

PRESIDENT'S LIST OF ARTICLES WHICH MAY BE DESIGNATED OR MODIFIED AS ELIGIBLE ARTICLES FOR PURPOSES OF THE U.S. GENERALIZED SYSTEM OF PREFERENCES

**Report to the President on
Investigation Nos. TA-503(a)-15
and 332-249**

**INTRODUCTION AND
SUMMARY**

VOLUME 1



USTIC PUBLICATION 2041

NOVEMBER 1987

UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.--This report is a declassified version of the Confidential probable effects advice report submitted to the President on November 16, 1987.

INTRODUCTION

On August 7, 1987, in accordance with sections 503(a) and 131(a) of the Trade Act of 1974 and section 332 of the Tariff Act of 1930, and pursuant to the authority of the President delegated to the U.S. Trade Representative (USTR) by Executive Order 11846, as amended by Executive Order 11947, the USTR requested advice related to the U.S. Generalized System of Preferences (GSP) as follows: 1/

- (1) pursuant to sections 503(a) and 131(a) of the Trade Act, to advise the President, with respect to each article listed in Part A of the Annexes to the USTR request, as to the probable economic effect on U.S. industries producing like or directly competitive articles and on consumers of the elimination of U.S. import duties under the U.S. Generalized System of Preferences (GSP). In providing its advice, the USTR requested the Commission to assume that benefits of the GSP would not apply to imports that would be excluded from receiving such benefits by virtue of the "competitive need" limitations specified in section 504(c) of the Act.
- (2) Pursuant to section 332(g) of the Tariff Act and at the direction of the President--
 - (A) to advise the President, with respect to each article listed in Parts B and C of the Annexes to the USTR request, as to the probable economic effect on U.S. industries producing like or directly competitive articles and on consumers (a) of the removal of articles in Part B from eligibility for duty-free treatment under the GSP, (b) of the removal of the GSP duty-free status from articles in Part C of the list which are imported from the respective countries specified which currently receive GSP duty-free treatment, and (c) the redesignation for GSP duty-free treatment for articles in Part C of the list which are imported from a specified country which does not currently receive GSP duty-free treatment for the article;

1/ The initial USTR request, including listings of concerned articles, is contained in appendix A. In addition, in a letter of September 16, 1987, the USTR requested that the Commission expand the scope of its investigation to include (1) the complete removal of GSP duty-free status for leather cut into soles for footwear, classified in item 791.28 of the TSUS, and in item 6406.99.60 of the proposed Harmonized Tariff Schedule (HS) and (2) the removal only of these products of Argentina from GSP duty-free treatment.

- (B) in accordance with section 504(c)(3)(A)(i) of the Trade Act, to advise the President on whether any industry in the United States is likely to be adversely affected by waiving the competitive need limits for countries specified with respect to the articles listed in Part D of the Annexes to the USTR request; and
- (C) to advise the President, with respect to whether products like or directly competitive with those described in Part A of the Annexes to the USTR request were being produced in the United States on January 3, 1985, for purposes of section 504(d) of the Trade Act.

With respect to two cases involving molybdenum ore and metal-bearing materials in chief value of molybdenum (TSUS items 601.33 and 603.40; HS items 2613.10.00 and 2620.90.10), the USTR requested that the Commission consider these products separately from its normal investigation and provide advice on these two products not later than October 1, 1987.

Because of the pending adoption of the HS tariff nomenclature on Jan. 1, 1988, the USTR requested the Commission to provide advice separately on an HS nomenclature basis and on a TSUS nomenclature basis.

In response to the USTR request, the Commission on August 20, 1987, instituted investigations Nos. TA-503(a)-15 and 332-249 for the purpose of obtaining, to the extent practicable, information for use in connection with the preparation of advice requested by the USTR. Commission notices of investigation and hearing are contained in appendix B. 1/ A public hearing in connection with the investigation was held in the Commission hearing room, 701 E Street NW., Washington, DC 20436, on October 7, 1987. All interested parties were afforded an opportunity to appear by counsel or in person, to produce evidence, and to be heard. 2/

1/ The following Federal Register notices were issued by the Commission and the USTR related to investigation Nos. TA-503(a)-15 and 332-249:

<u>Date</u>	<u>Notice</u>	<u>Subject</u>
Aug. 4, 1987	52 F.R. 28896	USTR notice of annual ESP review
Aug. 26, 1987	52 F.R. 32179	Initial notice of ITC investigation and hearing
Oct. 6, 1987	52 F.R. 37378	ITC notice of change of study scope

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

PRESENTATION OF PROBABLE EFFECT ADVICE

In response to the USTR request for probable effect advice, the Commission determined that an appropriate format for such an analysis would be commodity digests, each digest dealing with the effect of tariff modifications on a specific TSUS or HS item. In a limited number of cases, several closely related TSUS items or HS items were grouped together in a single digest to facilitate preparation of meaningful digest advice.

To provide a factual basis for the Commission's advice, each digest contains the following sections:

- I. Introduction
- II. U.S. market profile
- III. GSP import situation, 1986
- IV. Competitiveness profiles, GSP suppliers
- V. Position of interested parties
- VI. Summary of probable economic effects
- ... U.S. import/export tables

I. Introduction.--This section provides basic information on the item including description and uses, rate of duty, type of GSP modification proposed, competitive-need country exclusions, competitive-need limit waivers, and an indication of whether there was U.S. production of the item on Jan. 3, 1985.

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

III. GSP import situation, 1986.--This section provides 1986 U.S. import data, including the world total and certain GSP country specific data. Individual GSP country data is provided for the top four GSP suppliers in 1986 as well as for any additional GSP countries proposed for "graduation" or "waiver."

IV. Competitiveness profiles.--This section provides background information on GSP supplier countries which are (1) the most significant sources, (2) likely to emerge as significant suppliers as a result of the GSP modification, and (3) affected by changes in eligibility as a result of the modification. Information is provided on the level and significance of the country as a supplier, the elasticities of supply and demand for imports from the country, and the price and quality of imports compared with U.S. and other foreign products.

V. Position of interested parties.--Brief summaries of written submissions and testimony from interested parties are provided.

VI. Summary of probable economic effects.--This section provides advice on the short-to-near term (1-5 years, 1988-92) impact of the proposed GSP

eligibility modifications in three areas: (1) U.S. imports, (2) U.S. industry, and (3) U.S. consumers. 1/ The probable effect advice, to a degree, integrates and summarizes the data provided in sections I-V of the digests with particular emphasis on the price sensitivity of import supply and demand. Thus, for example, if the price elasticity of demand in the United States and the price elasticity of supply in the exporting beneficiary country are both relatively high, elimination of even a moderate-level tariff suggests the possibility of large import increases from the beneficiary country. It should be noted that the probable effect advice with respect to changes in import levels are presented in terms of the degree to which GSP modification will affect U.S. trade levels with the world. Consequently, while U.S. imports of a particular product from GSP beneficiaries may change significantly, if GSP beneficiaries supply a very small share of total U.S. imports of that product or if imports from beneficiaries readily substitute with imports from developed countries, the overall effect on U.S. imports could be minimal.

In considering the different types of GSP eligibility changes which have occurred and the likely impact, removal of GSP status for an item or graduation of a country for a specific item were considered duty increases, while GSP item additions and competitive-need limit waivers were considered as duty decreases. The digests contain a coded summary of the probable economic effect advice. The coding scheme is shown below: 2/

FOR "ADDITION" AND "WAIVER" DIGESTS:

Level of total U.S. imports:

- Code A: Little or no increase (0 to 5 percent).
- Code B: Modest increase (6 to 15 percent).
- Code C: Significant increase (over 15 percent).

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; declines in profit levels; firms depart, but adverse impact not industrywide).
- Code C: Substantial adverse impact (substantial unemployment; widespread idling of productive facilities; substantial declines in profit levels; adverse impact on the industry as a whole).

1/ App. C provides a brief textual and graphic presentation of the types of trade shifts which can result from modification of GSP eligibility for the case where the domestic product and imports from all countries are perfect substitutes. For the products in this report it is not possible to measure such trade shifts precisely.

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

Code N: None (This code should be used sparingly but may apply particularly in waiver advice where the waiver will not cause any impact because import levels are too low for it to come into effect. In addition, it could apply when there is no U.S. industry.)

U.S. consumer:

Code A: The bulk of duty savings (greater than 75 percent) is expected to be absorbed by the foreign suppliers.
 Code B: Duty savings are expected to benefit both the foreign suppliers and the domestic consumer (neither receiving more than 75 percent of the savings).
 Code C: The bulk of duty savings (greater than 75 percent) is expected to benefit the U.S. consumer.
 Code N: None (This code should be used sparingly but may apply particularly in waiver advice where the waiver will not cause any impact because import levels are too low for it to come into effect.)

FOR "REMOVAL" AND "GRADUATION" DIGESTS:

Level of total U.S. imports:

Code X: Little or no decrease (0 to 5 percent).
 Code Y: Modest decrease (6 to 15 percent).
 Code Z: Significant decrease (over 15 percent).

U.S. industry and employment:

Code X: Little or negligible beneficial impact.
 Code Y: Significant beneficial impact (significant number of additional workers employed; increases in output; increases in profit levels; new firms; but beneficial impact not industrywide).
 Code Z: Substantial beneficial impact (substantial increase in employment; widespread increased production; substantial increases in profit levels; beneficial impact on the industry as a whole).
 Code N: None (Use sparingly, however, it is appropriate when there is no U.S. industry.)

U.S. consumer:

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

In using the probable effect advice, several important factors should be taken into consideration. The HS trade data used in the investigation were developed by the Commission by converting official TSUSA import statistics and Schedule B export statistics to the HS format using Commission-developed concordances between the current TSUSA/Schedule B systems and the HS. As a general observation, data that are developed under one system and subsequently translated and presented in another, should be viewed with some caution. Such caution is recommended in this investigation due to fundamental differences in structure and classification concepts between the HS and the current TSUSA/Schedule B. While it is believed that the Commission has solved the great majority of the technical problems in converting trade data from one format to another, basic differences between the two systems make precise conversion of data impossible in many instances.

Further, confidence in available data and data estimates often varies by product and by type of information. To give the report user some indication of the level of confidence in data provided in the Digests, the Commission uses the following coding system.

No code =	Response based on complete or almost complete information/data adequate for a high degree of confidence.
* =	Based on partial information/data adequate for estimation with a moderately high degree of confidence (e.g., *5, *X).
** =	Based on limited information/data adequate for estimation with a moderate degree of confidence (e.g., **5).
<u>1</u> / =	Not available.

It should also be emphasized that the probable effects estimates are not forecasts of what will actually happen to U.S. imports in the future. Instead, they are estimates of how a change in GSP eligibility will affect these imports. For example, a digest might estimate that GSP eligibility will cause U.S. imports to increase modestly by 6 percent to 15 percent, whereas it might be reasonable to suppose that the recent decline in the dollar on exchange markets will cause actual imports in the digest to decline. This does not mean the estimate in the digest is inaccurate. Even if actual imports decline dramatically, they should still be at a somewhat higher level with GSP eligibility than without. It is this latter difference only that the digests are concerned with. Although a number of factors such as exchange rate changes, relative inflation rates, and relative rates of economic growth could have much greater effects on imports than changes in GSP eligibility, these other factors are beyond the scope of the USTR request.

Probable Effect Digest Listing by Item Number

Note.--This listing provides information on the TSUS and HS items covered by digests, including a brief description, the type of proposed GSP eligibility change, probable effect codes, existence of U.S. production on January 3, 1985, and the assigned Commission trade analyst.

TSUS or TSUSA items requiring probable effect advice

TSUS or TSUSA item	Short title	Proposed action	Petitioner	Probable effects	Col. 1 rate of duty or AVE	U.S. pro- duction, Jan. 3, 1985?	Analyst
112.01	Anchovies, not in oil, in airtight containers not over 15 lb each	Addition	Gov't of Morocco		5.0%	Yes	AG-Corey
131.27	Oats, fit for human consumption	Addition	Gov't of Colombia		1.3%	Yes	AG-Pierre-Benoist
141.15	Beans, pickled	Addition	Gov't of Morocco		9.0%	Yes	AG-McCarty
141.83	Corn, in airtight containers	Addition	Gov't of Thailand		12.5%	Yes	AG-McCarty
161.08	Capers	Addition	Gov't of Morocco		8.8%	Yes	AG-Lipovsky
169.13 <u>1/</u>	Rum, in containers not over 1 gal	Addition	Gov't of the Philippines		11.9%	Yes	AG-Lipovsky
169.1415 <u>1/</u>	Rum, in containers over 1 gal, over \$3.50/gal	Addition	Gov't of the Philippines		21.5%	Yes	AG-Lipovsky
206.67	Wood blinds and shutters with adjustable louvers or slats	Addition	Ohline Corp. (CA); Eastman Bell (CA)		8.0%	Yes	AG-Westcot
309.20 <u>2/</u>	Manmade-fiber strips, not laminated	Addition	Gov't of Mexico; COFISCA (Mex)		5.9%	Yes	TX-Cook
309.21 <u>2/</u>	Manmade-fiber strips, not laminated	Addition	Gov't of Mexico; COFISCA (Mex)		6.6%	Yes	TX-Cook
370.8405 <u>3/</u>	Certain silk handkerchiefs	Addition	Gov't of Thailand		7.5%	Yes	TX-Bryant
370.8450 <u>3/</u>	Certain silk handkerchiefs	Addition	Gov't of Thailand		7.5%	Yes	TX-Bryant
372.5005 <u>4/</u>	Certain silk mufflers and scarves	Addition	Gov't of Thailand		5.8%	Yes	TX-Bryant
372.5505 <u>4/</u>	Certain silk mufflers and scarves	Addition	Gov't of Thailand		8.0%	Yes	TX-Bryant
389.40(pt.)	Plastic pot scourers	Addition	Gov't of Mexico; Filtros Y Mallas Industriales (Mex)		12.5%	Yes	TX-Cook
408.72	Acrylonitrile-butadiene styrene (ABS) resins	Graduation	Borg-Warner (WV); Dow, USA (MI) (Korea)		9.9%	Yes	CH-Taylor
411.08(pt.) <u>5/</u>	Certain drugs	<u>5/</u>	Cyanamid Latin America Group (NJ)		<u>5/</u>	<u>5/</u>	CH-Nesbitt
423.0050	Certain inorganic bases, oxides, hydroxides, and peroxides	Graduation (Brazil)	Teledyne Industries (OR)		3.7%	Yes	CH-Greenblatt
450.2015	Black pepper oleoresin	Removal	Kalsec, Inc. (MI)		6.0%	Yes	CH-Land

1/ TSUS(A) items 169.13 and 169.1415 are combined in a single Digest.


2/ TSUS items 309.20 and 309.21 are combined in a single Digest.

3/ TSUSA items 370.8405 and 370.8450 are combined in a single Digest.

4/ TSUSA items 372.5005 and 372.5505 are combined in a single Digest.

5/ Currently eligible for GSP under the TSUS; request is for GSP eligibility under the HS.

TSUS or TSUSA items requiring probable effect advice

TSUS or TSUSA item	Short title	Proposed action	Petitioner	Probable effects	Col. 1 rate of duty or AVE	U.S. pro- duction, Jan. 3, 1985?	Analyst
455.04	Pectin	Addition	Grinsted de Mexico (Mex)		5.0%	Yes	CH-Jonnard
533.79	Certain China household ware not available in specified sets	Addition	Corning Glassware (NY)		26.0%	Yes	MM-McNay
534.97 <u>1/</u>	Miscellaneous ceramic art and ornamental articles	<u>2/</u>	Corning Glassware (NY)		<u>1/</u>	Yes	MM-McNay
547.3720	Glass envelopes for cathode-ray tubes	Waiver (Taiwan)	Clinton Electronics (IL)		6.6%	Yes	MM-McNay
601.33 <u>3/</u>	Molybdenum ores and concentrates	Removal	Cyprus Minerals (CO)		3.5%	Yes	MM-DeSapio
603.40 <u>3/</u>	Certain metal bearing materials	Removal	Cyprus Minerals. (CO)		4.6%	Yes	MM-DeSapio
606.22	Certain ferrochromium	Addition	Gov't of Zimbabwe		3.1%	Yes	MM-Boszormenyi
606.42	Ferrosilicon chromium	Addition	Gov't of Zimbabwe		10.0%	Yes	MM-Boszormenyi
610.74	Malleable cast iron pipe and tube fittings	Removal	Am. Pipe Fittings Assn. (DC)		6.2%	Yes	MM-Gannon
618.15	Aluminum rods	Graduation (Argentina, Brazil, Mexico, Taiwan, Venezuela <u>4/</u> , Yugoslavia)	Southwire Co. (GA)		2.6%	Yes	MM-McNay
618.20	Aluminum wire, not coated or plated	Graduation (Argentina, Brazil, Venezuela)	Southwire Co. (GA)		4.2%	Yes	MM-McNay
642.2010	Ropes, cables, or cordage fitted with fittings	Graduation (Korea)	Committee of Domestic Steel Wire and Specialty Steel (DC)		5.7%	Yes	MM-Boszormenyi
652.80	Expanded metal, of base metal	Graduation (Mexico, Korea)	Expanded Metal Fair Trade Coalition (DC)		3.8%	Yes	MM-Brandon
657.40(pt.)	Aluminum luggage frames	Waiver (Taiwan)	Skyway Luggage Co. (WA)		5.7%	Yes	MM-McNay

1/ Currently eligible for GSP under the TSUS; request is for GSP eligibility under the HS.

2/ Section 504(d) waiver requested.

3/ Expedited probable effects advice on this item was provided to the USTR in October 1987.

4/ Advice is requested on the probable effect of redesignation of Venezuela as eligible under the GSP.

TSUS or TSUSA items requiring probable effect advice

TSUS or TSUSA item	Short title	Proposed action	Petitioner	Probable effects	Col. 1 rate of duty or AVE	U.S. pro- duction, Jan. 3, 1985?	Analyst
682.4130	AC polyphase motors, rated at 1 HP or more, but not over 20 HP	Graduation (Taiwan, Korea)	National Elec. Manufacturers Association (DC)		3.7%	Yes	ME-Cutchin
682.5010	AC motors rated at 200 HP	Graduation (Taiwan, Korea)	National Elec. Manufacturers Association (DC)		4.2%	Yes	ME-Cutchin
682.5030	AC Motors, rated over 200 HP, but not over 500 HP	Graduation (Taiwan, Korea)	National Elec. Manufacturers Association (DC)		4.2%	Yes	ME-Cutchin
685.25	Cordless handset telephones	Waiver (Korea)	Maxon Electronic (MO)		6.0%	No	ME-Nelson
685.28	Cellular radiotelephones	Graduation (Korea, Hong Kong, Taiwan)	Motorola (IL)		6.0%	Yes	ME-Baker
688.20	Uninsulated aluminum conductor wire and cable	Graduation (Brazil, Korea, Taiwan, Venezuela)	Southwire Co. (CA)		4.9%	Yes	ME-Cutchin
692.3262	Brake drums and rotors	Waiver (Mexico)	Cifunsa, S.A. (Mex)		3.1%	Yes	ME-Howell
692.3264	Other vehicle brake parts	Waiver (Mexico)	Cifunsa, S.A. (Mex)		3.1%	Yes	ME-Howell
735.09	Inflatable balls, except footballs and soccer balls	Waiver (Mexico)	Kenner Parker Toys (MA) and Mattel (CA)		4.8%	Yes	GM-Spalding
		Graduation (Taiwan 1/, Korea)	Hedstrom Corp. (OH)				
735.10	Noninflatable hollow balls	Waiver (Mexico)	Kenner Parker Toys (MA) and Mattel (CA)		7.8%	Yes	GM-Spalding
		Graduation (Taiwan 1/, Korea)	Hedstrom Corp. (OH)				
735.11	Sponge rubber balls	Waiver (Mexico)	Kenner Parker Toys (MA) and Mattel (CA)		6.9%	Yes	GM-Spalding
		Graduation (Taiwan, Korea)	Hedstrom Corp (OH)				

TSUS or TSUSA items requiring probable effect advice

TSUS or TSUSA item	Short title	Proposed action	Petitioner	Probable effects	Col. 1 rate of duty or AVE	U.S. pro- duction, Jan. 3, 1985?	Analyst
735.12	Bowling balls and balls, nspf	Waiver (Mexico)	Kenner Parker Toys (MA) and Mattel (CA)		4.9%	Yes	GM-Spalding
		Graduation (Taiwan 1/, Korea)	Hedstrom Corp (OH)				
737.07	Models of locomotives, ships, airplanes, etc., at a ratio of 1 to 85 or smaller	Waiver (Mexico)	Kenner Parker Toys (MA) and Mattel (CA)		5.1%	Yes	GM-Estes
737.14	Models of locomotives, ships, airplanes, etc., at a ratio larger than 1 to 85	Waiver (Mexico)	Kenner Parker Toys (MA) and Mattel (CA)		7.8%	Yes	GM-Estes
737.16	Other models, nspf	Waiver (Mexico)	Kenner Parker Toys (MA) and Mattel (CA)		7.8%	Yes	GM-Estes
737.2415	Dolls (except stuffed), over 13 inches in height	Addition	Playmates Toys (CA)		12.0%	Yes	GM-Estes
737.80	Toys, nspf, having a spring mechanism	Waiver (Mexico)	Kenner Parker Toys (MA) and Mattel (CA)		8.8%	Yes	GM-Estes
737.93	Toys, nspf, having an electrical motor	Waiver (Mexico)	Kenner Parker Toys (MA) and Mattel (CA)		7.0%	Yes	GM-Estes
737.96	Toys, nspf, of rubber or plastic, not inflatable	Waiver (Mexico)	Kenner Parker Toys (MA) and Mattel (CA)		7.0%	Yes	GM-Estes
737.98	Misc. toys and parts of toys, n.s.p.f.	Waiver (Mexico)	Kenner Parker Toys (MA) and Mattel (CA)		7.0%	Yes	GM-Estes
740.14	Certain precious metal jewelry	Waiver (Thailand)	Gov't of Thailand		6.5%	Yes	GM-Garbecki
740.41	Certain costume jewelry	Removal	Manufacturing Jewelers and Silversmiths of America, Inc. (RI)		11.0%	Yes	GM-Garbecki
740.50 2/	Rosaries and chaplets	Removal	Manufacturing Jewelers and Silversmiths of America, Inc. (RI)		4.9%	Yes	GM-Garbecki
740.60 2/	Certain other religious articles	Removal	Manufacturing Jewelers and Silversmiths of America, Inc. (RI)		4.9%	Yes	GM-Garbecki

1/ Advice is requested on the probable effect of redesignation of Taiwan as eligible under the GSP.

2/ TSUS items 740.50 and 740.60 are combined in a single Digest.

TSUS or TSUSA items requiring probable effect advice

TSUS or TSUSA item	Short title	Proposed action	Petitioner	Probable effects	Col. 1 rate of duty or AVE	U.S. pro- duction, Jan. 3, 1985?	Analyst
740.75 <u>1/</u>	Certain continuous length chain for use in jewelry	Removal	Manufacturing Jewelers and Silversmiths of America, Inc. (RI)		8.0%	Yes	GM-Garbecki
740.80 <u>1/</u>	Certain continuous length chain for use in jewelry	Removal	Manufacturing Jewelers and Silversmiths of America, Inc. (RI)		11.0%	Yes	GM-Garbecki
745.32	Buttons of acrylic and/or polyester resins	Graduation (Taiwan)	Cresthill Indus. (NY)		12.0%	Yes	GM-Garbecki
745.6740	Certain jewelry clasps	Removal	Manufacturing Jewelers and Silversmiths of America, Inc. (RI)		11.0%	Yes	GM-Garbecki
755.15	Fireworks	Addition	Gov't of Colombia		5.6%	Yes	GM-Spalding
760.0520	Ball-point pens	Addition	Gov't of Thailand		11.0%	Yes	GM-Spalding
772.06 <u>2/</u>	Certain plastics tableware and kitchenware	<u>2/</u>	Ulman Co. (NY)		<u>2/</u>	<u>2/</u>	CH-Land
772.09 <u>2/</u>	Tableware and kitchenware trays of plastics	<u>2/</u>	Ulman Co. (NY)		<u>2/</u>	<u>2/</u>	CH-Taylor
791.28(pt.)	Leather footwear soles	Removal Graduation (Argentina)	Howes Leather Co. (MA)		5.0%	Yes	TX-Burns

1/ TSUS items 740.75 and 740.80 are combined in a single Digest.

2/ On October 1, 1987, the USTR notified the Commission that the petitioner had withdrawn his request on this item, and Commission advice was no longer required.

HS items requiring probable effect advice

HS item	Short title	Proposed action	Petitioner	Probable effects	Col. 1 rate of duty or AVE	U.S. production, Jan. 3, 1985?	Analyst
1104.12.00	Oats, flaked	Addition	Gov't of Colombia		1.3%	Yes	AG-Pierre-Benoist
1302.20.00	Pectic substances, pectinates and pectates	Addition	Grinsted de Mexico (Mex.)		5.0%	Yes	CH-Jonnard
1604.16.40	Anchovies, not in oil, in airtight containers not over 6.8 kg each	Addition	Gov't of Morocco		5.0%	Yes	AG-Corey
2001.90.20	Capers	Addition	Gov't of Morocco		8.8%	Yes	AG-Lipovsky
2001.90.30	Beans, pickled	Addition	Gov't of Morocco		9.0%	Yes	AG-McCarty
2005.80.00	Corn, in airtight containers	Addition	Gov't of Thailand		12.5%	Yes	AG-McCarty
2208.40.00.30 <u>1/</u>	Rum, in containers not over 4 L	Addition	Gov't of the Philippines		11.9%	Yes	AG-Lipovsky
2208.40.00.80 <u>1/</u>	Rum, in containers over 4 L, over .92#/L	Addition	Gov't of the Philippines		21.5%	Yes	AG-Lipovsky
2613.10.00 <u>2/</u>	Molybdenum ores and concentrates, roasted	Removal	Cyprus Minerals (CO)		3.5%		MM-DeSapio
2620.90.10 <u>2/</u>	Certain molybdenum residues	Removal	Cyprus Minerals (CO)		4.6%	Yes	MM-DeSapio
2825.90.50	Certain inorganic bases, oxides, hydroxides, and peroxides	Graduation (Brazil)	Teledyne Industries (OR)		3.7%	Yes	CH-Greenblatt
2934.90.25	Other aromatic...drugs	Addition	Cynamid Latin America Group (NJ)		6.9%	Yes	CH-Nesbitt
3301.30.10.20	Black pepper oleoresin	Removal	Kalsec, Inc. (MI)		6.0%	Yes	CH-Land
3604.10.00	Fireworks	Addition	Gov't of Colombia		5.6%	Yes	GM-Spalding
3903.30.00	Acrylonitrile-butadiene-styrene (ABS) resins	Graduation (Korea)	Borg-Warner Chemicals (WV); Dow, USA (MI)		9.9%	Yes	CH-Taylor
3920.20.00 <u>3/</u>	Plates, sheets, film, foil, and strip, not laminated, of polypropylene	<u>3/</u>	Gov't of Mexico; COFICSA (Mex.)		<u>3/</u>	<u>3/</u>	TX-Cook
3924.10.20 <u>4/</u>	Certain plastics tableware and kitchenware	<u>4/</u>	Ullman Co. (NY)		<u>4/</u>	<u>4/</u>	CH-Land
3924.10.30 <u>4/</u>	Tableware and kitchenware trays of plastics	<u>4/</u>	Ullman Co. (NY)		<u>4/</u>	<u>4/</u>	CH-Taylor

1/ HS items 2208.40.00.30 and 2208.40.00.80 are combined in a single Digest.

2/ Expedited probable effects advice on this item was provided to the USTR in October 1987.

3/ HS items 3920.20.00 is already a GSP eligible item and no advice is required on the HS basis.

4/ On October 1, 1987, the USTR notified the Commission that the petitioner had withdrawn his request on this item, and Commission advice was no longer required.

HS items requiring probable effect advice

HS Item	Short title	Proposed action	Petitioner	Probable effects	Col. 1 rate of duty or AVE	U.S. pro- duction, Jan. 3, 1985?	Analyst
4421.90.40	Wood blinds and shutters with adjustable louvers or slats	Addition	Eastman Bell (CA); Ohline Corp. (CA)		8.0%	Yes	AG Westcot
6117.10.30 (pt.) 1/	Certain silk mufflers and scarves	Addition	Gov't of Thailand		10.1%	Yes	TX-Bryant
6213.10.00	Certain silk handkerchiefs	Addition	Gov't of Thailand		7.5%	Yes	TX-Bryant
6214.10.00 1/	Certain silk mufflers and scarves	Addition	Gov't of Thailand		7.7%	Yes	TX-Bryant
6307.90.80 (pt.) 2/	Plastic pot scourers	2/	Gov't of Mexico; Filtros Y Mallas Industriales, (Mex.)		2/	2/	TX-Cook
6406.99.60(pt.)	Leather footwear soles	Removal Graduation (Argentina)	Howes Leather Co. (MA)		5.0%	Yes	TX-Burns
7011.20.00	Glass envelopes for cathode-ray tubes	Waiver (Taiwan)	Clinton Electronics (IL)		6.6%	Yes	MM-McNay
7013.10.00	Glass ceramic glassware	Addition	Corning Glassware (NY)		26.0%	Yes	MM-McNay
7113.11.50	Certain silver jewelry	Waiver (Thailand)	Gov't of Thailand		6.5%	Yes	GM-Garbecki
7113.19.50	Certain precious metal jewelry	Waiver (Thailand)	Gov't of Thailand		6.5%	Yes	GM-Garbecki
7113.20.50	Certain precious-metal clad jewelry	Waiver (Thailand)	Gov't of Thailand		6.5%	Yes	GM-Garbecki
7117.11.00 3/	Base-metal cuff links and studs	Removal	Manufacturing Jewelers and Silversmiths of America (RI)		11.0%	Yes	GM-Garbecki
7117.19.10 4/	Certain continuous length chain for use in jewelry	Removal	Manufacturing Jewelers and Silversmiths of America (RI)		8.0%	Yes	GM-Garbecki
7117.19.20 4/	Certain continuous length chain for use in jewelry	Removal	Manufacturing Jewelers and Silversmiths of America (RI)		11.0%	Yes	GM-Garbecki
7117.19.30	Base metal religious articles	Removal	Manufacturing Jewelers and Silversmiths of America (RI)		5.8%	Yes	GM-Garbecki
7117.19.50 3/	Other base metal jewelry	Removal	Manufacturing Jewelers and Silversmiths of America (RI)		11.0%	Yes	GM-Garbecki
7202.49.50	Certain ferrochromium	Addition	Gov't of Zimbabwe		3.1%	Yes	MM-Boszormenyi

1/ HS items 6117.10.30(pt.) and 6214.10.00 are combined in a single Digest

2/ HS item 6307.90.80 is already a GSP eligible item and no advice is required on the HS basis.

