562 72	324 35	278 98
Czech Republic	0 00	559 48	781 79	255 36	402 76	203 21	72 65
All other	2,139 38	907 27	1,048 00	895 62	861 16	459 20	642 50
<b>Total</b>	<b>38,239.46</b>	<b>42,151.16</b>	<b>42,797.33</b>	<b>34,149.10</b>	<b>27,823.76</b>	<b>14,456.01</b>	<b>10,230.27</b>
<b>Total from GSP-eligible nations</b>	<b>3,504.16</b>	<b>4,643.27</b>	<b>5,927.45</b>	<b>3,499.07</b>	<b>4,973.28</b>	<b>2,375.10</b>	<b>1,911.66</b>
	<i>Percent</i>						
Japan	31 9	39 2	31 1	38 9	34 0	37 5	12 8
India	7 2	8 7	10 8	8 9	15 5	14 0	16 1
China	3 3	4 8	5 5	8 2	8 3	7 4	11 6
Germany	17 3	17 0	14 8	10 8	6 3	6 3	7 6
Taiwan	4 6	5 0	4 8	3 7	6 2	6 1	11 1
United Kingdom	14 7	8 5	9 4	6 4	5 7	4 7	11 4
Belgium	1 1	1 9	3 0	6 7	5 0	5 3	4 5
Korea	1 0	0 9	1 2	1 8	4 6	4 2	6 7
Netherlands	5 4	3 6	4 2	5 1	4 3	4 5	5 9
France	3 1	2 3	4 4	3 7	3 4	3 3	2 6
Switzerland	4 7	4 8	6 4	2 7	2 0	2 2	2 7
Czech Republic	0 0	1 3	1 8	0 7	1 4	1 4	0 7
All other	5 6	2 2	2 4	2 6	3 1	3 2	6 3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Share from GSP-eligible nations</b>	<b>9.2</b>	<b>11.0</b>	<b>13.9</b>	<b>10.2</b>	<b>17.9</b>	<b>16.4</b>	<b>18.7</b>

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

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

**Table 1 --Certain acid dyes (digest-level): U S imports for consumption, by principal sources, 1992-96, January-June 1996-97**

Source						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Germany	29,280 12	27,806 18	27,896 54	24,020 53	22,394 09	12,067 12	10,371 30
Switzerland	10,187 45	10,949 24	14,261 70	16,304 59	14,502 12	7,473 40	8,257 64
Japan	14,632 77	20,559 70	19,073 67	16,781 60	12,293 76	6,478 04	2,708 56
United Kingdom	12,760 68	7,886 84	7,879 18	6,734 77	8,363 07	3,756 24	4,626 07
India	3,506 11	5,562 09	6,874 68	5,470 12	7,142 13	3,764 47	2,739 72
France	5,021 09	4,242 19	6,195 01	5,105 88	6,197 74	3,208 23	3,105 68
Taiwan	2,983 48	3,126 42	3,649 35	2,685 54	3,174 66	1,636 81	1,853 19
China	1,538 35	2,250 79	3,173 78	3,258 14	3,090 73	1,527 10	1,667 88
Korea	400 70	376 52	568 73	837 66	2,353 81	1,199 80	895 85
Spain	1,507 33	1,447 77	1,510 05	1,787 11	2,072 64	1,211 46	1,420 86
Netherlands	2,540 69	2,018 19	2,316 63	2,116 28	1,695 08	817 69	852 57
Belgium	830 07	1,061 77	1,610 35	2,352 84	1,691 26	908 67	671 64
All other	2,916 69	2,216 65	2,555 37	2,062 63	1,738 29	843 89	975 07
<b>Total</b>	<b>88,105.51</b>	<b>89,504.38</b>	<b>97,565.03</b>	<b>89,517.66</b>	<b>86,709.37</b>	<b>44,892.91</b>	<b>40,146.03</b>
<b>Total from GSP-eligible nations</b>	<b>4,939.08</b>	<b>7,492.76</b>	<b>8,811.41</b>	<b>6,484.38</b>	<b>8,360.47</b>	<b>4,383.97</b>	<b>3,371.07</b>
	<i>Percent</i>						
Germany	33.2	31.1	28.6	26.8	25.8	26.9	25.8
Switzerland	11.6	12.2	14.6	18.2	16.7	16.6	20.6
Japan	16.6	23.0	19.5	18.7	14.2	14.4	6.7
United Kingdom	14.5	8.8	8.1	7.5	9.6	8.4	11.5
India	4.0	6.2	7.0	6.1	8.2	8.4	6.8
France	5.7	4.7	6.3	5.7	7.1	7.1	7.7
Taiwan	3.4	3.5	3.7	3.0	3.7	3.6	4.6
China	1.7	2.5	3.3	3.6	3.6	3.4	4.2
Korea	0.5	0.4	0.6	0.9	2.7	2.7	2.2
Spain	1.7	1.6	1.5	2.0	2.4	2.7	3.5
Netherlands	2.9	2.3	2.4	2.4	2.0	1.8	2.1
Belgium	0.9	1.2	1.7	2.6	2.0	2.0	1.7
All other	3.3	2.5	2.6	2.3	2.0	1.9	2.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Share from GSP-eligible nations</b>	<b>5.6</b>	<b>8.4</b>	<b>9.0</b>	<b>7.1</b>	<b>9.6</b>	<b>9.8</b>	<b>8.4</b>

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

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

**Table 2 –Certain acid dyes: U S exports of domestic merchandise, by principal markets, 1992-96, January-June 1996-97**

Market						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Switzerland	52 33	20 69	2,892 19	8,442 17	6,737 66	3,602 67	3,626 56
Canada	2,931 31	2,935 09	4,284 82	3,522 36	3,813 04	1,895 73	1,605 24
Germany	266 60	83 12	224 25	185 13	1,730 10	73 88	100 33
Mexico	959 89	1,025 00	1,251 97	1,538 28	1,626 75	846 81	1,011 31
United Kingdom	923 08	680 82	558 93	430 39	636 62	166 59	1,272 64
Korea	386 48	752 80	564 69	853 81	507 69	259 52	215 99
Netherlands	26 80	89 27	494 24	132 48	429 36	270 36	771 52
Australia	253 91	445 62	335 70	539 75	400 79	166 09	304 12
Brazil	658 92	254 34	37 07	125 88	379 66	80 29	26 17
Belgium	137 43	228 96	169 20	215 27	333 25	238 44	565 77
Denmark	0 00	0 00	4 26	0 00	318 49	196 80	0 00
Colombia	267 66	275 10	133 75	42 73	312 89	265 20	20 95
All other	4,397 25	4,224 79	1,937 37	2,044 09	2,267 04	1,001 36	1,603 45
<b>Total</b>	<b>11,261 65</b>	<b>11,015 59</b>	<b>12,888 44</b>	<b>18,072 35</b>	<b>19,493 33</b>	<b>9,063 73</b>	<b>11,124 06</b>
	<i>Percent</i>						
Switzerland	0 5	0 2	22 4	46 7	34 6	39 7	32 6
Canada	26 0	26 6	33 2	19 5	19 6	20 9	14 4
Germany	2 4	0 8	1 7	1 0	8 9	0 8	0 9
Mexico	8 5	9 3	9 7	8 5	8 3	9 3	9 1
United Kingdom	8 2	6 2	4 3	2 4	3 3	1 8	11 4
Korea	3 4	6 8	4 4	4 7	2 6	2 9	1 9
Netherlands	0 2	0 8	3 8	0 7	2 2	3 0	6 9
Australia	2 3	4 0	2 6	3 0	2 1	1 8	2 7
Brazil	5 9	2 3	0 3	0 7	1 9	0 9	0 2
Belgium	1 2	2 1	1 3	1 2	1 7	2 6	5 1
Denmark	0 0	0 0	0 0	0 0	1 6	2 2	0 0
Colombia	2 4	2 5	1 0	0 2	1 6	2 9	0 2
All other	39 0	38 4	15 0	11 3	11 6	11 0	14 4
<b>Total</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>

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

Market Compiled from official statistics of the U S Department of Commerce

DIGEST NO. 3824.90.28  
CERTAIN CHEMICAL MIXTURES

## Certain Chemical Mixtures

I. IntroductionX Addition to GSP

HTS subheading	Short description	Col 1. rate of duty (1/1/97) <u>Percent ad valorem</u>	Like or directly competitive article produced in the United States on Jan. 1, 1995?
3824.90.28 <sup>1</sup>	Mixtures containing 5 percent or more by weight of one or more aromatic or modified aromatic substances	13.4% (AVE)	Yes

<sup>1</sup> Based on 1996 trade data, no country exceeded the competitive-need limit for articles included under HTS subheading 3824.90.28.

Description and uses.-- The products covered by this digest consist of certain chemical mixtures containing a class of organic chemicals called aromatic chemicals. These aromatic chemicals can be either naturally occurring or produced synthetically from crude petroleum or coal. These mixtures can be raw materials for the production of other products, or finished or semifinished bulk goods, which need only slight changes prior to retail packaging. Overall, the products included in this digest are characterized by moderate price elasticities of demand and supply.

II. U.S. market profile

Profile of U.S. industry and market, 1992-96

Item	1992	1993	1994	1995	1996
Producers ( <u>number</u> ) . . . . .	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Employment ( <u>1,000 employees</u> ) . . . . .	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Shipments ( <u>1,000 dollars</u> ) <sup>2</sup> . . . . .	**3,300,000	**4,180,000	**5,300,000	**7,700,000	**8,800,000
Exports ( <u>1,000 dollars</u> ) . . . . .	328,246	417,158	525,548	766,315	863,998
Imports ( <u>1,000 dollars</u> ) . . . . .	43,304	51,028	40,538	51,237	65,650
Consumption ( <u>1,000 dollars</u> ) <sup>2</sup> . . . . .	**3,015,058	**3,813,870	**4,814,990	**6,984,922	**8,001,652
Import-to-consumption ratio ( <u>percent</u> ) . . . . .	**1	**1	**1	**1	**1
Capacity utilization ( <u>percent</u> ) . . . . .	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )

<sup>1</sup> Not available.

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

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

Comment.--Estimated U.S. production and consumption of the products covered by this digest, which is a basket HTS subheading, increased during 1992-96: production increased from \*\*\$3.3 billion in 1992 to \*\*\$8.8 billion in 1996, and consumption increased from \*\*\$3.0 billion to \*\*\$8.0 billion over the same period. The nature of the individual products in this grouping probably varied widely during 1992-96. The products covered by this digest are characterized overall as having moderate price elasticities of supply and demand. In general, U.S. imports of these products are both complementary and supplementary to domestic production.

III. GSP import situation, 1996

## U.S. imports and share of U.S. consumption, 1996

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total. . . . .	65,650	100	( <sup>1</sup> )	**1
Imports from GSP countries:				
GSP total . . . . .	8,996	14	100	( <sup>2</sup> )
Brazil. . . . .	7,297	11	81	( <sup>2</sup> )
Argentina . . . . .	409	1	5	( <sup>3</sup> )
Thailand. . . . .	408	1	5	( <sup>3</sup> )

<sup>1</sup> Not applicable.<sup>2</sup> Less than \*\*0.5 percent.<sup>3</sup> Less than \*\*0.01 percent.

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

Comment.--During 1996, at least 70 percent of the value of GSP imports of the chemicals classified in this HTS subheading was a byproduct from the extraction of edible soybean oil. This byproduct, containing the aromatic chemical,  $\alpha$ -tocopherol, is used as a raw material in the production of natural vitamin E. The remainder of GSP imports were other various mixtures of chemicals.

IV. Competitiveness profiles, GSP suppliers

## Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1996. . . . . 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. import 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    Moderate X Low   

## Price level compared with--

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

## Quality compared with--

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



IV. Competitiveness profiles, GSP suppliers--Continued

## Competitiveness indicators for Argentina for all digest products

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Ranking as a U.S. import supplier, 1996. . . . . 16

Price elasticity:

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

What is the price elasticity of U.S. import 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    Moderate X Low   

Price level compared with--

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

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

Quality compared with--

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

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

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## Competitiveness indicators for Thailand for all digest products

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Ranking as a U.S. import supplier, 1996. . . . . 17

Price elasticity:

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

What is the price elasticity of U.S. import 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    Moderate X Low   

Price level compared with--

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

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

Quality compared with--

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

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

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## Competitiveness indicators for all GSP countries and for all digest products

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Ranking as a U.S. import supplier, 1996. . . . . (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. import 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    Moderate X Low   

Price level compared with--

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

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

Quality compared with--

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

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

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<sup>1</sup> Not applicable.

V. Position of interested parties

Petitioners.--Cargill, Inc. (Minnesota), Cargill Nutri-Products (Iowa), and Zaklady Przemyslu (Poland) requested the addition of HTS subheading 3824.90.28 to the list of eligible items. The request for duty-free treatment under the GSP seeks to restore the duty-free status for this product, which had been reclassified from an HTS subheading designated as GSP eligible to the current HTS subheading, which is not GSP eligible.

Support.--In oral testimony before the Commission, Mr. John M. Gurley, Counsel, from the firm of Arent Fox, Kintner, Plotkin, and Kahn, on behalf of Zaklady Przemyslu Tluszczowego, a Polish firm producing edible vegetable oils, remarked that because of a recent reclassification of a product called vegetable oil distillate (VOD) by the U.S. Customs Service, GSP-eligibility for this product was lost. Mr. Gurley pointed out that the request to add all products, including VOD, classified in HTS subheading 3824.90.28 to the list of GSP-eligible products will restore the lost GSP-eligibility for this product and enable the Polish producer to compete more equitably with producers eligible for duty-free imports, under the provisions of the Caribbean Basin Economic Recovery Act, and the U.S.-Israel Free Trade Agreement.

VI. Summary of probable economic advice--Addition

\* • \* \* \* \*

Table 1 --Certain chemical mixtures: U S imports for consumption, by principal sources, 1992-96, January-June 1996-97							
Source						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Japan	3,473 12	4,693 65	4,829 87	8,556 74	10,767 99	6,056 30	4,795 54
Germany	8,420 47	5,920 03	5,920 77	7,390 91	10,336 02	6,333 22	2,583 82
Ireland	6,567 52	14,818 24	3,322 89	6,304 60	8,915 79	4,474 61	3,151 05
Brazil	34 70	118 30	468 86	0 00	7,295 90	2,533 42	2,722 30
Switzerland	8,980 94	10,744 17	12,342 76	11,046 38	7,032 20	3,464 67	3,535 03
United Kingdom	11,749 88	7,758 95	6,994 45	6,352 46	6,079 34	2,577 35	3,813 20
Canada	291 30	721 01	911 33	3,082 02	4,237 25	2,321 66	1,916 06
Netherlands	788 54	1,935 34	1,764 59	3,363 85	2,923 95	1,993 85	243 66
France	913 30	1,449 14	1,011 47	1,837 49	1,420 71	663 46	536 29
China	196	18 35	2 40	552 83	1,219 71	544 29	700 28
Mexico	1,673 70	2,088 61	1,941 74	1,645 01	1,061 44	260 61	635 52
Singapore	1 62	0 00	6 43	0 00	564 29	55 39	603 91
All other	406 56	762 05	1,020 89	1,104 43	3,794 92	1,721 63	2,085 96
<b>Total</b>	<b>43,303.61</b>	<b>51,027.84</b>	<b>40,538.45</b>	<b>51,236.71</b>	<b>65,649.50</b>	<b>33,000.46</b>	<b>27,322.61</b>
<b>Total from GSP-eligible nations</b>	<b>34.70</b>	<b>129.87</b>	<b>491.76</b>	<b>0.00</b>	<b>8,995.61</b>	<b>3,314.56</b>	<b>4,068.55</b>
	<i>Percent</i>						
Japan	8 0	9 2	11 9	16 7	16 4	18 4	17 6
Germany	19 4	11 6	14 6	14 4	15 7	19 2	9 5
Ireland	15 2	29 0	8 2	12 3	13 6	13 6	11 5
Brazil	0 1	0 2	1 2	0 0	11 1	7 7	10 0
Switzerland	20 7	21 1	30 4	21 6	10 7	10 5	12 9
United Kingdom	27 1	15 2	17 3	12 4	9 3	7 8	14 0
Canada	0 7	1 4	2 2	6 0	6 5	7 0	7 0
Netherlands	1 8	3 8	4 4	6 6	4 5	6 0	0 9
France	2 1	2 8	2 5	3 6	2 2	2 0	2 0
China	0 0	0 0	0 0	1 1	1 9	1 6	2 6
Mexico	3 9	4 1	4 8	3 2	1 6	0 8	2 3
Singapore	0 0	0 0	0 0	0 0	0 9	0 2	2 2
All other	0 9	1 5	2 5	2 2	5 8	5 2	7 6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Share from GSP-eligible nations</b>	<b>0.1</b>	<b>0.3</b>	<b>1.2</b>	<b>0.0</b>	<b>13.7</b>	<b>10.0</b>	<b>14.9</b>

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

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

**Table 2 –Certain chemical mixtures: U S exports of domestic merchandise, by principal markets, 1992-96, January-June 1996-97**

Market						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Canada	162,314 67	206,572 11	237,307 64	263,557 09	293,091 87	141,880 00	162,823 01
Japan	15,189 40	29,026 86	58,846 80	105,795 29	103,160 98	56,634 92	32,670 02
Mexico	27,215 95	30,980 65	35,848 35	42,311 43	64,969 21	28,971 60	52,544 27
Korea	6,369 24	11,666 05	10,906 15	43,841 15	37,901 12	24,955 12	15,480 52
Singapore	5,506 28	5,475 87	5,748 64	9,234 49	32,753 10	24,885 07	7,496 07
Taiwan	7,007 48	6,689 30	13,273 01	20,401 90	29,127 13	14,639 75	18,502 78
Brazil	1,725 02	2,678 70	8,366 31	19,527 99	21,764 23	12,004 17	16,568 21
Belgium	4,638 61	5,569 24	4,356 69	18,465 93	21,210 10	11,150 39	10,537 81
United Kingdom	9,988 80	11,171 45	9,490 88	15,665 70	19,536 64	10,270 07	12,994 67
China	2,289 26	2,061 95	1,640 61	20,290 13	17,071 22	7,145 26	6,197 90
Germany	8,524 38	4,427 06	9,586 51	11,731 48	16,847 54	7,979 95	6,850 94
Venezuela	4,921 84	5,665 53	6,965 57	23,195 95	14,344 61	8,855 29	8,725 52
All other	72,555 00	95,173 13	123,210 83	172,296 10	192,220 31	94,658 25	118,384 78
<b>Total</b>	<b>328,245 94</b>	<b>417,157 87</b>	<b>525,548 00</b>	<b>766,314 64</b>	<b>863,998 05</b>	<b>444,029 82</b>	<b>469,776 49</b>
	<i>Percent</i>						
Canada	49 4	49 5	45 2	34 4	33 9	32 0	34 7
Japan	4 6	7 0	11 2	13 8	11 9	12 8	7 0
Mexico	8 3	7 4	6 8	5 5	7 5	6 5	11 2
Korea	1 9	2 8	2 1	5 7	4 4	5 6	3 3
Singapore	1 7	1 3	1 1	1 2	3 8	5 6	1 6
Taiwan	2 1	1 6	2 5	2 7	3 4	3 3	3 9
Brazil	0 5	0 6	1 6	2 5	2 5	2 7	3 5
Belgium	1 4	1 3	0 8	2 4	2 5	2 5	2 2
United Kingdom	3 0	2 7	1 8	2 0	2 3	2 3	2 8
China	0 7	0 5	0 3	2 6	2 0	1 6	1 3
Germany	2 6	1 1	1 8	1 5	1 9	1 8	1 5
Venezuela	1 5	1 4	1 3	3 0	1 7	2 0	1 9
All other	22 1	22 8	23 4	22 5	22 2	21 3	25 2
<b>Total</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>

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

Market Compiled from official statistics of the U S Department of Commerce

DIGEST NO. 3920.62.00  
POLYETHYLENE TEREPHTHALATE FILM

## Polyethylene Terephthalate Film

I. IntroductionX Removal from GSP (India)

HTS subheading	Short description	Col. 1 rate of duty (1/1/97) <u>Percent ad valorem</u>	Like or directly competitive article produced in the United States on Jan. 1, 1995?
3920.62 00	Film of polyethylene terephthalate	4 2%	Yes

**Description and uses.**--Polyethylene terephthalate (PET) film is a specialty thermoplastic polyester film that can exhibit a number of different properties depending upon the gauge or thickness, type and amount of additives or modifying agents, and processing techniques. PET film is used in a wide variety of applications because of its unique combination of clarity, strength, flexibility, heat stability, moisture resistance, and gas-barrier properties. Major end-use categories include packaging film for snack foods; meat wrap and boil-in-bag pouches; magnetic media film for audio/video and computer tapes; wire and cable wrap; and graphic applications.

II. U.S. market profile

Profile of U.S. industry and market, 1992-96

Item	1992	1993	1994	1995	1996
Producers ( <u>number</u> ) <sup>1</sup> . . . . .	7	7	7	8	8
Employment ( <u>1,000 employees</u> ) <sup>1</sup> . . . . .	**2	**2	*2	*2	*2
Shipments ( <u>1,000 dollars</u> ) <sup>1</sup> . . . . .	**760,000	**800,000	*755,000	*1,000,000	*870,000
Exports ( <u>1,000 dollars</u> ) . . . . .	184,125	198,962	217,331	270,482	295,301
Imports ( <u>1,000 dollars</u> ) . . . . .	212,037	224,290	215,606	271,527	281,423
Consumption ( <u>1,000 dollars</u> ) <sup>1</sup> . . . . .	**788,000	**830,000	*753,000	*1,001,000	*856,000
Import-to-consumption ratio ( <u>percent</u> ) . . . . .	**27	**27	*29	*27	*33
Capacity utilization ( <u>percent</u> ) <sup>1</sup> . . . . .	**90	**90	*91	*93	*85

<sup>1</sup> Estimated by the staff of the U.S. International Trade Commission.

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

**Comment.**--U.S. shipments and capacity utilization declined in 1996 compared with record highs established in 1995 because of an oversupply of the product in the U.S. market coupled with increased U.S. imports. The strong U.S. dollar during the period resulted in increased U.S. imports of low-priced PET film from the Republic of Korea and India. During the first 6 months of 1997, U.S. shipments rebounded and capacity utilization approached 95 percent, while imports from all major sources declined by approximately 15 percent. The U.S. industry continues to restructure, becoming more multinational, which should provide for improved efficiency and profitability. PET film demand in the United States is expected to increase annually by 3 percent, according to industry sources.

III. GSP import situation, 1996

## U.S. imports and share of U.S. consumption, 1996

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total. . . . .	281,423	100	( <sup>1</sup> )	*33
Imports from GSP countries:				
GSP total. . . . .	30,602	11	100	*4
India. . . . .	20,281	7	66	2
Brazil. . . . .	10,133	4	33	1
Indonesia. . . . .	137	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
Thailand. . . . .	32	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
Costa Rica. . . . .	18	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
Philippine. . . . .	1	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
Argentina. . . . .	( <sup>2</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )

<sup>1</sup> Not applicable.<sup>2</sup> Less than \$500.<sup>3</sup> 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 India for all digest products

Ranking as a U.S. import supplier, 1996. . . . .	<u>3</u>		
Price elasticity:			
Can the U.S. purchaser easily shift among this and other suppliers? . . . . .	Yes	<u>X</u>	No <u>  </u>
What is the price elasticity of U.S. import demand? . . . . .	High <u>  </u>	Moderate <u>X</u>	Low <u>  </u>
Can production in the country be easily expanded or contracted in the short term? . . . . .	Yes	<u>X</u>	No <u>  </u>
Does the country have significant export markets besides the United States? . . . . .	Yes	<u>X</u>	No <u>  </u>
Could exports from the country be readily redistributed among its foreign export markets? . . . . .	Yes	<u>X</u>	No <u>  </u>
What is the price elasticity of import supply? . . . . .	High <u>  </u>	Moderate <u>X</u>	Low <u>  </u>
Price level compared with--			
U.S. products. . . . .	Above <u>  </u>	Equivalent <u>X</u>	Below <u>  </u>
Other foreign products. . . . .	Above <u>  </u>	Equivalent <u>X</u>	Below <u>  </u>
Quality compared with--			
U.S. products. . . . .	Above <u>  </u>	Equivalent <u>X</u>	Below <u>  </u>
Other foreign products. . . . .	Above <u>  </u>	Equivalent <u>X</u>	Below <u>  </u>

Comment.--India was first recognized as a significant supplier of PET film to the United States and other global markets in 1994, when their modern production facilities became operational. U.S. imports of the Indian product increased significantly from \$2 million in 1994 to \$20 million in 1996. During January-June 1997, India's PET film shipments to the United States declined by 22 percent, primarily because new PET film capacity came onstream in the United States.



IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for Brazil for all digest products

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Ranking as a U.S. import supplier, 1996. . . . . 6

Price elasticity:

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

What is the price elasticity of U.S. import 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    Moderate X Low   

Price level compared with--

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

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

Quality compared with--

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

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

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Comment.--Brazil is not a major producer of PET film, with its export markets are principally confined to Latin America and the United States.

Competitiveness indicators for all GSP countries for all digest products

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Ranking as a U.S. import supplier, 1996. . . . . (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. import 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    Moderate X Low   

Price level compared with--

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

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

Quality compared with--

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

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

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<sup>1</sup> Not applicable.

V. Position of interested parties

Petitioner.--Hoechst Diafoil Co., petitioned for the removal of India for GSP-eligibility for HTS subheading 3920.62.00 citing that the Indian PET film producers have become an internationally competitive industry. The petitioner further states that duty-free imports of PET film from India are competitively harmful to the U.S. industry.

Opposition.--In testimony and submissions, on behalf of the Polyester Film Industries Association of India, it was stated that U.S. PET film imports from India are insignificant compared with the major sources, Korea and Japan, and with overall growth in U.S. market demand. In 1996, Indian's share of total U.S. PET film imports and of total domestic demand were estimated at 5 percent and 2 percent, respectively

VI. Summary of probable economic advice--Removal (India)

\* \* \* \* \*

**Table 1 —Polyethylene terephthalate film: U S imports for consumption, by principal sources, 1992-96, January-June 1996-97**

Source						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Korea	43,790 75	51,285 04	47,811 65	79,126 70	90,088 78	46,859 72	41,895 86
Japan	91,004 29	95,920 22	94,853 94	92,336 07	86,474 12	46,129 09	32,690 34
India	221 30	953 76	1,827 19	9,189 61	20,280 81	8,721 00	6,769 90
United Kingdom	25,396 62	24,665 38	23,763 06	24,544 93	20,051 30	10,240 96	9,312 50
Taiwan	8,819 45	10,829 70	11,327 29	15,217 44	12,943 95	6,128 31	4,461 60
Brazil	4,475 82	9,107 12	11,056 94	12,623 56	10,132 55	6,863 17	5,094 31
France	10,786 25	7,722 71	6,356 73	9,577 93	9,014 77	4,999 36	4,268 51
Canada	4,446 71	6,585 44	5,384 64	8,896 80	7,355 08	3,680 70	4,075 19
Luxembourg	9,691 26	5,584 65	3,134 21	2,659 46	6,796 95	3,746 24	2,286 79
Italy	1,623 65	863 03	1,866 30	1,873 23	5,535 49	1,487 38	2,792 87
Germany	3,751 51	3,112 53	2,431 02	3,952 10	5,135 78	2,108 39	3,227 05
Belgium	6,097 42	2,571 30	2,127 49	3,631 07	3,135 76	1,682 75	937 93
All other	1,931 68	5,088 83	3,665 39	7,898 51	4,477 29	3,378 40	5,744 30
<b>Total</b>	<b>212,036.68</b>	<b>224,289.71</b>	<b>215,605.83</b>	<b>271,527.38</b>	<b>281,422.61</b>	<b>146,025.46</b>	<b>123,557.15</b>
<b>Total from GSP-eligible nations</b>	<b>5,051.91</b>	<b>10,939.23</b>	<b>12,925.24</b>	<b>21,857.01</b>	<b>30,602.06</b>	<b>15,618.20</b>	<b>11,873.71</b>
	<i>Percent</i>						
Korea	20 7	22 9	22 2	29 1	32 0	32 1	33 9
Japan	42 9	42 8	44 0	34 0	30 7	31 6	26 5
India	0 1	0 4	0 8	3 4	7 2	6 0	5 5
United Kingdom	12 0	11 0	11 0	9 0	7 1	7 0	7 5
Taiwan	4 2	4 8	5 3	5 6	4 6	4 2	3 6
Brazil	2 1	4 1	5 1	4 6	3 6	4 7	4 1
France	5 1	3 4	2 9	3 5	3 2	3 4	3 5
Canada	2 1	2 9	2 5	3 3	2 6	2 5	3 3
Luxembourg	4 6	2 5	1 5	1 0	2 4	2 6	1 9
Italy	0 8	0 4	0 9	0 7	2 0	1 0	2 3
Germany	1 8	1 4	1 1	1 5	1 8	1 4	2 6
Belgium	2 9	1 1	1 0	1 3	1 1	1 2	0 8
All other	0 9	2 3	1 7	2 9	1 6	2 3	4 6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Share from GSP-eligible nations</b>	<b>2.4</b>	<b>4.9</b>	<b>6.0</b>	<b>8.0</b>	<b>10.9</b>	<b>10.7</b>	<b>9.6</b>

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

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

**Table 2 –Polyethylene terephthalate film: U S exports of domestic merchandise, by principal markets, 1992-96, January-June 1996-97**

Market						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Canada	67,983 74	71,346 76	74,084 04	73,685 74	74,371 38	38,758 82	41,171 18
Netherlands	12,162 26	12,038 06	14,458 42	25,869 95	48,095 09	22,372 74	18,980 25
United Kingdom	16,542 95	23,313 50	25,548 23	29,598 15	29,330 62	15,436 95	18,983 98
Japan	4,400 09	4,613 15	4,837 44	11,875 93	21,325 66	10,487 67	24,412 05
Mexico	14,635 22	15,287 60	17,508 70	15,787 35	16,355 06	7,302 07	10,819 06
Germany	11,904 63	7,632 92	9,380 01	18,897 07	14,892 31	5,918 64	22,131 82
Australia	7,803 17	9,355 58	10,825 44	10,959 01	11,546 89	6,191 80	5,880 23
Luxembourg	7,543 13	9,043 49	8,848 58	9,157 26	10,089 32	5,613 36	4,417 07
Singapore	3,779 68	3,892 70	6,421 52	6,719 02	8,950 42	3,967 89	6,728 56
France	3,425 49	5,441 31	4,803 21	12,041 14	7,275 23	4,811 04	2,778 98
Taiwan	1,509 82	2,797 50	2,434 22	4,388 23	5,957 70	2,835 35	2,898 63
Belgium	5,442 82	3,745 30	4,437 50	2,390 65	5,697 07	2,514 89	2,786 74
All other	26,991 60	30,453 86	33,743 31	49,112 12	41,413 95	20,584 50	26,617 14
<b>Total</b>	<b>184,124.61</b>	<b>198,961.73</b>	<b>217,330.61</b>	<b>270,481.62</b>	<b>295,300.69</b>	<b>146,795.70</b>	<b>188,605.69</b>
	<i>Percent</i>						
Canada	36 9	35 9	34 1	27 2	25 2	26 4	21 8
Netherlands	6 6	6 1	6 7	9 6	16 3	15 2	10 1
United Kingdom	9 0	11 7	11 8	10 9	9 9	10 5	10 1
Japan	2 4	2 3	2 2	4 4	7 2	7 1	12 9
Mexico	7 9	7 7	8 1	5 8	5 5	5 0	5 7
Germany	6 5	3 8	4 3	7 0	5 0	4 0	11 7
Australia	4 2	4 7	5 0	4 1	3 9	4 2	3 1
Luxembourg	4 1	4 5	4 1	3 4	3 4	3 8	2 3
Singapore	2 1	2 0	3 0	2 5	3 0	2 7	3 6
France	1 9	2 7	2 2	4 5	2 5	3 3	1 5
Taiwan	0 8	1 4	1 1	1 6	2 0	1 9	1 5
Belgium	3 0	1 9	2 0	0 9	1 9	1 7	1 5
All other	14 7	15 3	15 5	18 2	14 0	14 0	14 1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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

Market Compiled from official statistics of the U S Department of Commerce

**DIGEST NO. 4011.10.10**

**NEW PNEUMATIC TIRES**

## New Pneumatic Tires

## I. Introduction

X Competitive-need-limit waiver (Brazil)

HTS subheadings	Short description	Col. 1 rate of duty (1/1/97) Percent ad valorem	Like or directly competitive article produced in the United States on Jan. 1, 1995?
4011.10.10 <sup>1</sup> <sup>2</sup>	New radial pneumatic tires used on motor cars, made of rubber.	4%	Yes
4011.10.50 <sup>1</sup>	New pneumatic tires used on motor cars, not radial, made of rubber.	3.6%	Yes
4011.20.10 <sup>1</sup>	New radial pneumatic tires used on buses and trucks, made of rubber.	4%	Yes
4011.20.50 <sup>1</sup>	New pneumatic tires used on buses and trucks, not radial, made of rubber.	3.6%	Yes

<sup>1</sup> Brazil has been proclaimed by the President as noneligible for GSP treatment for articles included under HTS subheadings 4011.10.10, 4011.10.50, 4011.20.10, 4011.20.50.

<sup>2</sup> Argentina, in addition to Brazil, has been proclaimed by the President as noneligible for GSP treatment for articles under HTS subheading 4011.10.10.

Description and uses.--The above items are made from rubber that has been reinforced with cords of nylon, steel, or other material and filled with compressed air. They are used to cover the wheels of motor vehicles, providing traction, a cushioned ride, and added shock absorption. In radial tires, the ply cords (rubberized fabric used for reinforcement) run archwise across the tire at a 90-degree angle to the plane of the tire. In non-radial, or bias-ply tires, the cord angle is generally between 30 and 40 degrees away from bead, the steel wire hoop that anchors the plies and holds the tire on the wheel rim. Articles of HTS subheadings 4011.1010 and 4011.1050 are used on motor cars, including station wagons and racing cars; those of 4011.2010 and 4011.2050 are used on buses and trucks.

## II. U.S. market profile

Profile of U.S. industry and market, 1992-96

Item	1992	1993	1994	1995	1996
Producers (number) <sup>1</sup> . . . . .	*16	*14	*15	*15	*15
Employment (1,000 employees) <sup>1</sup> . . . . .	**56	**57	**57	**56	**56
Shipments (1,000 dollars) <sup>1</sup> . . . . .	**9,450,000	**9,540,000	**9,810,000	**9,900,000	**10,260,000
Exports (1,000 dollars) . . . . .	1,149,491	1,184,799	1,287,948	1,532,393	1,611,753
Imports (1,000 dollars) . . . . .	2,057,827	2,241,945	2,467,633	2,505,391	2,419,365
Consumption (1,000 dollars) <sup>1</sup> . . . . .	**10,358,335	**10,597,146	**10,989,685	**10,872,998	**11,067,612
Import-to-consumption ratio (percent) . . . . .	**20	**21	**22	**23	**22
Capacity utilization (percent) <sup>1</sup> . . . . .	*95	*95	*97	*98	*95

<sup>1</sup> Estimated by the staff of the U.S. International Trade Commission, based on information obtained from industry sources.

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

Comment.--The U.S. market for the items covered by this digest consists of two sectors: original-equipment (OE) tires and replacement tires. U.S. production of all of these goods increased by approximately \*\*9 percent during 1992-96, with radial passenger tires (HTS subheading 4011.10.10) having the highest production and trade. The OE market is primarily supplied by domestic production, and 100 percent of the items included in this digest that are imported from Brazil are used in the replacement market. Because most of the major producers of these products are multinational corporations, the industry has a relatively global perspective. There is minimal product differentiation based on brands (company names) for these items, regardless of whether they

are produced domestically or imported; the primary marketing concerns are price and performance, indicating moderate price elasticity of demand. The U.S. market for motor vehicle tires has become highly specialized, and tire specifications and performance grades are significant factors in product selection. Furthermore, participation in the U.S. OE market is becoming increasingly important as some consumers are demonstrating brand-loyalty to the OE brand when tire replacement is required. U.S. imports of these goods, especially those from GSP countries such as Brazil, are frequently products with moderately low unit values compared with the unit values of U.S. products. As a result, U.S. imports of the tires in this digest are generally complementary to U.S. production and are imported principally by U.S. affiliates of foreign producers.

### III. GSP import situation, 1996

#### U.S. imports and share of U.S. consumption, 1996

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total. . . . .	2,419,365	100	( <sup>1</sup> )	**22
Imports from GSP countries:				
GSP total. . . . .	217,666	9	100	**2
Brazil. . . . .	125,992	5	58	**1
India. . . . .	39,283	2	18	( <sup>2</sup> )
Indonesia. . . . .	10,284	( <sup>2</sup> )	5	( <sup>2</sup> )
Venezuela. . . . .	7,183	( <sup>2</sup> )	3	( <sup>2</sup> )

<sup>1</sup> Not applicable.

<sup>2</sup> Less than .5 percent.

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

Comment.--During 1996, about 54 percent (\$1.3 billion) of total imports and 51 percent (\$110.3 million) of GSP imports of the goods covered by this digest were classified under HTS subheading 4011.10.10 (new radial motor car tires). The largest GSP supplier of the items covered in this digest was Brazil, whose exports to the United States accounted for 58 percent (\$126.0 million) of all GSP imports. In 1996, the majority of GSP imports from Brazil (63 percent), Indonesia (89 percent), and Venezuela (52 percent) were goods classified under HTS subheading 4011.10.10; however, about 78 percent (\$30.5 million) of GSP imports from India were classified under HTS subheading 4011.20.50 (new nonradial bus or truck tires).

### IV. Competitiveness profiles, GSP suppliers

#### Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1996. . . . .	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. import demand? . . . . .	High	Moderate	Low
Can production in the country be easily expanded or contracted in the short term? . . . . .	Yes	X	No
Does the country have significant export markets besides the United States? . . . . .	Yes		No
Could exports from the country be readily redistributed among its foreign export markets? . . . . .	Yes		No
What is the price elasticity of import supply? . . . . .	High	Moderate	Low
Price level compared with--			
U.S. products. . . . .	Above	Equivalent	Below
Other foreign products. . . . .	Above	Equivalent	Below
Quality compared with--			
U.S. products. . . . .	Above	Equivalent	Below
Other foreign products. . . . .	Above	Equivalent	Below

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1996. . . . . (1)			
Price elasticity:			
Can the U.S. purchaser easily shift among this and other suppliers? . . . . .	Yes	<input checked="" type="checkbox"/>	No <input type="checkbox"/>
What is the price elasticity of U.S. import demand? . . . . .	High	<input type="checkbox"/>	Moderate <input checked="" type="checkbox"/> Low <input type="checkbox"/>
Can production in the country be easily expanded or contracted in the short term? . . . . .	Yes	<input checked="" type="checkbox"/>	No <input type="checkbox"/>
Does the country have significant export markets besides the United States? . . . . .	Yes	<input checked="" type="checkbox"/>	No <input type="checkbox"/>
Could exports from the country be readily redistributed among its foreign export markets? . . . . .	Yes	<input checked="" type="checkbox"/>	No <input type="checkbox"/>
What is the price elasticity of import supply? . . . . .	High	<input type="checkbox"/>	Moderate <input checked="" type="checkbox"/> Low <input type="checkbox"/>
Price level compared with--			
U.S. products. . . . .	Above	<input type="checkbox"/>	Equivalent <input type="checkbox"/> Below <input checked="" type="checkbox"/>
Other foreign products . . . . .	Above	<input type="checkbox"/>	Equivalent <input checked="" type="checkbox"/> Below <input type="checkbox"/>
Quality compared with--			
U.S. products. . . . .	Above	<input type="checkbox"/>	Equivalent <input type="checkbox"/> Below <input checked="" type="checkbox"/>
Other foreign products . . . . .	Above	<input type="checkbox"/>	Equivalent <input checked="" type="checkbox"/> Below <input type="checkbox"/>

1 Not applicable.

V. Position of interested parties

Petitioner.--The Associacao Nacional da Industria de Pneumaticos (ANIP), the petitioner for the competitive needs limit waiver for Brazilian products covered under HTS subheadings 4011.10.10, 4011.10.50, 4011.20.10, and 4011.20.50 (New Pneumatic Tires), filed a pre-hearing brief with the U.S. International Trade Commission. ANIP is a Brazilian tire trade association whose members include Pirelli Pneus S.A., Goodyear do Brasil Produtos de Borracha Ltda., and Bridgestone/Firestone do Brasil Industria e Comercio Ltd. The petitioner stated that although Brazil lost GSP benefits for exceeding competitive need limits (CNL) in the past, data indicate that Brazilian tire exports fell below the CNL in 1996. The petitioner underscored the relationship between the ANIP companies and their U.S. counterparts, which reportedly import Brazilian tires to complement their product lines for the U.S. replacement market. The petitioner also noted that there are several competitive disadvantages that face the Brazilian tire industry in the U.S. market, including relatively dated technology and high raw material costs. Representatives of ANIP also presented their position on this matter at the Commission hearing.

Opposition.--A pre-hearing brief and hearing testimony in opposition to this petition were submitted to the Commission on behalf of Cooper Tire & Rubber Co. Cooper stated that because of the condition of the U.S. tire industry, which is reportedly characterized by intense price competition, slow growth, excess capacity, and declining employment, the removal of duties on these Brazilian tires will depress prices on comparable U.S. products. Cooper alleged that lower prices will result in reduced revenues and reduced employment for its U.S. operations.



VI. Summary of probable economic advice--Competitive-need-limit waiver (Brazil)

\* \* \* \* \*

**Table 1 --New pneumatic tires (HTS Subheading 40111010): U S imports for consumption, by principal sources, 1992-96, January-June 1996-97**

Source						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Canada	451,782 00	489,108 55	546,904 46	496,539 16	604,286 61	283,071 10	332,642 32
Japan	256,801 50	303,933 97	330,158 83	313,117 97	313,626 54	169,221 12	156,451 87
Korea	83,884 44	71,238 09	95,858 13	105,371 80	91,990 10	56,865 66	42,529 58
Brazil	65,389 31	80,100 44	99,404 61	73,100 85	78,999 13	40,345 47	37,831 84
Germany	51,783 45	53,588 27	37,426 81	39,573 61	38,235 26	23,444 77	20,748 37
Spain	29,125 77	30,646 14	32,035 46	32,456 37	37,728 49	17,575 44	22,108 83
France	61,390 98	55,027 67	35,586 02	41,779 52	36,086 13	23,850 81	17,582 60
Mexico	1,023 04	1,251 17	340 29	18,447 52	21,413 21	6,438 13	16,395 15
Italy	49,704 94	43,129 95	51,242 42	44,333 14	15,497 03	10,860 18	10,353 97
United Kingdom	15,429 18	14,847 05	14,421 78	14,364 77	11,501 54	5,876 54	8,428 97
Indonesia	407 05	697 28	1,145 94	5,627 49	9,171 20	1,978 11	8,662 38
Argentina	227 99	3 02	1,947 18	4,516 61	6,370 45	3,109 04	1,573 36
All other	43,335 77	40,933 43	55,382 90	56,614 97	39,328 79	16,838 64	23,940 84
<b>Total</b>	<b>1,110,285 40</b>	<b>1,184,505 04</b>	<b>1,301,854 83</b>	<b>1,245,843 76</b>	<b>1,304,234 47</b>	<b>659,475 01</b>	<b>699,250 05</b>
<b>Total from GSP-eligible nations</b>	<b>82,903 17</b>	<b>99,164 02</b>	<b>124,109 42</b>	<b>107,895 60</b>	<b>110,354 48</b>	<b>52,926 42</b>	<b>61,478 88</b>
	<i>Percent</i>						
Canada	40 7	41 3	42 0	39 9	46 3	42 9	47 6
Japan	23 1	25 7	25 4	25 1	24 0	25 7	22 4
Korea	7 6	6 0	7 4	8 5	7 1	8 6	6 1
Brazil	5 9	6 8	7 6	5 9	6 1	6 1	5 4
Germany	4 7	4 5	2 9	3 2	2 9	3 6	3 0
Spain	2 6	2 6	2 5	2 6	2 9	2 7	3 2
France	5 5	4 6	2 7	3 4	2 8	3 6	2 5
Mexico	0 1	0 1	0 0	1 5	1 6	1 0	2 3
Italy	4 5	3 6	3 9	3 6	1 2	1 6	1 5
United Kingdom	1 4	1 3	1 1	1 2	0 9	0 9	1 2
Indonesia	0 0	0 1	0 1	0 5	0 7	0 3	1 2
Argentina	0 0	0 0	0 1	0 4	0 5	0 5	0 2
All other	3 9	3 5	4 3	4 5	3 0	2 6	3 4
<b>Total</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>
<b>Share from GSP-eligible nations</b>	<b>7 5</b>	<b>8 4</b>	<b>9 5</b>	<b>8 7</b>	<b>8 5</b>	<b>8 0</b>	<b>8 8</b>

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

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

**Table 1 --New pneumatic tires (HTS Subheading 40111050): U S imports for consumption, by principal sources, 1992-96, January-June 1996-97**

Source						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Canada	19,542 28	18,380 62	24,224 30	75,085 80	15,681 84	6,402 89	10,208 62
Brazil	6,332 95	8,068 85	6,659 62	4,252 53	2,725 01	2,413 56	215 68
Japan	12,930 76	15,599 62	7,935 59	2,845 09	2,583 85	628 62	1,367 56
Mexico	544 08	456 11	57 65	2,689 45	2,281 69	1,344 90	1,437 73
Venezuela	0 00	0 00	174 35	53 82	1,241 27	457 93	914 38
Italy	69 20	191 23	134 25	270 78	842 08	488 36	698 07
Chile	217 35	211 78	604 52	622 67	692 07	269 22	2,189 87
India	1,663 08	2,090 93	2,256 75	1,088 41	599 07	338 07	348 45
China	21 95	10 01	357 15	932 35	386 96	245 92	91 42
Korea	1,262 45	1,868 79	2,270 01	1,875 20	282 94	141 95	54 77
Sweden	325 73	65 74	406 88	288 57	270 89	5 95	0 95
Colombia	381 91	339 10	134 44	48 20	263 18	139 12	67 16
All other	5,457 44	4,341 38	2,845 02	6,055 97	1,493 37	997 97	676 66
<b>Total</b>	<b>48,749.16</b>	<b>51,624.16</b>	<b>48,060.53</b>	<b>96,108.84</b>	<b>29,344.24</b>	<b>13,874.47</b>	<b>18,271.32</b>
<b>Total from GSP-eligible nations</b>	<b>8,844.75</b>	<b>11,133.46</b>	<b>10,482.48</b>	<b>7,134.68</b>	<b>5,745.82</b>	<b>3,756.12</b>	<b>3,751.04</b>
	<i>Percent</i>						
Canada	40 1	35 6	50 4	78 1	53 4	46 1	55 9
Brazil	13 0	15 6	13 9	4 4	9 3	17 4	1 2
Japan	26 5	30 2	16 5	3 0	8 8	4 5	7 5
Mexico	1 1	0 9	0 1	2 8	7 8	9 7	7 9
Venezuela	0 0	0 0	0 4	0 1	4 2	3 3	5 0
Italy	0 1	0 4	0 3	0 3	2 9	3 5	3 8
Chile	0 4	0 4	1 3	0 6	2 4	1 9	12 0
India	3 4	4 1	4 7	1 1	2 0	2 4	1 9
China	0 0	0 0	0 7	1 0	1 3	1 8	0 5
Korea	2 6	3 6	4 7	2 0	1 0	1 0	0 3
Sweden	0 7	0 1	0 8	0 3	0 9	0 0	0 0
Colombia	0 8	0 7	0 3	0 1	0 9	1 0	0 4
All other	11 2	8 4	5 9	6 3	5 1	7 2	3 7
<b>Total</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>
<b>Share from GSP-eligible nations</b>	<b>18.1</b>	<b>21.6</b>	<b>21.8</b>	<b>7.4</b>	<b>19.6</b>	<b>27.1</b>	<b>20.5</b>

