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

Report to the President
Investigation No. 332-398

Note.—This report is a declassified version of the confidential probable economic effects advice report submitted to the President on February 1, 1999

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U.S. International Trade Commission

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NOTICE

THIS REPORT IS A DECLASSIFIED VERSION OF THE CONFIDENTIAL PROBABLE ECONOMIC EFFEC ADVICE REPORT SUBMITTED TO THE PRESIDENT ON FEBRUARY 1, 1999. ALL PROBABLE ECONOMIC EFFECT ADVICE HAS BEEN REMOVED AND ALL BUSINESS PROPRIETARY INFORMATION HAS BEEN REPLACED WITH "***."

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INTRODUCTION[1]

On October 30, 1998, 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 U.S. Generalized System of Preferences (GSP). The USTR request letter is included in appendix A. Following receipt of the request, the Commission instituted investigation No. 332-398 to provide as follows--

(a.) advice as to the probable economic effect on U.S. industries producing like or directly competitive articles and on consumers of the removal of N-tert-Butyl-2-benzothiazolesulfenamide from eligibility for duty-free treatment under the GSP for imports from beneficiary developing countries other than those countries designated as least-developed beneficiary developing countries; and

(b.) in accordance with section 503(d)(1)(A) of the 1974 Act, as amended, advice on the probable economic effect of waiving the competitive need limitations provided for in section 503(c)(2)(A) of the 1974 Act, for Chile, Estonia, Indonesia, Thailand, India, Brazil, and the Philippines for specific *Harmonized Tariff Schedule of the United States* (HTS) subheadings (as found in part B of the USTR list). With respect to competitive-need limitations, the Commission was requested to use the dollar value limit of $85,000,000.

The Commission instituted the investigation on November 4, 1998, and indicated that it would seek to provide its advice no later than February 1, 1999, as requested by USTR. The Commission's notice of investigation is contained in appendix B.

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 December 1, 1998. The list of witnesses appearing before the Commission is contained in appendix C.

PRESENTATION OF ADVICE

In response to the USTR request for probable economic advice on whether any industry in the United States is likely to be adversely affected by possible modifications to the U.S. 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 modifications on a limited number of HTS subheadings, and advice is provided in terms of the traditional coding scheme noted later in this section.

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[1] The following *Federal Register* notices were issued by the USTR and the Commission relating to investigation No. 332-3 98:

Date	Notice	Subject
Oct. 26, 1998	63 F.R. 57150	USTR notice of GSP review
Nov. 10, 1998	63 F.R. 63074	Notice of USITC investigation

This report contains 14 digests covering 16 HTS subheadings with each digest containing the following sections:

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, 1997.

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, estimates based on the following coding system are provided:

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

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

III. GSP import situation, 1997

This section provides 1997 U.S. import data, including world total and certain GSP-country specific data.

IV. Competitiveness profiles, GSP suppliers

This section provides background information on GSP-eligible countries for the digest, their ranking as an import source, the price elasticities of supply and demand for imports from that country and the price and quality of the imports versus U.S. and other foreign products.[2]

V. Position of interested parties

This section provides brief summaries of hearing testimony and any written submissions from interested parties.

VI. Summary of probable economic effects 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. industries producing like or directly competitive articles, and (3) U.S. consumers. The probable economic effects 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

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[2] Price elasticity is a measure of the changes in quantities supplied or demanded that result from a percent change in price. Generally, price elasticities of supply are positive and price elasticities of demand are negative. There are a number of guidelines based on the absolute elasticity value when characterizing elasticities. The elasticity is low when its absolute value is less than 1 0 because the change in quantity demanded or supplied is less than proportional to the change in price. The elasticity is moderate when its absolute value is between 1 and 2, with percentage changes in quantity being one to two times greater than the change in price. The elasticity ishigh when their absolute values exceed 2.0, as percentage changes in quantities exceed percentage changes in price by more than two times. It should be noted that the elasticity levels (low, moderate, and high) are estimates based on staff analysis of industry.

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 increases in imports from the beneficiary country. Appendix D 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 effects advice with respect to changes in import levels is presented in terms of the degree to which GSP modifications could 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 The digests contain a coded summary of the probable economic effects advice. The coding scheme is as follows:

<u>FOR "REMOVAL" DIGESTS:</u>

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 profits 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 U.S. 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.

<u>FOR "COMPETITIVE-NEED-LIMIT WAIVER" DIGESTS:</u>

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:[3]

Code A: The bulk of duty saving (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 saving is 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 saving (greater than 75 percent) is expected to benefit the U.S. consumer.

Code N: None.

The probable economic effects 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 US TR request.

DIGEST LOCATOR

Report digests are listed by proposed action and in sequential order by HTS subheading. This listing provides the following information on the individual digests: a digest title, the proposed action, petitioner, probable economic effects advice (deleted), column 1 rate of duty, existence of U.S. production on January 1, 1997, and the name of the International Trade Analyst assigned.

[3] For waiver effects advice, "U.S. consumer" is limited to the first-level consumer and may be a firm receiving an intermediate good for further processing or an end-use industry receiving a final good.

[illegible]	[illegible]	Propose action	[illegible]	Probable economic effects advice	[illegible]	[illegible]	[illegible]
2934.20.05	[illegible]	Remova	[illegible]		[illegible]	[illegible]	[illegible]
2841.70.10	Ammonium molybdates	[illegible]	[illegible]			[illegible]	[illegible]
2916.31.15	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	Government of Indonesia	***	[illegible]	[illegible]	[illegible]
4412.22.30				***	[illegible]	[illegible]	
7113.11.50	[illegible]	[illegible]	Government of Thailand	***	[illegible]	[illegible]	[illegible]
7113.19.29	[illegible]	[illegible]	Government of India	***		[illegible]	[illegible]
7403.13.00	[illegible]	[illegible]	[illegible]			[illegible]	[illegible]
7403.19.00						[illegible]	
7418.19.20	[illegible]	[illegible]	[illegible]			[illegible]	

[illegible]

HTS subheadings requiring probable economic effects advice and listing of digests--Continued

				Probable economic effects advice			
8483.10.30	[illegible]	[illegible]	Cummins Engine Co.		[illegible]	[illegible]	[illegible]
8527.39.00	[illegible]	[illegible]	Pioneer Electronics (US [illegible] P.T. Dahw Electronic In [illegible]		[illegible]	[illegible]	[illegible]
8528.12.16	[illegible]	[illegible]	Government of Thailand Orion Sales, Thomson [illegible] Electronics, Thomson T [illegible] (Thailand) Co., Ltd., W [illegible] Electric (Thailand), Ltd.		[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	Government of Philippin [illegible]		[illegible]	Y	[illegible]
8708.39.50	[illegible]	[illegible]	Bosch Braking Systems Corp., Robert Bosch Limitada, Brazil		[illegible]	Y	[illegible]
9001.30.00	[illegible]	Waiver (Indonesia)	Government of Indonesia		[illegible]	Y	[illegible]

The first HTS subheading (underlined) is the digest number.

COMMODITY DIGESTS

DIGEST NO. 2934.20.05

N-TERT-BUTYL-2-BENZOTHIAZOLESULFENAMIDE

N-TERT-BUTYL-2-BENZOTHIAZOLESULFENAMIDE

Removal from GSP for Countries Other Than Least-Developed Beneficiary Developing Country Designees

Introduction

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/98)	Like or directly competitive article produced in the United States on Jan. 1. 1997?
		Percent ad valorem	
2934.20.05	N-tert-Butyl-2-benzothiazolesulfenamide	2.2t/kg + 12.3%	Yes

Description and uses.--This synthetic organic chemical is used to accelerate the vulcanization[1] of rubber. The time required for vulcanization affects the final strength and flexibility of the rubber. The final products of rubber produced using this chemical include tires, hoses, and automobile belts.

II. U.S. market profile

Profile of U.S. industry and market, 1993-97

Item	1993	1994	1995	1996	1997
Producers *(number)*	4	4	4	4	4
Employment *(1,000 employees)*	**1	**1	**1	**1	**1
Shipments *(1,000 dollars)*	53,700	51,100	**54,800	"70,000	**57,540
Exports *(1,000 dollars)*	36,580	28,410	29,685	31,132	32,516
Imports *(1,000 dollars)*	2,281	2,771	786	199	349
Consumption *(1,000 dollars)*	19,401	25,461	"25,901	"39,076	**25,373
Import-to-consumption ratio *(percent)* .	11	11	**3	**1	**1
Capacity utilization **(percent)**	90	90	**95	**95	**95

Comment.--Only high-purity production of this chemical is marketable and purchase decisions are primarily driven by price. During 1993-97, U.S. production satisfied most of U.S. demand for this chemical. Import-to-consumption ratios historically have been less than 5 percent, but increased in 1993 and 1994 owing to an increase in demand for vulcanized rubber products at a time when U.S. production facilities were temporarily shut down for routine maintenance. When these facilities returned to maximum capacity utilization rates, imports decreased.

[1]Vulcanization is the process of chemically treating crude or synthetic rubber to give it useful properties, such as elasticity, strength, and stability.

III. GSP import situation. 1997

U.S. imports and share of U.S. consumption, 1997

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 *dollars*			
Grand total	349	100	(1)	**1
Imports from GSP countries:				
GSP total	50	14	100	**(2)
Brazil	50	14	100	**(2)

'Not applicable.
2 Less than 0.5 percent.

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

Comment.--During 1993-97, Brazil was the only GSP-eligible country exporting N-tert-Butyl-2-benzothiazolesulfenamide to the United States; while Brazil is not designated as a least-developed beneficiary developing country under the provisions of the GSP. During January-August 1998, South Africa began to export this chemical to the U.S. market under the provisions of the GSP. U.S. imports of this chemical during this period from South Africa were valued at $535,000, compared with $174,000 in imports from Brazil. South Africa, a GSP-eligible country, is not designated as a least-developed beneficiary developing country under the provisions of the GSP.

IV. Competitiveness profiles. GSP suppliers

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1997	3
Price elasticity:	
Can the U.S. purchaser easily shift among this and other suppliers?	Yes X No
What is the price elasticity of 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 __

Comment.--GSP imports accounted for only about 3 percent of consumption of this chemical during January-August 1998.

V. Position of interested parties

Petitioner.--Flexsys America, L.P. petitioned to remove n-tert-Butyl-2-benzothiazolesulfenamide (TBBS) from GSP A* status to GSP A+ status, limiting duty-free status to countries designated as least-developed beneficiary developing countries. Flexsys stated that U.S. imports from Brazil and South Africa, both A*eligible nations, are increasing rapidly, from 11 percent of total U.S. TBBS imports in 1997 to 43 percent in Jan.-Sept. 1998. The petitioner also stated that other A* nations, such as Slovakia, could switch production capacity of a related chemical, CBS, to TBBS and may do so to take advantage of the current GSP treatment of TBBS. Flexsys estimates that the Slovakia's production capacity for TBBS would exceed some estimates for total U.S. consumption. According to Flexsys, these issues enter into its business planning and are a cause of concern for the future welfare of the employees at its Nitro, WV plant. Flexsys also stated that CBS and TBBS are largely interchangeable, therefore, the duty free treatment of TBBS under its current GSP status should be the same as CBS, which is only duty free under the GSP for countries designated as least-developed beneficiary developing countries. Flexsys estimated that there would be negative impact for consumers as a result of this proposed action.

Support.--The United Steel Workers of America, Local 12610 supports the petitioner's position, citing the reduction of workforce already experienced at Flexsys' Nitro, West Virginia plant and concerned about the possibility of future reductions.

Opposition.--Bann Quimica (Bann), the sole producer of n-tert-Butyl-2-benzothiazolesulfenamide in Brazil, opposes the petition. Bann states that U.S. imports from Brazil and South Africa accounted for less than 0.5 percent of total U.S. consumption in 1997. Bann stated that given its costs to export this chemical to the United States and its lack of U.S. support staff, it is already at a competitive disadvantage in the U.S. market with or without a change in duty treatment. Bann estimated that while there will be growth in the TBBS market in the United States, it is unlikely that Bann would significantly increase U.S. sales, given the size of its production capacity (10 percent of Flexsys' capacity) and growing sales in its primary foreign market, Argentina. Bann also disagrees with Flexsys' assertion that TBBS and CBS are interchangeable.

Americas International opposed the petition stating that the proposed change would harm U.S. consumers by limiting competition. Given the high costs of building a TBBS plant, Americas International estimated that the proposed change would result in banning all U.S. imports of this chemical under the provision of the GSP and further stated that there is no real capacity in least-developed beneficiary developing countries. Americas International agreed that Bann Quimica is not likely to significantly increase sales in the U.S. market but also disagreed with Flexsys' assertion that TBBS and CBS are interchangeable.

VI. Summary of probable economic effects advice--Removal (other than least-developed beneficiary developing countries)

*　*　*　*　*　*　*

Table 1.--N-tert-Butyl-2-benzothiazolesulfenamide: U.S. imports for consumption, by principal sources, 1993-97, January-August 1997-98

Source							
	Value (1,00 dollars)						
Spain	183	413	152	164	170	81	236
Canada	0	0	0	0	51	24	0
Brazil	0	71	70	34	50	25	174
Korea	0	0	0	0	39	0	160
Germany	0	0	0	0	39	39	0
Belgium	0	0	0	0	0	0	464
France	1,186	2,140	564	0	0	0	0
Netherlands	887	147	0	0	0	0	0
United Kingdom	25	0	0	0	0	0	0
South Africa	0	0	0	0	0	0	535
Total	2,281	2,771	786	199	349	169	1,570
Total from GSP-eligible nations	0	71	70	34	50	25	709
	Percent						
Spain	8.0	14.9	19.3	82.4	48.7	47.9	15.0
Canada	0.0	0.0	0.0	0.0	14.6	14.2	0.0
Brazil	0.0	2.6	8.9	17.1	14.3	14.8	11.1
Korea	0.0	0.0	0.0	0.0	11.2	0.0	10.2
Germany	0.0	0.0	0.0	0.0	11.2	23.1	0.0
Belgium	0.0	0.0	0.0	0.0	0.0	0.0	29.6
France	52.0	77.2	71.8	0.0	0.0	0.0	0.0
Netherlands	38.9	5.3	0.0	0.0	0.0	0.0	0.0
United Kingdom	1.1	0.0	0.0	0.0	0.0	0.0	0.0
South Africa	0.0	0.0	0.0	0.0	0.0	0.0	34.1
		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
hateltorn:GSP::: eligible	0.0	2.6	8.9	17.1	14.3	14.8	45.2

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.--N-tert-Butyl-2-benzothiazolesulfenamide: U.S. exports of domestic merchandise, by principal markets, 1993-97, January - August 1997-98

Market						1.41.	
		[redacted]	[redacted]		144;	[redacted]	
	Value (1,000 dollars)						
Canada	6,409	7,442	7,076	7,099	9,465	6,046	6,192
Mexico	10,976	4,874	3,934	5,879	6,111	3,759	4,157
Korea	1,999	938	1,569	2,526	2,189	1,640	995
Japan	2,254	1,874	3,069	2,091	1,719	1,467	345
Singapore	90	662	535	2,652	1,670	1,388	1,235
Thailand	112	316	1,116	2,060	1,376	1,035	539
Taiwan	756	427	578	542	1,373	929	950
Switzerland	280	89	8	0	1,142	352	44
Venezuela	1,298	1,183	1,035	348	1,127	603	365
Belgium	728	1,233	1,894	1,560	843	805	375
Malaysia	774	575	760	564	764	630	357
Indonesia	514	381	738	653	716	546	530
Colombia	1,140	1,273	1,036	943	517	392	547
Australia	575	397	513	857	463	452	400
Austria	0	0	5	0	439	0	720
All Other	8,675	6,746	5,818	3,356	2,601	1,457	2,602
Total	3						
	Percent						
Canada	17.5	26.2	23.8	22.8	29.1	28.1	30.4
Mexico	30.0	17.2	13.3	18.9	18.8	17.5	20.4
Korea	5.5	3.3	5.3	8.1	6.7	7.6	4.9
Japan	6.2	6.6	10.3	6.7	5.3	6.8	1.7
Singapore	0.2	2.3	1.8	8.5	5.1	6.5	6.1
Thailand	0.3	1.1	3.8	6.6	4.2	4.8	2.6
Taiwan	2.1	1.5	1.9	1.7	4.2	4.3	4.7
Switzerland	0.8	0.3	0.0	0.0	3.5	1.6	0.2
Venezuela	3.5	4.2	3.5	1.1	3.5	2.8	1.8
Belgium	2.0	4.3	6.4	5.0	2.6	3.7	1.8
Malaysia	2.1	2.0	2.6	1.8	2.3	2.9	1.8
Indonesia	1.4	1.3	2.5	2.1	2.2	2.5	2.6
Colombia	3.1	4.5	3.5	3.0	1.6	1.8	2.7
Australia	1.6	1.4	1.7	2.8	1.4	2.1	2.0
Austria	0.0	0.0	0.0	0.0	1.4	0.0	3.5
All Other	23.7	23.7	19.6	10.8	8.0	6.8	12.8
			00,0				

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. 2841.70.10

AMMONIUM MOLYBDATES

AMMONIUM MOLYBDATES

Competitive-Need-Limit Waiver for Chile

I. Introduction

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/98)	Like or directly competitive article produced in the United States on Jan. 1. 1997?
		Percent ad valorem	
2841.70.10'	Ammonium molybdates	4.3%	Yes

' Chile is not excluded from GSP treatment for this HTS subheading.

Description and uses.--Ammonium molybdates are a group of closely related chemical compounds primarily used to make catalysts, e.g., hydrodesulfurization catalysts, used in petroleum refining. They are also used make high-purity molybdenum metal, which is used to make electric lamp components, glass melting electrodes, and certain chemical process equipment, where molybdenum's special corrosion resistance is vital.

II. U.S. market profile

Profile of U.S. industry and market, 1993-97

Item	1993	1994	1995	1996	1997
Producers' [2] *(number)*	***	***	***	***	***
Employment' *(1,000 employees)* .	***	***	***	***	***
Shipments' *(1,000 dollars)*	***	***	***	***	***
Exports" *(1,000 dollars)*	4,784	9,995	35,966	7,619	9,682
Imports *(1,000 dollars)*	2,502	2,240	2,809	5,229	6,425
Consumption' *(1,000 dollars)*	***	***	***	***	***
Import-to-consumption ratio' *(percent)* .	***	***	***	***	***
Capacity utilization' *(percent)*	***	***	***	***	***

[1] ***.
2 ***.

[3] Estimated by the staff of the U.S. International Trade Commission ***.
[4] U.S. export data, as shown in table 2, are collected at the 6-digit HTS level and include products not covered in this digest.
3 ***.

Comment.--***.

Supplies became tight in 1994 and 1995, primarily owing to the phase out of lead from gasoline in Europe, thereby also requiring greater desulfurization treatment of gasolines. U.S. exports of ammonium molybdates, the raw materials for the catalysts, rose as a consequence. ***.

III. GSP import situation. 1997

U.S. imports and share of U.S. consumption, 1997

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	6,425	100	(1)	***
Imports from GSP countries:				
GSP total	4,741	74	100	***
Chile	4,741	74	100	***

1 Not applicable.

Comment.--Chile is the largest import supplier of ammonium molybdates to the U.S. market as well as being the only GSP supplier; however, as noted above, Chile is not currently eligible for GSP treatment with respect to this product.

IV. Competitiveness profiles. GSP suppliers

Competitiveness indicators for Chile for all digest products

Ranking as a U.S. import supplier, 1997		1		
Price elasticity:				
Can the U.S. purchaser easily shift among this and other suppliers?		Yes X	No	
What is the price elasticity of 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	No X	
Could exports from the country be readily redistributed among its foreign export markets?		Yes	No X	
What is the price elasticity of import supply?	High	Moderate	Low X	
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 Chile, molybdenum ores are a byproduct of copper mining.

V. Position of interested parties

Petitioner.--The petitioners, CODELCO and COCHILCO, are both Chilean Government entities and stated that the waiver of competitive need limits is necessary to maintain Chile's export growth and associated economic and social development. According to the petitioners, Chile recently expanded production of these value-added molybdenum products based on Chile's reserves of copper. They also stated that granting the waiver should have a negligible effect, if any, on the U.S. industry.

Support.--Madeco S.A., a small Chilean producer of digest products, supports the petition and claims that wavier of the current tariff would provide a benefit to Chilean producers and would have little effect in the U.S. market.

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

* * * * * * *

Table t-Ammonium molybdates: U.S. imports for consumption, by principal sources, 1993-97, January-August 1997-98

Source						ngar	
	Value (1,000 dollars)						
Belgium	0	0	5	0	0	0	0
Chile	386	446	1,210	2,028	4,741	2,989	3,991
China	224	139	0	845	82	82	1,000
France	0	0	0	68	0	0	0
Germany	1,125	1,110	1,515	2,283	1,580	1,136	1,371
Hong Kong	0	0	0	0	16	0	105
Japan	0	0	0	0	0	0	119
Kazakhstan	648	0	68	0	0	0	0
Netherlands	0	2	0	0	0	0	0
Russia	0	533	0	0	0	0	0
Switzerland	15	8	10	6	6	3	2
United Kingdom	103	2	0	0	0	0	0
Total	2,502	2,240	2,809	5,229	6,425	4,210	6,589
Total from GSP-eligible nations	1,034	980	1,278	2,028	4,741	2,989	3,991
	Percent						
Belgium	0.0	0.0	0.2	0.0	0.0	0.0	0.0
Chile	15.4	19.9	43.1	38.8	73.8	71.0	60.6
China	9.0	6.2	0.0	16.2	1.3	1.9	15.2
France	0.0	0.0	0.0	1.3	0.0	0.0	0.0
Germany	45.0	49.5	53.9	43.7	24.6	27.0	20.8
Hong Kong	0.0	0.0	0.0	0.0	0.3	0.0	1.6
Japan	0.0	0.0	0.0	0.0	0.0	0.0	1.8
Kazakhstan	25.9	0.0	2.4	0.0	0.0	0.0	0.0
Netherlands	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Russia	0.0	23.8	0.0	0.0	0.0	0.0	0.0
Switzerland	0.6	0.4	0.3	0.1	0.1	0.1	0.0
United Kingdom	4.1	0.1	0.0	0.0	0.0	0.0	0.0

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.-Ammonium molybdates: U.S. exports of domestic merchandise, by principal markets, 1993-97, January - August 1997-98

Market							
	Value (1,000 dollars)						
Netherlands	482	5,173	26,327	1,593	2,909	2,258	1,435
Japan	726	751	2,805	1,614	1,874	1,272	1,600
Singapore	11	9	153	49	1,439	1,439	3,817
Canada	2,465	2,200	2,643	2,293	1,297	1,095	1,952
Korea	512	552	1,795	668	609	524	110
Mexico	315	300	328	350	399	320	219
Germany	0	0	5	0	345	0	0
United Kingdom	10	0	4	10	181	41	5
Brazil	0	0	408	54	124	112	12
Venezuela	0	5	390	11	86	68	130
China	7	0	66	192	84	84	0
Colombia	0	0	92	100	74	67	38
Taiwan	177	234	193	195	51	38	41
Thailand	3	44	39	176	45	42	0
Australia	3	0	302	135	43	0	68
All Other	73	726	414	179	122	92	79
		[redacted]	[redacted]		[redacted]		[redacted]
	Percent						
Netherlands	10.1	51.8	73.2	20.9	30.0	30.3	15.1
Japan	15.2	7.5	7.8	21.2	19.4	17.1	16.8
Singapore	0.2	0.1	0.4	0.6	14.9	19.3	40.2
Canada	51.5	22.0	7.3	30.1	13.4	14.7	20.5
Korea	10.7	5.5	5.0	8.8	6.3	7.0	1.2
Mexico	6.6	3.0	0.9	4.6	4.1	4.3	2.3
Germany	0.0	0.0	0.0	0.0	3.6	0.0	0.0
United Kingdom	0.2	0.0	0.0	0.1	1.9	0.6	0.1
Brazil	0.0	0.0	1.1	0.7	1.3	1.5	0.1
Venezuela	0.0	0.1	1.1	0.1	0.9	0.9	1.4
China	0.1	0.0	0.2	2.5	0.9	1.1	0.0
Colombia	0.0	0.0	0.3	1.3	0.8	0.9	0.4
Taiwan	3.7	2.3	0.5	2.6	0.5	0.5	0.4
Thailand	0.1	0.4	0.1	2.3	0.5	0.6	0.0
Australia	0.1	0.0	0.8	1.8	0.4	0.0	0.7
All Other	1.5	7.3	1.2	2.3	1.3	1.2	0.8

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. 2916.31.15

BENZOIC ACID

BENZOIC ACID

Competitive-Need-Limit Waiver for Estonia

I. Introduction

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/98)	Like or directly competitive article produced in the United States on Jan. 1, 1997?
		Percent *ad valorem*	
2916.31.15[1]	Benzoic acid	6.8%	Yes

[1] Estonia is not excluded from GSP treatment for this HTS subheading. Estonia became noneligible for GSP treatment on July 1, 1997 but was restored to GSP status on July 1, 1998.