3/ HS items 7117.11.00 and 7117.19.50 are combined in a single Digest.

4/ HS items 7117.19.10 and 7117.19.20 are combined in a single Digest.

HS items requiring probable effect advice

HS item	Short title	Proposed action	Petitioner	Probable effects	Col. 1 rate of duty or AVE	U.S. production, Jan. 3, 1985?	Analyst
7202.50.00	Ferrosilicon chromium	Addition	Gov't of Zimbabwe		10.0%	Yes	MM-Boszormenyi
7307.19.90	Tube or pipe fittings of malleable cast iron	Removal	American Pipe Fittings Association (DC)		6.2%	Yes	MM-Gannon
7312.10.50	Certain stranded wire of stainless steel	Graduation (Korea)	Committee of Domestic Steel Wire Rope and Specialty Steel Mfg (DC)		5.7%	Yes	MM-Boszormenyi
7312.10.70	Certain stranded wire of iron or steel	Graduation (Korea)	Committee of Domestic Steel Wire Rope and Specialty Steel Mfg (DC)		5.7%	Yes	MM-Boszormenyi
7314.50.00	Expanded metal	Graduation (Korea, Mexico)	Expanded Metal Fair Trade Coalition (DC)		3.8%	Yes	MM-Brandon
7414.90.00	Cloth, netting, and similar articles of copper wire including expanded metal of copper	Graduation (Korea, Mexico)	Expanded Metal Fair Trade Coalition (DC)		3.8%	Yes	MM-Brandon
7604.10.30 <u>1/</u>	Bars and rods of aluminum, not alloyed	Graduation (Argentina, Brazil, Mexico, Taiwan, Venezuela <u>2/</u> , Yugoslavia)	Southwire Company (CA)		2.6%	Yes	MM McNay
7604.29.30 <u>1/</u>	Bars and rods of aluminum alloys	Graduation (Argentina, Brazil, Mexico, Taiwan, Venezuela <u>2/</u> , Yugoslavia)	Southwire Company (CA)		2.6%	Yes	MM McNay
7605.11.00 <u>3/</u>	Unalloyed aluminum wire which exceeds 7mm in cross-sectional dimension	Graduation (Argentina, Brazil, Venezuela <u>2/</u>)	Southwire Company (CA)		2.6%	Yes	MM McNay
7605.19.00 <u>3/</u>	Other unalloyed aluminum wire	Graduation (Argentina, Brazil, Venezuela)	Southwire Company (CA)		4.2%	Yes	MM McNay
7605.21.00 <u>3/</u>	Alloyed aluminum wire which exceeds 7 mm in cross sectional dimension	Graduation (Argentina, Brazil, Venezuela <u>2/</u>)	Southwire Company (CA)		2.6%	Yes	MM McNay

1/ HS items 7604.10.30 and 7604.29.30 are combined in a single Digest.

2/ Advice is requested on the probable effect of redesignation of Venezuela as eligible under the GSP.

3/ HS items 7605.11.00, 7605.19.00, 7605.21.00, and 7605.29.00 are combined in a single Digest.

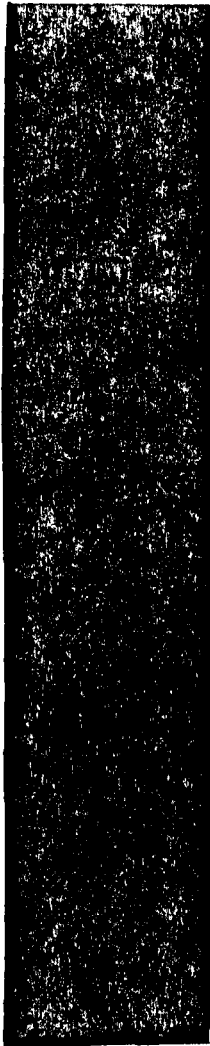
HS items requiring probable effect advice

HS item	Short title	Proposed action	Petitioner	Probable effects	Col. 1 rate of duty or AVE	U.S. production, Jan. 3, 1985?	Analyst
7605.29.00 1/	Other alloyed aluminum wire	Graduation (Brazil, Korea, Taiwan, Venezuela)	Southwire Company (CA)		4.2%	Yes	MM-McNay
7614.10.50 2/	Uninsulated aluminum wire with steel core	Graduation (Argentina, Brazil, Venezuela)	Southwire Company (CA)		4.9%	Yes	MM-McNay
7614.90.50 2/	Uninsulated aluminum wire with core other than steel	Graduation (Argentina, Brazil, Venezuela)	Southwire Company (CA)		5.7%	Yes	MM-McNay
7616.90.00(pt)	Aluminum luggage frames	Waiver (Taiwan)	Skyway Luggage Co. (WA)		5.7%	Yes	MM-McNay
8501.52.40	AC polyphase motors, rated at 1 HP or more, but not over 20 HP	Graduation (Korea, Taiwan)	National Electrical Manufacturers Association (DC)		3.7%	Yes	ME-Cutchin
8501.53.60	Multiphase AC motors rated at 149.2 kw but not over 150 kw	Graduation (Korea, Taiwan)	National Electrical Manufacturers Association (DC)		4.2%	Yes	ME-Cutchin
8501.53.80	AC motors, rated over 200 HP, but not over 500 HP	Graduation (Korea, Taiwan)	National Electrical Manufacturers Association (DC)		4.2%	Yes	ME-Cutchin
8525.20.50	Cordless handset telephones	Waiver (Korea)	Maxon Electronics (MO)		6.0%	No	ME-Nelson
8525.20.60	Cellular radiotelephones	Graduation (Hong Kong, Korea, Taiwan)	Motorola, Inc. (IL)		6.0%	Yes	ME-Baker
8708.39.50	Brakes drums and servo-brakes and parts	Waiver (Mexico)	Cifunsa, S.A., (Mex.)		3.1%	Yes	ME-Howell
8708.39.50.10	Brake drums and rotors	Waiver (Mexico)	Cifunsa, S.A., (Mex.)		3.1%	Yes	ME-Howell
8708.39.50.50	Other vehicle brake parts	Waiver (Mexico)	Cifunsa, S.A., (Mex.)		3.1%	Yes	ME-Howell

1/ HS items 7605.11.00, 7605.19.00, 7605.21.00, and 7605.29.00 are combined in a single Digest.

2/ HS items 7614.10.50 and 7614.90.50 are combined in a single Digest.

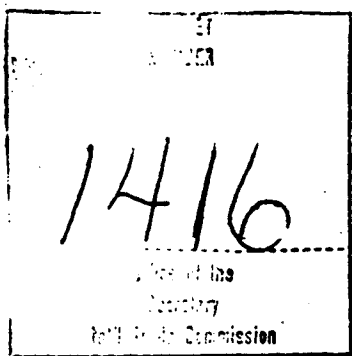
HS items requiring probable effect advice

HS item	Short title	Proposed action	Petitioner	Probable effects	Col. 1 rate of duty or AVE	U.S. production, Jan. 3, 1985?	Analyst
9502.10.30.60	Dolls (except stuffed), over 33 cm in height	Addition	Playmate Toys (CA)		12.0%	Yes	GM- Estes
9503.90.40	Misc. toys (not covered in HS numbers 9503.30-9503.90.20)	Waiver (Mexico)	Kenner Parker Toys (MA); Mattel (CA)		6.8%	Yes	GM- Estes
		Graduation (Korea, Taiwan)	Hedstrom Corp. (OH)				
9506.62.80	Inflatable balls, except footballs and soccer balls	Graduation (Korea, Taiwan 1/)	Hedstrom Corp. (OH)		4.8%	Yes	GM-Spalding
		Waiver (Mexico)	Kenner Parker Toys (MA); Mattel (CA)				
9506.69.40	Noninflatable hollow balls, not over 19 cm in diameter	Graduation (Korea, Taiwan 1/)	Hedstrom Corp. (OH)		7.8%	Yes	GM-Spalding
		Waiver (Mexico)	Kenner Parker Toys (MA); Mattel (CA)				
9506.69.60	Balls, nsfp	Graduation (Korea, Taiwan 1/)	Hedstrom Corp. (OH)		4.9%	Yes	GM-Spalding
		Waiver (Mexico)	Kenner Parker Toys (MA); Mattel (CA)				
9606.21.40	Buttons of acrylic resin or of polyester, or of both	Graduation (Taiwan)	Cresthill Industries (NY)		12.0%	Yes	GM Spalding
9608.10.00	Ball-point pens	Addition	Gov't of Thailand		11.0%	Yes	GM-Spalding

1/ Advice is requested on the probable effect of redesignation of Taiwan as eligible under the GSP.

APPENDIX A

**U.S. Trade Representative Requests of August 7 and September 16, 1987,
for Probable Effect Advice**



THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON
20506

STANDARD TIME: 32

August 7, 1987

DOCKET/USITC

The Honorable Susan Liebeler
Chairman
United States International Trade
Commission
701 E Street, N.W.
Washington, D.C. 20436

Dear Chairman Liebeler:

The Trade Policy Staff Committee (TPSC) has recently announced in the Federal Register the acceptance of petitions for modification of the Generalized System of Preferences received as part of the 1987 annual review. In this connection, I am making the requests listed below.

Modifications to the GSP which may result from this review will be announced in early 1988 and become effective July 1, 1988. Inasmuch as current plans call for the United States to implement the Harmonized Commodity Description and Coding System (the Harmonized System) in its tariff nomenclature on January 1, 1988, work in the current GSP annual review has had to be conducted in terms of both the nomenclature of our existing tariff schedule and the proposed Harmonized System nomenclature, and the notice of petitions accepted for review is given in both nomenclatures. It is also necessary that the Commission's response to the following requests be in terms of both nomenclatures.

In accordance with sections 503(a) and 131(a) of the Trade Act of 1974 (the Act), and pursuant to the authority of the President delegated to the United States Trade Representative by sections 4(c) and 8(c) and (d) of Executive Order 11846 of March 31, 1975, as amended, I hereby notify the International Trade Commission that the articles identified in Part A of the enclosed lists are being considered for designation as eligible articles for purposes of the United States Generalized System of Preferences (GSP), set forth in Title V of the Act.

Pursuant to sections 503(a) and 131(a) of the Act, I request that the Commission provide its advice, with respect to each article listed in Part A of the enclosed lists, as to the probable economic effect on United States industries producing like or directly competitive articles and on consumers of the elimination of United States import duties under the GSP.

The Honorable Susan Liebeler
August 7, 1987
Page Two

In providing its advice, I request the Commission to assume that benefits of the GSP would not apply to imports that would be excluded from receiving such benefits by virtue of the "competitive need" limits specified in section 504(c) of the Act.

At the direction of the President, pursuant to section 332(g) of the Tariff Act of 1930, I further request:

(a) with respect to each article listed in Parts B and C of the enclosed lists, that the Commission provide its advice as to the probable economic effect on United States industries producing like or directly competitive articles and on consumers (1) of the removal of articles in Part B of the lists from eligibility for duty-free treatment under the GSP; (2) of the removal of the GSP duty-free status from articles in Part C of the lists which are imported from the respective countries specified which currently receive GSP duty-free treatment; and (3) the redesignation for GSP duty-free treatment for articles in Part C of the lists which are imported from a specified country which does not currently receive GSP duty-free treatment for the articles; and

(b) in accordance with section 504(c)(3)(A)(i) of the Act, that the Commission provide advice as to the probable economic effect on domestic industries producing like or directly competitive articles and on U.S. consumers of waiving the competitive need limits for countries specified with respect to the articles listed in Part D of the lists.

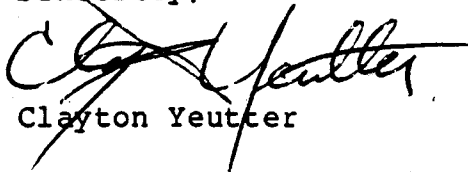
Section 504(d) of the Act exempts from one of the competitive need limits in section 504(c) articles for which no like or directly competitive article was being produced in the United States on January 3, 1985. Accordingly, pursuant to the authority of section 332(g) of the Tariff Act of 1930, I request that the Commission provide advice with respect to whether products like or directly competitive with those described in Part A of the enclosed lists were being produced in the United States on January 3, 1985.

Under the provisions of the Act, the Commission has six months to provide the advice requested herein on Part A of the enclosed list. However, it would be greatly appreciated if all of the requested advice could be provided by November 1, 1987, in order to permit any actions to be taken on these items to be included in the Executive Order which should be issued in early March, 1988.

The Honorable Susan Liebeler
August 7, 1987
Page Three

In addition, with respect to two cases involving molybdenum ore and metal-bearing materials in chief value of molybdenum (87-26 and 87-27, TSUS items 601.33 and 603.40; and 87-HS-22 and 87-HS-23, HS items 2613.10.00 and 2620.90.10), the TPSC has granted a request from Cyprus Minerals Company to conduct the review on an expedited basis. The Commission is therefore requested to consider these cases separately from its normal investigation and to provide its advice on these two cases not later than October 1, 1987. In view of this compressed time, we do not expect the Commission to hold a public hearing on these two cases.

Sincerely,



Clayton Yeutter

CY:dfd

Annex I
Petitions Accepted for Review

Case No.	TSUS or TSUSA <u>1/</u> item No.	Article	Petitioner
[The bracketed language in this list has been included only to clarify the scope of the numbered items which are being considered, and such language is not itself intended to describe articles which are under consideration.]			
A. <u>Petitions to add products to the list of eligible articles for the Generalized System of Preferences.</u>			
87-1	112.01	Fish, prepared or preserved in any manner, not in oil, in airtight containers: Anchovies: In containers weighing with their contents not over 15 pounds each	Government of Morocco
87-2	131.27	Milled grain products: Fit for human consumption: Oats: Valued over \$8 per 100 pounds	Government of Colombia
87-3	141.15	Vegetables (whether or not reduced in size), packed in salt, in brine, pickled, or otherwise prepared or preserved (except vegetables in subpart B, part 8, schedule 1 of the Tariff Schedules of the United States): Beans: [Soybeans] Other: Pickled [Articles provided for in items 141.25 thru 141.70]	Government of Morocco
87-4	141.83	Other: [Packed in salt, in brine, or pickled] Other: Corn in airtight containers	Government of Thailand
87-5	161.08	Capers: [In immediate containers holding more than 7.5 pounds] Other	Government of Morocco
87-6	169.13	Rum (including <u>cana paraguaya</u>): In containers each holding not over 1 gallon	Government of the Philippines
87-7	169.1415	In containers each holding over 1 gallon: Valued over \$3.50 per gallon	do.

1/ Tariff Schedules of the United States (19 U.S.C. 1202).

Annex I

Petitions Accepted for Review

Case No.	TSUS or TSUSA 1/ item No.	Article	Petitioner
A. <u>Petitions to add products to the list of eligible articles for the Generalized System of Preferences. (con.)</u>			
		Wood blinds, shutters, screens, and shades, all the foregoing, with or without their hardware: [Consisting of wooden frames in the center of which are fixed louver boards or slats, with or without their hardware]	
87-8	206.67	Other	Eastman Bell, Costa Mesa, CA; Online Corporation, Gardenra, CA
		Strips (in continuous form), whether known as artificial straw, yarns, or by any other name: Not laminated: Valued not over \$1 per pound	
87-9	309.20		Government of Mexico, Cordelrias Filamentos y Costales, S.A. de C.V. (COFISCA), Mexico
87-10	309.21	Valued over \$1 per pound	do.
		Other handkerchiefs, not ornamented: Of silk: Hemmed:	
87-11	370.8405	Containing 70 percent or more by weight of silk	Government of Thailand
		Not hemmed:	
87-12	370.8450	Containing 70 percent or more by weight of silk	do.
		Mufflers, scarves, shawls, and veils, all the foregoing of textile materials: [Lace or net articles, whether or not ornamented, and other articles, ornamented:]	
		Other articles, not ornamented: Of silk: Knit:	
87-13	372.5005	Containing 70 percent or more by weight of silk	do.
		Not knit: Weighing over 1 ounce per square yard and rectangular in shape: Valued not over \$5 per dozen	
87-14	372.5505	Containing 70 percent or more by weight of silk	do.

1/ Tariff Schedules of the United States (19 U.S.C. 1202).

Annex I
Petitions Accepted for Review

Case No.	TSUS or TSUSA <u>1/</u> item No.	Article	Petitioner
A. <u>Petitions to add products to the list of eligible articles for the Generalized System of Preferences. (con.)</u>			
Articles not specially provided for, of textile materials: [Lace or net articles, whether or not ornamented, and other articles ornamented:]			
Other articles, not ornamented:			
Of man-made fibers:			
Knit (except pile or tufted construction):			
87-15	389.40(pt.)	Plastic pot scourers used chiefly to clean pots and other household articles used in preparing, serving, and storing food	Government of Mexico; Filtros Y Mallas Industriales, S.A., Mexico
Products suitable for medicinal use, and drugs: Obtained, derived, or manufactured in whole or in part from any product provided for in subpart A or B of part 1, schedule 4, of the Tariff Schedules of the United States:			
Drugs:			
Imidazoline derivatives: [Articles provided for in items 411.00 and 411.04]			
Other:			
87-16	411.08(pt.) <u>2/</u>	Anthelmintic compound containing a thiazoline ring fused to a imidazoline ring	Cyanamid Latin American Group, Wayne, NJ
87-17	455.04	Pectin	Grinsted de Mexico, S.A., Mexico
Articles chiefly used for preparing, serving, or storing food or beverages, or food or beverage ingredients:			
Of chinaware or of subporcelain:			
Household ware:			
Of nonbone chinaware or of subporcelain:			
Not available in specified sets: [Articles provided for in items 533.72 thru 533.78]			
87-18	533.79	Other articles <u>3/</u>	Corning Glassware, Corning, NY

1/ Tariff Schedules of the United States (19 U.S.C. 1202).

2/ Currently eligible for GSP under the TSUS; request is for GSP eligibility under the HS.

3/ 504(d) waiver also requested for TSUS item 533.79.

Annex I
Petitions Accepted for Review

Case No.	TSUS or TSUSA 1/ item No.	Article	Petitioner
A. <u>Petitions to add products to the list of eligible articles for the Generalized System of Preferences. (con.)</u>			
		Smokers' articles, household articles, and art and ornamental objects such as, but not limited to, statues, figurines, flowers, vases, lamp bases, bric-a-brac, and wall plaques, all the foregoing not specially provided for, of ceramic ware: [Articles provided for in items 534.21 thru 534.94]	
87-19	534.97	Other 2/	Corning Glassware, Corning, NY
		Ferroalloys:	
		Ferrochromium:	
87-20	606.22	Not containing over 3 percent by weight of carbon	Government of Zimbabwe
87-21	606.42	Ferrosilicon chromium	Government of Zimbabwe
		Dolls, and parts of dolls including doll clothing: [Doll clothing imported separately]	
		Other:	
		Dolls (with or without clothing): [Stuffed]	
		Other	
87-22	737.2415	Over 13 inches in height	Playmates Toys, Inc., La Mirada, CA
87-23	755.15	Fireworks	Government of Colombia
		Fountain pens, including stylographic pens and ball-point pens and ball-point pencils, and combination pens and pencils:	
87-24	760.0520	Ball-point pens and ball-point pencils	Government of Thailand

1/ Tariff Schedules of the United States (19 U.S.C. 1202).

2/ Currently eligible for GSP under the TSUS; request is for GSP eligibility under the HS; 504(d) waiver also requested for TSUS 534.97.

Annex I
Petitions Accepted for Review

Case No.	TSUS or TSUSA 1/ item No.	Article	Petitioner
B. <u>Petitions to remove products from the list of eligible articles for the Generalized System of Preferences.</u>			
		Flavoring extracts, and fruit flavors, essences, esters, and oils, all the foregoing whether or not containing ethyl alcohol: Not containing alcohol: [In ampoules, capsules, tablets, or similar forms]	
		Other: Spice oleoresins: Black pepper	Kalsec, Inc., Kalamazoo, MI
87-25	450.2015		
		Metal-bearing ores and the dross or residuum from burnt pyrites: Molybdenum ore	Cyprus Minerals, Englewood, CO
87-26	601.33		
		Other metal-bearing materials of a type commonly used for the extraction of metal or as a basis for the manufacture of chemical compounds: [Articles provided for in items 603.05 thru 603.30]	
		Other: Materials in chief value of molybdenum	do.
87-27	603.40		
		Pipe and tube fittings of iron or steel: Cast-iron fittings, malleable: Advanced in condition by operations or processes subsequent to the casting process	American Pipe Fittings Association, Washington, D.C.
87-28	610.74		
		Jewelry and other objects of personal adornment not provided for in the foregoing provisions of part 6, schedule 7, of the Tariff Schedules of the United States (except articles excluded by headnote 3 of subpart A, part 6, schedule 7, of the Tariff Schedules of the United States), and parts thereof: Valued over 20 cents per dozen pieces or parts: [Articles provided for in items 740.34 thru 740.39]	
87-29	740.41	Other	Manufacturing Jewelers and Silversmiths of America, Inc., Providence, RI

1/ Tariff Schedules of the United States (19 U.S.C. 1202).

Annex I
Petitions Accepted for Review

Case No.	TSUS or TSUSA 1/ item No.	Article	Petitioner
B. <u>Petitions to remove products from the list of eligible articles for the Generalized System of Preferences. (con.)</u>			
87-30	740.50	Religious articles of a purely devotional character designed to be worn on apparel or carried on or about or attached to the person: Rosaries and chaplets	Manufacturing Jewelers and Silversmiths of America, Inc., Providence, RI
87-31	740.60	Crucifixes and medals: [Of precious metals (including rolled precious metals)] Other	do.
87-32	740.75	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, of metal or of metal and such pearls or gemstones, suitable for use in the manufacture of articles provided for in subpart A, part 6, schedule 7, of the Tariff Schedules of the United States: [Of precious metals (including rolled precious metals)] Other: Valued not over 30c per yard	do.
87-33	740.80	Valued over 30c per yard	do.
87-34	745.6740	Clasps, handbag and similar frames incorporating clasps, and snap fasteners; all the foregoing and parts thereof: Valued over 20 cents per dozen pieces or parts: For jewelry and other objects of personal adornment: [Of precious metal except silver (including rolled precious metal except silver)] Other: [Silver] Other	do.

Annex I
Petitions Accepted for Review

Case No.	TSUS or TSUSA 1/ item No.	Article	Petitioner
C. <u>Petitions to remove duty-free status from a beneficiary developing country for a product on the list of eligible articles for the Generalized System of Preferences 2/</u>			
Products obtained, derived, or manufactured in whole or in part from any product provided for in subpart A or B of part 1, schedule 4 of the Tariff Schedules of the United States:			
Plastics materials:			
[Articles provided for in items 408.44 and 408.48]			
Other:			
Thermoplastic resins:			
87-35	408.72 (Korea)	Acrylonitrile-butadiene-styrene (ABS) resins	Borg-Warner Chemicals, Inc., Parkersburg, WV; Dow Chemicals, USA, Midland, MI
Other inorganic compounds:			
[Articles provided for in items 422.90 thru 422.94]			
Other:			
[Rare-earth oxides except cerium oxide; hydrogen peroxide]			
87-36	423.0050 (Brazil)	Other oxides, hydroxides and peroxides	Teledyne Industries, Albany, OR
87-37	618.15 (Argentina, Brazil, Mexico, Taiwan, Venezuela, Yugoslavia)	Wrought rods of aluminum	Southwire Company, Carrollton, GA
Aluminum wire:			
87-38	618.20 (Argentina, Brazil, Venezuela)	Not coated or plated with metal	do.

1/ Tariff Schedules of the United States (19 U.S.C. 1202).

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

Annex I
Petitions Accepted for Review

Case No.	TSUS or TSUSA 1/ item No.	Article	Petitioner
C. <u>Petitions to remove duty-free status from a beneficiary developing country for a product on the list of eligible articles for the Generalized System of Preferences.</u> ^{2/} (con.)			
		Strands, ropes, cables, and cordage, all the foregoing, of wire, whether or not cut to length, and whether or not fitted with hooks, swivels, clamps, clips, thimbles, sockets or other fittings or made up into slings, cargo nets, or similar articles:	
		Fitted with fittings, or made up into articles:	
87-39	642.2010 (Korea)	Ropes, cables or cordage fitted with fittings	Committee of Domestic Steel Wire Rope and Specialty Steel Mfgs., Washington, D.C.
87-40	652.80 (Korea, Mexico)	Expanded metal, of base metal	Expanded Metal Fair Trade Coalition, Washington, D.C.
		Generators, motors, motor-generators, converters (rotary or static), transformers, rectifiers and rectifying apparatus, and inductors; all the foregoing which are electrical goods, and parts thereof:	
		Motors:	
		Of 1 horsepower or more, but not over 20 horsepower:	
		AC:	
87-41	682.4130 (Korea, Taiwan)	Polyphase	National Electrical Manufacturers Association, Washington, D.C.
		Of 200 or more horsepower:	
		Of 200 horsepower:	
87-42	682.5010 (Korea, Taiwan)	AC	do.
		Of over 200 horsepower but not over 500 horsepower:	
87-43	682.5030 (Korea, Taiwan)	AC	do.

1/ Tariff Schedules of the United States (19 U.S.C. 1202).

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

Annex I
Petitions Accepted for Review

Case No.	TSUS or TSUSA 1/ item No.	Article	Petitioner
C. <u>Petitions to remove duty-free status from a beneficiary developing country for a product on the list of eligible articles for the Generalized System of Preferences.</u> ^{2/} (con.)			
		<p>Radiotelegraphic and radiotelephonic transmission and reception apparatus; radiobroadcasting and television transmission and reception apparatus, and television cameras; record players, phonographs, tape recorders, dictation recording and transcribing machines, record changers, and tone arms; all the foregoing, and any combination thereof, whether or not incorporating clocks or other timing apparatus, and parts thereof:</p> <p>Radiotelegraphic and radiotelephonic transmission and reception apparatus; radiobroadcasting and television transmission and reception apparatus, and parts thereof:</p> <p>[Articles provided for in 684.90 thru 685.08]</p> <p>Other:</p> <p>[Articles provided for in 685.10 thru 685.24]</p> <p>Other transmission apparatus incorporating reception apparatus: [Cordless handset telephones]</p> <p>Other</p>	
87-44	685.28 (Hong Kong, Korea, Taiwan)		Motorola, Inc., Schaumburg, IL
87-45	688.20 (Brazil, Korea, Taiwan, Venezuela)	Uninsulated electrical conductors: Comprised of aluminum wire or strand spirally wound or twisted around a steel or aluminum core	Southwire Company, Carrollton, GA

^{1/} Tariff Schedules of the United States (19 U.S.C. 1202).

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

Annex I
Petitions Accepted for Review

Case No.	TSUS or TSUSA 1/ item No.	Article	Petitioner
C. <u>Petitions to remove duty-free status from a beneficiary developing country for a product on the list of eligible articles for the Generalized System of Preferences.</u> ^{2/} (con.)			
		Beach balls, play balls, toy balls, and other balls for games or sports not provided for in the foregoing provisions of subpart D, part 5, schedule 7, of the Tariff Schedules of the United States:	
87-46	735.09 (Korea, Taiwan)	Inflatable balls	Hedstrom Corporation, Ashland, OH
87-47	735.10 (Korea, Taiwan)	Noninflatable hollow balls not over 7.5 inches in diameter	do.
87-48	735.11 (Korea, Taiwan)	Sponge rubber balls	do.
87-49	735.12 (Korea, Taiwan)	Other	do.
87-50	745.32 (Taiwan)	Buttons: Of acrylic resin, of polyester resin, or of both such resins	Cresthill Industries Inc., New York, NY
		Articles chiefly used for preparing, serving or storing food or beverages, or food or beverage ingredients; and household articles not specially provided for; all the foregoing of rubber or plastics:	
87-51	772.06 (Hong Kong, Korea, Mexico)	Plates, cups, saucers, soup bowls, cereal bowls, sugar bowls, creamers, gravy boats, serving dishes, and platters	Ullman Co., Hauppauge, NY
87-52	772.09 (Hong Kong, Korea, Mexico)	Trays	do.

1/ Tariff Schedules of the United States (19 U.S.C. 1202).

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

Annex I
Petitions Accepted for Review

Case No.	TSUS or TSUSA 1/ item No.	Article	Petitioner
D. Petitions for waiver of competitive-need limit for a product on the list of eligible products			
		Glass envelopes (including bulbs and tubes), without fittings, designed for electric lamps, vacuum tubes or other electrical devices: [Bulbs for incandescent lamps] Other	
87-53	547.3720 (Taiwan)	Glass envelopes for cathode-ray tubes	Clinton Electronics Corporation, Rockford, IL
		Articles of aluminum, not coated or plated with precious metal: Luggage frames	
87-54	657.40(ot.) (Taiwan)		Skyway Luggage Co., Seattle, WA
		Radiotelegraphic and radiotelephonic transmission and reception apparatus; radiobroadcasting and television transmission and reception apparatus, and television cameras; record players, phonographs, tape recorders, dictation recording and transcribing machines, record changers, and tone arms; all the foregoing, and any combination thereof, whether or not incorporating clocks or other timing apparatus, and parts thereof: Radiotelegraphic and radiotelephonic transmission and reception apparatus; radiobroadcasting and television transmission and reception apparatus, and parts thereof: [Television apparatus, and parts thereof] Other: [Articles provided for in 685.10 thru 685.24]	
87-55	685.25 (Korea)	Other transmission apparatus incorporating reception apparatus: Cordless handset telephones	Maxon Electronics, Inc., Kansas City, MO

1/ Tariff Schedules of the United States (19 U.S.C. 1202).

