

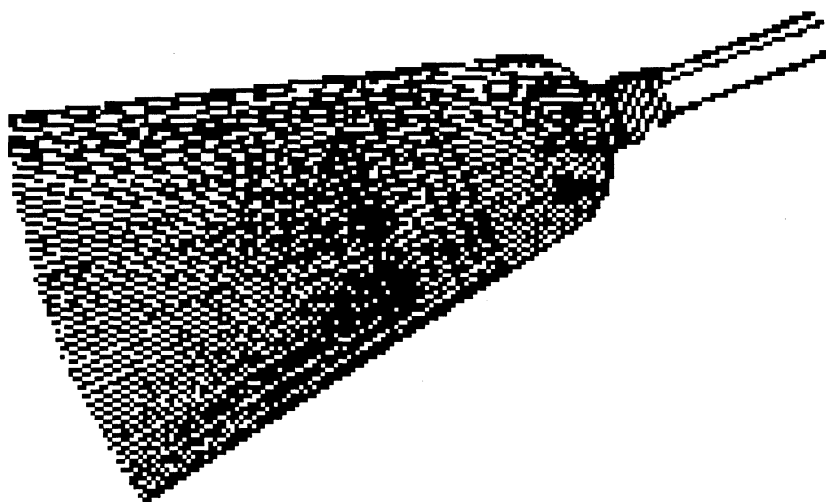
Broom Corn Brooms: Evaluation of the Effectiveness of Import Relief

Investigation No. TA-204-1

Publication 3178

April 1999

U.S. International Trade Commission



U.S. International Trade Commission

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Note.--Certain confidential business information may not be disclosed and is noted in the text and tables by asterisks (***)

GLOSSARY OF ABBREVIATIONS
(In alphabetical order)

<u>Name/agency/phrase</u>	<u>Abbreviation</u>
Andean Trade Preference Act	ATPA
Caribbean Basin Economic Recovery Act	CBERA
Chickasaw Broom Company	Chickasaw Broom
Cornelia Broom, Mop, and Handle Company	Cornelia
Cost of goods sold	COGS
Crystal Lake Manufacturing	Crystal Lake
<i>Federal Register</i>	FR
General Agreement on Tariffs and Trade	GATT
Generalized System of Preferences	GSP
Greenwood Mop and Broom Company	Greenwood
Hamburg Industries, Inc.	Hamburg Industries
Harmonized Tariff Schedule of the United States	HTS
Libman Company	Libman
Thomas A. Monahan Company	Monahan
Most favored nation	MFN
National Broom Company	National Broom
National Broomcorn Company	National Broomcorn
Newton Broom Company	Newton Broom
North American Free Trade Agreement	NAFTA
O’Cedar Brands, Inc.	O’Cedar
Quickie Manufacturing Corporation	Quickie
Quinn Broom Works	Quinn Broom
Rubbermaid Cleaning Products	Rubbermaid
Selling, general, and administrative	SG&A
Trade Act of 1974	Act
U.S. Department of Agriculture	USDA
U.S. Department of Commerce	Commerce
U.S. International Trade Commission	Commission
U.S. Department of Labor	Labor
U.S. Trade Representative	USTR
Zephyr Manufacturing Company	Zephyr

INTRODUCTION

On December 3, 1998, the President determined that the broom corn broom industry had “not made adequate efforts to make a positive adjustment to import competition” and pursuant to section 204(b)(1)(A) of the Trade Act of 1974 (19 U.S.C. 2254(b)(1)(A)) terminated the import relief he had granted under section 203 of that Act with respect to broom corn broom imports. The import relief had been in effect since November 28, 1996. As a result of the President’s action, as required by section 204(d) of the Act, the Commission must evaluate the effectiveness of the import relief action in facilitating positive adjustment by the domestic industry to import competition in light of the President’s stated goals in the report submitted to Congress under section 203(b) of the Act.¹ Accordingly, effective February 16, 1999, the Commission instituted investigation No. TA-204-1, *Broom Corn Brooms: Evaluation of the Effectiveness of Import Relief*.² The evaluation must be completed no later than 180 days after the termination of the relief, which in this case is June 1, 1999.

BACKGROUND

The roots of this investigation lie in the Commission’s 1996 determinations in investigation No. TA-201-65 concerning broom corn brooms. On August 1, 1996, the Commission reported to the President that, as a result of an investigation conducted under section 202 of the Act, it had determined that broom corn brooms were being imported into the United States in such increased quantities as to be a substantial cause of serious injury to the domestic industry producing an article like or directly competitive with the imported article.^{3 4 5} The Commission’s findings were the result of petitions filed

¹ A copy of the report, identified as *Memorandum on Imports of Broom Corn Brooms*, is presented in app. A. Copies of Presidential Proclamations 6961 (granting relief) and 7154 (terminating relief) are also presented in app. A.

² 64 FR 9173, Feb. 24, 1999. A copy of the Commission’s *Federal Register* notice is presented in app. B. No appearances were filed for the Commission’s hearing in this investigation.

³ Chairman Rohr and Commissioners Newquist, Nuzum, and Bragg found in the affirmative. Commissioners Crawford and Watson found in the negative.

⁴ 61 FR 42264, Aug. 14, 1996. *See, Broom Corn Brooms* (Invs. Nos. TA-201-65 and NAFTA-302-1), USITC Pub. No. 2984, August 1996. The brooms covered by this finding were brooms made, wholly or in part, of broom corn (including broom heads), provided for in subheadings 9603.10.05, 9603.10.15, 9603.10.35, 9603.10.40, 9603.10.50, and 9603.10.60 of the HTS.

⁵ Additionally, the Commission reported to the President that, as a result of an investigation conducted under section 302 of the NAFTA Implementation Act (19 U.S.C. 3352), it had determined that, as a result of the reduction or elimination of a duty provided for under the NAFTA, broom corn brooms produced in Mexico were being imported into the United States in such increased quantities (in absolute terms) and under such conditions so that imports of the article, alone, constituted a substantial cause of serious injury to the domestic industry producing an article like or directly competitive with the imported article. Chairman Rohr and Commissioners Newquist, Crawford, Nuzum, and Bragg found in the affirmative; Commissioner Watson found in the negative. The petitioner alleged the existence of critical circumstances and requested that, pursuant to section 302(d) of the NAFTA Implementation Act, provisional relief be provided in order to avoid circumstances in which a delay in taking action would cause such harm that it would significantly impair the effectiveness of final import relief. On May 3, 1996, the Commission advised the President that it had made a negative determination with respect to

(continued...)

on March 4, 1996,⁶ on behalf of the U.S. Cornbroom Task Force and its individual members⁷ and were transmitted to the President on August 1, 1996.

The President determined that “[i]mports of broom corn brooms from Mexico, considered individually, account for a substantial share of total imports and contribute importantly to the serious injury caused by imports.”⁸ Additionally, the President determined to take appropriate and feasible action to facilitate efforts by the domestic industry to make a positive adjustment to competition from imports of broom corn brooms. The President withheld implementation of that action pending a 90-day period during which he directed the USTR to attempt to negotiate and conclude agreements concerning “[b]room corn brooms exported to the United States, and to carry out any agreements reached.”⁹ Such negotiations were undertaken by the USTR, but failed to achieve agreements concerning such brooms exported to the United States. Consequently, on November 28, 1996, the President implemented his previously announced action in the form of a three-year increase in duties on brooms imported under HTS subheadings 9603.10.50 and 9603.10.60.¹⁰ In implementing the relief, the President further determined that the action would “[f]acilitate efforts by the domestic industry to make a positive adjustment to import competition and provide greater economic and social benefits than costs.”^{11 12}

Subsequent to the granting of relief, the Commission, on May 11, 1998, was asked by the USTR to provide the USTR with a report on developments in the domestic broom corn broom industry, including efforts of workers and firms in the industry to make a positive adjustment to import competition during the period of import relief. Accordingly, the Commission instituted investigation No. 332-394, *Broom Corn Brooms: Efforts of Workers and Firms in the Industry to Make a Positive Adjustment to Import Competition*, under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)).¹³ In the course of preparing that report, the Commission gathered information from producers that accounted for the bulk of the data base used in the 1996 report. In addition to providing trade and financial data, a number of the producers offered comments responsive to the Commission’s request for

⁵ (...continued)

provisional relief. 61 FR 24952, May 17, 1996. See, *Broom Corn Brooms*, (Inv. No. NAFTA-302-1 (Provisional Relief Phase)), USITC Pub. No. 2963, May 1996.

⁶ See, 61 FR 11061, Mar. 18, 1996.

⁷ The members of the U.S. Cornbroom Task Force were National Broom, Stockton CA; Chickasaw Broom, Memphis, TN; Newton Broom, Newton, IL; Quinn Broom, Greenup, IL; Libman, Arcola, IL; O’Cedar, Springfield, OH; Hamburg Industries, Hamburg, PA; Crystal Lake, Autaugaville, AL; Zephyr, Sedalia, MO; and Signature Works, Hazelhurst, MS.