Description and uses.--Benzoic acid is a synthetic organic chemical used primarily in the manufacture of phenol. It is also used as a raw material in the production of benzoate plasticizers, which are then used in the production of adhesives, sealants, caulks, and flooring materials. In addition, some benzoic acid is used to make food preservatives, flavors, perfume, and alkyd resins.

II. U.S. market profile

Profile of U.S. industry and market, 1993-97

Item	1993	1994	1995	1996	1997
Producers *(number)*	4	4	4	4	4
Employment *(1,000 employees)*	(1)	(1)	(1)	(1)	(1)
Shipments *(1,000 dollars)*	***	***	***	***	***
Exports *(1,000 dollars)*	21,294	23,085	41,705	34,990	39,396
Imports *(1,000 dollars)*	2,411	2,691	6,968	10,359	9,300
Consumption *(1,000 dollars)*	***	***	***	***	***
Import-to-consumption ratio *(percent)* .	***	***	***	***	***
Capacity utilization *(percent)* . . .	80	80	85	87	89

[1] Less than 500.

Comment.--In the United States, most benzoic acid production is consumed captively. In the domestic merchant market, imports compete favorably with the U.S. product in terms of price and quality. The import-to-consumption ratio increased significantly during 1993-97 because of the increase in imports from Estonia; such imports became significant with the purchase and improvement of Estonian production facilities by a U.S. manufacturer.

III. GSP import situation. 1997

U.S. imports and share of U.S. consumption, 1997

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	9,300	100	(1)	***
Imports from GSP countries:				
GSP total	7,139	74	100	***
Estonia	7,089	76	99	***
Czech Republic	50	1	1	***

'Not applicable.
² Less than 0.5 percent.

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

Comment.--During 1993-97, Estonia was the major exporter of benzoic acid to the United States. Because of improvements made by the U.S. parent company, the Estonian product is competitive with the U.S. product in terms of price, quality, and reliability.

IV. Competitiveness profiles. GSP suppliers

Competitiveness indicators for Estonia for all digest products

Ranking as a U.S. import supplier, 1997	1		
Price elasticity:			
Can the U.S. purchaser easily shift among this and other suppliers?		Yes	No_A
What is the price elasticity of import demand?	High	Moderate	Low X
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	Low_X
Price level compared with--			
U.S. products	Above	Equivalent X	Below __
Other foreign products	Above	Equivalent X	Below
Quality compared with--			
U.S. products	Above	Equivalent X	Below
Other foreign products	Above	Equivalent X	Below

Comment.--The U.S. importer owns the production capacity in Estonia and imports benzoic acid from Estonia for use solely in its own plants.

V. Position of interested parties

Petitioner.--Velsicol Chemical Corporation imports benzoic acid from its affiliate in Estonia, Velsicol Eesti AS, and is the only supplier of benzoic acid from Estonia to the United States. Velsicol also produces benzoic acid in the United States, but its internal demand for use in producing plasticizers exceeds its U.S. production capacity. Velsicol uses Estonian benzoic acid both captively and for sale in the U.S. market. Velsicol previously imported Estonian benzoic acid duty-free, however it exceeded its competitive need limit. According to the petitioner, duty free treatment would be reinstated as imports are currently under *de minimus* levels, however, the petitioner would like to waive the competitive need limit for this product in case it exceeds the limit again. Velsicol stated that its sales of plasticizers are small compared to those of its U.S. competitors and that the competitive need waiver is necessary for maintaining currently employment levels at its U.S. facilities.

VI. Summary of probable economic effects advice—Competitive-need-limit waiver (Estonia)

*   *   *   *   *   *   *

Table 1.-Benzoic Acid: U.S. imports for consumption, by principal sources, 1993-97, January-August 1997-98

Source							
	Value (1,000 dollars)						
Estonia	250	1,149	4,529	8,479	7,089	5,657	5,017
United Kingdom	5	0	6	15	704	16	1
Netherlands	936	529	540	588	564	319	417
Switzerland	0	9	176	324	371	340	375
Japan	1,001	421	1,303	365	230	214	142
Taiwan	25	234	337	406	182	140	271
China	50	0	0	0	70	12	234
Czech Republic	0	37	4	15	50	35	191
Italy	30	184	10	0	38	13	30
Germany	5	113	12	10	2	2	8
Belgium	0	0	4	31	0	0	21
South Africa	0	0	0	0	0	0	0
Niger	0	0	0	0	0	0	22
Ukraine	0	0	0	0	0	0	0
Spain	9	0	0	0	0	0	0
All Other	99	14	49	127		0	25
	Percent						
Estonia	10.4	42.7	65.0	81.9	76.2	83.8	74.3
United Kingdom	0.2	0.0	0.1	0.1	7.6	0.2	0.0
Netherlands	38.8	19.7	7.7	5.7	6.1	4.7	6.2
Switzerland	0.0	0.3	2.5	3.1	4.0	5.0	5.6
Japan	41.5	15.6	18.7	3.5	2.5	3.2	2.1
Taiwan	1.0	8.7	4.8	3.9	2.0	2.1	4.0
China	2.1	0.0	0.0	0.0	0.8	0.2	3.5
Czech Republic	0.0	1.4	0.1	0.1	0.5	0.5	2.8
Italy	1.2	6.8	0.1	0.0	0.4	0.2	0.4
Germany	0.2	4.2	0.2	0.1	0.0	0.0	0.1
Belgium	0.0	0.0	0.1	0.3	0.0	0.0	0.3
South Africa	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Niger	0.0	0.0	0.0	0.0	0.0	0.0	0.3
Ukraine	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Spain	0.4	0.0	0.0	0.0	0.0	0.0	0.0
All Other	4.1	0.5	0.7	1.2	0.0	0.0	0.4

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.--Benzoic Acid: U.S. exports of domestic merchandise, by principal markets, 1993-97, January - August 1997-98

Market							
	Value (1,000 dollars)						
Canada	5,433	6,022	9,556	10,418	11,723	7,768	9,258
Netherlands	294	1,311	8,899	4,498	4,147	3,976	4,178
Mexico	1,679	1,885	1,619	2,390	2,958	1,997	2,360
Germany	352	1,561	684	1,869	2,919	1,932	1,476
Brazil	243	243	833	604	2,097	1,626	750
United Kingdom	409	954	1,275	720	2,066	1,453	1,029
Japan	2,445	3,065	2,913	2,011	1,870	1,311	950
Taiwan	745	970	1,617	1,222	1,735	1,389	885
Israel	0	0	124	165	1,087	1,087	0
Korea	1,038	1,073	2,098	3,711	946	445	418
Australia	455	387	894	705	930	572	882
Thailand	1,043	587	963	812	812	694	262
Philippines	683	601	806	802	672	507	502
Indonesia	286	486	515	728	459	340	56
Singapore	347	336	355	148	441	252	282
All Other	5,841	3,607	8,554	4,189	4,534	3,225	4,180
		[redacted]		[redacted]	[redacted]		[redacted]
	Percent						
Canada	25.5	26.1	22.9	29.8	29.8	27.2	33.7
Netherlands	1.4	5.7	21.3	12.9	10.5	13.9	15.2
Mexico	7.9	8.2	3.9	6.8	7.5	7.0	8.6
Germany	1.7	6.8	1.6	5.3	7.4	6.8	5.4
Brazil	1.1	1.1	2.0	1.7	5.3	5.7	2.7
United Kingdom	1.9	4.1	3.1	2.1	5.2	5.1	3.7
Japan	11.5	13.3	7.0	5.7	4.7	4.6	3.5
Taiwan	3.5	4.2	3.9	3.5	4.4	4.9	3.2
Israel	0.0	0.0	0.3	0.5	2.8	3.8	0.0
Korea	4.9	4.6	5.0	10.6	2.4	1.6	1.5
Australia	2.1	1.7	2.1	2.0	2.4	2.0	3.2
Thailand	4.9	2.5	2.3	2.3	2.1	2.4	1.0
Philippines	3.2	2.6	1.9	2.3	1.7	1.8	1.8
Indonesia	1.3	2.1	1.2	2.1	1.2	1.2	0.2
Singapore	1.6	1.5	0.9	0.4	1.1	0.9	1.0
All Other	27.4	15.6	20.5	12.0	11.5	11.3	15.2

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. 4412.13.50

PLYWOOD AND PANELS WITH AT LEAST ONE OUTER PLY OF CERTAIN TROPICAL WOOD

PLYWOOD AND PANELS WITH AT LEAST ONE OUTER PLY OF CERTAIN TROPICAL WOOD [2]

Competitive-Need-Limit Waiver for Indonesia

I. Introduction

HTS subheadinp(s)	Short description	Col. 1 rate of duty (1/1/98)	Like or directly competitive article produced in the United States on Jan. 1. 1997?
		Percent ad valorem	
4412.13.50'	Plywood with an outer ply of tropical wood	8%	Yes
4412.22.30[2]	Wood panels with an outer ply of tropical wood	8%	Yes

' Indonesia has been proclaimed by the President as noneligible for GSP treatment for articles included under HIS subheading 4412.13.50, as of Aug. 1, 1990.
[2] Indonesia has been proclaimed by the President as noneligible for GSP treatment for articles included under HTS subheading 4412.22.30, as of Aug. 1, 1990.

Description and uses.--The articles included here are hardwood-faced, usually flat, wood-ply assemblies bonded together with adhesive substances. Plywood consists of sheets of wood less than 6mm thick, bonded to a central ply, with the grain of each successive ply usually laid at a right angle to the preceding ply. These assemblies, therefore, commonly have an odd number of plies (3, 5, 7, etc.). Wood panels are not restricted to ply thickness, or to the type of material used, except that the face ply must be of wood.

Hardwood plywood and panels are made from many native and foreign species, but chiefly from Philippine mahogany (lauan), and birch. Other species of importance include oak, walnut, maple, genuine mahogany (African and Honduran), poplar, beech, teak, cherry, sen, and obeche. The wood species of the face-ply (highest quality and value) of the plywood or panel determines the classification of that panel.

The plywood and panels included in this digest have at least one outer ply of tropical wood not separately provided for in any of the other subheadings of heading 4412, and are not finished with a finish that obscures the grain. A wide variety of species fall in this subheading. However, these species are not currently used extensively, and the trade in this subheading is small in comparison to that of many of the other subheadings in chapter 4412.

The plywood and panels included here are used predominantly for wall and door facing (other uses include furniture and cabinet manufacture). High-quality faced plywood and panels with a high-quality face ply are finished with a clear finish that does not obscure the color and grain of the wood. The imported material in this subheading is not surfaced, or is surfaced with a clear finish that does not obscure the grain. However, much of it is of lesser valued species and is overlaid after importation with a variety of material (e.g., paint, stain, paper, and vinyl), and printed or embossed to simulate more attractive species and grains.

[2] This digest includes the following HTS subheadings: 4412.13.50 and 4412.22.30

II. U.S. market profile

Profile of U.S. industry and market, 1993-97

Item	1993	1994	1995	1996	1997
Producers *(number)*	20	20	20	20	20
Employment *(1,000 employees)* . . .	2	2	2	2	2
Shipments *(1,000 dollars)*	23,000	24,400	25,000	25,000	25,000
Exports *(1,000 dollars)*	1,812	1,710	1,502	2,043	1,846
Imports *(1,000 dollars)*	8,634	8,978	8,903	4,595	20,109
Consumption *(1,000 dollars)*	29,822	31,668	32,401	27,552	43,263
Import-to-consumption ratio *(percent)*	29	28	27	17	46
Capacity utilization *(percent)* . . .	(1)	(1)	(1)	(1)	(1)

[1] Not available.

Comment.--The table above reflects U.S. shipments and trade in the products covered by this digest. Changes to the statistical coverage of imports and exports in 1996 make comparisons with prior years unreliable. The low value of 1996 import data probably reflects importer confusion regarding proper statistical classification. U.S. imports increased in 1997, primarily as a result of the devaluation of Indonesia's currency, which made Indonesian plywood more competitive in the U.S. market.

There are two segments of the hardwood plywood and panel market in the United States. At the high end, demand is determined on the basis of attractiveness and current popularity of the face ply. This market likely accounts for less than 20 percent of all sales. The U.S. industry is highly competitive in this market, where quality is more important than price.

At the low end, the domestic and imported product are usually overlaid (prefinished) with a finish that simulates the higher valued wood. Products of finished plywood and panels accounts for the largest share of the market. The species of wood and the attractiveness of its grain are less important than ease of finishing. This product is highly price competitive, and the majority of the imported product is finished after importation.

More than half of U.S. plywood and panel finishing is done with the imported product, and many U.S. producers finish imported panels as well as their own products. There is at least one importer/finisher owned by a former director of the Indonesian plywood cartel APKINDO (see section IV).[3]

III. GSP import situation. 1997

U.S. imports and share of U.S. consumption, 1997

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	20.109	100	(1)	46
Imports from GSP countries:				
GSP total	18.431	92	100	43
Indonesia	14,437	72	78	33
Brazil	3,562	18	25	8
Guyana	265	1	1	1
Ecuador	137	1	1	(2)

'Not applicable.
'Less than 0.5 percent.

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

[3] Richard Reid, Antitrust Query Targets Indonesian Wood Cartel, *The Oregonian,* Portland Ore., May 29, 1998, found at Internet address http://newsedge.usitc.gov/, retrieved June 3, 1998.

Comment.--GSP countries have supplied around 90-99 percent of U.S. imports in recent years and are likely to continue to do so. Malaysia, not shown among the top suppliers in 1997, was the number two supplier in 1996. Indonesia, with a large modern plywood industry, has consistently supplied more than half of the imports of these items, and, as a result, has been ineligible for GSP treatment. The devaluation of Indonesian currency has made Indonesian plywood more competitive in the U.S. market, and Indonesia's share of the U.S. market will likely increase without a GSP waiver.

IV. Competitiveness profiles. GSP suppliers

Competitiveness indicators for Indonesia for all digest products

Ranking as a U.S. import supplier, 1997		1	
Price elasticity:			
Can the U.S. purchaser easily shift among this and other suppliers?		Yes	No x
What is the price elasticity of 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	Below x
Other foreign products	Above	Equivalent	Below x
Quality compared with--			
U.S. products	Above	Equivalent x	Below __
Other foreign products	Above	Equivalent x	Below __

Comment.--Indonesia is the world's largest supplier of the type of plywood used in the U.S. finishing industry. The cartel, known as APKINDO, that controlled exports from Indonesia was directed to be abolished as part of the International Monetary Fund reforms. The distribution system developed by the cartel remains, and continues to have a heavy influence on trade and prices.'

Indonesian plywood is distributed worldwide, but principally in Japan and other Asian countries, the United States, and the Middle East. In 1997, Indonesian exports to the principal Asian markets declined.'

V. Position of interested parties

Petitioner.--The Government of Indonesia stated in its petition for the waiver of the competitive need limits for these products that duty free treatment is essential for the economic development of Indonesia. According to the petition, duty free treatment for these products will allow Indonesia to create more job opportunities, earn needed foreign exchange, and compete in the international market.

'Richard Read, Ibid.

'UN trade statistics, found at Internet address http://untrade.fas.usda.gov/, retrieved November 3, 1998.

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

*   *

Table 1.-Plywood and panels with at least one outer ply of certain tropical wood (digest-level): U.S. imports for consumption, by principal sources, 1993-97, January-August 1997-98

Source						:44nv#	
		[redacted]	1	[redacted]	[redacted]	[redacted]	
	Value (1,000 dollars)						
Indonesia	3,453	3,082	2,871	2,619	14,437	9,704	13,621
Brazil	2,847	2,747	2,019	856	3,562	2,495	944
Malaysia	311	522	371	627	1,055	448	2,698
Taiwan	220	106	83	22	396	315	259
Guyana	0	192	683	342	265	95	262
Ecuador	72	81	84	83	137	111	14
Italy	113	82	132	0	96	84	0
Canada	1,329	1,558	1,960	24	79	7	59
Netherlands	0	1	0	0	42	42	4
Colombia	0	0	0	0	19	0	46
Venezuela	0	0	0	0	10	5	0
United Kingdom	0	0	0	0	7	7	0
China	10	2	3	0	3	3	74
Chile	0	1	0	0	2	0	0
Belize	0	0	0	1	0	0	0
All other	279	605	696	22	0	0	56
	Percent						
Indonesia	40.0	34.3	32.3	57.0	71.8	72.9	75.5
Brazil	33.0	30.6	22.7	18.6	17.7	18.7	5.2
Malaysia	3.6	5.8	4.2	13.6	5.2	3.4	15.0
Taiwan	2.6	1.2	0.9	0.5	2.0	2.4	1.4
Guyana	0.0	2.1	7.7	7.4	1.3	0.7	1.4
Ecuador	0.8	0.9	0.9	1.8	0.7	0.8	0.1
Italy	1.3	0.9	1.5	0.0	0.5	0.6	0.0
Canada	15.4	17.4	22.0	0.5	0.4	0.1	0.3
Netherlands	0.0	0.0	0.0	0.0	0.2	0.3	0.0
Colombia	0.0	0.0	0.0	0.0	0.1	0.0	0.3
Venezuela	0.0	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.1	0.0
China	0.1	0.0	0.0	0.0	0.0	0.0	0.4
Chile	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Belize	0.0	0.0	0.0	0.0	0.0	0.0	0.0
All other	3.2	6.7	7.8	0.5	0.0	0.0	0.3

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.-Plywood and panels with at least one outer ply of certain tropical wood (HTS subheading 4412.13.50): U.S. imports for consumption, by principal sources, 1993-98, January-August 1997-98

Source							
	Value (1,000 dollars)						
Indonesia	3,320	2,966	2,767	2,282	13,523	9,231	12,586
Brazil	2,765	2,566	1,814	800	3,468	2,424	890
Malaysia	289	516	336	523	1,012	433	2,643
Taiwan	220	106	83	22	396	315	259
Ecuador	31	52	54	57	55	55	0
Guyana	0	185	619	336	51	51	0
Canada	1,321	1,537	1,888	5	48	4	34
Netherlands	0	0	0	0	42	42	0
Italy	113	81	132	0	3	0	0
China	10	2	3	0	0	0	1
Portugal	0	0	0	0	0	0	29
France	0	1	5	11	0	0	15
Paraguay	69	346	548	0	0	0	0
Mexico	2	9	37	0	0	0	0
Costa Rica	21	55	37	0	0	0	0
All other	150	143	38	0	0	0	0
	Percent						
Indonesia	39.9	34.6	33.1	56.5	72.7	73.5	76.5
Brazil	33.3	29.9	21.7	19.8	18.6	19.3	5.4
Malaysia	3.5	6.0	4.0	13.0	5.4	3.4	16.1
Taiwan	2.7	1.2	1.0	0.5	2.1	2.5	1.6
Ecuador	0.4	0.6	0.6	1.4	0.3	0.4	0.0
Guyana	0.0	2.2	7.4	8.3	0.3	0.4	0.0
Canada	15.9	17.9	22.6	0.1	0.3	0.0	0.2
Netherlands	0.0	0.0	0.0	0.0	0.2	0.3	0.0
Italy	1.4	1.0	1.6	0.0	0.0	0.0	0.0
China	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Portugal	0.0	0.0	0.0	0.0	0.0	0.0	0.2
France	0.0	0.0	0.1	0.3	0.0	0.0	0.1
Paraguay	0.8	4.0	6.6	0.0	0.0	0.0	0.0
Mexico	0.0	0.1	0.4	0.0	0.0	0.0	0.0
Costa Rica	0.3	0.6	0.4	0.0	0.0	0.0	0.0
All other	1.8	1.7	0.4	0.0	0.0	0.0	0.0

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.-Plywood and panels with at least one outer ply of certain tropical wood (HTS subheading 4412.22.30 (pt.)): U.S. imports for consumption, by principal sources, 1993-98, January-August 1997-98

Source							
	Value (1,000 dollars)						
Indonesia	132	116	104	337	914	473	1,035
Guyana	0	6	63	6	214	44	262
Brazil	82	181	205	56	94	71	54
Italy	0	0	0	0	93	84	0
Ecuador	40	29	31	26	82	56	14
Malaysia	22	6	35	104	43	15	55
Canada	8	21	72	19	31	3	25
Colombia	0	0	0	0	19	0	46
Venezuela	0	0	0	0	10	5	0
United Kingdom	0	0	0	0	7	7	0
China	0	0	0	0	3	3	73
Chile	0	1	0	0	2	0	0
Belize	0	0	0	1	0	0	0
France	2	1	1	1	0	0	0
Netherlands	0	1	0	0	0	0	4
All Other	35	48	30	9	0	0	12
	Percent						
Indonesia	41.2	28.3	19.2	60.2	60.5	62.1	65.5
Guyana	0.0	1.5	11.7	1.1	14.2	5.8	16.6
Brazil	25.4	44.2	37.9	10.1	6.2	9.3	3.4
Italy	0.0	0.1	0.0	0.0	6.1	11.0	0.0
Ecuador	12.5	7.1	5.7	4.6	5.4	7.4	0.9
Malaysia	6.8	1.4	6.5	18.5	2.8	2.0	3.5
Canada	2.4	5.1	13.3	3.5	2.0	0.4	1.6
Colombia	0.0	0.0	0.1	0.0	1.2	0.0	2.9
Venezuela	0.0	0.0	0.0	0.0	0.7	0.7	0.0
United Kingdom	0.1	0.0	0.0	0.0	0.5	0.9	0.0
China	0.0	0.0	0.0	0.0	0.2	0.4	4.6
Chile	0.0	0.1	0.0	0.0	0.1	0.0	0.0
Belize	0.0	0.0	0.0	0.1	0.0	0.0	0.0
France	0.5	0.2	0.2	0.3	0.0	0.0	0.0
Netherlands	0.0	0.2	0.0	0.0	0.0	0.0	0.2
All Other	11.0	11.8	5.5	1.6	0.0	0.0	0.7

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.-Plywood and panels with at least one outer ply of certain tropical wood: U.S. exports of domestic merchandise, by principal markets, 1993-97, January - August 1997-98

Market						num	
				Value (1,000 dollars)			
Mexico	1,151	1,135	625	946	659	468	316
Canada	481	392	421	555	547	397	292
United Kingdom	0	0	0	11	163	124	3
Israel	0	2	93	127	123	69	71
Jamaica	26	20	24	23	91	70	84
Japan	14	42	139	63	64	47	4
Russia	0	0	7	52	28	22	26
Italy	0	0	1	0	25	1	6
Korea	0	1	12	18	19	19	0
Honduras	2	3	5	12	18	15	12
Bahamas	4	15	5	12	18	16	5
Australia	0	2	0	0	16	1	0
Guatemala	4	4	2	0	8	7	2
Dominican Republic	23	22	23	6	7	2	3
Barbados	1	0	2	1	6	0	0
All other	114	72	144	217	53	32	76
				Percent			
Mexico	63.2	66.4	41.6	46.3	35.7	36.2	35.1
Canada	26.4	22.9	28.0	27.2	29.6	30.8	32.5
United Kingdom	0.0	0.0	0.0	0.6	8.8	9.6	0.3
Israel	0.0	0.1	6.2	6.2	6.7	5.4	7.8
Jamaica	1.4	1.1	1.6	1.1	5.0	5.4	9.3
Japan	0.7	2.5	9.3	3.1	3.4	3.6	0.5
Russia	0.0	0.0	0.5	2.5	1.5	1.7	2.9
Italy	0.0	0.0	0.1	0.0	1.4	0.1	0.7
Korea	0.0	0.0	0.8	0.9	1.0	1.5	0.0
Honduras	0.1	0.2	0.3	0.6	1.0	1.2	1.3
Bahamas	0.2	0.9	0.3	0.6	1.0	1.3	0.6
Australia	0.0	0.1	0.0	0.0	0.9	0.1	0.0
Guatemala	0.2	0.2	0.1	0.0	0.4	0.5	0.2
Dominican Republic	1.3	1.3	1.5	0.3	0.4	0.2	0.3
Barbados	0.1	0.0	0.2	0.1	0.3	0.0	0.1
All other	6.3	4.2	9.6	10.6	2.9	2.5	8.5
						802::	

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. 7113.11.50

CERTAIN ARTICLES OF SILVER JEWELRY

CERTAIN ARTICLES OF SILVER JEWELRY

Competitive-Need-Limit Waiver for Thailand

I. Introduction

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/98)	Like or directly competitive article produced in the United States on Jan. 1, 1997?
		Percent ad valorem	
7113.11.50[1]	Jewelry of silver, except chain and similar articles produced in continuous lengths, valued over $18 per dozen pieces or parts	5.3%	Yes

[1] Thailand has been proclaimed by the President as noneligible for GSP treatment for articles entered under HTS subheading 7113.11.50, as of July 1, 1997.