Annex I

Petitions Accepted for Review

Case No.	TSUS or TSUSA 1/ item No.	Article	Petitioner
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D. Petitions for waiver of competitive-need limit for a product on the list of eligible products (con.)

Chassis, bodies (including cabs), and parts of the foregoing motor vehicles:

[Bodies (including cabs) and chassis:]

Other:

[Articles provided for in item 692.24]

Other:

[Articles provided for in items 692.29 and 692.31]

Other:

Brakes and parts thereof:

87-56	692.3262 (Mexico)	Brake drums and rotors (discs)	Cifunsa, S.A., Mexico
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87-57	692.3264 (Mexico)	Other	do.
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Beach balls, play balls, toy balls, and other balls for games or sports, not provided for in the foregoing provisions of subpart D, part 5, schedule 7, of the Tariff Schedules of the United States:

87-58	735.09 (Mexico)	Inflatable balls	Kenner Parker Toys, Inc., Beverly, MA; Mattel, Inc., Hawthorne, CA
87-59	735.10 (Mexico)	Noninflatable hollow balls not over 7.5 inches in diameter	do.
87-60	735.11 (Mexico)	Sponge rubber balls	do.
87-61	735.12 (Mexico)	Other	do.

1/ Tariff Schedules of the United States (19 U.S.C. 1202).

Annex I
Petitions Accepted for Review

Case No.	TSUS or TSUSA 1/ item No.	Article	Petitioner
D. <u>Petitions for waiver of competitive-need limit for a product on the list of eligible products (con.</u>			
		Model trains, model airplanes, model boats and other model articles, all the foregoing whether or not toys; and construction kits or sets for assembling such model articles: [Articles provided for in item 737.05] Other models and construction kits or sets:	
87-62	737.07 (Mexico)	Rail locomotives and rail vehicles; railroad and railway rolling stock; track, including switching track; rail depots, round houses, signal towers, water towers, and other trackside structures; trolley buses and trolley-bus systems; cable-car systems; highway vehicles; ships and harbor structures; and airplanes and spacecraft; all the foregoing made to scale of the actual article at the ratio of 1 to 85 or smaller	Kenner Parker Toys, Inc., Beverly, MA; Mattel, Inc., Hawthorne, CA
		[Articles provided for in items 737.09 and 737.14] [Construction kits or sets with construction units prefabricated to precise scale of the actual article]	
87-63	737.14 (Mexico)	Articles described in item 737.07 made to a scale of the actual article at a ratio larger than 1 to 85	do.
87-64	737.16 (Mexico)	Other	do.
87-65	737.80 (Mexico)	Toys, and parts of toys, not specially provided for: Toys having a spring mechanism Other:	do.
87-66	737.93 (Mexico)	[Kites] Toys having an electric motor	do.
87-67	737.96 (Mexico)	Toys wholly or almost wholly of rubber or plastics, not inflatable	do.
87-68	737.98 (Mexico)	Other	do.

1/ Tariff Schedules of the United States (19 U.S.C. 1202).

Annex I
Petitions Accepted for Review

Case No.	TSUS or TSUSA <u>1</u> / item No.	Article	Petitioner
D. <u>Petitions for waiver of competitive-need limit for a product on the list of eligible products (con</u>			
		Jewelry and other objects of personal adornment, and small articles ordinarily carried in the pocket, in the handbag, or on the person for mere personal convenience, all the foregoing, and parts thereof, of precious metal (including rolled precious metal), of precious stones, of natural pearls, of precious metal (including rolled precious metal) set with semiprecious stones, cameos, intaglios, amber, or coral, or of any combination of the foregoing: [Of silver (including rolled silver) and valued not over \$18 per dozen pieces or parts]	
		Other: Of precious metals: [Necklaces and neck chains, almost wholly of gold]	
87-69	740.14 (Thailand)	Other	Government of Thailand

1/ Tariff Schedules of the United States (19 U.S.C. 1202).

Annex II
Petitions Accepted for Review

Case No.	HS Subheading 1/	Article	Petitioner
[The bracketed language in this list has been included only to clarify the scope of the numbered items which are being considered, and such language is not itself intended to describe articles which are under consideration.]			
A. <u>Petitions to add products to the list of eligible articles for the Generalized System of Preferences.</u>			
87-HS-1	1104.12.00	1104 Cereal grains otherwise worked (for example, hulled, rolled, flaked, pearled, sliced or kibbled), except rice of heading 1006; germ of cereals, whole, rolled, flaked or ground: Rolled or flaked grains: Of oats	Government of Colombia
87-HS-2	1302.20.00	1302 Vegetable saps and extracts; pectic substances, pectinates and pectates; agar-agar and other mucilages and thickeners, whether or not modified, derived from vegetable products: Pectic substances, pectinates and pectates	Grinsted de Mexico, S.A., Mexico
87-HS-3	1604.16.40	1604 Prepared or preserved fish; caviar and caviar substitutes prepared from fish eggs: Fish, whole or in pieces, but not minced: Anchovies: [In oil, in airtight containers] Other: -In immediate containers weighing with their contents 6.8 kg or less each	Government of Morocco
87-HS-4	2001.90.20	2001 Vegetables, fruit, nuts and other edible parts of plants, prepared or preserved by vinegar or acetic acid: [Cucumbers including gherkins; onions] Other: Capers: [In immediate containers holding more than 3.4 kg] Other: Other: Vegetables: Beans	do.
87-HS-5	2001.90.30		do.

1/ Proposed United States Tariff Schedules Annotated in the Harmonized System Nomenclature (GPO Stock Number: 040-000-00516-1).

Annex II
Petitions Accepted for Review

Case No.	HS Subheading 1/	Article	Petitioner
A. <u>Petitions to add products to the list of eligible articles for the Generalized System of Preferences.</u> (con.)			
87-HS-6	2005 2005.80.00	Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen: Sweet corn (<i>Zea mays</i> var. <i>saccharata</i>)	Government of Thailand
87-HS-7	2208 2208.40.00.30	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80 percent vol.; spirits, liqueurs and other spirituous beverages; compound alcoholic preparations of a kind used for the manufacture of beverages: Rum and tafia: In containers each holding not over 4 liters	Government of the Philippine
87-HS-8	2208.40.00.80	In containers each holding over 4 liters: Valued over 92c per liter	do.
	2934	Other heterocyclic compounds: [Articles provided for in subheadings 2934.10 thru 2934.30]	
	2934.90	Other: Aromatic or modified aromatic: [Articles provided for in subheadings 2934.90.05 and 2934.90.06]	
87-HS-9	2934.90.25	Other: Drugs	Cynamid Latin America Group, Wayne, NJ
87-HS-10	3604 3604.10.00	Fireworks, signalling flares, rain rockets, fog signals and other pyrotechnic articles: Fireworks	Government of Colombia
87-HS-11	3920 3920.20.00	Other plates, sheets, film, foil and strip, of plastics, noncellular and not reinforced, laminated, supported or similarly combined with other materials: Of polymers of propylene	Government of Mexico Cordelerias Filamentos v Costales, S.A. de C.V. (COFICSA), Mexico

1/ Proposed United States Tariff Schedules Annotated in the Harmonized System Nomenclature (GPO Stock Number: 040-000-00516-1).

Annex II
Petitions Accepted for Review

Case No.	HS Subheading 1/	Article	Petitioner
A. <u>Petitions to add products to the list of eligible articles for the Generalized System of Preferences.</u>(con.)			
4421		Other articles of wood: [Clothes hangers] Other: Wood blinds, shutters, screens and shades, all the foregoing with or without their hardware: [Consisting of wooden frames in the center of which are fixed louver boards or slats, with or without their hardware]	
87-HS-12	4421.90.40	Other	Eastman Bell, Inc., Costa Mesa, CA; Online Corporation, Gardenia, CA
6117		Other made up clothing accessories, knitted or crocheted; knitted or crocheted parts of garments or of clothing accessories:	
6117.10		Shawls, scarves, mufflers, mantillas, veils and the like: [Of wool or fine animal hair; of man-made fibers]	
		Other:	
87-HS-13	6117.10.30(pt.)	Containing 70 percent or more by weight of silk	Government of Thailand
6213		Handkerchiefs:	
87-HS-14	6213.10.00	Of silk or silk waste	do.
6214		Shawls, scarves, mufflers, mantillas, veils and the like:	
87-HS-15	6214.10.00	Of silk or silk waste	do.
6307		Other made up articles, including dress patterns: [Articles provided for in subheadings 6307.10 and 6307.20]	
6307.90		Other: [Articles provided for in subheadings 6307.90.30 thru 6307.90.75]	
		Other:	
87-HS-16	6307.90.80(pt.)	Plastic pot scourers used chiefly to clean pots and other household articles used in preparing, serving and storing food	Government of Mexico; Filtros Y Mallas Industriales, S.A., Mexico

Annex II
Petitions Accepted for Review

Case No.	HS Subheading	Article	Petitioner
A. <u>Petitions to add products to the list of eligible articles for the Generalized System of Preferences.</u> (con.)			
87-HS-17	7013.10.00	Glassware of a kind used for table, kitchen, toilet, office, indoor decoration or similar purposes (other than that of heading 7010 or 7018): Of glass-ceramics <u>2/</u>	Corning Glassware, Corning, NY
	7202	Ferroalloys: Ferrochromium: [Containing by weight more than 4 percent of carbon]	
	7202.49	Other: [Containing by weight more than 3 percent of carbon]	
87-HS-18	7202.49.50	Other	Government of Zimbabwe
87-HS-19	7202.50.00	Ferrosilicon chromium	do.
	9502	Dolls representing only human beings and parts and accessories thereof:	
	9502.10	Dolls, whether or not dressed: [Stuffed]	
		Other: [Not over 33 cm in height]	
87-HS-20	9502.10.3060	Other	Playmate Toys, Inc., La Mirada, CA
	9608	Ball point pens; felt tipped and other porous-tipped pens and markers; fountain pens, stylograph pens and other pens; duplicating stylos; propelling or sliding pencils (for example, mechanical pencils); pen-holders, pencil-holders and similar holders; parts (including caps and clips) of the foregoing articles, other than those of heading 9609:	
87-HS-21	9608.10.00	Ball point pens	Government of Thailand

1/ Proposed United States Tariff Schedules Annotated in the Harmonized System Nomenclature (GPO Stock Number: 040-000-00516-1).

2/ 504(d) waiver also requested for 7013.10.00.

Annex II
Petitions Accepted for Review

Case No.	HS Subheading 1/	Article	Petitioner
B. <u>Petitions to remove products from the list of eligible articles for the Generalized System of Preferences.</u>			
87-HS-22	2613 2613.10.00	Molybdenum ores and concentrates: Roasted	Cyprus Minerals, Englewood, CO
	2620	Ash and residues (other than from the manufacture of iron or steel) containing metals or metallic compounds: [Articles provided for in subheadings 2620.11 thru 2620.50]	
87-HS-23	2620.90 2620.90.10	Other: Containing mainly molybdenum	do.
	3301	Essential oils (terpeneless or not), including concretes and absolutes; resinoids; concentrates of essential oils in fats, in fixed oils, in waxes or the like, obtained by enfleurage or maceration; terpeneic by-products of the deterpenation of essential oils; aqueous distillates and aqueous solutions of essential oils:	
	3301.30	Resinoids: Prepared oleoresins consisting essentially of nonvolatile components of the natural raw plant:	
87-HS-24	3301.30.1020	Black pepper	Kalsec, Inc., Kalamazoo, MI
	7117	Imitation jewelry: Of base metal, whether or not plated with precious metal:	
87-HS-25	7117.11.00	Cuff links and studs	Manufacturing Jewelers and Silversmiths of America, Inc., Providence, RI
	7117.19	Other: 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 this heading:	
87-HS-26	7117.19.10	Valued not over 33 cents per meter	do.
87-HS-27	7117.19.20	Valued over 33 cents per meter	do.
87-HS-28	7117.19.30	Religious articles of a purely devotional character designed to be worn on apparel or carried on or about or attached to the person	do.
87-HS-29	7117.19.50	Other	do.

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1/ Proposed United States Tariff Schedules Annotated in the Harmonized System Nomenclature
(GPO Stock Number: 040-000-00516-1).

Annex II

Petitions Accepted for Review

Case No.	HS Subheading 1/	Article	Petitioner
B. <u>Petitions to remove products from the list of eligible articles for the Generalized System of Preferences.</u>(con.)			
	7307	Tube or pipe fittings (for example, couplings, elbows, sleeves), of iron or steel: Cast fittings: [Of nonmalleable cast iron]	
	7307.19	Other: [Ductile fittings]	
87-HS-30	7307.19.90	Other	American Pipe Fittings Association, Washington, DC
C. <u>Petitions to remove duty-free status from a beneficiary developing country on the list of eligible articles for the Generalized System of Preferences.</u> 2/			
	2825	Hydrazine and hydroxylamine and their inorganic salts; other inorganic bases; other metal oxides, hydroxides and peroxides: [Articles provided for in subheadings 2825.10 thru 2825.80]	
	2825.90	Other: [Beryllium oxide and hydroxide; tin oxides; tungsten oxides]	
87-HS-31	2825.90.50 (Brazil)	Other	Teledyne Industries, Albany, OR
87-HS-32	3903 3903.30.00 (Korea)	Polymers of styrene, in primary forms: Acrylonitrile-butadiene-styrene (ABS) copolymers	Borg-Warner Chemicals, Inc., Parkersburg, WV; Dow Chemical, USA, Midland, MI
	3924	Tableware, kitchenware, other household articles and toilet articles, of plastics:	
	3924.10	Tableware and kitchenware:	
87-HS-33	3924.10.20 (Hong Kong, Korea, Mexico)	Plates, cups, saucers, soup bowls, cereal bowls, sugar bowls, creamers, gravy boats, serving dishes and platters	Ullman Company, Inc., Hauppauge, NY
87-HS-34	3924.10.30 (Hong Kong, Korea, Mexico)	Trays	do.

1/ Proposed United States Tariff Schedules Annotated in the Harmonized System Nomenclature (CPO Stock Number: 040-000-00516-1).

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

Annex II
Petitions Accepted for Review

Case No.	HS Subheading 1/	Article	Petitioner
C. <u>Petitions to remove duty-free status from a beneficiary developing country on the list of eligible articles for the Generalized System of Preferences. 2/ (con.)</u>			
	7312	Stranded wire, ropes, cables, plaited bands, slings and the like, of iron or steel, not electrically insulated:	
	7312.10	Stranded wire, ropes and cables: Ropes, cables and cordage other than stranded wire:	
87-HS-35	7312.10.50 (Korea)	Of stainless steel: Fitted with fittings or made up into articles	Committee of Domestic Steel Wire Rope and Specialty Steel Mfg., Washington, DC
87-HS-36	7312.10.70 (Korea)	Other: Fitted with fittings or made up into articles	do.
	7314	Cloth (including endless bands), grill, netting and fencing, of iron or steel wire; expanded metal of iron or steel:	
87-HS-37	7314.50.00 (Korea, Mexico)	Expanded metal	Expanded Metal Fair Trade Coalition, Washington, DC
	7414	Cloth (including endless bands), grill and netting, of copper wire; expanded metal of copper: [Endless bands, for machinery]	
87-HS-38	7414.90.00 (Korea, Mexico)	Other	do.
	7604	Aluminum bars, rods and profiles:	
	7604.10	Of aluminum, not alloyed: Bars and rods:	
87-HS-39	7604.10.30 (Argentina, Brazil, Mexico, Taiwan, Venezuela, Yugoslavia)	Having a round cross section	Southwire Company, Carrollton, GA
		Of aluminum alloys: [Hollow profiles]	
	7604.29	Other: Bars and rods:	
87-HS-40	7604.29.30 (Argentina, Brazil, Mexico, Taiwan, Venezuela, Yugoslavia)	Having a round cross section	do.

1/ Proposed United States Tariff Schedules Annotated in the Harmonized System Nomenclature (GPO Stock Number: 040-000-00516-1).

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

Annex II
Petitions Accepted for Review

Case No.	HS Subheading 1/	Article	Petitioner
C. <u>Petitions to remove duty-free status from a beneficiary developing country on the list of eligible articles for the Generalized System of Preferences. 2/ (con.)</u>			
	7605	Aluminum wire:	
		Of aluminum, not alloyed:	
87-HS-41	7605.11.00 (Argentina, Brazil, Venezuela)	Of which the maximum cross-sectional dimension exceeds 7 mm	Southwire Company, Carrollton, GA
87-HS-42	7605.19.00 (Argentina, Brazil, Venezuela)	Other	do.
		Of aluminum alloys:	
87-HS-43	7605.21.00 (Argentina, Brazil, Venezuela)	Of which the maximum cross-sectional dimension exceeds 7 mm	do.
87-HS-44	7605.29.00 (Brazil, Korea, Taiwan, Venezuela)	Other	do.
	7614	Stranded wire, cables, plaited bands and the like, including slings and similar articles, of aluminum, not electrically insulated:	
		With steel core:	
87-HS-45	7614.10 7614.10.50 (Argentina, Brazil, Venezuela)	Fitted with fittings or made up into articles	do.
		Other:	
87-HS-46	7614.90 7614.90.50 (Argentina, Brazil, Venezuela)	Fitted with fittings or made up into articles	do.

1/ Proposed United States Tariff Schedules Annotated in the Harmonized System Nomenclature (GPO Stock Number: 040-000-00516-1).

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

Annex II

Petitions Accepted for Review

Case No.	HS Subheading 1/	Article	Petitioner
C. <u>Petitions to remove duty-free status from a beneficiary developing country or the list of eligible articles for the Generalized System of Preferences. 2/ (con.)</u>			
	8501	Electric motors and generators (excluding generating sets): [Articles provided for in subheadings 8501.10 to 8501.40] Other AC motors, multi-phase:	
	8501.52	Of an output exceeding 750 W but not exceeding 75 kW:	
87-HS-47	8501.52.40 (Korea, Taiwan)	Exceeding 750 W but not exceeding 14.92 kW	National Electrical Manufacturers Association, Washington, DC
		Of an output exceeding 75 kW: [Exceeding 75 kW but under 149.2 kW]	
87-HS-48	8501.53.60 (Korea, Taiwan)	149.2 kW or more but not exceeding 150 kW	do.
		Other:	
87-HS-49	8501.53.80 (Korea, Taiwan)	Exceeding 150 kW but not exceeding 373 kW	do.
	8525	Transmission apparatus for radiotelephony, radio-telegraphy, radiobroadcasting or television, whether or not incorporating reception apparatus or sound recording or reproducing apparatus; television cameras:	
	8525.20	Transmission apparatus incorporating reception apparatus:	
		[Transceivers]	
		Other:	
		[Cordless handset telephones]	
87-HS-50	8525.20.60 (Hong Kong, Korea, Taiwan)	Other	Motorola, Inc., Schaumburg, IL
	9503	Other toys; reduced-size ("scale") models and similar recreational models, working or not; puzzles of all kinds; parts and accessories thereof: [Articles provided for in subheadings 9503.10 thru 9503.80]	
	9503.90	Other:	
		[Kites]	
87-HS-51	9503.90.40 (Korea, Taiwan)	Other	Hedstrom Corporation, Ashland, OH

1/ Proposed United States Tariff Schedules Annotated in the Harmonized System Nomenclature (GPO Stock Number: 040-000-00516-1).

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

Annex II

Petitions Accepted for Review

Case No.	HS Subheading	Article	Petitioner
	1/		
C. <u>Petitions to remove duty-free status from a beneficiary developing country or the list of eligible articles for the Generalized System of Preferences. 2/ (con.)</u>			
	9506	Articles and equipment for gymnastics, athletics, other sports (including table-tennis) or outdoor games, not specified or included elsewhere in this chapter; swimming pools and wading pools; parts and accessories thereof: Balls, other than golf balls and table-tennis balls: [Lawn-tennis balls]	
	9506.62	Inflatable balls: [Football and soccer balls]	
87-HS-52	9506.62.80 (Korea, Taiwan)	Other	Hedstrom Corporation, Ashland, OH
	9506.69	Other: [Baseballs and softballs]	
87-HS-53	9506.69.40 (Korea, Taiwan)	Noninflatable hollow balls not over 19 cm in diameter	do.
87-HS-54	9506.69.60 (Korea, Taiwan)	Other	do.
	9606	Buttons, press-fasteners, snap-fasteners and press-studs, button molds and other parts of these articles; button blanks: Buttons:	
	9606.21	Of plastics, not covered with textile material: [Of casein]	
87-HS-55	9606.21.40 (Taiwan)	Of acrylic resin, of polyester resin or of both such resins	Cresthill Industries Inc., New York, NY

1/ Proposed United States Tariff Schedules Annotated in the Harmonized System Nomenclature (GPO Stock Number: 040-000-00516-1).

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

Annex II
Petitions Accepted for Review

Case No.	HS Subheading 1/	Article	Petitioner
D. Petitions for waiver of competitive-need limit for a product on the list of eligible products.			
87-HS-56	7011 7011.20.00 (Taiwan)	Glass envelopes (including bulbs and tubes), open, and glass parts thereof, without fittings, for electric lamps, cathode-ray tubes or the like: For cathode-ray tubes	Clinton Electronics Corporation, Rockford, IL
	7113 7113.11	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: [Articles provided for in subheading 7113.11.10] Other: [Valued not over \$18 per dozen pieces or parts]	
87-HS-57	7113.11.50 (Thailand) 7113.19	Other Of other precious metal, whether or not plated or clad with precious metal: [Articles provided for in subheading 7113.19.10] Other: [Necklaces and neck chains, of gold; clasps and parts thereof]	Government of Thailand
87-HS-58	7113.19.50 (Thailand) 7113.20	Other Of base metal clad with precious metal: [Articles provided for in subheading 7113.20.10] Other: [Necklaces and neck chains, of gold; clasps and parts thereof]	do.
87-HS-59	7113.20.50 (Thailand)	Other	do.

1/ Proposed United States Tariff Schedules Annotated in the Harmonized System Nomenclature (GPO Stock Number: 040-000-00516-1).

Annex II
Petitions Accepted for Review

Case No.	HS Subheading	Article	Petitioner
	1/		
D. <u>Petitions for waiver of competitive-need limit for a product on the list of eligible products.</u> (co			
	7616	Other articles of aluminum: [Nails, tacks, staples (other than those of heading 8305), screws, bolts, nuts, screw hooks, rivets, cotter-pins, washers and similar articles]	
87-HS-60	7616.90.00(pt.) (Taiwan)	Other: Luggage frames	SkvWay Luggage Co., Seattle, WA
	8525	Transmission apparatus for radiotelephony, radio-telegraphy, radiobroadcasting or television, whether or not incorporating reception apparatus or sound recording or reproducing apparatus; television cameras:	
	8525.20	Transmission apparatus incorporating reception apparatus: [Transceivers]	
87-HS-61	8525.20.50 (Korea)	Other: Cordless handset telephones	Maxon Electronics, Inc., Kansas City, MO
	8708	Parts and accessories of the motor vehicles of headings 8701 to 8705: Brakes and servo-brakes and parts thereof: [Mounted brake linings]	
	8708.39	Other: [For tractors suitable for agricultural use]	
87-HS-62	8708.39.50 (Mexico)	For other vehicles	Cifunsa, S.A., Mexico
87-HS-63	8708.39.5010 (Mexico)	Brake drums and rotors (disc)	do.
87-HS-64	8708.39.5050 (Mexico)	Other	do.
	9503	Other toys; reduced-size ("scale") models and similar recreational models, working or not; puzzles of all kinds; parts and accessories thereof: [Articles provided for in subheadings 9503.10 thru 9503.80]	
	9503.90	Other: [Kites]	
87-HS-65	9503.90.40 (Mexico)	Other	Kenner Parker Toys, Inc., Beverly, MA; Mattel, Inc., Hawthorne, CA

Annex II

Petitions Accepted for Review

Case No.	HS Subheading 1/	Article	Petitioner
D. Petitions for waiver of competitive-need limit for a product on the list of eligible products. (con.)			
	9506	Articles and equipment for gymnastics, athletics, other sports (including table-tennis) or outdoor games, not specified or included elsewhere in this chapter; swimming pools and wading pools; parts and accessories thereof: Balls, other than golf balls and table-tennis balls:	
		[Lawn-tennis balls]	
	9506.62	Inflatable balls:	
		[Football and soccer balls]	
87-HS-66	9506.62.80 (Mexico)	Other	Kenner Parker Toys, Inc., Beverly, MA; Mattel, Inc., Hawthorne, CA
	9506.69	Other:	
		[Baseballs and softballs]	
87-HS-67	9506.69.40 (Mexico)	Noninflatable hollow balls not over 19 cm in diameter	do.
87-HS-68	9506.69.60 (Mexico)	Other	do.

1/ Proposed United States Tariff Schedules Annotated in the Harmonized System Nomenclature (GPO Stock Number: 040-000-00516-1).

THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON
20506

September 16, 1987

The Honorable Susan Liebeler
Chairman
U.S. International Trade Commission
701 E Street, N.W.
Washington, D.C. 20436

Dear Chairman Liebeler:

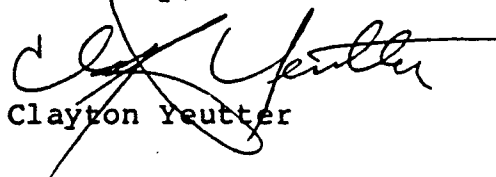
In response to a petition filed by the Howes Leather Company, Inc., Quincy, Massachusetts, the Trade Policy Staff Committee has initiated a review on an expedited basis of the possible removal of duty-free treatment under the Generalized System of Preferences (GSP) for leather cut into soles for footwear, classified in item 791.28 of the Tariff Schedules of the United States, and in item 6406.99.6000 of the proposed Harmonized Tariff Schedule of the United States.

At the direction of the President, pursuant to section 332(g) of the Tariff Act of 1930, I request that the Commission provide its advice as to the probable economic effect on the United States industry producing a like or directly competitive article, and on consumers, of the removal of GSP duty-free status from such leather cut soles. The Commission's advice should indicate the effect of complete removal of this product from GSP eligibility for duty-free treatment from all GSP beneficiary countries, and the removal only of products of Argentina from GSP duty-free treatment.

The Commission is requested to include this advice in the report which the Commission has indicated it will submit to me on November 15, 1987, in response to my request dated August 7, 1987, concerning other articles under review in the GSP program.

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

Sincerely,


Clayton Yeutter

CY:whl

APPENDIX B

U.S. International Trade Commission Notices of
Investigation and Hearing

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

(TA-503(a)-15 and 332-249)

PRESIDENT'S LIST OF ARTICLES WHICH MAY BE DESIGNATED OR MODIFIED AS ELIGIBLE
ARTICLES FOR PURPOSES OF THE U.S. GENERALIZED SYSTEM OF PREFERENCES

AGENCY: United States International Trade Commission

ACTION: Institution of investigation and scheduling of hearing.

SUMMARY: Following receipt on August 10, 1987, of a request from the U.S. Trade Representative made in part at the direction of the President, the Commission instituted investigation No. TA-503(a)-15 and 332-249 under sections 503(a) and 131(b) of the Trade Act of 1974 (19 U.S.C. 2463(a) and 2151(b)) and section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g))--

- (1) pursuant to sections 503(a) and 131(a) of the Trade Act, and the authority of the President delegated to the U.S. Trade Representative by sections 4(c) and 8(c) and (d) of Executive Order 11846, as amended, to advise the President, with respect to each article listed in Part A of the attached Annexes, as to the probable economic effect on U.S. industries producing like or directly competitive articles and on consumers of the elimination of U.S. import duties under the U.S. Generalized System of Preferences (GSP). In providing its advice, the USTR requested the Commission to assume that benefits of the GSP would not apply to imports that would be excluded from receiving such benefits by virtue of the "competitive need" limitations specified in section 504(c) of the Act.
- (2) Pursuant to section 332(g) of the Tariff Act and at the direction of the President--
 - (A) to advise the President, with respect to each article listed in Parts B and C of the attached Annexes, as to the probable economic effect on U.S. industries producing like or directly competitive articles and on consumers (a) of the removal of articles in Part B from eligibility for duty-free treatment under the GSP, (b) of the removal of the GSP duty-free status from articles in Part C of the list which are imported from the respective countries specified which currently receive GSP duty-free treatment, and (c) the redesignation for GSP duty-free treatment for articles in Part C of the list which are imported from a specified country which does not currently receive GSP duty-free treatment for the article;

- (B) in accordance with section 504(c)(3)(A)(i) of the Trade Act, to advise the President on whether any industry in the United States is likely to be adversely affected by waiving the competitive need limits for countries specified with respect to the articles listed in Part D of the attached Annexes; and
- (C) to advise the President, with respect to whether products like or directly competitive with those described in Part A of the attached Annex were being produced in the United States on January 3, 1985, for purposes of section 504(d) of the Trade Act.

In addition, with respect to two cases involving molybdenum ore and metal-bearing materials in chief value of molybdenum (TSUS items 601.33 and 603.40; HS items 2613.10.00 and 2620.90.10), the USTR requested that the Commission consider these products separately from its normal investigation and provide advice on these two products not later than October 1, 1987. In view of the compressed time on these products, public hearings will not be held on these products.

EFFECTIVE DATE: August 20, 1987

FOR FURTHER INFORMATION CONTACT:

- (1) Agricultural products, Mr. Fred Warren (202-724-0090)
- (2) Textiles and apparel, Mr. Lee Cook (202-523-0348)
- (3) Chemical products, Mr. Larry Johnson (202-523-0127)
- (4) Minerals and metals, Mr. Jim Brandon (202-523-5437)
- (5) Machinery and equipment, Mr. John Cutchin (202-523-0231)
- (6) General manufactures, Mr. Ruben Moller (202-724-1732)

All of the above are in the Commission's Office of Industries. For information on legal aspects of the investigation contact Mr. William Gearhart of the Commission's Office of the General Counsel at 202-523-0487.

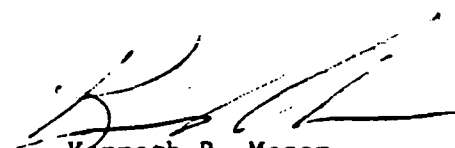
BACKGROUND: The USTR announced the items which have been sent to the Commission for probable effects advice in the Federal Register of August 4, 1987 (52 F.R. 28896).