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

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

**Table 1 --New pneumatic tires (HTS Subheading 40112010): U S imports for consumption, by principal sources, 1992-96, January-June 1996-97**

Source						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Japan	274,881 63	281,798 92	344,038 06	404,039 95	365,852 69	195,265 14	196,732 93
Canada	239,155 90	280,783 33	259,680 42	268,028 16	308,001 35	145,640 78	168,983 92
Korea	90,371 02	83,903 29	80,363 39	91,642 03	87,677 86	46,868 68	45,306 35
Brazil	34,537 98	38,313 48	48,899 00	59,467 74	43,105 69	31,620 52	13,557 11
France	35,664 89	45,785 88	44,557 89	41,736 04	30,701 31	17,864 51	9,708 42
Mexico	46 02	4,161 60	3,944 54	24,085 89	23,909 99	10,658 74	12,994 00
Spain	16,899 62	23,084 82	30,652 01	24,927 59	19,101 63	12,057 90	12,049 86
Germany	19,212 81	15,262 29	18,276 13	14,000 46	18,000 54	10,044 91	6,483 77
United Kingdom	20,397 11	32,202 48	28,001 55	13,916 43	16,253 20	9,990 97	9,773 73
China	160 94	4,302 48	4,250 27	18,698 55	10,086 94	7,277 86	3,144 77
Argentina	0 00	0 00	0 00	671 18	200 28	138 93	2 67
Thailand	234 85	198 47	27 71	1,226 96	128 53	100 79	0 00
All other	24,979 46	39,577 20	45,044 12	52,145 38	38,826 43	19,972 29	16,983 10
<b>Total</b>	<b>756,542 22</b>	<b>849,374 22</b>	<b>907,735 08</b>	<b>1,014,586 34</b>	<b>961,846 45</b>	<b>507,502 02</b>	<b>495,720 63</b>
<b>Total from GSP-eligible nations</b>	<b>44,751 11</b>	<b>52,818 73</b>	<b>69,074 70</b>	<b>94,555 20</b>	<b>58,535 02</b>	<b>39,582 75</b>	<b>21,810 96</b>
	<i>Percent</i>						
Japan	36 3	33 2	37 9	39 8	38 0	38 5	39 7
Canada	31 6	33 1	28 6	26 4	32 0	28 7	34 1
Korea	11 9	9 9	8 9	9 0	9 1	9 2	9 1
Brazil	4 6	4 5	5 4	5 9	4 5	6 2	2 7
France	4 7	5 4	4 9	4 1	3 2	3 5	2 0
Mexico	0 0	0 5	0 4	2 4	2 5	2 1	2 6
Spain	2 2	2 7	3 4	2 5	2 0	2 4	2 4
Germany	2 5	1 8	2 0	1 4	1 9	2 0	1 3
United Kingdom	2 7	3 8	3 1	1 4	1 7	2 0	2 0
China	0 0	0 5	0 5	1 8	1 0	1 4	0 6
Argentina	0 0	0 0	0 0	0 1	0 0	0 0	0 0
Thailand	0 0	0 0	0 0	0 1	0 0	0 0	0 0
All other	3 3	4 7	5 0	5 1	4 0	3 9	3 4
<b>Total</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>
<b>Share from GSP-eligible nations</b>	<b>5 9</b>	<b>6 2</b>	<b>7 6</b>	<b>9 3</b>	<b>6 1</b>	<b>7 8</b>	<b>4 4</b>

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

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

**Table 1 –New pneumatic tires (HTS Subheading 40112050): U S imports for consumption, by principal sources, 1992-96, January-June 1996-97**

Source						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Mexico	13,461 32	17,547 24	34,208 51	33,671 64	40,276 97	19,130 92	21,014 10
India	31,518 22	39,941 42	48,715 97	41,212 85	30,506 40	16,568 22	17,051 11
Japan	47,569 39	43,537 95	47,733 39	24,205 81	20,480 08	9,967 76	9,955 39
China	1,072 36	1,731 43	6,225 94	6,033 44	11,133 37	3,695 27	8,642 03
Taiwan	9,573 86	10,009 68	7,086 31	2,836 18	3,525 84	1,417 73	2,454 06
Romania	60 68	45 37	158 72	380 95	2,853 86	2,452 12	394 23
Canada	2,439 20	3,000 82	10,613 07	5,891 29	2,597 99	1,513 07	1,833 50
Chile	301 98	134 38	366 40	754 09	1,785 16	317 40	1,768 45
Thailand	1,102 56	2,626 06	3,327 50	1,864 77	1,369 03	741 99	271 68
Korea	16,984 95	14,074 11	14,134 62	7,858 67	1,314 45	571 53	589 61
Brazil	286 65	3,310 71	12,905 30	7,029 75	1,162 50	448 89	0 54
Slovakia	0 00	273 72	155 59	3,824 96	1,103 14	322 67	751 75
All other	17,878 75	20,208 65	24,351 26	13,287 82	5,830 71	2,935 34	1,968 21
<b>Total</b>	<b>142,249 91</b>	<b>156,441 54</b>	<b>209,982 58</b>	<b>148,852 20</b>	<b>123,939 49</b>	<b>60,082 89</b>	<b>66,694 65</b>
<b>Total from GSP-eligible nations</b>	<b>43,600 23</b>	<b>56,447 14</b>	<b>80,545 22</b>	<b>64,127 94</b>	<b>43,030 35</b>	<b>22,764 28</b>	<b>21,768 70</b>
	<i>Percent</i>						
Mexico	9 5	11 2	16 3	22 6	32 5	31 8	31 5
India	22 2	25 5	23 2	27 7	24 6	27 6	25 6
Japan	33 4	27 8	22 7	16 3	16 5	16 6	14 9
China	0 8	1 1	3 0	4 1	9 0	6 2	13 0
Taiwan	6 7	6 4	3 4	1 9	2 8	2 4	3 7
Romania	0 0	0 0	0 1	0 3	2 3	4 1	0 6
Canada	1 7	1 9	5 1	4 0	2 1	2 5	2 7
Chile	0 2	0 1	0 2	0 5	1 4	0 5	2 7
Thailand	0 8	1 7	1 6	1 3	1 1	1 2	0 4
Korea	11 9	9 0	6 7	5 3	1 1	1 0	0 9
Brazil	0 2	2 1	6 1	4 7	0 9	0 7	0 0
Slovakia	0 0	0 2	0 1	2 6	0 9	0 5	1 1
All other	12 6	12 9	11 6	8 9	4 7	4 9	3 0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Share from GSP-eligible nations</b>	<b>30.7</b>	<b>37.4</b>	<b>38.4</b>	<b>43.1</b>	<b>34.7</b>	<b>37.9</b>	<b>32.6</b>

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

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

**Table 1 --New pneumatic tires (digest-level): U S imports for consumption, by principal sources, 1992-96, January-June 1996-97**

Source						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Canada	712,919 38	791,273 32	841,422 25	845,544 41	930,567 77	436,627 85	513,668 36
Japan	592,183 27	644,870 46	729,865 86	744,208 82	702,543 17	375,082 64	364,507 74
Korea	192,502 85	171,084 28	192,626 16	206,747 70	181,265 35	104,447 83	88,480 30
Brazil	106,546 88	129,793 48	167,868 53	143,850 87	125,992 34	74,828 44	51,605 17
Mexico	15,074 46	23,416 12	38,550 99	78,894 48	87,881 86	37,572 68	51,840 98
France	97,476 51	102,106 57	82,360 18	84,023 25	66,832 19	41,749 87	27,368 03
Spain	46,756 79	54,069 07	63,360 43	57,908 42	57,106 96	29,875 02	34,180 06
Germany	72,330 82	71,850 94	57,884 19	55,140 63	56,512 54	33,673 04	27,520 42
India	39,645 79	53,041 61	65,839 35	64,604 56	39,283 29	21,255 68	20,452 09
United Kingdom	36,958 38	48,966 77	43,830 00	28,844 02	28,087 16	16,062 38	18,485 93
Italy	52,426 29	48,243 26	57,350 44	51,435 50	24,490 62	14,625 87	15,842 95
China	1,287 86	6,288 93	12,258 13	28,811 83	23,452 62	12,265 71	12,699 74
All other	91,717 41	96,940 16	114,416 53	115,376 66	95,348 76	42,867 39	53,284 90
<b>Total</b>	<b>2,057,826.69</b>	<b>2,241,944.96</b>	<b>2,467,633.02</b>	<b>2,505,391.14</b>	<b>2,419,364.64</b>	<b>1,240,934.39</b>	<b>1,279,936.65</b>
<b>Total from GSP-eligible nations</b>	<b>180,099.26</b>	<b>221,563.35</b>	<b>284,211.82</b>	<b>273,713.41</b>	<b>217,665.67</b>	<b>119,029.57</b>	<b>108,809.58</b>
	<i>Percent</i>						
Canada	34.6	35.3	34.1	33.7	38.5	35.2	40.1
Japan	28.8	28.8	29.6	29.7	29.0	30.2	28.5
Korea	9.4	7.6	7.8	8.3	7.5	8.4	6.9
Brazil	5.2	5.8	6.8	5.7	5.2	6.0	4.0
Mexico	0.7	1.0	1.6	3.1	3.6	3.0	4.1
France	4.7	4.6	3.3	3.4	2.8	3.4	2.1
Spain	2.3	2.4	2.6	2.3	2.4	2.4	2.7
Germany	3.5	3.2	2.3	2.2	2.3	2.7	2.2
India	1.9	2.4	2.7	2.6	1.6	1.7	1.6
United Kingdom	1.8	2.2	1.8	1.2	1.2	1.3	1.4
Italy	2.5	2.2	2.3	2.1	1.0	1.2	1.2
China	0.1	0.3	0.5	1.1	1.0	1.0	1.0
All other	4.5	4.3	4.6	4.6	3.9	3.5	4.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Share from GSP-eligible nations</b>	<b>8.8</b>	<b>9.9</b>	<b>11.5</b>	<b>10.9</b>	<b>9.0</b>	<b>9.6</b>	<b>8.5</b>

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

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

**Table 2 --New pneumatic tires: U S exports of domestic merchandise, by principal markets, 1992-96, January-June 1996-97**

Market						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Canada	457,960 14	502,904 18	537,688 92	632,680 15	614,006 91	301,844 60	358,393 02
Mexico	154,935 39	171,067 05	166,049 10	189,652 74	252,222 39	121,833 60	209,492 73
Japan	170,714 29	172,497 53	226,517 81	228,268 56	226,940 99	105,472 49	122,896 25
Germany	47,746 21	39,090 72	57,299 95	69,308 58	58,182 70	31,943 25	34,412 47
Saudi Arabia	35,423 93	26,393 84	26,714 68	33,482 60	29,229 99	15,631 43	12,295 15
Venezuela	16,344 94	13,342 68	10,183 49	19,011 38	26,619 03	14,656 47	17,943 21
Netherlands	37,647 51	26,933 54	22,542 94	28,900 55	28,750 15	16,440 63	12,340 50
Australia	15,220 92	16,854 50	19,049 14	21,024 99	27,947 30	12,090 98	12,359 95
Brazil	2,130 58	5,655 74	12,837 72	33,771 54	23,897 71	9,314 26	14,281 95
Colombia	6,282 47	8,840 06	9,735 13	15,487 30	21,041 51	8,330 97	11,554 18
Belgium	22,684 59	9,814 94	6,184 34	10,148 37	21,497 68	8,448 89	12,217 70
United Kingdom	23,830 76	20,811 88	17,653 54	18,076 49	19,464 20	8,853 93	15,488 85
All other	158,569 63	170,592 48	175,491 29	232,579 72	261,952 28	117,146 47	139,588 91
<b>Total</b>	<b>1,149,491 35</b>	<b>1,184,799 13</b>	<b>1,287,948 04</b>	<b>1,532,392 96</b>	<b>1,611,752 86</b>	<b>772,007 98</b>	<b>973,264 88</b>
	<i>Percent</i>						
Canada	39 8	42 4	41 7	41 3	38 1	39 1	36 8
Mexico	13 5	14 4	12 9	12 4	15 6	15 8	21 5
Japan	14 9	14 6	17 6	14 9	14 1	13 7	12 6
Germany	4 2	3 3	4 4	4 5	3 6	4 1	3 5
Saudi Arabia	3 1	2 2	2 1	2 2	1 8	2 0	1 3
Venezuela	1 4	1 1	0 8	1 2	1 7	1 9	1 8
Netherlands	3 3	2 3	1 8	1 9	1 8	2 1	1 3
Australia	1 3	1 4	1 5	1 4	1 7	1 6	1 3
Brazil	0 2	0 5	1 0	2 2	1 5	1 2	1 5
Colombia	0 5	0 7	0 8	1 0	1 3	1 1	1 2
Belgium	2 0	0 8	0 5	0 7	1 3	1 1	1 3
United Kingdom	2 1	1 8	1 4	1 2	1 2	1 1	1 6
All other	13 8	14 4	13 6	15 2	16 3	15 2	14 3
<b>Total</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>

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

Market Compiled from official statistics of the U S Department of Commerce

DIGEST NO. 7108.12 50

MISCELLANEOUS UNWROUGHT FORMS OF GOLD,  
OTHER THAN BULLION, DORÉ, OR POWDER



## Miscellaneous Unwrought Forms of Gold, Other Than Bullion, Doré, or Powder

## I. Introduction

X Addition to GSP

HTS subheading	Short description	Col. 1 rate of duty (1/1/97) Percent ad valorem	Like or directly competitive article produced in the United States on Jan. 1, 1995?
7108.12.50 <sup>1</sup>	Miscellaneous unwrought forms of gold, other than bullion, doré, or powder	5.7%	Yes

<sup>1</sup> Based on 1966 trade data, no country exceeded the competitive-need limit for articles included under HTS subheading 7108.12.50.

**Description and uses.**-- Unwrought gold and gold alloys under this subheading are primarily formed into grains for further downstream processing, especially for castings. Other unwrought forms included under this subheading are described as pellets, lumps, nuggets, crystals, ingots, and so forth. Products under this subheading are generally intended for further downstream fabrication into finished products, especially various forms of jewelry, but also for some electronics and dental applications.

## II. U.S. market profile

Profile of U.S. industry and market, 1992-96

Item	1992	1993	1994	1995	1996
Producers ( <u>number</u> ) <sup>1</sup> . . . . .	*30	*30	*30	*30	*30
Employment ( <u>1,000 employees</u> ) <sup>2</sup> . . . . .	*1	*1	*1	*1	*1
Shipments ( <u>1,000 dollars</u> ) <sup>3</sup> . . . . .	**192,131	**213,610	**261,387	**242,792	**235,408
Exports ( <u>1,000 dollars</u> ) . . . . .	47,627	50,915	85,082	29,274	28,452
Imports ( <u>1,000 dollars</u> ) . . . . .	442	52,782	383,964	497,653	647,906
Consumption ( <u>1,000 dollars</u> ) <sup>3</sup> . . . . .	**144,946	**215,477	**560,269	**711,171 <sup>3</sup>	**854,862
Import-to-consumption ratio ( <u>percent</u> ) . . . . .	( <sup>4</sup> )	**24	**69	**70	**76
Capacity utilization ( <u>percent</u> ) . . . . .	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )

<sup>1</sup> Unwrought gold is produced largely by precious-metals refining companies along with a few mining companies that still refine some of their own output. Specific information about firms capable of producing the forms of gold specified in this digest was not readily available. According to industry sources, unwrought gold in various forms is produced by an estimated 30 domestic precious-metals refiners.

<sup>2</sup> For precious-metals refineries and gold mines capable of producing unwrought gold in all forms.

<sup>3</sup> USITC staff estimates, assuming that 10 percent of all unwrought gold shipped in the United States was in the form of subject products. This provides an upper bound on likely effects on the U.S. industry of increased total imports from granting GSP treatment for the subject products. Based on precious-metals industry data of the U.S. Geological Survey and the U.S. Department of Commerce.

<sup>4</sup> Less than 0.5 percent.

<sup>5</sup> Capacity utilization could not be meaningfully calculated for this industry.

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

**Comment.**-- During 1992-96, U.S. shipments of the subject forms of unwrought gold rose by nearly 25 percent to \*\*\$235.4 million, but apparent domestic consumption of \*\*\$854.9 million in 1996 was nearly six times the 1992 level as increased imports were needed to satisfy domestic demand. These conditions were reflected in the import-to-consumption ratio, which rose from \*\*less than 0.5 percent in 1992 to \*\*76 percent in 1996. Production is dominated by large-scale refining and mining operations and is highly competitive owing to the thin profit margins that characterize a mature industry. Because of the commodity nature of the product, demand for unwrought gold by fabricators is highly price elastic. To assure product quality, sales are channeled from refining and mining operations through recognized distributors (often major banks).

III. GSP import situation, 1996

## U.S. imports and share of U.S. consumption, 1996

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total . . . . .	647,906	100	( <sup>1</sup> )	**76
Imports from GSP countries:				
GSP total . . . . .	1,847	( <sup>2</sup> )	100	*( <sup>2</sup> )
Ecuador . . . . .	1,819	( <sup>2</sup> )	98	*( <sup>2</sup> )
Costa Rica . . . . .	28	( <sup>2</sup> )	2	*( <sup>2</sup> )

<sup>1</sup> Not applicable.<sup>2</sup> Less than 0.5 percent.

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

Comment.-- To meet domestic demand, U.S. imports of these gold products rose dramatically from less than half a million dollars in 1992 to \$647.9 million in 1996. Canada was the principal source of U.S. imports in 1996, providing \$643.3 million, or 99 percent of total imports of the subject forms of unwrought gold. Mexico was the second-largest source, but accounted for only \$2.4 million, or less than 0.5 percent of total U.S. imports. U.S. imports of the subject unwrought gold from GSP-eligible countries rose from none in 1992 to \$1.8 million in 1996; however, 1996 GSP imports amounted to less than 0.5 percent of total U.S. imports. One country, Ecuador, provided 98 percent of all 1996 GSP imports.

IV. Competitiveness profiles, GSP suppliers

## Competitiveness indicators for Ecuador for all digest products

Ranking as a U.S. import supplier, 1996. . . . . 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. import demand? . . . . . High X Moderate    Low   

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

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

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

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

Price level compared with--

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

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

Quality compared with--

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

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

Comment.-- Although producing a sizable amount of gold (12.2 metric tons in 1996, according to official statistics of Consolidated Goldfields, Inc.), much of Ecuador's mine output is by small-scale artisans (estimated at 85 percent of total 1995 output). In addition, significant portions of output may be sold through nonofficial channels (reportedly to avoid tax liability or regulatory mechanisms). Although Ecuador supplied 98 percent of all 1996 GSP imports, it accounted for less than 0.5 percent of total U.S. imports in 1996. Ecuadorian production capabilities could not be confirmed by industry sources. The subject products from Ecuador are already eligible for duty-free treatment under the Andean Trade Preference Act (ATPA).

## Competitiveness indicators for South Africa for all digest products

Ranking as a U.S. import supplier, 1996. . . . . (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. import 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   

<sup>1</sup> Not applicable.

Comment--During 1992-96, the only U.S. imports of the subject forms of unwrought gold from South Africa entered in 1994 and were valued at \$10,000; however, the South African gold mining and refining industry is well developed, and characterized by highly advanced mining and metal-processing technologies. Although still the world's largest gold producer (accounting for 494.6 metric tons, or just over a fifth of the total mined globally, in 1996, according to official statistics of Consolidated Goldfields, Inc.), South Africa's output has declined in recent years with rationalization of the mining sector owing to high production costs and declining ore grades. Until recently, marketing of gold (primarily in the form of 400-ounce bullion bars) was controlled by the Reserve Bank, although the Rand Refinery was allowed to sell one-third of its output (in the form of gold products, 1 kilogram or less in size) directly on behalf of producers. South Africa's gold refining capacity will be increased with completion of Harmony Gold Mine's new refinery by the end of 1997. The subject forms of unwrought gold from both refineries are gold grains and granules, for both local and overseas jewelry manufacturers.

## Competitiveness indicators for all GSP countries and for all digest products

Ranking as a U.S. import supplier, 1996. . . . . (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. import 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   

<sup>1</sup> Not applicable.

Comment-- During 1992-96, U.S. imports of the subject forms of unwrought gold from all GSP sources were less than 0.5 percent of the total imported from all sources. With few exceptions, GSP sources of the subject products during 1992-96 were countries eligible for duty-free treatment under the ATPA (including Ecuador) and the Caribbean Basin Economic Recovery Act (CBERA) (including Costa Rica). Because of their relative unimportance as U.S. import suppliers of the subject products, production capabilities of these countries could not be confirmed by industry sources. In certain of these countries, much of the gold is mined by small-scale artisans. In addition, significant portions of output may be sold through unofficial channels (reportedly to avoid tax liabilities or regulatory mechanisms).

V. Position of interested parties

Petitioner.--The Government of South Africa petitioned for the addition of precious-metal dental alloys to the list of articles eligible for duty-free entry under the GSP. The petition stated that the addition to the GSP will assist South Africa in two major policy goals of (1) adding value to its raw materials and (2) providing employment opportunities. Duty-free status reportedly will enable the South African producer to gain access to the third-largest market in the world for precious-metal dental alloys.