Description and uses.--These articles of silver jewelry are designed to be worn for adornment, and must be valued over $18 per dozen pieces or parts. They can be any type of finished silver jewelry, including earrings, rings, necklaces, bracelets, and toe rings. The jewelry can be set with imitation or real pearls or gemstones.

II. U.S. market profile

Profile of U.S. industry and market, 1993-97

Item	1993	1994	1995	1996	1997
Producers *(number)*	2,200	2,210	2,212	2,214	2,214
Employment *(1,000 employees)*	39	38	38	37	36
Shipments *(1,000 dollars)*	*230,000	*251,000	*173,000	*204,000	*210,000
Exports[1] *(1,000 dollars)*	24,680	21,519	28,883	28,518	27,682
Imports *(1,000 dollars)*	238,558	255,829	296,063	347,508	431,104
Consumption (1,000 *dollars)*	*443,878	*485,310	*440,180	*522,990	*613,422
Import-to-consumption ratio *(percent)*	*54	*53	*67	*66	*70
Capacity utilization *(percent)*	86	89	79	82	78

[1] U.S. export data, as shown in table 2, are collected at the 6-digit HTS level and includes products not covered in this digest.

Comment.--The data for producers and employment include all precious jewelry and related articles, not just HTS 7113.11.50. Production workers are engaged in the manufacture of a variety of jewelry articles, and it is not possible to allocate employees to the production of jewelry classified in a single tariff rate line. Industrywide, the number of establishments has remained relatively stable in the past 5 years, even as the number of employees has declined.

Consumption of jewelry in the United States has been steadily rising in conjunction with the increased confidence of U.S. consumers in the economy. Although the price of gold is substantially higher than that of silver, the price of silver on the world market is still important to the retail price of, and consumer demand, for silver jewelry. The price of silver rose by less than $1.00 during 1994-95, before declining to $4.90 per ounce in 1997. As long as the U.S. economy and consumer confidence remain strong, demand for silver jewelry will be high.

III. GSP import situation. 1997

U.S. imports and share of U.S. consumption, 1997

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	431.104	100	([1])	*70
Imports from GSP countries:				
GSP total	171.706	40	100	*28
Thailand	130,245	30	76	*21
Indonesia	17,342	4	10	*3
India	8,187	2	5	*1
Poland	5,805	1	3	*1

[1] Not applicable.

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

IV. Competitiveness profiles. GSP suppliers

Competitiveness indicators for Thailand for all digest products

Ranking as a U.S. import supplier, 1997	2		
Price elasticity:			
Can the U.S. purchaser easily shift among this and other suppliers?		Yes X	No
What is the price elasticity of 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

Comment.--Italy and Thailand are the most significant sources of U.S. imports of silver jewelry. According to the Manufacturing Jewelers and Silversmiths of America (MJSA), the silver jewelry industry in Thailand is well established, with some of the most technologically advanced facilities in the world that enable them to export very high quality goods. Many consumers, however, still consider jewelry made in the United States and Italy to be of higher quality (particularly those with a recognized brand name) than goods from other countries. As a result, some consumers are willing to pay more for Italian- and U.S.-made jewelry.

V. Position of interested parties

Petitioner.--The Government of Thailand requested that the GSP's competitive need limits be waived with respect to imports of certain jewelry of silver from Thailand for several reasons. The statement asserts that the waiver with regard to silver jewelry would enable the Thai industry to compete against third country suppliers more effectively in the U.S. market at a time when Thailand must achieve improved export performance to offset its current economic downturn. The statement also suggests that there would be no risk that the waiver would adversely affect any U.S. producers on the basis that most U.S.-produced silver jewelry is high-end, and therefore, does not compete with the low-end jewelry produced in Thailand; and that U.S. demand for silver jewelry has steadily increased in recent years, mainly because of the strong U.S. economy and expanding numbers of women in the workplace. The statement alleges that if the GSP waiver request is denied, Thai silver jewelry production and employment will substantially decline.

Steps taken by the Government of Thailand to strengthen the country's intellectual property rights (IPR) protection and market access practices are also cited as a reason to grant the waiver. For example, the Government of Thailand is a sponsor of the APEC early voluntary sectoral liberalization (EVSL) negotiations on jewelry to reduce both tariff and non-tariff barriers. Finally, the Thai government is not aware of any subsidy programs designed to benefit Thai silver jewelry production as the Manufacturing Jewelers and Suppliers of America (MJSA) alleged at the Commission hearing on December 1, 1998.

Opposition.--Mr. James, F. Marquart, President and CEO of the Manufacturing Jewelers and Suppliers Association (MJSA), stated that requests by Thailand and India for competitive need limit waivers should be rejected. MJSA reports that it is supportive of the free market system and contends that the U.S. jewelry industry has the ability to compete in the global market as long as there is reciprocity among trading partners. Mr. Marquart stated that the American jewelry manufacturing industry has lost 31 percent of its jobs (26,700 total) since 1977, mainly because of rising import competition and the inability of U.S. exports to compete effectively because of high tariffs and restrictive licensing practices in some of the world's largest potential markets. The MJSA recommended that because Thailand and India do not provide reasonable and equitable access to their markets for U.S.-made jewelry, the United States should not exacerbate the comparative cost advantages enjoyed by the Thai and Indian jewelry industries by allowing their jewelry free access to the U.S. market under GSP. MJSA asserted that GSP and similar trade programs have contributed to a substantial increase in the share of U.S. market for silver jewelry and gold necklaces that is supplied by imports. The association noted, however, that the rise in consumption can also be linked to the strong U.S. economy and ability of consumers to spend more of their income on non-subsistence goods like jewelry.

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

*   *   *   *   *   *   *

Table 1.-Certain articles of silver jewelry: U.S. imports for consumption, by principal sources, 1993-97, January-August 1997-98

Source		[redacted]	[redacted]	[redacted]		997.	[redacted]
	Value (1,000 dollars)						
Italy	70,651	75,677	91,255	111,878	138,601	86,732	87,101
Thailand	88,159	101,577	100,020	106,656	130,245	73,945	77,171
Mexico	35,981	27,119	34,264	42,036	49,025	28,634	31,179
China	4,100	7,006	10,156	18,573	24,197	13,478	19,820
Indonesia	6,359	7,701	8,214	10,876	17,342	11,908	13,497
Canada	4,038	6,263	13,386	12,086	16,052	11,676	15,511
India	2,395	3,496	5,091	7,797	8,187	5,398	5,594
Israel	948	1,212	2,170	4,592	6,692	4,149	3,593
Poland	1,286	2,762	3,108	4,004	5,905	3,734	4,222
Spain	2,706	3,124	3,311	4,768	5,447	2,653	2,518
Hong Kong	2,951	2,909	3,676	3,358	3,836	2,267	6,000
Germany	1,300	1,947	2,675	2,923	3,563	2,036	2,679
Korea	5,890	3,501	5,147	4,039	3,211	2,856	1,342
Dominican Republic	228	46	1,388	915	2,918	1,080	4,039
United Kingdom	1,360	1,156	1,496	1,713	2,753	1,502	1,457
All Other	10,208	10,333	10,707	11,295	13,132	7,624	8,895
	Percent						
Italy	29.6	29.6	30.8	32.2	32.2	33.4	30.6
Thailand	37.0	39.7	33.8	30.7	30.2	28.5	27.1
Mexico	15.1	10.6	11.6	12.1	11.4	11.0	11.0
China	1.7	2.7	3.4	5.3	5.6	5.2	7.0
Indonesia	2.7	3.0	2.8	3.1	4.0	4.6	4.7
Canada	1.7	2.4	4.5	3.5	3.7	4.5	5.4
India	1.0	1.4	1.7	2.2	1.9	2.1	2.0
Israel	0.4	0.5	0.7	1.3	1.6	1.6	1.3
Poland	0.5	1.1	1.0	1.2	1.4	1.4	1.5
Spain	1.1	1.2	1.1	1.4	1.3	1.0	0.9
Hong Kong	1.2	1.1	1.2	1.0	0.9	0.9	2.1
Germany	0.5	0.8	0.9	0.8	0.8	0.8	0.9
Korea	2.5	1.4	1.7	1.2	0.7	1.1	0.5
Dominican Republic	0.1	0.0	0.5	0.3	0.7	0.4	1.4
United Kingdom	0.6	0.5	0.5	0.5	0.6	0.6	0.5
All Other	4.3	4.0	3.6	3.3	3.0	2.9	3.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Share from GSP-eligible nations	43.2	47.1	41.8	39.0	39.8	38.6	38.1

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 articles of silver jewelry: U.S. exports of domestic merchandise, by principal markets, 1993-97, January - August 1997-98

Market						ugus	
	Value (1,000 dollars)						
Canada	2,886	5,102	4,070	3,523	4,235	2,490	2,317
Japan	4,203	3,272	3,043	3,452	3,734	1,422	3,138
Germany	4,484	3,585	3,588	3,482	3,133	2,092	1,046
Switzerland	163	87	4,891	2,588	2,718	2,500	497
Netherlands Antilles	1,877	1,751	2,161	2,541	2,472	1,759	1,544
Mexico	395	681	168	997	2,298	1,245	866
United Kingdom	2,164	1,765	2,138	3,099	2,070	1,415	671
Hong Kong	2,672	1,973	1,190	689	1,557	1,179	324
Colombia	1,541	1,793	1,029	1,083	1,116	1,018	145
Cayman Islands	137	101	93	103	1,080	952	181
Dominican Republic	77	110	379	267	920	35	415
Israel	44	129	196	1,536	603	186	354
Italy	163	457	343	1,407	597	508	118
Australia	497	395	380	191	538	440	413
France	693	277	330	656	497	335	488
All Other	7,037	3,840	9,981	7,937	4,999	2,916	3,862
	[redacted]		[redacted]	[redacted]			
	Percent						
Canada	9.9	20.2	12.0	10.5	13.0	12.2	14.1
Japan	14.5	12.9	9.0	10.3	11.5	6.9	19.2
Germany	15.4	14.2	10.6	10.4	9.6	10.2	6.4
Switzerland	0.6	0.3	14.4	7.7	8.3	12.2	3.0
Netherlands Antilles	6.5	6.9	6.4	7.6	7.6	8.6	9.4
Mexico	1.4	2.7	0.5	3.0	7.1	6.1	5.3
United Kingdom	7.5	7.0	6.3	9.2	6.4	6.9	4.1
Hong Kong	9.2	7.8	3.5	2.1	4.8	5.8	2.0
Colombia	5.3	7.1	3.0	3.2	3.4	5.0	0.9
Cayman Islands	0.5	0.4	0.3	0.3	3.3	4.6	1.1
Dominican Republic	0.3	0.4	1.1	0.8	2.8	0.2	2.5
Israel	0.2	0.5	0.6	4.6	1.9	0.9	2.2
Italy	0.6	1.8	1.0	4.2	1.8	2.5	0.7
Australia	1.7	1.6	1.1	0.6	1.7	2.1	2.5
France	2.4	1.1	1.0	2.0	1.5	1.6	3.0
All Other	24.2	15.2	29.4	23.7	15.3	14.2	23.6

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. 7113.19.29

GOLD NECKLACES AND NECK CHAINS

GOLD NECKLACES AND NECK CHAINS

Competitive-Need-Limit Waiver for India

I. Introduction

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/98)	Like or directly competitive article produced in the United States on Jan. 1. 1997?
		Percent ad valorem	
7113.19.29'	Necklaces and neck chains or gold (not rope or mixed link)	5.7%	Yes

India has been proclaimed by the President as noneligible for GSP treatment for articles entered under HTS subheading 7113.19.29, as of July 1, 1998.

Description and uses.--Gold necklaces and neck chains are designed to be worn for adornment. These necklaces must be finished (ready-to-wear) and cannot be of the rope or mixed chain styles.

II. U.S. market profile

Profile of U.S. industry and market, 1993-97

Item	1993	1994	1995	1996	1997
Producers ***(number)***	2,200	2,210	2,212	2,214	2,214
Employment ***(1,000 employees)***	39	38	38	37	36
Shipments ***(1,000 dollars)***	"219,520	**234,720	**246,240	"247,680	**250,000
Exports [1] *(1,000* ***dollars)***	9,725	10,274	10,234	12,555	18,214
Imports ***(1,000 dollars)***	535,078	649,703	637,068	663,370	750,036
Consumption ***(1,000 dollars)***	**744,873	"874,149	**873,074	**898,495	"981,822
Import-to-consumption ratio *(percent)* .	**72	**74	**73	**74	**76
Capacity utilization ***(percent)***	86	89	79	82	78

[1] U.S. export data, as shown in table 2, are collected at the 6-digit HTS level and includes products not covered in this digest.

Comment.--The data for producers and employment include all precious jewelry and related articles, not just HTS 7113.19.29. Production workers are engaged in the manufacture of a variety of jewelry articles, and it is not possible to allocate employees to the production of jewelry classified in a single tariff rate line. Although the number of total jewelry producers in the United States has remained relatively steady in the past 5 years, industry experts believe that the actual number of gold necklace and neck chain manufacturers has been reduced by half since 1993. The number of employees has similarly declined.

The price of gold on the world market is overwhelmingly the most important determinant of the final cost of and demand for an article of gold jewelry. The price of gold was fairly stable until a few years ago, and has since declined slightly, from $360 per troy ounce in 1993 to $332 per troy ounce in 1997. Demand is also dependent upon a strong economy and consumer confidence, because the price of quality gold jewelry is high. In the past 5 years, the robust U.S. economy combined with high consumer confidence has substantially increased demand for gold necklaces and neck chains in the United States.

III. GSP import situation. 1997

U.S. imports and share of U.S. consumption, 1997

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	750.036	100	(1)	**76
Imports from GSP countries:				
GSP total	206.988	28	100	**21
India	101,574	14	50	**10
Turkey	24,962	3	10	**3
Oman	12,832	2	6	**1
Thailand	11,734	2	6	**1

'Not applicable.

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, 1997	2		
Price elasticity:			
Can the U.S. purchaser easily shift among this and other suppliers?	Yes X	No	
What is the price elasticity of 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	Below X
Other foreign products	Above	Equivalent	Below X

Comment.--While Italy remains the most significant source of U.S. imports of gold necklaces, India's share of total imports has substantially increased in the past 5 years. Gold necklaces manufactured in Italy (and to a lesser extent in the United States) are recognized by consumers as featuring high-quality workmanship, for which consumers are sometimes willing to pay more. Gold necklaces from India, for the most part, are less expensive but usually of fairly good quality.

There is little U.S. or other foreign investment in India's gold jewelry industry.' Most of the Indian manufacturers are small, with about 5 to 12 employees working out of shops. The Middle East (Saudi Arabia, Yemen, Dubai) is probably the most significant export market for Indian necklaces and neck chains, followed by the United States and Europe.' Consumers in the Middle East favor gold necklaces of a much higher karatage, usually 22 or more whereas the U.S. consumers tend to prefer 14 karats and lower.

'USITC staff interview with Mrs. Kanthi Tripathi, Embassy of India.
' Ibid.

V. <u>Position of interested parties</u>

<u>Petitioner.--The</u> Government of India requested that the competitive need limit be waived for gold jewelry under this NTS subheading since these jewelry items are made of precious metals and have a high relative value compared to the actual quantities exported. Therefore, according to the petition, a better indicator of the level of exports to the U.S. market would be market share rather than the value. Since India's exports under this NTS subheading are less than 50 percent, the petitioner stated that the competitive need limit should be waived.

<u>Opposition.--Mr.</u> James, F. Marquart, President and CEO of the Manufacturing Jewelers and Suppliers Association (MJSA), stated that requests by Thailand and India for competitive need limit waivers should be rejected. MJSA reports that it is supportive of the free market system and contends that the U.S. jewelry industry has the ability to compete in the global market as long as there is reciprocity among trading partners. Mr. Marquart stated that the American jewelry manufacturing industry has lost 31 percent of its jobs (26,700 total) since 1977, mainly because of rising import competition and the inability of U.S. exports to compete effectively because of high tariffs and restrictive licensing practices in some of the world's largest potential markets. The MJSA recommended that because Thailand and India do not provide reasonable and equitable access to their markets for U.S.-made jewelry, the United States should not exacerbate the comparative cost advantages enjoyed by the Thai and Indian jewelry industries by allowing their jewelry free access to the U.S. market under GSP. MJSA asserted that GSP and similar trade programs have contributed to a substantial increase in the share of U.S. market for silver jewelry and gold necklaces that is supplied by imports. The association noted, however, that the rise in consumption can also be linked to the strong U.S. economy and ability of consumers to spend more of their income on non-subsistence goods like jewelry.

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

*   *   *   *   *   *   *

Table 1.-Gold necklaces and neck chains: U.S. imports for consumption, by principal sources, 1993-97, January-August 1997-98

Source		1994	I				
	Value (1,000 dollars)						
Italy	386,823	439,656	426,982	425,185	423,508	249,108	314,762
India	23,947	63,132	63,682	62,123	101,574	64,879	65,991
Israel	38,156	53,460	41,488	57,448	64,852	41,195	38,431
Turkey	832	1,731	5,823	7,739	24,962	10,896	23,896
Oman	781	1,345	1,318	4,448	12,832	8,241	7,491
Hong Kong	9,132	6,801	9,799	11,507	12,819	7,021	16,219
Canada	13,924	13,823	13,153	13,665	12,818	6,888	3,969
Thailand	9,202	5,399	6,290	6,294	11,734	5,485	10,090
Bolivia	9,364	7,538	6,496	7,797	9,575	5,979	5,386
Malta & Gozo	18,312	21,774	19,238	10,888	9,350	4,929	6,609
Mexico	1,001	857	1,418	4,620	7,907	5,014	3,336
Dominican Republic	189	80	120	5,791	7,250	4,199	5,392
France	3,024	5,378	6,364	4,766	6,871	3,202	4,223
Peru	2,416	2,389	2,252	344	5,466	2,552	2,608
Lebanon	253	468	1,225	727	4,935	2,835	3,159
All Other	17,723	25,870	31,421	40,026	33,582	20,272	32,432
	Percent						
Italy	72.3	67.7	67.0	64.1	56.5	56.3	57.9
India	4.5	9.7	10.0	9.4	13.5	14.7	12.1
Israel	7.1	8.2	6.5	8.7	8.6	9.3	7.1
Turkey	0.2	0.3	0.9	1.2	3.3	2.5	4.4
Oman	0.1	0.2	0.2	0.7	1.7	1.9	1.4
Hong Kong	1.7	1.0	1.5	1.7	1.7	1.6	3.0
Canada	2.6	2.1	2.1	2.1	1.7	1.6	0.7
Thailand	1.7	0.8	1.0	0.9	1.6	1.2	1.9
Bolivia	1.8	1.2	1.0	1.2	1.3	1.4	1.0
Malta & Gozo	3.4	3.4	3.0	1.6	1.2	1.1	1.2
Mexico	0.2	0.1	0.2	0.7	1.1	1.1	0.6
Dominican Republic	0.0	0.0	0.0	0.9	1.0	0.9	1.0
France	0.6	0.8	1.0	0.7	0.9	0.7	0.8
Peru	0.5	0.4	0.4	0.1	0.7	0.6	0.5
Lebanon	0.0	0.1	0.2	0.1	0.7	0.6	0.6
All Other	3.3	4.0	4.9	6.0	4.5	4.6	6.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Share from GSP-eligible nations	13.3	16.8	18.2	18.4	27.6	27.4	27.3

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.--Gold necklaces and neck chains: U.S. exports of domestic merchandise, by principal markets, 1993-97, January - August 1997-98

Marktt	1993	1994	1995	1996	1997	January - August 1997	January - August 1998
	Value (1,000 dollars)						
Switzerland	20,657	25,035	21,039	48,373	103,934	84,949	31,600
Canada	36,904	48,025	52,014	53,560	64,683	34,229	41,819
Italy	8,478	6,103	1,584	3,598	42,958	41,266	4,285
France	1,048	791	2,994	17,035	20,156	16,362	6,293
Japan	11,523	10,947	10,460	13,660	14,337	9,193	14,273
United Kingdom	7,247	5,936	5,252	5,657	13,949	7,475	10,613
Netherlands Antilles	2,885	4,347	3,065	4,423	12,543	4,909	28,191
Hong Kong	6,172	7,401	16,764	11,963	10,871	7,343	11,699
Mexico	8,048	9,856	5,035	7,978	9,310	5,158	19,204
Dominican Republic	8,052	13,053	2,523	3,471	7,107	3,311	6,410
Bolivia	3,569	857	1,272	1,454	5,031	3,882	537
Jamaica	1,514	667	1,825	1,636	4,857	1,303	4,010
Germany	8,287	3,649	2,338	4,321	4,643	1,596	2,201
Korea	2,410	1,114	1,769	1,944	4,288	1,706	1,831
Bermuda	308	523	695	934	4,144	1,792	2,371
All Other	67,397	67,174	76,051	71,096	41,476	21,495	33,482
Total	1!		[redacted]			[redacted]	
	Percent						
Switzerland	10.6	12.2	10.3	19.3	28.5	34.5	14.4
Canada	19.0	23.4	25.4	21.3	17.8	13.9	19.1
Italy	4.4	3.0	0.8	1.4	11.8	16.8	2.0
France	0.5	0.4	1.5	6.8	5.5	6.7	2.9
Japan	5.9	5.3	5.1	5.4	3.9	3.7	6.5
United Kingdom	3.7	2.9	2.6	2.3	3.8	3.0	4.9
Netherlands Antilles	1.5	2.1	1.5	1.8	3.4	2.0	12.9
Hong Kong	3.2	3.6	8.2	4.8	3.0	3.0	5.3
Mexico	4.1	4.8	2.5	3.2	2.6	2.1	8.8
Dominican Republic	4.1	6.4	1.2	1.4	2.0	1.3	2.9
Bolivia	1.8	0.4	0.6	0.6	1.4	1.6	0.2
Jamaica	0.8	0.3	0.9	0.7	1.3	0.5	1.8
Germany	4.3	1.8	1.1	1.7	1.3	0.6	1.0
Korea	1.2	0.5	0.9	0.8	1.2	0.7	0.8
Bermuda	0.2	0.3	0.3	0.4	1.1	0.7	1.1
All Other	34.7	32.7	37.2	28.3	11.4	8.7	15.3
Total			.0				

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. 7403.13.00

CERTAIN UNWROUGHT REFINED COPPER ARTICLES

CERTAIN UNWROUGHT REFINED COPPER ARTICLES[1]

Competitive-Need-Limit Waiver for Chile

I. Introduction

HTS subheadino(s)	Short description	Col. 1 rate of duty (1/1/98)	Like or directly competitive article produced in the United States on Jan. 1. 1997?
		Percent ad valorem	
7403.13.00[1]	Refined copper billets	1%	Yes
7403.19.00[2]	Other articles of refined copper	1%	Yes

[1]Chile has been proclaimed by the President as noneligible for GSP treatment for articles included under HTS subheading 7403.13.00, as of Feb. 6, 1991.
[2] Chile has been proclaimed by the President as noneligible for GSP treatment for articles included under HTS subheading 7403.19.00, as of Feb. 6, 1991.