PUBLIC HEARING: A public hearing in connection with the investigation will be held in the Commission Hearing Room, 701 E Street NW., Washington, DC 20436, beginning at 9:30 a.m. on October 7, 1987, and continuing as required on October 8 and 9. All persons shall have the right to appear by counsel or in person, to present information, and to be heard. Persons wishing to appear at the public hearing should file requests to appear and should file prehearing briefs (original and 14 copies) with the Secretary, United States International Trade Commission, 701 E Street, NW., Washington, DC 20436, not later than noon, September 25, 1987. Post-hearing briefs are required by October 16, 1987.

WRITTEN SUBMISSIONS: In lieu of or in addition to appearances at the public hearing, interested persons are invited to submit written statements concerning the investigation. Written statements should be received by the close of business on October 2, 1987. 1/ Commercial or financial information which a submitter desires the Commission to treat as confidential must be submitted on separate sheets of paper, each clearly marked "Confidential Business Information" at the top. All submissions requesting confidential treatment must conform with the requirements of section 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6). All written submissions, except for confidential business information, will be made available for inspection by interested persons. All submissions should be addressed to the Secretary at the Commission's office in Washington, D.C.

Hearing-impaired individuals are advised that information on this matter can be obtained by contacting our TDD terminal on (202) 724-0002.

By order of the Commission.



Kenneth R. Mason
Secretary

Attachment

Issued: August 21, 1987

1/ For the above mentioned molybdenum ore and materials which are being considered on an expedited basis, written submissions are required by September 8, 1987.

Annex I (TSUS Item Numbers) 1/

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

112.01	169.13	370.8405	411.08(pt.) <u>2/</u>	606.42
131.27	169.1415	370.8450	455.04	737.2415
141.15	206.67	372.5005	533.79	755.15
141.83	309.20	372.5505	534.97 <u>2/ 3/</u>	760.0520
161.08	309.21	389.40(pt.)	606.22	

B. Petitions to remove products from the list of eligible articles for the Generalized System of Preferences.

450.2015	740.50
601.33	740.60
603.40	740.75
610.74	740.80
740.41	745.6740

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

408.72 (Korea)
 423.0050 (Brazil)
 618.15 (Argentina, Brazil, Mexico, Taiwan, Venezuela 4/, Yugoslavia)
 618.20 (Argentina, Brazil, Venezuela)
 642.2010 (Korea)
 652.80 (Mexico, Korea)
 682.4130 (Taiwan, Korea)
 682.5010 (Taiwan, Korea)
 682.5030 (Taiwan, Korea)
 685.28 (Korea, Hong Kong, Taiwan)
 688.20 (Brazil, Korea, Taiwan, Venezuela)
 735.09 (Taiwan 4/, Korea)
 735.10 (Taiwan 4/, Korea)
 735.11 (Taiwan, Korea)
 735.12 (Taiwan 4/, Korea)
 745.32 (Taiwan)
 772.06 (Korea, Mexico, Hong Kong)
 772.09 (Korea, Mexico, Hong Kong)

1/ See USTR Federal Register notice of August 4, 1987 (52 F.R. 28896) for article descriptions.

2/ Currently eligible for GSP under the TSUS; request is for GSP eligibility under the HS.

3/ Section 504(d) waiver requested.

4/ Advice is requested on the probable effects of redesignation of the country as eligible for the GSP.

Annex I--Continued

D. Articles being considered for waiver of competitive-need limit for a product on the list of eligible products.

547.3720 (Taiwan)
 657.40(pt.) (Taiwan)
 685.25 (Korea)
 692.3262 (Mexico)
 692.3264 (Mexico)
 735.09 (Mexico)
 735.10 (Mexico)
 735.11 (Mexico)
 735.12 (Mexico)
 737.07 (Mexico)
 737.14 (Mexico)
 737.16 (Mexico)
 737.80 (Mexico)
 737.93 (Mexico)
 737.96 (Mexico)
 737.98 (Mexico)
 740.14 (Thailand)

Annex II (HS Item Numbers) 1/

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

1104.12.00	2005.80.00	3920.20.00	6307.90.80(pt.)	9608.10.00
1302.20.00	2208.40.00.30	4421.90.40	7013.10.00	
1604.16.40	2208.40.00.80	6117.10.30(pt.)	7202.49.50	
2001.90.20	2934.90.25	6213.10.00	7202.50.00	
2001.90.30	3604.10.00	6214.10.00	9502.10.30.60	

B. Petitions to remove products from the list of eligible articles for the Generalized System of Preferences.

2613.10.00	7117.11.00	7117.19.30
2620.90.10	7117.19.10	7117.19.50
3301.30.10.20	7117.19.20	7307.19.90

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

2825.90.50 (Brazil)
 3903.30.00 (Korea)
 3924.10.20 (Hong Kong, Korea, Mexico)
 3924.10.30 (Hong Kong, Korea, Mexico)
 7312.10.50 (Korea)
 7312.10.70 (Korea)
 7314.50.00 (Korea, Mexico)
 7414.90.00 (Korea, Mexico)

1/ See USTR Federal Register notice of August 4, 1987 (52 F.R. 28896) for article descriptions.

Annex II--Continued

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

7604.10.30 (Argentina, Brazil, Mexico, Taiwan, Venezuela 1/, Yugoslavia)
 7604.29.30 (Argentina, Brazil, Mexico, Taiwan, Venezuela 1/, Yugoslavia)
 7605.11.00 (Argentina, Brazil, Venezuela)
 7605.19.00 (Argentina, Brazil, Venezuela)
 7605.21.00 (Argentina, Brazil, Venezuela)
 7605.29.00 (Brazil, Korea, Taiwan, Venezuela)
 7614.10.50 (Argentina, Brazil, Venezuela)
 7614.90.50 (Argentina, Brazil, Venezuela)
 8501.52.40 (Korea, Taiwan)
 8501.53.60 (Korea, Taiwan)
 8501.53.80 (Korea, Taiwan)
 8525.20.60 (Hong Kong, Korea, Taiwan)
 9503.90.40 (Korea, Taiwan 1/)
 9506.62.80 (Korea, Taiwan 1/)
 9506.69.40 (Korea, Taiwan 1/)
 9506.69.60 (Korea, Taiwan)
 9606.21.40 (Taiwan)

D. Petitions for waiver of competitive-need limit for a product on the list of eligible products.

7011.20.00 (Taiwan)
 7113.11.50 (Thailand)
 7113.19.50 (Thailand)
 7113.20.50 (Thailand)
 7616.90.00(pt) (Taiwan)
 8525.20.50 (Korea)
 8708.39.50 (Mexico)
 8708.39.50.10 (Mexico)
 8708.39.50.50 (Mexico)
 9503.90.40 (Mexico)
 9506.62.80 (Mexico)
 9506.69.40 (Mexico)
 9506.69.60 (Mexico)

1/ Advice is requested on the probable effects of redesignation of the country as eligible for the GSP.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

[TA-503(a)-15 and 332-249]

PRESIDENT'S LIST OF ARTICLES WHICH MAY BE DESIGNATED OR MODIFIED AS ELIGIBLE
ARTICLES FOR PURPOSES OF THE U.S. GENERALIZED SYSTEM OF PREFERENCES

AGENCY: United States International Trade Commission

ACTION: Change in scope of investigation.

EFFECTIVE DATE: September 30, 1987

SUMMARY: Following receipt of a request from the Office of the U.S. Trade Representative (USTR) dated September 16, 1987, the Commission has expanded the scope of the above referenced investigation to include examination of the probable effect on U.S. industries producing like or directly competitive articles and on consumers of (1) the complete removal of Generalized System of Preferences (GSP) duty-free status for leather cut into soles for footwear, classified in item 791.28 of the Tariff Schedules of the United States (TSUS), and in item 6406.99.60 of the proposed Harmonized Tariff Schedule (HS) of the United States and (2) the removal only of these products of Argentina from GSP duty-free treatment.

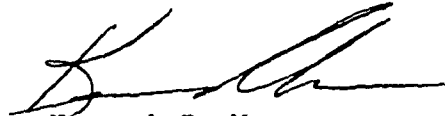
BACKGROUND: The Commission published the initial notice of institution of its investigation in the Federal Register of August 26, 1987 (52 FR 32179).

PUBLIC HEARING: A public hearing in connection with the investigation is already scheduled to be held in the Commission Hearing Room, 701 E Street NW., Washington, DC 20436, beginning at 9:30 a.m. on October 7, 1987, and continuing as required on October 8 and 9. Persons wishing to appear at the public hearing in connection with the product being added to the investigation should file requests to appear and should file prehearing briefs (original and 14 copies) with the Secretary, United States International Trade Commission, 701 E Street, NW., Washington, DC 20436, not later than noon, October 2, 1987. Post-hearing briefs are required by October 16, 1987.

WRITTEN SUBMISSIONS: In lieu of or in addition to appearances at the public hearing, interested persons are invited to submit written statements concerning the investigation. Written statements for the product being added to this investigation must be received by the close of business on October 20, 1987. Commercial or financial information which a submitter desires the Commission to treat as confidential must be submitted on separate sheets of paper, each clearly marked "Confidential Business Information" at the top. All submissions requesting confidential treatment must conform with the requirements of section 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6). All written submissions, except for confidential business information, will be made available for inspection by interested persons. All submissions should be addressed to the Secretary at the Commission's office in Washington, D.C.

Hearing-impaired individuals are advised that information on this matter can be obtained by contacting our TDD terminal on (202) 724-0002.

By order of the Commission.



Kenneth R. Mason
Secretary

Issued: September 30, 1987

APPENDIX C

List of Witnesses Appearing at the Commission Hearing

TENTATIVE CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's public hearing on the President's List of Articles which may be Designated or Modified as Eligible Articles for purposes of the U.S. Generalized System of Preferences (Investigation Nos. TA-503(a)-15 and 332-249). Sessions were held in the Hearing Room of the United States International Trade Commission, 701 E Street, N.W., in Washington, D.C.

October 7, 1987 - 9:30 a.m.

Witness and organization:

Subject:

Bishop, Cook, Purcell & Reynolds--Counsel
Washington, D.C.
on behalf of

Rum

The Government of the Virgin Islands

Bill Alberger)
Peter N. Hiebert)--OF COUNSEL

Fried, Frank, Harris, Shriver & Jacobson--Counsel
Washington, D.C.
on behalf of

Rum

Schenley Industries, Inc., and
Virgin Island Rum Industries, Ltd.

Jay R. Kraemer)
Allan Kashdan)--OF COUNSEL

Covington & Burling--Counsel
Washington, D.C.
on behalf of

Rum

Puerto Rico Rum Producers Association, Inc.

Mario S. Belaval, President

John Trifelleti, Economic Development
Administration of Puerto Rico

Felix J. Serralles, President, Destileria
Serralles, Inc.

Andrew E. Singer--OF COUNSEL

Witness and organization:

Subject:

Kostantacos, Traum, Reuterfors
& McWilliams, P.C.--Counsel
Rockford, Illinois
Ablondi & Foster, P.C.--Counsel
Washington, D.C.
on behalf of

Monochrome glass
envelope

Clinton Electronics Corporation

John Feehan, Manager, Manufacturing Administration

Kostantacos, Traum, Reuterfors & McWilliams

Charles P. Kostantacos--OF COUNSEL

Ablondi & Foster, P.C.

Peter J. Koenig--OF COUNSEL

Patton, Boggs & Blow--Counsel
Washington, D.C.
on behalf of

Ferrosilicon chromium
and low-carbon
ferrochromium

The Minerals Marketing Corporation
of Zimbabwe

Mark Rule, Minerals Marketing
Corp. of Zimbabwe

Lawrence Byrnes, Director of Sales and
Marketing, Specialty Alloys Aimcor
(Applied Industrial Material Corp.,
Pittsburgh, Pennsylvania)

John Groom, Managing Director, Zimbabwe
Alloys Ltd.

Thomas Bvuma, Embassy of Zimbabwe

Rachel Shub }
Frank Samolis }--OF COUNSEL

Freeman, Wasserman & Schneider--Counsel
New York, N.Y.
on behalf of

Certain pipe
fittings

Tupy American Foundry Corporation,
Lancaster, Pennsylvania and
Industria de fundicao Type S.A.,
Joinville, Santa Catarine, Brazil

Patrick C. Reed--OF COUNSEL

- more -

Witness and organization:

Subject:

Rose, Schmidt, Hasley & DiSalle--Counsel
Washington, D.C.
on behalf of

Certain pipe fittings

The American Pipe Fittings Association Iron
Pipe Fittings & Unions Product Group

Lawrence J. Bogard)--OF COUNSEL
John C. Lindsey)

Brownstein, Zeidman and Schomer--Counsel
Washington, D.C.
on behalf of

Certain pipe fittings

Exporters and US importers of malleable
malleable pipe fittings from Thailand

Ronald M. Wisla--OF COUNSEL

Duncan, Allen and Mitchell--Counsel
Washington, D.C.
on behalf of

Certain pipe fittings

CIFUNSA, S.A.

Theodore P. Matheny)
Richard M. Mills, Jr.)--OF COUNSEL

Brownstein, Zeidman and Schomer--Counsel
Washington, D.C.
on behalf of

Expanded metal

Lamina Desplegada, S.A.,
Monterrey, Mexico

Donald S. Stein--OF COUNSEL

Witness and organization:

Subject:

Mudge, Rose, Guthrie, Alexander
& Ferdon--Counsel
Washington, D.C.
on behalf of

Expanded metal

Korean Consumer Goods Exporters'
Association & Dong Sung Steel
Industries Co., Ltd.

Julie C. Mendoza--OF COUNSEL

Lamb & Lerch--Counsel
New York, N.Y.
on behalf of

Pectin

Grindsted de Mexico, S.A. de C.V.

Robert F. Mayer, President,
Grindsted Products, Inc.

Guillermo Mendoza-Tarre, Director
General

Mark K. Neville, Jr.)
David R. Ostheimer }--OF COUNSEL

Kaplan, Russin & Vecchi--Counsel
Washington, D.C.
on behalf of

Black pepper
oleoresins

The Spices Board, Cochin, India

Arnold Manheimer, Executive Vice
President, J. Manheimer, Inc.

Dennis James, Jr.--OF COUNSEL

Kominers, Fort & Schlefer--Counsel
Washington, D.C.
on behalf of

Cordless handset
telephones

Maxon Electronics, Inc. and Maxon Systems, Inc.

David Dill, General Counsel

Eugene P. Miller)
Timothy Trushel }--OF COUNSEL

Witness and organization:

Subject:

Thompson, Hine and Flory--Counsel
Washington, D.C.
on behalf of

Certain jewelry

The Manufacturing Jewelers and
Silversmith of America, Inc.,
Providence, Rhode Island

Dr. Matthew A. Runci, Executive
Director

Lewe B. Martin--OF COUNSEL

Serko, Simon & Abbey--Counsel
New York, N.Y.
on behalf of

Certain jewelry

Russ Berrie & Company, Inc.,
Oakland, New Jersey, and
M. Fabrikant and Sons, Inc.,
New York, N.Y.

Joel K. Simon--OF COUNSEL

St. Maxens & Company, Washington, D.C.
on behalf of

Certain jewelry

Thai Jewelry Industry
and
Government of Thailand

Prida Taisuwan, Pranda Jewelry Co., Ltd.

Peter Richardson, Pranda Jewelry Co., Ltd.

Thomas F. St. Maxens

Witness and organization:

Subject:

Korea Trade Center, Washington, D.C.

Certain jewelry

Y. S. Kim, Manager, Korea Trade Promotion
Corp., Seoul, Korea

Robert Cunningham, Jr., Trade Analyst

Hoon Chae, Director

St. Maxens & Company, Washington, D.C.
on behalf of

Toys and models

Mattel, Inc.

John Colget, Director of Product
Sourcing, Mattel

Fermin Cuza, Assistant Treasury,
Foreign Trade Services, Mattel

Susan Presti, St. Maxens & Co.

Thomas St. Maxens

Hodes & Pilon--Counsel
Chicago, Illinois
on behalf of

Toy, play, game
and sport balls

The Hedstrom Corporation

James D. Braeunig, Vice President,
Manufacturing, Plastic Products Div.

Lawrence R. Pilon--OF COUNSEL

Heron, Burchette, Ruckert & Rothwell--Counsel
Washington, D.C.
on behalf of

Certain balls

Globos International, Inc., Austin, TX

Thomas Jensen, President

James M. Lyons--OF COUNSEL

Witness and organization

Subject:

O'Connor & Hannan--Counsel
Washington, D.C.
on behalf of

Certain balls

American Imports, Inc.

David P. Darnell--OF COUNSEL

Joel S. Avren, Edison, New Jersey
on behalf of

Certain balls

Playmates Toys

John A. McCarthy, Vice President,
Operations

Joel S. Avren, Logistics Consultant

St. Maxens & Company, Washington, D.C.
on behalf of

Wood shutters
and blinds

Online Corporation and Eastman Bell

Susan Presti, St. Maxens & Co.

Thomas F. St. Maxens

St. Maxens & Company, Washington, D.C.,
on behalf of

(ABS) resins

Borg-Warner Chemicals and Dow Chemical

Joseph Backus, Market Research
Analyst, Borg-Warner Chemicals

Susan Presti, St. Maxens & Co.

Thomas F. St. Maxens

Witness and organization:

Subject:

Mudge, Rose, Guthrie, Alexander &
Ferdon--Counsel
Washington, D.C.
on behalf of

(ABS) resins

Lucky, Ltd.

Martin J. Lewin--OF COUNSEL

Wigman & Cohen--Counsel
Arlington, Virginia
on behalf of

Aluminum rod and wire

Southwire Company, Carrollton, Georgia

Ronald J. Hanson, Manager of Marketing
Services, Southwire

Ralph C. Patrick--OF COUNSEL

Baker & McKenzie--Counsel
Washington, D.C.
on behalf of

Aluminum rod and wire

Camara Argentina de la Industria
del Alumino y Metales Afines, an
Argentine association

Thomas Peele--OF COUNSEL

Korea Trade Center, Washington, D.C.

Y. S. Kim, Manager, Korea Trade Promotion
Corp., Seoul, Korea

Robert Cunningham, Jr., Trade Analyst

Hoon Chae, Director

Ropes, cables or
cordage of wire
and aluminum
conductor wire
and cable

- more -

Witness and organization:

Subject:

Meyer, Unkovic & Scott--Counsel
Pittsburgh, Pennsylvania
on behalf of

Impol Aluminum Mill of Yugoslavia

Miro Skrlj, Executive Vice President,
Impol Aluminum Mill

Ratomir Zivkovic, President, Interprogress
Trading Corporation

Dennis Unkovic--OF COUNSEL

Howes Leather Company, Inc.
Quincy, Massachusetts

Leather cut soles

Eugene L. Kilik, Director

APPENDIX D

Types of Trade Shifts Resulting from Modifications of
GSP Eligibility

Appendix

Price and Quantity Changes Resulting From Changes in GSP Status of a Product

This report examines the probable economic effects of changing the GSP status of certain commodities and in some cases, certain commodities from particular countries. The major cases involve adding products to the list of articles eligible for GSP duty-free treatment, and removing products or products from certain countries from the eligibility list.

Figure 1 illustrates the case of granting a product GSP duty-free status. The illustration is for a homogeneous product, and shows the basic results of a tariff removal on a portion of imports. In addition, the illustration serves as a reference for departures from the case of perfect substitutes.

The removal of a tariff on a portion of imports is illustrated by the shift in the supply of affected imports from S_G' to S_G , with an increase in total supply from S_T' to S_T . The basic result of this tariff removal is a lower U.S. price, a greater overall quantity of the good purchased in the U.S., a greater quantity of the good imported from GSP countries, and reductions in purchases from other foreign suppliers and from U.S. suppliers. In this case of perfect substitutes, the price change, the quantity change, and the division of the quantity change are mainly determined by the demand and supply elasticities, relative market shares, and the size of the tariff that is removed.

The most interesting of the supply elasticities is that of foreign suppliers not granted the tariff elimination. The more elastic this supply is, other things being the same, the smaller the price reduction will be and the smaller will be the displacement of U.S. production as a result of the

tariff elimination. In the limit, where there is a perfectly elastic supply of other foreign imports, there will be no reduction in U.S. price or production. Imports granted duty-free status will displace only other imports.

The relative market share of the imports granted duty-free status and the size of the tariff that is eliminated will largely determine the shift in the total supply curve (assuming all supply curves are positively sloped). The shift in supply (from S_T to S_T'), given U.S. demand, will largely determine the change in the U.S. price. The smaller the market share of imports granted duty-free status, and the lower the tariff rate, the smaller will be the shift in supply. The smaller the shift in supply, the smaller the drop in U.S. price and in U.S. production.

The case where the duty-free status of a product is ended can also be illustrated using figure 1. In this case the shift is from the unprimed to the primed designations, e.g., a shift from S_G to S_G' . The comments made above with respect to supply elasticities, market shares and tariff rates apply in this case except with price and quantity changes reversed in direction from their changes in the original case.

Key to figure 1

D = U.S. demand for product

S_G = supply to the U.S. market from GSP eligible countries without duty on these products

S_O = supply to the U.S. market from other foreign countries

S_{US} = supply to the U.S. market from U.S. producers

S'_G = supply to the U.S. market from GSP eligible countries with duty on these products

S_T = total supply to the U.S. market - this is the "horizontal sum" of S_G , S_O and S_{US} . The "horizontal sum" is taken by summing the quantity supplied by all producers at each price to get the total quantity supplied at each price.

S'_T = total supply to the U.S. market if the duty is assessed on the subject imports, the "horizontal sum" of S'_G , S_O and S_{US} ;

With no duty on GSP eligible products

P = price paid by consumers and received by all suppliers

Q_G = quantity supplied by GSP eligible countries

Q_O = quantity supplied by other foreign countries

Q_{US} = quantity supplied by U.S. producers

Q_T = total quantity supplied = $Q_G + Q_O + Q_{US}$

With duty on GSP eligible products

P' = price paid by U.S. consumers and received by U.S. suppliers and any foreign suppliers enjoying duty-free privileges

P'' = price received by foreign suppliers that pay the duty. This is shown explicitly for the (formerly) GSP eligible suppliers. It is implicit for other suppliers that may be paying the duty. The duty = $T = P' - P''$

Q'_G = quantity supplied by GSP eligible countries

Q'_O = quantity supplied by other foreign countries

Q'_{US} = quantity supplied by U.S. producers

Q'_T = total quantity supplied = $Q'_G + Q'_O + Q'_{US}$

PRESIDENT'S LIST OF ARTICLES WHICH MAY BE DESIGNATED OR MODIFIED AS ELIGIBLE ARTICLES FOR PURPOSES OF THE U.S. GENERALIZED SYSTEM OF PREFERENCES

**Report to the President on
Investigation Nos. TA-503(a)-15
and 332-249**

**TSUS-BASED DIGESTS
VOLUME II**



USITC PUBLICATION 2041

NOVEMBER 1987

United States International Trade Commission / Washington, DC 20436

UNITED STATES INTERNATIONAL TRADE COMMISSION

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Erland Heginbotham, Director

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Kenneth R. Mason, Secretary to the Commission
United States International Trade Commission
Washington, DC 20436

Canned Anchovies, Packed In Water, Brine, Or Other Nonoil Medium, In Containers Weighing With Their Contents Not Over 15 Pounds Each.

I. Introduction

Col. 1 rate of duty: 5 percent ad valorem

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP:

Country graduation:

Competitive-need-limit waiver:

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: Anchovies are an edible fish product, nearly always marketed in a canned form. They are used in food preparations; one of the best-known is as a pizza topping; other uses include additions to salads and sandwiches, etc. This product has no significant substitutes within a wide range of its price.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	*3	*3	*3	*3	*0
Total U.S. employment (employees).....	*100	*100	*100	*100	*0
U.S. shipments (thousand dollars).....	*7,000	*9,000	*4,000	*4,000	*-43
U.S. exports (thousand dollars) <u>2/</u>	*3,680	*1,244	*748	*1,142	*-69
U.S. imports (thousand dollars).....	463	229	244	565	22
U.S. consumption (thousand dollars).....	*3,783	*7,985	*3,496	*3,423	*-10
Import to consumption ratio (percent).....	*12	*3	*7	*17	-
Capacity utilization (nearest 10 percent).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	-

Comment: The level of U.S. production of canned anchovies depends entirely on the level of the U.S. anchovy catch, which in turn is subject to resource availability, weather conditions, etc. Variations in such catch explain the variation in production during 1981-86. Quality is an important factor in marketing, and imported supplies tend to be of slightly lower quality than domestic supplies. New suppliers may find market resistance until their reputation is developed.

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is partially contained in the Digest for HS item No. 1604.16.40 (includes approximately 50 percent of the import product value contained in this digest).

2/ Estimated from export data for HS item 1604.16.40.

3/ Not available.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (1,000 pounds)				
Total.....	314	100	-	5
Imports from GSP countries:				
Total.....	108	34	100	2
Philippines.....	66	21	61	1
Malaysia.....	20	6	19	1/
Korea.....	10	3	9	1/
Thailand.....	11	4	10	1/
Value (thousands)				
Total.....	\$565	100	-	17
Imports from GSP countries:				
Total.....	114	20	100	4
Philippines.....	51	9	45	2
Malaysia.....	34	6	30	1
Korea.....	17	3	15	1
Thailand.....	8	2	7	1/

Note.—The countries shown in the table include the top four GSP suppliers.

IV. Competitiveness profiles, GSP suppliersCompetitiveness of the Philippines for all digest products

Ranking as a U.S. import supplier, 1986..... 4

Price sensitivity:

Can production in the country be easily expanded or

contracted in the short term?..... Yes ___ No X

Does the country have significant export

markets besides the United States?..... Yes X No ___

Could exports from the country be readily

redistributed among its foreign export markets?..... Yes X No ___

Price sensitivity of import supply..... High ___ Moderate X Low ___

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No ___

Price sensitivity of U.S. demand..... 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

1/ Less than 0.5 percent.

TSUS item No.
112.01—Con.

Competitiveness of Malaysia for all digest products

Ranking as a U.S. import supplier, 1986..... 7

Price sensitivity:

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

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

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

Price sensitivity of import supply..... High ____ Moderate X Low ____

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

Price sensitivity of U.S. demand..... High X Moderate ____ Low ____

Price level compared with:

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

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

Quality compared with:

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

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

Competitiveness of Korea for all digest products

Ranking as a U.S. import supplier, 1986..... 9

Price sensitivity:

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

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

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

Price sensitivity of import supply..... High ____ Moderate X Low ____

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

Price sensitivity of U.S. demand..... High X Moderate ____ Low ____

Price level compared with:

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

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

Quality compared with:

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

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

TSUS item No.
112.01--Con.

V. Position of interested parties

Petitioner.—The Petitioner, the Moroccan Center for Export Promotion, a Moroccan Government agency, seeks to "ease the access of (this product) into the American market by getting lower customs duties." The Petitioner foresees the following consequences of a successful petition: (1) improvement of the Moroccan foreign trade deficit; (2) increase of the trade between Morocco and the United States; (3) improvement of the rate of capacity utilization in Moroccan anchovy canneries; and (4) creation of new Moroccan jobs. The Petitioner expects an increase in production of canned anchovies of 50 percent above the 1986 level of 8.4 million pounds, and an increase in capacity utilization from 50 to 75 percent, if the petition is successful. The export market is vital to the Moroccan industry, accounting for about 94 percent of the total value of shipments in 1986. Most of these exports are destined for the French market, and nearly all of the remainder to other EC markets. The Petitioner states that its product is of "remarkable" quality, "fully competitive" with competing products in EC markets.

[Probable economic effects advice deleted]

TS number: 11201

6

TSUS item No.
112.01--Con.

Product: Anchovies, not in oil, in airtight containers not over 15 pounds

U.S. imports for consumption, by principal sources, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Nethlds.....				116
Spain.....	64	18	20	93
Italy.....	77	41	71	70
Phil R.....	147	83		51
China P.....	31	40	9	45
Japan.....	1	5	31	34
Malaysa.....	5			34
Greece.....	70	24	22	32
Kor Rep.....	6		6	16
Hg Kong.....	9		23	15
Portugl.....	21		25	13
France.....			2	11
Sweden.....	16	3	2	10
Thailnd.....	1	3		8
All other total..	9	6	27	9
Total.....	463	229	244	565
GSP total....	172	89	42	129
Percent				
Nethlds.....	0.0	0.0	0.0	20.6
Spain.....	13.9	8.0	8.2	16.6
Italy.....	16.8	18.2	29.3	12.4
Phil R.....	31.8	36.5	0.0	9.1
China P.....	6.7	17.8	4.0	8.1
Japan.....	0.2	2.6	13.0	6.1
Malaysa.....	1.1	0.0	0.0	6.1
Greece.....	15.2	10.6	9.3	5.7
Kor Rep.....	1.5	0.2	2.5	3.0
Hg Kong.....	2.1	0.0	9.7	2.8
Portugl.....	4.6	0.0	10.6	2.5
France.....	0.0	0.3	1.0	2.1
Sweden.....	3.6	1.7	1.0	1.9
Thailnd.....	0.3	1.5	0.0	1.5
All other total..	2.2	2.7	11.3	1.6
Total.....	100.0	100.0	100.0	100.0
GSP total....	37.2	38.9	17.5	22.9

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

TS number: 11201

7

TSUS item No.
112.01--Con.