⁸ 61 FR 64431, Dec. 4, 1996.

⁹ Id.

¹⁰ Specifically, the increased duties applied to imports from “all countries, except Canada and Israel and developing countries that account for less than three percent of the relevant imports over a recent representative period.” Id. For a more detailed discussion of the temporary duty increases, see *U.S. Tariff Treatment* in app. C.

¹¹ Id.

¹² In making their remedy recommendations, Chairman Rohr and Commissioners Newquist, Nuzum, and Bragg had recommended a four-year period of import relief while Commissioner Crawford had recommended a two-year period of relief. Commissioner Watson, having found in the negative in both investigations, did not participate with respect to remedy. See, *Broom Corn Brooms* (Invs. Nos. TA-201-65 and NAFTA-302-1), USITC Pub. No. 2984, August 1996.

¹³ 63 FR 30254, June 3, 1998.

information relative to investments made, cost reductions with existing equipment, diversification and/or expansion, research and development, organizational changes, changes in production practices, marketing changes, and any other efforts to compete.¹⁴ The Commission's report in the investigation was transmitted to the USTR in August 1998 and was noted, in addition to advice from the Secretaries of Commerce and Labor, by the President in the proclamation terminating relief.¹⁵

PREVIOUS INVESTIGATIONS

Prior to the aforementioned investigations and in accordance with Executive Order 11377 of October 23, 1967, the Commission was directed to provide annual reports of its judgment as to the estimated domestic consumption of broom corn brooms. These reports to the President were provided on an annual basis (including a biennial judgment concerning other brooms considered to be competitive with corn brooms) through the 1986 calendar year when they were discontinued after the President revoked the Executive Order.¹⁶ From 1979 forward, the Commission conducted the annual reviews under the aegis of investigation No. 332-97 (*Certain Brooms: U.S. Producers' Shipments, Imports for Consumption, Exports, and Apparent Consumption, Calendar Year . . .*).¹⁷ Prior to 1979, the reports were transmitted to the President via letter.

APPARENT U.S. CONSUMPTION

Apparent consumption for broom corn brooms is presented in figure 1 and table 1. In investigation No. 332-394, 12 U.S. producers provided usable shipment data and accounted for 80 percent of U.S. producers' shipments in 1997.¹⁸ To the extent some producers did not provide usable shipment data or chose not to respond, consumption figures are necessarily understated. Import numbers are compiled from official statistics from Commerce and include imports of brooms eligible for in-quota duty rates (HTS subheading 9603.10.40), as well as the brooms that were subject to Presidential Proclamation 6961 (HTS subheadings 9603.10.50 and 9603.10.60).

¹⁴ Additionally, notice of the investigation was sent to importer firms that responded to questionnaires during the 1996 investigation inviting their comments concerning the matters to be addressed in the report. None of these firms offered comment concerning the investigation.

¹⁵ See, Presidential Proclamation 7154 presented in app. A.

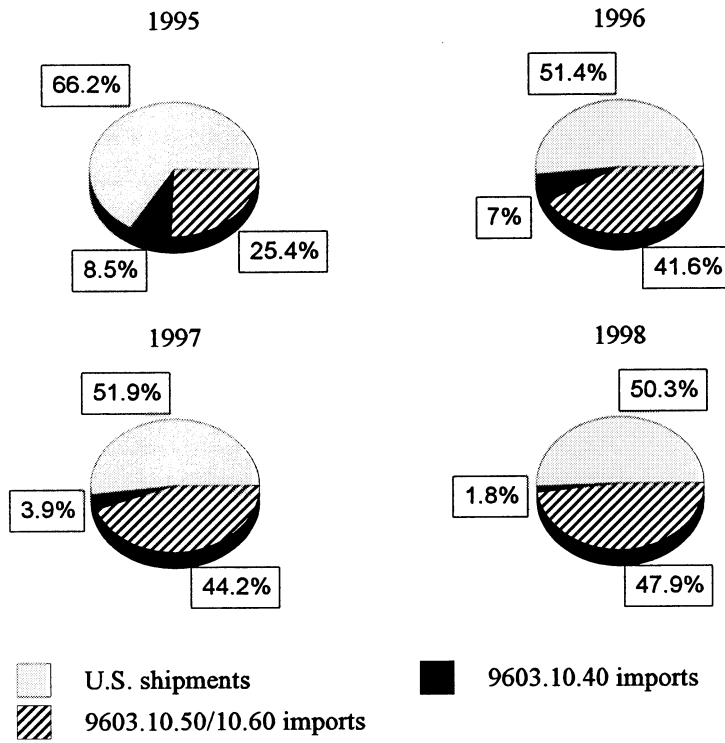
¹⁶ 52 FR 34617, Sept. 14, 1987.

¹⁷ USITC Publication Nos. 878, 967, 1049, 1140, 1232, 1373, 1518, 1675, and 1835.

¹⁸ The 1998 U.S. shipment number is estimated based on interviews with a number of these producers.

Figure 1

Broom corn brooms: Shares of apparent U.S. consumption based on quantity, by sources, 1995-98



Source: Table 1.

Table 1

Broom corn brooms: U.S. shipments of domestic product, U.S. imports, by sources, and apparent consumption, 1995-98

Item	1995	1996	1997	1998
Quantity (dozens)				
U.S. producers' domestic shipments	1,001,480	819,672	756,904	719,059
Imports under HTS 9603.1040	128,059	111,225	56,373	25,890
Imports under HTS 9603.1050/.1060 from:				
Mexico	249,349	522,993	519,415	583,977
Honduras	45,914	54,334	59,055	52,771
Colombia	24,393	38,421	38,378	30,760
Panama	57,454	34,876	20,277	16,382
All other	7,168	11,862	6,654	1,583
Total 9603.1050/.1060 imports	384,278	662,486	643,779	685,473
Apparent consumption	1,513,818	1,593,382	1,457,056	1,430,422
Value (\$1,000)				
U.S. producers' domestic shipments	34,187	27,711	25,962	24,664
Imports under HTS 9603.1040	1,545	661	641	274
Imports under HTS 9603.1050/.1060 from:				
Mexico	5,074	9,467	12,849	13,880
Honduras	1,216	1,436	1,431	1,507
Colombia	454	736	718	677
Panama	1,110	600	525	712
All other	93	268	83	25
Total 9603.1050/.1060 imports	7,947	12,507	15,606	16,801
Apparent consumption	43,679	40,879	42,209	41,739
Share of quantity (percent)				
U.S. producers' shipments	66.2	51.4	51.9	50.3
Imports under HTS 9603.1040	8.5	7.0	3.9	1.8
Imports under HTS 9603.1050/.1060 from:				
Mexico	16.5	32.8	35.6	40.8
Honduras	3.0	3.4	4.1	3.7
Colombia	1.6	2.4	2.6	2.2
Panama	3.8	2.2	1.4	1.1
All other	0.5	0.7	0.5	0.1
Total 9603.1050/.1060 imports	25.4	41.6	44.2	47.9
Share of value (percent)				
U.S. producers' shipments	78.3	67.8	61.5	59.1
Imports under HTS 9603.1040	3.5	1.6	1.5	0.7
Imports under HTS 9603.1050/.1060 from:				
Mexico	11.6	23.2	30.4	33.3
Honduras	2.8	3.5	3.4	3.6
Colombia	1.0	1.8	1.7	1.6
Panama	2.5	1.5	1.2	1.7
All other	0.2	0.7	0.2	0.1
Total 9603.1050/.1060 imports	18.2	30.6	37.0	40.3

Source: Compiled from data submitted in response to Commission questionnaires and from official statistics of Commerce.

THE PERIOD OF RELIEF

In the report to the Congress under section 203(b) of the Act that accompanied the announcement of relief, the President stated (in part):

“I also note the substantial resources identified by the Departments of Agriculture and Commerce that can provide loans, grants, technical and in-kind assistance to the domestic industry as it implements its adjustment plan. Taken together, these programs have the potential to match the financial contribution that the domestic industry will make as it implements its adjustment plan. I urge the domestic industry to submit the necessary applications for consideration under the individual programs, and direct the Secretaries of Agriculture and Commerce to provide the appropriate assistance to the industry in completing the application process. I also direct the Departments of Agriculture and Commerce to give priority consideration to adjustment assistance requests, with the intent of providing the maximum appropriate assistance available. The Trade Adjustment Assistance program of the Department of Labor has already provided support for employees of broom corn broom manufacturers that have been laid off due to import competition. This assistance remains available, and I instruct the Secretary of Labor to give priority consideration to processing such requests.”¹⁹

Aside from actions to be taken on a firm-by-firm basis, the focus of the aforementioned industry adjustment plan consisted of two elements the U.S. industry believed would allow them to make “significant advances” in the reduction of their raw material costs and in the finished production process of broom corn brooms.²⁰ Those elements called for: (1) development of a disease resistant, mechanically harvestable, commercially viable, broom corn hybrid, and (2) use of robotic technology developed by Australian manufacturers to produce wire-wound brooms automatically. However, neither of these adjustment goals was realized due to the inability of the industry to obtain government or private funding for the development of the broom corn hybrid and financial problems encountered by the Australian firms developing the automatic winding machine. A discussion of these elements of the plan, actions taken by the individual firms, and relief offered through the Trade Adjustment Assistance program follows.