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

VI. Summary of probable economic advice-- Addition

\* \* \* \* \*

**Table 1 –Miscellaneous unwrought forms of gold, other than bullion, doré, or powder: U S imports for consumption, by principal sources, 1992-96, January-June 1996-97**

Source						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Canada	370 00	52,269 62	382,591 76	496,565 40	643,264 99	277,866 51	211,838 87
Mexico	0 00	0 00	208 52	296 27	2,368 06	311 25	3,325 34
Ecuador	0 00	0 00	0 00	0 00	1,819 10	0 00	0 00
Japan	7 58	419 69	904 09	547 07	188 32	186 51	0 00
Germany	0 00	6 12	0 00	19 20	178 48	65 49	2 67
Costa Rica	0 00	0 00	0 00	0 00	27 75	27 75	0 00
Nicaragua	0 00	0 00	0 00	0 00	27 60	17 60	0 00
France	0 00	1 42	6 73	0 00	18 67	18 67	0 00
Korea	0 00	20 74	0 00	0 00	9 46	0 00	0 00
Bermuda	0 00	0 00	0 00	0 00	2 40	2 40	0 00
United Kingdom	6 34	1 53	0 00	19 26	1 50	0 00	0 00
All other	58 34	62 72	252 66	205 73	0 00	0 00	1,730 69
<b>Total</b>	<b>442.26</b>	<b>52,781.85</b>	<b>383,963.77</b>	<b>497,652.93</b>	<b>647,906.33</b>	<b>278,496.17</b>	<b>216,897.57</b>
<b>Total from GSP-eligible nations</b>	<b>0.00</b>	<b>7.33</b>	<b>9.72</b>	<b>92.13</b>	<b>1,846.85</b>	<b>27.75</b>	<b>1,533.53</b>
	<i>Percent</i>						
Canada	83 7	99 0	99 6	99 8	99 3	99 8	97 7
Mexico	0 0	0 0	0 1	0 1	0 4	0 1	1 5
Ecuador	0 0	0 0	0 0	0 0	0 3	0 0	0 0
Japan	1 7	0 8	0 2	0 1	0 0	0 1	0 0
Germany	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Costa Rica	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Nicaragua	0 0	0 0	0 0	0 0	0 0	0 0	0 0
France	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Korea	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Bermuda	0 0	0 0	0 0	0 0	0 0	0 0	0 0
United Kingdom	1 4	0 0	0 0	0 0	0 0	0 0	0 0
All other	13 2	0 1	0 1	0 0	0 0	0 0	0 8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Share from GSP-eligible nations</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.3</b>	<b>0.0</b>	<b>0.7</b>

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

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

**Table 2 --Miscellaneous unwrought forms of gold, other than bullion, doré, or powder: U S exports of domestic merchandise, by principal markets, 1992-96, January-June 1996-97**

Market						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Canada	11,051 05	13,127 23	13,115 65	9,583 66	13,892 77	8,562 99	13,260 87
United Kingdom	1,064 50	507 54	5,324 48	6,276 38	3,697 05	2,398 24	404 14
Korea	251 61	50 24	224 28	153 47	2,825 27	0 00	60 09
Malaysia	0 00	70 00	659 01	969 10	2,394 63	885 17	749 92
Italy	114 48	27 78	688 29	1,956 73	1,444 45	1,330 63	140 86
Peru	0 00	8 02	1,814 10	81 75	970 13	4 96	2,519 80
Mexico	33,017 55	32,193 99	55,833 01	4,507 77	700 98	166 99	3,179 40
Israel	4 18	2,088 95	5,183 18	1,968 42	358 30	163 37	24 42
Germany	265 87	115 35	304 13	222 28	341 34	101 80	147 06
France	226 27	271 37	254 64	466 10	286 67	257 23	297 75
Panama	0 00	0 00	0 00	0 00	285 14	0 00	0 00
Turkey	0 00	182 74	0 00	159 82	260 97	0 00	1,016 96
All other	1,631 93	2,271 68	1,681 55	2,928 90	994 00	437 97	661 98
<b>Total</b>	<b>47,627 43</b>	<b>50,914 89</b>	<b>85,082 31</b>	<b>29,274 39</b>	<b>28,451 69</b>	<b>14,309 33</b>	<b>22,483 24</b>
	<i>Percent</i>						
Canada	23 2	25 8	15 4	32 7	48 8	59 8	59 0
United Kingdom	2 2	1 0	6 3	21 4	13 0	16 8	1 8
Korea	0 5	0 1	0 3	0 5	9 9	0 0	0 3
Malaysia	0 0	0 1	0 8	3 3	8 4	6 2	3 3
Italy	0 2	0 1	0 8	6 7	5 1	9 3	0 6
Peru	0 0	0 0	2 1	0 3	3 4	0 0	11 2
Mexico	69 3	63 2	65 6	15 4	2 5	1 2	14 2
Israel	0 0	4 1	6 1	6 7	1 3	1 1	0 1
Germany	0 6	0 2	0 4	0 8	1 2	0 7	0 7
France	0 5	0 5	0 3	1 6	1 0	1 8	1 3
Panama	0 0	0 0	0 0	0 0	1 0	0 0	0 0
Turkey	0 0	0 4	0 0	0 5	0 9	0 0	4 5
All other	3 4	4 5	2 0	10 0	3 5	3 1	2 9
<b>Total</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>

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

Market Compiled from official statistics of the U S Department of Commerce

DIGEST NO. 7108.13.70

CERTAIN SEMI-MANUFACTURED FORMS OF GOLD,  
OTHER THAN GOLD LEAF OR MINTED BARS



## Certain Semi-manufactured Forms of Gold, other than Gold Leaf or Minted Bars

I. IntroductionX Addition to GSP

HTS subheading	Short description	Col. 1 rate of duty (1/1/97) <u>Percent ad valorem</u>	Like or directly competitive article produced in the United States on Jan. 1, 1995?
7108.13.70 <sup>1 2</sup>	Certain semi-manufactured forms of gold, other than gold leaf or minted bars.	5.7%	Yes

<sup>1</sup> Certain fine-diameter, high-purity gold wire for production of electronic components is subject to a temporary reduction in rates of duty under HTS subheading 9902.71.08, for which the col. 1 rate of duty is free.

<sup>2</sup> Based on 1996 trade data, no country exceeded the competitive-need limit for articles included under HTS subheading 7108.13.70.

Description and uses.-- Semi-manufactured articles of gold and gold alloys in this subheading are wrought products commonly in forms such as strips, foil, rods, wires, rope, chain, tubing, and stampings. These products are either rolled or drawn from unwrought gold, or formed from simpler semi-manufactured forms of gold (e.g., chain and rope are formed from wire). Semi-manufactured forms of gold are generally intended for further downstream fabrication into finished products, especially various forms of jewelry, but also for some electronics and dental applications. Semi-manufactured gold and gold alloys for dentistry are most commonly in the form of strips, wire, or foil.

II. U.S. market profile

Profile of U.S. industry and market, 1992-96

Item	1992	1993	1994	1995	1996
Producers ( <u>number</u> ) <sup>1</sup> . . . . .	*173	*170	*164	**165	**167
Employment ( <u>1,000 employees</u> ) <sup>1</sup> . . . . .	*10	*10	*10	**10	**10
Shipments ( <u>1,000 dollars</u> ) <sup>2</sup> . . . . .	*236,885	*222,817	*217,806	*251,375	**245,694
Exports ( <u>1,000 dollars</u> ) . . . . .	58,780	47,845	42,321	46,950	32,709
Imports ( <u>1,000 dollars</u> ) . . . . .	72,422	241,898	69,458	63,548	73,307
Consumption ( <u>1,000 dollars</u> ) . . . . .	*250,527	*416,870	*244,943	*267,973	**286,292
Import-to-consumption ratio ( <u>percent</u> ) . . . . .	*29	*58	*28	*24	**26
Capacity utilization ( <u>percent</u> ) . . . . .	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )

<sup>1</sup> USITC staff estimates for precious-metals rollers and drawers capable of producing semi-manufactured gold in all forms, excluding operations that specialize exclusively in platinum-group metals. Most precious-metals rollers and drawers tend to process both gold and silver. Based on data of the U.S. Department of Commerce and U.S. Department of Labor.

<sup>2</sup> USITC staff estimates for subject gold articles, based on data of the U.S. Department of Commerce.

<sup>3</sup> Capacity utilization could not be meaningfully calculated for this industry.

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

Comment.-- During 1992-96, U.S. shipments of the subject forms of semi-manufactured gold rose by \*\*4 percent (\*\*\$8.8 million) to \*\*\$245.7 million, and apparent domestic consumption grew by \*\*14 percent (\*\*\$35.8 million) to \*\*\$286.3 million. Over this period, the import-to-consumption ratio generally ranged between 24 and 29 percent. Rolling and drawing of gold is an extremely competitive business owing to the maturity of the industry and low profit margins. Demand by fabricators is highly price elastic because of the commodity nature of the product. Sales are channeled through recognized distributors and the major rolling and drawing operations.

III. GSP import situation, 1996

## U.S. imports and share of U.S. consumption, 1996

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total . . . . .	73,307	100	( <sup>1</sup> )	**26
Imports from GSP countries:				
GSP total . . . . .	29,605	40	100	**10
Peru . . . . .	28,452	39	96	**10
Bolivia . . . . .	1,078	1	4	( <sup>2</sup> )

<sup>1</sup> Not applicable.<sup>2</sup> Less than 0.5 percent.

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

Comment.-- During 1992-96, U.S. imports of the subject forms of semi-manufactured gold fluctuated annually, but amounted to \$72.4 million in 1992 and \$73.3 million in 1996. In 1996, the principal sources of these imports were Canada (\$34.1 million, or 47 percent of total U.S. imports) and Peru (\$28.5 million, or 39 percent). Each of the other sources provided 5 percent or less of total imports. U.S. imports of these products from GSP-eligible countries rose dramatically from \$214,000 in 1992 to \$29.6 million in 1996 as new sources came onstream in Peru and Bolivia.

IV. Competitiveness profiles, GSP suppliers

## Competitiveness indicators for Peru for all digest products

Ranking as a U.S. import supplier, 1996. . . . . 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. import demand? . . . . . High X Moderate    Low   

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

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

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

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

Price level compared with--

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

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

Quality compared with--

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

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

Comment.-- Peru overtook Brazil in 1996 as the largest gold mining country in Latin America (64.8 metric tons that year, just exceeding Brazil's 64.2 metric tons, based on official statistics of Consolidated Goldfields, Inc.), but its output was reportedly exported in the form of doré bars to Western Europe and North America for refining. Industry sources could not confirm any rolling or drawing capabilities in that country. However, duty-free treatment offered under the Andean Trade Preference Act (ATPA) encouraged Peru's small-scale, export-oriented, domestic jewelry industry to divert exports from other foreign markets and enter the U.S. market exclusively. Certain forms of gold jewelry (e.g., less intricate or rough chains, ropes, and strands) could be entering the United States classified as the subject products; both subject forms of semi-manufactured gold and gold jewelry imported from Peru are eligible for duty-free treatment under ATPA.

IV. Competitiveness profiles, GSP suppliers--Continued

## Competitiveness indicators for Bolivia for all digest products

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Ranking as a U.S. import supplier, 1996. . . . . 6

Price elasticity:

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

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

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

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

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

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

Price level compared with--

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

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

Quality compared with--

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

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

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Comment -- Although producing a sizable amount of gold (15.2 metric tons in 1996, based on official statistics of Consolidated Goldfields, Inc.), Bolivia's mine output is reportedly sent in the form of doré bars to Western Europe for refining. Industry sources could not confirm any rolling or drawing capabilities in the country. However, duty-free treatment offered under the ATPA also encouraged Bolivia's small-scale, export-oriented, domestic jewelry industry to divert exports from other foreign markets and enter the U.S. market exclusively. Certain forms of gold jewelry (e.g., less-intricate or rough chains, ropes, and strands) could be entering the United States classified as the subject products; both subject forms of semi-manufactured gold and gold jewelry imported from Bolivia are eligible for duty-free treatment under ATPA.

## Competitiveness indicators for South Africa for all digest products

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Ranking as a U.S. import supplier, 1996. . . . . (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. import demand? . . . . . High X Moderate    Low   

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

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

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

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

Price level compared with--

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

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

Quality compared with--

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

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

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<sup>1</sup> Not applicable.

Comment --The United States did not import any of the subject forms of semi-manufactured gold from South Africa during 1992-96; however, South Africa's semi-manufactures sector is small due to lack of product demand, particularly by the jewelry-manufacturing industry which fabricates gold into low-cost chains, rings, and other small articles for a local market. South African production capabilities for the subject gold products may be encouraged by recent tariff reductions under the Uruguay Round of the GATT, easing of controls on gold marketing, and Harmony Gold Mine's proposal for a jewelry-manufacturing operation with a foreign joint-venture partner at its new gold refinery complex.

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for all GSP countries and for all digest products

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Ranking as a U.S. import supplier, 1996. . . . . (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. import demand? . . . . . High X Moderate    Low   

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

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

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

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

Price level compared with--

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

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

Quality compared with--

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

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

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<sup>1</sup> Not applicable.

Comment.-- All GSP sources of the subject products other than Peru and Bolivia accounted for less than 0.5 percent of total U.S. imports in 1996. Industry sources could not confirm production capabilities for the subject forms of semi-manufactured gold in most of the other GSP countries. However, with few exceptions (certain Asian and Eastern European countries), GSP sources of the subject products during 1992-96 were countries eligible for duty-free treatment under ATPA (including Peru and Bolivia) and the Caribbean Basin Economic Recovery Act (CBERA).

V. Position of interested parties

Petitioner.--The Government of South Africa petitioned for the addition of precious-metal dental alloys to the list of articles eligible for duty-free entry under the GSP. The petitioner stated that GSP will assist South Africa in two major policy goals of (1) adding value to its raw materials and (2) providing employment opportunities. Duty-free status reportedly will enable the South African producer to gain access to the third-largest market in the world for precious-metal dental alloys.

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

VI. Summary of probable economic advice-- Addition

\* \* \* \* \*

**Table 1 –Certain semimanufactured forms of gold, other than gold leaf and minted bars: U S imports for consumption, by principal sources, 1992-96, January-June 1996-97**

Source						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Canada	68,634 81	234,388 31	60,883 02	54,910 21	34,127 54	28,450 42	33,778 97
Peru	0 00	0 00	0 00	0 00	28,451 50	0 00	19,378 64
Singapore	1,306 26	4,593 73	5,318 95	4,526 77	3,481 50	1,989 56	1,184 62
Malaysia	569 33	402 82	599 04	1,427 29	2,976 64	1,351 86	1,289 63
Japan	1,481 31	1,467 63	1,295 50	1,326 90	1,382 24	731 78	875 93
Bolivia	0 00	374 24	0 00	282 97	1,077 77	1,077 77	0 00
Israel	0 00	0 00	0 00	39 09	836 17	304 27	0 00
Germany	124 21	173 17	315 95	156 28	374 96	219 62	116 36
Mexico	2 44	12 15	892 20	423 82	234 34	0 00	307 62
France	0 00	0 00	1 87	41 62	187 61	187 61	3 40
Italy	0 00	40 78	8 75	46 15	52 85	14 75	10 30
Thailand	0 00	1 45	0 00	41 95	29 15	22 25	7 07
All other	303 59	443 26	142 80	324 78	94 75	51 45	113 23
<b>Total</b>	<b>72,421 94</b>	<b>241,897 53</b>	<b>69,458 06</b>	<b>63,547 82</b>	<b>73,307 02</b>	<b>34,401 35</b>	<b>57,065 78</b>
<b>Total from GSP-eligible nations</b>	<b>214.15</b>	<b>521.82</b>	<b>17.94</b>	<b>413.67</b>	<b>29,605.37</b>	<b>1,120.26</b>	<b>19,399.94</b>
	<i>Percent</i>						
Canada	94 8	96 9	87 7	86 4	46 6	82 7	59 2
Peru	0 0	0 0	0 0	0 0	38 8	0 0	34 0
Singapore	1 8	1 9	7 7	7 1	4 7	5 8	2 1
Malaysia	0 8	0 2	0 9	2 2	4 1	3 9	2 3
Japan	2 0	0 6	1 9	2 1	1 9	2 1	1 5
Bolivia	0 0	0 2	0 0	0 4	1 5	3 1	0 0
Israel	0 0	0 0	0 0	0 1	1 1	0 9	0 0
Germany	0 2	0 1	0 5	0 2	0 5	0 6	0 2
Mexico	0 0	0 0	1 3	0 7	0 3	0 0	0 5
France	0 0	0 0	0 0	0 1	0 3	0 5	0 0
Italy	0 0	0 0	0 0	0 1	0 1	0 0	0 0
Thailand	0 0	0 0	0 0	0 1	0 0	0 1	0 0
All other	0 4	0 2	0 2	0 5	0 1	0 2	0 2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Share from GSP-eligible nations</b>	<b>0.3</b>	<b>0.2</b>	<b>0.0</b>	<b>0.7</b>	<b>40.4</b>	<b>3.3</b>	<b>34.0</b>

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

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

**Table 2 —Certain semimanufactured forms of gold, other than gold leaf and minted bars: U S exports of domestic merchandise, by principal markets, 1992-96, January-June 1996-97**

Market						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Singapore	1,850 35	2,049 30	5,399 15	15,888 06	8,151 60	3,544 43	2,344 58
Canada	3,512 96	5,595 57	8,555 03	9,210 34	7,813 89	4,600 40	4,013 08
Switzerland	3,173 55	2,786 33	4,280 27	3,808 54	4,377 34	2,104 58	2,645 01
United Kingdom	804 05	1,474 01	696 57	854 26	3,011 57	308 94	1,226 35
Hong Kong	3,454 47	1,741 99	1,740 17	2,134 35	1,756 88	1,030 17	370 85
Malaysia	26,926 99	10,030 51	1,301 54	5,995 72	1,241 00	478 50	566 92
Bolivia	0 00	424 80	0 00	4 63	1,225 00	0 00	0 00
Japan	3,777 12	2,364 60	2,037 64	2,422 39	880 96	522 13	261 51
Mexico	3,259 51	1,393 06	4,250 75	2,062 47	812 76	410 79	1,602 22
Ireland	4 08	159 49	3 35	6 09	715 91	155 71	195 23
India	147 45	238 88	1,291 43	1,230 18	519 37	228 71	7 32
Taiwan	2,043 35	813 16	255 24	308 46	350 78	190 51	185 58
All other	9,825 68	18,772 83	12,509 57	3,024 99	1,851 92	1,241 04	1,777 96
<b>Total</b>	<b>58,779.56</b>	<b>47,844.52</b>	<b>42,320.71</b>	<b>46,950.46</b>	<b>32,708.98</b>	<b>14,815.90</b>	<b>15,196.60</b>
	<i>Percent</i>						
Singapore	31	43	128	338	249	239	154
Canada	60	117	202	196	239	311	264
Switzerland	54	58	101	81	134	142	174
United Kingdom	14	31	16	18	92	21	81
Hong Kong	59	36	41	45	54	70	24
Malaysia	458	210	31	128	38	32	37
Bolivia	00	09	00	00	37	00	00
Japan	64	49	48	52	27	35	17
Mexico	55	29	100	44	25	28	105
Ireland	00	03	00	00	22	11	13
India	03	05	31	26	16	15	00
Taiwan	35	17	06	07	11	13	12
All other	167	392	296	64	57	84	117
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Note Because of rounding figures may not add to totals shown

Market Compiled from official statistics of the U.S. Department of Commerce

DIGEST NO. 8108.10.50

UNWROUGHT TITANIUM METAL, INCLUDING SPONGE, POWDERS, INGOTS, BILLETS, AND SO FORTH



## Unwrought Titanium Metal, Including Sponge, Powders, Ingots, Billets, And So Forth

I. IntroductionX Addition to GSP

HTS subheading	Short description	Col. 1 rate of duty (1/1/97) <u>Percent ad valorem</u>	Like or directly competitive article produced in the United States on Jan. 1, 1995?
8108.10.50 <sup>1</sup>	Other unwrought titanium (including sponge, powders, ingots, billets, etc.)	15%	Yes

<sup>1</sup> Based on 1996 trade data, no country exceeded the competitive-need limit for articles included under HTS subheading 8108.10.50.

Description and uses.--Unwrought titanium metals are semi-manufactured forms of titanium which are typically formed into intermediate titanium products to be further manufactured for use in a number of end-use products. Titanium combines the properties of light weight, high strength-weight ratios, durability, and resistance to corrosion and high temperatures for use in aerospace (jet engines) and, increasingly, in non-aerospace applications (sporting goods, oil field and medical equipment, etc.).

II. U.S. market profile

Profile of U.S. industry and market, 1992-96

Item	1992	1993	1994	1995	1996
Producers ( <u>number</u> ) . . . . .	10	11	11	11	11
Employment . . . . .	350	350	300	300	300
Production' ( <u>1,000 dollars</u> ) . . . . .	539,000	537,000	553,000	655,000	1,257,000
Exports ( <u>1,000 dollars</u> ) . . . . .	44,474	27,861	28,324	47,596	87,046
Imports ( <u>1,000 dollars</u> ) . . . . .	8,802	15,082	42,574	63,512	113,514
Consumption ( <u>1,000 dollars</u> ) . . . . .	503,328	524,221	567,250	670,916	1,283,468
Import-to-consumption ratio ( <u>percent</u> ) . . . . .	2	3	8	9	9
Capacity utilization ( <u>percent</u> ) . . . . .	46	45	29	65	84

<sup>1</sup> Includes estimated titanium sponge and ingot production only.

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

Comment.--During 1992-96, U.S. production and consumption of the subject titanium products more than doubled to \$1.3 billion. U.S. imports increased from \$8.8 million in 1992 to \$113.5 million in 1996, with the import-to-consumption ratio rising from 2 to 9 percent during this period. The increase in consumption reflected a strong growth in demand for titanium by the aerospace industry, resulting from the increasing backlog of commercial orders for newer aircraft using higher proportions of titanium. In addition, nonaerospace uses for titanium increased during this period, primarily owing to strong demand for titanium golf clubs. Russia emerged as the principal foreign supplier, accounting for 37 percent of all U.S. imports in 1996.

III. GSP import situation, 1996

## U.S. imports and share of U.S. consumption, 1996

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total . . . . .	113,514	100	( <sup>1</sup> )	9
Imports from GSP countries:				
GSP total . . . . .	49,480	44	100	4
Russia . . . . .	42,447	37	86	3
Kazakhstan . . . . .	6,580	6	13	1
Ukraine . . . . .	350	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
India . . . . .	103	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )

<sup>1</sup> Not applicable.<sup>2</sup> Less than 0.5 percent.

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

Comment.--U.S. imports of the subject titanium products increased from \$8.8 million in 1992 to \$113.5 million in 1996 as foreign suppliers took advantage of a strong U.S. aerospace market and rising titanium prices. The principal sources for U.S. imports during 1996 were Russia (37 percent) and Japan (36 percent). Imports from GSP-eligible countries increased from less than \$1 million in 1992 to \$49.5 million in 1996. Russia was also the leading GSP supplier in 1996, with 86 percent of total GSP imports, followed by Kazakhstan, with 6 percent of total imports and 13 percent of GSP imports. The import-to-consumption ratio for total imports was 9 percent in 1996; the ratio for GSP imports was 4 percent in 1996.

IV. Competitiveness profiles, GSP suppliers

## Competitiveness indicators for Russia for all digest products

Ranking as a U.S. import supplier, 1996. . . . . 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. import demand? . . . . . High X Moderate    Low   

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

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

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

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

Price level compared 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.--Since 1993, Russia has emerged as a major supplier of unwrought titanium metal to the United States, largely because of strong western demand for titanium. Verkhnesaldinsky Metallurgical Production Association (VSMPO), Avisa Magnesium Titanium Works and JSC All-Russia Light Alloys Institut (VILS) are the only known Russian producers of titanium metal. Total annual production capacity for titanium sponge has been estimated at 26,000 metric tons<sup>1</sup> or equal approximately to 27 percent of world sponge-making capacity. At full production, Russian titanium would total nearly \$250 million, based on current market prices for titanium sponge. In 1996, Russia was reported to have been operating at 85 percent of production sponge capacity.

<sup>1</sup> Based on a telephone conversation with staff of U.S. Geological Survey, Sept. 1997.

## IV. Competitiveness profiles, GSP suppliers--Continued

## Competitiveness indicators for Kazakhstan for all digest products

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Ranking as a U.S. import supplier, 1996. . . . . 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. import demand? . . . . . High X Moderate     Low    

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

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

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

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

Price level compared with--

U.S. products. . . . . Above     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    

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Comment.--Imports of titanium from Kazakhstan first emerged as a presence in the U.S. market in 1996. Reports indicate that the sole unwrought titanium producer in Kazakhstan is in the process of expanding its titanium production capacity in anticipation of continued strong worldwide demand for the metal. Kazakhstan's annual production capacity for titanium sponge also has been estimated at 26,000 metric tons, or equal to approximately 27 percent of worldwide capacity.<sup>2</sup> UKTMP is reportedly at nearly 100 percent capacity. At full production, titanium from Kazakhstan would total nearly \$250 million, based on current market prices for titanium sponge.

## Competitiveness indicators for all GSP countries and for all digest products

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Ranking as a U.S. import supplier, 1996. . . . . (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. import demand? . . . . . High X Moderate     Low    

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

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

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

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

Price level compared 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    

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<sup>1</sup> Not applicable.

Comment.--Ukraine and India supplied minor amounts of unwrought titanium to the United States in 1996, together accounting for less than 1 percent of total GSP imports. Neither nation is believed to have sufficient titanium capacity to supply large amounts of titanium to the United States.

<sup>2</sup> Ibid.

## V. Position of interested parties

Petitioners.--Petitioners, which include both the Russian Federation and VSMPO, support the addition of the subject titanium products to the list of articles eligible for duty-free entry under the GSP. According to petitioners, GSP treatment for Russian exports to the United States would support the economic development of the Russian Federation, would facilitate peacetime conversion of Russian companies (which had been primarily military contractors), and would expand trade between the United States and Russia. According to petitioners, the presence of additional supplies of Russian titanium in the U.S. market would result in lower costs for U.S. end users of titanium without harming U.S. producers, given the current strong U.S. demand for titanium in aerospace applications and the inability of U.S. producers to completely satisfy demand. Russian exports reportedly improve U.S. product quality and help reduce production costs for final titanium products because the Russian Federation supplies a premium-grade product manufactured in strict compliance with U.S. and international standards.