Product: Anchovies, not in oil, in airtight containers not over 15 pounds

U.S. imports for consumption, by principal sources, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (pounds)				
Phil.R.....	176,936	92,292		65,479
Italy.....	63,833	32,831	53,369	44,582
Nethlds.....				36,376
Greece.....	62,155	21,623	14,958	33,022
Spain.....	22,102	7,840	9,929	32,060
China P.....	22,294	15,747	3,669	21,663
Malaysa.....	2,450			20,000
Japan.....	1,994	1,272	14,184	14,809
Thailnd.....	1,030	2,020		11,002
Kor Rep.....	6,890	218	3,369	10,126
Hg Kong.....	3,600		8,619	8,387
FR Germ.....	4,378	2	2,377	4,348
Sweden.....	9,005	2,630	670	4,102
Portugl.....	4,375		12,460	3,750
All other total..	1,017	3,515	23,373	4,441
Total.....	382,059	179,990	146,977	314,147
GSP total....	191,705	96,363	29,184	115,995
Percent				
Phil.R.....	46.3	51.3	0.0	20.8
Italy.....	16.7	18.2	36.3	14.2
Nethlds.....	0.0	0.0	0.0	11.6
Greece.....	16.3	12.0	10.2	10.5
Spain.....	5.8	4.4	6.8	10.2
China P.....	5.8	8.7	2.5	6.9
Malaysa.....	0.6	0.0	0.0	6.4
Japan.....	0.5	0.7	9.7	4.7
Thailnd.....	0.3	1.1	0.0	3.5
Kor Rep.....	1.8	0.1	2.3	3.2
Hg Kong.....	0.9	0.0	5.9	2.7
FR Germ.....	1.1	0.0	1.6	1.4
Sweden.....	2.4	1.5	0.5	1.3
Portugl.....	1.1	0.0	8.5	1.2
All other total..	0.3	2.0	15.9	1.4
Total.....	100.0	100.0	100.0	100.0
GSP total....	50.2	53.5	19.9	36.9

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

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985,
and 1986

Source	1981	1983	1985	1986
Quantity (pounds)				
Israel.....	162,678	443,381	602,576	1,348,718
Thailand.....		78,431	190,997	873,234
Trinidad.....	358,353	119,141	294,363	461,461
N. Caldn.....	36,586	78,406	138,987	368,780
Bahamas.....	508,569	390,144	202,370	317,039
Singapore.....	58,747	34,881	53,278	288,839
Canada.....	4,620,775	723,122	287,414	268,459
Panama.....	330,194	532,849	260,118	224,868
Japan.....	37,800	40,652	351,624	179,302
U.King.....	4,002,624	162,057	34,425	142,597
Hong Kong.....	53,981	64,984	93,974	128,244
Greece.....		33,750		105,000
Puerto Rico.....			55,555	89,948
Mexico.....	70,173	6,434	265,593	83,193
All other total..	6,592,675	6,393,707	791,797	424,633
Total.....	16,833,155	9,101,939	3,623,071	5,304,315
GSP total....	6,507,880	6,702,211	2,619,366	4,380,554

Percent				
Israel.....	1.0	4.9	16.6	25.4
Thailand.....	0.0	0.9	5.3	16.5
Trinidad.....	2.1	1.3	8.1	8.7
N. Caldn.....	0.2	0.9	3.8	7.0
Bahamas.....	3.0	4.3	5.6	6.0
Singapore.....	0.3	0.4	1.5	5.4
Canada.....	27.5	7.9	7.9	5.1
Panama.....	2.0	5.9	7.2	4.2
Japan.....	0.2	0.4	9.7	3.4
U.King.....	23.8	1.8	1.0	2.7
Hong Kong.....	0.3	0.7	2.6	2.4
Greece.....	0.0	0.4	0.0	2.0
Puerto Rico.....	0.0	0.0	1.5	1.7
Mexico.....	0.4	0.1	7.3	1.6
All other total..	39.2	70.2	21.9	8.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	38.7	73.6	72.3	82.6

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

1/ Approximately 15-20 percent of Schedule B item No. 112.2500 has been allocated to this table.

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985,
and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Israel.....	235	678	994	2,209
Thailnd.....		83	167	840
Trinid.....	515	136	390	549
Japan.....	68	62	436	496
Canada.....	5,818	1,066	292	383
Panama.....	530	726	407	374
Bahamas.....	735	452	233	365
N Cald'n.....	56	85	110	278
Singapr.....	91	65	94	260
U.King.....	6,102	114	91	166
Dom.Rep.....	99	84	66	119
Taiwan	74	19	42	118
Hg Kong.....	100	96	74	116
Mexico.....	99	4	189	90
All other total..	5,576	3,788	757	527
Total.....	20,103	7,467	4,399	6,896
GSP total....	5,584	4,589	3,116	5,574
Percent				
Israel.....	1.2	9.1	22.6	32.0
Thailnd.....	0.0	1.1	3.8	12.2
Trinid.....	2.6	1.8	8.9	8.0
Japan.....	0.3	0.8	11.1	7.2
Canada.....	28.9	14.3	6.6	5.6
Panama.....	2.6	9.7	9.3	5.4
Bahamas.....	3.7	6.1	5.3	5.3
N Cald'n.....	0.3	1.1	2.5	4.0
Singapr.....	0.5	0.9	2.2	3.8
U.King.....	30.4	1.5	2.1	2.4
Dom.Rep.....	0.5	1.1	1.5	1.7
Taiwan	0.4	0.3	1.0	1.7
Hg Kong.....	0.5	1.3	1.7	1.7
Mexico.....	0.5	0.1	4.3	1.3
All other total..	27.7	50.7	17.2	7.6
Total.....	100.0	100.0	100.0	100.0
GSP total....	27.8	61.5	70.8	80.8

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

1/ Approximately 15-20 percent of Schedule B item No. 112.2500 has been allocated to this table.

TSUS item No.
131.27 1/

Milled Oats, Fit For Human Consumption, Valued over \$8.00 per Hundred Pounds

I. Introduction

Col. 1 rate of duty: 80¢/100 lbs (1986 AVE 1.3%)

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP:

Country graduation:

Competitive-need-limit waiver:

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: Milled oats fit for human consumption include oatmeal, oat flour, rolled oats, flaked oats, and hulled oats. Most of the oats are used for "oatmeal" cereals, either as cooked oatmeal or instant oatmeal. Most of these cereals consist of rolled oats. Products processed further than milling are not included here; such products are classified as cereal breakfast foods in TSUS item 182.30. Oat flour, a byproduct of the manufacture of rolled oats, is used in the production of prepared breakfast foods and infant foods. Oat flour contains an antioxidant which delays rancidity in foods containing fat. Imports of milled oats consist mostly of rolled oats breakfast cereals which are imported as specialty products with a limited market.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms)..	*5	*5	*5	*5	-
Total U.S. employment (thousand employees)..	2	2	2	2	-
U.S. shipments (thousand dollars).....	**111,324	**127,223	**134,370	**140,010	+27
U.S. exports (thousand dollars).....	10,442	3,500	1,143	4,193	-60
U.S. imports (thousand dollars).....	1,186	1,311	1,284	1,683	+42
U.S. consumption (thousand dollars).....	**102,068	**125,034	**134,511	**137,500	+35
Import to consumption ratio (percent).....	**1	**1	**1	**1	-
Capacity utilization (nearest 10 percent)...	**80	**80	**80	**80	-

Comment: Food use of oat production has averaged about 8 percent in recent years as animal feed use has declined. Food use has ranged between 33 million and 45 million bushels per year. Products include oatmeal, oat flour, natural cereals, bread, cookies,

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 1104.12.00.

granola, and baby food. The principal use of food oats is breakfast food and snack products. The food use of oats is as follows: 50 percent regular oatmeal, 35 percent instant oatmeal, 8 percent oat flour, 8 percent snack products. Over 70 percent of cooked cereal in the United States is oatmeal. It is consumed particularly by people over 65 or under 5 years of age. Instant oatmeal product use has increased while standard rolled oats products have decreased. The market for all food oat products is increasing by 2 percent per year. Health benefits of oats may increase consumption in the future. Oats have a high protein and fiber content and may help lower cholesterol. Demand for food oats is price inelastic (-.1). The largest producer is Quaker Oats ([* * *] percent of the market); three or four others are believed to account for the remainder. Oatmeal cereals are characterized by high value added, high advertising costs, and product differentiation. The trend is towards products requiring higher packaging and advertising costs. The domestic market for milled oats is oligopolistic (a few companies dominate the industry). It is difficult to enter this market because of the competitive advantages held by the large firms. These advantages include marketing channels, name brand recognition of the product by consumers, economies of scale and the vertical integration of mills, packaging plants and advertising companies. It would be especially difficult for a foreign company to enter this market for these same reasons.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (100 pounds)				
Total.....	35,314	100	-	1/
Imports from GSP countries:				
Total.....	20,345	58	100	1/
Colombia.....	19,508	55	96	1/
Venezuela.....	413	1	2	1/
Thailand.....	400	1	2	1/
Jamaica.....	24	1/	1/	1/
Value (thousands)				
Total.....	\$1,683	100	-	1
Imports from GSP countries:				
Total.....	1,234	73	100	1
Colombia.....	1,201	71	97	1
Venezuela.....	25	2	2	1/
Thailand.....	6	1/	1	1/
Jamaica.....	2	1/	1/	1/

1/ Less than .5 percent.

Note.--The countries shown in the table include the top four GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliersCompetitiveness of Colombia for all digest productsRanking as a U.S. import supplier, 1986..... 1

Price sensitivity:

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

Price level compared with:

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

Quality compared with:

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

Comment: The average price of Colombian product is \$0.61 per pound, compared to \$0.18 per pound for the domestically produced product. This is due to high packaging cost, not difference in quality. Consumers who buy the Colombian oat products are willing to pay the higher price because the product is packaged in metal containers. Most of the consumers live in tropical climates such as Puerto Rico where the metal containers protect the contents against high humidity and insects. U.S. consumers have a low demand elasticity for food oats. Food oats are price inelastic for the following reasons: (1) Many consumers use oatmeal cereals and granolas for health reasons; health related products tend to be price inelastic. (2) There are no close substitutes for most food oat products. (3) The price of the most important food oat product, hot oatmeal cereal, is much lower than that of potential substitutes such as cold cereals.

TSUS item No.
131.27—Con.

V. Position of interested parties

Petitioner.--Colombian Government Trade Bureau requests GSP duty-free treatment in order to promote exports to the U.S. market. The petitioner claims that there would be no injury to the U.S. industry. Colombia needs foreign exchange earnings, increased plant utilization, and increased employment. The petitioner argues that addition would diversify choice for U.S. consumers.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

TS number: 13127

7

TSUS item No.
131.27--Con.

Product: Oats, milled, fit for human consumption

U.S. imports for consumption, by principal sources, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
quantity (100 pounds)				
Colomb.....	15,843	16,781	15,070	19,508
Canada.....		405	5,586	11,006
Ireland.....	1,955	1,307	2,038	2,053
U King.....	106	1,098	408	1,340
Venez.....	9			413
Thailnd.....				400
FR Germ.....				340
Nethlds.....			317	230
Jamaica.....				24
Mexico.....	931			
Belgium.....			61	
China P.....	5			
Taiwan		1		
All other total..				
Total.....	18,849	19,592	23,480	35,314
GSP total....	16,783	16,782	15,070	20,345
Percent				
Colomb.....	84.1	85.7	64.2	55.2
Canada.....	0.0	2.1	23.8	31.2
Ireland.....	10.4	6.7	8.7	5.8
U King.....	0.6	5.6	1.7	3.8
Venez.....	0.0	0.0	0.0	1.2
Thailnd.....	0.0	0.0	0.0	1.1
FR Germ.....	0.0	0.0	0.0	1.0
Nethlds.....	0.0	0.0	1.4	0.7
Jamaica.....	0.0	0.0	0.0	0.1
Mexico.....	4.9	0.0	0.0	0.0
Belgium.....	0.0	0.0	0.3	0.0
China P.....	0.0	0.0	0.0	0.0
Taiwan	0.0	0.0	0.0	0.0
All other total..	0.0	0.0	0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	89.0	85.7	64.2	57.6

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

TS number: 13127

TSUS item No.

131.27--Con.

Product: Oats, milled, fit for human consumption

U.S. imports for consumption, by principal sources, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Colomb.....	1,015	1,161	1,066	1,200
Canada.....		15	69	207
Ireland.....	104	74	126	117
U King.....	7	59	13	96
Venez.....				25
FR Germ.....				16
Nethlds.....			3	11
Thailnd.....				5
Jamaica.....				2
Mexico.....	53			
Belgium.....			3	
All other total..				
Total.....	1,182	1,311	1,283	1,682
GSP total....	1,069	1,161	1,066	1,233
Percent				
Colomb.....	85.9	88.6	83.1	71.4
Canada.....	0.0	1.2	3.4	12.3
Ireland.....	8.8	5.7	9.8	7.0
U King.....	0.6	4.5	1.1	5.7
Venez.....	0.0	0.0	0.0	1.5
FR Germ.....	0.0	0.0	0.0	1.0
Nethlds.....	0.0	0.0	0.3	0.7
Thailnd.....	0.0	0.0	0.0	0.3
Jamaica.....	0.0	0.0	0.0	0.1
Mexico.....	4.6	0.0	0.0	0.0
Belgium.....	0.0	0.0	0.3	0.0
All other total..	0.0	0.0	0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	90.5	88.6	83.1	73.3

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

Product: OATS,MILLED EX BRKFST CEREAL

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985,
and 1986

Source	1981	1983	1985	1986
Quantity (pounds)				
Colomb.....	18,079,839	4,409,200		9,920,700
Guatmal.....	3,246,700	1,741,225	832,000	7,046,778
Dom Rep.....	1,710,201	564,400	1,400,400	2,641,805
Mexico.....	17,019,593	23,333	40,310	1,341,700
C Rica.....	87,800	129,214	1,243,873	1,208,738
Hondura.....			102,424	578,754
Venez.....	13,276,312	40,000	1,873,930	422,805
Trinid.....		8,750		232,513
B Virgn.....				180,000
Sweden.....			301,686	78,000
Belgium.....				51,667
Nigeria.....				24,460
N.Antil.....				12,000
Canada.....	257,337	444,917		2,500
All other total..	17,770,646	13,841,866	69,631	
Total.....	71,448,428	21,202,905	5,864,254	23,742,420
GSP total....	68,985,932	12,846,036	5,562,568	23,585,793
Percent				
Colomb.....	25.3	20.8	0.0	41.8
Guatmal.....	4.5	8.2	14.2	29.7
Dom Rep.....	2.4	2.7	23.9	11.1
Mexico.....	23.8	0.1	0.7	5.7
C Rica.....	0.1	0.6	21.2	5.1
Hondura.....	0.0	0.0	1.7	2.4
Venez.....	18.6	0.2	32.0	1.8
Trinid.....	0.0	0.0	0.0	1.0
B Virgn.....	0.0	0.0	0.0	0.8
Sweden.....	0.0	0.0	5.1	0.3
Belgium.....	0.0	0.0	0.0	0.2
Nigeria.....	0.0	0.0	0.0	0.1
N.Antil.....	0.0	0.0	0.0	0.1
Canada.....	0.4	2.1	0.0	0.0
All other total..	24.9	65.3	1.2	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	96.6	60.6	94.9	99.3

1/ Schedule B number 131.2600 was allocated at a level of 100 percent for
purpose of this table.

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

Product: OATS, MILLED EX BRKFST CEREAL

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985,
and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Colomb.....	2,919	610		1,494
Guatmal.....	537	353	170	1,156
Dom. Rep.....	352	116	292	537
C Rica.....	15	23	389	406
Mexico.....	1,758	2	2	227
Hondura.....			39	143
Venez.....	1,876	6	110	71
Nigeria.....				46
Sweden.....			129	41
B Virgn.....				34
Trinid.....		1		23
Belgium.....				6
N. Antil.....				2
Canada.....	32	53		1
All other total..	2,949	2,330	8	
Total.....	10,441	3,499	1,143	4,193
GSP total....	9,993	2,138	1,013	4,097
Percent				
Colomb.....	28.0	17.4	0.0	35.6
Guatmal.....	5.1	10.1	14.9	27.6
Dom. Rep.....	3.4	3.3	25.6	12.8
C Rica.....	0.1	0.7	34.0	9.7
Mexico.....	16.8	0.1	0.3	5.4
Hondura.....	0.0	0.0	3.5	3.4
Venez.....	18.0	0.2	9.7	1.7
Nigeria.....	0.0	0.0	0.0	1.1
Sweden.....	0.0	0.0	11.4	1.0
B Virgn.....	0.0	0.0	0.0	0.8
Trinid.....	0.0	0.0	0.0	0.6
Belgium.....	0.0	0.0	0.0	0.1
N. Antil.....	0.0	0.0	0.0	0.1
Canada.....	0.3	1.5	0.0	0.0
All other total..	28.2	66.6	0.7	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	95.7	61.1	88.6	97.7

1/ Schedule B number 131.2600 was allocated at a level of 100 percent for purpose of this table.

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

Beans, Except Soybeans, Pickled

I. Introduction

Col. 1 rate of duty: 9 percent ad valorem

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP:

Country graduation:

Competitive-need-limit waiver:

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: Pickled beans (other than soybeans) include such products as pickled fresh green and yellow (wax) string beans, as well as pickled cooked dry beans, often used alone or with other pickled beans in salads.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
Total U.S. employment (thousand employees).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
U.S. shipments (thousand dollars).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
U.S. exports (thousand dollars).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
U.S. imports (thousand dollars).....	136	9	0	0	-100
U.S. consumption (thousand dollars).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
Import to consumption ratio (percent).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
Capacity utilization (nearest 10 percent) <u>3/...</u>	**75	**75	**75	**75	-

Comment: Pickled beans are described as specialty products, often marketed as a separate item in mixtures with other pickled vegetables or in salads. Annual domestic production data are not available; such production, however, supplies the bulk of pickled bean consumption and exports are believed to be negligible. Imports, comparable in quality and appearance, are generally about the same price.

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 2001.90.30.

2/ Not available.

3/ Based on an estimated capacity utilization for the overall domestic vegetable processing industry.

TSUS item No.
141.15--Con.

III. GSP import situation, 1984 1/

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (thousands of pounds)				
Total.....	6	100	-	2/
Imports from GSP countries:				
Total.....	1	24	100	2/
Guatemala.....	1	16	69	2/
Taiwan.....	3/	7	31	2/
Value (thousands)				
Total.....	\$9	100	-	2/
Imports from GSP countries:				
Total.....	1	9	100	2/
Guatemala.....	4/	5	55	2/
Taiwan.....	4/	4	45	2/

Note.--The countries shown in the table include the top GSP suppliers in 1984.

1/ The most recent year in which data are available.

2/ Not available.

3/ Less than 500 pounds.

4/ Less than \$500.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Guatemala for all digest products

Ranking as a U.S. import supplier, 1984 1/..... 5

Price sensitivity:

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

Price sensitivity of import supply..... High ____ Moderate X Low ____

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No ____

Price sensitivity of U.S. demand..... High ____ Moderate X Low ____

1/ The most recent year in which imports are reported.

TSUS item No.
141.15--Con.

Price level compared with:

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

Quality compared with:

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

Competitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1984 1/..... 6

Price sensitivity:

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

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

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

Price sensitivity of import supply..... High ☐ Moderate ☒ Low ☐

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

Price sensitivity of U.S. demand..... High ☐ Moderate ☒ Low ☐

Price level compared with:

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

Quality compared with:

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

1/ The most recent year in which imports are reported.

TSUS item No.
141.15--Con.

V. Position of interested parties

Petitioner.--The Moroccan Center for Export Promotion, the petitioner, is a Governmental center for finding new markets and promoting exports. The Center wants to ease the access of this product into the American market by getting lower customs duties. This undertaking is part of an effort to improve the Moroccan foreign trade deficit, increase overall U.S.-Moroccan trade, improve capacity utilization rate of Moroccan processing plants, and create new jobs.

[Probable economic effects advice deleted]

TSUS item No.
141.15--Con.

Product: Beans, except soybeans, pickled

U.S. imports for consumption, by principal sources, 1981, 1983, and 1984 1/

Source	1981	1983	1984
Quantity (pounds)			
Canada.....	371,000	0	690
Japan.....	0	198	1,302
West Germany.....	0	1,238	990
China.....	0	0	1,503
Guatemala.....	0	0	960
Taiwan.....	2,432	2,509	429
India.....	0	5,583	0
Belgium.....	0	1,692	0
All other total.....	0	1,224	0
Total.....	373,432	12,444	5,874
GSP total.....	2,432	8,592	1,389
Percent			
Canada.....	99.3	0.0	11.7
Japan.....	-	1.6	22.2
West Germany.....	-	9.9	16.9
China.....	-	-	25.6
Guatemala.....	-	-	16.3
Taiwan.....	.7	20.2	7.3
India.....	-	44.9	-
Belgium.....	-	13.6	-
All other total.....	-	9.8	-
Total.....	100.0	100.0	100.0
GSP total.....	.7	69.0	23.6

1/ The most recent year in which imports are reported.

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

TSUS item No.
141.15--Con.

Product: Beans, except soybeans, pickled

U.S. imports for consumption, by principal sources, 1981, 1983, and 1984 ^{1/}

Source	1981	1983	1984
Value (1,000 dollars)			
Canada.....	133	0	5
Japan.....	-	-	2
West Germany.....	-	-	1
China.....	-	-	1
Guatemala.....	-	-	<u>2/</u>
Taiwan.....	2	1	<u>2/</u>
India.....	-	6	-
Belgium.....	-	6	-
All other total.....	1	2	-
Total.....	136	9	9
GSP total.....	2	7	1
Percent			
Canada.....	98.4	0.0	52.3
Japan.....	-	-	21.9
West Germany.....	-	-	9.1
China.....	-	-	7.8
Guatemala.....	-	-	4.9
Taiwan.....	1.6	10.8	4.1
India.....	-	62.8	-
Belgium.....	-	6.3	-
All other total.....	<u>3/</u>	<u>3/</u>	-
Total.....	100.0	100.0	100.0
GSP total.....	1.6	76.1	8.9

^{1/} The most recent year in which imports are reported.

^{2/} Less than \$500.

^{3/} Less than 0.5 percent.

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

Corn In Airtight Containers

I. Introduction

Col. 1 rate of duty: 12.5 percent ad valorem

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP:

Country graduation:

Competitive-need-limit waiver:

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No .

Description and uses: Corn in airtight containers is canned, fresh sweet corn, prepared from clean, sound whole or cut kernels and packed primarily in water and a creamy liquid made from corn kernels. Canned corn is often used alone as a cooked vegetable side dish, in vegetable mixtures, or with other vegetables in soups, stews, and casseroles.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	*50	*45	*40	*34	*_32
Total U.S. employment (employees).....	**1,000	**900	**800	**680	**_32
U.S. shipments (million dollars).....	**447	**434	**436	**395	**_18
U.S. exports (million dollars).....	56	53	46	56	1
U.S. imports (million dollars).....	2	4	4	5	184
U.S. consumption (million dollars).....	**393	**385	**394	**344	**_12
Import to consumption ratio (percent).....	<u>2/</u>	1	1	2	300
Capacity utilization (nearest 10 percent).....	**75	**75	**75	**75	-

Comment: Canned corn is one of the most important domestically-produced canned vegetables, accounting for over one-fifth of total canned-vegetable production in recent years. Most firms canning corn process a number of other vegetables as well, with corn representing a major share of their total production. Although processing is distributed nationwide, the bulk of production takes place in the Midwest, with most of the decline in production since 1985 occurring in the West. Whereas a distinct brand loyalty/preference exists for specific items and in certain geographic areas, most firms pack under a number of different private and house brands, with product quality, service, and price significantly affecting sales.

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 2005.80.00.

2/ Less than 0.5 percent.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (thousands of kilograms)				
Total.....	6,615	100	-	1
Imports from GSP countries:				
Total.....	6,419	97	100	1
Thailand.....	3,733	56	58	1
Taiwan.....	2,555	39	40	1
Singapore.....	69	1	1	1/
Value (thousands)				
Total.....	\$5,235	100	-	2
Imports from GSP countries:				
Total.....	5,107	98	100	1
Thailand.....	2,898	55	57	1
Taiwan.....	2,119	41	41	1
Singapore.....	44	1	1	1/

1/ Less than 0.5 percent.

Note.--The countries shown in the table include the top GSP suppliers in 1986.IV. Competitiveness profiles, GSP suppliersCompetitiveness of Thailand for all digest products

Ranking as a U.S. import supplier, 1986..... 1

Price sensitivity:

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 ____Price sensitivity of import supply..... High ____ Moderate X Low ____

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No ____Price sensitivity of U.S. demand..... High ____ Moderate X Low ____

TSUS item No.
141.83—Con.

Price level compared with:

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

Quality compared with:

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

Competitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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

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

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

Price sensitivity of import supply..... High ☐ Moderate ☒ Low ☐

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

Price sensitivity of U.S. demand..... High ☐ Moderate ☒ Low ☐

Price level compared with:

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

Quality compared with:

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

TSUS item No.
141.83--Con.

V. Position of interested parties

Petitioner.--The Government of Thailand, the petitioner, requested that canned corn be designated as an eligible article under the GSP. The petitioner stated that the recent import penetration ratio of all canned corn imports was under 2 percent, that Thailand has limited production capacity (due to small land masses), and a perceived diversification in the U.S. industry from canned to frozen corn.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

TSUS item No.
141.83--Con.

Product: Corn in airtight containers

U.S. imports for consumption, by principal sources, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (pounds)				
Thailand.....	111,411	1,370,384	3,818,908	8,230,082
Taiwan.....	4,128,159	6,524,310	6,531,955	5,632,663
Canada.....	118,267	636,778	650,000	382,144
Singapore.....	0	0	38,262	152,295
Hong Kong.....	0	18,000	0	89,100
France.....	11,020	32	4,748	21,728
Malaysia.....	0	0	0	38,250
West Germany.....	99	859	2,753	3,520
All other total.....	93,594	36,802	260,211	33,112
Total.....	4,462,451	8,587,165	11,306,837	14,582,894
GSP total.....	4,290,371	7,942,774	10,445,448	14,151,953
Percent				
Thailand.....	2.5	16.0	33.8	56.4
Taiwan.....	92.5	76.0	57.8	38.6
Canada.....	2.7	7.4	5.7	2.6
Singapore.....	.0	.0	.3	1.0
Hong Kong.....	.0	.2	.0	.6
France.....	1/	1/	1/	1/
Malaysia.....	-	-	-	1/
West Germany.....	1/	1/	1/	1/
All other total.....	2.1	1/	2.3	1/
Total.....	100.0	100.0	100.0	100.0
GSP total.....	96.1	92.5	92.4	97.0

1/ Less than 0.5 percent.

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

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

TSUS item No.
141.83--Con.

Product: Corn in airtight containers

U.S. imports for consumption, by principal sources, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Thailand.....	54	653	1,546	2,898
Taiwan.....	1,698	2,732	2,577	2,119
Canada.....	51	200	121	99
Singapore.....	-	-	11	44
Hong Kong.....	-	8	-	33
Japan.....	17	1/	26	11
France.....	4	1/	6	8
Malaysia.....	-	-	-	7
All other total.....	19	22	90	16
Total.....	1,843	3,615	4,377	5,235
GSP total.....	1,770	3,410	4,159	5,107
Percent				
Thailand.....	3.0	18.1	35.3	55.4
Taiwan.....	92.1	75.6	58.9	40.5
Canada.....	2.8	5.5	2.8	1.9
Singapore.....	-	-	.3	.8
Hong Kong.....	-	.2	-	.6
Japan.....	1.0	2/	.6	.2
France.....	.2	2/	.2	.2
Malaysia.....	-	-	-	.2
All other total.....	1.0	.6	2.1	.3
Total.....	100.0	100.0	100.0	100.0
GSP total.....	96.0	94.3	95.0	97.6

1/ Less than \$500.

2/ Less than 0.5 percent.

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

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

TSUS item No.
141.83--Con.

Product: Corn in airtight containers 1/

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
	Quantity (pounds)			
Japan.....	72,030,517	41,841,317	35,698,234	53,129,747
West Germany.....	14,060,056	19,411,383	21,105,283	29,697,498
United Kingdom.....	8,344,853	19,961,441	21,212,902	18,636,831
France.....	20,466,713	22,147,103	11,156,790	13,681,627
Switzerland.....	7,338,496	7,984,340	9,641,980	11,731,735
Hong Kong.....	4,664,549	3,610,728	6,030,734	9,383,733
Taiwan.....	5,464,697	3,954,485	5,449,832	7,617,320
Sweden.....	3,687,565	3,921,585	4,885,502	4,982,426
All other total.....	20,967,273	22,733,583	19,410,938	20,022,726
Total.....	157,024,719	145,565,965	134,592,195	168,883,543
GSP total.....	23,339,531	17,251,258	22,906,765	27,227,152
	Percent			
Japan.....	45.9	28.7	26.5	31.5
West Germany.....	9.0	13.3	15.7	17.6
United Kingdom.....	5.3	13.7	15.8	11.0
France.....	13.0	15.2	8.3	8.1
Switzerland.....	4.7	5.5	7.2	6.9
Hong Kong.....	3.0	2.5	4.5	5.6
Taiwan.....	3.5	2.7	4.0	4.5
Sweden.....	2.3	2.7	3.6	3.0
All other total.....	13.4	15.6	14.4	11.9
Total.....	100.0	100.0	100.0	100.0
GSP total.....	14.9	11.9	17.0	16.1

1/ Includes data under Schedule B No. 141.0500, comparable with 100 percent of TSUS No. 141.83.

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

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

TSUS item No.
141.83--Con.

Product: Corn in airtight containers 1/

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (thousands of dollars)				
Japan.....	25,335	15,722	12,476	18,249
West Germany.....	5,210	6,959	6,966	9,499
United Kingdom.....	2,974	7,327	7,420	6,654
France.....	6,667	7,564	3,824	4,456
Switzerland.....	2,591	2,826	3,244	3,632
Hong Kong.....	1,725	1,269	2,225	3,306
Taiwan.....	2,071	1,287	1,725	2,301
Sweden.....	1,638	1,683	1,717	1,530
All other total.....	8,174	7,875	6,553	6,128
Total.....	56,385	52,512	46,150	55,935
GSP total.....	8,973	6,060	7,676	8,782
Percent				
Japan.....	44.9	29.9	27.0	32.6
West Germany.....	9.2	13.3	15.1	17.0
United Kingdom.....	5.3	14.9	16.1	11.9
France.....	11.8	14.4	8.3	8.0
Switzerland.....	4.6	5.4	7.0	6.5
Hong Kong.....	3.1	2.4	4.8	5.9
Taiwan.....	3.7	2.5	3.7	4.1
Sweden.....	2.9	3.2	3.7	2.7
All other total.....	14.5	15.0	14.2	11.0
Total.....	100.0	100.0	100.0	100.0
GSP total.....	15.9	11.5	16.6	15.7

1/ Includes data under Schedule B No. 141.0500, comparable with 100 percent of TSUS No. 141.83.