Prior to the 1996 investigations, a broom corn seed variety had been developed at the University of Illinois that will produce broom corn suitable for mechanical harvesting, thereby making that process less expensive than the present “by-hand” method of harvesting broom corn. Then, as now, the effort has been funded by U.S. broom producers under the aegis of the Nolan Broomcorn Trust.²¹ Efforts continue to develop a new variety that will yield broom corn with pale green or wheat-colored bristles because the current purple color of the new broom corn variety is considered a potential drawback to public acceptance. Additionally, problems relative to the hybrid’s susceptibility to the diseases anthracnose, zonate leaf spot, and bacterial stripe still must be solved before it becomes commercially viable. Shortly after relief was granted, researchers at the University of Illinois Department of Crop Sciences made application to the USDA’s Fund for Rural America for a four-year \$512,574 grant for “Development of

¹⁹ A copy of the report, identified as *Memorandum on Imports of Broom Corn Brooms*, is presented in app. A.

²⁰ A detailed description of the product, its end uses, and production processes is presented in app. D.

²¹ ***.

Machine Harvestable, Disease Resistant, Broom Corn Varieties.”²² However, the proposal, while receiving high technical ratings, was ultimately denied in December 1997 because the USDA review panel²³ concluded that the “research was too narrowly focused on a problem with too little potential to have wide impact.”²⁴ The same researchers also submitted proposals to Illinois state agencies for funding, but were unsuccessful “because of a lack of broomcorn production in Illinois.”²⁵ Given the case that both applications for research funding were rejected due to their narrowness of focus, the researchers advise that they presently have no plans to reapply for research funding.²⁶ Hence, the only funding for research available at this time is from the Nolan Broomcorn Trust in the amount of about \$40,000 per year.²⁷ Although the most common frustration voiced by producers in post-relief interviews was with the Government’s failure to provide funding for this research, there appears to be little likelihood for increased contributions from industry participants in the near future. In the view of one firm that has contributed and will continue to contribute to the fund, it was suggested that research will move along at its present “snail’s pace.”²⁸

With regard to the development of a machine to manufacture wire-wound brooms automatically, the efforts of Australian manufacturers, although still continuing, have been severely limited due to financial problems. In January 1997, representatives of one major U.S. manufacturer visited the Australian manufacturer²⁹ to evaluate the new machine.³⁰ Based on that evaluation, the U.S. manufacturer placed an order for one machine in the spring of 1997 to be delivered by September 1997.³¹ Subsequent to the placement of that order, the machine manufacturer went bankrupt and was taken over by another Australian firm.³² The U.S. firm opted to stay with the project based on a belief that the new firm would be able to deliver the machine by January 1998.³³ However, by February 1998, with the new firm running late on the machine and “major questions/problems,” the U.S. firm decided to “use the capital set aside for the broom-winding machine for other projects” and canceled its order. In taking that action, the firm acknowledged that a prime factor in its decision was the fact that the period of relief was then scheduled to expire in November 1999.³⁴ The U.S. firm remains interested in the machine and says it would consider the project again, if the Australian manufacturer is ever in a position to produce a broom-winding machine.³⁵ ***.³⁶ While two other firms³⁷ expressed interest in the machine if it is economically feasible, both had reservations. One indicated that it is “presently too expensive to be cost

22 ***

23 According to USDA, funding is typically provided to less than 10 percent of the applicants for grants. A peer review of the applications was conducted by a dozen experts.

24 Letter to Donald G. White from Patrick M. O’Brien, Deputy Administrator, Special Programs, Fund for Rural America, Cooperative State Research, Education, and Extension Service, USDA, Dec. 11, 1997.

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effective”³⁸ while the other, in addition to cost factors, expressed concern over the potential loss of jobs for its workers.³⁹ During the period of relief, none of the U.S. broom producers contacted the U.S. Government regarding developmental assistance for an automatic winding machine.⁴⁰

Given the U.S. industry’s inability to implement the major elements of its plan, efforts at adjustment to import competition took place primarily on a firm-by-firm basis. A description of those efforts is presented in the text that follows and was developed from questionnaire responses, updated by interviews where possible, of U.S. producers in investigation No. 332-394, *Broom Corn Brooms: Efforts of Workers and Firms in the Industry to Make a Positive Adjustment to Import Competition*.⁴¹ Absent the reduction in raw material and finished production costs that might have been gained from the implementation of major elements of the plan, a good number of the actions taken by the individual producers took the form of a movement away from broom corn broom production, perhaps reflecting what one producer characterized as a “natural evolution” in the face of increasing imports and declining U.S. production. In general, most of the firms reported they had either reduced or, in some instances, eliminated production of broom corn brooms. A number reported efforts aimed at reducing their dependence on broom sales by shifting to sales of mops, parts, and other cleaning and stickware products. Such actions appear to have been easier for the larger firms marketing a full line of stickware products. Six of the firms reported increased use of imported brooms to fill out their product line while two of the larger producers simply stopped U.S. production and began sourcing from Mexico.

Based on the questionnaire responses in investigation No. 332-394 and related staff interviews for both that and the current investigation, there are an estimated 45 to 50 broom corn broom producers operating in the United States. A majority of the operations are small shops with fewer than five winders and, in a number of instances, only one or two winders. These small producers sell in small local, specialty, and craft markets.⁴²

Table 2 provides data on shipments by the responding producers in investigation No. 332-394 and a guide to the nature of the information they provided (e.g., narrative, trade, and/or financial). In its questionnaire, the Commission asked producers to comment with regard to their competitive efforts and adjustments during the period of relief and requested information relative to investments made, cost reductions with existing equipment, diversification and/or expansion, research and development, organizational changes, changes in production practices, marketing changes, and any other efforts to compete. Of the 15 firms that returned questionnaires in investigation No. 332-394, three smaller companies, Charleston Broom and Mop, Hub City, and the Mobile Association for the Blind, ***.⁴³ A fourth firm, Premier Mop and Broom of Corona, CA, ***.

³⁸ ***

³⁹ ***

⁴⁰ Interviews with U.S. producers responding to questionnaires in Inv. No. 332-394.

⁴¹ These producers provided the bulk of the data base for the 1996 investigations.

⁴² Among these producers are eight “Industries for the Blind” operations. Most of their product is marketed to governments and service organizations. With the exception of *** the other “Industries for the Blind” operations are located in the southeastern United States. ***.

⁴³ ***

Table 2

Broom corn brooms: 1997 U.S. shipment data and type of information provided by producers returning questionnaires in investigation No. 332-394, by firm

Firm	1997 shipments (dozens)	Type of information provided—		
		Narrative	Trade	Financial
Charleston Broom & Mop	***	***	***	***
Cornelia	***	***	***	***
Crystal Lake	***	***	***	***
Greenwood	***	***	***	***
Hamburg Industries	***	***	***	***
Hub City	***	***	***	***
Libman	***	***	***	***
Mobile Association for the Blind	***	***	***	***
National Broom	***	***	***	***
Newton Broom	***	***	***	***
O’Cedar	***	***	***	***
Premier Mop & Broom	***	***	***	***
Quickie	***	***	***	***
Quinn Broom	***	***	***	***
Zephyr	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

In its response, Cornelia of Cornelia, SC, offered the following comment with respect to ***.⁴⁴ With respect to “diversification/expansion” efforts, Cornelia reported that it has ***.⁴⁵ Insofar as “research and development” is concerned, Cornelia made the following comments: ***.⁴⁶

In 1997, Crystal Lake⁴⁷ of Autaugaville, AL, reported that it ***.⁴⁸ Insofar as other competitive efforts and adjustments, Crystal Lake reported that it has attempted to ***. However, Crystal Lake reports that with ***.⁴⁹ With respect to “changes in production practices,” Crystal Lake noted ***.⁵⁰ In post relief comments, Crystal Lake voiced the view that ***.⁵¹

⁴⁴ Cornelia questionnaire. Cornelia was the ***.

⁴⁵ Id.

⁴⁶ Id.

⁴⁷ Member of the U.S. Cornbroom Task Force.