Support.--The Boeing Company supports the petition of the Russian Federation and VSMPO to designate unwrought titanium products, classified under HTS 8108.10.50, as articles eligible for GSP treatment. Despite the current high duty rates on imported titanium, Boeing has been forced to purchase unwrought titanium from VSMPO because of the inability of the U.S. industry to meet demand. Given plans to increase the rate of commercial aircraft production to 43 per month by mid-1998, Boeing believes that domestic titanium sponge capacity will continue to be insufficient to meet the company's short-term production requirements. Boeing also argues that denial of GSP status for unwrought titanium would place Boeing at a competitive disadvantage relative to its chief European competitor, Airbus Industrie, which has access to duty-free supplies of titanium products. If Boeing is denied access to duty-free titanium it will be forced to either pass on the increased costs of higher-priced domestic titanium to consumers, or begin to design titanium out of some applications. Airbus, on the other hand, will be in a position to continue to produce high-titanium-content aircraft with range and cargo capacity substantially superior to U.S. planes.

The Aerospace Industries Association (AIA) supports the petition of the Russian Federation and Verkhnesaldinsky Metallurgical Production Association (VSMPO) to designate unwrought titanium products, classified under HTS 8108.10.50, as articles eligible for GSP treatment. AIA represents major U.S. producers of aircraft, helicopters, rockets, missiles, and related propulsion and electronic systems. According to AIA, the domestic aerospace industry faces an inverted tariff schedule in which duties on titanium are 15 percent, while imported civil aircraft and aircraft parts are duty free. Therefore, an incentive exists to source such parts from foreign sources, particularly when titanium supplies are tight and foreign competitors can obtain titanium at lower duty rates. This describes today's situation in which titanium prices and lead times for delivery of unwrought titanium products have risen sharply. Because GSP eligibility is reviewed annually, it can be removed if injury to a domestic industry as a result of GSP-eligible imports is demonstrated. The AIA believes that injury to a domestic industry as a result of foreign titanium imports is unlikely in the near term, as demand for civil aircraft is projected to remain strong for the next several years.

Ancotech, Inc., a U.S. manufacturer of seamless titanium and alloy tubing for the aerospace, condenser, heat exchanger, sport, medical and other miscellaneous markets, supports the petition of the Russian Federation and VSMPO to designate unwrought titanium products, classified under HTS 8108.10.50, as articles eligible for GSP treatment. According to Ancotech, expanded aircraft production and diversification in the applications for titanium, such as the growing golf club market, have created shortages of material. These shortages have adversely affected Ancotech's business. For example, long delivery times for completed forgings has resulted in lost orders. The availability of duty-free material would make it possible for Ancotech to fill current customer orders in a timely fashion and at competitive prices, and to investigate new businesses in the medical, sports equipment, and automotive industries.

Shultz Steel Company supports the petition of the Russian Federation and VSMPO to designate unwrought titanium products, classified under HTS 8108.10.50, as articles eligible for GSP treatment. As a major U.S. producer of titanium forgings for the commercial aircraft industry, Shultz requires the use of the "upstream" titanium ingot product in its production process. According to Shultz, VSMPO became a major supplier of titanium to U.S. aerospace subcontractors, beginning in 1992, when additional competitive titanium sources of ingot supply were needed to meet U.S. demand. GSP treatment for these products would improve the competitive position of U.S. versus European forging companies and would avoid further erosion of this business to overseas competition. Failure to grant GSP treatment would have a major adverse effect on the U.S. aerospace industry and its employment base.

Opposition.--Collier, Shannon, Rill & Scott, PLLC, on behalf of a group of domestic titanium producers, including Allvac, Oregon Metallurgical Corporation, Wah Chang, and RMI Titanium Company, opposes the petitions of VSMPO, and the Russian Federation to designate unwrought titanium products, classified under HTS 8108.10.50, as articles eligible for GSP treatment. These U.S. producers manufacture like or directly competitive products as those articles produced by VSMPO in Russia; they note that, even without the benefits of GSP, imports of unwrought titanium products have

V. Position of interested parties--Continued

increased over 840 percent since 1993, currently accounting for 60 percent of imports. Under these conditions, Russian producers of titanium products are, at present, extremely competitive.

According to U.S. producers, granting duty free access for these titanium products would undermine the considerable investments that U.S. producers have made in expanding domestic titanium melt capacity to meet potential U.S. demand for titanium. Given the cyclical consumption patterns of titanium products, the granting of GSP eligibility may prove devastating for U.S. producers in the face of increasing domestic capacity and increased imports.

Wilmer, Cutler, & Pickering, on behalf of RMI Titanium, opposes the petition to designate Russia as eligible for GSP treatment (with the exception of titanium sponge) for titanium products imported from Russia under HTS 8108.10.50. Therefore, the opposition to GSP treatment is primarily confined to imported titanium ingot. RMI is a non-integrated titanium producer, heavily dependent on foreign sources for its purchases of titanium sponge. RMI is concerned that the granting of GSP treatment for titanium ingot would create an incentive for Russia to ship more ingot, along with mill products, to the United States and would encourage Avisma Magnesium Titanium Works, the sole Russian producer of sponge, to sell sponge to VSMPO, the major Russian producer of titanium ingot and mill products. This would decrease the amount of Russian sponge that would be available to U.S. non-integrated producers, such as RMI. According to RMI, Avisma is currently operating at full capacity and cannot ship sponge to support additional ingot or mill product production in Russia without reducing its export shipments of sponge.

DeKieffer & Horgan, on behalf of Titanium Metals Corporation (Timet), opposes the petition to designate Russia as eligible for GSP treatment for titanium products imported from Russia under HTS 8108.10.50. Timet is one of two U.S. producers of titanium sponge. Timet contends that waiving of competitive need limits would permit Avisma (Russia) and UKTMP (Kazakhstan), the world's two largest titanium sponge producers, unlimited access to the U.S. market, thereby representing a threat to the viability of the U.S. sponge industry at an early stage in its recent recovery. Timet also argues that increased imports of sponge are unnecessary to meet any supposed shortfall in the availability of titanium. Both Timet and Oremet (Oregon Metallurgical Corporation) have recently made large investments in new melting facilities which will substantially increase titanium production capacity in the United States. In addition, the U.S. Government, through the National Defense Stockpile, is seeking to dispose of 9,000 short tons of sponge through fiscal year 1999 (increasing titanium sponge available from U.S. sources by 20 percent) and by a total of more than 35,000 short tons over the next several years. Duty free imports will depress the prices the U.S. Government hopes to obtain for these stockpile sales, jeopardize present U.S. industry investment and discourage new investment in the United States, lead to reductions in U.S. capacity, and increase dependence on less reliable foreign supplies.

VI. Summary of probable economic advice--Addition

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**Table 1 –Unwrought titanium metal; including sponge, powders, ingots, billets, etc : U S imports for consumption, by principal sources, 1992-96, January-June 1996-97**

Source						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Russia	218 14	5,048 57	20,561 21	33,232 29	42,446 51	18,566 57	47,707 05
Japan	3,435 98	3,403 08	7,022 91	13,981 63	40,494 58	17,794 67	30,523 18
United Kingdom	2,380 96	3,745 96	11,255 43	7,798 64	10,545 78	2,193 58	10,893 55
China	1,411 22	1,315 57	464 84	3,544 21	9,218 59	2,022 07	6,277 43
Kazakhstan	0 00	0 00	0 00	348 46	6,580 39	1,687 07	4,258 05
Italy	0 00	0 00	0 00	0 00	1,496 42	1,496 42	0 00
France	8 62	0 00	2,575 87	2,412 21	593 35	523 82	56 89
Israel	700 09	444 15	504 22	609 39	439 98	67 96	296 70
Belgium	0 00	0 00	4 00	0 00	439 52	292 68	124 91
Canada	0 00	0 00	3 80	47 47	378 71	202 91	7 21
Germany	77 68	20 17	146 13	241 93	372 49	185 66	342 49
Ukraine	0 00	726 64	0 00	0 00	350 26	0 00	2 50
All other	569 13	377 43	35 52	1,295 44	157 77	22 52	1,021 86
<b>Total</b>	<b>8,801.82</b>	<b>15,081.57</b>	<b>42,573.94</b>	<b>63,511.66</b>	<b>113,514.34</b>	<b>45,055.91</b>	<b>101,511.81</b>
<b>Total from GSP-eligible nations</b>	<b>308.25</b>	<b>5,786.23</b>	<b>20,568.60</b>	<b>33,584.99</b>	<b>49,480.33</b>	<b>20,253.64</b>	<b>52,604.38</b>
	<i>Percent</i>						
Russia	2 5	33 5	48 3	52 3	37 4	41 2	47 0
Japan	39 0	22 6	16 5	22 0	35 7	39 5	30 1
United Kingdom	27 1	24 8	26 4	12 3	9 3	4 9	10 7
China	16 0	8 7	1 1	5 6	8 1	4 5	6 2
Kazakhstan	0 0	0 0	0 0	0 5	5 8	3 7	4 2
Italy	0 0	0 0	0 0	0 0	1 3	3 3	0 0
France	0 1	0 0	6 1	3 8	0 5	1 2	0 1
Israel	8 0	2 9	1 2	1 0	0 4	0 2	0 3
Belgium	0 0	0 0	0 0	0 0	0 4	0 7	0 1
Canada	0 0	0 0	0 0	0 1	0 3	0 5	0 0
Germany	0 9	0 1	0 3	0 4	0 3	0 4	0 3
Ukraine	0 0	4 8	0 0	0 0	0 3	0 0	0 0
All other	6 5	2 5	0 1	2 0	0 1	0 0	1 0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Share from GSP-eligible nations</b>	<b>3.5</b>	<b>38.4</b>	<b>48.3</b>	<b>52.9</b>	<b>43.6</b>	<b>45.0</b>	<b>51.8</b>

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

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

**Table 2 –Unwrought titanium metal; including sponge, powders, ingots, billets, etc : U S exports of domestic merchandise, by principal markets, 1992-96, January-June 1996-97**

Market						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Italy	1,113 37	865 10	1,317 94	2,199 20	24,631 31	10,150 75	5,575 85
France	15,764 78	8,684 40	5,386 29	9,257 79	18,893 01	6,707 94	19,278 95
Japan	8,419 22	5,354 46	9,127 17	16,501 74	15,871 24	10,396 37	7,142 58
United Kingdom	4,394 42	3,313 08	4,096 45	8,925 02	12,898 27	5,629 60	14,499 50
Canada	2,663 74	1,561 13	881 85	2,696 37	3,493 91	2,293 49	828 33
Taiwan	352 79	524 64	371 20	1,520 79	2,074 97	101 17	1,631 29
Korea	763 40	269 72	122 53	166 28	1,910 62	501 80	1,603 62
Sweden	162 64	178 68	79 84	33 05	1,399 64	272 70	547 36
Germany	2,947 32	2,111 42	2,023 74	901 29	1,008 50	624 77	523 26
Netherlands	478 55	629 53	884 83	425 29	704 64	39 01	145 20
Israel	2,239 42	1,901 92	2,205 86	253 91	605 16	211 41	386 30
China	825 70	33 13	19 13	1,147 75	563 95	32 74	483 22
All other	4,349 04	2,433 93	1,807 61	3,567 80	2,990 56	1,425 97	2,844 28
<b>Total</b>	<b>44,474 37</b>	<b>27,861 13</b>	<b>28,324 41</b>	<b>47,596 29</b>	<b>87,045 77</b>	<b>38,387 72</b>	<b>55,489 73</b>
	<i>Percent</i>						
Italy	25	31	47	46	283	264	100
France	354	312	190	195	217	175	347
Japan	189	192	322	347	182	271	129
United Kingdom	99	119	145	188	148	147	261
Canada	60	56	31	57	40	60	15
Taiwan	08	19	13	32	24	03	29
Korea	17	10	04	03	22	13	29
Sweden	04	06	03	01	16	07	10
Germany	66	76	71	19	12	16	09
Netherlands	11	23	31	09	08	01	03
Israel	50	68	78	05	07	06	07
China	19	01	01	24	06	01	09
All other	98	87	64	75	34	37	51
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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

Market Compiled from official statistics of the U S Department of Commerce



DIGEST NO. 8108.90.60

WROUGHT TITANIUM METAL, INCLUDING BARS, RODS, PLATES, SHEETS, TUBES, PIPES, AND SO FORTH

## Wrought Titanium Metal, Including Bars, Rods, Plates, Sheets, Tubes, Pipes, And So Forth

I. IntroductionX Competitive-need-limit waiver (Russia)

HTS subheading	Short description	Col. 1 rate of duty (1/1/97) <u>Percent ad valorem</u>	Like or directly competitive article produced in the United States on Jan. 1, 1995?
8108.90.60 <sup>1</sup>	Wrought titanium metal (including bars, rods, plates, sheets, tubes, pipes, etc.)	15%	Yes

<sup>1</sup> Russia has been proclaimed by the President as noneligible for GSP treatment for articles included under HTS subheading 8108.90.60.

Description and uses.--Wrought titanium metal includes finished titanium mill products which are converted into finished components for certain end-use products. Titanium combines the properties of light weight, high strength-weight ratios, durability, and resistance to corrosion and high temperatures. Titanium is particularly suitable for aerospace applications, in jet engines and, increasingly, for non-aerospace applications (sporting goods, oil field and medical equipment, etc.).

II. U.S. market profile

Profile of U.S. industry and market, 1992-96

Item	1992	1993	1994	1995	1996
Producers ( <u>number</u> ) <sup>1</sup> . . . . .	30	30	30	30	30
Employment ( <u>1,000 employees</u> ) . . . . .	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Shipments ( <u>1,000 dollars</u> ) <sup>1</sup> . . . . .	501,600	478,000	542,300	688,800	1,400,000
Exports ( <u>1,000 dollars</u> ) . . . . .	28,681	18,001	22,512	45,709	46,087
Imports ( <u>1,000 dollars</u> ) . . . . .	8,267	11,151	14,288	29,406	82,145
Consumption ( <u>1,000 dollars</u> ) <sup>1</sup> . . . . .	481,186	471,150	534,076	672,497	1,436,058
Import-to-consumption ratio ( <u>percent</u> ) . . . . .	2	2	3	4	6
Capacity utilization ( <u>percent</u> ) <sup>1</sup> . . . . .	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )

<sup>1</sup> Estimated by U.S. Geological Survey.

<sup>2</sup> Not available.

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

Comment.--During 1992-96, U.S. shipments and consumption of the subject titanium products more than doubled, to \$1.4 billion. U.S. imports of titanium increased from \$8.3 million in 1992 to \$82.1 million in 1996, with the import-to-consumption ratio rising from 2 to 6 percent during this period. The increase in consumption reflected a strong growth in demand for titanium by the aerospace industry, resulting from the increasing backlog of commercial orders for newer aircraft using higher proportions of titanium. In addition, nonaerospace uses for titanium increased during this period, primarily because of strong demand for titanium golf clubs. Russia emerged as the principal foreign supplier, accounting for 60 percent of all U.S. imports in 1996.

III. GSP import situation, 1996

## U.S. imports and share of U.S. consumption, 1996

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total . . . . .	82,145	100	( <sup>1</sup> )	6
Imports from GSP countries:				
GSP total . . . . .	49,309	60	100	4
Russia . . . . .	49,132	60	100	4
Ukraine . . . . .	174	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Poland . . . . .	3	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )

<sup>1</sup> Not applicable.<sup>2</sup> Less than 0.05 percent.

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

Comment.--U.S. imports of the subject titanium products increased from \$8.3 million in 1992 to \$82.1 million in 1996 as foreign suppliers took advantage of a strong U.S. aerospace market and rising prices. The principal sources for U.S. imports during 1996 were Russia (60 percent) and the United Kingdom (15 percent). Imports from GSP-eligible countries increased from zero in 1992 to \$49.3 million in 1996, with Russia supplying virtually all GSP imports in 1996. The import-to-consumption ratio for total imports was 6 percent in 1996, and the ratio for GSP imports was 4 percent.

IV. Competitiveness profiles, GSP suppliers

## Competitiveness indicators for Russia for all digest products

Ranking as a U.S. import supplier, 1996. . . . . 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. import demand? . . . . . High X Moderate    Low   

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

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

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

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

Price level compared with--

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

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

Quality compared with--

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

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

Comment.--In recent years, Russia has emerged as a major supplier of wrought titanium metal to the United States, because of largely strong western demand for titanium. Verkhnesaldinsky Metallurgical Production Association (VSMPO) and JSC All-Russia Light Alloys Institut (VILS) are the only known Russian producers of unwrought titanium metal. Approximately 80 percent of Russian production is exported. Total annual production capacity for titanium mill products has been estimated at approximately 100,000 metric tons.<sup>1</sup>

<sup>1</sup> Based on a telephone conversation with staff of U.S. Geological Survey, Sept. 1997.

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for all GSP countries for all digest products

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Ranking as a U.S. import supplier, 1996. . . . . (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. import demand? . . . . . High X Moderate    Low   

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

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

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

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

Price level compared 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   

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1 Not applicable.

Comment.--Ukraine and Poland sold minor amounts of wrought titanium metal to the United States in 1996, together accounting for less than 0.5 percent of total GSP imports. Titanium production capacity in these two nations is not believed to be sufficient to supply the U.S. market with large amounts of titanium.

V. Position of interested parties

Petitioner.--Petitioners, which include both the Russian Federation and VSMPO stated that GSP treatment for Russian exports to the United States would support the economic development of the Russian Federation, would facilitate peacetime conversion of Russian companies (which had been primarily military contractors), and would expand trade between the United States and Russia. According to petitioners, the continued presence of Russian titanium in the U.S. market would result in lower costs for U.S. end users of titanium without harming U.S. producers, given the current strong U.S. demand for titanium in aerospace applications and the inability of U.S. producers to completely satisfy demand. Russian exports reportedly improve U.S. product quality and help reduce production costs of final titanium products because the Russian Federation supplies a premium-grade product manufactured in strict compliance with U.S. and international standards.

Support.--The Boeing Company supports the petition of the Russian Federation and VSMPO to waive the imposition of competitive need limits on certain wrought titanium products, classified under HTS 8108.90.60. According to Boeing, the domestic titanium industry has insufficient wrought capacity to meet escalating domestic requirements as evidenced by excessively long production lead times and indications from domestic titanium suppliers that they are unable to fill any more orders for 1998 delivery. Given plans to increase its rate of production of commercial aircraft to 43 per month by mid-1998, Boeing believes that domestic titanium capacity will continue to be insufficient to meet the company's short-term production requirements. Boeing's purchase of imported titanium would not harm the domestic wrought titanium industry because company has already committed to purchasing the bulk of its wrought titanium from domestic producers. The company would only purchase from Russian producers material that is in excess of U.S. supply capabilities. Boeing also argues that denial of GSP status for unwrought titanium would place Boeing at a competitive disadvantage relative to its chief European competitor, Airbus Industrie, which has access to duty free supplies of titanium products. If Boeing is denied access to duty free titanium it will be forced to either pass on the increased costs of higher-priced domestic titanium to consumers, or begin to design titanium out of some applications. Airbus, on the other hand, will be in a position to continue to produce high-titanium-content aircraft with range and cargo capacity substantially superior to U.S. planes.

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# V. Position of interested parties--Continued

demonstrated. The AIA believes that injury to a domestic industry as a result of foreign titanium imports is unlikely in the near term as demand for civil aircraft is projected to remain strong for the next several years.

Ancotech, Inc., a U.S. manufacturer of seamless titanium and alloy tubing for the aerospace, condenser, heat exchanger, sport, medical and other miscellaneous markets, supports the petition of the Russian Federation and VSMPO to designate wrought titanium products, classified under HTS 8108.90.60, as articles eligible for GSP treatment. According to Ancotech, expanded aircraft production and diversification in the applications for titanium, such as the growing golf club market, have created shortages of material. These shortages have adversely affected Ancotech's business. For example, long delivery times for completed forgings has resulted in lost orders. The availability of duty-free material would make it possible for Ancotech to fill current customer orders in a timely fashion and at competitive prices, and to investigate new businesses in the medical, sports equipment, and automotive industries.

Shultz Steel Company supports the petition of the Russian Federation and VSMPO to waive the imposition of competitive need limits on certain wrought titanium products, classified under HTS 8108.90.60. As a major U.S. producer of titanium forgings for the commercial aircraft industry, Shultz requires the use of the "upstream" titanium ingot product in its production process. According to Shultz, VSMPO became a major supplier of titanium to U.S. aerospace subcontractors, beginning in 1992, when domestic ingot suppliers were unable to meet U.S. demand. GSP treatment for these products would improve the competitive position of U.S. versus European forging companies and would avoid further erosion of this business to overseas competition. Failure to grant GSP treatment would have a major adverse effect on the U.S. aerospace industry and its employment base.

Opposition.--Collier, Shannon, Rill & Scott, PLLC, on behalf of a group of domestic titanium producers, including Allvac, Oregon Metallurgical Corporation, Wah Chang, and RMI Titanium Company, opposes the petition of VSMPO, and the Russian Federation to waive the imposition of competitive need limits on certain wrought titanium products, classified under HTS 8108.90.60. These U.S. producers manufacture like or directly competitive products as those articles produced by VSMPO in Russia. They note that despite the removal of GSP duty free treatment on July 1, 1997, wrought titanium imports from Russia have continued to enter the United States in large volumes, thereby demonstrating that Russian producers of titanium products are extremely competitive.

According to U.S. producers, granting duty free access for these titanium products would undermine the considerable investments that U.S. producers have made in expanding domestic titanium melt capacity to meet potential U.S. demand for titanium. Given the cyclical consumption patterns for titanium, the granting of GSP eligibility may prove devastating for U.S. producers in the face of increasing domestic capacity and increasing imports. The petition also notes the military and aerospace applications of titanium, arguing that granting access to such strategic industries should be carefully considered. Finally, Russia's recalcitrance in granting open market access to U.S. producers is mentioned; duty free treatment for titanium products is undeserved in light of prohibitively high tariffs and taxes, and lax intellectual property enforcement.

Wilmer, Cutler, & Pickering, on behalf of RMI Titanium, opposes the petition to waive the imposition of competitive need limit for titanium products from Russia imported into the United States under HTS 8108.90.60. RMI is a non-integrated titanium producer, heavily dependent on foreign sources for its purchases of titanium sponge. RMI is concerned that the waiving of competitive-need limits on titanium mill products would create an incentive for Russia to ship more mill products to the United States and would encourage Avisma Magnesium Titanium Works, the sole Russian producer of sponge, to sell additional sponge to VSMPO, the major Russian producer of titanium mill products. This would decrease the amount of Russian sponge that would be available to U.S. non-integrated producers, such as RMI. According to RMI, Avisma is currently operating at full capacity and cannot support additional mill product production in Russia without reducing its export shipments of sponge.