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

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

Capers

I. Introduction

Col. 1 rate of duty: 16 percent ad valorem (1986 AVE 8.8%) 2/

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP: _____

Country graduation: _____

Competitive-need-limit waiver: _____

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: Capers are the unopened flower buds of the caper bush (Capparis spinosa, L.), a climbing shrub which grows wild or semi-wild in the countries bordering the Mediterranean Sea (mainly in Morocco and Spain). Capers are picked from each bush several times a week during the summer and fall months, dried and stored in vinegar and salt, and then graded according to size. Capers are not commercially grown in the United States. 3/

Capers are a specialty product with a limited demand in the United States. They are used as pickles and as a garnish or condiment in gourmet sauces, salads and fish dishes. Capers are imported into the United States either in containers holding 7.5 pounds or less (classified under item 161.08) or in containers holding over 7.5 pounds (classified under item 161.06) and then repackaged domestically in retail-sized containers. It should be noted that the subject of this Digest is capers which enter the United States classified under item 161.08. Capers classified under item 161.06 already have GSP status.

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 2001.90.20.

2/ The duty on capers was temporarily reduced during 1984-87, pursuant to trade agreement legislation. Temporary duty rates were 11.2 percent in 1984 and 1985, 12.4 percent in 1986, and 13.6 percent in 1987. The reduced rate terminates at the close of Dec. 31, 1987.

3/ One firm in California is known to have recently begun producing capers in small quantities for sale to a localized market.

TSUS item No.
161.08--Con.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	* 7	*7	*7	*7	0
Total U.S. employment (employees).....	** 200	** 200	**200	* 200	0
U.S. shipments (thousand dollars).....	**4,000	**4,000	**3,700	**3,100	-23
U.S. exports (thousand dollars) <u>1/</u>					
U.S. imports (thousand dollars).....	<u>2/</u>	1,281	2,051	2,163	-
U.S. consumption (thousand dollars).....	<u>2/</u>	5,281	5,751	5,263	-
Import to consumption ratio (percent).....	-	24	36	41	-
Capacity utilization (nearest 10 percent).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-

Comment: Approximately, 7 domestic firms repack capers (from those imported in bulk) into retail-size containers. 3/ [* * *

]. However, capers account for a small part of the total sales of most of the other firms which repackage capers.

1/ Believed to be nil or negligible.

2/ Not available.

3/ One firm in California is known to grow small amounts of capers which it sells in the local market.

TSUS item No.
161.08—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (1,000 pounds)				
Total.....	1,038	100	-	1/
Imports from GSP countries:				
Total.....	3	2/	100	1/
Brazil.....	2	2/	67	1/
Cyprus.....	1	2/	33	1/
Value (thousands)				
Total.....	\$2,162	100	-	41
Imports from GSP countries:				
Total.....	11	1	100	2/
Brazil.....	8	2/	73	2/
Cyprus.....	3	2/	27	2/

Note.—The countries shown in the table include the top GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Brazil for all digest products

Ranking as a U.S. import supplier, 1986..... 5

Price sensitivity:

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

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

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

Price sensitivity of import supply..... High ☐ Moderate ☒ Low ☐

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

Price sensitivity of U.S. demand..... High ☐ Moderate ☒ Low ☐

Price level compared with:

U.S. products..... Above ☐ Equivalent ☒ Below ☐

Other foreign products..... Above ☐ Equivalent ☒ Below ☐

Quality compared with:

U.S. products..... Above ☐ Equivalent ☒ Below ☐

Other foreign products..... Above ☐ Equivalent ☒ Below ☐

1/ Not available.

2/ Less than 0.5 percent.

TSUS item No.
161.08—Con.

Competitiveness of Cyprus for all digest products

Ranking as a U.S. import supplier, 1986..... 8

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

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

Price sensitivity of U.S. demand..... High Moderate X Low

Price level compared with:

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

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

Quality compared with:

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

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

Competitiveness of Morocco for all digest products

Ranking as a U.S. import supplier, 1986..... None

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

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

Price sensitivity of U.S. demand..... High Moderate X Low

Price level compared with:

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

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

Quality compared with:

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

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

Comment: Morocco did not supply capers classified under item 161.08 (in containers other than those holding over 7.5 pounds) to the United States in 1986. However, Morocco supplied the United States with about 482,000 pounds of capers in 1986 classified under item 161.06 (in containers holding over 7.5 pounds). These capers were then bottled in the United States and were equivalent to about 46 percent of the amount of capers which entered the United States in 1986 classified under item 161.08.

TSUS item No.
161.08—Con.

V. Position of interested parties

Petitioner.—The Moroccan Center for Export Promotion, a Moroccan Government advisory center, is the petitioner. The Center reports that granting GSP status would result in a 25 percent increase in exports, thereby allowing the creation of new jobs, improvement in the rate of capacity utilization, and improvement of the Moroccan foreign trade deficit.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

Product: Capers, nspf

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981 1/	1983	1985	1986
Quantity(pounds)				
Spain.....		453,170	978,363	958,829
France.....		4,326	7,102	43,298
U King.....			37,448	18,056
FR Germ.....		2,604		6,499
Italy.....		2,263	8,315	4,723
Greece.....			18,892	2,447
Brazil.....				2,361
Cyprus.....		1,117	2,660	1,118
Belgium.....			1,422	600
Israel.....			1,586	
Moroc.....			35,273	
All other total..				
Total.....		463,480	1,091,061	1,037,931
GSP total....		1,117	39,519	3,479
Percent				
Spain.....	0.0	97.8	89.7	92.4
France.....	0.0	0.9	0.7	4.2
U King.....	0.0	0.0	3.4	1.7
FR Germ.....	0.0	0.6	0.0	0.6
Italy.....	0.0	0.5	0.8	0.5
Greece.....	0.0	0.0	1.7	0.2
Brazil.....	0.0	0.0	0.0	0.2
Cyprus.....	0.0	0.2	0.2	0.1
Belgium.....	0.0	0.0	0.1	0.1
Israel.....	0.0	0.0	0.1	0.0
Moroc.....	0.0	0.0	3.2	0.0
All other total..	0.0	0.0	0.0	0.0
Total.....	0.0	100.0	100.0	100.0
GSP total....	0.0	0.2	3.6	0.3

1/ Not available.

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

Product: Capers, nspf

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981 1/	1983	1985	1986
Value (1,000 dollars)				
Spain.....	1,255		1,835	1,960
France.....	14		13	101
U King.....			108	59
Italy.....	6		9	11
Brazil.....				7
FR Germ.....	2			7
Greece.....			47	7
Cyprus.....	1		3	3
Belgium.....			1	2
Israel.....			1	
Moroc.....			30	
All other total..				
Total.....	1,281		2,051	2,162
GSP total....	1		35	11
Percent				
Spain.....	0.0	98.0	89.5	90.7
France.....	0.0	1.2	0.6	4.7
U King.....	0.0	0.0	5.3	2.7
Italy.....	0.0	0.5	0.5	0.5
Brazil.....	0.0	0.0	0.0	0.4
FR Germ.....	0.0	0.2	0.0	0.4
Greece.....	0.0	0.0	2.3	0.4
Cyprus.....	0.0	0.1	0.2	0.1
Belgium.....	0.0	0.0	0.1	0.1
Israel.....	0.0	0.0	0.1	0.0
Moroc.....	0.0	0.0	1.5	0.0
All other total..	0.0	0.0	0.0	0.0
Total.....	0.0	100.0	100.0	100.0
GSP total....	0.0	0.1	1.7	0.5

1/ Not available.

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

TSUS item No.
169.13 1/

Certain Rum

I. Introduction

Col. 1 rate of duty: for item 169.1300: \$1.40 pf. gal. (1986 AVE 11.9%)
for item 169.1415: \$1.44 pf. gal. (1986 AVE 21.5%)

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP:

Country graduation:

Competitive-need-limit waiver

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: Rum is any alcoholic distillate from the fermented juice of sugarcane, sugarcane sirup, sugarcane molasses, or other sugarcane byproducts distilled at less than 190-degrees proof in such manner that the distillate possesses the taste, aroma, and characteristics generally attributed to rum. Most rum consumed in the United States is light in flavor and is used mostly in preparing cocktails. More full-bodied types are used as ingredients in punch, rum toddies, and zombies.

The requested GSP item numbers include rum in containers each holding not over 1 gallon (TSUS item No. 169.13) and rum in containers each holding over 1 gallon, valued over \$3.50 per gallon (TSUSA item No. 169.1415).

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	*12	*12	*8	*8	-33
Total U.S. employment (employees).....	*1,300	*1,200	*1,100	*900	-31
U.S. shipments (thousand dollars).....	*146,328	*154,616	*165,100	*144,680	-1
U.S. exports (thousand dollars).....	1,847	1,916	1,644	1,997	8
U.S. imports (thousand dollars)..... <u>2/</u>	4,369	<u>2/</u> 6,615	10,704	9,663	121
U.S. consumption (thousand dollars) <u>3/</u>	*141,420	*146,922	*164,712	*158,366	12
Import to consumption ratio (percent).....	*3	*5	*6	*6	-
Capacity utilization (nearest 10 percent).....	**90	**90	**80	**80	-

1/ TSUS(A) items 169.13 and 169.1415 are included in this digest. Probable effects advice for these products on the basis of the HS nomenclature is contained in the Digest for HS item No. 2208.40.0030.

2/ Includes all rum imports.

3/ Adjusted for stocks.

Comment: Puerto Rico and the U.S. Virgin Islands are the principal rum-producing areas, with some production also taking place in Florida, Massachusetts, and Hawaii. Producers in Puerto Rico account for about 85 percent of U.S. rum production, and Virgin Islands production makes up about 10 percent. There are about eight rum producers; however, Bacardi Corp. of Miami, FL, and Puerto Rico, is estimated to account for over 70 percent of production. Bacardi's size and the fact that it is its own importer and distributor (with over 200 wholesalers) allows it to enjoy significant economies of scale in the U.S. market. Many of the other U.S. rums are produced and/or distributed by large U.S. distillers that also benefit from certain economies of scale. In addition Bacardi and certain other U.S. producers are large enough to promote brand recognition through extensive advertising. There are two markets for rum in the United States, the branded rums (usually unaged and generally used in prepared cocktails) and the private-label rums. Rum from the U.S. Virgin Islands largely supplies the private-label market, which usually sells at prices considerably less than the branded rums. Generally, the Puerto Rican brands and brands from the Caribbean area compete in the higher priced, branded market. In 1986, about 91 percent (by value) of all rum imports were from Caribbean countries which were eligible for duty-free treatment under the Caribbean Basin Economic Recovery Act.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (1,000 pf gals.)				
Total.....	1,306	100	-	5
Imports from GSP countries:				
Total.....	1,271	97	100	5
Jamaica.....	946	72	74	4
Barbados.....	216	17	17	1
Dominican Republic.....	37	3	3	1/
Haiti.....	14	1	1	1/
Value (thousands)				
Total.....	\$9,663	100	-	6
Imports from GSP countries:				
Total.....	9,279	96	100	6
Jamaica.....	6,750	70	73	4
Barbados.....	1,124	12	12	1
Dominican Republic.....	509	5	5	1/
Haiti.....	171	2	2	1/

1/ Less than 0.5 percent.

Note.—The countries shown in the table include the top four GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliersCompetitiveness of Jamaica for all digest products

Ranking as a U.S. import supplier, 1986..... 1

Price sensitivity:

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 Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No Price sensitivity of U.S. demand..... High Moderate X Low

Price level compared with:

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

Quality compared with:

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

Comment: Rum imports from Jamaica are presently eligible for duty-free treatment under the Caribbean Basin Economic Recovery Act.

Competitiveness of Barbados for all digest products

Ranking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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 Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No Price sensitivity of U.S. demand..... High Moderate X Low

Price level compared with:

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

Quality compared with:

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

Comment: Rum imports from Barbados are presently eligible for duty-free treatment under the Caribbean Basin Economic Recovery Act.

TSUS item No.
169.13—Con.

Competitiveness of the Dominican Republic for all digest products

Ranking as a U.S. import supplier, 1986..... 3

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

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

Price sensitivity of U.S. demand..... High Moderate X Low

Price level compared with:

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

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

Quality compared with:

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

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

Comment: Rum imports from the Dominican Republic are presently eligible for duty-free treatment under the Caribbean Basin Economic Recovery Act.

V. Position of interested parties

Petitioner.—The Government of the Republic of the Philippines is the petitioner. The Philippine Government has indicated that because of the U.S. duty of \$1.40 and \$1.44 per proof gallon and freight advantages, the Philippines cannot compete with other suppliers of rum to the U.S. market (i.e., Puerto Rico, the U.S. Virgin Islands and CBI countries). The Government reports that the CBI countries' duty exemption on rum has completely altered the competitive position of their rum in the U.S. market.

Opposition.—Mr. J. Ballin, President of Classic Brands De Puerto Rico stated in a letter to the United States Trade Representative that the Philippines should not be granted GSP status for rum because U.S. consumption of rum has been declining, the domestic rum market of the Philippines has been steadily expanding, and since 1984, CBI countries have attained a favorable position in the U.S. market and would be seriously hurt by the entry of GSP rum from the Philippines.

Governor Alexander A. Farrelly of the U.S. Virgin Islands expressed strong opposition to the Philippine request for GSP status on rum in a letter to the Office of the Special Trade Representative. He states that because of increased competition from CBI countries, additional market preferences for the Philippines will come at the expense of U.S. producers in the U.S. Virgin Islands and Puerto Rico. He also notes the fiscal importance of rum to the treasury and the fact that U.S. rum consumption has been declining.

Honorable Ron de Lugo, Delegate to the U.S. House of Representatives from the U.S. Virgin Islands opposes the granting of GSP status for rum. Delegate de Lugo reported, in a statement sent to the Commission, that since 1984, the U.S. market for rum has been steadily decreasing and a duty-free status for GSP producers of rum will only add to the disruption and worsening economic outlook for U.S. rum producers in Puerto Rico and the U.S. Virgin Islands.

Honorable Jaime B. Fuster, Member of the U.S. House of Representatives from Puerto Rico, in a statement sent to the Commission, expressed opposition to the granting of GSP status to rum and associated himself with comments received for the record from Mr. Antonio J. Colorado, of the Commonwealth of Puerto Rico.

Mr. Antonio J. Colorado, Administrator of the Economic Development Administration of the Commonwealth of Puerto Rico indicated in a statement to the Commission that the elimination of import duties under the GSP will clearly have a harmful effect on U.S. rum producers in Puerto Rico. He states that, at best it will erode the profitability of U.S. producers in a market that has already declined substantially in recent years and, at worst, it could result in the loss of hundreds of jobs for U.S. citizens in Puerto Rico.

TSUS item No.
169.13—Con.

The Government of the Virgin Islands expressed strong opposition to the Philippine request for GSP status on rum in testimony at the Commission's Hearing. The Virgin Island Government reports that the rum industry represents one of the principal sources of employment and income for the economy and that the U.S. Government has on recent occasions taken action to protect the Virgin Islands rum industry from competitive harm. They report that extending duty-free treatment would run counter to this long-standing federal policy and pose a direct threat to the fiscal autonomy of their Island Government.

Schenley Industries, Inc. and its subsidiary Islands Rum Industries, Ltd. expressed strong opposition to the Philippine request for GSP status on rum in testimony at the Commission's Hearing. They indicate that the only way such rum can make headway in the U.S. market is by underselling established rums and U.S. producers must either meet these prices or expect to lose sales. They indicate an adverse impact on profitability occurs either way and these effects are compounded by the shrinking market into which the rum is being sold.

Mr. Mario S. Belaval, President of the Puerto Rico Rum Producers Association, Inc. expressed opposition to the Philippine request for GSP status on rum in testimony at the Commission's Hearing. Mr. Belaval indicated that in the last 5 years, rum from Puerto Rico has declined by 20 percent in the U.S. market and sales from CBI countries have increased 47 percent. He states that consideration should be given to increasing the sugar quota of the Philippines instead of granting GSP to rum, because the sugar industry is a more labor intensive industry than the distilling industry.

Mr. Felix J. Serralles, President of Destileria Serralles, Inc. expressed opposition to the Philippine request for GSP status on rum in testimony at the Commission's Hearing. Mr. Serralles stated that allowing duty-free entry for rum would do great harm to the rum industry in Puerto Rico and particularly to companies which produced non-premium rums (primarily Destileria Serralles).

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

Product: Rum, in containers holding not over 1 gallon

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity(proof gallons)				
Jamaica.....	46,572	74,466	51,477	63,422
Dom Rep.....		6,979	15,769	34,122
Bahamas.....	8,642	19,718	4,281	15,724
Guyana.....	14,391	16,714	9,210	14,497
Haiti.....	17,234	21,316	16,386	13,878
U King.....			18,707	11,804
Barbado.....	16,747	7,031	8,301	6,497
Trinid.....	5,665	3,983	4,829	5,080
Bermuda.....	1,419	2,326	2,868	4,885
Colomb.....	2,400	3,851	3,901	3,858
Venez.....	8,898	4,200	4,237	3,586
Canada.....	917	5,797	1,484	3,075
Thailnd.....				2,853
Ireland.....			119	2,283
All other total..	31,457	34,420	40,328	11,908
Total.....	154,342	200,801	181,897	197,472
GSP total....	147,395	185,044	155,515	173,467
Percent				
Jamaica.....	30.2	37.1	28.3	32.1
Dom Rep.....	0.0	3.5	8.7	17.3
Bahamas.....	5.6	9.8	2.4	8.0
Guyana.....	9.3	8.3	5.1	7.3
Haiti.....	11.2	10.6	9.0	7.0
U King.....	0.0	0.0	10.3	6.0
Barbado.....	10.9	3.5	4.6	3.3
Trinid.....	3.7	2.0	2.7	2.6
Bermuda.....	0.9	1.2	1.6	2.5
Colomb.....	1.6	1.9	2.1	2.0
Venez.....	5.8	2.1	2.3	1.8
Canada.....	0.6	2.9	0.8	1.6
Thailnd.....	0.0	0.0	0.0	1.4
Ireland.....	0.0	0.0	0.1	1.2
All other total..	20.4	17.1	22.2	6.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	95.5	92.2	85.5	87.8

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

Product: Rum, in containers holding not over 1 gallon

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Jamaica.....	398	600	317	493
Dom Rep.....		112	177	475
U King.....			416	177
Haiti.....	236	247	206	171
Bahamas.....	68	177	46	162
Guyana.....	115	161	103	156
Colomb.....	28	35	71	79
Bermuda.....	17	33	40	71
Barbado.....	94	77	114	70
Trinid.....	78	45	61	64
Canada.....	9	83	24	44
Venez.....	124	52	42	38
B Virgn.....	12	479	621	31
France.....			4	30
All other total..	262	223	151	141
Total.....	1,445	2,332	2,401	2,209
GSP total....	1,353	2,116	1,904	1,877
Percent				
Jamaica.....	27.6	25.8	13.2	22.3
Dom Rep.....	0.0	4.8	7.4	21.5
U King.....	0.0	0.0	17.4	8.0
Haiti.....	16.3	10.6	8.6	7.7
Bahamas.....	4.8	7.6	1.9	7.4
Guyana.....	8.0	6.9	4.3	7.1
Colomb.....	2.0	1.5	3.0	3.6
Bermuda.....	1.2	1.4	1.7	3.2
Barbado.....	6.5	3.3	4.8	3.2
Trinid.....	5.4	1.9	2.6	2.9
Canada.....	0.6	3.6	1.0	2.0
Venez.....	8.6	2.3	1.8	1.7
B Virgn.....	0.9	20.6	25.9	1.4
France.....	0.0	0.0	0.2	1.4
All other total..	18.1	9.6	6.3	6.4
Total.....	100.0	100.0	100.0	100.0
GSP total....	93.6	90.8	79.3	85.0

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

Product: Rum, in containers holding over 1 gallon, valued over \$3.50/gal.

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981 ^{1/}	1983 ^{1/}	1985	1986
Quantity (proof gallons)				
Jamaica.....			1,014,730	883,031
Barbado.....			203,572	209,079
Japan.....				7,319
Dom Rep.....			1,813	2,479
Mexico.....			1,243	1,412
Canada.....			466	1,339
B Virgn.....				1,048
France.....				588
Italy.....				523
Venez.....			614	467
FR Germ.....			511	309
Guyana.....			2,286	247
Trinid.....				206
Bulgar.....				184
All other total..			12,969	
Total.....			1,238,204	1,108,231
GSP total....			1,236,927	1,097,969

Percent				
Jamaica.....	0.0	0.0	82.0	79.7
Barbado.....	0.0	0.0	16.4	18.9
Japan.....	0.0	0.0	0.0	0.7
Dom Rep.....	0.0	0.0	0.1	0.2
Mexico.....	0.0	0.0	0.1	0.1
Canada.....	0.0	0.0	0.0	0.1
B Virgn.....	0.0	0.0	0.0	0.1
France.....	0.0	0.0	0.0	0.1
Italy.....	0.0	0.0	0.0	0.0
Venez.....	0.0	0.0	0.0	0.0
FR Germ.....	0.0	0.0	0.0	0.0
Guyana.....	0.0	0.0	0.2	0.0
Trinid.....	0.0	0.0	0.0	0.0
All other total..	0.0	0.0	1.0	0.0
Total.....	0.0	0.0	100.0	100.0
GSP total....	0.0	0.0	99.9	99.1

^{1/} Not available.

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

Product: Rum, in containers holding over 1 gallon, valued over \$3.50/gal.

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981 ^{1/}	1983 ^{1/}	1985	1986
Value (1,000 dollars)				
Jamaica.....			7,174	6,257
Barbado.....			1,004	1,054
Dom Rep.....			13	34
B Virgn.....				24
Mexico.....			16	17
Japan.....				17
Canada.....			15	12
FR Germ.....			4	10
Venez.....			9	8
Italy.....				5
Trinid.....				4
Bulgar.....				3
France.....				2
Guyana.....			10	1
All other total..			56	
Total.....			8,303	7,454
GSP total....			8,282	7,402
Percent				
Jamaica.....	0.0	0.0	86.4	83.9
Barbado.....	0.0	0.0	12.1	14.1
Dom Rep.....	0.0	0.0	0.2	0.5
B Virgn.....	0.0	0.0	0.0	0.3
Mexico.....	0.0	0.0	0.2	0.2
Japan.....	0.0	0.0	0.0	0.2
Canada.....	0.0	0.0	0.2	0.2
FR Germ.....	0.0	0.0	0.1	0.1
Venez.....	0.0	0.0	0.1	0.1
Italy.....	0.0	0.0	0.0	0.1
Trinid.....	0.0	0.0	0.0	0.1
Bulgar.....	0.0	0.0	0.0	0.0
France.....	0.0	0.0	0.0	0.0
Guyana.....	0.0	0.0	0.1	0.0
All other total..	0.0	0.0	0.7	0.0
Total.....	0.0	0.0	100.0	100.0
GSP total....	0.0	0.0	99.7	99.3

Source: Compiled from official statistics of the U.S. Department of Commerce
^{1/} Not available

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity(proof gallons)				
N.Antil.....	88,261	138,346	55,167	95,043
Nethlds.....	32,999	29,044	30,871	42,448
B Virgn.....	63,719	88,301	28,197	42,310
FR Germ.....	15,102	25,943	29,565	35,081
Canada.....	4,663	1,217	69,772	34,730
Japan.....	567	6,655	6,488	30,885
Bahamas.....	35,344	56,678	23,439	30,088
Panama.....	1,526	219	31,000	14,681
Cocos I.....	3,558	2,220		7,417
Finland.....	6,837	12,155	2,605	6,207
S W Afr.....			19,743	6,161
Bolivia.....	2,931	1,728	9,745	5,846
Chile.....	16,058	7,977	2,186	5,801
Belgium.....	8,683	6,172	12,123	4,848
All other total..	105,782	62,394	48,269	23,767
Total.....	386,030	439,049	369,170	385,313
GSP total....	272,001	325,612	178,530	213,294
Percent				
N.Antil.....	22.9	31.5	14.9	24.7
Nethlds.....	8.5	6.6	8.4	11.0
B Virgn.....	16.5	20.1	7.6	11.0
FR Germ.....	3.9	5.9	8.0	9.1
Canada.....	1.2	0.3	18.9	9.0
Japan.....	0.1	1.5	1.8	8.0
Bahamas.....	9.2	12.9	6.3	7.8
Panama.....	0.4	0.0	8.4	3.8
Cocos I.....	0.9	0.5	0.0	1.9
Finland.....	1.8	2.8	0.7	1.6
S W Afr.....	0.0	0.0	5.3	1.6
Bolivia.....	0.8	0.4	2.6	1.5
Chile.....	4.2	1.8	0.6	1.5
Belgium.....	2.2	1.4	3.3	1.3
All other total..	27.4	14.2	13.1	6.2
Total.....	100.0	100.0	100.0	100.0
GSP total....	70.5	74.2	48.4	55.4

1/ Schedule B numbers 168.4020 and 168.4040 were both allocated at a level of 100 percent for purposes of this table.

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

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
N.Antil.....	332	441	247	391
Nethlds.....	225	159	213	282
B Virgn.....	317	433	160	213
Japan.....	3	43	28	174
FR Germ.....	60	67	88	148
Bahamas.....	163	256	117	142
Canada.....	18	4	233	137
Cocos I.....	15	4		137
Panama.....	9	1	120	75
Chile.....	82	44	16	46
S W Afr.....			69	32
Finland.....	50	64	20	28
Thailnd.....	27	3	15	25
Haiti.....	22			21
All other total..	518	391	311	137
Total.....	1,847	1,915	1,643	1,996
GSP total....	1,221	1,351	815	1,112
Percent				
N.Antil.....	18.0	23.0	15.0	19.6
Nethlds.....	12.2	8.3	13.0	14.1
B Virgn.....	17.2	22.6	9.8	10.7
Japan.....	0.2	2.3	1.7	8.7
FR Germ.....	3.3	3.5	5.4	7.4
Bahamas.....	8.8	13.4	7.1	7.1
Canada.....	1.0	0.3	14.2	6.9
Cocos I.....	0.8	0.3	0.0	6.9
Panama.....	0.5	0.1	7.3	3.8
Chile.....	4.5	2.3	1.0	2.3
S W Afr.....	0.0	0.0	4.2	1.6
Finland.....	2.7	3.3	1.2	1.4
Thailnd.....	1.5	0.2	1.0	1.3
Haiti.....	1.2	0.0	0.0	1.1
All other total..	28.0	20.4	19.0	6.9
Total.....	100.0	100.0	100.0	100.0
GSP total....	66.1	70.5	49.6	55.7

1/ Schedule B numbers 168.4020 and 168.4040 were both allocated at a level of 100 percent for purposes of this table.

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

Wood Shutters with Adjustable Louvers

I. Introduction

Col. 1 rate of duty: 8 percent ad valorem

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP:

Country graduation:

Competitive-need-limit waiver:

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: The articles included here are adjustable louver wood shutters; wood blinds, shades, and screens other than those with fixed louvers or slats; and wood venetian blinds. These articles are primarily used as decorative window treatments; however, most articles also function to filter out unwanted light or provide at least a limited degree of privacy.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms) <u>2/..</u>	**70	**75	**90	**95	**36
Total U.S. employment (thousand employees) <u>3/..</u>	**1	**1	**1	**1	**20
U.S. shipments (thousand dollars) <u>4/.....</u>	**70,000	**82,000	**104,000	**112,000	**60
U.S. exports (thousand dollars).....	**398	**122	**154	**143	**64
U.S. imports (thousand dollars).....	10,906	16,622	15,710	15,175	39
U.S. consumption (thousand dollars).....	**80,508	**98,500	**119,556	**127,032	**58
Import to consumption ratio (percent).....	**14	**17	**13	**12	-
Capacity utilization (nearest 10 percent) <u>4/...</u>	*70	*80	*90	*90	-

Comment: The domestic industry producing adjustable louver wood shutters produces both custom and stock shutters; and often also manufactures both custom and stock fixed louver shutters. Custom shutter producers manufacture articles on a special order basis; whereas, stock shutter producers manufacture for mass-marketing. Adjustable custom shutter manufacturers are located throughout the country but are centered in California

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 4421.90.40.

2/ Estimated number of companies with shipments over \$100,000 (SIC 24318 33 exterior shutters). There are believed to be over 1,000 companies producing the articles included herein; however, most are small custom operations.

3/ Estimated from official U.S. Department of Commerce data for millwork products.

4/ Estimated from phone conversations with industry producers and official U.S. Department of Commerce data for the millwork industry.

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and Texas, and adjustable stock shutter producers are located in Michigan as well as California and Texas. Shutter manufacturers require clear, easily worked, fine grained woods, of which there are ample supplies in the western United States. Producers in foreign countries, including Mexico, have tighter supplies of such woods than do U.S. producers. The largest companies manufacture for both the stock and custom markets, and at least one major company has its own retail stores. The U.S. companies manufacturing adjustable shutters in Mexico (the petitioners) produce custom rather than stock shutters in their Mexican maquiladora operations because of the lower labor costs involved. U.S. demand for the products included herein is strongest for shutters and weakest for shades and screens; therefore, domestic manufacturers have concentrated on shutter manufacturing and, thereby, are far less competitive in the U.S. market for shades and screens, which is supplied almost entirely by foreign suppliers.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousands)				
Total.....	\$15,175	100	-	12
Imports from GSP countries:				
Total.....	9,847	65	100	8
Taiwan.....	6,614	44	67	5
Hong Kong.....	2,544	17	26	2
Macau.....	450	3	5	1/
India.....	123	1	1	1/

Note.—The countries shown in the table include the top four GSP suppliers in 1986.