Description and uses.--Billets are unwrought, refined copper castings with circular or non-circular cross-sections, suitable for rolling, extruding, drawing, or forging into bars, rods, tubes, or other wrought shapes. Other articles of refined copper include fire-refined ingots (FRI) and slabs. FRI, which contain 99.8 percent or more of copper, are melted and used to make unwrought copper or copper alloys castings, or as an alloying ingredient in other metal alloys.[2] Slabs are refined copper casting in the shape of large boxes, with rectangular cross-sections, suitable for rolling into plates, sheets, and strips.

II. U.S. market profile

Profile of U.S. industry and market, 1993-97

Item	1993	1994	1995	1996	1997
Producers *(number)*	30-35	30-35	30-35	30-35	30-35
Employment *(1,000 employees)*	(1)	(1)	(1)	(1)	(1)
Production *(1,000 dollars)*	*4,100,000	*5,500,000	*6,700,000	*5,700,000	*5,900,000
Exports[2] *(1,000 dollars)*	10,922	11,258	21,391	14,223	18,185
Imports *(1,000 dollars)*	95,932	157,574	234,349	353,636	162,481
Consumption *(1,000 dollars)*	*4,185,010	*5,646,316	*6,912,958	*6,039,413	*6,044,296
Import-to-consumption ratio *(percent)* . .	*2	*3	*3	*6	*3
Capacity utilization (percent)	(1)	(1)	(1)	(1)	(1)

[1]Not available.
[2] U.S. export data, as shown in table 2, are collected at the 6-digit HIS level and includes products not covered in this digest.

Comment.--Most billets and slabs are produced by brass mills (which make copper and copper alloy mill products) for captive use in downstream operations. Two primary U.S. copper producers (which mine copper ores and process these ores into metal) also produce billets and slabs. This output is typically sold to brass mills, although these products account for only a small share of the companies' sales. Some secondary copper producers (which make metal from scrap) also make billets.

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[1]This digest includes the following HTS subheadings: 7403.13.00 and 7403.19.00.
[2] The most common form of refined copper is electrolytic copper, also called copper cathode, which is 99.99 percent or more of copper. Fire-refined copper is essentially a less expensive alternative, and typically is not used unless the consumer can remelt the material and thereby control the chemistry of the final product.

There are five producers of FRI. Two of these producers are brass mills which use the FRI captively to make mill products. In addition to these five producers, the primary copper producers also use a fire-refining process, but the material is not cast into ingots; it is solidified as copper anodes, which are used to make electrolytic copper.

Refined copper is an internationally traded, fungible product. Prices are set on commodity exchanges. Producers' prices reflect the commodity exchange price, and there is little difference, if any, in the prices of domestic or foreign refined copper products. Much of the variation in the value of domestic production has been caused by variations in the price of copper cathode, to which the price of billets and slabs is tied, plus a small fabrication charge. The price of FRI is usually set at a slight discount to the cathode price. The domestic producer price of copper cathode averaged approximately $0.92 per pound in 1993, increased to over $1.38 per pound in 1995, and declined to under $1.10 per pound in 1997. However, during the same period the quantity of U.S. production increased steadily, reflecting strong copper consumption in the United States.

III. GSP import situation. 1997

U.S. imports and share of U.S. consumption, 1997

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	162.481	100	(1)	*3
Imports from GSP countries:				
GSP total	51.001	31	100	*1
Chile	48,597	30	95	*1
Peru	1,557	1	3	*(2)
Colombia	624	(2)	1	*(2)
Russia	222	(2)	(2)	*(2)

'Not applicable.
[2] Less than 0.5 percent.

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

Comment.--The petition submitted to USTR states that most Chilean imports under HTS 7403.19.00 are FRI. According to U.S. import statistics, this category accounted for over 99 percent of total imports from Chile under both HTS 7403.13.00 and 7403.19.00.

IV. Competitiveness profiles. GSP suppliers

Competitiveness indicators for Chile for all digest products

Ranking as a U.S. import supplier, 1997	2
Price elasticity:	
Can the U.S. purchaser easily shift among this and other suppliers?	Yes x No
What is the price elasticity of 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

Comment.--Chile is the largest producer of mined copper in the world, and its copper industry is rapidly expanding. Five new projects initiated production and two others increased output substantially in 1996. Mine production increased from approximately 2 million metric tons (mt) in 1993 to almost 3.4 million mt, or 30 percent of world production, in 1997. [10] Foreign investment has been a significant factor in the growth of the copper industry. Rich copper deposits, political stability, and few restrictions on capital and profit flows have made Chile one of the leading investment targets for mining exploration and development in the world. Mining costs are among the lowest in the world. Most major international copper mining companies have invested in Chile's copper industry, including U.S. primary copper companies.

CODELCO, Chile's state-owned copper company, accounted for about 60 percent of mine production in 1996, but its share has declined substantially since the early 1980s, when it accounted for over 90 percent of production. Copper products accounted for almost 40 percent of the total value of Chilean exports in 1996. Chile has extensive copper-processing operations in addition to mines. FRI is produced at the El Tiente smelter, a division of CODELCO. Copper is exported in the form of concentrates, and in unrefined, electrolytically refined, and fire-refined forms. Chile's top export markets in 1997 for refined copper (both electrolytically and fire refined) were the United Kingdom (13 percent), Korea (12 percent), Taiwan (12 percent), and the United States (11 percent). [11]

V. Position of interested parties

Petitioner.--The Chilean Copper Commission, a regulatory agency of the Chilean Government, and CODELCO, a copper mining and processing company owned by the Chilean Government, request GSP-designation and a wavier of the competitive need limit for copper products classified under HTS 7403.13.00 and 7403.19.00.

Petitioner states that the principal product of concern is fire-refined ingots (which is classified in HTS 7403.19.00). Petitioner claims that there is no U.S. production and, therefore, no U.S. industry that will be harmed if GSP-eligibility is granted. [12] Further, petitioner claims that CODELCO is the only Chilean company that produces fire-refined ingots, is presently operating at close to full-capacity, and has no plans to expand production facilities for this product in the future.

Petitioner claims that the economic effect of granting GSP benefits for refined copper billets (HTS 7403.13.00) would be negligible because the U.S. tariff is low and Chile accounts for a small amount of total U.S. imports of this product.

Support.--Madeco S.A., a small Chilean producer of digest products, supports the petition and claims that waiver of the current 1 percent tariff would provide a benefit to Chilean producers and would have little effect in the U.S. market.

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[10] World Bureau of Metal Statistics, *World Metal Statistics,* Sept. 1998.
[11] Ibid.
[12] Staff has determined that there is domestic production of fire-refined ingots. See U.S. market profile and summary of probable economic advice sections.

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

* * * * * * *

Table 1.-Certain unwrought refined copper articles (digest-level): U.S. imports for consumption, by principal sources, 1993-97, January-August 1997-98

Source	1993	1994	1995	1996	1997	January- August 1997	January- August 1998
	Value (1,000 dollars)						
Canada	14,307	22,306	112,368	295,259	94,115	78,477	31,178
Chile	65,461	56,814	40,640	45,173	48,597	33,298	23,829
Japan	4,490	13,977	22,851	10,149	15,613	11,096	13,232
Peru	1,496	47	0	878	1,557	49	0
Germany	6,159	32,247	38,686	144	749	382	840
Colombia	0	309	926	1,364	624	550	0
Finland	89	400	350	498	422	333	463
Austria	0	0	0	0	281	246	108
Russia	0	0	0	0	222	12	0
Netherlands	763	0	22	35	138	90	971
France	153	0	239	5	102	0	0
Australia	0	30	63	75	28	28	0
Switzerland	0	0	31	0	17	0	0
Italy	9	5	11	8	10	0	0
Taiwan	0	4	0	0		5	7
All Other	3,005	31,433	18,163	49	0	0	40
Total	**95,932**	**157,574**	**234,349**	**353,636**	**162,481**	**124,566**	**70,668**
Total from GSP-eligible nations	**67,386**	**57,251**	**41,621**	**47,440**	**51,001**	**33,909**	**23,829**
	Percent						
Canada	14.9	14.2	47.9	83.5	57.9	63.0	44.1
Chile	68.2	36.1	17.3	12.8	29.9	26.7	33.7
Japan	4.7	8.9	9.8	2.9	9.6	8.9	18.7
Peru	1.6	0.0	0.0	0.2	1.0	0.0	0.0
Germany	6.4	20.5	16.5	0.0	0.5	0.3	1.2
Colombia	0.0	0.2	0.4	0.4	0.4	0.4	0.0
Finland	0.1	0.3	0.1	0.1	0.3	0.3	0.7
Austria	0.0	0.0	0.0	0.0	0.2	0.2	0.2
Russia	0.0	0.0	0.0	0.0	0.1	0.0	0.0
Netherlands	0.8	0.0	0.0	0.0	0.1	0.1	1.4
France	0.2	0.0	0.1	0.0	0.1	0.0	0.0
Australia	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
Italy	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Taiwan	0.0	0.0	0.0	0.0	0.0	0.0	0.0
All Other	3.1	19.9	7.8	0.0	0.0	0.0	0.1
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Share from GSP-eligible nations	**70.2**	**36.3**	**17.8**	**13.4**	**31.4**	**27.2**	**33.7**

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 unwrought refined copper articles (HTS subheading 7403.13.00): U.S. imports for consumption, by principal sources, 1993-97, January-August 1997-98

Source						[redacted]	
	Value (1,000 dollars)						
Canada	7,240	10,699	12,976	14,554	12,664	8,078	6,274
Japan	50	1,169	1,502	2,843	3,403	2,331	1,398
Colombia	0	309	926	1,364	456	456	0
Germany	5,872	30,915	38,884	0	392	208	638
Austria	0	0	0	0	281	246	108
Russia	0	0	0	0	222	12	0
Chile	10,990	4,181	85	79	187	187	165
Netherlands	6	0	20	35	138	98	87
France	153		0	5	102	0	0
Finland	57	59	49	37	47	47	20
Australia	0	0	46	0	28	28	0
Switzerland	0	0	0	0	17	0	0
Brazil	411		0	0	0	0	0
United Kingdom	0	0	0	15	0	0	0
Mexico	1,628	885	0	0	0	0	0
All Other	17	32	5	8	0	0	0
Total	26,425	50,103	53,943	18,939	17,936	11,682	8,693
Total from GSP-eligible nations	11,401	4,490	1,011	1,443	643	643	165
	Percent						
Canada	27.4	21.4	24.1	76.8	70.6	69.1	72.2
Japan	0.2	2.3	2.8	15.0	19.0	20.0	16.1
Colombia	0.0	0.6	1.7	7.2	2.5	3.9	0.0
Germany	22.2	61.7	72.1	0.0	2.2	1.8	7.3
Austria	0.0	0.0	0.0	0.0	1.6	2.1	1.2
Russia	0.0	0.0	0.0	0.0	1.2	0.1	0.0
Chile	41.6	8.3	0.2	0.4	1.0	1.6	1.9
Netherlands	0.0	0.0	0.0	0.2	0.8	0.8	1.0
France	0.6	0.0	0.0	0.0	0.6	0.0	0.0
Finland	0.2	0.1	0.1	0.2	0.3	0.4	0.2
Australia	0.0	0.0	0.1	0.0	0.2	0.2	0.0
Switzerland	0.0	0.0	0.0	0.0	0.1	0.0	0.0
Brazil	1.6	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Mexico	6.2	1.8	0.0	0.0	0.0	0.0	0.0
All Other	0.1	0.1	0.0	919	0.0	0.o	0.0
Share from GSP-eligible nations	43.1	9.0	1.9	7.6	3.6	5.5	1.9

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 unwrought refined copper articles (HTS subheading 7403.19.00): U.S. imports for consumption, by principal sources, 1993-97, January-August 1997-98

Source						
	Value (1,000 dollars)					
Canada	7,067	11,607	99,391	280,706	80,451	66,151	24,905
Chile	54,471	52,633	40,555	45,095	48,410	33,110	2,363
Japan	4,440	12,808	21,349	7,305	12,211	8,765	11,883
Peru	1,496	47	0	878	1,557	0	0
Finland	31	341	301	461	375	287	443
Germany	287	332	352	144	357	174	204
Colombia	0	0	0	0	169	94	0
Italy	9	5	11	8	10	0	0
Taiwan	0	4	0	0	5	4	7
Australia	0	30	17	75	0	0	0
Netherlands	757	0	2	0	0	0	884
Mexico	0	30,428	18,107	0	0	0	40
Venezuela	0	0	50	0	0	0	0
United Kingdom	0	0	0	8	0	0	0
Switzerland	0	0	31	0	0	0	0
All Other	949	88	240	17	1,000	0	0
Total	**69,507**	**108,323**	**180,406**	**334,697**	**144,545**	**108,585**	**40,729**
Total from GSP-eligible nations	**55,967**	**52,684**	**40,605**	**45,973**	**50,141**	**33,208**	**2,370**
	Percent						
Canada	10.2	10.7	55.1	83.9	55.7	60.9	61.1
Chile	78.4	48.6	22.5	13.5	33.5	30.5	5.8
Japan	6.4	11.8	11.8	2.2	8.4	8.1	29.2
Peru	2.2	0.0	0.0	0.3	1.1	0.0	0.0
Finland	0.0	0.3	0.2	0.1	0.3	0.3	1.1
Germany	0.4	0.3	0.2	0.0	0.2	0.2	0.5
Colombia	0.0	0.0	0.0	0.0	0.1	0.1	0.0
Italy	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Taiwan	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Australia	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Netherlands	1.1	0.0	0.0	0.0	0.0	0.0	2.2
Mexico	0.0	28.1	10.0	0.0	0.0	0.0	0.1
Venezuela	0.0	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	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
All Other	1.4	0.1	0.1	0.0	0.7	0.0	0.0
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Share from GSP-eligible nations	**80.5**	**48.6**	**22.5**	**13.7**	**34.7**	**30.6**	**5.8**

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 unwrought refined copper articles: U.S. exports of domestic merchandise, by principal markets, 1993-97, January - August 1997-98

Market						January - August	
				996			
	Value (1,000 dollars)						
Canada	5,433	6,022	9,556	10,418	11,723	7,768	9,258
Netherlands	294	1,311	8,899	4,498	4,147	3,976	4,178
Mexico	1,679	1,885	1,619	2,390	2,958	1,997	2,360
Germany	352	1,561	684	1,869	2,919	1,932	1,476
Brazil	243	243	833	604	2,097	1,626	750
United Kingdom	409	954	1,275	720	2,066	1,453	1,029
Japan	2,445	3,065	2,913	2,011	1,870	1,311	950
Taiwan	745	970	1,617	1,222	1,735	1,389	885
Israel	0	0	124	165	1,087	1,087	0
Korea	1,038	1,073	2,098	3,711	946	445	418
Australia	455	387	894	705	930	572	882
Thailand	1,043	587	963	812	812	694	262
Philippines	683	601	806	802	672	507	502
Indonesia	286	486	515	728	459	340	56
Singapore	347	336	355	148	441	252	282
All Other	5,841	3,607	8,554	4,189	4,534	3,225	4,180
	[redacted]	[redacted]		[redacted]	[redacted]		[redacted]
	Percent						
Canada	25.5	26.1	22.9	29.8	29.8	27.2	33.7
Netherlands	1.4	5.7	21.3	12.9	10.5	13.9	15.2
Mexico	7.9	8.2	3.9	6.8	7.5	7.0	8.6
Germany	1.7	6.8	1.6	5.3	7.4	6.8	5.4
Brazil	1.1	1.1	2.0	1.7	5.3	5.7	2.7
United Kingdom	1.9	4.1	3.1	2.1	5.2	5.1	3.7
Japan	11.5	13.3	7.0	5.7	4.7	4.6	3.5
Taiwan	3.5	4.2	3.9	3.5	4.4	4.9	3.2
Israel	0.0	0.0	0.3	0.5	2.8	3.8	0.0
Korea	4.9	4.6	5.0	10.6	2.4	1.6	1.5
Australia	2.1	1.7	2.1	2.0	2.4	2.0	3.2
Thailand	4.9	2.5	2.3	2.3	2.1	2.4	1.0
Philippines	3.2	2.6	1.9	2.3	1.7	1.8	1.8
Indonesia	1.3	2.1	1.2	2.1	1.2	1.2	0.2
Singapore	1.6	1.5	0.9	0.4	1.1	0.9	1.0
All Other	27.4	15.6	20.5	12.0	11.5	11.3	15.2
						100.0	

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. 7418.19.20

CERTAIN BRASS HOUSEHOLD ARTICLES

CERTAIN BRASS HOUSEHOLD ARTICLES

Competitive-Need-Limit Waiver for India

I. Introduction

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/98)	Like or directly competitive article produced in the United States on Jan. 1. 1997?
		Percent ad valorem	
7418.19.20[1]	Copper-zinc alloy (brass), table, kitchen or other household articles and parts thereof, not coated or plated with precious metals.	3.1%	Yes

[1] India is not excuded from GSP treatment for this HTS subheading.

Description and uses.--Certain brass household articles of HTS 7418.19.20 include, but are not limited to, items such as brass napkin rings, incense holders, buckets, boxes and baskets, switch plates, serving dishes, and ash trays. This category does not include brass candle holders, picture frames, umbrella stands, hardware, sanitary ware, or decorative articles. It is a basket category that covers assorted miscellaneous articles made of brass for household use.

II. U.S. market profile

Profile of U.S. industry and market, 1993-97

Item	1993	1994	1995	1996	1997
Producers *(number)*	(1)	(1)	(1)	(1)	(1)
Employment *(1,000 employees)*	(1)	(1)	(1)	(1)	(1)
Production *(1,000 dollars)*	(1)	(1)	(1)	(1)	(1)
Exports[2] *(1,000 dollars)*	**2,000	**2,000	**2,000	"2,000	"2,000
Imports (1,000 dollars)	57,883	60,754	59,268	50,547	54,365
Consumption *(1,000 dollars)*	(1)	(1)	(1)	(1)	(1)
Import-to-consumption ratio *(percent)*	(1)	(1)	(1)	(1)	(1)
Capacity utilization *(percent)*	(1)	(1)	(1)	(1)	(1)

[1] Not available.
[2] Estimated values for U.S. exports of certain brass household articles are provided for 1993-1997. U.S. export data, as shown in Table 2, are collected at the 6-digit HTS level and includes products not covered by this digest.

Comment.--U.S. production data are not available due to the nature of this basket HTS classification, which consists of many miscellaneous products. U.S. producers make a wide variety of the articles covered by HTS 7418.19.20; however, U.S. products tend to be made from higher quality brass and thus are often higher priced than imported products, and may be sold to different segments of the market. Their customers include high-end/upscale department stores, specialty shops, and home decoration and hardware stores. Therefore, U.S. products do not compete with imports. The brass household articles market is tied to fashion and style trends, rather than the U.S. economic cycle. According to industry sources, the brass cycle has begun to contract as alternatives to brass decorations, such as nickel or iron, become more fashionable.

Brass household articles compete on the basis of both price and quality. According to industry sources, brass products are judged by weight and finish. An item made of high-quality brass is heavier and has a mirror-like finish when compared with an item of lower quality brass, which is lighter in weight and distorts reflected images. Over the last 10 years, U.S. customers have demonstrated an increasing awareness of such quality issues. Some foreign producers have improved the quality of their product. Several U.S. producers import low-end products with which they do not compete to complement their product mix. ***. ***.

Some U.S. producers provide custom design and antique reproduction services that result in smaller quantities, but reportedly command higher prices. The Smithsonian Institution and Colonial Williamsburg are examples of customers for such services.

III. GSP import situation. 1997

U.S. imports and share of U.S. consumption, 1997

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	54.365	100	(1)	(2)
Imports from GSP countries:				
GSP total	27 431	50	100	(2)
India	26,462	49	96	(2)
Thailand	522	1	2	(2)
Indonesia	111	(3)	(3)	(2)
Turkey	67	(3)	(3)	(2)

[1] Not applicable.
[2] Not available.
[2] 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, 1997	1
Price elasticity:	
Can the U.S. purchaser easily shift among this and other suppliers?	Yes X No
What is the price elasticity of 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 X Below
Quality compared with--	
U.S. products	Above Equivalent Below X
Other foreign products	Above Equivalent X Below

Comment.--Demand for U.S. imports from GSP countries has a high price elasticity owing to the substitutability of brass household products. While India has traditionally dominated the production of this type of product, industry representatives indicate that China has been increasing its presence in the U.S. market. Taiwan is also a leading supplier; however, its share of the total U.S. import market is decreasing.

According to U.S. importers, India also sells to the European market. Some suppliers specialize in the European market and others specialize in the U.S. market; few companies may sell to both. Suppliers vary in size, with a few large companies and many smaller producers.

Brass household articles produced in India typically do not directly compete with U.S. products. The distribution of these products varies according to quality and price. Higher quality U.S.-manufactured brass household articles command a higher price than Indian products and are sold to upscale retail establishments, department stores and specialty shops, and decorator stores. If lower quality, lower priced products are needed to complete a product line, U.S. producers import.

According to industry sources, demand in the United States has begun to decline as other materials, such as nickel or iron, become more popular. Overall, total imports have decreased since their peak in 1994. However, India's share of the U.S. import market increased from 44.6 percent in 1993 to 48.7 percent in 1997.

V. Position of interested parties

Petitioner.--The Government of India petitioned for a waiver of the competitive need limits for these products stating that these decorative items are made on a small scale and provide employment for several thousand artisans. Although these products have not been found noneligible for GSP treatment, the petitioners stated that they accounted for less than 50 percent of U.S. imports in 1998.