VI. Summary of probable economic advice--competitive-need-limit waiver (Russia)

\* \* \* \* \*

**Table 1 --Wrought titanium metal; including bars, rods, plates, sheets, tubes, pipes, etc : U S imports for consumption, by principal sources, 1992-96, January-June 1996-97**

Source						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Russia	0 00	278 55	934 19	7,539 67	49,132 09	22,620 63	20,849 81
United Kingdom	1,184 41	4,702 07	4,929 59	7,480 20	12,062 98	5,554 31	7,028 21
Japan	3,727 48	5,077 24	6,739 09	10,343 31	11,586 93	6,893 64	4,937 59
France	158 22	405 92	182 87	231 71	3,440 45	1,079 10	81 10
Germany	193 59	258 89	645 27	310 17	2,207 97	162 86	766 30
Italy	168 47	55 22	71 15	2,959 35	1,347 21	1,137 21	746 51
Canada	2,744 67	310 78	566 64	240 24	1,096 07	563 81	765 83
Sweden	1 54	4 94	12 43	104 82	388 67	55 96	117 41
China	1 53	0 00	56 59	0 00	245 43	115 44	14 47
Ukraine	0 00	0 00	0 00	0 00	173 62	0 00	323 98
Switzerland	20 86	2 94	52 22	79 44	145 97	82 60	73 09
Marshall Islands	0 00	0 00	0 00	0 00	115 25	0 00	0 00
All other	65 79	54 07	98 07	116 76	202 11	115 62	29 42
<b>Total</b>	<b>8,266 57</b>	<b>11,150 61</b>	<b>14,288 11</b>	<b>29,405 67</b>	<b>82,144 72</b>	<b>38,381 17</b>	<b>35,733 71</b>
<b>Total from GSP-eligible nations</b>	<b>0.00</b>	<b>278.55</b>	<b>936.27</b>	<b>7,543.31</b>	<b>49,308.88</b>	<b>22,623.80</b>	<b>21,175.41</b>
	<i>Percent</i>						
Russia	0 0	2 5	6 5	25 6	59 8	58 9	58 3
United Kingdom	14 3	42 2	34 5	25 4	14 7	14 5	19 7
Japan	45 1	45 5	47 2	35 2	14 1	18 0	13 8
France	1 9	3 6	1 3	0 8	4 2	2 8	0 2
Germany	2 3	2 3	4 5	1 1	2 7	0 4	2 1
Italy	2 0	0 5	0 5	10 1	1 6	3 0	2 1
Canada	33 2	2 8	4 0	0 8	1 3	1 5	2 1
Sweden	0 0	0 0	0 1	0 4	0 5	0 1	0 3
China	0 0	0 0	0 4	0 0	0 3	0 3	0 0
Ukraine	0 0	0 0	0 0	0 0	0 2	0 0	0 9
Switzerland	0 3	0 0	0 4	0 3	0 2	0 2	0 2
Marshall Islands	0 0	0 0	0 0	0 0	0 1	0 0	0 0
All other	0 8	0 5	0 7	0 4	0 2	0 3	0 1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Share from GSP-eligible nations</b>	<b>0.0</b>	<b>2.5</b>	<b>6.6</b>	<b>25.7</b>	<b>60.0</b>	<b>58.9</b>	<b>59.3</b>

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

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

**Table 2 –Wrought titanium metal; including bars, rods, plates, sheets, tubes, pipes, etc : U S exports of domestic merchandise, by principal markets, 1992-96, January-June 1996-97**

Market						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
United Kingdom	8,443 48	4,406 53	5,451 38	7,076 13	8,042 62	4,167 66	6,346 77
Germany	2,310 82	2,392 94	2,624 01	5,086 69	6,318 90	2,203 93	4,325 95
France	2,145 89	1,430 26	3,260 57	4,371 54	6,143 69	2,518 01	6,594 57
Italy	2,476 15	1,019 42	532 53	14,093 88	5,849 68	5,696 29	698 98
Switzerland	2,523 58	1,103 63	1,146 41	2,854 97	3,708 72	1,485 20	1,553 14
Canada	2,961 43	2,026 99	1,757 37	2,529 65	3,467 86	1,861 91	1,412 65
Japan	1,702 19	1,327 26	1,060 87	2,011 51	2,808 82	1,537 54	1,115 49
Taiwan	263 19	299 53	1,924 56	3,213 05	2,075 22	1,325 91	1,113 97
Israel	1,324 37	216 25	261 33	602 27	1,343 11	645 95	1,395 24
Sweden	134 60	109 51	288 54	301 19	770 00	201 42	139 82
Korea	121 76	244 63	383 79	561 36	643 10	407 32	257 86
Australia	679 27	406 12	287 91	490 17	604 30	343 18	786 12
All other	3,594 71	3,018 25	3,532 37	2,516 51	4,310 77	2,262 13	3,040 64
<b>Total</b>	<b>28,681 44</b>	<b>18,001 31</b>	<b>22,511 82</b>	<b>45,708 90</b>	<b>46,086 78</b>	<b>24,656 44</b>	<b>28,781 18</b>
	<i>Percent</i>						
United Kingdom	29 4	24 5	24 2	15 5	17 5	16 9	22 1
Germany	8 1	13 3	11 7	11 1	13 7	8 9	15 0
France	7 5	7 9	14 5	9 6	13 3	10 2	22 9
Italy	8 6	5 7	2 4	30 8	12 7	23 1	2 4
Switzerland	8 8	6 1	5 1	6 2	8 0	6 0	5 4
Canada	10 3	11 3	7 8	5 5	7 5	7 6	4 9
Japan	5 9	7 4	4 7	4 4	6 1	6 2	3 9
Taiwan	0 9	1 7	8 5	7 0	4 5	5 4	3 9
Israel	4 6	1 2	1 2	1 3	2 9	2 6	4 8
Sweden	0 5	0 6	1 3	0 7	1 7	0 8	0 5
Korea	0 4	1 4	1 7	1 2	1 4	1 7	0 9
Australia	2 4	2 3	1 3	1 1	1 3	1 4	2 7
All other	12 5	16 8	15 7	5 5	9 4	9 2	10 6
<b>Total</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>

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

Market Compiled from official statistics of the U S Department of Commerce



DIGEST NO. 8704.10.50  
OFF-HIGHWAY DUMP TRUCKS

Off-Highway Dump Trucks<sup>1</sup>I. IntroductionX Addition to GSP

HTS subheading	Short description	Col. 1 rate of duty (1/1/97) <u>Percent ad valorem</u>	Like or directly competitive article produced in the United States on Jan. 1, 1995?
8704.10.50 <sup>1</sup>	Dump trucks designed for off-highway use, rear dump and other	10% <sup>2</sup>	Yes

<sup>1</sup> Based on 1996 trade data, no country exceeded the competitive-need limit for articles included under HTS subheading 8704.10.50

<sup>2</sup> This tariff is to be phased out by 1999.

Description and uses.--These products are designed to carry and dump a variety of materials, and are primarily used in construction and mining applications. They are not designed for on-highway travel.

II. U.S. market profile

Profile of U.S. industry and market, 1992-96

Item	1992	1993	1994	1995	1996
Producers ( <u>number</u> ) <sup>1</sup> . . . . .	10	10	8	8	**8
Employment ( <u>1,000 employees</u> ) <sup>2</sup> . . . . .	*7	*8	*7	*8	*9
Shipments ( <u>1,000 dollars</u> ) <sup>1</sup> . . . . .	650,000	760,000	885,000	1,210,000	**1,415,000
Exports ( <u>1,000 dollars</u> ) . . . . .	332,641	386,148	305,402	318,337	520,222
Imports ( <u>1,000 dollars</u> ) . . . . .	11,567	16,388	41,459	31,211	49,037
Consumption ( <u>1,000 dollars</u> ) <sup>1</sup> . . . . .	328,926	390,240	621,057	922,874	**943,815
Import-to-consumption ratio ( <u>percent</u> ) . . . . .	4	4	7	3	**5
Capacity utilization ( <u>percent</u> ) . . . . .	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )

<sup>1</sup> Estimated by the staff of the U.S. International Trade Commission, based on data derived from official statistics of the U.S. Bureau of Census.

<sup>2</sup> Estimated by the staff of the U.S. International Trade Commission, based on data derived from official statistics of the U.S. Bureau of Labor Statistics.

<sup>3</sup> Not available.

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

Comment.-- The U.S. industry producing off-highway dump trucks is highly concentrated. U.S. production and consumption increased steadily during 1992-96, as a result of healthy demand in the U.S. construction and mining markets. Import penetration is low, reflecting the dominance of the U.S. industry. Service and support offered by distributors and/or company-owned dealers are crucial to customers, as downtime in construction and mining activities is very costly. Manufacturers generally provide backup support and service staff to the distributors/dealers, as well as service on equipment sold factory direct. Also important to customers are factory-sponsored finance programs; these are a distinct competitive advantage to companies that offer them. While price is a consideration when purchasing off-highway dump trucks, product quality and after-sales service are likely to be more important to consumers.

<sup>1</sup> This digest includes the following HTS subheadings: 8704.10.50.20 (rear dump capacity of 40.8 metric tons or less), 8704.10.50.30 (rear dump capacity over 40.8 metric tons to 63.5 metric tons), 8704.10.50.40 (rear dump capacity over 63.5 metric tons to 90.7 metric tons), 8704.10.50.50 (rear dump capacity over 90.7 metric tons), and 8704.10.50.60 (other).

III. GSP import situation, 1996

## U.S. imports and share of U.S. consumption, 1996

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Grand total . . . . .	49,037	100	( <sup>1</sup> )	5
Imports from GSP countries:				
GSP total . . . . .	<sup>2</sup> 50	( <sup>2</sup> )	<sup>2</sup> 100	( <sup>3</sup> )
Poland . . . . .	<sup>2</sup> 50	( <sup>2</sup> )	<sup>2</sup> 100	( <sup>3</sup> )

<sup>1</sup> Not applicable.<sup>2</sup> See comment.<sup>3</sup> Less than 0.5 percent

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

Comment.--According to official import statistics, Poland was the only source of GSP imports of the products in HTS subheading 8704.10.50 in 1996; however, \*\*\*.

Total imports of off-highway dump trucks increased from \$11.6 million in 1992 to \$49.0 million in 1996. The principal source for such imports by value during 1996 was Canada (\$48.5 million).

## IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for South Africa for all digest products<sup>1</sup>

Ranking as a U.S. import supplier, 1996 . . . . .	<u>N/A</u>			
Price elasticity:				
Can the U.S. purchaser easily shift among this and other suppliers? . . . . .	Yes	<u>X</u>	No	<u>  </u>
What is the price elasticity of U.S. import demand? . . . . .	High	<u>  </u>	Moderate	<u>X</u>
Can production in the country be easily expanded or contracted in the short term? . . . . .	Yes	<u>X</u>	No	<u>  </u>
Does the country have significant export markets besides the United States? . . . . .	Yes	<u>X</u>	No	<u>  </u>
Could exports from the country be readily redistributed among its foreign export markets? . . . . .	Yes	<u>X</u>	No	<u>  </u>
What is the price elasticity of import supply? . . . . .	High	<u>X</u>	Moderate	<u>  </u>
Price level compared with--				
U.S. products. . . . .	Above	<u>  </u>	Equivalent	<u>  </u>
Other foreign products . . . . .	Above	<u>  </u>	Equivalent	<u>  </u>
Quality compared with--				
U.S. products . . . . .	Above	<u>  </u>	Equivalent	<u>X</u>
Other foreign products . . . . .	Above	<u>  </u>	Equivalent	<u>X</u>

<sup>1</sup> As there were no GSP suppliers of off-highway dump trucks in 1996, a competitiveness profiles was prepared for the petitioner's country.

V. Position of interested parties

Petitioner.--The petition was filed on behalf of Bell Equipment North America, Inc. and Bell Equipment, Ltd. The former distributes heavy equipment manufactured by the latter throughout North America. The petition seeks to have dump trucks designated as eligible for benefits under the GSP when exported to the United States from South Africa.

Bell Equipment, Ltd., of South Africa manufactures equipment for the timber, mining, construction, and sugar industries. Bell Equipment North America, Inc. manages Bell's North American operations and handles and services equipment after it arrives in the United States.

V. Position of interested parties--Continued

For the subcategory in which it is interested, articulated off-highway dump trucks with a hauling capacity of up to 40 tons, the petitioner claims that Bell currently accounts for 3 percent of that market, and that there is no manufacturing of finished articulated dump trucks in the United States. Bell does, however, ship kits to the United States for final assembly, and claims that other importers may do the same. Bell doesn't believe that increased imports as a result of GSP status would displace imports from other countries, because their particular product is a new segment in the construction equipment industry, and is a growing market.

Bell asserts that, if GSP status is granted, it would export an additional 150 dump trucks to the United States annually. Bell does not anticipate that there will be any other company or country that will receive GSP benefits for these products. Bell claims that the granting of its petition will enable the South African product to better compete with other imports, while not harming the U.S. industry, since Bell claims that none of those particular trucks are domestically manufactured. Bell notes that the current tariff on this HTS subheading, 10 percent ad valorem, is scheduled to be phased out under the Uruguay Round Agreement. Bell believes that the granting of its petition will benefit U.S. consumers, as increased competition in the market will result in improved price, service, and accessories offered by all manufacturers.

VI. Summary of probable economic advice--Addition (South Africa)

\* \* \* \* \*

**Table 1 --Off highway dump trucks: U S imports for consumption, by principal sources, 1992-96, January-June 1996-97**

Source						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Canada	7,942 78	13,607 85	37,879 86	29,864 93	48,482 92	19,019 19	18,863 18
United Kingdom	1,744 00	554 91	245 66	764 34	375 86	344 83	2,072 14
Sweden	20 00	0 00	2 00	11 00	53 13	39 80	184 15
Poland	0 00	0 00	0 00	0 00	50 36	41 79	0 00
Germany	0 00	0 00	147 67	0 00	36 00	36 00	7 28
Norway	0 00	15 00	1,114 32	0 00	35 65	0 00	121 07
Japan	1,860 26	2,148 99	1,936 13	406 70	3 50	0 00	38 12
Mexico	0 00	0 00	102 51	0 00	0 00	0 00	0 00
France	0 00	0 00	0 00	35 09	0 00	0 00	3 50
Brazil	0 00	0 00	29 00	52 50	0 00	0 00	0 00
Belgium	0 00	0 00	0 00	17 50	0 00	0 00	0 00
Belarus	0 00	0 00	0 00	59 41	0 00	0 00	150 00
All other	0 00	61 73	1 38	0 00	0 00	0 00	0 00
<b>Total</b>	<b>11,567 03</b>	<b>16,388 47</b>	<b>41,458 52</b>	<b>31,211 46</b>	<b>49,037 41</b>	<b>19,481 60</b>	<b>21,439 44</b>
<b>Total from GSP-eligible nations</b>	<b>0 00</b>	<b>0 00</b>	<b>29 00</b>	<b>111 91</b>	<b>50 36</b>	<b>41 79</b>	<b>150 00</b>
	<i>Percent</i>						
Canada	68 7	83 0	91 4	95 7	98 9	97 6	88 0
United Kingdom	15 1	3 4	0 6	2 4	0 8	1 8	9 7
Sweden	0 2	0 0	0 0	0 0	0 1	0 2	0 9
Poland	0 0	0 0	0 0	0 0	0 1	0 2	0 0
Germany	0 0	0 0	0 4	0 0	0 1	0 2	0 0
Norway	0 0	0 1	2 7	0 0	0 1	0 0	0 6
Japan	16 1	13 1	4 7	1 3	0 0	0 0	0 2
Mexico	0 0	0 0	0 2	0 0	0 0	0 0	0 0
France	0 0	0 0	0 0	0 1	0 0	0 0	0 0
Brazil	0 0	0 0	0 1	0 2	0 0	0 0	0 0
Belgium	0 0	0 0	0 0	0 1	0 0	0 0	0 0
Belarus	0 0	0 0	0 0	0 2	0 0	0 0	0 7
All other	0 0	0 4	0 0	0 0	0 0	0 0	0 0
<b>Total</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>
<b>Share from GSP-eligible nations</b>	<b>0 0</b>	<b>0 0</b>	<b>0 1</b>	<b>0 4</b>	<b>0 1</b>	<b>0 2</b>	<b>0 7</b>

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

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

**Table 2 –Off highway dump trucks: U S exports of domestic merchandise, by principal markets, 1992-96, January-June 1996-97**

Market						January - June	
	1992	1993	1994	1995	1996	1996	1997
	<i>Value (1,000 dollars)</i>						
Australia	42,261 69	50,563 47	27,924 00	44,071 82	98,561 24	62,513 71	26,402 21
Canada	40,936 72	68,982 53	39,384 40	66,171 25	87,111 32	53,448 33	39,539 80
Chile	18,458 01	33,492 55	34,952 80	15,848 99	69,998 67	13,993 67	26,381 63
Indonesia	1,811 62	7,025 55	22,370 15	5,581 25	52,972 58	17,010 64	5,772 24
China	28,833 41	46,868 78	15,223 62	4,647 86	31,268 48	23,451 63	824 59
Japan	4,474 24	7,097 06	20,579 66	21,080 90	24,877 62	11,817 79	7,428 07
Mexico	25,104 94	22,487 04	32,251 57	32,034 41	18,170 90	9,351 10	14,132 86
Peru	938 95	7,505 74	11,083 54	11,749 20	16,467 24	14,752 19	2,841 50
Colombia	3,260 07	2,088 27	3,622 48	15,901 00	15,584 43	7,957 83	750 50
South Africa	734 00	12,899 99	2,447 91	2,324 36	13,295 84	1,248 64	5 13
Brazil	23,878 54	4,550 37	9,517 50	9,696 12	11,919 24	4,174 14	1,685 88
India	974 82	19,710 64	2,933 62	895 83	9,166 09	3,305 05	492 59
All other	140,973 78	102,876 20	83,110 74	88,333 90	70,828 12	32,961 83	66,264 00
<b>Total</b>	<b>332,640 79</b>	<b>386,148 18</b>	<b>305,401 99</b>	<b>318,336 87</b>	<b>520,221 78</b>	<b>255,986 55</b>	<b>192,520 99</b>
	<i>Percent</i>						
Australia	12 7	13 1	9 1	13 8	18 9	24 4	13 7
Canada	12 3	17 9	12 9	20 8	16 7	20 9	20 5
Chile	5 5	8 7	11 4	5 0	13 5	5 5	13 7
Indonesia	0 5	1 8	7 3	1 8	10 2	6 6	3 0
China	8 7	12 1	5 0	1 5	6 0	9 2	0 4
Japan	1 3	1 8	6 7	6 6	4 8	4 6	3 9
Mexico	7 5	5 8	10 6	10 1	3 5	3 7	7 3
Peru	0 3	1 9	3 6	3 7	3 2	5 8	1 5
Colombia	1 0	0 5	1 2	5 0	3 0	3 1	0 4
South Africa	0 2	3 3	0 8	0 7	2 6	0 5	0 0
Brazil	7 2	1 2	3 1	3 0	2 3	1 6	0 9
India	0 3	5 1	1 0	0 3	1 8	1 3	0 3
All other	42 4	26 6	27 2	27 7	13 6	12 9	34 4
<b>Total</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>	<b>100 0</b>

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

Market Compiled from official statistics of the U S Department of Commerce

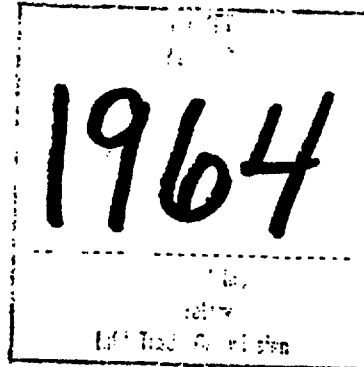
## **APPENDIX A**

### **United States Trade Representative's Request**



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

The Honorable Marcia E. Miller  
Chairman  
United States International Trade  
Commission  
500' E Street, S W.  
Washington, D.C 20436



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Dear Chairman Miller:

The Trade Policy Staff Committee (TPSC) announced in the Federal Register on August 13, 1997, the acceptance of product petitions for modification of the Generalized System of Preferences (GSP) received as part of the 1997 annual review. Modifications in the GSP program which may result from this review will be announced in early 1998 and become effective in the spring of 1998. In this connection, I am making the requests listed below.

In accordance with sections 503(a)(1)(A), 503(e) 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 Annex are being considered for designation as eligible articles for purposes of the United States GSP, as set forth in Title V of the 1974 Act.

In accordance with sections 503(a)(1)(A), 503(e) and 131(a) of the 1974 Act, and under authority delegated by the President, pursuant to section 332(g) of the Tariff Act of 1930, I request that the Commission provide its advice, with respect to the articles identified in Part A of the enclosed Annex, 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 on the articles in Part A of the enclosed Annex, 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 503(c)(2)(A) of the 1974 Act.

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

- a) in accordance with section 503(c)(2)(E) of the 1974 Act which exempts from one of the competitive need limits in section 503(c)(2)(A) of the 1974 Act articles for which no like or directly competitive article was being produced in the United States on January 1, 1995, that the Commission provide advice with respect to whether products like or directly competitive with the articles in Part A of the enclosed Annex were being produced in the United States on January 1, 1995;

The Honorable Marcia E Miller

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b) with respect to the article listed in Part B of the enclosed Annex, 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 India from eligibility for duty-free treatment under the GSP for such article;

c) in accordance with section 503(d) (1) (A) of the 1974 Act, that the Commission provide advice on whether any industry in the United States is likely to be adversely affected by a waiver of the competitive need limits specified in section 503(c) (2) (A) of the 1974 Act for the country specified with respect to the articles in Part C of the enclosed Annex

With respect to the competitive need limit in section 503(c) (2) (A) (i) (I) of the 1974 Act, the Commission is requested to use the dollar value limit of \$80,000,000

Under the provisions of the 1974 Act, the Commission is requested to provide the advice in accordance with sections 503(a) (1) (A), 503(e) and 131(a) of the 1974 Act on Part A of the enclosed Annex. It would be greatly appreciated if all of the requested advice could be provided by December 15, 1997. To the maximum extent possible, it would be greatly appreciated if the probable economic effect advice and statistics (profile of the United States industry and market and United States import and export data) and any other relevant information or advice be provided separately and individually for each HTS subheading for the cases 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 Commission's assistance in this matter is greatly appreciated

Sincerely,

  
Charlene Barshefsky

## Annex

Case	:	:	:	:
No.	:	HTS	:	Article
	:	Subheading	:	Petitioner
	:	:	:	:

[The bracketed language in this Annex 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.]

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

97-1	0409.00.00	Natural honey	Aegean Livestock, Aqua Products Exporters' Union, Turkey
		Onions, shallots, garlic, leeks and other alliaceous vegetables, fresh or chilled: Onions and shallots: [Onion sets] Other: [Pearl onions not over 16 mm in diameter]	
97-2	0703.10 40	Other	Government of Uruguay
		Dried vegetables, whole, cut, sliced, broken or in powder, but not further prepared: Other vegetables; mixtures of vegetables: Tomatoes	
97-3	0712.90.75(pt )	Powder	McCormick & Company, Incorporated, Sparks, MD
		Fruit and nuts, provisionally preserved (for example, by sulfur dioxide gas, in brine, in sulfur water or in other preservative solutions), but unsuitable in that state for immediate consumption: Cherries	
97-4	0812.10.00		Aegean Fresh Fruits and Vegetables Exporters' Union, Turkey
		Tomatoes prepared or preserved otherwise than by vinegar or acetic acid: [Tomatoes, whole or in pieces] Other	
97-5	2002.90.00(pt.)	Powder	McCormick & Company, Incorporated, Sparks, MD
		Polycarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulfonated, nitrated or nitrosated derivatives: Acyclic polycarboxylic acids, their anhydrides, halides, peroxides, peroxyacids and their derivatives: Adipic acid, its salts and esters: Adipic acid	
97-6	2917.12.10		Rhodia S A., Brazil

Case	:	HTS	:	Article	:	Petitioner
No	:	Subheading	:		:	
:	:	:	:	:	:	:

Part A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences. (con.)