1/ Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1986..... 1

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... High Moderate X Low

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Price level compared with:

U.S. products..... Above ☐ Equivalent ☐ Below ☒

Other foreign products..... Above ☐ Equivalent ☐ Below ☒

Quality compared with:

U.S. products..... Above ☐ Equivalent ☐ Below ☒

Other foreign products..... Above ☐ Equivalent ☒ Below ☐

Comment: The articles from Taiwan that are similar to those produced in the United States are fastened in a manner inferior to the methods used by most U.S. companies. Also, the articles are not finished as well as those produced by most U.S. companies. However, the articles from Taiwan are very competitive in U.S. mass-market retail sales. Taiwan also exports many articles, such as shades and screens, that are not readily available from U.S. sources, but do compete in the U.S. market with imports from other foreign suppliers.

Competitiveness of Hong Kong for all digest products

Ranking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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

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

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

Price sensitivity of import supply..... High ☒ Moderate ☐ Low ☐

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

Price sensitivity of U.S. demand..... High ☐ Moderate ☒ Low ☐

Price level compared with:

U.S. products..... Above ☐ Equivalent ☐ Below ☒

Other foreign products..... Above ☐ Equivalent ☒ Below ☐

Quality compared with:

U.S. products..... Above ☐ Equivalent ☐ Below ☒

Other foreign products..... Above ☐ Equivalent ☒ Below ☐

Comment: The articles produced in Hong Kong that are similar to those produced in the United States are manufactured in a manner inferior to that employed by most U.S. mills. Hong Kong also exports many articles, such as shades and screens, that are not readily available from U.S. sources, but do compete in the U.S. market with imports from other foreign suppliers.

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Competitiveness of Macau for all digest products

Ranking as a U.S. import supplier, 1986..... 6

Price sensitivity:

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 ____
Price sensitivity of import supply..... High X Moderate ____ Low ____
Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No ____
Price sensitivity of U.S. demand..... 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 articles produced in Macau that are similar to those produced in the United States are manufactured in a manner inferior to that employed by most U.S. mills. Macau also exports many articles, such as shades and screens, that are not readily available from U.S. sources, but do compete in the U.S. market with imports from other foreign suppliers.

Competitiveness of Mexico for all digest products

Ranking as a U.S. import supplier, 1986..... 16

Price sensitivity:

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
Price sensitivity of import supply..... High ____ Moderate X Low ____
Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No ____
Price sensitivity of U.S. demand..... High ____ Moderate X Low ____

Price level compared with:

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

Quality compared with:

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

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Comment: The articles manufactured in Mexico are produced by U.S. companies with maquiladora operations in Mexico. The shutters are exported to the United States either in final form or for finishing by the parent company. The shutters are primarily custom rather than stock and are equivalent in terms of quality to those produced in the United States. As a result of the establishment of maquiladora operations in Mexico, imports from Mexico during the first half of 1987 totalled \$389,000.

V. Position of interested parties

Petitioner.—Both petitioners, Ohline Corporation and Eastman Bell, Inc., are U.S. corporations with manufacturing facilities in Mexico. They requested the addition of GSP eligibility for this item to become cost competitive with their maquiladora operations. The petitioners assert that such operations are presently marginal because they are operating at a low level of capacity utilization, which would be increased by GSP eligibility.

Opposition.—Representatives of two major wood shutter companies expressed their opinion to the staff of the Commission that addition of GSP for this item would cause injury to their businesses. They believe that the lower wage rates in many foreign countries, including the leading GSP suppliers, would enable foreign competitors to under price certain of their products, were it not for the current duty of 8 percent.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

TS number: 20667

8

TSIS item No.
206.67--Con.

Product: Wood shutters with adjustable louvers

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Taiwan.....	4,781	9,958	6,813	6,614
Hg Kong.....	3,285	2,316	2,479	2,544
Canada.....	212	443	2,056	2,301
China P.....	1,531	2,096	1,748	1,526
Portugl.....	267	466	992	1,043
Macao.....	45	360	750	450
Japan.....	117	85	101	135
India.....	277	106	136	123
Italy.....	62	59	34	111
France.....	17	36	121	44
FR Germ.....	4	29	23	39
Kor Rep.....	64	72	50	38
Nethlds.....	9	16	48	37
U King.....	34	94	28	29
All other total..	193	478	326	134
Total.....	10,906	16,622	15,710	15,175
GSP total....	8,579	12,887	10,277	9,847
Percent				
Taiwan.....	43.8	59.9	43.4	43.6
Hg Kong.....	30.1	13.9	15.8	16.8
Canada.....	1.9	2.7	13.1	15.2
China P.....	14.0	12.6	11.1	10.1
Portugl.....	2.5	2.8	6.3	6.9
Macao.....	0.4	2.2	4.8	3.0
Japan.....	1.1	0.5	0.6	0.9
India.....	2.5	0.6	0.9	0.8
Italy.....	0.6	0.4	0.2	0.7
France.....	0.2	0.2	0.8	0.3
FR Germ.....	0.0	0.2	0.1	0.3
Kor Rep.....	0.6	0.4	0.3	0.3
Nethlds.....	0.1	0.1	0.3	0.2
U King.....	0.3	0.6	0.2	0.2
All other total..	1.8	2.9	2.1	0.9
Total.....	100.0	100.0	100.0	100.0
GSP total....	78.7	77.5	65.4	64.9

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

Product: Wood shutters with adjustable louvers

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985,
and 1986 1/

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	130	29	57	43
Dom. Rep.....				26
Bermuda.....	11	23	1	16
Bahamas.....	17	6	7	11
U. King.....	7	6	13	7
Mexico.....	16	1	1	7
France.....		7	2/	6
Trinid.....	1			6
FR Germ.....	37	9	2	4
Japan.....	15	1	5	4
Taiwan				2
Norway.....			1	2
N. Antil.....	4	1		2
Iceland.....		2/	2/	1
All other total..	159	39	66	6
Total.....	398	122	154	143
GSP total....	140	52	41	75

Percent				
Canada.....	32.7	23.6	37.4	29.6
Dom. Rep.....	0.0	0.0	0.0	18.1
Bermuda.....	2.7	18.4	0.8	11.2
Bahamas.....	4.3	5.0	4.8	7.5
U. King.....	1.7	5.0	8.2	4.8
Mexico.....	4.1	0.9	0.4	4.6
France.....	0.0	6.0	0.3	4.2
Trinid.....	0.2	0.0	0.0	4.2
FR Germ.....	9.2	7.6	1.4	3.1
Japan.....	3.8	0.5	2.9	2.9
Taiwan	0.0	0.0	0.0	1.7
Norway.....	0.1	0.0	0.6	1.6
N. Antil.....	1.0	0.6	0.0	1.2
Iceland.....	0.0	0.3	0.2	0.9
All other total..	40.1	32.2	43.0	4.4
Total.....	100.0	100.0	100.0	100.0
GSP total....	35.1	42.5	26.8	52.1

Source: Compiled from official statistics of the U.S. Department of Commerce
 1/ Allocated on the basis of 20 percent of Schedule B No. 206.66.
 2/ Less than 500 dollars.

TSUS item No.
309.20 1/2/

Strips of Manmade Fibers, Often Known as Artificial
Straw or Yarns, not Laminated

I. Introduction

Col. 1 rate of duty: 5¢ per lb. (309.20) (1986 AVE 5.9%)
6.6% ad val. (309.21)

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP:

Country graduation:

Competitive-need-limit waiver

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: Manmade-fiber strips are defined in the TSUS as strips in continuous form (i.e., over 30 inches in length), "whether or not folded lengthwise, twisted, or crimped, which in unfolded, untwisted, and uncrimped condition are over 0.06 inch, but not over one inch in width and are not over 0.01 inch in thickness." These strips, also referred to as artificial straw or yarn, have a twist and are often similar in appearance to decorative cord or string. In many instances, the strips are put up on a roll and used as a sealant around the threaded end of a pipe. These strips have many practical applications for household, agricultural, industrial, and maritime uses, when tying, sealing, reinforcement, stability, fastening, or other needs are required.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>
Total U.S. employment (thousand employees).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>
U.S. shipments (thousand dollars).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>
U.S. exports (thousand dollars).....	6,907	5,458	13,946	12,960	88
U.S. imports (thousand dollars).....	1,539	4,258	6,452	7,062	359
U.S. consumption (thousand dollars).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>
Import to consumption ratio (percent).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	-
Capacity utilization (nearest 10 percent).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	-

1/ Strips of manmade fibers are classified in the HS under item 3920.20.00, which has already been designated for GSP eligibility. Therefore, probable effects advice for this HS item will not be provided in a separate digest.

2/ This digest includes TSUS items 309.20 and 309.21.

3/ Not available.

TSUS item No.
309.20 1/—Con.

Comment: There are many domestic producers of manmade-fiber yarns that manufacture or have the ability and technology to produce strips of manmade fibers. Generally, these strips account for a small segment of their overall output, particularly in comparison to the amount of manmade fiber yarns produced and used for other textile purposes. Although a large capital investment is required to produce the strips, these items are not considered "high tech." In addition, since there is no product distinction, there is no brand loyalty or preference among consumers. Price and availability are the primary factors considered when purchasing the strips, with the imported and domestic products being of comparable quality.

Although data are not available, trade sources indicated that U.S. consumption and producers' shipments have increased since 1981. This is probably a result of domestic manufacturers seeking additional markets for their output, such as in the industrial or agricultural sectors, which are not faced with as much import competition as their primary market—apparel. Although data are not available, the import-to-consumption ratio has probably remained fairly constant. The value of total imports increased by more than four fold from \$1.5 million in 1981 to \$7.1 million in 1986. A large part of the increase since 1981 was GSP eligible countries. the value of imports for GSP countries increased from \$37,000 in 1981 to \$1.2 million in 1986.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
<u>Quantity (pounds)</u>				
Total.....	2,295,312	100	-	2/
Imports from GSP countries:				
Total.....	476,614	21	100	2/
Singapore.....	168,959	7	35	2/
Taiwan.....	261,107	11	6	2/
Thailand.....	16,755	3/	4	2/
Mexico.....	1,742	3/	3/	2/
<u>Value (thousands)</u>				
Total.....	7,062	100	-	2/
Imports from GSP countries:				
Total.....	1,228	17	100	2/
Singapore.....	800	11	65	2/
Taiwan.....	396	6	32	2/
Thailand.....	13	3/	1	2/
Mexico.....	3	3/	3/	2/

1/ This digest includes TSUS items 309.20 and 309.21.

2/ Not available.

3/ Less than 0.5 percent.

Note.—The countries shown in the table include the top four GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliersCompetitiveness of Singapore for all digest productsRanking as a U.S. import supplier, 1986..... 7

Price sensitivity:

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 Price sensitivity of import supply..... High X Moderate Low Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

Quality compared with:

U.S. products..... Above Equivalent X Below Other foreign products..... Above Equivalent X Below Competitiveness of Taiwan for all digest productsRanking as a U.S. import supplier, 1986..... 9

Price sensitivity:

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 Price sensitivity of import supply..... High X Moderate Low Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No Price sensitivity of U.S. demand..... 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

TSUS item No.
309.20 1/—Con.

V. Position of interested parties

Petitioner.—Cordelerias Filamentas y Costales, S.A. de C.V. (COFICSA) located in Veracruz, Mexico, believes that GSP status would make it price competitive in the U.S. market. As a result, they would be able to increase production and employment while earning more foreign capital exchange. Its product is made entirely of raw materials imported from the United States.

Opposition.—Certain U.S. cordage manufacturers—Blue Mountain Industries, Blue Mountain, AL, Bridon Cordage Inc., Albert Lea, MN, and Shuford Mills, Inc., Hickory, NC—are represented by counsel of Taft, Stettinius & Hollister, Washington, D.C., and are in opposition to the removal of duties for items under TSUS items 309.20 and 309.21 from Mexico. They are of the opinion that: (1) the description in the petition does not cover items to which such a removal would grant duty-free treatment; (2) items classified under TSUS 309.20 and 309.21 may be ineligible for such consideration, due to possible noncompliance with the eligibility requirements of the Trade Act of 1974; and (3) efficiently operated domestic producers of like and directly competitive articles would be negatively economically impacted by any such grant without any corresponding benefits to Congressionally intended parties.

1/ This digest includes TSUS items 309.20 and 309.21.

[Probable economic effects advice deleted]

Product: Strips of manmade fibers, not laminated

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (Pounds)				
Ireland.....			132,938	428,107
U King.....		522,432	385,542	107,514
Taiwan	28,677	13,179	94,616	100,265
Nethlds.....	2,416			34,233
Israel.....				28,051
FR Germ.....		15,915	56,886	20,465
Austral.....			942	17,626
Thailnd.....			36,156	16,755
China P.....		8,813	3,636	2,952
Canada.....	1,764		8,735	430
Sweden.....		9,647	619	
Japan.....			40,826	
Hg Kong.....			675	
All other total..				
Total.....	32,857	569,986	761,571	756,398
GSP total....	28,677	13,179	131,447	145,071
Percent				
Ireland.....	0.0	0.0	17.5	56.6
U King.....	0.0	91.7	50.6	14.2
Taiwan	87.3	2.3	12.4	13.3
Nethlds.....	7.4	0.0	0.0	4.5
Israel.....	0.0	0.0	0.0	3.7
FR Germ.....	0.0	2.8	7.5	2.7
Austral.....	0.0	0.0	0.1	2.3
Thailnd.....	0.0	0.0	4.7	2.2
China P.....	0.0	1.5	0.5	0.4
Canada.....	5.4	0.0	1.1	0.1
Sweden.....	0.0	1.7	0.1	0.0
Japan.....	0.0	0.0	5.4	0.0
Hg Kong.....	0.0	0.0	0.1	0.0
All other total..	0.0	0.0	0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	87.3	2.3	17.3	19.2

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

1/ This digest includes TSUS items 309.20 and 309.21.

Product: Strips of manmade fibers, not laminated

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Ireland.....			107	387
U King.....		362	341	96
Taiwan.....	23	9	71	73
Nethlds.....	3			33
Israel.....				17
FR Germ.....		14	46	16
Thailnd.....			27	12
Austral.....				6
China P.....		4	2	1
Canada.....	1		3	
Sweden.....		5		
Japan.....			22	
All other total..				
Total.....	28	396	624	646
GSP total....	23	9	99	103

Percent				
Ireland.....	0.0	0.0	17.2	60.0
U King.....	0.0	91.4	54.8	15.0
Taiwan.....	82.9	2.4	11.4	11.3
Nethlds.....	13.1	0.0	0.0	5.2
Israel.....	0.0	0.0	0.0	2.7
FR Germ.....	0.0	3.7	7.4	2.6
Thailnd.....	0.0	0.0	4.4	2.0
Austral.....	0.0	0.0	0.1	1.0
China P.....	0.0	1.1	0.4	0.2
Canada.....	4.1	0.0	0.6	0.1
Sweden.....	0.0	1.4	0.1	0.0
Japan.....	0.0	0.0	3.6	0.0
All other total..	0.0	0.0	0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	82.9	2.4	15.9	16.0

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

1/ This digest includes TSUS items 309.20 and 309.21.

Product: Strips of manmade fibers, not laminated

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (Pounds)				
Denmark.....			60,290	212,969
U King.....	45,904	68,059	79,423	178,297
Singapr.....			71,927	168,959
Taiwan	3,500	9,724	34,162	160,842
Sweden.....	1,214	69,290	126,533	156,797
Austral.....			117,792	142,542
Italy.....	4,322	916	148,567	117,866
FR Germ.....	49,934	142,723	127,166	116,846
France.....	10,132	2,229	70,964	108,544
Japan.....	89,706	46,374	168,645	104,456
Ireland.....	72	15,757		39,168
Canada.....	673	15,689	60,051	29,243
Mexico.....			88,503	1,742
Belgium.....			1,198	529
All other total..	8,534	169,035	13,063	114
Total.....	213,991	539,796	1,168,284	1,538,914
GSP total....	5,725	10,204	205,319	331,543
Percent				
Denmark.....	0.0	0.0	5.2	13.8
U King.....	21.5	12.6	6.8	11.6
Singapr.....	0.0	0.0	6.2	11.0
Taiwan	1.6	1.8	2.9	10.5
Sweden.....	0.6	12.8	10.8	10.2
Austral.....	0.0	0.0	10.1	9.3
Italy.....	2.0	0.2	12.7	7.7
FR Germ.....	23.3	26.4	10.9	7.6
France.....	4.7	0.4	6.1	7.1
Japan.....	41.9	8.6	14.4	6.8
Ireland.....	0.0	2.9	0.0	2.5
Canada.....	0.3	2.9	5.1	1.9
Mexico.....	0.0	0.0	7.6	0.1
Belgium.....	0.0	0.0	0.1	0.0
All other total..	4.0	31.3	1.1	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	2.7	1.9	17.6	21.5

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

1/ This digest includes TSUS item 309.20 and 309.21.

TS number: 30921

TSUS item No.
309.20 1/--Con.

Product: Strips of manmade fibers, not laminated

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Japan.....	300	358	1,476	1,269
FR Germ.....	578	1,402	966	990
Singapr.....			396	799
France.....	77	13	706	751
Italy.....	10	18	793	606
Denmark.....			118	523
Sweden.....	5	308	262	404
U King.....	484	668	403	323
Taiwan.....	4	12	127	323
Austral.....			228	289
Canada.....	3	62	192	88
Ireland.....		118		39
Mexico.....			104	2
Belgium.....			2	1
All other total..	45	898	47	1
Total.....	1,511	3,861	5,827	6,415
GSP total....	14	13	669	1,125
Percent				
Japan.....	19.9	9.3	25.3	19.8
FR Germ.....	38.3	36.3	16.6	15.4
Singapr.....	0.0	0.0	6.8	12.5
France.....	5.1	0.3	12.1	11.7
Italy.....	0.7	0.5	13.6	9.5
Denmark.....	0.0	0.0	2.0	8.2
Sweden.....	0.4	8.0	4.5	6.3
U King.....	32.1	17.3	6.9	5.0
Taiwan.....	0.3	0.3	2.2	5.0
Austral.....	0.0	0.0	3.9	4.5
Canada.....	0.2	1.6	3.3	1.4
Ireland.....	0.1	3.1	0.0	0.6
Mexico.....	0.0	0.0	1.8	0.0
Belgium.....	0.0	0.0	0.0	0.0
All other total..	3.0	23.3	0.8	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	0.9	0.4	11.5	17.5

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

1/ This digest includes TSUS items 309.20 and 309.21.

Product: NYLON STRIPS, CONTINUOUS

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1

Source	1981	1983	1985	1986
Quantity (Pounds)				
Phil.R.....	12,446	1,894	687,104	806,891
Canada.....	1,795,683	1,112,072	630,052	633,743
FR Germ.....	217,288	12,412	167,142	503,843
Japan.....	69,648	140,280	576,000	368,462
Cocos I.....	490,252	824,740	424,984	366,288
Cook Is.....	986	241,399	382,450	316,218
C Rica.....	12,677	1,645	18,551	289,314
Spain.....	750,054	123,345	450,892	189,076
Mexico.....	716,599	10,625	158,876	182,907
Venez.....	53,997	14,099	44,587	62,009
Italy.....	2,076	8,311	71,314	51,837
France.....	29,391	15,520	82,005	25,737
Brazil.....	547			19,844
Hg Kong.....	5,811	894	5,783	18,214
All other total..	743,948	774,381	542,709	122,171
Total.....	4,901,403	3,281,617	4,242,449	3,956,554
GSP total....	1,836,291	1,246,208	1,910,182	2,149,865

Percent				
Phil.R.....	0.3	0.1	16.2	20.4
Canada.....	36.6	33.9	14.9	16.0
FR Germ.....	4.4	0.4	3.9	12.7
Japan.....	1.4	4.3	13.6	9.3
Cocos I.....	10.0	25.1	10.0	9.3
Cook Is.....	0.0	7.4	9.0	8.0
C Rica.....	0.3	0.1	0.4	7.3
Spain.....	15.3	3.8	10.6	4.8
Mexico.....	14.6	0.3	3.7	4.6
Venez.....	1.1	0.4	1.1	1.6
Italy.....	0.0	0.3	1.7	1.3
France.....	0.6	0.5	1.9	0.7
Brazil.....	0.0	0.0	0.0	0.5
Hg Kong.....	0.1	0.0	0.1	0.5
All other total..	15.2	23.6	12.8	3.1
Total.....	100.0	100.0	100.0	100.0
GSP total....	37.5	38.0	45.0	54.3

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

1/ This digest includes TSUS items 309.20 and 309.21.

2/ These Schedule B item numbers were allocated 100 percent to this digest.

Product: NYLON STRIPS, CONTINUOUS

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Phil.R.....	47	9	6,465	7,619
Canada.....	2,182	1,326	1,090	1,044
FR Germ.....	493	161	604	864
Japan.....	173	262	1,168	573
Cocos I.....	606	1,147	626	561
Cook Is.....	4	365	572	453
Mexico.....	1,196	40	605	341
Spain.....	387	171	900	254
U King.....	186	403	211	220
C Rica.....	20	7	33	166
Venez.....	143	27	63	135
Italy.....	20	66	185	128
France.....	183	269	183	106
Hg Kong.....	35	6	108	54
All other total..	1,226	1,189	1,126	434
Total.....	6,907	5,458	13,946	12,960
GSP total....	2,954	2,061	9,071	9,699
Percent				
Phil.R.....	0.7	0.2	46.4	58.8
Canada.....	31.6	24.3	7.8	8.1
FR Germ.....	7.1	3.0	4.3	6.7
Japan.....	2.5	4.8	8.4	4.4
Cocos I.....	8.8	21.0	4.5	4.3
Cook Is.....	0.1	6.7	4.1	3.5
Mexico.....	17.3	0.7	4.3	2.6
Spain.....	5.6	3.1	6.5	2.0
U King.....	2.7	7.4	1.5	1.7
C Rica.....	0.3	0.1	0.2	1.3
Venez.....	2.1	0.5	0.5	1.0
Italy.....	0.3	1.2	1.3	1.0
France.....	2.7	4.9	1.3	0.8
Hg Kong.....	0.5	0.1	0.8	0.4
All other total..	17.8	21.8	8.1	3.4
Total.....	100.0	100.0	100.0	100.0
GSP total....	42.8	37.8	65.0	74.8

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

1/ This digest includes TSUS items 309.20 and 309.21.2/ These Schedule B item numbers were allocated 100 percent to this digest.

TSUSA item No.
370.8405 1/ 2/

Silk Handkerchiefs

I. Introduction

Col. 1 rate of duty: 7.5%

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP:

Country graduation:

Competitive-need-limit waiver

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No .

Description and uses: The silk handkerchiefs under consideration for GSP treatment are not ornamented and contain 70 percent or more by weight of silk. These handkerchiefs, which are currently exempt from U.S. import quotas, are classified in the TSUSA under item 370.8405 (hemmed) and item 370.8450 (not hemmed).

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	2	2	2	2	-
Total U.S. employment (thousand employees).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	-
U.S. shipments (thousand dollars).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	[***]	-
U.S. exports (thousand dollars).....	<u>4/</u>	<u>4/</u>	<u>4/</u>	<u>4/</u>	-
U.S. imports (thousand dollars).....	2,282	1,804	3,714	4,640	103
U.S. consumption (thousand dollars).....	<u>5/</u>	<u>5/</u>	<u>5/</u>	[***]	-
Import to consumption ratio (percent).....	<u>5/</u>	<u>5/</u>	<u>5/</u>	[***]	
Capacity utilization (nearest 10 percent).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 6213.10.00.

2/ This digest includes TSUSA item Nos. 370.8405 and 370.8450.

3/ Not available.

4/ Data on exports are not available but are believed to be nil.

5/ Although data are not available on U.S. consumption, it is believed that consumption is supplied almost entirely by imports.

TSUSA item No.
370.8405 1/—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (1,000 dozen)				
Total.....	307	100	-	2/
Imports from GSP countries:				
Total.....	66	21	100	2/
Hong Kong.....	38	12	58	2/
India.....	27	9	41	2/
Value (thousands)				
Total.....	4,640		100	[***]
Imports from GSP countries:				
Total.....	458	10	100	[***]
Hong Kong.....	350	8	76	[***]
India.....	95	2	21	[***]

Note.—The countries shown in the table include the top two GSP suppliers in 1986.

Comment.—U.S. consumption of silk handkerchiefs is supplied almost entirely by imports. Silk handkerchiefs are known to be produced domestically by only two firms, one located in California and the other in Illinois. The firm in California indicated that its production of silk handkerchiefs totaled about [***] in 1981 and [***] in 1986. The handkerchiefs accounted for [***] percent of its 1986 sales, which consisted largely of men's and women's neckwear (i.e., scarves, bow ties, and neckties). The producer in Illinois stated that it produces about [***] dozen silk handkerchiefs a year, but that none of them are sold at retail. Instead, the handkerchiefs are made on contract for companies, such as a major auto manufacturer, whose corporate emblem or logo is imprinted on the handkerchiefs.

Silk handkerchiefs are used almost exclusively for adornment, whereas cotton and manmade-fiber handkerchiefs are used for both functional and decorative purposes. There are significant price differences between them, with the imported silk handkerchiefs being valued at about \$15 per dozen (f.o.b.) and the imported cotton and manmade-fiber handkerchiefs valued at about \$2 per dozen. According to several domestic producers, the wholesale price of cotton and manmade-fiber handkerchiefs produced domestically is about \$3 per dozen.

1/ This digest includes TSUSA item Nos. 370.8405 and 370.8450.

2/ Not available; however, imports are believed to account for almost all of U.S. consumption.

TSUSA item No.
370.8405 1/--Con.

Imports of the silk handkerchiefs under consideration for the GSP are estimated to have doubled during 1981-86 to \$4.6 million in 1986. The growth reflected the trend in fashion to the dressy look. In addition, industry sources indicated that demand for silk handkerchiefs has been stimulated by the growing use of such handkerchiefs by persons appearing on television.

Unlike most apparel imports, which come primarily from developing countries, most of the imports of silk handkerchiefs come from developed countries. About 65 percent of the total value of imports in 1986 came from Italy; another 15 percent of the total came from Portugal, the United Kingdom, Japan, and France. The competitive strengths of these countries are based on the quality and perceived fashion leadership of their products in the U.S. market. Only 10 percent of the imports in 1986 came from GSP-eligible countries, with Hong Kong and India accounting for almost all the imports. Hong Kong only recently entered the market as part of an overall effort to expand its shipments of textile products, such as these silk handkerchiefs, which are not covered by U.S. import quota. There were no imports from the petitioning country, Thailand, during 1981-86.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Hong Kong for all digest products

Ranking as a U.S. import supplier, 1986..... 3

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

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

Price sensitivity of U.S. demand..... High Moderate X Low

Price level compared with:

U.S. products 2/..... Above Equivalent Below

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

Quality compared with:

U.S. products 2/..... Above Equivalent Below

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

1/ This digest includes TSUSA item Nos. 370.8405 and 370.8450.

2/ Because U.S. production is relatively insignificant, it is difficult to make such a comparison.

TSUSA item No.
370.8405 1/—Con.

Competitiveness of India for all digest products

Ranking as a U.S. import supplier, 1986..... 7

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

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

Price sensitivity of U.S. demand..... High Moderate X Low

Price level compared with:

U.S. products 2/..... Above Equivalent Below

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

Quality compared with:

U.S. products 2/..... Above Equivalent Below

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

1/ This digest includes TSUSA item Nos. 370.8405 and 370.8450.

2/ Because U.S. production is relatively insignificant, it is difficult to make such a comparison.

TSUSA item No.
370.8405 1/—Con.

V. Position of interested parties

Petitioner.—The Government of Thailand, the petitioner, indicated that GSP treatment on silk handkerchiefs would enable its country's product to compete in the U.S. market; imports from Thailand have been nil since at least 1981. It estimated that, if GSP treatment were granted, Thailand's production of silk handkerchiefs would increase by 1 percent and employment would increase by 7 percent. In addition, it would enable the Government to provide income to 500,000 silkworm farmers. In 1986, 12 companies in Thailand produced a total of 6,200 silk handkerchiefs, priced at \$6 per dozen. The 12 companies employed a total of 2,800 workers in 1986.

1/ This digest includes TSUSA item Nos. 370.8405 and 370.8450.

[Probable economic effects advice deleted]

Product:

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (dozens)				
Italy.....	16,468	21,640	94,139	156,999
Hong Kong.....	0	58	22,814	37,475
Portugal.....	40,294	28,684	40,882	17,081
China.....	29,295	37,331	34,037	30,364
Japan.....	27,751	7,935	8,398	6,966
United Kingdom...	3,152	2,293	2,500	2,482
France.....	556	1,372	482	1,117
India.....	8,746	5,693	8,239	17,860
Canada.....	19	6	13	3,575
Ivy Coast.....	0	0	3,558	2,820
S. Korea.....	0	769	1,542	1,301
Spain.....	126	751	44	132
All other total..	171	39	4,108	2,179
Total.....	126,578	106,571	220,756	280,351
GSP total....	8,746	6,535	33,953	56,644

Percent				
Italy.....	13.0	20.4	42.6	56.8
Hong Kong.....	0.0	0.0	10.4	13.3
Portugal.....	31.8	26.9	18.5	6.0
China.....	23.2	35.0	15.5	10.0
Japan.....	21.9	7.4	3.8	2.4
United Kingdom....	2.5	2.2	1.2	0.8
France.....	0.4	1.3	0.2	0.3
India.....	6.9	5.4	3.8	6.3
Canada.....	0.0	0.0	0.0	1.2
Ivy Coast.....	0.0	0.0	1.6	1.0
S. Korea.....	0.0	0.7	0.6	0.4
Spain.....	0.0	0.7	0.0	0.0
All other total..	0.1	0.0	1.8	0.7
Total.....	100.0	100.0	100.0	100.0
GSP total....	6.9	6.1	15.4	20.2

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

1/ This digest includes TSUSA item Nos. 370.8405 and 370.8450.