VI. Summary of probable economic effects advice—Competitive-need-limit waiver (India)

*   *   *   *   *   *

Table 1.-Certain brass household articles: U.S. imports for consumption, by principal sources, 1993-97, January-August 1997-98

Source							1
	Value (1,000 dollars)						
India	25,822	25,973	24,822	20,628	26,462	14,177	16,823
Taiwan	15,864	16,065	15,874	11,590	11,135	7,329	7,400
China	5,656	5,125	6,620	8,015	8,361	5,735	4,705
Korea	2,582	2,977	3,592	3,729	2,616	1,764	1,593
Italy	450	813	869	890	796	502	622
Portugal	630	580	585	228	788	251	1,464
United Kingdom	451	820	1,036	547	681	460	284
Hong Kong	1,020	960	1,154	571	592	396	178
Thailand	1,271	2,629	1,594	1,195	522	283	670
Sweden	305	386	457	161	470	332	254
Germany	365	265	211	351	320	273	1,147
France	336	491	212	243	303	256	190
Denmark	41	137	305	608	273	158	50
Spain	1,042	908	592	263	166	82	25
Mexico	119	88	8	254	123	56	90
All Other	1,929	2,536	1,337	1,274	756	507	860
	Percent						
India	44.6	42.8	41.9	40.8	48.7	43.5	46.3
Taiwan	27.4	26.4	26.8	22.9	20.5	22.5	20.4
China	9.8	8.4	11.2	15.9	15.4	17.6	12.9
Korea	4.5	4.9	6.1	7.4	4.8	5.4	4.4
Italy	0.8	1.3	1.5	1.8	1.5	1.5	1.7
Portugal	1.1	1.0	1.0	0.5	1.4	0.8	4.0
United Kingdom	0.8	1.3	1.7	1.1	1.3	1.4	0.8
Hong Kong	1.8	1.6	1.9	1.1	1.1	1.2	0.5
Thailand	2.2	4.3	2.7	2.4	1.0	0.9	1.8
Sweden	0.5	0.6	0.8	0.3	0.9	1.0	0.7
Germany	0.6	0.4	0.4	0.7	0.6	0.8	3.2
France	0.6	0.8	0.4	0.5	0.6	0.8	0.5
Denmark	0.1	0.2	0.5	1.2	0.5	0.5	0.1
Spain	1.8	1.5	1.0	0.5	0.3	0.3	0.1
Mexico	0.2	0.1	0.0	0.5	0.2	0.2	0.2
All Other	3.3	4.2	2.3	2.5	1.4	1.6	2.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Share from GSP-eligible nations	48.1	49.7	45.4	44.5	50.5	45.3	49.5

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 brass household articles: U.S. exports of domestic merchandise, by principal markets, 1993-97, January - August 1997-98

Market	1993	1994	1995	1996	1997	January - August 1997	January - August 1998
	Value (1,000 dollars)						
Canada	862	1,586	1,504	1,269	1,066	639	755
Israel	1,695	771	973	428	872	681	398
Japan	348	529	898	337	349	257	195
Mexico	246	540	28	699	140	135	21
Haiti	0	0	0	0	132	132	0
Peru	0	25	19	62	128	93	0
Greece	216	60	99	52	117	117	20
Thailand	110	156	411	334	85	85	32
Ireland	16	73	38	154	84	84	217
Taiwan	3	50	276	161	66	0	245
Hong Kong	76	70	29	11	60	27	8
Brazil	58	119	74	38	51	25	94
Germany	92	50	6	8	50	3	0
Saudi Arabia	0	30	27	93	50	45	5
New Zealand	18	0	14	7	46	30	35
All Other	2,130	1,354	1,284	1,323	570	454	916
	Percent						
Canada	14.7	29.3	26.5	25.5	27.6	22.8	25.7
Israel	28.9	14.2	17.1	8.6	22.6	24.3	13.5
Japan	5.9	9.8	15.8	6.8	9.0	9.2	6.6
Mexico	4.2	10.0	0.5	14.1	3.6	4.8	0.7
Haiti	0.0	0.0	0.0	0.0	3.4	4.7	0.0
Peru	0.0	0.5	0.3	1.2	3.3	3.3	0.0
Greece	3.7	1.1	1.7	1.0	3.0	4.2	0.7
Thailand	1.9	2.9	7.2	6.7	2.2	3.0	1.1
Ireland	0.3	1.3	0.7	3.1	2.2	3.0	7.4
Taiwan	0.1	0.9	4.9	3.2	1.7	0.0	8.3
Hong Kong	1.3	1.3	0.5	0.2	1.6	1.0	0.3
Brazil	1.0	2.2	1.3	0.8	1.3	0.9	3.2
Germany	1.6	0.9	0.1	0.2	1.3	0.1	0.0
Saudi Arabia	0.0	0.6	0.5	1.9	1.3	1.6	0.2
New Zealand	0.3	0.0	0.2	0.1	1.2	1.1	1.2
All Other	36.3	25.0	22.6	26.6	14.7	16.2	31.2
Total	100.0	100.0	100.0	100.0	100.0	100.	100.0

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. 8483.10.30

CAMSHAFTS AND CRANKSHAFTS DESIGNED FOR
USE IN DIESEL AND SEMI-DIESEL ENGINES

CAMSHAFTS AND CRANKSHAFTS DESIGNED FOR USE IN DIESEL AND SEMI-DIESEL ENGINES

Competitive-Need-Limit Waiver for Brazil

I. Introduction

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/98)	Like or directly competitive article produced in the United States on Jan. 1, 1997?
		*Percent **ad valorem***	
8483.10.30[1]	Camshafts and crankshafts designed for use with diesel and semi-diesel engines	2.7%	Yes

' Brazil is not excuded from GSP treatment for this HIS subheading.

Description and uses.--Camshafts and crankshafts are typically forged from steel. Camshafts open and close the exhaust and intake valves of diesel engines. The camshaft's rotation causes the cams to lift and lower rocker arms that control valve openings. Crankshafts handle the power output of diesel engines by converting reciprocating piston motion into rotary motion to provide the turning motion for vehicle wheels.

II. U.S. market profile

Profile of U.S. industry and market, 1993-97

Item	1993	1994	1995	1996	1997
Producers ***(number)***	"6-8	**6-8	"6-8	**6-8	**6-8
Employment ***(1,000 employees)***	**3	**4	**4	**4	**4
Shipments ***(1,000 dollars)***	"260,000	**323,000	**360,000	**320,000	**343,000
Exports ***(1,000 dollars)***	32,904	34,813	41,360	36,526	38,997
Imports ***(1,000 dollars)***	179,954	222,831	248,395	224,532	268,115
Consumption ***(1,000 dollars)***	"407,050	**511,018	**567,035	"508,006	**572,118
Import-to-consumption ratio ***(percent)***	**44	**44	**44	**44	**47
Capacity utilization ***(percent)***	(1)	(1)	(1)	(1)	**95

'Not available.

Comment.--The U.S. industry producing camshafts and crankshafts for diesel applications requires extensive capital and labor investments in the forging and finishing of these products, in part because of the stringent customer requirements demanded of manufacturers. Because of the different processes and equipment required to manufacture these products, they may undergo finishing operations at facilities separate from forging sites, depending on the manufacturers' capabilities and capacity.

U.S. producers' shipments of crankshafts and camshafts for diesel and semi-diesel engines rose by 32 percent during the period, generally reflecting improved demand for the bus and medium- to heavy-duty truck, marine, and construction equipment industries, the principal markets for diesel engines.[13] U.S. imports, which increased by 49 percent during 1993-97, are principally sourced from Brazil, France, Germany, and Japan, all major producers of diesel engines and components.

[13] For example, retail sales of North American-built trucks with a gross vehicle weight exceeding 14,000 pounds rose by 26 percent to 362,000 units during 1993-97. *Economic Indicators -- The Motor Vehicle's Role in the U.S. Economy, 1st Quarter 1998,* American Automobile Manufacturers Association, May 1998, p. 10.

III. GSP import situation, 1997

U.S. imports and share of U.S. consumption, 1997

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	268,115	100	(1)	**47
Imports from GSP countries:				
GSP total	77,578	29	100	**14
Brazil	76,089	28	98	**13
South Africa	684	(2)	1	**(2)
India	421	(2)	1	**(2)
Venezuela	120	(2)	(2)	**(2)

[1] Not applicable.
[2] Less than 0.5 percent.

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

Comment.--Brazil is the leading U.S. supplier of crankshafts and camshafts for diesel engines, accounting for 28 percent of U.S. imports. France, Germany, and Japan (major world producers of diesel engines) together accounted for 54 percent ($145.3 million) of total U.S. imports of these engine components.

Krupp Hoesch Automotive (Germany) is believed to be the world's largest producer of these products, with drivetrain facilities in the United States, Germany, France, Mexico, Brazil, Tunisia, and Spain.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1997	1		
Price elasticity:			
Can the U.S. purchaser easily shift among this and other suppliers?		Yes	No X
What is the price elasticity of 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	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 X	Below
Other foreign products	Above	Equivalent X	Below __

Comment.--Brazil has emerged as South America's leading manufacturer of motor vehicles as well as motor vehicle parts. The engine and engine components sector of the automotive industry has the most significant Brazilian-owned company presence, despite increasing foreign investments from European and U.S. firms pursuing globalization strategies. Of total exports of Brazilian automotive parts, engines rank as the third-largest export category."

Brazil dominates all GSP suppliers of these products, accounting for 98 percent of total U.S. GSP imports. Although such imports may be lower priced, U.S. automakers often purchase camshafts and

" U.S. Department of Commerce, *Market Research Reports, Brazil - Automobiles and Automotive Parts -* ISA970601, June 1, 1997.

crankshafts from North American suppliers because of their timely delivery needs, supplier certification requirements, and established customer-supplier relationships.

Cummins Engine Co., the petitioner, is a leading U.S. diesel engine producer that purchases crankshafts for its 3.9-8.3 liter diesel engines from ***. Cummins asserts that ***. With the waiver of the competitive-need limit, ***.

V. Position of interested parties

Petitioner.--Cummins Engine Co. stated that the historical preference for crankshafts imported from Brazil would further the national interest with only a remote chance of causing harm to a U.S. industry. Specifically, the waiver of the competitive need limit would enhance the position of Cummins as well as other diesel engine manufacturers in the United States. These companies provide major employment opportunities in the United States and there are no U.S. companies that can provide these goods and services.

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

*   *   *   *   *   *

Table 1.-Camshafts & crankshafts designed for use in diesel or semi-diesel engines: U.S. imports for consumption, by principal sources, 1993-97, January-August 1997-98

Source							
	Value (1,000 dollars)						
Brazil	40,160	40,793	53,682	69,222	76,089	49,993	53,166
France	31,587	37,546	58,958	51,283	68,690	43,689	47,970
Germany	36,388	51,128	45,767	33,993	39,364	25,759	30,449
Japan	28,777	35,270	41,372	31,529	37,221	24,031	41,398
Belgium	16,971	15,808	11,510	11,320	15,714	9,762	8,145
United Kingdom	9,594	9,900	10,172	11,738	14,884	10,271	7,794
Canada	1,870	4,780	3,463	4,855	5,522	2,497	7,580
Italy	378	417	1,270	1,566	1,719	1,261	1,765
Austria	1,924	2,367	2,127	1,782	1,595	1,279	1,502
Mexico	5,419	15,984	13,938	1,306	1,286	1,003	1,040
Spain	2,434	2,737	2,097	1,761	1,175	947	686
Singapore	89	120	238	446	981	526	492
Sweden	76	77	35	69	910	495	1,179
South Africa	10	63	215	129	684	511	49
Netherlands	63	55	140	199	421	309	218
All Other	4,215	5,787	3,411	3,333	1,860	1,231	2,309
Total	**179,954**	**222,831**	**248,395**	**224,532**	**268,115**	**173,563**	**205,742**
Total from GSP-eligible nations	**40,458**	**41,588**	**54,454**	**69,853**	**77,578**	**51,035**	**54,337**
	Percent						
Brazil	22.3	18.3	21.6	30.8	28.4	28.8	25.8
France	17.6	16.8	23.7	22.8	25.6	25.2	23.3
Germany	20.2	22.9	18.4	15.1	14.7	14.8	14.8
Japan	16.0	15.8	16.7	14.0	13.9	13.8	20.1
Belgium	9.4	7.1	4.6	5.0	5.9	5.6	4.0
United Kingdom	5.3	4.4	4.1	5.2	5.6	5.9	3.8
Canada	1.0	2.1	1.4	2.2	2.1	1.4	3.7
Italy	0.2	0.2	0.5	0.7	0.6	0.7	0.9
Austria	1.1	1.1	0.9	0.8	0.6	0.7	0.7
Mexico	3.0	7.2	5.6	0.6	0.5	0.6	0.5
Spain	1.4	1.2	0.8	0.8	0.4	0.5	0.3
Singapore	0.0	0.1	0.1	0.2	0.4	0.3	0.2
Sweden	0.0	0.0	0.0	0.0	0.3	0.3	0.6
South Africa	0.0	0.0	0.1	0.1	0.3	0.3	0.0
Netherlands	0.0	0.0	0.1	0.1	0.2	0.2	0.1
All Other	2.3	2.6	1.4	1.5	0.7	0.7	1.1
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
are rom GSP-eligible 40t#N1 ...	**22.5**	**18.7**	**21.9**	**31.1**	**28.9**	**29.4**	**26.4**

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.--Camshafts & crankshafts designed for use in diesel or semi-diesel engines: U.S. exports of domestic merchandise, by principal markets, 1993-97, January -August 1997-98

Market							
	Value (1,000 dollars)						
Canada	6,685	7,012	9,969	10,056	10,107	6,648	9,018
Mexico	2,383	2,536	2,087	3,240	4,784	2,504	4,650
India	5,644	630	4,448	3,261	3,642	1,699	3,176
Brazil	1,899	5,112	5,379	3,016	2,178	1,984	365
Sweden	761	1,185	1,070	1,901	1,882	1,520	378
France	4,046	3,395	3,495	912	1,861	749	1,148
Chile	761	902	1,541	2,155	1,256	1,188	163
Australia	182	103	298	889	1,195	968	316
Denmark	17	46	40	29	1,055	496	1,092
Peru	509	743	1,407	1,961	1,037	928	58
Belgium	49	101	3	40	1,037	117	1,783
United Kingdom	808	269	268	829	1,025	498	1,266
Korea	734	1,341	874	1,319	1,002	866	291
Argentina	583	5,161	3,252	1,218	819	695	193
Japan	2,034	871	390	308	664	363	111
All Other	5,810	5,407	6,837	5,394	5,452	4,464	3,504
	[redacted]			[redacted]	[redacted]		
	Percent						
Canada	20.3	20.1	24.1	27.5	25.9	25.9	32.8
Mexico	7.2	7.3	5.0	8.9	12.3	9.7	16.9
India	17.2	1.8	10.8	8.9	9.3	6.6	11.5
Brazil	5.8	14.7	13.0	8.3	5.6	7.7	1.3
Sweden	2.3	3.4	2.6	5.2	4.8	5.9	1.4
France	12.3	9.8	8.5	2.5	4.8	2.9	4.2
Chile	2.3	2.6	3.7	5.9	3.2	4.6	0.6
Australia	0.6	0.3	0.7	2.4	3.1	3.8	1.1
Denmark	0.1	0.1	0.1	0.1	2.7	1.9	4.0
Peru	1.5	2.1	3.4	5.4	2.7	3.6	0.2
Belgium	0.1	0.3	0.0	0.1	2.7	0.5	6.5
United Kingdom	2.5	0.8	0.6	2.3	2.6	1.9	4.6
Korea	2.2	3.9	2.1	3.6	2.6	3.4	1.1
Argentina	1.8	14.8	7.9	3.3	2.1	2.7	0.7
Japan	6.2	2.5	0.9	0.8	1.7	1.4	0.4
All Other	17.7	15.5	16.5	14.8	14.0	17.4	12.7
Tot		,,,,,,,,					

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. 8527.39.00

AC-POWERED RADIOBROADCAST RECEIVERS

AC-POWERED RADIOBROADCAST RECEIVERS

Competitive-Need-Limit Waiver for Indonesia

I. Introduction

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/98)	Like or directly competitive article produced in the United States on Jan. 1. 1997?
		Percent ad valorem	
8527.39.00[1]	AC-powered radiobroadcast receivers	3.6%	Yes

[1] Indonesia is not excuded from GSP treatment for this HTS subheading.

Description and uses.--These products are used to tune in, amplify, and play radiobroadcasts. They may be combined with other imports into complete audio systems consisting of the radiobroadcast receiver combined with turntable, cassette deck, CD player, or any combination of the foregoing.

II. U.S. market profile

Profile of U.S. industry and market, 1993-97

Item	1993	1994	1995	1996	1997
Producers (number)	***[1]	***[1]	***[1]	***[1]	***[1]
Employment *(1,000 employees)*	***	***	***	***	***
Shipments *(1,000 dollars)*					
Exports *(1,000 dollars)*	17,312	34,806	32,180	29,541	20,967
Imports *(1,000 dollars)*	447,226	470,090	518,159	493,653	396,689
Consumption *(1,000 dollars)*	***	***	***	***	***
Import-to-consumption ratio *(percent)*	***	***	***	***	***
Capacity utilization *(percent)*	(2)	(2)	(2)	(2)	(2)

[2] Not available.

Comment.--There is only one U.S. producer of the subject goods. Until this producer opened a factory in 1993, AC-powered radiobroadcast receivers have not been produced in the United States since the early 1980s.

III. GSP import situation 1997

U.S. imports and share of U.S. consumption, 1997

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	396,689	100	(1)	***
Imports from GSP countries:				
GSP total	81,146	20	100	***
Indonesia	61,419	15	76	***
Philippines	14,003	4	17	***
Thailand	5,713	1	7	***

[1] Not applicable.

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

Comment.--Indonesia became the most significant GSP supplier in 1997, but in prior years it accounted for less than 1 percent. GSP suppliers accounted for almost 60 percent of total U.S. imports if these products in 1996, but only 20 percent of 1997 imports. Malaysia, which had been the most significant supplier, with a share of over 90 percent of U.S. imports from GSP-eligible countries during 1993-96, was graduated from the program on January 1, 1997.

IV. Competitiveness profiles. GSP suppliers

Competitiveness indicators for Indonesia for all digest products

Ranking as a U.S. import supplier, 1997	2		
Price elasticity:			
Can the U.S. purchaser easily shift among this and other suppliers?		Yes x No	
What is the price elasticity of 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	No x
Could exports from the country be readily redistributed among its foreign export markets?		Yes	No x
What is the price elasticity of import supply?	High	Moderate x Low	
Price level compared with--			
U.S. products	Above	Equivalent	Below X
Other foreign products	Above	Equivalent x Below	
Quality compared with--			
U.S. products	Above	Equivalent	Below X
Other foreign products	Above	Equivalent x Below	

Comment.--The products of the GSP suppliers do not compete with those of the domestic producer because the price of the domestic product is significantly higher than the price of imports.

V. Position of interested parties

Petitioner.--Pioneer Electronics (USA), Inc. and P.T. Dahw Electronic Indonesia petitioned for the waiver of the competitive need limit for the products under this HIS subheading as a new producer of similar stereos will begin production in Indonesia with the United States as its principal intended market. The GSP-eligiblity of these products is a crucial consideration for the continued production operations at the plant in Indonesia. Without GSP eligibility, it would be economically unfeasible to continue production in Indonesia.

Support.--US JVC Corp. expressed its support for a waiver of the competitive needs limit for certain radiobroadcast receivers. JVC established a new factory in Indonesia to provide hi-fi radiobroadcast receivers which it previously had manufactured in Malaysia. According to JVC, the waiver would benefit U.S. consumers, Indonesian workers, and the Indonesian economy, by keeping prices down for consumers and by making the products of Indonesia more price competitive. All receivers produced by JVC Indonesia are intended for export to the majority to the United States.

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

* * * * * * *

Table 1.-AC-powered radiobroadcast receivers: U.S. imports for consumption, by principal sources, 1993-97, January-August 1997-98

Source				[redacted]		9	
	Value (1,000 dollars)						
Malaysia	194,125	217,116	279,162	317,859	167,715	106,082	99,672
Indonesia	0	181	101	2,215	61,419	39,654	38,055
China	4,882	11,169	30,714	48,071	58,544	37,714	50,322
Japan	173,134	161,390	108,912	44,380	55,204	30,765	27,994
Korea	35,311	27,265	42,077	40,710	22,549	13,411	10,767
Philippines	888	88	4,352	17,701	14,003	7,238	7,258
Thailand	0	127	12	312	5,713	3,971	3,254
Singapore	25,317	25,399	34,436	12,579	4,733	3,566	4,947
Canada	24	145	2,642	4,039	3,047	2,360	1,336
Hong Kong	255	1,089	1,028	1,636	1,409	1,123	245
Taiwan	11,849	25,716	13,679	3,504	1,097	935	279
United Kingdom	78	81	297	224	860	536	1,445
Germany	44	11	18	79	165	100	7
Netherlands	27	0	0	23	113	101	0
All other	1,287	313	726	322	90	77	300
	Percent						
Malaysia	43.4	46.2	53.9	64.4	42.3	42.8	40.5
Indonesia	0.0	0.0	0.0	0.4	15.5	16.0	15.5
China	1.1	2.4	5.9	9.7	14.8	15.2	20.5
Japan	38.7	34.3	21.0	9.0	13.9	12.4	11.4
Korea	7.9	5.8	8.1	8.2	5.7	5.4	4.4
Philippines	0.2	0.0	0.8	3.6	3.5	2.9	3.0
Thailand	0.0	0.0	0.0	0.1	1.4	1.6	1.3
Singapore	5.7	5.4	6.6	2.5	1.2	1.4	2.0
Canada	0.0	0.0	0.5	0.8	0.8	1.0	0.5
Hong Kong	0.1	0.2	0.2	0.3	0.4	0.5	0.1
Taiwan	2.6	5.5	2.6	0.7	0.3	0.4	0.1
United Kingdom	0.0	0.0	0.1	0.0	0.2	0.2	0.6
Germany	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Netherlands	0.0	0.0	0.0	0.0	0.0	0.0	0.0
All other	0.3	0.1	0.1	0.1	0.0	0.0	0.1
					CVO		

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.--AC-powered radiobroadcast receivers: U.S. exports of domestic merchandise, by principal markets, 1993-97, January - August 1997-98

Market						anu	
	Value (1,000 dollars)						
Canada	3,657	4,350	6,578	10,083	5,708	4,014	2,222
Japan	4,090	4,910	4,304	7,240	3,922	2,331	4,745
Mexico	6,168	15,997	9,838	2,738	3,732	2,423	658
Venezuela	189	51	101	391	1,867	369	3,255
Paraguay	0	64	220	653	773	474	70
Brazil	106	1,338	110	1,420	470	149	224
Germany	76	114	684	348	435	154	38
Korea	54	178	139	497	414	311	171
Honduras	95	881	508	976	299	290	54
France	33	48	155	210	256	185	452
Singapore	28	124	130	113	244	143	18
Dominican Republic	17	0	43	50	220	163	297
United Kingdom	75	122	215	229	203	144	137
Singapore	379	0	612	245	165	165	17
Guatemala	78	155	325	483	162	162	141
All Other	2,266	2,474	8,221	3,864	2,097	1,582	1,931
		[redacted]					
	Percent						
Canada	21.1	14.1	20.4	34.1	27.2	30.7	15.4
Japan	23.6	15.9	13.4	24.5	18.7	17.8	32.9
Mexico	35.6	51.9	30.6	9.3	17.8	18.6	4.6
Venezuela	1.1	0.2	0.3	1.3	8.9	2.8	22.6
Paraguay	0.0	0.2	0.7	2.2	3.7	3.6	0.5
Brazil	0.6	4.3	0.3	4.8	2.2	1.1	1.6
Germany	0.4	0.4	2.1	1.2	2.1	1.2	0.3
Korea	0.3	0.6	0.4	1.7	2.0	2.4	1.2
Honduras	0.5	2.9	1.6	3.3	1.4	2.2	0.4
France	0.2	0.2	0.5	0.7	1.2	1.4	3.1
Singapore	0.2	0.4	0.4	0.4	1.2	1.1	0.1
Dominican Republic	0.1	0.0	0.1	0.2	1.0	1.2	2.1
United Kingdom	0.4	0.4	0.7	0.8	1.0	1.1	0.9
Singapore	2.2	0.0	1.9	0.8	0.8	1.3	0.1
Guatemala	0.5	0.5	1.0	1.6	0.8	1.2	1.0
All Other	13.1	8.0	25.5	13.1	10.0	12.1	13.4

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. 8528.12.16

CERTAIN TV/VCR COMBINATIONS

CERTAIN TV/VCR COMBINATIONS

Competitive-Need-Limit Waiver for Thailand

I. Introduction

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/98)	Like or directly competitive article produced in the United States on Jan. 1. 1997?
		Percent ad valorem	
8528.12.16[1]	Certain TV/VCR combinations	3.9%	Yes

[1] Thailand has been proclaimed by the President as noneligible for GSP treatment for articles included under HIS subheading 8528.12.16, as of July 1, 1998.