⁴⁸ Crystal Lake questionnaire. Crystal Lake was the ***.

⁴⁹ Id.

⁵⁰ Id.

⁵¹ ***.

Greenwood of Greenwood, SC, reported ***.⁵²

Hamburg Industries,⁵³ of Hamburg, PA, reported that its competitive efforts had been focused on ***.⁵⁴ To that end, ***.⁵⁵ In addition to the manufacture of broom corn brooms, Hamburg Industries ***. With respect to its broom corn broom operations, Hamburg Industries noted ***.⁵⁶

During 1997 and 1998, Libman⁵⁷ of Arcola, IL, made.⁵⁸ Additionally, Libman states that the ***. With respect to other competitive efforts, Libman has ***.⁵⁹ With regard to “diversifications/expansions,” Libman reported ***.⁶⁰ As far as other thoughts concerning the period of relief, Libman reiterated its earlier stated view that, by not having provided assistance to develop the hybrid broom corn seed, the Federal government had not fulfilled its commitment to one of America’s oldest industries.⁶¹

National Broom⁶² of Stockton, CA, reported nearly ***.⁶³ In addition to broom corn broom investments, National Broom reported a ***.⁶⁴

Newton Broom⁶⁵ of Newton, IL, reported a ***.⁶⁶ Insofar as its broom corn broom operations, ***.⁶⁷

During 1996 and 1997, ***, O’Cedar⁶⁸ of Springfield, OH, made investments of ***. These investments took the form of ***.⁶⁹ As noted earlier in the report, O’Cedar ***. O’Cedar used ***.⁷⁰

Quickie, which ***.⁷¹

During 1997 and 1998, Quinn Broom⁷² of Greenup, IL, made ***.⁷³ Of this activity, Quinn Broom noted ***.⁷⁴ Quinn Broom further reported that in the *** and noted in a general comment ***.⁷⁵

⁵² Greenwood questionnaire. Greenwood was the ***.

⁵³ Member of the U.S. Cornbroom Task Force.

⁵⁴ Hamburg Industries questionnaire.

⁵⁵ Id.

⁵⁶ Id. The same basic remarks were reiterated subsequent to the termination of relief. ***.

⁵⁷ Member of the U.S. Cornbroom Task Force.

⁵⁸ Libman questionnaire. Libman was the ***.

⁵⁹ Id.

⁶⁰ Id.

⁶¹ Interview with William Libman, Libman, Feb. 1, 1999.

⁶² Member of the U.S. Cornbroom Task Force.

⁶³ National Broom questionnaire and ***. National Broom also reported ***.

⁶⁴ National Broom questionnaire and ***.

⁶⁵ Member of the U.S. Cornbroom Task Force.

⁶⁶ Newton Broom questionnaire and ***. Newton Broom is ***.

⁶⁷ Id.

⁶⁸ Member of the U.S. Cornbroom Task Force.

⁶⁹ O’Cedar questionnaire. ***.

⁷⁰ O’Cedar questionnaire and ***.

⁷¹ ***.

⁷² Member of the U.S. Cornbroom Task Force.

⁷³ Quinn Broom questionnaire. Quinn Broom was the ***.

⁷⁴ Id.

⁷⁵ Id.

Zephyr⁷⁶ reported ***.⁷⁷ In October 1998, Zephyr announced the cessation of its broom corn broom production operations with the closure of its Deshler, NE, production facility. In so doing, Zephyr reiterated its earlier comments concerning the domestic industry:

“Our decision . . . has largely been driven by what we perceive as a lack of time and a total void of implied government help to become competitive with Mexico and other third world countries. We felt the government’s help in providing a research grant for the further refinement of broomcorn seed would have far more reaching positive effects on the U.S. broomcorn industry than just developing an improved broomcorn fiber. Also, equally important to us would have been what we felt was the message that such a program would send to existing machine manufacturers who now possess the expertise to develop other types of equipment that would help to drive labor costs out of the production of broomcorn brooms. They are understandably reluctant to make any investment in an industry that appears to be dying.”⁷⁸

As noted earlier, Labor’s Trade Adjustment Assistance program is available to U.S. workers who are separated from employment because of imports. The program, along with the NAFTA Trade Adjustment Assistance program, provides reemployment services such as training, job search and relocation allowances, and weekly cash payments to unemployed workers. In the case of the NAFTA program, the efforts are directed to workers who become dislocated as a result of increased trade with Mexico and Canada.

Over the past few years, former broom corn broom workers have made limited use of the Trade Adjustment Assistance program. According to Labor, former workers from A-1 Broom & Supply of Los Angeles, CA (September 1995), Sun Broom of Mattoon, IL (September 1996), Assembly Services of El Paso, TX⁷⁹ (December 1996), and Rubbermaid of Sparks, NV (April 1997) petitioned for and were approved to receive Trade Adjustment Assistance.

⁷⁶ Member of the U.S. Cornbroom Task Force.

⁷⁷ Zephyr questionnaire.

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U.S. BROOM CORN BROOM PRODUCERS' TRADE AND FINANCIAL DATA

U.S. broom corn broom production, shipment, inventory, employment, and financial data, as supplied by U.S. producers in investigation No. 332-394, are presented in table 3. Twelve of the 15 responding firms,⁸⁰ accounting for approximately 82 percent of 1997 production, provided usable trade data. Nine firms, accounting for approximately 75 percent of 1997 production, provided usable financial data. As noted earlier, these producers provided the bulk of the data base in the 1996 investigations.

⁸⁰ In investigation No. 332-394, questionnaires were sent to the producers which provided the data base of the 1996 investigations. Of those producers, ***.

Table 3

Broom corn brooms: U.S. producers' trade and financial data, 1995-97

(Quantity=dozens, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per dozen;
period changes=percent, except where noted)

Item	Reported data			Period changes		
	1995	1996	1997	1995-97	1995-96	1996-97
U.S. producers':						
Average capacity quantity	1,217,182	1,096,817	963,553	-20.8	-9.9	-12.2
Production quantity	987,954	808,673	733,512	-25.8	-18.1	-9.3
Capacity utilization (1)	81.2	73.7	76.1	-5.0	-7.4	2.4
U.S. shipments:						
Quantity	1,001,480	819,672	756,904	-24.4	-18.2	-7.7
Value	34,187	27,711	25,962	-24.1	-18.9	-6.3
Unit value	\$34.14	\$33.81	\$34.30	0.5	-1.0	1.5
Ending inventory quantity	67,657	59,017	62,288	-7.9	-12.8	5.5
Inventories/total shipments (1)	6.8	7.2	8.2	1.5	0.4	1.0
Production workers	518	438	394	-23.9	-15.4	-10.0
Hours worked (1,000s)	995	744	685	-31.2	-25.2	-7.9
Wages paid (\$1,000s)	8,660	6,851	6,699	-22.6	-20.9	-2.2
Hourly wages	\$8.70	\$9.21	\$9.78	12.4	5.8	6.2
Productivity (dozens per hour)	0.9	1.0	1.1	15.9	11.7	3.7
Unit labor costs	\$9.42	\$8.92	\$9.13	-3.0	-5.3	2.4
Net sales:						
Quantity	865,628	721,642	689,218	-20.4	-16.6	-4.5
Value	27,267	23,373	22,716	-16.7	-14.3	-2.8
Unit value	\$31.50	\$32.39	\$32.96	4.6	2.8	1.8
COGS	20,261	17,333	16,356	-19.3	-14.5	-5.6
Gross profit or (loss)	7,006	6,040	6,360	-9.2	-13.8	5.3
SG&A expenses	7,012	5,588	5,585	-20.4	-20.3	-0.1
Operating income or (loss)	(6)	452	775	(2)	(2)	71.5
Capital expenditures	228	324	169	-25.9	42.1	-47.8
Unit COGS	\$23.41	\$24.02	\$23.73	1.4	2.6	-1.2
Unit SG&A expenses	\$8.10	\$7.74	\$8.10	0.0	-4.4	4.6
Unit operating income or (loss)	(\$0.01)	\$0.63	\$1.12	(2)	(2)	79.5
COGS/sales (1)	74.3	74.2	72.0	-2.3	-0.1	-2.2
Operating income or (loss)/ sales (1)	(3)	1.9	3.4	3.4	1.9	1.5

(1) "Reported data" are in percent and "period changes" are in percentage points.

(2) Undefined.

(3) Operating loss of less than 0.05 percent.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis.

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. IMPORTS AND IMPORTERS

Commerce statistics for imports of broom corn brooms subject to Presidential Proclamation 6961 (HTS subheadings 9603.10.50 and 9603.10.60) are presented in table 4. Collectively, Mexico, Panama, Honduras, and Colombia accounted for at least 98 percent of imports each year during 1995-98. Mexico was the largest source of imports each year.