Synthetic organic coloring matter, whether or not chemically defined; preparations as specified in note 3 to chapter 32 of the Harmonized Tariff Schedule of the United States based on synthetic organic coloring matter; synthetic organic products of a kind used as fluorescent brightening agents or as luminophores, whether or not chemically defined:

Synthetic organic coloring matter and preparations based thereon as specified in note 3 to chapter 32 of the Harmonized Tariff Schedule of the United States:

Acid dyes, whether or not premetalized, and preparations based thereon; mordant dyes and preparations based thereon:

[Articles provided for in subheadings 3204.12.05 through 3204.12.17, inclusive]

97-7 3204.12.20

Acid black 61, 63, 76, 83, 117, 127, 131, 132, 139, 164, 170, 177, 183, 188, 194, 199, 211;

Government of Morocco;  
Dychem SA, Morocco

Acid blue 1, 47, 60, 61, 66, 72, 81, 82, 83, 90, 98, 102, 112, 123, 126, 127:1, 130, 133, 140, 142, 147, 151, 172, 175, 182, 185, 193, 204, 205, 208, 209, 221, 225, 229, 239, 242, 247, 250, 252, 254, 260, 261, 264, 266, 268, 280, 284, 288, 290, 296, 312, 317, 318;

Acid brown 10, 11, 12, 30, 33, 45, 50, 52, 68, 83, 85, 100, 101, 103, 104, 105, 106, 126, 127, 147, 158, 160, 161, 162, 163, 165, 180, 191, 224, 226, 227, 235, 237, 239, 248, 266, 267, 270, 276, 282, 283, 289, 290, 291, 298, 304, 311, 314, 315, 321, 322, 324, 325, 330, 331, 355, 357, 358, 359, 360, 361, 362, 384;

Acid green 9, 26, 28, 41, 43, 60, 68, 70, 71, 73, 80, 82, 84, 89, 92, 93, 94, 108, 112;

Acid orange 3, 19, 28, 33, 43, 47, 61, 86, 89, 92, 94, 102, 107, 126, 135, 142, 144;

Acid red 37, 42, 48, 52, 57, 58, 92, 111, 118, 127, 131, 138, 143, 155, 161, 183, 199, 213, 215, 216, 226, 227, 228, 249, 252, 257, 259, 260, 261, 263, 274, 281, 282, 283, 301, 303, 310, 315, 330, 331, 332, 336, 347, 357, 359, 360, 361, 362, 380, 392, 394, 396;

Acid violet 9, 34, 36, 47, 66, 75, 80, 90, 103, 109, 111, 121;

Acid yellow 7, 35, 64, 70, 72, 96, 98, 111, 127, 136, 155, 167, 183, 184, 194, 195, 199, 218, 221, 223, 227;

Copper phthalocyanine-3,3',4,4'-tetrasulfonic acid;

Copper phthalocyanine-4,4',4'',4'''-tetrasulfonic acid;

Dyes containing, by weight--

24.2 percent Acid Yellow 135,  
21 7 percent Acid Orange 51, and  
54 1 percent Acid Blue 113;

## Annex (con.)

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Case	:	HTS	:	-	Article	:	Petitioner
No.	:	Subheading	:			:	
:	:	:	:			:	

Part A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences. (con )

			Synthetic organic coloring matter, whether or not chemically defined; preparations as specified in note 3 to chapter 32 of the Harmonized Tariff Schedule of the United States based on synthetic organic coloring matter; synthetic organic products of a kind used as fluorescent brightening agents or as luminophores, whether or not chemically defined (con.):	
			Synthetic organic coloring matter and preparations based thereon as specified in note 3 to chapter 32 of the Harmonized Tariff Schedule of the United States (con.):	
			Acid dyes, whether or not premetallized, and preparations based thereon; mordant dyes and preparations based thereon (con.):	
97-7	3204 12 20		Dyes containing, by weight--	
(con.)	(con )		10.1 percent Acid Yellow 64,	
			11.6 percent Acid Orange 51,	
			26.3 percent Acid Blue 113,	
			50.5 percent Acid Black 172, and	
			1.5 percent Acid Green 25	
97-8	3204 12.30		Mordant black 75;	Government of Morocco;
			Mordant blue 1;	Dychem SA, Morocco
			Mordant brown 79; and	
			Mordant red 81, 84	
			Other:	
97-9	3204.12.45		Products described in additional U.S. note 3 to section VI of the Harmonized Tariff Schedule of the United States	do.
97-10	3204.12.50		Other	do.
			Prepared binders for foundry molds or cores; chemical products and preparations of the chemical or allied industries (including those consisting of mixtures of natural products), not elsewhere specified or included; residual products of the chemical or allied industries, not elsewhere specified or included:	
			[Articles provided for in subheadings 3824.10.00 through 3824.79.00, inclusive]	
			Other:	
			[Cultured crystals (other than optical elements of chapter 90), weighing not less than 2.5 g each]	
			Other:	
			Mixtures containing 5 percent or more by weight of one or more aromatic or modified aromatic substances:	
			[Articles provided for in subheadings 3824.90.21 through 3824.90.26, inclusive]	
97-11	3824.90 28		Other	Cargill, Incorporated, Minneapolis, MN; Cargill Nutri-Products, Eddyville, IO; Zakłady Przemysłu Tłuszczowego w Warszawie, Poland

## Annex (con.)

-4-

Case No	HTS Subheading	Article	Petitioner
Part A <u>Petitions to add products to the list of eligible articles for the Generalized System of Preferences. (con.)</u>			
		Gold (including gold plated with platinum) unwrought or in semimanufactured forms, or in powder form: Nonmonetary: [Powder] Other unwrought forms: [Bullion and dore] Other	Government of South Africa
97-12	7108.12.50	Other semimanufactured forms: [Articles provided for in subheadings 7108.13.10 through 7108.13 55, inclusive]	
97-13	7108 13.70	Other	do
		Titanium and articles thereof, including waste and scrap: Unwrought titanium; waste and scrap; powders: [Waste and scrap] Other	Government of Russia; Verkhnasaldinskoe Metallurgicheskoe Proizvdstvennoe Ob"edinenie, Russia
97-14	8108.10.50		
		Motor vehicles for the transport of goods: Dumpers designed for off-highway use: [Cab chassis] Other	Bell Equipment North America, Inc., Garden City, GA; Bell Equipment, Ltd., South Africa
97-15	8704.10.50		

Part B. 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 1/

		Other plates, sheets, film, foil and strip, of plastics, noncellular and not reinforced, laminated, supported or similarly combined with other materials: Of polycarbonates, alkyd resins, polyallyl esters or other polyesters: Of polyethylene terephthalate	Hoechst Diafoil Company, Greer, SC
97-16	3920.62.00 (India)		

1/ The country named is the beneficiary developing country 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
Part C. <u>Petitions for waiver of competitive need limit for a product on the list of eligible products for the Generalized System of Preferences.</u>			
97-17	0811 20.20 (Chile)	Fruit and nuts, uncooked or cooked by steaming or boiling in water, frozen, whether or not containing added sugar or other sweetening matter: Raspberries, blackberries, mulberries, loganberries, black, white or red currants and gooseberries (other than kiwi fruit): Raspberries, loganberries, black currants and gooseberries (other than kiwi fruit)	The Association of Frozen Products Exporters, Chile; Chilean Exporters' Association, Chile; The Chilean Federation of Food Processors and Agribusiness, Chile
97-18	1604 30.20 (Russia)	Prepared or preserved fish; caviar and caviar substitutes prepared from fish eggs: Caviar and caviar substitutes: Caviar	Petrossian Paris, Inc., New York, NY
97-19	4011 10.10 (Brazil)	New pneumatic tires, of rubber: Of a kind used on motor cars (including station wagons and racing cars): Radial	Associacao Nacional da Industria de Pneumaticos, Brazil
97-20	4011 10.50 (Brazil)	Other	do.
97-21	4011.20.10 (Brazil)	Of a kind used on buses or trucks: Radial	do.
97-22	4011.20.50 (Brazil)	Other	do
97-23	2849.90.50 (South Africa)	Carbides, whether or not chemically defined: [Of calcium; of silicon] Other: [Of boron; of chromium; of tungsten] Other	U.S. Vanadium Corporation, Danbury, CT
97-24	2933 71.00 (Russia)	Heterocyclic compounds with nitrogen hetero-atom(s) only; nucleic acids and their salts: Lactams: 6-Hexanelactam (ε-Caprolactam)	Government of Russia; AlliedSignal Inc., Washington, DC; AlliedSignal Polymers, Washington, DC; BASF Corporation, Mt. Olive, NJ; Customs Resins, Inc., Wayne, NJ; Polymeric Resources Corp., Wayne, NJ

## Annex (con.)

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Case	:	:	:	:
No	:	HTS	:	Article
	:	Subheading	:	Petitioner
	:		:	

Part C. Petitions for waiver of competitive need limit for a product on the list of eligible products for the Generalized System of Preferences. (con.)

Titanium and articles thereof, including waste and scrap:

[Unwrought titanium; waste and scrap; powders:]

Other:

[Articles of titanium]

Other

97-25 8108.90.60  
(Russia)

Government of Russia;  
Verkhnasaldinskoe  
Metallurgicheskoe  
Proizvodstvennoe  
Ob"edinenie, Russia



**APPENDIX B**

**U S International Trade Commission's Notice of Investigation**

storage whenever contractual obligations can also be met

Reclamation has received requests for sale of about 26,000 acre-feet of the noncontracted storage for irrigation and requests have been made that all noncontracted storage be reserved for agricultural use

Clearly, there is controversy concerning the "best" use for the noncontracted storage in Prineville Reservoir. Any changes in storage allocation for uses other than irrigated agriculture would require the Congress to amend the authorization. This study is designed to explore alternatives, including no action, to water allocations in Prineville Reservoir.

**PUBLIC INVOLVEMENT:** Reclamation plans to conduct public scoping meetings to identify issues and concerns which will be used in the development of alternatives. These meetings will be held in the late fall of this year. The dates, times, and locations of public scoping meetings will be noted in newspapers of general circulation in Prineville and surrounding communities.

Dated: September 2, 1997

John W. Keys, III,

Regional Director, Pacific Northwest Region

[FR Doc 97-24831 Filed 9-17-97; 8:45 am]

BILLING CODE 4310-04-M

## INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

### Agency For International Development

#### Proposed Collection; Comment Request

**SUMMARY:** U.S. Agency for International Development (USAID) is making efforts to reduce the paperwork burden. USAID invites the general public and other Federal agencies to take this opportunity to comment on the following proposed and/or continuing information collections, as required by the Paperwork Reduction Act of 1995. Comments are requested concerning: (a) Whether the proposed or continuing collections of information is necessary for the proper performance of the functions of the agency, including whether information shall have practical utility; (b) the accuracy of the burden estimates; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on the respondents, including the use of automated collection techniques or other forms of information technology.

**DATES:** Send comments on or before September 30, 1997

**ADDRESS INFORMATION TO:** Mary Ann Ball, Bureau of Management, Office of Administration Services, Information and Records Division, U.S. Agency for International Development, Washington, D.C. (202) 712-1765 or via e-mail MBall@USAID.Gov

#### SUPPLEMENTARY INFORMATION:

OMB Number: OMB 0412-0551

Form Number: N/A

Title: U.S. Agency for International Development Acquisition Regulations (AIDAR) Clause 752.70.26 Reports

Type of Submission: Revision of a currently approved collection

Purpose: Section 635(b) of the Foreign Assistance Act (FAA) authorizes USAID to contract with any corporation, international organization, or other body or persons in or out of the United States in furtherance of the purposes and within the limitations of the FAA. To determine how well contractors are performing to meet the requirements of the contract, USAID requires periodic performance reports from contractors. The performance reporting requirements are contained in the USAID clause New AIDAR reports (October 1996).

#### Annual Reporting Burden:

Respondents: 350 Total annual responses: 2,000 Total annual hours requested: 8,000

Dated: September 11, 1997

Willette L. Smith,

Acting Chief, Information and Records Division, Office of Administrative Services, Bureau of Management

[FR Doc 97-24828 Filed 9-17-97; 8:45 am]

BILLING CODE 8110-01-M

## INTERNATIONAL TRADE COMMISSION

[Investigation No. 332-383]

### Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences

**AGENCY:** United States International Trade Commission

**ACTION:** Institution of investigation and scheduling of hearing

**SUMMARY:** On September 5, 1997, the Commission received a request from the United States Trade Representative (USTR) for an investigation under section 332(g) of the Tariff Act of 1930 for the purpose of providing advice concerning possible modifications to the Generalized System of Preferences (GSP). Following receipt of the request and in accordance therewith, the

Commission instituted Investigation No. 332-383 in order to provide as follows—

(1) In accordance with sections 503(a)(1)(A), 503(e) and 131(a) of the Trade Act of 1974, as amended ("the 1974 Act"), and pursuant to authority of the President delegated to the United States Trade Representative by sections 4(c) and 8 (c) and (d) of Executive Order 11846 of March 31, 1975, as amended, the articles identified in Part A of the attached Annex are being considered for purposes of the United States GSP, as set forth in Title V of the 1974 Act. In accordance with sections 503(a)(1)(A), 503(e) and 131(a) of the 1974 Act and under the authority delegated by the President, pursuant to section 332(g) of the Tariff Act of 1930, the Commission is requested to provide its advice with respect to the articles in Part A of the attached Annex, as to the probable economic effect on the United States industries producing like or directly competitive articles and on consumers of the elimination of United States import duties under the GSP;

(2) In accordance with section 503(c)(2)(E) of the 1974 Act, which exempts from one of the competitive need limits in section 503(c)(2)(A) of the 1974 Act articles for which no like or directly competitive articles was being produced in the United States on January 1, 1995, advice as 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 1, 1995;

(3) With respect to the article listed in Part B of the attached annex, advice as to the probable economic effect on U.S. industries producing like or directly competitive articles and on consumers of the removal of the article in Part B of the attached annex from eligibility for duty-free treatment under the GSP;

(4) In accordance with section 503(d)(1)(A) of the 1974 Act, advice as 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 503(c)(2)(A) of the 1974 Act for the country specified with respect to the articles in Part C of the attached annex.

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 503(c)(2)(A) of the 1974 Act. With respect to the competitive need limit in section 503(c)(2)(A)(i) of the 1974 Act, the

Commission, as requested, will use the dollar value limit of \$80,000,000.

As requested by USTR, the Commission will seek to provide its advice not later than December 15, 1997.

**EFFECTIVE DATE:** September 11, 1997

**FOR FURTHER INFORMATION CONTACT:**

- (1) Project Manager, Cynthia B. Foresio (202-205-3348)
- (2) Agricultural and forest products, Douglas Newman (202-205-3328)
- (3) Energy, chemicals, and textiles, Eric Land (202-205-3349)
- (4) Minerals, metals, machinery, and miscellaneous manufactures, Vincent DeSapio (202-205-3435)
- (5) Services, electronics, and transportation, Laura Polly (202-205-3408)

All of the above are in the Commission's Office of Industries. For information on legal aspects of the investigation contact William Gearhart of the Commission's Office of the General Counsel at 202-205-3091.

**Background**

The USTR letter noted that the Trade Policy Staff Committee (TPSC) announced on August 13, 1997 in the *Federal Register* the acceptance of product petitions for modification of the GSP received as part of the 1997 annual review. The letter stated that modifications to the GSP which may result from this review will be announced in the spring of 1998, and become effective in the summer of 1998.

**Public Hearing**

A public hearing in connection with this investigation is scheduled to begin at 9:30 a.m. on October 21, 1997, at the U.S. International Trade Commission Building, 500 E Street, SW, Washington, D.C. The hearing may, if necessary, continue on October 22. 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, U.S. International Trade Commission, 500 E Street, SW, Washington, DC 20436, not later than the close of business (5:15 p.m.) on October 7, 1997. In addition, persons testifying should file prehearing briefs (original and 14 copies) with the Secretary by the close of business on October 10, 1997. Posthearing briefs should be filed with the Secretary by the close of business on October 29, 1997. In the event that no requests to appear at the hearing are received by the close of business on October 7, 1997, the hearing will be canceled. Any person

interested in attending the hearing as an observer or non-participant may call the Secretary to the Commission (202-205-1816) after October 17, 1997 to determine whether the hearing will be held.

**Written Submissions**

In lieu of or in addition to appearing 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 29, 1997. Commercial or financial information which a submitter desires the Commission to treat as confidential must be submitted on separate sheets of paper, each clearly marked "Confidential Business Information" at the top. All submissions requesting confidential treatment must conform with the requirements of section 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6). All written submissions, except for confidential business information, will be made available for inspection by interested persons. All submissions should be addressed to the Secretary at the Commission's office in Washington, D.C.

Hearing-impaired individuals are advised that information on this matter can be obtained by contacting our TDD terminal on (202) 205-1810.

Issued: September 12, 1997

By order of the Commission

**Donna R. Koehnke,**  
Secretary

**Attachment**

**Annex I (HTS Subheadings)<sup>1</sup>**

A. Petition to add products to the list of eligible articles for the Generalized System of Preference (GSP)

0409 00 00	3204 12 45
0703 10 40	3204 12 50
0712 90 75(pt.)	3824 90 28
0812 10 00	7108 12 50
2002 90 00(pt.)	7108 13 70
2917 12 10	8108 10 50
3204 12 20	8704 10 50
3204 12 30	

B. Petitions to remove duty-free status from beneficiary countries for products on the list of eligible articles for the GSP.<sup>2</sup>  
3920 62 00 (India)

C. Petitions for waiver of competitive need limit for products on the list of eligible products for the specified country

<sup>1</sup> See USTR *Federal Register* notice of August 13, 1997 (62 FR 43408) for article description.

<sup>2</sup> While the Trade Policy Staff Committee (TPSC) review will focus on India, the TPSC reserves the right to address removal of GSP status for countries other than India as well as GSP status for the entire article.

0811 20 20 (Chile)  
1604 30 20 (Russia)  
2849 90 50 (South Africa)  
2933 71 00 (Russia)  
4011 10 10 (Brazil)  
4011 10 50 (Brazil)  
4011 20 10 (Brazil)  
4011 20 50 (Brazil)  
8108 90 60 (Russia)

[FR Doc. 97-24725 Filed 9-17-97; 8:45 am]

BILLING CODE 7020-02-P

**INTERNATIONAL TRADE COMMISSION**

[USITC SE-97-11]

**Sunshine Act Meeting**

**AGENCY HOLDING THE MEETING:** United States International Trade Commission  
**TIME AND DATE:** September 26, 1997, at 11:00 a.m.

**PLACE:** Room 101, 500 E Street S.W., Washington, DC 20436

**STATUS:** Open to the public

**MATTERS TO BE CONSIDERED:**

1. Agenda for future meeting: none
  2. Minutes
  3. Ratification List
  4. Inv. No. 731-TA-750 (Final)  
(Vector Supercomputers from Japan)—briefing and vote
  5. Outstanding action jackets:
    1. Document No. GC-97-044:  
Approval of disposition of civil penalty, remedy, public interest, and bonding issues in Inv. No. 337-TA-372 (Certain Neodymium-Iron-Boron Magnets, Magnet Alloys, and Articles Containing Same (Enforcement))
- In accordance with Commission policy, subject matter listed above, not disposed of at the scheduled meeting, may be carried over to the agenda of the following meeting.

Issued: September 16, 1997

By order of the Commission

**Donna R. Koehnke,**  
Secretary

[FR Doc. 97-24925 Filed 9-16-97; 11:37 am]

BILLING CODE 7020-02-P

**DEPARTMENT OF JUSTICE**

**Notice of Lodging of Consent Decree Pursuant to the Clean Air Act**

In accordance with Departmental policy, 28 C.F.R. § 50.7, notice is hereby given that a proposed consent decree in *United States v. Plum Creek Manufacturing, L.P.*, Civil Action No. CV 96-42-M-CCL, was lodged on September 2, 1997, with the United States District Court for the District of Montana.

## **APPENDIX C**

### **United States Trade Representative's Request for Addition of a Petition**

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

SEP 24 1997

The Honorable Marcia E. Miller  
Chairman  
United States International Trade  
Commission  
500 E Street, S.W  
Washington, D.C. 20436

Dear Chairman Miller:

332-383

Earlier this month I wrote to request the advice of the U.S. International Trade Commission (USITC) concerning our 1997 review of requested changes in 25 product petitions under the Generalized System of Preferences (GSP). The Trade Policy Staff Committee (TPSC) has recently announced in the Federal Register the acceptance of one additional product petition for modification of its GSP status as part of the 1997 annual review. Modifications to the GSP which may result from this review will be announced in late spring of 1998 and become effective in mid-1998. In connection with this addition to our GSP 1997 Review, I am requesting that you add the product listed below to the 25 articles about which we wrote to you previously and provide your advice on this article as you will on the other articles.

Petition for waiver of competitive need limit for a product on the list of eligible products for the Generalized System of Preferences

: Case :	HTS :	Article :	Petitioner :
: No. :	Subheading :		

97-26	1701.11.10	Cane or beet sugar and chemically pure sucrose, in solid form:	Sindicato da Industria do
	(Brazil)	Raw sugar not containing added flavoring or coloring matter	Azucar e do alcool do Estado de Pernambuco, Brazil
		Cane sugar:	
		Described in additional U.S. note 5 to this chapter and entered pursuant to its provisions	

The Honorable Marcia E. Miller  
Page Two

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

Sincerely,

A handwritten signature in cursive script, appearing to read 'Charlene Barshefsky', followed by a long horizontal flourish line.

Charlene Barshefsky  
U.S. Trade Representative

## **APPENDIX D**

**U S International Trade Commission's Notice of Addition of a Petition**

open to the public. For the meeting, interested persons may make oral statements to the BDAC or may file written statements for consideration.

**DATE:** The Bay-Delta Advisory Council informal educational session will be held from 7:30 p.m. to 9 p.m. on Tuesday, November 4, 1997. The BDAC meeting will be held from 9:30 a.m. to 5:00 p.m. on Tuesday, November 4, 1997 and from 8:30 a.m. to 5:00 p.m. on Wednesday, November 5, 1997.

**ADDRESSES:** The Bay-Delta Advisory Council educational session will be held at the Hyatt Regency Hotel, 1209 L Street, Sacramento, California 95814. The Bay-Delta Advisory Council meeting will meet at the Sacramento Convention Center, 1030 15th Street, Sacramento, California 95814, (916) 264-5291.

**CONTACT PERSON FOR MORE INFORMATION:** Mary Selkirk, CALFED Bay-Delta Program, at (916) 657-2666. If reasonable accommodation is needed due to a disability, please contact the Equal Employment Opportunity Office at (916) 653-6952 or TDD (916) 653-6934 at least one week prior to the meeting.

**SUPPLEMENTARY INFORMATION:** The San Francisco Bay/Sacramento-San Joaquin Delta Estuary (Bay-Delta system) is a critically important part of California's natural environment and economy. In recognition of the serious problems facing the region and the complex resource management decisions that must be made, the state of California and the Federal government are working together to stabilize, protect, restore, and enhance the Bay-Delta system. The State and Federal agencies with management and regulatory responsibilities in the Bay-Delta system are working together as CALFED to provide policy direction and oversight for the process.

One area of Bay-Delta management includes the establishment of a joint State-Federal process to develop long-term solutions to problems in the Bay-Delta system related to fish and wildlife, water supply reliability, natural disasters, and water quality. The intent is to develop a comprehensive and balanced plan which addresses all of the resource problems. This effort, the CALFED Bay-Delta Program (Program), is being carried out under the policy direction of CALFED. The CALFED Bay-Delta Program is exploring and developing a long-term solution for a cooperative planning process that will determine the most appropriate strategy and actions necessary to improve water quality, restore health to the Bay-Delta ecosystem, provide for a variety of

beneficial uses, and minimize Bay-Delta system vulnerability. A group of citizen advisers representing California's agricultural, environmental, urban, business, fishing, and other interests who have a stake in finding long term solutions for the problems affecting the Bay-Delta system has been chartered under the Federal Advisory Committee Act (FACA) as the Bay-Delta Advisory Council (BDAC) to advise CALFED on the program mission, problems to be addressed, and objectives for the CALFED Bay-Delta Program. BEDAC provides a forum to help ensure public participation, and will review reports and other materials prepared by CALFED staff.

Minutes of the meeting will be maintained by the CALFED Bay-Delta Program, Suite 1155, 1416 Ninth Street, Sacramento, CA 95814, and will be available for public inspection during regular business hours, Monday through Friday within 30 days following the meeting.

Dated: October 1, 1997

Roger Patterson,  
Regional Director, Mid-Pacific Region  
[FR Doc 97-26626 Filed 10-7-97; 8:45 am]  
BILLING CODE 4310-04-M

## INTERNATIONAL TRADE COMMISSION

[Investigation No. 332-383]

### Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences; Imports of Raw Cane Sugar From Brazil

**AGENCY:** United States International Trade Commission

**ACTION:** Amendment of scope of the investigation

**SUMMARY:** Following receipt on October 2, 1997, of a request from the United States Trade Representative (USTR), the Commission amended the scope of its investigation No. 332-383, Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences, to include advice concerning whether any industry in the United States is likely to be adversely affected by a waiver of the competitive need limits specified in section 503(c)(2)(A) of the Trade Act of 1974 with respect to imports of raw cane sugar from Brazil, provided for under subheading 1701.11.10 of the Harmonized Tariff Schedule of the United States.