Description and uses.--These products are used to receive and display broadcast television signals on a color picture tube with a viewable diagonal measurement of more than 33.02cm but not more than 35.56cm, equal to about 13 inches. These products also can record these signals onto videocassettes and display prerecorded videocassettes.

II. U.S. market profile

Profile of U.S. industry and market, 1993-97

Item	1993	1994	1995	1996	1997
Producers *(number)*	1	1	1	1	1
Employment *(1,000 employees)*	(1)	(1)	(1)	(1)	(9)
Shipments *(1,000 dollars)*	(1)	(1)	(1)	(1)	(1)
Exports *(1,000 dollars)*	**5,400	**6,700	**6,200	**7,200	**6,000
Imports *(1,000 dollars)*	"20,000	30,902	34,213	7,575	200,287
Consumption *(1,000 dollars)*	(1)	(1)	(1)	(1)	(1)
Import-to-consumption ratio *(percent)* .	(1)	(1)	(1)	(1)	(1)
Capacity utilization **(percent)**	(1)	(1)	(1)	(1)	(1)

Comment.--There is only one U.S. manufacturer of these products. U.S. consumption, supplied almost entirely by imports, has been growing rapidly, and pricing is an important factor in the purchase decision.

III. GSP import situation. 1997

U.S. imports and share of U.S. consumption, 1997

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	200,287	100	(1)	(2)
Imports from GSP countries:				
GSP total	79,317	40	100	(2)
Thailand	79,317	40	100	(2)
Hungary	(3)	(4)	(4)	(2)
India	(3)	(4)	(4)	(2)

[1] Not applicable.
[2] Not available.
Less than $500.
[4] Less than 0.5 percent.

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

Comment.--Thailand is the only GSP beneficiary country from which the subject goods are imported in volume.

IV. Competitiveness profiles. GSP suppliers

Competitiveness indicators for Thailand for all digest products

Ranking as a U.S. import supplier, 1997	2
Price elasticity:	
Can the U.S. purchaser easily shift among this and other suppliers?	Yes_x No
What is the price elasticity of import demand?	High x Moderate Low
Can production in the country be easily expanded or contracted in the short term?	Yes_A_ No __
Does the country have significant export markets besides the United States?	Yes_A_ No
Could exports from the country be readily redistributed among its foreign export markets?	Yes No x
What is the price elasticity of import supply?	High x Moderate Low
Price level compared with--	
U.S. products	Above Equivalent x Below
Other foreign products	Above Equivalent x Below __
Quality compared with--	
U.S. products	Above Equivalent x Below __
Other foreign products	Above Equivalent x Below

Comment.--Malaysia, the largest supplier of these products to the United States, lost GSP status during the 1993-94 GSP review.

V. Position of interested parties

Petitioner.--The Government of Thailand (GOT) asked that the competitive need limit be waived with respect to certain TV/VCR combinations imported under HTS 8528.12.16. GOT attests that the U.S. market for these products is very competitive, and the waiver would enable the Thai industry to better compete against third country suppliers to the U.S. market, without adversely affecting any U.S. producer.

Thomson Consumer Electronics, Inc. and Thomson Television (Thailand) (collectively known as Thomson) request that the competitive need limit be waived with respect to certain TV/VCR combinations imported under HTS 8528.12.16. Thomson attests that the U.S. market for these products is very competitive, and the waiver would enable the Thai industry to better compete against third country suppliers to the U.S. market, without adversely affecting any U.S. producer. According to Thomson, Thai products do not compete with those of the U.S. producer, because comparable U.S.-made goods are 10-15 percent more expensive and offer more features than the products of Thailand.

Thomson contends that waiving the CNL on TV/VCRs imported from Thailand would help to stabilize not only the TV/VCR industry, but the Thai economy in general. As production is increased, a larger work force would be hired, and suppliers of goods and services to Thomson would need to expend their operations to keep pace.

Opposition.--Matsushita Kotobuki Electronics Industries of America, Inc. (MKA), a U.S. producer of TV/VCR combinations that would be affected by this petition, expressed opposition to the petitions for a waiver of competitive need limits for TV/VCR combinations from Thailand imported under NTS 8528.12.16. MKA notes that the Thai industry is competitive in the U.S. market without GSP benefits, and there are other sources of low-priced TV/VCR combinations, thus U.S. consumers would continue to benefit from the availability of low-priced merchandise even if GSP eligibility for Thailand is removed. MKA contends that the domestic industry would be adversely affected if the waiver were granted. MKA notes that the U.S. market for these products is very competitive, and goods imported from Thailand would enjoy a competitive advantage, likely resulting in price declines, lost sales, and reduced employment for MKA and its U.S. suppliers, were the waiver to be granted.

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

* * * * * * *

Table 1.-Certain TVNCR combinations: U.S. imports for consumption, by principal sources, 1993-97, January-August 1997-98

Source						,Alt	
	Value (1,000 dollars)						
Malaysia	9,587	16,302	7,709	1,056	114,148	57,950	93,502
Thailand	3,112	3,743	10,437	4,386	82,991	51,657	53,772
Mexico	6,444	5,348	3,865	2	2,738	2	9,200
Japan	2,414	3,641	1,571	72	253	11	2,138
Singapore	1,941	1,410	0	6	135	135	83
United Kingdom	31	0	0	1	11	1	0
Korea	14	17	227	216	7	5	0
Austria	0	0	0	0	2	0	0
Germany	3	0	0	0	2	2	1
Bangladesh	0	0	0	0	0	0	0
Belgium	144	0	0	5	0	0	0
Canada	5	9	19	46	0	0	0
Taiwan	154	5	0	1	0	0	0
Sweden	0	0	2	0	0	0	0
India	0	0	0	4	0	0	0
All other	2,172	427	10,383	1,780	0	0	359
Total	**26,021**	**30,902**	**34,213**	**7,575**	**200,287**	**109,763**	**159,055**
Total from GSP-eligible nations	**3,175**	**4,168**	**20,817**	**6,151**	**82,991**	**51,657**	**53,831**
	Percent						
Malaysia	36.8	52.8	22.5	13.9	57.0	52.8	58.8
Thailand	12.0	12.1	30.5	57.9	41.4	47.1	33.8
Mexico	24.8	17.3	11.3	0.0	1.4	0.0	5.8
Japan	9.3	11.8	4.6	1.0	0.1	0.0	1.3
Singapore	7.5	4.6	0.0	0.1	0.1	0.1	0.1
United Kingdom	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Korea	0.1	0.1	0.7	2.9	0.0	0.0	0.0
Austria	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Germany	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bangladesh	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Belgium	0.6	0.0	0.0	0.1	0.0	0.0	0.0
Canada	0.0	0.0	0.1	0.6	0.0	0.0	0.0
Taiwan	0.6	0.0	0.0	0.0	0.0	0.0	0.0
Sweden	0.0	0.0	0.0	0.0	0.0	0.0	0.0
India	0.0	0.0	0.0	0.1	0.0	0.0	0.0
All other	8.3	1.4	30.3	23.5	0.0	0.0	0.2

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 TVNCR combinations: U.S. exports of domestic merchandise, by principal markets, 1993-97, January - August 1997-98

Market						January - August	
		9		[redacted]			[redacted]
	Value (1,000 dollars)						
Mexico	5,259	10,929	4,000	8,162	13,058	7,539	13,632
Brazil	380	5,737	5,654	4,359	5,084	1,695	2,605
Venezuela	628	8,718	4,854	2,853	4,419	1,616	2,744
Japan	1,037	1,424	2,111	3,410	3,661	3,060	1,211
Colombia	295	4,236	5,389	7,057	3,546	2,868	2,374
Canada	6,499	11,799	7,075	3,958	3,429	1,829	2,861
Argentina	279	3,545	1,876	1,135	2,513	638	668
United Kingdom	195	843	2,324	4,826	2,261	1,434	783
Guatemala	312	374	377	741	2,008	1,616	238
Honduras	162	7	114	321	1,886	1,543	930
Costa Rica	276	250	420	184	1,506	505	1,412
Korea	531	834	2,587	2,734	1,352	1,098	1,221
Panama	138	1,584	1,491	1,684	1,316	1,225	1,080
Hong Kong	1,338	930	2,451	2,316	961	777	895
El Salvador	0	112	42	366	951	687	144
All Other	36,627	15,781	21,613	27,092	12,068	7,451	10,096
Total	! 457.'						
	Percent						
Mexico	9.7	16.3	6.4	11.5	21.8	21.2	31.8
Brazil	0.7	8.5	9.1	6.1	8.5	4.8	6.1
Venezuela	1.2	13.0	7.8	4.0	7.4	4.5	6.4
Japan	1.9	2.1	3.4	4.8	6.1	8.6	2.8
Colombia	0.5	6.3	8.6	9.9	5.9	8.1	5.5
Canada	12.0	17.6	11.3	5.6	5.7	5.1	6.7
Argentina	0.5	5.3	3.0	1.6	4.2	1.8	1.6
United Kingdom	0.4	1.3	3.7	6.8	3.8	4.0	1.8
Guatemala	0.6	0.6	0.6	1.0	3.3	4.5	0.6
Honduras	0.3	0.0	0.2	0.5	3.1	4.3	2.2
Costa Rica	0.5	0.4	0.7	0.3	2.5	1.4	3.3
Korea	1.0	1.2	4.1	3.8	2.3	3.1	2.8
Panama	0.3	2.4	2.4	2.4	2.2	3.4	2.5
Hong Kong	2.5	1.4	3.9	3.3	1.6	2.2	2.1
El Salvador	0.0	0.2	0.1	0.5	1.6	1.9	0.3
All Other	67.9	23.5	34.6	38.1	20.1	20.9	23.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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. 8531.20.00

CERTAIN INDICATOR PANELS INCORPORATING LIQUID CRYSTAL DEVICES OR LIGHT EMITTING DIODES

CERTAIN INDICATOR PANELS INCORPORATING LIQUID CRYSTAL DEVICES OR LIGHT EMITTING DIODES

Competitive-Need-Limit Waiver for the Philippines

I. Introduction

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/98)	Like or directly competitive article produced in the United States on Jan. 1, 1997?
		Percent ad valorem	
8531.20.00[1]	Certain indicator panels	0.5%	Yes

[1] The Philippines has been proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 8531.20.00, as of July 1, 1998.

Description and uses.--The items covered by this digest are indicator panels which are composed of either light emitting diodes (LEDs) or liquid crystal displays (LCDs). LEDs are electronic devices that light up when electricity is passed through them. They are good for displaying images because they can be relatively small, and they do not burn out. LCDs utilize two sheets of polarizing material with a liquid crystal solution between them. An electric current passed through the liquid causes the crystals to align so that light cannot pass through them. Each crystal is like a shutter, allowing light to pass through or blocking it. Indicator panels have multiple LEDs or LCDs to form letters or characters. Indicator panels incorporating LEDs or LCDs are used to display information in calculators, cellular telephones, watches, automatic data processing equipment, measuring and testing instruments, and consumer electronics products.

II. U.S. market profile

Profile of U.S. industry and market, 1993-97

Item	1993	1994	1995	1996	1997
Producers (number)	**21	**21	**21	**21	**22
Employment *(1,000 employees)*	**1	**1	**1	**1	**1
Shipments *(1,000 dollars)*	**169,448	**196,919	**226,742	**149,311	**178,993
Exports *(1,000 dollars)*	32,029	38,437	52,113	76,306	107,608
Imports *(1,000 dollars)*	369,231	531,605	642,549	759,774	933,446
Consumption *(1,000 dollars)*	**506,650	"690,087	**817,178	**832,779	**1,004,831
Import-to-consumption ratio *(percent)*	**73	**77	**79	**91	**93
Capacity utilization *(percent)*	**85	**85	**85	**85	**85

Comment.--U.S. producers of indicator panels make those which are more sophisticated than the imported items. U.S.-produced indicator panels are often made for specific applications, such as a display for a cellular telephone, and require coordination with the cellular telephone producer. Imported indicator panels are more in the nature of commodity items which are purchased on the basis of price. Also, U.S. producers stress quality and customer service.

III. GSP import situation. 1997

U.S. imports and share of U.S. consumption, 1997

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	933,446	100	(1)	**93
Imports from GSP countries:				
GSP total	168,496	18	100	**17
Philippines	84,475	9	50	**8
Thailand	73,536	8	44	**7
Dominican Republic	8,446	1	5	**1
Indonesia	1,763	(2)	1	(2)

[1] Not applicable.
[2] 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 the Philippines for all digest products

Ranking as a U.S. import supplier, 1997	4		
Price elasticity:			
Can the U.S. purchaser easily shift among this and other suppliers?		Yes x	No
What is the price elasticity of 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	Below x
Other foreign products	Above	Equivalent	Below x

Comment.--In 1997, the Philippines became the fourth leading supplier of these products. U.S. companies which manufacture the individual diodes or crystals have established facilities in the Philippines which assemble the individual diodes or crystals into modules. These modules are then reexported back to the United States.

V. Position of interested parties

Petitioner.--The Government of the Philippines petitioned for the waiver of the competitive need limit on the products under this HTS subheading indicating that since price is crucial in ensuring competitive position, any imposition of a tariff will affect prices and compel U.S. retailers to purchase product from other sources. The waiver would promote development in the Philippines through trade rather than traditional aid programs.

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

* * * * * *

Table 1.-Certain indicator panels incorporating liquid crystal devices or light emitting diodes: U.S. imports for consumption, by principal sources, 1993-97, January-August 1997-98

	Value (1,000 dollars)						
Japan	170,607	209,747	266,328	228,621	292,609	166,112	229,982
Malaysia	54,975	75,653	84,508	103,469	133,554	80,466	70,872
China	3,338	20,607	16,906	39,035	96,405	51,643	92,340
Philippines	14,407	40,991	43,303	44,846	84,475	45,462	40,601
Hong Kong	16,009	20,783	31,983	57,285	75,488	52,269	61,558
Thailand	13,460	32,212	61,540	82,983	73,536	46,247	37,442
Taiwan	22,762	23,946	32,016	40,029	53,847	31,586	50,908
Korea	17,671	21,482	19,631	36,857	34,149	20,365	23,080
Canada	10,905	13,019	15,055	23,025	25,759	16,954	28,720
Singapore	26,431	47,253	38,407	68,876	23,225	15,931	12,571
Dominican Republic	9,581	8,695	6,464	8,466	8,446	5,551	6,291
Germany	2,131	3,012	5,392	4,516	7,211	4,755	4,446
United Kingdom	1,487	1,384	5,016	5,532	5,908	4,802	3,100
Italy	2,214	3,576	4,096	2,962	4,369	2,464	3,182
Netherlands	319	509	1,928	2,368	3,033	2,601	1,236
All Other	2,935	8,737	9,975	10,901	11,434	6,617	7,453
	Percent						
Japan	46.2	39.5	41.4	30.1	31.3	30.0	34.1
Malaysia	14.9	14.2	13.2	13.6	14.3	14.5	10.5
China	0.9	3.9	2.6	5.1	10.3	9.3	13.7
Philippines	3.9	7.7	6.7	5.9	9.0	8.2	6.0
Hong Kong	4.3	3.9	5.0	7.5	8.1	9.4	9.1
Thailand	3.6	6.1	9.6	10.9	7.9	8.4	5.6
Taiwan	6.2	4.5	5.0	5.3	5.8	5.7	7.6
Korea	4.8	4.0	3.1	4.9	3.7	3.7	3.4
Canada	3.0	2.4	2.3	3.0	2.8	3.1	4.3
Singapore	7.2	8.9	6.0	9.1	2.5	2.9	1.9
Dominican Republic	2.6	1.6	1.0	1.1	0.9	1.0	0.9
Germany	0.6	0.6	0.8	0.6	0.8	0.9	0.7
United Kingdom	0.4	0.3	0.8	0.7	0.6	0.9	0.5
Italy	0.6	0.7	0.6	0.4	0.5	0.4	0.5
Netherlands	0.1	0.1	0.3	0.3	0.3	0.5	0.2
All Other	0.8	1.6	1.6	1.4	1.2	1.2	1.1

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 indicator panels incorporating liquid crystal devices or light emitting diodes: U.S. exports of domestic merchandise, by principal markets, 1993-97, January - August 1997-98

Market	1993	1994	1995	1996	1997	January - August 1997	January - August 1998
	Value (1,000 dollars)						
Mexico	744	1,644	2,196	15,616	42,597	25,824	14,036
Canada	7,377	9,661	13,786	16,098	14,230	10,096	9,290
United Kingdom	3,267	3,273	5,604	6,286	10,508	5,164	9,646
Germany	3,187	3,828	3,907	4,834	6,115	4,252	4,450
Japan	1,519	2,717	2,198	3,105	4,530	3,370	2,079
Taiwan	264	363	963	1,102	2,662	1,480	1,104
France	1,775	2,355	2,082	2,075	2,435	1,679	1,604
Hong Kong	481	965	349	1,090	2,321	1,606	1,495
Australia	944	1,048	1,475	1,293	2,107	997	1,629
China	298	539	1,411	1,983	1,994	1,324	1,422
Singapore	2,861	2,029	2,974	1,732	1,866	1,042	539
Netherlands	267	337	1,113	856	1,823	1,372	705
Korea	296	1,634	1,542	1,142	1,542	803	512
Brazil	157	63	2,418	8,008	1,506	716	4,279
Ireland	66	18	413	644	1,410	896	664
All Other	8,526	7,964	9,702	10,445	9,961	5,689	9,266
	Percent						
Mexico	2.3	4.3	4.2	20.5	39.6	38.9	22.4
Canada	23.0	25.1	26.4	21.1	13.2	15.2	14.8
United Kingdom	10.2	8.5	10.7	8.2	9.8	7.8	15.4
Germany	10.0	10.0	7.5	6.3	5.7	6.4	7.1
Japan	4.7	7.1	4.2	4.1	4.2	5.1	3.3
Taiwan	0.8	0.9	1.8	1.4	2.5	2.2	1.8
France	5.5	6.1	4.0	2.7	2.3	2.5	2.6
Hong Kong	1.5	2.5	0.7	1.4	2.2	2.4	2.4
Australia	2.9	2.7	2.8	1.7	2.0	1.5	2.6
China	0.9	1.4	2.7	2.6	1.9	2.0	2.3
Singapore	8.9	5.3	5.7	2.3	1.7	1.6	0.9
Netherlands	0.8	0.9	2.1	1.1	1.7	2.1	1.1
Korea	0.9	4.3	3.0	1.5	1.4	1.2	0.8
Brazil	0.5	0.2	4.6	10.5	1.4	1.1	6.8
Ireland	0.2	0.0	0.8	0.8	1.3	1.4	1.1
All Other	26.6	20.7	18.6	13.7	9.3	8.6	14.8

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. 8708.39.50

CERTAIN BRAKES, SERVO-BRAKES, AND PARTS THEREOF

CERTAIN BRAKES, SERVO-BRAKES, AND PARTS THEREOF

Competitive-Need-Limit Waiver for Brazil

I. Introduction

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/98)	Like or directly competitive article produced in the United States on Jan. 1. 1997?
		Percent ad valorem	
8708.39.50[1]	Brakes and servo-brakes and parts thereof (excluding mounted brake linings), for vehicles of headings 8701 to 8705, other than tractors for agricultural use	2.6%	Yes

'Brazil has been proclaimed by the President as noneligible for GSP treatment for articles included under HIS subheading 8708.39.50, as of July 1, 1997.

Description and uses.--Brakes and parts thereof (excluding mounted braking linings) include brake drums, rotors, wheel cylinders, backing plates, and other parts of braking systems used to slow or stop motor vehicles (other than tractors for agricultural purposes). These brake parts are typically machined from steel or aluminum castings or forgings.

II. U.S. market profile

Profile of U.S. industry and market, 1993-97

Item	1993	1994	1995	1996	1997
Producers *(number)*	**20-25	**20-25	**20-25	"20-25	"20-25
Employment *(1,000 employees)*	**10-12	"10-12	"10-12	"10-12	"10-12
Shipments' *(1,000 dollars)*	*7,200,000	*8,500,000	*9,000,000	*9,200,000	**9,400,000
Exports *(1,000 dollars)*	991,795	1,056,556	1,090,448	1,158,560	1,309,397
Imports *(1,000 dollars)*	1,364,089	1,438,712	1,525,700	1,517,887	1,601,686
Consumption *(1,000 dollars)*	*7,572,294	*8,882,156	*9,435,252	*9,559,327	**9,692,289
Import-to-consumption ratio *(percent)* . .	*18	*16	*16	*16	*17
Capacity utilization *(percent)*	(2)	(2)	(2)	(2)	(2)

'Estimated from shipment data for all new brake parts and assemblies as reported for SIC 37418, 1996 Annual Survey of Manufactures.
[2] Not available.

Comment.--The U.S. industry producing automotive parts, including brakes, servo-brakes, and parts thereof, serves two distinct markets--the original equipment market (OEM) for automakers and the aftermarket (replacement). Because of the different requirements for these markets (e.g., QS-9000 certification and designated manufacturing and materials specifications for OEM suppliers), manufacturing facilities are generally dedicated to production of parts for only one market segment. Although some U.S. producers have in-house casting or forging facilities, many U.S. producers purchase unfinished castings/forgings that are then machined into finished brake parts.

The 30-percent growth in value of U.S. producers' shipments of brake parts and assemblies during the period can be attributed in part to the incorporation of higher valued antilock brake systems on a greater share of U.S.-produced motor vehicles and the 11-percent increase in U.S. motor vehicle production during the period. U.S. imports, which rose by 17 percent, are principally sourced from Canada and Mexico. The North American automotive industry is highly integrated, and producers rationalize production among their regional facilities to suit individual company requirements.

III. GSP import situation. 1997

U.S. imports and share of U.S. consumption, 1997

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	1,601,686	100	(1)	*17
Imports from GSP countries:				
GSP total	99,945	6	100	*1
Brazil	79,545	5	80	*1
India	7,980	(2)	8	*(2)
Venezuela	5,933	(2)	6	*(2)
Argentina	2,829	(2)	3	*(2)
Poland	1,542	(2)	2	*(2)

[1] Not applicable.
[2] Less than 0.5 percent.