As was the case in the 1996 investigations, the number of firms importing broom corn brooms⁸¹ was fairly concentrated. Imports of broom corn brooms from Mexico came primarily through importers located in Texas (***,⁸² ***,⁸³ ***, ***, ***,⁸⁴ and ***)⁸⁵ Imports of Honduran and Colombian product came almost exclusively through Miami, FL (***) and imports of Panamanian product were brought into the United States almost exclusively by ***.

In investigation No. 332-394, importers that furnished information in the 1996 investigations were provided with a copy of the Commission's *Federal Register* notice of investigation to make them aware of the investigation and to advise them of the opportunity to offer comment. No comments were received from any importers. With respect to this investigation, importers offered no comment other than to express satisfaction that the period of relief had been terminated.

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Table 4

Broom corn brooms: U.S. imports under HTS subheadings 9603.10.50 and 9603.10.60, by sources, 1995-98

Item	1995	1996	1997	1998
Quantity (dozens)				
Mexico	249,349	522,993	519,415	583,977
Honduras	45,914	54,334	59,055	52,771
Colombia	24,393	38,421	38,378	30,760
Panama	57,454	34,876	20,277	16,382
All other	7,168	11,862	6,654	1,583
Total	384,278	662,486	643,779	685,473
Value (\$1,000)				
Mexico	5,074	9,467	12,849	13,880
Honduras	1,216	1,436	1,431	1,507
Colombia	454	736	718	677
Panama	1,110	600	525	712
All other	93	268	83	25
Total	7,947	12,507	15,606	16,801
Unit value (per dozen)				
Mexico	\$20.35	\$18.10	\$24.74	\$23.77
Honduras	26.49	26.43	24.23	28.55
Colombia	18.62	19.17	18.70	22.00
Panama	19.32	17.20	25.88	43.49
All other	12.98	22.58	12.43	15.92
Average	20.68	18.88	24.24	24.51
Share of quantity (percent)				
Mexico	64.9	78.9	80.7	85.2
Honduras	11.9	8.2	9.2	7.7
Colombia	6.3	5.8	6.0	4.5
Panama	15.0	5.3	3.1	2.4
All other	1.9	1.8	1.0	0.2
Total	100.0	100.0	100.0	100.0
Share of value (percent)				
Mexico	63.8	75.7	82.3	82.6
Honduras	15.3	11.5	9.2	9.0
Colombia	5.7	5.9	4.6	4.0
Panama	14.0	4.8	3.4	4.2
All other	1.2	2.1	0.5	0.2
Total	100.0	100.0	100.0	100.0

Source: Compiled from official statistics of Commerce.

OTHER ASPECTS OF THE PERIOD OF RELIEF

Following the U.S. Government's decision to apply tariff safeguard relief on broom corn broom imports from Mexico, the Mexican Government responded by applying retaliatory tariffs on a range of products. In investigation No. 332-394, five groups impacted by that retaliatory action provided comments concerning the broom corn broom safeguard action. The groups offering comments and the products affected were: the American Forest and Paper Association (exercise books), Brown-Forman Beverages Worldwide (bourbon and Tennessee whiskey), the Distilled Spirits Council of the United States (bourbon, Tennessee whiskey, and brandy), Guardian Industries Corp. (flat glass products), and the Wine Institute (wine products). In each instance, those submitting comments urged the U.S. Government to terminate the broom corn broom safeguard action in the interest of the wider range of U.S. industries affected by the Mexican retaliation.⁸⁶ In this investigation, Brown-Forman Beverages Worldwide, aside from expressing satisfaction with the termination of relief and subsequent end to retaliatory measures, expressed the view that its business prospects in Mexico had been "significantly hurt" due to the relief granted the broom corn broom industry.⁸⁷

⁸⁶ See letters to the Commission from the American Forest and Paper Association (June 25, 1997); Brown-Forman Beverages Worldwide (June 24, 1998); Distilled Spirits Council of the United States (June 23, 1998); Guardian Industries Corp. (June 23, 1998); and JBC International (on behalf of the Wine Institute) (June 25, 1998).

⁸⁷ See letter to the Commission from Brown-Forman Beverages Worldwide (Mar. 4, 1999).

APPENDIX A
PRESIDENTIAL DOCUMENTS

**Proclamation 6961—To Facilitate
Positive Adjustment to Competition
From Imports of Broom Corn
Brooms**

November 28, 1996

*By the President of the United States
of America*

A Proclamation

1. On July 2, 1996, the United States International Trade Commission ("USITC") made an affirmative determination in its investigation under section 202 of the Trade Act of 1974, as amended ("Trade Act") (19 U.S.C. 2252), with respect to imports of broom corn brooms provided for in heading 9603 of the Harmonized Tariff Schedule of

the United States ("HTS"). Under section 202 of the Trade Act, the USITC determined that such brooms are being imported into the United States in such increased quantities as to be a substantial cause of serious injury to the domestic industry producing a like or directly competitive article. Further, the USITC found, pursuant to section 311(a) of the North American Free Trade Agreement Implementation Act ("the NAFTA Implementation Act") (19 U.S.C. 3371(a)), that imports of such brooms produced in Mexico, considered individually, account for a substantial share of total imports of broom corn brooms and contribute importantly to the serious injury caused by imports, but that such brooms produced in Canada do not so account or contribute. The USITC's determination and its recommendations to address the serious injury were reported to me on August 1, 1996.

2. On August 30, 1996, I determined, pursuant to section 312(a) of the NAFTA Implementation Act (19 U.S.C. 3372(a)), that imports of broom corn brooms from Mexico, considered individually, account for a substantial share of total imports and contribute importantly to the serious injury caused by imports; but that imports of broom corn brooms from Canada do not so account or contribute. Acting pursuant to section 203 of the Trade Act (19 U.S.C. 2253), I determined to take appropriate and feasible action within my power that will facilitate efforts by the domestic industry to make a positive adjustment to competition from imports of broom corn brooms. I further determined that action would not be implemented at that time and directed the United States Trade Representative ("USTR") to negotiate and conclude, within 90 days, agreements pursuant to the terms of section 203(a)(3)(E) of the Trade Act (19 U.S.C. 2253(a)(3)(E)) concerning broom corn brooms exported to the United States, and to carry out any agreements reached. Moreover, I determined that, not later than the end of this 90-day period (November 28, 1996), I would implement action of a type described in section 203(a)(3). Such negotiations were undertaken by the USTR but have failed to achieve satisfactory agreements concerning such brooms exported to the United States.

3. Pursuant to section 203 of the Trade Act (19 U.S.C. 2253), and after taking into account the considerations specified in section 203(a)(2) of the Trade Act, I have determined to implement action of a type described in section 203(a)(3). Such action shall take the form of an increase in, or imposition of, any duty on imported brooms (except whisk brooms), wholly or in part of broom corn and provided for in HTS subheading 9603.10.50 and, with respect to imports that exceed certain specified annual levels, HTS subheading 9603.10.60. Such increase in, or imposition of, duty on such goods shall be effective for a three-year period, and shall apply to imports from all countries, except Canada and Israel and developing countries that account for less than three percent of the relevant imports over a recent representative period. Pursuant to section 203(a)(1)(A) of the Trade Act (19 U.S.C. 2253(a)(1)(A)), I have further determined that these actions will facilitate efforts by the domestic industry to make a positive adjustment to import competition and provide greater economic and social benefits than costs.

4. Section 604 of the Trade Act, as amended (19 U.S.C. 2483), authorizes the President to embody in the HTS the substance of the relevant provisions of that Act, and of other acts affecting import treatment, and actions thereunder, including the removal, modification, continuance, or imposition of any rate of duty or other import restriction.

Now, Therefore, I, William J. Clinton, President of the United States of America, acting under the authority vested in me by the Constitution and the laws of the United States, including but not limited to sections 203 and 604 of the Trade Act, do proclaim that:

(1) (a) In order to apply to specified broom corn brooms (except whisk brooms) that are either produced in Mexico or goods of Mexico under the terms of general note 12 to the HTS for purposes of the NAFTA, or that are products of countries other than Canada or Israel and other than countries enumerated in general note 4(a) to the HTS as that note existed on November 28, 1996 (except as otherwise specified), the foregoing goods classifiable under HTS subheading 9603.10.50, rates of duty other than those

specified for such subheadings in the rates of duty column 1 of the HTS during the three-year period beginning on the effective date on this proclamation, the HTS is modified as provided in section A of the Annex to this proclamation.

(b) During the period from November 28, 1996, through November 27, 1999, inclusive, the symbol "MX" in parentheses following the "Free" rate of duty in the special subcolumn of rates of duty column 1 of the HTS for subheading 9603.10.50 shall be deleted. Upon the close of November 27, 1999, such symbol "MX" shall be reinserted in subheading 9603.10.50 in alphabetical sequence in the parentheses following the "Free" rate of duty in the special subcolumn of HTS rates of duty column 1, unless the actions taken in this proclamation are earlier expressly modified or terminated.