**EFFECTIVE DATE:** October 3, 1997

## FOR FURTHER INFORMATION CONTACT:

- (1) Project Manager, Cynthia B. Foresco (202-205-3348);
- (2) Agricultural and forest products, Douglas Newman (202-205-3328);
- (3) Energy, chemicals, and textiles, Eric Land (202-205-3349);
- (4) Minerals, metals, machinery, and miscellaneous manufactures, Vincent DeSapio (202-205-3435);
- (5) Services, electronics, and transportation, Laura Polly (202-205-3408).

All of the above are in the Commission's Office of Industries. For information on legal aspects of the investigation contact William Gearhart of the Commission's Office of the General Counsel at 202-205-3091.

## Background

The Commission's notice of institution of the investigation and the scheduling of a public hearing was published in the Federal Register of September 18, 1997 (62 FR 49028). The public hearing will be held on October 21, 1997, as announced in the notice published on September 18. Persons wishing to appear at the public hearing and offer testimony concerning the effect of waiver of competitive need limitation on raw cane sugar from Brazil should file a letter asking to testify with the Secretary, United States International Trade Commission, 500 E Street, SW, Washington, DC 20436, not later than the close of business (5:15 p.m.) on October 14, 1997. In addition, persons testifying should file prehearing briefs (original and 14 copies) with the Secretary by close of business on October 14, 1997. All other dates announced in the notice of September 18, 1997 will remain the same.

In lieu of or in addition to appearing 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 29, 1997. Commercial or financial information which a submitter desires the Commission to treat as confidential must be submitted on separate sheets of paper, each clearly marked "Confidential Business Information" at the top. All submissions requesting confidential treatment must conform with the requirements of section 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6). All written submissions, except for confidential business information, will be made available for inspection by interested persons. All submissions should be addressed to the Secretary at the Commission's office in Washington, D.C.



Hearing-impaired individuals are advised that information on this matter can be obtained by contacting our TDD terminal on (202) 205-1810

Issued: October 6, 1997

By order of the Commission

Donna R. Koehnke,

Secretary

[FR Doc 97-26801 Filed 10-7-97; 8:45 am]

BILLING CODE 7020-02-P

## DEPARTMENT OF JUSTICE

### Justice Management Division; Agency Information Collection Activities; Proposed Collection; Comment Request

**ACTION:** Reinstatement, without change, of a previously approved collection for which approval has expired; Certification of Identity

This information collection is published to obtain comments from the public and affected agencies. Comments are encouraged and will be accepted until (insert date of 60 days from date of publication in the *Federal Register*). This process is conducted in accordance with the Paperwork Reduction Act of 1995.

Written comments and suggestions from the public and affected agencies concerning the proposed collection of information should address one or more of the following four points:

(1) Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

(2) Evaluate the accuracy of the agencies estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;

(3) Enhance the quality, utility and clarity of the information to be collected; and

(4) Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses.

If you have additional comments, suggestions, or need a copy of the proposed information collection instrument with instructions, or additional information, please contact Ms. Patricia D. Harris, 301-436-1018, FOIA/PA Coordinator, Mail Management Services, Facilities and

Administrative Services Staff, Justice Management Division, United States Department of Justice, Washington, DC 20530

Overview of this information collection:

(1) *Type of Information Collection:* Reinstatement, without change, of a previously approved collection for which approval has expired

(2) *Title of the Form/Collection:* Certification of Identity

(3) *Agency form number, if any, and the applicable component of the Department of Justice sponsoring the collection:* Form: DOJ-361 Facilities and Administrative Services Staff, Justice Management Division, U.S. Department of Justice

(4) *Affected public who will be asked or required to respond, as well as a brief abstract:* Primary: Individuals. The information collection will be used by the Department to identify individuals requesting certain records under the Privacy Act. Without this form an individual cannot obtain the information requested.

(5) *An estimate of the total number of respondents and the amount of time estimated for an average respondent to respond:* 34,390 respondents at 1 hour per response.

(6) *An estimate of the total public burden (in hours) associated with the collection:* 34,390 annual burden hours.

If additional information is required contact: Mr. Robert B. Briggs, Clearance Officer, United States Department of Justice, Information Management and Security Staff, Justice Management Division, Suite 850, Washington Center, 1001 G Street, NW, Washington, DC 20530

Dated: October 2, 1997

Robert B. Briggs,

Department Clearance Officer, United States Department of Justice

[FR Doc 97-26619 Filed 10-7-97; 8:45 am]

BILLING CODE 4410-18-M

## DEPARTMENT OF JUSTICE

### Notice of Lodging of Consent Decree Under the Comprehensive Environmental Response, Compensation, and Liability Act

Notice is hereby given that on September 29, 1997, a proposed Consent Decree in *United States v. Case Corporation*, et al., Civil Action No. 97-4101, was lodged with the United States District Court for the Central District of Illinois.

The Consent Decree settles an action brought under Section 107 of the Comprehensive Environmental

Response, Compensation and Liability Act, 42 U.S.C. § 9601, et seq., ("CERCLA") for the recovery of past costs incurred by the United States in responding to releases or threatened releases of hazardous substances at the A.A. Waste Oil Site, located in Rock Island, Illinois. The proposed settlement set forth in the Consent Decree addresses the liability of twenty-eight defendants in this action, each of which has been named as a generator of hazardous substances sent to the Site. Under the terms of the proposed decree, the settling defendants will pay the United States a total of \$395,000 in settlement of the United States' past costs claims against them.

The Department of Justice will receive, for a period of thirty (30) days from the date of this publication, comments relating to the Consent Decree. Comments should be addressed to the Assistant Attorney General of the Environment and Natural Resources Division, Department of Justice, Washington, DC 20530, and should refer to *United States v. Case Corporation*, et al., D.J. Ref. 90-11-2-1261.

The Consent Decree may be examined at the office of the United States Attorney, Central District of Illinois, 100 N.E. Monroe Street, Room 216, Peoria, IL 61620, at United States Environmental Protection Agency Region V, 77 West Jackson Boulevard, Chicago, Illinois 60604, and at the Consent Decree Library, 1120 G Street NW, 4th Floor, Washington, DC 20005. In requesting copies of these three proposed settlements, please enclose a check in the amount of \$12.75 (25 cents per page reproduction cost) payable to the Consent Decree Library, and should refer to *United States v. Case Corporation*, et al., D.J. Ref. 90-11-2-1261.

Joel M. Gross,

Chief, Environmental Enforcement Section, Environment and Natural Resources Division

[FR Doc 97-26655 Filed 10-7-97; 8:45 am]  
BILLING CODE 4410-15-M

## DEPARTMENT OF JUSTICE

### Notice of Lodging of Consent Decree Pursuant to the Clean Water Act

In accordance with the policy of the Department of Justice, 28 CFR 50.7, notice is hereby given that a proposed consent decree in *United States v. Stone Container Corp.*, Civ. No. CIV-97-1971-PHX-EHC, was lodged with the United States District Court for the District of Arizona, on September 23, 1997. That action was brought against defendant pursuant to the Clean Water Act ("the

## **APPENDIX E**

**List of Witnesses Appearing Before the U S International Trade Commission  
at the Hearing on October 21, 1997**

As of October 21, 1997

### TENTATIVE CALENDAR OF PUBLIC HEARINGS

Those listed below will appear as witnesses at the United States International Trade Commission's hearing

Subject	ADVICE CONCERNING POSSIBLE MODIFICATIONS TO THE GENERALIZED SYSTEM OF PREFERENCES
Inv No	332-383
Date and Time	October 21, 1997 - 9 30 a m

Sessions will be held in connection with the investigation in the Main Hearing Room 101,  
500 E Street, S W , Washington, D C

<u>ORGANIZATION AND WITNESS</u>	<u>COMMODITY</u>	<u>TIME CONSTRAINTS</u>
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Panel 1

Porter, Wright, Morris & Arthur Washington, D C <u>on behalf of</u>	Tires 4011 10 10, 4011 10 50 4011 20 10, 4011 20 50	10 minutes
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Associacao Nacional da Industria de  
Pneumaticos (ANIP)

**Tom Cadotte**, Marketing Manager,  
Consumer Tires, Kelly Springfield  
Division of Goodyear Tires

**Luis Carlos Martins**, Manager,  
Corporative Affairs, Goodyear do  
Brasil, Sao Paulo, SP, Brazil

**Carlos Cupo**, Director, Tire  
Supply, Pirelli Pneus S A ,  
Santo Andre, SP, Brazil

-MORE-

**ORGANIZATION AND WITNESS**

**COMMODITY**

**TIME  
CONSTRAINTS**

**Panel 1 cont'd**

**Edson Atanes, Legal Counsel,  
Bridgestone/Firestone  
do Brasil Industria e Comercio Ltda ,  
Santo Andre, SP, Brazil**

**Leslie Alan Glick--OF COUNSEL**

**Panel 2**

**Frederick L. Ikenson, P C  
Washington, D C  
on behalf of**

**Tires  
4011 1010, 4011 1050,  
4011 20 10, 4011 20 50**

**10 minutes**

**Cooper Tire & Rubber Company "Cooper"**

**Patrick W. Rooney, Chairman of  
the Board, President, and Chief  
Executive Officer, Cooper Tire &  
Rubber Company**

**Michael D. Bradley, Professor, The George  
Washington University**

**Frederick L. Ikenson--OF COUNSEL**

**Panel 3**

**BASF Corporation  
Mount Olive, New Jersey**

**e-Hexanelactam  
2933 71 00**

**10 minutes**

**Mark Dobson, Business Director,  
Fiber Intermediates**

-MORE-

**ORGANIZATION AND WITNESS**

**COMMODITY**

**TIME  
CONSTRAINTS**

**Panel 4**

Arent Fox, Kintner, Plotkin & Kahn  
Washington, D C  
on behalf of

Certain Chemical Mixtures  
3824 90 28

10 minutes

Z PT Warsaw

John M. Gurley                   )  
  )--OF COUNSEL  
Matthew J. McConkey         )

**Panel 5**

Ablondi, Foster, Sobin & Davidow, P C  
Washington, D C  
on behalf of

Acid Dyes  
3204 1220, 3204 1230,  
3204 1245, 3204 1250

10 minutes

Crompton and Knowles  
DyStar  
BASF Corporation  
Clariant  
Fabricolor and Warner Jenkinson

Joel W. Rogers--OF COUNSEL

Akin, Gump, Strauss, Hauer & Feld, L L P  
Washington, D C  
on behalf of

Acid Dyes  
3204 12 20, 3204 12 30  
3204 12 45, 3204 12 50

10 minutes

International Association of Color Manufacturers  
("IACM")

Glenn Roberts, Director, Government Relations

Edward L. Rubinoff )  
                                  )--OF COUNSEL  
Kelly A. Sweeney     )

-MORE-

<u>ORGANIZATION AND WITNESS</u>	<u>COMMODITY</u>	<u>TIME CONSTRAINTS</u>
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Panel 6

Ablondi, Foster, Sobin & Davidow, P C  
Washington, D C  
on behalf of

Polyethylene Terephthalate  
Film  
3920 62 00

10 minutes

Polyester Film Industries Association of India  
("the Association")

**Joel W. Rogers--OF COUNSEL**

Panel 7

Arent Fox  
Washington, D C  
on behalf of

Titanium Metal  
(wrought and unwrought)  
8108 10 50, 8108 90 60

10 minutes

Verkhnesaldinsky Metallurgical Production  
Association ("VSMPO")

**Peter L. Sultan--OF COUNSEL**

Panel 8

Tuttle, Taylor & Heron  
Washington, D C  
on behalf of

Off- Highway  
Dump Trucks  
8704 10 50

10 minutes

Bell Equipment North America, Incorporated  
Bell Equipment, Limited

**William Rodgers, President, Bell  
Equipment North America, Incorporated**

**Philip L. Fraas--OF COUNSEL**

-MORE-

**ORGANIZATION AND WITNESS**

**COMMODITY**

**TIME  
CONSTRAINTS**

**Panel 9**

Aegean Exporters' Unions  
Alsancak-Izmir, Turkey

Natural Honey  
0409 00 00  
Cherries  
0812 00 00

10 minutes

**Sebahattin Gazanfer, PhD ,  
Secretary General**

**Panel 10**

McDermott, Will & Emery  
Washington, D C  
on behalf of

Cherries  
0812 10 00

10 minutes

National Cherry Growers and Industries  
Foundation (NCGIF)

**Gary Davis, Phd , Director,  
International Marketing**

**Carolyn B. Gleason--OF COUNSEL**

-END-

## **APPENDIX F**

### **Model for Evaluating Probable Economic Effects of Changes in GSP Status**



## Model for Evaluating Probable Economic Effects of Changes in GSP Status

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

The following model illustrates the case of granting a product GSP duty-free status. The illustration is for a product for which domestic production, GSP imports, and non-GSP imports are imperfect substitutes, and shows the basic results of a tariff removal on a portion of imports.

### Derivation of import, industry, and consumer effects

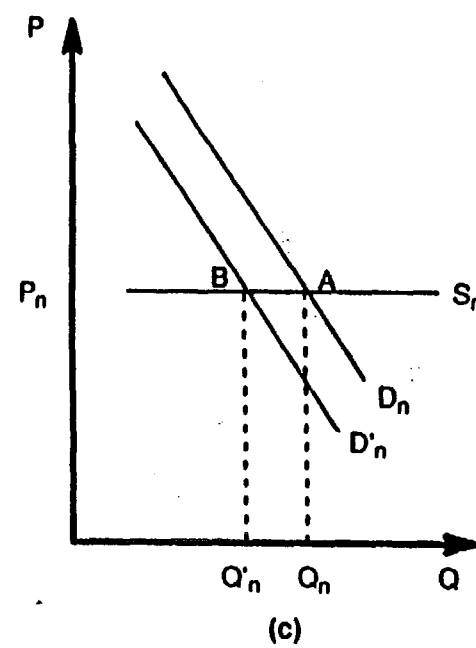
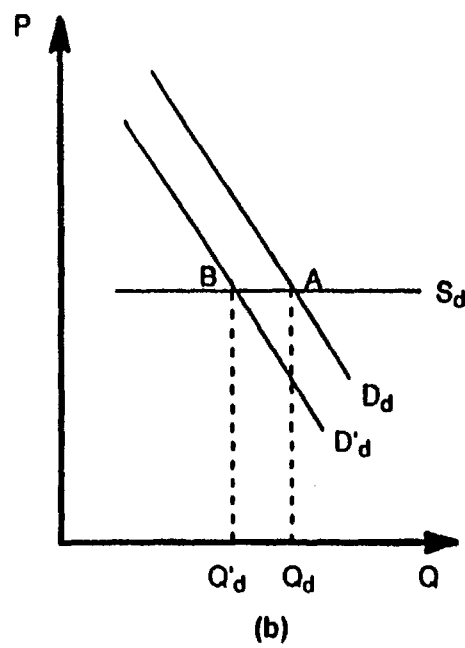
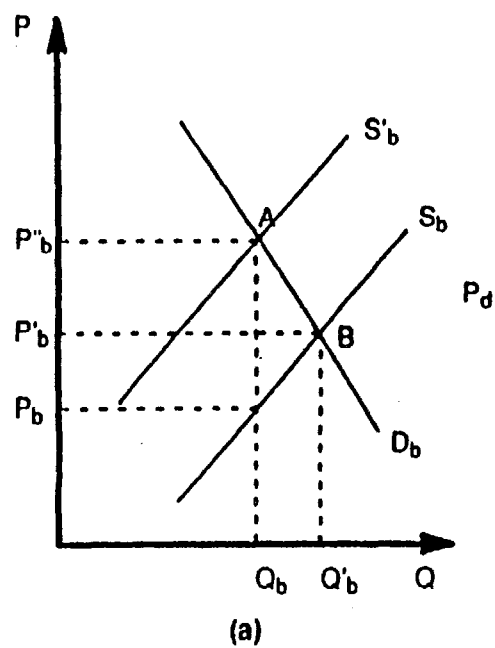
Consider the market for GSP imports illustrated in fig C-1, panel a. The line labeled  $D_b$  is the U.S. demand for GSP imports, the line labeled  $S_b'$  is the supply of imports from GSP countries with the tariff in place, the line labeled  $S_b$  is the supply of imports from GSP countries without the tariff (i.e. the product is receiving duty-free treatment under GSP), point A is the equilibrium with the tariff in place, and point B is the equilibrium without the tariff.  $Q_b$  and  $Q_b'$  are equilibrium quantities at A and B, respectively.<sup>1</sup>

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<sup>1</sup> The subscript "b" is used to denote GSP beneficiaries. The subscript "d" will be used to denote U.S. domestic production, prices, etc., and "n" will be used to denote non-beneficiaries.

Figure C-1

U.S. markets for GSP beneficiary imports (panel a), domestic production (panel b), a nonbeneficiary imports (panel c)



$P_b^*$  and  $P_b'$  are equilibrium prices at A and B, respectively, and  $P_b$  is the price received by GSP producers when the tariff is in place. The relationships among the equilibrium variables can be represented as follows:

$$\text{Demand } \frac{Q_b'}{Q_b} = \left( \frac{P_b'}{P_b^*} \right)^{-\eta} \quad (1)$$

$$\text{Supply } \frac{Q_b'}{Q_b} = \left( \frac{P_b'}{P_b} \right)^{\epsilon} \quad (2)$$

where  $\eta$  is the price elasticity of demand for imports from GSP countries (absolute value--all demand own-price elasticities in this appendix are in absolute value terms unless otherwise specified) and  $\epsilon$  is the price elasticity of supply for imports from GSP countries. Noting that  $P_b^* = P_b(1+t)$ , where  $t$  is the ad valorem tariff rate, substituting this into (1), and equating (1) and (2) to establish equilibrium values, and then solving for  $P_b'$  we obtain

$$P_b' = P_b(1+t)^{\eta/(\eta+\epsilon)}, \text{ or} \quad (3)$$

$$P_b'/P_b = (1+t)^{\eta/(\eta+\epsilon)}. \quad (3')$$

To find the ratio of the customs value at equilibrium B to the customs value at equilibrium A,  $P_b'Q_b'/P_bQ_b$ , equations (3) and (2) can be used to obtain

$$\frac{P_b'Q_b'}{P_bQ_b} = (1+t)^{\eta(\epsilon+1)/(\eta+\epsilon)}. \quad (4)$$

Taking natural logarithms on each side of (4) we obtain

$$\ln \left( \frac{P_b'Q_b'}{P_bQ_b} \right) = \frac{\eta(\epsilon+1)}{(\eta+\epsilon)} \ln(1+t). \quad (4')$$

Noting that the left side of (4') is the percentage change in customs value and that  $\ln(1+t)$  is approximately equal to  $t$  for small values of  $t$ , we have

$$P_b'Q_b' - P_bQ_b = \Delta P_bQ_b = P_bQ_b \frac{\eta(\epsilon+1)}{(\eta+\epsilon)} t, \quad (4'')$$

which forms the general basis for estimates of increased import values from GSP countries.<sup>2</sup>

In the model, a tariff reduction leads to a decrease in the price of the imported good and to an increase in sales of the good in the United States. The lower price paid for the import in the United States leads to a reduction in the demand for U.S. production of the good, as well as for imports from non-GSP countries. These demand shifts, along with supply responses to the lower demand, determine the reduction in U.S. output and non-GSP imports.

The changes that take place in panel a. lead to the changes seen in panels b. and c., where the demand curves shift from  $D_d$  and  $D_n$  to  $D'_d$  and  $D'_n$ , respectively. Equilibrium quantity in the market for domestic production moves from  $Q_d$  to  $Q'_d$ , and similarly for the market for nonbeneficiary imports, equilibrium quantity would fall from  $Q_n$  to  $Q'_n$ . Panels b. and c. are constructed with perfectly elastic supply curves for domestic production and nonbeneficiary imports.<sup>3</sup>

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<sup>2</sup> Eq. 4" can also be expressed in terms of the percentage change in GSP imports as follows:

$$\frac{\Delta P_b Q_b}{P_b Q_b} = \frac{\eta(\epsilon+1)}{(\eta+\epsilon)} t, \text{ where the left side of the equation is the}$$

percentage change in GSP imports.

<sup>3</sup> The assumption of horizontal supply curves in the markets for domestic production and nonbeneficiary imports greatly simplifies the illustration and analysis, without making a big difference in the conclusions that can be reached with this model. If an upward-sloping domestic supply curve exists, the expected increase in GSP imports would be smaller, the drop in the quantity of domestic output would be smaller, and the domestic price would fall.

The demand shifts are traditionally measured by cross-price elasticities of demand, which measure the extent to which products can substitute for each other (or the extent to which they are complements) and can be used in PE-type studies to estimate the displacement of competing U.S. production and nonbeneficiary imports that result from tariff concessions. Cross-price elasticities have not been used explicitly in PE studies, but they are implicit in the method used to estimate the displacement of U.S. industry.

There are several ways to estimate cross-price elasticities and/or the displacement of U.S. production and non-GSP imports from limited information that have been used in the Economics literature.. The method used in GSP PE exercises is a variation of the methods developed in articles by Baldwin and Murray and Rousslang and Parker.<sup>4</sup> A key assumption of the model is that U.S. industry production is offset dollar-for-dollar by the increase in the customs value of total imports. The relative substitutability of GSP imports with U.S. production and non-GSP imports is considered in estimating the change in total imports. Consider the extremes--if GSP imports are highly substitutable with non-GSP imports, and nonsubstitutable with the U.S. product, then GSP imports will displace only non-GSP imports, total U.S. imports will not change, and there will be no effect on U.S. production. At the other extreme, if GSP imports are highly substitutable with the U.S. product and nonsubstitutable with non-GSP imports, then increased GSP imports will

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<sup>4</sup> Robert Baldwin and Tracy Murray, "MFN Tariff Reductions and LDC Benefits Under GSP," Economic Journal 87 (March 1977), pp.30-46, and Donald J. Rousslang and Stephen Parker, "Cross-price Elasticities of U.S. Import Demand," The Review of Economics and Statistics, LXVI (August 1984), pp 518-523

displace only U.S. output, total imports will increase by the value of increased GSP imports, and U.S. production will decrease by the value of increased GSP imports. As noted by Rousslang and Parker, this method tends to produce estimates that overstate the actual effects. The overstatement is relatively small when GSP imports are a small share of U.S. consumption, but the overstatement is relatively more pronounced at higher GSP market shares. Industry employment, profits, firm entry/exit, and the extent of effects in the industry are factors also considered in assigning industry PE codes.

Consumer effects are estimated in terms of the portion of the duty reduction that is passed on to U.S. consumers on the basis of the import demand and supply elasticity estimates. The formula for determining the division of the duty savings between U.S. consumers and GSP exporters is  $S = \frac{\eta}{(\eta + \epsilon)}$ , (based on eq. 3) where S is the percentage of duty savings retained by GSP exporters. The new price received by producers and paid by consumers is  $P_b' = P_b(1+t)^{\eta/(\eta+\epsilon)}$  (eq. 3). Taking the natural logarithm of both sides of eq. 3' we obtain  $\ln\left(\frac{P_b'}{P_b}\right) = \frac{\eta}{(\eta + \epsilon)} \ln(1+t)$ . Noting that the left side of the equation can be approximated by  $\frac{(P_b' - P_b)}{P_b}$ , and that  $\ln(1+t)$  is approximately equal to t for small values of t, we obtain  $\frac{(P_b' - P_b)}{P_b} = \frac{\eta}{(\eta + \epsilon)} t$  or  $(P_b' - P_b) = P_b \frac{\eta}{(\eta + \epsilon)} t$ , indicating the portion of the tariff retained by GSP producers. An "A" code indicates that more than 75 percent of the duty savings are retained by GSP exporters ( $\eta/(\eta + \epsilon) > .75$ ), and less than 25 percent passed through to U.S. consumers. A "B" code covers the

range between 75 percent and 25 percent ( $.75 > \eta/(\eta+\epsilon) > .25$ ). A "C" code covers the case where less than 25 percent of the duty savings are retained by GSP exporters and more than 75 percent of the savings are passed through to U.S. consumers ( $.25 > \eta/(\eta+\epsilon)$ ).