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

Comment.--Canada and Mexico, as well as Japan, are the leading U.S. import sources of brakes, servo-brakes, and parts, accounting for 57 percent ($917 million) of total U.S. imports. These imports are likely destined for the OEM (automakers) market because of the integrated nature of the North American automotive industry. Imports from secondary suppliers lacking a large base of certified OEM suppliers, such as China, are likely destined as replacement parts in the U.S. aftermarket.

IV. Competitiveness profiles. GSP suppliers

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1997	4
Price elasticity:	
Can the U.S. purchaser easily shift among this and other suppliers?	Yes X No
What is the price elasticity of 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 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 X Below
Other foreign products	Above Equivalent X Below

Comment.--Brazil has emerged as South America's leading manufacturer of motor vehicles as well as motor vehicle parts. The globalization of the automotive industry has led U.S., European, and Japanese automotive parts manufacturers to follow motor vehicle producers overseas and invest in manufacturing facilities to meet automakers' requirements for just-in-time delivery, greater local content, and global sourcing from suppliers, for example.

Brazil is the leading GSP suppliers of these products, accounting for 80 percent of total U.S. GSP imports. Although these products may be lower priced than comparable U.S. products, U.S. automakers generally prefer to purchase brakes and parts from North American suppliers because of their timely delivery needs, supplier certification requirements, and established customer-supplier relationships.

Bosch, the petitioner, is a subsidiary of the German firm Robert Bosch GMBH and is an OEM supplier to U.S. automakers. The firm indicates that its 1999 exports to the United States are expected to total $16 million without a GSP waiver; if GSP eligibility is granted, exports are expected to increase to an estimated $56 million.

V. Position of interested parties

Petitioner.--Bosch Braking Systems, Corp. And Robert Bosch Limitada, Brazil petitioned for the competitive need limit waiver for these products. According to the petitioner, the waiver will meet the needs of U.S. automakers to keep their costs low by reducing the taxes paid by the producer in Brazil.

Support.--Ford Motor Company, a U.S. motor vehicle manufacturer, supports the waiver of the competitive-need limit with respect to imports of certain brakes and brake parts from Brazil. As a major importer/purchaser of these automotive parts, Ford claims that duty-free status under GSP will help control component costs, thus improving Ford's overall competitiveness and benefiting workers employed in Ford plants. In addition, Ford cites the benefits to the Brazilian economy that would accrue as a result of a waiver, with no adverse impact to the U.S. industry expected.

Opposition.--The Coalition for the Preservation of American Brake Drum and Rotor Aftermarket Manufacturers (the Coalition), which represents U.S. manufacturers of aftermarket brake drums and rotors, opposes the waiver of the competitive-need limit for imports of certain brakes and brake parts from Brazil. The Coalition contends that the Brazilian automotive industry is already highly competitive and thus does not warrant additional GSP benefits. In contrast, the Coalition claims that the shrinking U.S. industry producing aftermarket brakes and parts would be further injured' by such imports from Brazil, reducing U.S. employment and production levels.

" Imports of certain aftermarket brake rotors from China are currently subject to antidumping duties resulting from an affirmative material injury decision in *Certain Brake Drums and Rotors from China,* USITC Inv. No. 731-TA-744 (Final), USITC Publication No. 3035, Apr. 1997.

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

*   *   *   *   *   *   *

Table 1.-Certain brakes, servo-brakes, and parts thereof: U.S. imports for consumption, by principal sources, 1993-97, January-August 1997-98

Source							
	Value (1,000 dollars)						
Canada	672,096	647,079	719,508	744,584	736,467	481,329	529,048
Japan	305,364	328,970	342,729	299,523	265,993	181,770	172,186
Mexico	65,630	71,569	102,496	105,262	182,168	105,951	152,582
Brazil	69,347	77,363	84,974	84,055	79,545	54,733	55,362
China	16,646	33,909	50,797	58,009	72,901	42,531	60,583
Germany	57,532	62,591	63,578	71,957	67,490	42,643	51,773
Australia	11,254	17,241	14,591	18,239	50,272	28,934	35,904
Italy	36,994	44,284	46,006	40,716	39,245	27,167	23,813
United Kingdom	9,721	13,900	15,648	20,141	25,894	15,806	37,921
Taiwan	13,896	18,995	13,152	17,582	22,119	14,223	18,737
Korea	6,423	11,207	11,735	10,877	11,235	7,848	7,293
Sweden	7,590	10,025	9,111	11,191	10,440	6,942	6,747
India	4,074	7,029	8,620	6,689	7,980	4,703	8,360
Spain	1,523	735	1,758	2,263	6,463	3,999	4,914
Venezuela	1,784	1,453	962	3,723	5,933	3,596	3,193
All other	84,213	92,362	40,035	23,077	17,540	11,911	17,048
	Percent						
Canada	49.3	45.0	47.2	49.1	46.0	46.5	44.6
Japan	22.4	22.9	22.5	19.7	16.6	17.6	14.5
Mexico	4.8	5.0	6.7	6.9	11.4	10.2	12.9
Brazil	5.1	5.4	5.6	5.5	5.0	5.3	4.7
China	1.2	2.4	3.3	3.8	4.6	4.1	5.1
Germany	4.2	4.4	4.2	4.7	4.2	4.1	4.4
Australia	0.8	1.2	1.0	1.2	3.1	2.8	3.0
Italy	2.7	3.1	3.0	2.7	2.5	2.6	2.0
United Kingdom	0.7	1.0	1.0	1.3	1.6	1.5	3.2
Taiwan	1.0	1.3	0.9	1.2	1.4	1.4	1.6
Korea	0.5	0.8	0.8	0.7	0.7	0.8	0.6
Sweden	0.6	0.7	0.6	0.7	0.7	0.7	0.6
India	0.3	0.5	0.6	0.4	0.5	0.5	0.7
Spain	0.1	0.1	0.1	0.1	0.4	0.4	0.4
Venezuela	0.1	0.1	0.1	0.2	0.4	0.3	0.3
All other	6.2	6.4	2.6	1.5	1.1	1.2	1.4
					1		

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 brakes, servo-brakes, and parts thereof: U.S. exports of domestic merchandise, by principal markets, 1993-97, January - August 1997-98

Market						January - August	
	1993	1994	1995	1996	1997	1997	1998
	Value (1,000 dollars)						
Canada	691,963	784,038	838,139	890,697	958,162	637,405	621,745
Mexico	116,925	128,785	96,562	99,593	164,812	104,261	125,551
Korea	37,817	41,351	43,664	48,434	47,392	34,078	12,078
Japan	9,615	7,874	9,771	6,464	22,467	14,496	24,747
Germany	40,297	12,189	14,712	23,105	20,808	14,201	4,276
Venezuela	18,246	15,466	14,703	8,261	12,008	8,984	11,689
Belgium	8,364	6,471	6,325	8,994	9,014	5,536	6,614
Sweden	3,391	4,406	9,457	6,292	7,870	4,333	5,324
United Kingdom	9,105	4,694	3,237	3,903	6,937	5,061	4,694
Saudi Arabia	4,844	6,178	4,982	6,222	6,890	5,147	10,838
Netherlands	2,732	3,284	3,542	7,744	6,279	4,185	3,439
Brazil	4,836	6,993	6,365	5,550	5,819	3,024	5,486
Australia	4,835	6,523	4,684	5,901	4,695	3,195	3,793
Finland	3,919	3,897	2,137	1,760	2,995	2,102	1,021
Singapore	1,134	607	1,899	5,331	2,919	1,932	767
All Other	33,772	23,799	30,267	30,308	30,329	20,268	20,514
	Percent						
Canada	69.8	74.2	76.9	76.9	73.2	73.4	72.1
Mexico	11.8	12.2	8.9	8.6	12.6	12.0	14.6
Korea	3.8	3.9	4.0	4.2	3.6	3.9	1.4
Japan	1.0	0.7	0.9	0.6	1.7	1.7	2.9
Germany	4.1	1.2	1.3	2.0	1.6	1.6	0.5
Venezuela	1.8	1.5	1.3	0.7	0.9	1.0	1.4
Belgium	0.8	0.6	0.6	0.8	0.7	0.6	0.8
Sweden	0.3	0.4	0.9	0.5	0.6	0.5	0.6
United Kingdom	0.9	0.4	0.3	0.3	0.5	0.6	0.5
Saudi Arabia	0.5	0.6	0.5	0.5	0.5	0.6	1.3
Netherlands	0.3	0.3	0.3	0.7	0.5	0.5	0.4
Brazil	0.5	0.7	0.6	0.5	0.4	0.3	0.6
Australia	0.5	0.6	0.4	0.5	0.4	0.4	0.4
Finland	0.4	0.4	0.2	0.2	0.2	0.2	0.1
Singapore	0.1	0.1	0.2	0.5	0.2	0.2	0.1
All Other	3.4	2.3	2.8	2.6	2.3	2.3	2.4

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. 9001.30.00

CONTACT LENSES

CONTACT LENSES

Competitive-Need-Limit Waiver for Indonesia

I. Introduction

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/98)	Like or directly competitive article produced in the United States on Jan. 1. 1997?
		Percent ad valorem	
9001.30.00[1]	Contact lenses	2.7%	Yes

[1] Indonesia has been proclaimed by the President as noneligible for GSP treatment for articles included under subheading 9001.30.00, as of July 1, 1998.

Description and uses.--Contact lenses are very thin optical disks made of plastic or glass worn directly on the eye to correct various eye conditions such as myopia (nearsightedness), hyperopia (farsightedness), and astigmatism. Most contact lenses fitted today are either (1) soft contact lenses, or (2) rigid gas permeable (RGP) lenses. Both types are made of plastic. Very few contact lenses are still produced of glass.

II. U.S. market profile

Profile of U.S. industry and market, 1993-97

Item	1993	1994	1995	1996	1997
Producers *(number)*	*49	*50	*52	*52	*54
Employment *(1,000 employees)*	*9	*9	*9	*9	*9
Shipments *(1,000 dollars)*	1,020,100	1,065,000	1,125,200	1,138,800	*1,161,576
Exports *(1,000 dollars)*	153,061	200,170	243,084	327,017	373,595
Imports *(1,000 dollars)*	37,749	31,585	43,536	86,259	127,397
Consumption *(1,000 dollars)*	904,788	896,415	925,652	898,042	*915,378
Import-to-consumption ratio *(percent)* .	4	4	5	10	*14
Capacity utilization *(percent)*	**87	**87	**90	**93	**94

Comment.--The United States is the world's largest producer of contact lenses. Other important producing economies are the European Union, Switzerland, and Japan. Contact lens producers compete well in domestic and foreign markets on the basis of product performance, quality, name-brand recognition, technology, price, service, warranty, and reliability. Although the United States continues to be the largest consumer of contact lenses, growth rates were higher in Europe, Asia, and Latin America during 1993-1997.

Two growth areas in the soft contact lens market are disposable and planned replacement (PRP) contact lenses. PRPs are replaced on a predetermined schedule, typically every 2 weeks, monthly, or quarterly. Disposable lenses are discarded either daily or every 1 to 2 weeks, eliminating the need for extensive cleaning procedures. Owing to the substantial increase in the quantity of contact lenses required to meet the demand for disposable lenses and PRPs, several U.S.-based firms are either in the process of or have already significantly expanded manufacturing capacity in the past few years in the United States, and in at least one instance, in Indonesia to meet the expected future demand. Another strong growth area in contact lenses is the specialty lens segment. Specialty lenses include tinted contact lenses, toric lenses for people with astigmatism, bifocals, multifocals, and premium lenses with UV blockers and deposit resistance.

III. GSP import situation. 1997

U.S. imports and share of U.S. consumption, 1997

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	127.397	100	([1])	*14
Imports from GSP countries:				
GSP total	75.527	59	100	*8
Indonesia.	75,099	59	100	*8

'Not applicable.

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

Comment.--Indonesia became the dominant supplier of GSP and total imports of contact lenses to the United States in 1995, after a major U.S.-based contact lens company invested in a large manufacturing facility there."' In 1997, Indonesia accounted for 59 percent of total U.S. imports and virtually all imports under GSP. Reportedly, these imports consisted of soft contact lenses for the growing disposable and planned replacement lens market in the United States.

IV. Competitiveness profiles. GSP suppliers

Competitiveness indicators for Indonesia for all digest products

Ranking as a U.S. import supplier, 1997	1
Price elasticity:	
Can the U.S. purchaser easily shift among this and other suppliers?	Yes X No
What is the price elasticity of 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

Comment.--The quality of contact lenses from Indonesia is generally comparable to that of like products manufactured in the United States. Producers in Indonesia, however, generally maintain a slight production cost advantage over U.S. manufacturers that stems primarily from lower labor costs.

V. Position of interested parties

Petitioner.--The Government of Indonesia petitioned for the waiver of the competitive need limit on contact lenses stating that this HIS subheading did not meet the requirements for a de minimis waiver. Also, in light of Indonesia's low income economy, the petition requests the waivers.

16 The U.S.-based contact lens firm is a subsidiary of a large Swiss chemicals conglomerate.

VI. Summary of probable economic effects advice—Competitive-need-limit waiver (Indonesia)

* * * * * * *

Table 1.-Contact lenses: U.S. imports for consumption, by principal sources, 1993-97, January-August 1997-98

Source						nuary-.:	
		99			[redacted]	[redacted]	
	Value (1,000 dollars)						
Indonesia	0	0	787	39,827	75,099	45,529	54,196
United Kingdom	9,541	15,016	24,427	34,182	36,419	23,643	22,131
Ireland	20,686	11,420	12,743	10,855	13,371	7,776	10,357
Japan	25	205	264	205	505	183	282
Canada	51	216	108	156	463	266	390
India	0	0	4	13	408	396	47
Germany	5,710	3,441	3,978	188	248	19	3,331
Mexico	1,302	899	882	377	235	151	140
France	44	9	29	67	172	150	64
Spain	120	10	76	115	111	53	142
Australia	0	8	109	71	93	53	155
Switzerland	33	54	35	55	87	69	25
Italy	5	175	38	107	81	81	155
Taiwan	24	2	4	0	53	53	4
Netherlands	21	6	3	0	21	6	0
All Other	187	124	47	41	30	20	137
	Percent						
Indonesia	0.0	0.0	1.8	46.2	58.9	58.0	59.2
United Kingdom	25.3	47.5	56.1	39.6	28.6	30.1	24.2
Ireland	54.8	36.2	29.3	12.6	10.5	9.9	11.3
Japan	0.1	0.6	0.6	0.2	0.4	0.2	0.3
Canada	0.1	0.7	0.2	0.2	0.4	0.3	0.4
India	0.0	0.0	0.0	0.0	0.3	0.5	0.1
Germany	15.1	10.9	9.1	0.2	0.2	0.0	3.6
Mexico	3.4	2.8	2.0	0.4	0.2	0.2	0.2
France	0.1	0.0	0.1	0.1	0.1	0.2	0.1
Spain	0.3	0.0	0.2	0.1	0.1	0.1	0.2
Australia	0.0	0.0	0.3	0.1	0.1	0.1	0.2
Switzerland	0.1	0.2	0.1	0.1	0.1	0.1	0.0
Italy	0.0	0.6	0.1	0.1	0.1	0.1	0.2
Taiwan	0.1	0.0	0.0	0.0	0.0	0.1	0.0
Netherlands	0.1	0.0	0.0	0.0	0.0	0.0	0.0
All Other	0.5	0.4	0.1	0.0	0.0	0.0	0.1

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.--Contact lenses: U.S. exports of domestic merchandise, by principal markets, 1993-97, January - August 1997-98

Market	1993	1994	1995	1996	1997	January - August 1997	January - August 1998
	Value (1,000 dollars)						
Japan	13,297	25,284	53,163	82,831	86,120	57,334	89,860
Canada	36,869	35,366	35,037	41,258	45,746	29,774	32,944
Singapore	1,805	3,041	7,471	24,462	45,014	26,946	28,790
United Kingdom	10,682	14,272	16,806	24,351	24,509	14,268	20,710
France	8,767	13,764	12,719	15,133	18,985	12,476	10,067
Italy	9,058	15,043	16,904	17,203	15,852	11,159	12,232
Switzerland	14,894	26,641	16,645	12,339	14,189	10,906	8,690
Ireland	2,274	2,831	11,562	12,909	14,114	11,207	5,640
Denmark	4,831	5,655	8,143	10,993	10,038	7,566	4,413
Mexico	6,012	4,406	4,306	7,841	9,246	5,602	5,135
Germany	6,793	5,928	7,289	10,370	8,607	5,762	4,610
Taiwan	2,248	4,474	3,698	4,762	8,132	5,882	6,270
Australia	3,160	3,721	5,015	5,940	6,985	4,895	4,449
Brazil	1,017	1,414	2,450	3,544	6,713	4,108	4,581
Sweden	2,780	4,483	1,819	4,310	6,499	4,926	2,678
All Other	28,572	33,847	40,058	48,771	52,847	35,288	45,420
Total	**153,061**	**200,170**	**243,084**	**327,017**	**373,595**	**248,101**	**286,491**
	Percent						
Japan	8.7	12.6	21.9	25.3	23.1	23.1	31.4
Canada	24.1	17.7	14.4	12.6	12.2	12.0	11.5
Singapore	1.2	1.5	3.1	7.5	12.0	10.9	10.0
United Kingdom	7.0	7.1	6.9	7.4	6.6	5.8	7.2
France	5.7	6.9	5.2	4.6	5.1	5.0	3.5
Italy	5.9	7.5	7.0	5.3	4.2	4.5	4.3
Switzerland	9.7	13.3	6.8	3.8	3.8	4.4	3.0
Ireland	1.5	1.4	4.8	3.9	3.8	4.5	2.0
Denmark	3.2	2.8	3.3	3.4	2.7	3.0	1.5
Mexico	3.9	2.2	1.8	2.4	2.5	2.3	1.8
Germany	4.4	3.0	3.0	3.2	2.3	2.3	1.6
Taiwan	1.5	2.2	1.5	1.5	2.2	2.4	2.2
Australia	2.1	1.9	2.1	1.8	1.9	2.0	1.6
Brazil	0.7	0.7	1.0	1.1	1.8	1.7	1.6
Sweden	1.8	2.2	0.7	1.3	1.7	2.0	0.9
All Other	18.7	16.9	16.5	14.9	14.1	14.2	15.9
Total	**100.0**	**100.0**	**100.0**	1.00.0	**100.0**	**100.0**	**100.0**

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

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

APPENDIX A

U.S. Trade Representative's Request Letter

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

OCT 2 9 1998

The Honorable Lynn M. Bragg
Chairman
U.S. International Trade Commission
500 E Street, S.W.
Washington, D.C. 20436

Dear Chairman Bragg:

The Trade Policy Staff Committee (TPSC) has recently announced in the Federal Register the product petitions accepted for consideration during the 1998 annual review of the Generalized System of Preferences (GSP). These product petitions request modifications of the GSP with respect to certain products from certain beneficiary developing countries. Results of the 1998 annual review will be announced in May 1999 and will become effective on or about July 1, 1999.

Under authority delegated by the President, I request pursuant to section 332(g) of the Tariff Act of 1930 that the Commission provide advice with respect to the product petitions under consideration in the 1998 GSP annual review. In particular, I request:

a) that the Commission provide advice as to the probable economic effect on United States industries producing like or directly competitive articles and on consumers of the removal of the article listed in Part A of the enclosed Annex from eligibility for duty-free treatment under the GSP for imports from beneficiary developing countries other than those countries designated as least-developed beneficiary developing countries; and

b) that the Commission provide advice in accordance with section 503(d)(1)(A) of the Trade Act of 1974, as amended (the "1974 Act"), on whether waivers of the competitive need limitations provided in section 503(c)(2) of the 1974 Act with respect to the articles and beneficiary developing countries specified in Part B of the enclosed Annex are likely to affect adversely any industry in the United States.

With respect to the competitive need limitation in section 503(c)(2)(A)(i)(I) of the 1974 Act, the Commission is requested to use the dollar value limit of $85,000,000.

I request that the Commission provide its advice by February 1, 1999. To the maximum extent possible, it would be greatly appreciated if the Commission provided the requested advice separately and individually for each Harmonized Tariff Schedule of the United States subheading covered in this investigation.

In accordance with USTR policy implementing Executive Order 12958 entitled "Classified National Security Information," I direct you to mark or identify as "confidential," for a period of ten years, 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 and consumers. Consistent with the Executive Order, this information is being classified on the basis that it concerns economic matters relating to national security. USTR also considers the Commission's report to be an interagency memorandum that will contain predecisional advice and will be subject to the deliberative process privilege. 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

Enclosure

•se : Jo. :	HTS Subheading :	Article	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 remove duty-free status from beneficiary developing countries, other than those designated as least-developed beneficiary developing countries, for a product on the list of eligible articles for Generalized System of Preferences.

		Nucleic acids and their salts; other heterocyclic compounds:	
		Compounds containing a benzothiazole ring-system (whether or not hydrogenated), not further fused:	
98-1	2934.20.05	N-tert-Butyl-2-benzothiazolesulfenamide	Flexsys America L.P., Nitro, WV

Part B. Petitions for waiver of competitive need limit for a product on the list of eligible products for the Generalized System of Preferences.