(c) In order to provide that such goods of Mexico under the terms of general note 12 shall be subject to a NAFTA rate of duty during the period from November 28, 1999, through December 31, 2004, inclusive, the HTS is further modified as provided in section B of the Annex to this proclamation.

(2) In order to establish tariff-rate quotas for brooms classifiable in HTS subheading 9603.10.60 (except such brooms that are the product of Israel or goods of Canada under the terms of general note 12 to the HTS) during the period from November 28, 1996, through November 27, 1999, inclusive, the HTS is further modified as provided in section C of the Annex to this proclamation.

(3)(a) All broom corn brooms (except whisk brooms) the product of designated beneficiary countries under the CBERA and the ATPA pursuant to HTS general note 7(a) and general note 11(a), respectively, the foregoing goods classifiable under HTS subheadings 9603.10.50 and 9603.10.60, shall cease to be accorded duty-free entry into the customs territory of the United States during the period from November 28, 1996, through the close of November 27, 1999, inclusive, except as provided in section C of the Annex to this proclamation.

(b) During the time period specified in paragraph (3)(a), the symbols "E," and "J," in parentheses following the "Free" rate of duty in the special subcolumn of rates of duty

column 1 of the HTS for subheadings 9603.10.50 and 9603.10.60 shall be deleted. Upon the close of November 27, 1999, such symbols "E," and "J," shall be reinserted in such subheadings in alphabetical sequence in the parentheses following the "Free" rate of duty in the special subcolumn of HTS rates of duty column 1, and eligible goods the product of designated CBERA and ATPA beneficiary countries shall again be accorded duty-free entry into the customs territory of the United States without quantitative limitation, unless the actions taken in this proclamation are earlier expressly modified or terminated.

(4) Any provisions of previous proclamations and Executive orders that are inconsistent with the actions taken in this proclamation are superseded to the extent of such inconsistency.

(5) The modifications to the HTS made by this proclamation, including the Annex thereto, shall be effective with respect to goods entered, or withdrawn from warehouse for consumption, on or after 12:01 a.m. on November 28, 1996, as provided in the Annex to this proclamation, unless such actions are earlier expressly modified or terminated.

In Witness Whereof, I have hereunto set my hand this twenty-eighth day of November, in the year of our Lord nineteen hundred and ninety-six, and of the Independence of the United States of America the two hundred and twenty-first.

William J. Clinton

[Filed with the Office of the Federal Register, 8:45 a.m., December 3, 1996]

NOTE: This proclamation was released by the Office of the Press Secretary on December 2, and it was published in the *Federal Register* on December 4.

**Memorandum on Imports of Broom
Corn Brooms**

November 28, 1996

*Memorandum for the Secretary of the
Treasury, the Secretary of Commerce, the
Secretary of Agriculture, the Secretary of
Labor, the United States Trade
Representative*

*Subject: Action Under Section 203 of the
Trade Act of 1974 Concerning Broom Corn
Brooms*

On August 1, 1996, the United States International Trade Commission (USITC) submitted to me a report that contained: (1) a determination pursuant to section 202 of the Trade Act of 1974 ("the Trade Act") that imports of broom corn brooms are being imported into the United States in such increased quantities as to be a substantial cause of serious injury to the domestic industry; and (2) a finding pursuant to section 311(a) of the North American Free-Trade Agreement (NAFTA) Implementation Act ("NAFTA Act") and that imports of broom corn brooms produced in Mexico account for a substantial share of total imports of such brooms and contribute importantly to the serious injury caused by imports.

On August 30, 1996, I determined to take appropriate and feasible action that will facilitate efforts by the domestic industry to make a positive adjustment to competition from imports of broom corn brooms. I did not implement at that time any of the actions recommended by the USITC, because I determined that it would be more appropriate first to seek a negotiated solution with appropriate foreign countries that would address the serious injury to our domestic broom corn broom industry, promote positive adjustment, and strike a balance among the various interests involved.

I therefore directed the Trade Representative to negotiate and conclude, within 90 days, agreements of a type described in section 203(a)(3)(E) of the Trade Act, and to carry out any agreements reached. I also di-

rected the Secretaries of Agriculture, Commerce, and Labor to develop and present, within 90 days, a program of measures designed to enable our domestic industry producing broom corn brooms to adjust to import competition.

The Trade Representative has informed me that her negotiations did not result in agreements meeting the goals that I had previously set. Therefore, after considering all relevant aspects of the investigation, including the factors set forth in section 203(a)(2) of the Trade Act, and the results of the activities undertaken over the previous 90 days, I have implemented actions of a type described in section 203(a)(3). I have determined that these actions will facilitate efforts by the domestic industry to make a positive adjustment to import competition and provide greater economic and social benefits than costs.

Specifically, I have proclaimed tariff relief for a period of three years that will provide time for the domestic industry to implement an adjustment plan that will facilitate its positive adjustment to import competition. This action meets the needs of the domestic industry, while striking a balance with the other interests of the United States by providing the minimum tariff relief necessary to promote such adjustment. No tariff relief is being provided on four of the six tariff subheadings subject to the injury determination. In addition, for the largest tariff subheading, duty-free treatment will be provided on a substantial annual quantity of broom corn broom imports from all import sources. In short, this action provides the domestic industry with substantial temporary relief from increased import competition, while also assuring our trading partners significant continued duty-free access to the United States market.

I also note the substantial resources identified by the Departments of Agriculture and Commerce that can provide loans, grants, technical and in-kind assistance to the domestic industry as it implements its adjustment plan. Taken together, these programs have the potential to match the financial contribution that the domestic industry will make as it implements its adjustment plan. I urge the domestic industry to submit the

necessary applications for consideration under the individual programs, and direct the Secretaries of Agriculture and Commerce to provide the appropriate assistance to the industry in completing the application process. I also direct the Departments of Agriculture and Commerce to give priority consideration to adjustment assistance requests, with the intent of providing the maximum appropriate assistance available.

The Trade Adjustment Assistance (TAA) program of the Department of Labor has already provided support for employees of broom corn broom manufacturers that have been laid off due to import competition. This assistance remains available, and I instruct the Secretary of Labor to give priority consideration to processing such TAA requests.

An additional issue considered during the course of the last 90 days was the possible circumvention of U.S. customs laws. As a result of information provided by the broom corn broom industry and other information collected by the U.S. Customs Service, an investigation is underway to determine whether any imports of broom corn brooms are entering the commerce of the United States in a manner inconsistent with U.S. law. I instruct the Secretary of the Treasury to pursue this matter with the intent of concluding this investigation within 90 days, and taking any other steps necessary to ensure broom corn broom imports do not circumvent U.S. law.

I also note that, pursuant to section 204 of the Trade Act, the International Trade Commission will monitor developments with respect to the domestic industry, including progress and specific efforts made by workers and firms in the domestic industry to make a positive adjustment to import competition.

The United States Trade Representative is authorized and directed to publish this determination in the *Federal Register*.

William J. Clinton

[Filed with the Office of the Federal Register, 8:45 a.m., December 3, 1996]

NOTE: This memorandum was released by the Office of the Press Secretary on December 2, and it was published in the *Federal Register* on December 4.

**Proclamation 7154—To Terminate
Temporary Duties on Imports of
Broom Corn Brooms**

December 3, 1998

*By the President of the United States
of America*

A Proclamation

1. On July 2, 1996, the United States International Trade Commission ("USITC") made an affirmative determination in its investigation under section 202 of the Trade Act of 1974, as amended ("Trade Act") (19 U.S.C. 2252), with respect to imports of broom corn brooms provided for in heading 9603 of the Harmonized Tariff Schedule of the United States ("HTS"). Under section 202 of the Trade Act, the USITC determined that such brooms were being imported into the United States in such increased quantities as to be a substantial cause of serious injury to the domestic industry producing a like or directly competitive article. Further, pursuant to section 311(a) of the North American Free Trade Agreement Implementation Act ("the NAFTA Implementation Act") (19 U.S.C. 3371(a)), the USITC found that imports of such brooms produced in Mexico, considered individually, accounted for a substantial share of total imports of broom corn brooms and contributed importantly to the serious injury caused by imports, but that such brooms produced in Canada did not so account or contribute. The USITC's determination and its recommendations to address the serious injury were reported to me on August 1, 1996.

2. On November 28, 1996, pursuant to section 203 of the Trade Act (19 U.S.C. 2253), I issued Proclamation 6961, which temporarily increased or imposed duties on imported brooms (except whisk brooms), wholly or in part of broom corn and provided for in HTS subheading 9603.10.50 and, with respect to imports that exceeded certain specified annual levels, HTS subheading 9603.10.60. The increase in, or imposition of, duties was made effective for a three-year period for imports from all countries, except Canada and Israel and developing countries that account for less than three percent of^{A-8}

the relevant imports over a recent representative period. Pursuant to section 203(a)(1)(A) of the Trade Act (19 U.S.C. 2253(a)(1)(A)), I determined that this action would facilitate efforts by the domestic industry to make a positive adjustment to import competition and would provide greater economic and social benefits than costs. On January 27, 1997, I issued Proclamation 6969, making certain technical corrections to the HTS provisions covered by Proclamation 6961.

3. On May 11, 1998, acting under my delegation of authority, and pursuant to section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)), the United States Trade Representative asked the USITC to provide a report on developments with respect to the domestic broom corn broom industry since November 28, 1996, including the progress and specific efforts made by workers and firms in the industry to make a positive adjustment to import competition. The USITC report in Investigation Number 332-394, issued August 10, 1998, has been provided to me.

4. Following issuance of the USITC report, I received advice from the Secretary of Commerce and the Secretary of Labor, as well as from other interested agencies, regarding the effectiveness of efforts undertaken by the domestic broom corn broom industry to make a positive adjustment to import competition.

5. Section 204(b)(1)(A) of the Trade Act (19 U.S.C. 2254(b)(1)(A)) authorizes the President to reduce, modify, or terminate a safeguard action if, after taking into account any report or advice submitted by the USITC and receiving advice from the Secretary of Commerce and the Secretary of Labor, the President determines that changed circumstances warrant the reduction, modification, or termination. The President's determination may be made, *inter alia*, on the basis that the domestic industry has not made adequate efforts to make a positive adjustment to import competition. Under section 201(b) of the Trade Act (19 U.S.C. 2251(b)), a positive adjustment occurs when the domestic industry is able to compete successfully with imports after the termination of the import relief or when the domestic industry experiences an orderly transfer of resources to other productive pursuits, and

when dislocated workers in the industry experience an orderly transition to productive pursuits.

6. In view of the information provided in the USITC's report, and based on advice from the Secretary of Commerce and the Secretary of Labor, I find that the broom corn broom industry has not made adequate efforts to make a positive adjustment to import competition. Accordingly, I have determined pursuant to section 204(b)(1)(A) of the Trade Act that termination of the action I took under section 203 of that Act with respect to broom corn broom imports is warranted.

7. Section 604 of the Trade Act (19 U.S.C. 2483), authorizes the President to embody in the HTS the substance of the relevant provisions of that Act, and other Acts affecting import treatment, and actions thereunder, including the removal, modification, continuance, or imposition of any rate of duty or other import restriction.

Now, Therefore, I, William J. Clinton, President of the United States of America, acting under the authority vested in me by the Constitution and the laws of the United States, including, but not limited to, sections 204 and 604 of the Trade Act, do proclaim that:

(1) The HTS is modified as provided in the Annex to this proclamation.

(2) Any provisions of previous proclamations and Executive orders that are inconsistent with the actions taken in this proclamation are superseded to the extent of such inconsistency.

(3) The modifications to the HTS made by this proclamation shall be effective with respect to goods entered, or withdrawn from warehouse for consumption, on or after the date specified in the Annex hereto.

In Witness Whereof, I have hereunto set my hand this third day of December, in the year of our Lord nineteen hundred and ninety-eight, and of the Independence of the United States of America the two hundred and twenty-third.

William J. Clinton

[Filed with the Office of the Federal Register, 8:45 a.m., December 7, 1998]

APPENDIX B

FEDERAL REGISTER NOTICE

submitted to the Congress under section 203(b) of the Act.

For further information concerning the conduct of this investigation, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201, subparts A and E), and part 206, subparts A and F (19 CFR part 206, subparts A and F).

EFFECTIVE DATE: February 16, 1999.

FOR FURTHER INFORMATION CONTACT: Jim McClure (202-205-3191), Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its internet server (<http://www.usitc.gov>).

SUPPLEMENTARY INFORMATION:

Participation in the investigation and service list.—Persons wishing to participate in the investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, not later than 14 days after publication of this notice in the **Federal Register**. The Secretary will prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to this investigation upon the expiration of the period for filing entries of appearance.

Public hearing.—As required by statute, the Commission has scheduled a hearing in connection with this investigation. The hearing will be held beginning at 9:30 a.m. on March 18, 1999, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before March 9, 1999. All persons desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on March 11, 1999, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the hearing are governed by sections 201.6(b)(2) and 201.13(f) of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later

than 7 days prior to the date of the hearing.

Written submissions.—Each party is encouraged to submit a prehearing brief to the Commission. The deadline for filing prehearing briefs is March 11, 1999. Parties may also file posthearing briefs. The deadline for filing posthearing briefs is March 25, 1999. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement concerning the matters to be addressed in the report on or before March 25, 1999. All written submissions must conform with the provisions of section 201.8 of the Commission's rules: any submissions that contain confidential business information must also conform with the requirements of section 201.6 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means.

In accordance with section 201.16(c) of the Commission's rules, each document filed by a party to the investigation must be served on all other parties to the investigation (as identified by the service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: This investigation is being conducted under the authority of section 204(d) of the Trade Act of 1974; this notice is published pursuant to section 206.3 of the Commission's rules.

By order of the Commission.

Issued: February 18, 1999.

Donna R. Koehnke,

Secretary.

[FR Doc. 99-4568 Filed 2-23-99; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. TA-204-1]

Broom Corn Brooms: ¹ Evaluation of the Effectiveness of Import Relief

AGENCY: United States International Trade Commission.

ACTION: Institution of an investigation and scheduling of a hearing under section 204(d) of the Trade Act of 1974 (19 U.S.C. § 2254(d)) (the Act).

SUMMARY: On December 3, 1998, the President announced the termination of import relief, granted under section 203 of the Act, for the domestic broom corn broom industry. Following this action, the Commission, as required by section 204(d) of the Act, instituted investigation No. TA-204-1 to evaluate the effectiveness of the import relief action in facilitating positive adjustment by the domestic industry to import competition, consistent with the reasons set out by the President in the report

¹ Broom corn brooms made wholly or in part of broom corn (including broom heads), covered by subheadings 9603.10.50 and 9603.10.60 of the Harmonized Tariff Schedule of the United States (HTS).

APPENDIX C
U.S. TARIFF TREATMENT

On November 28, 1996, the President issued Proclamation 6961, temporarily modifying duty rates applicable to broom corn brooms¹ for the period November 29, 1996 through November 27, 1999. However, with the termination of relief at the close of December 3, 1998, all of the temporary tariff provisions affecting the dutiable status of these brooms (except those applicable to other brooms valued over 96 cents each imported from Mexico under NAFTA) expired.

Table C-1 presents the tariff treatment of brooms under HTS subheadings 9603.10.50 and 9603.10.60 for the period 1994 through 2004 for general imports and imports from Mexico under NAFTA. This covers the period prior to the issuance of Presidential Proclamation 6961, the period during which it was in effect, and the period subsequent to its expiration and the completion of the NAFTA- related tariff reductions at the end of 2004.

¹ HTS subheadings 9603.10.50 and 9603.10.60. The first 121,478 dozen brooms, not over 96 cents each, imported in a calendar year are eligible for in-quota rates (HTS subheading 9603.10.40) and were not subject to Presidential Proclamation 6961. These “in-quota” brooms are dutiable at a rate of 8 percent *ad valorem*, and are free of duty from least developed GSP beneficiary countries, from NAFTA beneficiary countries, from CBERA beneficiary countries, from Israel, and from ATPA beneficiary countries.

Table C-1

Broom corn brooms: U.S. tariff treatment for brooms made, wholly or in part, of broom corn, HTS subheadings 9603.10.50 and 9603.10.60, 1994-2004

Period	Presidential Proclamation 6961 in effect-									
	1994-11/27/96		11/28/96-11/27/97		11/28/97-11/27/98		11/28/98-12/3/98		12/4/98-12/31/2004	
	General ¹	Mexico ²	General ¹	Mexico ²	General ¹	Mexico ²	General ¹	Mexico ²	General ¹	Mexico ²
HTS No.:										
9603.10.50	32¢ each	Free	GSP: ⁴ 32¢ each	33¢ each	GSP: ⁴ 32¢ each	GSP: ⁴ 32¢ each	GSP: ⁴ 32¢ each	GSP: ⁴ 32¢ each	32¢ each	Free
Other brooms, <i>not over 96¢ each, in excess of quota⁵</i>			Other: 33¢ each	Other: 32.5¢ each	Other: 32.5¢ each	Other: 32.1¢ each	Other: 32.1¢ each	Other: 32.1¢ each		
9603.10.60	32%	First 100,000 doz in a calendar year: Free	GSP: ⁶ 32%	First 100,000 doz in a calendar year: Free	GSP: ⁶ 32%	GSP: ⁶ 32%	GSP: ⁶ 32%	GSP: ⁶ 32%	32%	16%
Other brooms, <i>over 96¢ each, in excess of quota⁵</i>		Other: 22.4%	Other: 33%	Other: 33%	Other: 32.5%	Other: 32.5%	Other: 32.1%	Other: 32.1%		

¹ General refers to the HTS Col.1-General rate of duty. The general duty rates for goods of these two subheadings are "bound" and thus not subject to further reductions under GATT 1994.