		Salts of oxometallic or peroxometallic acids:	
		Molybdates:	
98-2	2841.70.10 (Chile)	Of ammonium	Chilean Copper Commission, Chile; Corporacion Nacional del Cobre de Chile, Chile
		Unsaturated acyclic monocarboxylic acids, cyclic monocarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulfonated, nitrated or nitrosated derivatives:	
		Aromatic monocarboxylic acids, their anhydrides, halides, peroxides, peroxyacids and their derivatives:	
		Benzoic acid, its salts and esters:	
		Benzoic acid and its salts:	
		[p-Sulfobenzoic acid, potassium salt]	
98-3	2916.31.15 (Estonia)	Other	Velsicol Chemical Corporation, Rosemont, IL
		Plywood, veneered panels and similar laminated wood:	
		Plywood consisting solely of sheets of wood, each ply not exceeding 6 mm in thickness:	
		With at least one outer ply of tropical wood specified in subheading note 1 to chapter 44 of the HTS:	
		Not surface covered, or surface covered with a clear or transparent material which does not obscure the grain, texture or markings of the face ply:	
		[With a face ply of birch (Betula spp.); with a face ply of Spanish cedar (Cedrela spp.) or walnut (Juglans sPP•)]	
		Other:	
		[With at least one outer ply of the following tropical woods: Dark Red Meranti, Light Red Meranti, White Lauan, Sipo, Limba, Okoume, Obeche, Acajou d'Afrique, Sapelli, Virola, Mahogany, Palissandre de Para, Palissandre de Rio or Palissandre de Rose]	
98-4	4412.13.50 (Indonesia)	Other	Government of Indonesia

_ase No. :	HTS Subheading :	Article	Petitioner
Part B.	Petitions for waiver of competitive need limit for a product on the list of eligible products for the Generalized System of Preferences. (con.)		
		Plywood, veneered panels and similar laminated wood: Other, with at least one outer ply of nonconiferous wood: With at least one ply of tropical wood specified in subheading note 1 to chapter 44 of the HTS: [Containing at least one layer of particle board] Other: Plywood: Not surface covered, or surface covered with a clear or transparent material which does not obscure the grain, texture or markings of the face ply: [With a face ply of birch (*Betula* spp.)]	
98-5	4412.22.30 (Indonesia)	Other	Government of Indonesia
		Articles of jewelry and parts thereof, of precious metal or of metal clad with precious metal: Of precious metal whether or not plated or clad with precious metal: Of silver, whether or not plated or clad with other precious metal: [Rope, curb, cable, chain and similar articles produced in continuous lengths, all the foregoing, whether or not cut to specific lengths and whether or not set with imitation pearls or imitation gemstones, suitable for use in the manufacture of articles provided for in heading 7113] Other: [Valued not over $18 per dozen pieces or parts]	
98-6	7113.11.50 (Thailand)	Other	Government of Thailand
		Of other precious metal, whether or not plated or clad with precious metal: [Rope, curb, cable, chain and similar articles produced in continuous lengths, all the foregoing, whether or not cut to specific lengths and whether or not set with imitation pearls or imitation gemstones, suitable for use in the manufacture of articles provided for in heading 7113] Other: Necklaces and neck chains, of gold: [Rope; mixed link]	
98-7	7113.19.29 (India)	Other	Government of India

Case No.	HTS Subheading	Article	Petitioner
		Part B. Petitions for waiver of competitive need limit for a product on the list of eligible products for the Generalized System of Preferences. (con.)	
		Refined copper and copper alloys, unwrought (other than master alloys of heading 7405):	
		Refined copper:	
		[Cathodes and sections of cathodes; wire bars]	
98-8	7403.13.00 (Chile)	Billets	Chilean Copper Commission, Chile; Corporacion Nacional del Cobre de Chile, Chile
98-9	7403.19.00 (Chile)	Other	do.
		Table, kitchen or other household articles and parts thereof, of copper; pot scourers and scouring or polishing pads, gloves and the like, of copper; sanitary ware and parts thereof, of copper:	
		Table, kitchen or other household articles and parts thereof; pot scourers and scouring or polishing pads, gloves and the like:	
		[Pot scourers and scouring or polishing pads, gloves and the like]	
		Other:	
		[Coated or plated with precious metals]	
		Other:	
-10	7418.19.20 (India)	Of copper-zinc base alloys (brass)	Government of India
		Transmission shafts (including camshafts and crankshafts) and cranks; bearing housings, housed bearings and plain shaft bearings; gears and gearing; ball or roller screws; gear boxes and other speed changers, including torque converters; flywheels and pulleys, including pulley blocks; clutches and shaft couplings (including universal joints); parts thereof:	
		Transmission shafts (including camshafts and crankshafts) and cranks:	
		Camshafts and crankshafts:	
		[Designed for use solely or principally with spark-ignition internal combustion piston engines or rotary engines]	
98-11	8483.10.30 (Brazil)	Other	Cummins Engine Company Columbus, IN

Case No. :	HTS Subheading :	Article	Petitioner
Part B.	Petitions for waiver of competitive need limit for a product on the list of eligible products for the Generalized System of Preferences. (con.)		
		Reception apparatus for radiotelephony, radiotelegraphy or radiobroadcasting, whether or not combined, in the same housing, with sound recording or reproducing apparatus or a clock: [Radiobroadcast receivers capable of operating without an external source of power, including apparatus capable of receiving also radiotelephony or radiotelegraphy; radiobroadcast receivers not capable of operating without an external source of power, of a kind used in motor vehicles, including apparatus capable of receiving also radiotelephony or radiotelegraphy] Other radiobroadcast receivers, including apparatus capable of receiving also radiotelephony or radiotelegraphy: [Combined with sound recording or reproducing apparatus; not combined with sound recording or reproducing apparatus but combined with a clock]	
98-12	8527.39.00 (Indonesia)	.•Other	Pioneer Electronics (U.S.A.), Inc., Long Beach, CA; P.T. Dahw Electronic Indonesia, Indonesia
		Reception apparatus for television, whether or not incorporating radiobroadcast receivers or sound or video recording or reproducing apparatus; video monitors and video projectors: Reception apparatus for television, whether or not incorporating radiobroadcast receivers or sound or video recording or reproducing apparatus: Color: Non-high definition, having a single picture tube intended for direct viewing (non-projection type), with a video display diagonal not exceeding 35.56 cm: Incorporating video recording or reproducing apparatus: [With a video display diagonal not exceeding 33.02 cm]	
98-13	8528.12.16 (Thailand)	Other	Government of Thailand; Orion Sales, Olney, IL; Thomson Consumer Electronics, Inc, Indianapolis, IN; Thomson Television (Thailand) Co., Ltd., Thailand World Electric (Thailand), Ltd., Thailand
		Electric sound or visual signaling apparatus (for example, bells, sirens, indicator panels, burglar or fire alarms), other than those of heading 8512 or 8530; parts thereof:	
-14	8531.20.00 (Philippines)	xdicator panels incorporating liquid crystal devices (LCD's) or light emitting diodes (LED's)	Government of the Philippines

Case No.	HTS Subheading	Article	Petitioner
		Part B. <u>Petitions for waiver of competitive need limit for a product on the list of eligible products for the Generalized System of Preferences.</u> (con.)	
		Parts and accessories of the motor vehicles of headings 8701 to 8705: Brakes and servo-brakes and parts thereof: [Mounted brake linings] Other: [For tractors suitable for agricultural use]	
98-15	8708.39.50 (Brazil)	For other vehicles	Bosch Braking Systems Corporation, Sumter, SC; Robert Bosch Limitada, Brazil
		Optical fibers and optical fiber bundles; optical fiber cables other than those of heading 8544; sheets and plates of polarizing material; lenses (including contact lenses), prisms, mirrors and other optical elements, of any material, unmounted, other than such elements of glass not optically worked:	
98-16	9001.30.00 (Indonesia)	Contact lenses	Government of Indonesie

APPENDIX B

U.S. International Trade Commission's Notice of Investigation

LTL dated 02/15/96—Guidelines for the Application. Review. Approval and Administration of the Royalty Relief Program.

This notice also advises you that beginning in January 1999. we will include a letter designation in regional as well as National NTL numbers to avoid possible confusion with duplicate numbers. The letter designation before the NTL number will indicate whether it applies on a National basis or to which specific Region it pertains. For example:

- NTL 99-NOI will apply on a National basis.
- NTL 99-A01 will pertain only to the Alaska OCS Region.
- NTL 99-G01 will pertain only to the Gulf of Mexico OCS Region.
- NTL 99-P01 will pertain only to the Pacific OCS Region.

Dated: October 30, 1998.

Michael C. Hunt,

Acting Associate Director for Offshore Minerals Management.

IFR Doe. 98-30131 Filed 11-9-98: 8:45 nml

BILLING CODE 4310-MR-P

DEPARTMENT OF THE INTERIOR

National Park Service

General Management Plan and Draft Environmental Impact Statement, Lyndon B. Johnson National Historical Park, Texas; Notice of Availability

AGENCY: National Park Service. US Department of the Interior.

ACTION: Availability of draft general management plan and environmental impact statement for Lyndon B. Johnson National Historical Park.

SUMMARY: Pursuant to section 1 02(2)(c) of the National Environmental Policy Act of 1969. the National Park Service (NPS) announces the availability of a draft general management plan and environmental impact statement (GMP/DEIS) for Lyndon B. Johnson National Historical Park, Texas.

DATES: The GMP/DEIS is available for public review through Januan„' 22.1999. If any public meetings are held concerning the GIMP/DEIS. they will be announced at a later date.

ADDRESSES: Comments on i he DEIS should be sent to the Superintendent. Lyndon B. Johnson National Historical Park. PO Box 329. Johnson City. TX 78636. Public reading copies of the GMP/DEIS will he available for review at the following location: Office of the Superintendent. Lyndon B. Johnson National Historical Park. PO Box 329. Johnson City. Texas 78636. Telephone: (830) 868-7128.

SUPPLEMENTARY INFORMATION: The GMP/DEIS analyzes three alternatives for management and development of the national historical park. Alternative 1. the no-action alternative. describes a continuation of the present management course. Alternative 2 reflects a modest increase in the level of staffing and in park maintenance, interpretation, and administration. It allows a limited schedule of visitation at the Texas White House and changes the bus tour to a shuttle system. It provides a higher level of protection for park historic resources and expands educational outreach into the local community. Minimal additional staff would be added. Alternative 3. the National Park Service's proposed action. describes a comprehensive change in the overall visitor experience of the ranch with the Texas White House open on a regularly scheduled basis. the bus tour becoming a shuttle system. and new facilities for visitor contact. maintenance. ranching, and park interpretive staff. In Johnson City. the visitor experience of the settlement would become much more unique and educational. Staffing would he significantly upgraded. All alternatives would preserve and maintain exteriors of all historic buildings. would improve interpretive programs and educational outreach. and enhance partnerships. The GMP/DEIS in particular evaluates the environmental consequences of the proposed action and the other alternatives on archeological and historic resources. soils. water resources and water quality. floodplains, economy and social environment. and visitor use/experience and interpretation.

FOR FURTHER INFORMATION CONTACT: Superintendent. Lyndon B. Johnson National Historical Park, at the above address and telephone number.

Peggy A. Halderman,

Assistant Regional Director, Intermountain Region. National Park Service.

IFR Doe. 98-30128 Filed 11-9-98: 8:45 ami

BILLING CODE 4310-70-M

INTERNATIONAL TRADE COMMISSION

[Investigation No. 332-398]

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 October 30.1998. 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. 332-398 in order to provide as follows—

(1) With respect to the article listed in Part A 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 such article from eligibility for duty-free treatment under the GSP for imports from beneficiary developing countries other than those countries designated as least-developed beneficiary countries: and

(2) In accordance with section 503(d)(1)(A) of the 1974 Act, advice on whether any industry in the United States is likely to he 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 B of the attached Annex.

With respect to the competitive need limit in section 503(c)(2)(A)(i)(I) of the 1974 Act. the Commission, as requested. will use the dollar value limit of $85,000.000.

As requested by USTR. the Commission will seek to provide its advice not later than February 1.1999.

EFFECTIVE DATE: November 4. 1998.

FOR FURTHER INFORMATION CONTACT:

(I) Project Manager. Cynthia B. Foreso (202-205-3348)
(2) Agricultural and forest products. William Hoffmeier (202-205-3321)
(3) Energy. chemicals, and textiles. Christopher Robinson (202-205-2334)
(4) Minerals. metals. machinery, and miscellaneous manufactures. David Lundy (202-205-3439)
(5) Electronics and transportation, James M. Brandon (202-205-3433)

All of I he 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 in the October 26. 1998 Federal Register the acceptance of product petitions for modification of the GSP received as part of the 1998 annual review. The letter stated that modifications to the GSP which may result from this review will be announced in May 1999 and become effective on or about July 1. 1999.

Public Hearing

A public hearing in connection with this investigation is scheduled to begin at 9:30 a.m. on December I, 1998, at the U.S. International Trade Commission Building, 500 E Street SW., Washington. D.C. All persons have the right to appear by counsel or in person. to present information, and to be heard. Persons wishing to appear at the public hearing should file a letter asking to testify with the Secretary. United States International Trade Commission. 500 L St.. SW., Washington. DC 20436, not later than the close of business (5:15 p.m.) on November 18, 1998. In addition, persons testifying should file prehearing briefs (original and 14 copies) with the Secretary by the close of business on November 20. 1998. Posthearing briefs should be filed with the Secretary by close of business on December 15, 1998. In the event that no requests to appear at the hearing are received by the close of business on November 18, 1998. 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 November 18. 1998 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. Writ ten statements should he received by t close of business on December 15. 1998. 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 Pract ice 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. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means.

Hearing-impaired individuals are advised that information on this matter can he obtained by contacting our TDD terminal on (202) 205-1810.

By order of the Commission.

Issued: November 4. 1998.

Donna R. Koelinke,

Secretary.

Annex 1 (HTS Subheadings)'

A. Pet ition to remove duty-free status from beneficiary developing countries, other than those designated as least-developed beneficiary developing countries. for a product on the list of eligible articles for the GSP.

2934.20.05

B. Pet it ions for waiver of competitive need li mit for a product on the list of eligible products for the specified country.

2841.70.10 (Chile)
2916.31.15 (Estonia)
4412.13.50 (Indonesia)
4412.22.30 (Indonesia)
7113.11.50 (Thailand)
7113.19.29 (India)
7403.13.00 (Chile)
7403.19.00 (Chile)
7418.19.20 (India)
8483.10.30 (Brazil)
8527.39.00 (Indonesia)
8528.12.16 (Thailand)
8531.20.00 (Philippines)
8708.39.50 (Brazil)
9001.30.00 (Indonesia)

[FR Doc. 98-30079 Filed 11-9-98: 8:45 am]

BILLING CODE 7020-02-P

' See USTR Federal Register notice of October 28. 1998 (63 F.R. 57150) for article description.

INTERNATIONAL TRADE COMMISSION

Sunshine Act Meetings

AGENCY HOLDING THE MEETING: United States International Trade Commission.

TIME AND DATE: November 17. 1998 at 11:00 a.m.

PLACE: Room 101. 500 9 Street SW.. 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-776 (Final) (Certain Preserved. Mushrooms from Chile)-briefing and vote.
5. Outstanding action jackets:
   1. Document No. ID-98-022: Approval of final report in Inv. No. 332-384 (The Changing Structure of the Global Large Civil Aircraft Industry and Market: Implications for the Competitiveness of the U.S. Industry).

In accordance with Commission policy. subject matter listed above, not disposed of at the scheduled meeting. may he carried over to the agenda of the following meeting.

By order of t he Commission.

Issued: November 6. 1998.

Donna R. Koellnke,

Secretary.

[FR Doc. 98-30224 Filed 11-6-98: 11:53 ainj

BILLING CODE 7020-02-M

DEPARTMENT OF JUSTICE

[AAG/A Order No. 153–98]

Privacy Act of 1974; Notice of Modified System of Records

Pursuant to the provisions of the Privacy Act of 1974 (5 U.S.C. 552a). the Justice Management Division. Department of Justice. proposes to modify a system of records entitled, "Department of Justice (DOJ) Controlled Parking Records, Justice/JMD-017." Notice of the system was last published in the Federal Register on October 2. 1990 (55 FR 40244). Modifications to the system include:

"System Name" has been changed to "Department of Justice (DOJ) Employee Transportation Facilitation System. Just ice/JM D-017." I

The purpose of this system of records has been expanded. Information in the system was used to assign, manage, and control the use of vehicle parking spaces. Information will be added to assist in managing the issuance of transit subsidies.

Existing routine use (5) has been modified. First. disclosure may he made to ensure that Federal employees do not simultaneously receive. both a parking benefit and transit subsidy-either from their respective agencies or in conjunct ion wit h another Federal agency. Second. disclosure of non-Federal ridesharing applicant information may be made to enable DOJ and other Federal agencies to validate parking permit eligibility for their employees.

Two new routine uses identified as routine uses (3) and (4) have been added.

The "Categories of Individuals Covered by the System" has been

The Office of :lie Federal Register shall remove (runt **DOJ s I,1111 l7i l:11 wn Of Privacy All issum rtes ti** le' **SVSLCIII in(records** etiiil led "Department of Justice (b0J) Controlled Parking Records..lustice/JMD-1)17." and add to 00.1s compilation the modified system of records entitled, "Department of Justice (DOJ) Employee Transportation Facilitation System. itistice/JM

APPENDIX C

List of Witnesses Appearing Before the U.S. International Trade Commission at the Hearing on December 1, 1998

As of November 30, 1998, Revision I

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 U.S. GENERALIZED SYSTEM OF PREFERENCES

Inv. No.: 332-398

Date and Time: December 1, 1998 - 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.

ORGANIZATION AND WITNESS	COMMODITY	TIME CONSTRAINTS
PANEL 1		
Manufacturing Jewelers and Silversmiths of America, Incorporated, Providence, RI	Gold/silver chains 7113.11.50 7113.19.29	10 minutes
James F. Marquart, President and CEO		
PANEL 2		
Pepper Hamilton, LLP Washington, D.C. on behalf of	N-tert-Buty1-2-benzothiazole-sulfenamide 2934.20.05	10 minutes
Flexsys America L.P. ("Flexsys")		
David C. Mine, General Counsel, Flexsys, America, L.P		
E. Daniel Butkus, Technical Service Representative, SCA, Flexsys America, **L.P.**		
Gregory C. Dorris--OF COUNSEL		

-MORE-

ORGANIZATION AND WITNESS	COMMODITY	TIME CONSTRAINTS
PANEL 3		
Porter, Wright, Morris & Arthur Washington, D.C. on behalf of Bann Quimica **Wayne Stair,** President, Americas International, Incorporated **Leslie Alan Glick**))--OF COUNSEL **Renata Vasconcellos**)	N-tert-Buty1-2- benzothiazole- sulfenamide 2934.20.05	10 minutes
PANEL 4		
Wilmer, Cutler & Pickering Washington, D.C. on behalf of Corporacion Nacional del Cobre de Chile (CODELCO) Comision Chilena del Cobre (COCHILCO) **Marcia A. Wiss**))--OF COUNSEL **Juan A. Millan**)	Copper Articles 7403.13.00 7403.19.00 Ammonium Molybdates 2841.7010	10 minutes

-END-

APPENDIX D

Model for Evaluating Probable Economic Effects of Changes in GSP Status

Model for Evaluating Probable Economic Effects of Changes in GSP Status

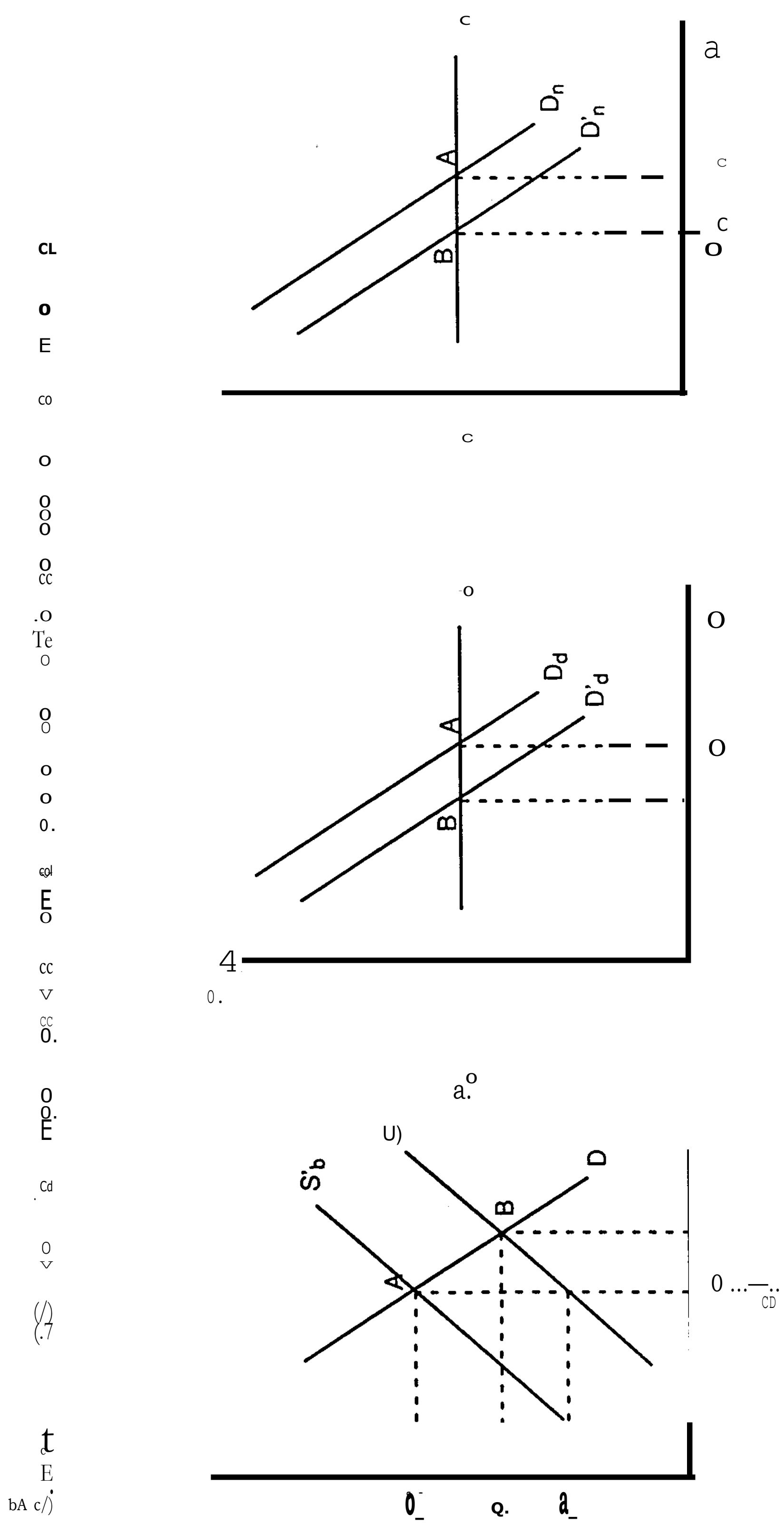
Commission GSP investigations examine the probable economic effects of changing the GSP status of certain commodities and, in some cases, of certain commodities from particular countries. The major cases involve adding products or products from certain countries to the list of articles eligible for GSP 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.

<u>Derivation of import, industry, and consumer effects</u>

Consider the market for GSP imports illustrated in fig.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, 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.[1] 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

[1] 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.



D_n
D'_n
A
B
D_d
D'_d
A
B
S'_b
D
B
A

relationships among the equilibrium variables can be represented as follows:

Demand $Q_b^t = P_b^{\eta}$ (1)

Supply V_b D / (2)

where η 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 e is the price elasticity of supply for imports from GSP countries. Noting that $P_s'' = P_b(1+t)$, 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

$$P_b = P_b(1 \quad)^{\eta/(\eta+e)}, \text{ or} \tag{3}$$

$$P_b / P_b = (1+t)^{(\eta \cdot e)} \tag{3'}$$

To find the ratio of the customs value at equilibrium B to the customs value at equilibrium A, P_bQ_b' / P_bQ_b, equations (3) and (2) can be used to obtain

$$\frac{P_b Q_b}{P_b Q_b} - \tag{4}$$

Taking natural logarithms on each side of (4) we obtain

$$\ln\left(\frac{P_b Q_b}{P_b Q_b}\right) \quad \frac{}{(\eta+e)} \ln(1+t). \tag{4'}$$

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

$$P_b Q_b \quad P_bQ_b = \Delta P_bQ_b = \frac{\eta(e+1)}{(\eta+e)} P_bQ_b \tag{4''}$$

which forms the general basis for estimates of increased import values from GSP countries.[2]

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.

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[2] Eq. 4" can also be expressed in terms of the percentage change in GSP imports as follows:

$$\frac{\Delta P_bQ_b}{P_bQ_b} - \frac{\eta(e+1)}{(\eta+e)} t$$ where the left side of the equation is the percentage change in GSP imports.

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 Dd and 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. Panels b. and c. are constructed with perfectly elastic supply curves for domestic production and nonbeneficiary imports.[3]

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.[4] A key assumption of the model is that U.S. industry production is offset dollar-for-dollar by the increase in the customs

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[3] 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.

[4] 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.

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 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

$S - \frac{fl}{(fl+e)}$ (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 $Pb' = P_b (l+t)ni$ (eq. 3). Taking the natural logarithm of both sides of eq. 3' we obtain $1n \frac{PbT}{(Pb} - \frac{11}{(n+6)} \ln(l+t)$. Noting that the left side of the equation can be approximated by $\frac{(Pb'-Pb)}{Pb}$, and that ln(l+t) is approximately equal to t for small values of t, we obtain

$\frac{(Pb - PO}{Pb} - \frac{}{(fl+e)} t$ or $(P_b'-P_b) = Pb \frac{fl}{(111-e)} t$, 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 (fl/(n+e) > .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 > fl/(n+e) > .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 > fl/(fl+e)).