² Qualifying imports from Mexico under NAFTA. All eligible imports under NAFTA are scheduled to become free of duty on January 1, 2005.

³ Brooms *in excess of* the first 121,478 dozen brooms imported in a calendar year. The first 121,478 dozen brooms imported in a calendar are eligible for in-quota rates (HTS subheading 9603.10.40) and are not subject to Presidential Proclamation 6961.

⁴ With respect to subheading 9603.10.50, GSP treatment applied to eligible products of countries enumerated in general note 4(a) to the HTS as that note existed on Nov. 28, 1996, except products of Panama and except goods of Canada under terms of general note 12 to the tariff schedule.

⁵ Note that special tariff-rate quotas covering goods of subheading 9603.10.60 imported from Panama, Honduras, Colombia, and countries other than Mexico, Canada and Israel, during the period Nov. 28, 1996 and Nov. 27, 1999 were provided for under HTS headings 9903.96.10 through 9903.96.13.

⁶ With respect to subheading 9603.10.60, GSP treatment applied to eligible products of countries enumerated in general note 4(a) to the HTS (except Panama, Honduras and Colombia) as that note existed on Nov. 28, 1996, except products of Panama and goods of Canada under terms of general note 12 to the tariff schedule.

APPENDIX D

PRODUCT DESCRIPTION, END USES AND PRODUCTION PROCESS

Broom corn brooms are cleaning tools of stiff fiber, made from broom corn, textile products, handles composed of wood or other materials, wire, and steel products and packaged in corrugated cardboard and plastic packaging. There are three primary types of brooms; upright, push, and whisk.¹ Upright brooms generally have a length ranging from 50 inches to 60 inches and are intended for use in sweeping and cleaning surfaces by an individual from an upright position. Push brooms are mounted or set in a head, usually of wood, with the handles offset at an angle. These brooms are used for cleaning large areas, such as school or hospital hallways. Whisk brooms are generally smaller, ranging up to 12 inches in length. Whisk brooms are primarily used for smaller cleanups or hard to reach surface areas.

Virtually all of the broom corn used in the production of brooms is harvested by hand. Due to the labor intensive nature of the harvesting process and the lower wage rates in Mexico, virtually all of the broom corn used by U.S. producers is imported from Mexico.² After harvest, the Mexican processors sort, clean, and bundle the harvested broom corn. The broom corn is weighed and sold under three classifications: “insides,” “stems,” and “hurl.” Insides and stems are the less desirable grades, cost less than hurl, and are used in the inner construction of the broom corn head. Hurl, which is finer and cleaner broom corn, represents the outer layer of the broom head bristles and provides superior sweeping performance than insides or stems. Broom corn bundles are also sold by length, depending on the size of the broom being produced.

With few exceptions, nearly all U.S. producers of broom corn brooms purchase their broom corn feed stock from two domestic dealers, National Broomcorn³ of San Antonio, TX, and Monahan of Arcola, IL. Typical inventory for broom corn is 60-90 days; however, as was the case in 1995, drought conditions in the growing areas of Mexico can sometimes lead producers to hold inventories for up to 6 months.⁴ The dealers provide financing, inventory services, and product knowledge of the foreign crop. They purchase broom corn from various growing regions of Mexico based on the U.S. customers’ needs, including bristle length, quantity, and delivery time, and, in a number of instances, inventory the product until needed. By purchasing broom corn through dealers rather than directly from Mexican processors, U.S. producers avoid the risks of currency and price fluctuations and inventory costs, and obtain the best crop for their needs. Both Monahan and National Broomcorn also sell other vegetable fibers, handles (both wood and metal), and broom and mop components, but do not produce brooms.⁵ For ***.⁶ From 1995 to 1997, imports of broom corn fell nearly 40 percent from nearly 5,700 tons to just under 3,500 tons. According to ***, this drop in imports reflects the closure of a number of U.S. production facilities in the last three years as some full line cleaning products manufacturers have moved toward overseas sourcing of the broom corn broom portion of their product line.⁷

Mexican broom corn grows in 4-5 different regions (primarily in the States of Nuevo Leon, Coahuila, and Sinoloa) with varying harvest periods. Most Mexican broom corn is harvested in May or June, but a smaller fall crop, weather permitting, could be planted for an October/November harvest in

¹ The President’s order temporarily increasing duties on broom imports did not apply to whisk brooms of subheadings 9603.10.05, 9603.10.15, and 9603.10.35 of the HTS, nor did it apply to “other” brooms of subheading 9603.10.40.

² During the 1960s, broom corn was grown in the Midwest; production subsequently shifted to the western United States and then to Mexico in search of lower wage rates related to its harvest.

³ National Broomcorn is a subsidiary of AMEX International of Fort Worth, TX.

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⁷ ***.

certain regions. Mexican crop yields fluctuate depending on weather and the quality of seed used. As an agricultural commodity, prices for broom corn fluctuate based on market supply and demand considerations. Typically, broom corn prices decline during harvest periods, unless the forthcoming crop is of poor quality or low yield.⁸

Mexican broom corn also serves as a feed stock for the broom corn broom industries in both Honduras and Panama, with ***.⁹ Most of the Colombian feed stock is locally grown for the *** who produces for export.¹⁰

The actual production of broom corn brooms is also very labor intensive, requiring skilled workers in both the winding and stitching of the product. The manufacture of the sweeping portion of the broom is achieved primarily through two processes. The most commonly used process is the “wire-wound cornbroom,” which requires months or even years of experience for workers to become proficient.¹¹ An experienced worker can produce 18 to 20 dozen brooms via this process over an 8-hour shift.¹² The wire-wound method involves the hand-winding of tufts of broom corn by workers at individual work stations¹³ using a simple winding machine operated by a foot pedal. The worker inserts a handle into the machine and affixes the wire by nailing.¹⁴ Then broom corn “insides” are secured around the rotating handle by wire fed from the machine. Offsetting broom corn stems are then wound onto the handles producing a “shoulder effect” on the broom head. Then hurl is secured to the handle and all three layers of broom corn are tightly wound, trimmed at the top, and nailed by the worker. The wound brooms are then stacked and sent to a drying room. During the winding phase, broom corn is kept moist to prevent splitting and cracking of the bristles. Following drying, brooms are sent to sewing stations where a different worker inserts the broom head into a sewing machine and feeds the appropriate color and length of stitching. Broom corn brooms are typically stitched with 2-5 rows of polypropylene yarn. The heavier the broom, the more rows of stitching. Loose stitching is trimmed and the end trimmed uniformly by a worker using a cutting machine. Brooms are packaged with a plastic sheath over the bristles, then boxed in dozens or half dozens. For the most part, broom corn broom handles are not detachable. However, in the last two years ***.¹⁵ As was the case in the 1996 report, 80 to 85 percent of the broom corn brooms produced in the United States are produced using the wire-wound process.¹⁶

The second process of manufacture for broom corn brooms is the “nailed machine-made” process in which the broom fibers, after being cut, are sewn together, generally by machine.¹⁷ A worker places the pre-cut amount of broom corn on the machine. The machine then moves the broom corn to a position where a metal or plastic band (11 to 12 inches long) is wrapped around the blunt end of the broom corn fiber bundle. In the next stage of the automated process, a wooden handle is compressed into the

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¹³ In many instances, workers are paid on a “piece-work” basis.

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¹⁶ Figures based on interviews with all companies providing usable data in producer questionnaires.

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completed broom corn fiber bundle and nails are shot through, attaching the broom head and handle.¹⁸ Once these steps in the nailed-machine process have taken place, the broom is removed from the basic production machine, sent to a station for stitching, and then to a station where a plastic “shoulder” is slipped over the handle and stapled to the broom head. Approximately 120 dozen brooms can be produced over the course of an 8-hour shift using this method.¹⁹ ***.²⁰ As in the 1996 report, between 15 and 20 percent of the broom corn brooms currently produced in the United States are produced using the nailed-machine method, with three firms (***, ***, and ***) accounting for nearly all of the broom production using this process.²¹

¹⁸ Most of the machines used by U.S. producers employing this process are manufactured by Dal Maschio, S.R.L. of Italy and cost in excess of \$100,000.

¹⁹ ***.

²⁰ ***.

²¹ Figures based on interviews with all companies providing usable data in producer questionnaires.