[Probable economic effects advice deleted]

Product:

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Italy.....	347	455	1,781	2,872
Hong Kong.....	0	1	238	347
Portugal.....	769	591	756	297
China.....	315	389	344	282
Japan.....	579	102	147	165
United Kingdom...	112	70	116	125
France.....	15	28	38	86
India.....	51	28	28	57
Canada.....	1	0	1	32
Ivy Coast.....	0	0	30	23
S. Korea.....	0	9	10	12
Spain.....	7	15	3	7
All other total..	4	1	33	26
Total.....	2,199	1,689	3,525	4,331
GSP total....	51	40	288	417

Percent				
Italy.....	15.8	26.9	50.5	66.3
Hong Kong.....	0.0	0.0	6.8	8.0
Portugal.....	35.0	35.0	21.4	6.9
China.....	14.3	23.0	9.7	6.5
Japan.....	26.3	6.0	4.2	3.8
United Kingdom....	5.1	4.1	3.3	2.9
France.....	0.7	1.8	1.1	2.0
India.....	2.3	1.8	0.8	1.3
Canada.....	0.0	0.0	0.0	0.7
Ivy Coast.....	0.0	0.0	0.9	0.5
S. Korea.....	0.0	0.5	0.3	0.3
Spain.....	0.3	0.9	0.1	0.2
All other total..	0.2	0.0	0.9	0.6
Total.....	100.0	100.0	100.0	100.0
GSP total....	2.3	2.4	8.2	9.6

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

1/ This digest includes TSUSA item Nos. 370.8405 and 370.8450.

Product:**U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986**

Source	1981	1983	1985	1986
Quantity (dozen)				
Italy.....	1,162	2,436	5,536	5,192
China.....	0	1,986	4,935	10,427
India.....	812	2,341	1,114	8,728
United Kingdom...	56	60	363	1,071
Japan.....	355	225	236	610
All other total..	1,357	1,109	1,011	434
Total.....	3,742	8,157	13,195	26,462
GSP total....	1,145	2,355	1,362	9,009
Percent				
Italy.....	31.1	29.9	42.0	19.6
China.....	0.0	24.3	37.4	39.4
India.....	21.7	28.7	8.4	33.0
United Kingdom...	1.5	0.7	2.8	4.0
Japan.....	9.4	2.8	1.8	2.4
All other total..	36.3	13.6	7.6	1.6
Total.....	100.0	100.0	100.0	100.0
GSP total....	30.6	28.9	10.3	34.0

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

1/ This digest includes TSUSA item Nos. 370.8405 and 370.8450.

Products:**U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986**

Source	1981	1983	1985	1986
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Value (\$1,000)				
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Italy.....	27	59	99	153
China.....	0	16	46	97
India.....	4	11	5	38
United Kingdom...	4	4	19	8
Japan.....	6	4	4	8
All other total..	42	21	16	5

Total.....	83	115	189	309
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GSP total....	15	11	7	41
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Percent				
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Italy.....	32.5	51.3	52.4	49.5
China.....	0.0	13.8	24.3	31.4
India.....	4.8	9.6	2.6	12.3
United Kingdom...	4.6	3.5	10.1	2.6
Japan.....	7.2	3.5	2.1	2.6
All other total..	50.6	18.3	8.5	1.6

Total.....	100.0	100.0	100.0	100.0
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GSP total....	18.1	9.6	3.7	13.3
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Source: Compiled from official statistics of the U.S. Department of Commerce

1/ This digest includes TSUSA item Nos. 370.8405 and 370.8450.

Silk Scarves

I. Introduction

Col. 1 rate of duty: 5.8% (372.5005)
8% (372.5505)

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP:

Country graduation:

Competitive-need-limit waiver

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: The products covered here are scarves, shawls, mufflers, and mantillas that contain 70 percent or more by weight of silk (hereinafter "scarves").

The scarves are classified under TSUSA item 372.5005 (knit) and item 372.5505 (certain woven silk scarves, valued not over \$5 per dozen).

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>4/</u> *30	-
Total U.S. employment (thousand employees).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	-
U.S. shipments (thousand dollars).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>5/</u>	-
U.S. exports (thousand dollars).....	<u>6/</u>	<u>6/</u>	<u>6/</u>	<u>6/</u>	-
U.S. imports (thousand dollars).....	31	86	171	223	619
U.S. consumption (thousand dollars).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	-
Import to consumption ratio (percent).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	-
Capacity utilization (nearest 10 percent).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	-

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item Nos. 6117.10.30 (pt.) and 6214.10.00.

2/ This digest includes TSUSA item Nos. 372.5005 and 372.5505.

3/ Not available.

4/ Represents an estimate of the staff of the U.S. International Trade Commission of the total number of producers of silk scarves, including those covered in this digest.

5/ Although data are not available, U.S. shipments of the scarves covered here are believed to account for a relatively insignificant share of the estimated \$4.9 million in shipments of all silk scarves in 1986.

6/ Data on U.S. exports are not available; however, exports are believed to be relatively insignificant. Thus, an export table will not be provided for this digest.

TSUSA item No.
372.5005 1/—Con.

Comment: Data are not available on U.S. producers' shipments or consumption of knit silk scarves or the low-valued woven silk scarves covered in this digest. However, these scarves are believed to account for a relatively insignificant share of the estimated \$4.9 million in U.S. producers' shipments of all silk scarves in 1986. U.S. imports of the scarves covered here are estimated to have increased by 619 percent during 1981-86 to \$223,000 in 1986. They accounted for less than 1 percent of the estimated \$34 million in total imports of silk scarves in 1986.

An estimated 30 firms produce silk scarves in the United States; however, it is unknown how many of the firms produce knit silk scarves or the low-valued woven silk scarves. Silk scarves account for approximately 10 percent of the industry's total production of scarves, which consists mostly of manmade-fiber scarves. Industry sources noted that U.S. producers use imported silk fabric to make the scarves because such fabric—having an average weight of 10 ounces per square yard—is not usually manufactured domestically. They indicated that it takes about 6 to 9 months to receive the fabric from the date it was ordered.

Three-fourths of U.S. imports of silk scarves during 1981-86 were supplied by Italy, China, and France. The importance of Italy and France is attributed to their quality and perceived fashion leadership in these products. China is the world's largest source of raw silk and has been stepping up its efforts to ship more items that are exempt from U.S. import restrictions. Imports from GSP-eligible countries in 1986 totaled only \$25,000, representing 11 percent of total imports. The bulk of these imports came from India. Imports from the petitioning country, Thailand, were negligible during 1981-86. According to an industry source, Thailand's silk scarves are made of a fabric which is too stiff and heavy to drape properly and which is more suitable for making apparel such as dresses.

1/ This digest includes TSUSA item Nos. 372.5005 and 372.5505.

TSUSA item No.
372.5005 1/--Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousands)				
Total.....	223	100	-	2/
Imports from GSP countries:				
Total.....	25	11	100	2/
India.....	22	10	88	2/
Taiwan.....	2	1	8	2/

IV. Competitiveness profiles, GSP suppliers

Competitiveness of India for all digest products

Ranking as a U.S. import supplier, 1986..... 4

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

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

Price sensitivity of U.S. demand..... High Moderate X Low

Price level compared with:

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

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

Quality compared with:

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

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

1/ This digest includes TSUSA item Nos. 372.5005 and 372.5505.

2/ Not available.

TSUSA item No.
372.5005 1/—Con.

V. Position of interested parties

Petitioner.—The Government of Thailand, the petitioner, indicated that GSP treatment would enable Thailand to better compete in the U.S. market. Thailand had 13 companies, employing a total of 1,000 workers, manufacturing a total of 42,000 scarves in 1986.

1/ This digest includes TSUSA item Nos. 372.5005 and 372.5505.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

Products: Shawls, scarves, mufflers, mantillas, vests

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

SOURCE	1981	1983	1985	1986
Value (1,000 dollars)				
Italy-----	7	17	59	93
France-----	5	10	22	45
China-----	1	13	35	35
Japan-----	1	1	3	7
U. Kingdom-----	4	12	23	6
Switzerland-----	9	1	2/	5
India-----	0	5	1	3
All other total..	4	27	20	8
Total.....	31	86	163	202
GSP total....	2	5	1	6

Percent				
Italy-----	22.7	19.7	36.2	46.0
France-----	16.1	11.6	13.5	22.2
China-----	3.2	15.1	21.5	17.3
Japan-----	3.2	1.2	1.8	3.5
U. Kingdom-----	12.9	14.0	14.2	3.0
Switzerland-----	29.0	1.2	0.0	2.5
India-----	0.0	5.8	0.6	1.5
All other total..	12.9	31.4	11.6	4.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	6.4	5.8	0.6	3.0

1/ This digest includes TSUSA item Nos. 372.5005 and 372.5505.

2/ Less than \$500.

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

TS number: 3725505

8

TSUSA item No.
372.5005 1/--Con.

Product: Shawls, scarves, mufflers, mantillas, vests

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

SOURCE	1981	1983	1985	1986
Value (1,000 dollars)				
India.....	0	0	2	19
All other total..	0	0	6	2
Total.....	0	0	8	21
GSP total....	0	0	2	19
Percent				
India.....	0.0	0.0	25.0	90.5
All other total..	0.0	0.0	75.0	9.5
Total.....	0.0	0.0	100.0	100.0
GSP total....	0.0	0.0	25.0	90.5

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

1/ This digest includes TSUSA item Nos. 372.5005 and 372.5505.

Plastic Pot Scourers

I. Introduction

Col. 1 rate of duty: 12.5% ad val.

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP:

Country graduation:

Competitive-need-limit waiver

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: Plastic pot scourers are used primarily in the scouring and cleaning of pots, pans, and other kitchen utensils, particularly those with teflon or plastic finishes that require the use of a less abrasive pad than the conventional steel scouring pad. Known in the industry as plastic puffs or pads, they are made of nylon or polypropylene materials and are produced on a circular knitting machine in the form of a tubular netting, which is cut into approximately 12 inch lengths. Then by hand, the knitted material is placed over a tube and then rolled off, one end being closed with a rubber band. The material is then tucked several times and the remaining end closed with another rubber band.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	*15-25	<u>2/</u>
Total U.S. employment (thousand employees).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	3/	<u>2/</u>
U.S. shipments (thousand dollars).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	*1,680	<u>2/</u>
U.S. exports (thousand dollars).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	4/	<u>2/</u>
U.S. imports (thousand dollars).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	5/ 320	<u>2/</u>
U.S. consumption (thousand dollars).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	*2,000	<u>2/</u>
Import to consumption ratio (percent).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	*16	-
Capacity utilization (nearest 10 percent).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	*70	-

1/ Plastic pot scourers are classified in the HS under item 6307.90.80, which has already been designated for GSP eligibility. Therefore, probable effects advice for this HS item will not be provided in a separate digest.

2/ Not available.

3/ Less than 250 workers.

4/ Believe to be extremely small or nil. No export table will be provided at the end of this digest.

5/ Estimated by the staff of the U.S. International Trade Commission based on information provided by industry sources. No import table will be provided at the end of this digest.

TSUS item No.
389.40 (pt.)—Con.

Comment: The domestic industry consists of 2 or 3 relatively large producers that account for more than 50 percent of the plastic pad market. The remaining 12 to 22 producers operate on a much smaller scale. Virtually every producer manufactures other types of pads or pot scourers, such as metal, sponge, or nonwoven. In addition, they also produce other related household products such as brushes or cleaning utensils.

The plastic pot scourers under consideration for the GSP generally account for a small share of total industry output. Generally, they are marketed by a manufacturer as part of a broad product line of related cleaning products and are marketed almost exclusively in grocery, hardware, and drug stores. The scouring pads are purchased primarily for household purposes and, to a much lesser degree, for commercial, institutional, and industrial purposes. Brand loyalty is not usually an important selling factor, especially because retailers usually carry only one brand of the plastic scouring pad in their store. Distribution as well as low price are key factors needed to acquire a segment of the domestic market. Therefore, product availability and convenience are key nonprice purchasing incentives.

Sales in the overall scouring pad market have been flat during the past 5 years. Although the plastic pot scourers accounted for less than 10 percent of the market, their share has increased slightly at the expense of steel scouring pads, the largest segment of the overall pad market. The increase is due primarily to greater utilization of plastic and software products, microwave ovens, and teflon products, which require a less abrasive scouring pad.

III. GSP import situation, 1986

Plastic pot scourers are classified in the TSUS under item 389.40, a "basket" category that consists of a large number of unrelated textile articles. Prior to August 1986, they were classified in another basket category (TSUS item 772.15). However, although data are not available, trade sources believe that the scouring pads represent an extremely small share of the imports in the basket provisions. In addition to Mexico, Haiti is believed to be an important supplier.

TSUS item No.
389.40 (pt.)—Con.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Mexico for all digest products

Ranking as a U.S. import supplier, 1986..... 1/

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

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

Quality compared with:

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

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

Comment: Although most foreign suppliers, including Mexico, offer this product at a lower price than domestic producers, trade sources indicated that some domestic purchasers at the wholesale level prefer buying from U.S. producers because of their more timely delivery, better service, and other related products.

TSUS item No.
389.40 (pt.)--Con.

V. Position of interested parties

Petitioner.--Filtros y Mallas Industriales, S.A. de C.V. located in Guadalupe, Mexico is of the opinion that if GSP treatment is granted, they can increase their exports and contribute more to Mexico's economic growth by increasing employment and operating at full capacity. They noted that the total number of full-time workers would increase by 70 percent the next year, while the increased production would help increase wages by 20 to 30 percent over the inflation rate. With the assistance of duty-free treatment, their sales would increase, since they could offer a better quality product at a comparable price and be more competitive in the world market.

[Probable economic effects advice deleted]

Acrylonitrile-Butadiene-Styrene (ABS) Resins

I. Introduction

Col. 1 rate of duty: 0.3¢/lb + 9.4% ad val. (1986 AVE 9.9%)

Type of action proposed (check one):

Addition of GSP:

Removal from GSP:

Country graduation: X (Korea)

Competitive-need-limit waiver

Non-eligible GSP countries: Taiwan,

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: Korea, Taiwan

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: ABS resin is a thermoplastic polymer (i.e., can be repeatedly softened by increase of temperature and hardened by decrease of temperature) made by grafting or polymerizing acrylonitrile and styrene onto dissolved polybutadiene. ABS resin is not a single material, but rather comprises a family of polymers ranging in properties from general purpose grades for lower performance applications to specialty grades used in products where high performance is paramount. The ABS resins are used in such applications as pipe, conduit, and fittings; transportation components; appliance components; and business machines, including calculators.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms) 1/..	9	5	5	4	56
Total U.S. employment (thousand employees).....	*4.2	2.8	2.9	3.3	*-21
U.S. shipments (thousand dollars).....	683,145	822,882	846,228	814,213	19
U.S. exports (thousand dollars).....	63,229	50,134	68,503	68,576	8
U.S. imports (thousand dollars).....	1,426	24,504	36,751	39,878	2,696
U.S. consumption (thousand dollars).....	621,342	797,252	814,476	785,515	26
Import to consumption ratio (percent).....	0.2	3	5	5	-
Capacity utilization (nearest 10 percent).....	*60	*70	*80	*70	-

1/ From 1983 to the present, three firms have annually accounted for virtually all of the domestic ABS resin production.

Comment: The three principal producers of ABS resins are large, multinational firms that produce and market a wide range of chemical and other manufactured goods. These firms are innovators in technology, produce a complete product line of ABS resins, and offer their customers local technical service to assist in solving any processing or production problems which occur with their resin. In many of the major applications for ABS resin, quality is important as the finished parts are components of high-performance articles (e.g., automobiles, business machines, refrigerators, computers).

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 3903.30.00.

TSUS item No.
408.72—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (1,000 lbs.)				
Total.....	67,817	100	-	6
Imports from GSP countries:				
Total.....	54,399	80	100	5
Taiwan.....	32,230	48	59	3
Korea.....	14,581	22	27	1
Brazil.....	5,958	9	11	1
Mexico.....	1,593	2	3	2/
Value (thousands)				
Total.....	\$39,877	100	-	5
Imports from GSP countries:				
Total.....	28,816	72	100	4
Taiwan.....	16,892	42	59	2
Korea.....	7,528	19	26	1
Brazil.....	3,667	9	13	0.5
Mexico.....	697	2	2	2/

1/ Taiwan lost its eligibility for duty-free treatment for TSUS item 408.72 under the GSP in 1987 as a result of exceeding the lower competitive-need limits.

2/ Less than 0.5 percent.

Note.—The countries shown in the table include the top four GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Korea for all digest products

Ranking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... High Moderate X Low

Price level compared with:

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

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

TSUS item No.
408.72—Con.

IV. Competitiveness profiles, GSP suppliers—Con.

Competitiveness of Korea for all digest products—Con.

Quality compared with:

U.S. products..... Above ☐ Equivalent ☒ Below ☐
 Other foreign products..... Above ☐ Equivalent ☒ Below ☐
 Comment: The petitioner states that the Korean ABS resin industry is strong and growing rapidly, and has proven its ability to compete in the United States and third-country markets. The petitioner further states that disproportionately large percentages of ABS resin imports from Korea have been grades directed to the pipe, sheet, and non-automotive molding markets. These are well-established ABS resin markets where technology is known, technical service requirements are small, and, the ABS resin used is more homogeneous and, therefore, tends to be more price sensitive than ABS resin grades suitable for use in automotive and business machine applications.

V. Position of interested parties

Petitioner.—Borg-Warner Chemicals, Inc., of Parkersburg, West Virginia, and Dow Chemical U.S.A., of Midland, Michigan, are U.S. producers and sellers of ABS resin covered under TSUS item 408.72.

Support.—The petitioners believe that a graduation of Korea from GSP eligibility on ABS is warranted because, as demonstrated by the Trade Policy Staff Committee's (TPSC) action in the General Review, Korea is an internationally competitive producer of ABS. ^{1/} The Korean ABS industry is strong and growing rapidly, and has proven its ability to compete in the U.S. and third-country market. Also Korean ABS resin reportedly has been a key factor in the erosion of ABS resin prices in certain U.S. markets. For these reasons, the petitioners believes that Korean ABS resin does not require GSP-free treatment to succeed in the U.S. market.

^{1/} In a statement filed in November 1985 pursuant to the TPSC's General Review of the GSP program, Borg-Warner Chemicals requested that the President seek liberalizations of certain beneficiary countries' import regimes (particularly Korea's) with respect to ABS resins and, absent attainment of such liberalizations, determine that such beneficiaries are sufficiently competitive suppliers of ABS so as to warrant the application of the program's lower competitive need limits. (Statement of Borg-Warner Chemicals, Inc., to the GSP Subcommittee of the Trade Policy Staff Committee, November 15, 1985.) As a result of the General Review, both Korea and Taiwan were found to be sufficiently competitive suppliers of ABS resins and were subjected to the lower competitive-need-limits. For additional information, see the public version of Petition for the Graduation of Korea from GSP Eligibility for Acrylonitrile-Butadiene-Styrene (ABS) Copolymers, HS. 3903.00.00, filed on June 1, 1987 by St. Maxens and Company, Washington DC before the Trade Policy Staff Committee, on behalf of the petitioners.

TSUS item No.
408.72—Con.

Opposition.—Lucky Ltd. (Lucky), a Korean manufacturer of ABS resin, opposes the graduation of Korea from GSP eligibility on ABS resin. Lucky states that imports of ABS resin from Korea are not adversely affecting ABS producers in the United States. Sales by domestic producers are reported to be at extremely high levels and prices have increased significantly in 1987. U.S. producers of ABS resin have been, and continue to be, the dominant suppliers to the U.S. market, and, as such, have grown with the growth of that market during the 1980's.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

TSUS item No.
408.72—Con.

Product: Acrylonitrile-butadiene-styrene (ABS)

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (pounds)				
Taiwan.....	441	4,881,147	20,805,054	32,229,856
Republic of Korea.....	43,991	6,671,455	8,986,440	14,581,378
Brazil.....		4,456,519	8,138,287	5,958,148
Japan.....	828,849	5,281,899	4,708,999	3,538,739
Netherlands.....	441	1,730,059	3,626,360	3,025,199
Federal Republic of Germany.....	52,063	1,265,525	2,469,276	3,013,606
Canada.....	840,027	6,512,758	4,646,932	2,478,389
Mexico.....	73,115	568,271	1,325,038	1,593,031
Belgium.....	1,004	360,591	1,067,822	842,273
Italy.....			475,642	220,750
Peoples Republic of China.....				104,845
Ireland.....			53,173	96,845
United Kingdom.....	71,414	2,470,736	159,526	87,006
Kenya.....				30,203
All other total.....	58,609	5,428,190	4,611,277	16,259
Total.....	1,969,954	39,627,150	61,073,826	67,816,527
GSP total.....	117,547	16,579,427	39,450,800	54,399,230
Percent				
Taiwan.....	0.0	12.3	34.1	47.5
Republic of Korea.....	2.2	16.8	14.7	21.5
Brazil.....	0.0	11.2	13.3	8.8
Japan.....	42.1	13.3	7.7	5.2
Federal Republic of Germany.....	0.0	4.4	5.9	4.5
Netherlands.....	2.6	3.2	4.0	4.4
Canada.....	42.6	16.4	7.6	3.7
Mexico.....	3.7	1.4	2.2	2.3
Belgium.....	0.1	0.9	1.7	1.2
Italy.....	0.0	0.0	0.8	0.3
Peoples Republic of China.....	0.0	0.0	0.0	0.2
Ireland.....	0.0	0.0	0.1	0.1
United Kingdom.....	3.6	6.2	0.3	0.1
All other total.....	3.0	13.7	7.6	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total.....	6.0	41.8	64.6	80.2

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

Product: Acrylonitrile-butadiene-styrene (ABS)

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Taiwan.....		3,211	11,578	16,892
Republic of Korea.....	26	3,748	4,634	7,528
Brazil.....		2,449	5,247	3,667
Japan.....	664	4,057	3,227	3,327
Federal Republic of Germany.....	44	582	1,864	2,618
Netherlands.....		1,216	2,382	2,449
Canada.....	519	4,238	3,476	1,786
Mexico.....	52	397	837	697
Belgium.....	1	239	529	513
Italy.....			238	126
Ireland.....			46	110
United Kingdom.....	61	1,261	55	61
Peoples Republic of China.....				59
Kenya.....				22
All other total.....	55	3,103	2,631	16
Total.....	1,425	24,504	36,750	39,877
GSP total.....	78	9,807	22,411	28,816
Percent				
Taiwan.....	0.0	13.1	31.5	42.4
Republic of Korea.....	1.9	15.3	12.6	18.9
Brazil.....	0.0	10.0	14.3	9.2
Japan.....	46.6	16.6	8.8	8.3
Federal Republic of Germany.....	3.1	2.4	5.1	6.6
Netherlands.....	0.0	5.0	6.5	6.1
Canada.....	36.5	17.3	9.5	4.5
Mexico.....	3.7	1.6	2.3	1.7
Belgium.....	0.1	1.0	1.4	1.3
Italy.....	0.0	0.0	0.6	0.3
Ireland.....	0.0	0.0	0.1	0.3
United Kingdom.....	4.3	5.1	0.2	0.2
Peoples Republic of China.....	0.0	0.0	0.0	0.1
All other total.....	3.9	12.7	7.2	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total.....	5.5	40.0	61.0	72.3

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

TSUSA item No.
408.72—Con.

SCH B No. 44422010—Con.

Product: Acrylonitrile-butadiene-styrene (ABS)

U.S. exports of domestic merchandise, by principal markets 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (Pounds)				
Peoples Republic of China.....	30,142,925	18,942,013	39,580,837	37,637,466
Taiwan.....	12,760,505	10,739,775	2,569,883	14,445,810
Hong Kong.....	15,205,767	9,708,074	11,569,520	13,139,951
Mexico.....	3,053,890	3,949,201	11,409,299	11,989,650
Canada.....	10,738,441	15,766,202	7,557,146	7,139,306
Netherlands.....	473,830	559,804	1,536,131	4,043,997
Singapore.....	383,257	823,474	1,987,247	3,956,092
Ecuador.....	3,564,052	3,534,979	4,290,855	3,892,357
Venezuela.....	1,563,190	730,846	1,925,519	3,444,282
Republic of Korea.....	673,408	3,204,742	3,482,989	2,191,670
Japan.....	430,730	376,752	1,544,170	1,251,423
Cocos I.....	4,252,614	191,826	495,483	775,813
Argentina.....	2,167,864	1,058,743	505,212	652,711
Belgium.....	209,911	721,545	2,425,335	583,959
All other total.....	10,730,348	8,631,617	5,245,745	3,375,959
Total.....	96,350,732	78,939,593	96,125,371	108,530,402
GSP total.....	52,011,107	41,657,559	42,950,587	57,253,082
Percent				
Peoples Republic of China.....	31.3	24.0	41.2	34.7
Taiwan.....	13.2	13.6	2.7	13.3
Hong Kong.....	15.8	12.3	12.0	12.1
Mexico.....	3.2	5.0	11.9	11.0
Canada.....	11.1	20.0	7.9	6.6
Singapore.....	0.5	0.7	1.6	3.7
Netherlands.....	0.4	1.0	2.1	3.6
Ecuador.....	3.7	4.5	4.5	3.6
Venezuela.....	1.6	0.9	2.0	3.2
Republic of Korea.....	0.7	4.1	3.6	2.0
Japan.....	0.4	0.5	1.6	1.2
Cocos I.....	4.4	0.2	0.5	0.7
Argentina.....	2.2	1.3	0.5	0.6
Belgium.....	0.2	0.9	2.5	3.1
All other total.....	11.1	10.9	5.5	3.1
Total.....	100.0	100.0	100.0	100.0
GSP total.....	54.0	52.8	44.7	52.8

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

TSUSA item No.
408.72—Con.

SCH B No. 44422010—Con.

Product: Acrylonitrile-butadiene-styrene (ABS)

U.S. exports of domestic merchandise, by principal markets 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Peoples Republic of China.....	17,220	10,065	23,976	18,242
Taiwan.....	11,146	6,480	10,748	12,171
Hong Kong.....	7,876	6,836	1,893	8,110
Mexico.....	1,554	2,846	7,184	7,812
Canada.....	7,325	10,586	5,710	4,816
Singapore.....	209	642	2,086	3,294
Netherlands.....	394	549	1,272	2,702
Ecuador.....	2,410	2,447	2,754	2,264
Venezuela.....	1,165	589	1,462	2,193
Republic of Korea.....	329	2,539	4,072	2,185
Japan.....	263	401	1,180	886
Cocos I.....	3,174	141	362	582
Argentina.....	1,534	762	352	557
Colombia.....	1,617	1,032	1,021	445
All other total.....	7,004	4,212	4,423	2,310
Total.....	63,228	50,134	68,502	68,576
GSP total.....	35,991	27,367	34,332	41,009
Percent				
Peoples Republic of China.....	27.2	20.1	35.0	26.6
Taiwan.....	17.6	12.9	15.7	17.7
Hong Kong.....	12.5	13.6	2.8	11.8
Mexico.....	2.5	5.7	10.5	11.4
Canada.....	11.6	21.1	8.3	7.0
Singapore.....	0.3	1.3	3.0	4.8
Netherlands.....	0.6	1.1	1.9	3.9
Ecuador.....	3.8	4.9	4.0	3.3
Venezuela.....	1.8	1.2	2.1	3.2
Republic of Korea.....	0.5	5.1	5.9	3.2
Japan.....	0.4	0.8	1.7	1.3
Cocos I.....	5.0	0.3	0.5	0.8
Argentina.....	2.4	1.5	0.5	0.8
Colombia.....	2.6	2.1	1.5	0.7
All other total.....	11.1	8.4	6.5	3.4
Total.....	100.0	100.0	100.0	100.0
GSP total.....	56.9	54.6	50.1	59.8

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

TSUSA item No.
408.72—Con.

U.S. imports for consumption under the GSP, by principal sources, 1981, 1983,
1985, and 1986

(Quantity in thousands of pounds; value in thousands of dollars;
unit value in dollars per pound)

Source	1981	1983	1985	1986
First unit quantity:				
Duty-free items under GSP provisions:				
Argentina.....	0	0	156	0
Brazil.....	0	4,282	8,138	5,838
Hong Kong.....	0	0	40	0
Israel.....	0	0	*0	0
Kenya.....	0	0	0	30
South Korea.....	44	4,231	8,986	14,581
Mexico.....	0	376	1,086	1,587
Singapore.....	0	2	0	0
Taiwan.....	0	4,844	20,189	32,108
World.....	44	13,735	38,596	54,144
Customs value				
Duty-free items under GSP provisions:				
Argentina.....	0	0	94	0
Brazil.....	0	2,336	5,248	3,580
Hong Kong.....	0	0	17	0
Israel.....	0	0	1	0
Kenya.....	0	0	0	23
South Korea.....	26	2,369	4,635	7,529
Mexico.....	0	215	611	691
Singapore.....	0	1	0	0
Taiwan.....	0	3,191	11,240	16,847
World.....	26	8,112	21,846	28,670

TSUSA item No.
408.72—Con.

U.S. imports for consumption under the GSP, by principal sources, 1981, 1983, 1985, and 1986—Con.

(Quantity in thousands of pounds; value in thousands of dollars;
unit value in dollars per pound)

Source	1981	1983	1985	1986
	Unit value			
Duty-free items under GSP provisions:				
Argentina.....	0	0	0.61	0
Brazil.....	0	0.55	0.64	0.61
Hong Kong.....	0	0	0.43	0
Israel.....	0	0	3.20	0
Kenya.....	0	0	0	0.75
South Korea.....	0.60	0.56	0.52	0.52
Mexico.....	0	0.57	0.56	0.44
Singapore.....	0	0.68	0	0
Taiwan.....	0	0.66	0.56	0.52
World.....	0.60	0.59	0.57	0.53

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

08/12/87

Annual Review of the Generalized System of Preferences (GSP)
U.S. imports for consumption under the GSP, by principal source, 1981, 1983, 1985, and 1986
Flow: Imports for consumption
TSUSA commodity: 40872--Acrylonitrile-butadiene-styren
(Quantity in thousands of pounds; value in thousands of dollars;
unit value in dollars per pound)

		Unit value in dollars per pound			
Type	Time period:	1981	1983	1985	1986
Cty subcode					
Partner					
<hr/>					
First unit of quantity					
Duty-free items under GSP provisions:					
Argentina.....	0	0	156	0	
Brazil.....	0	4,282	8,138	5,838	
Hong Kong.....	0	0	40	0	
Israel.....	0	0	0	0	
Kenya.....	0	0	0	30	
Korea, South.....	44	4,231	8,986	14,581	
Mexico.....	0	376	1,086	1,587	
Singapore.....	0	2	0	0	
Taiwan.....	0	4,844	20,189	32,108	
World.....	44	13,735	38,596	54,144	
Customs value					
Duty-free items under GSP provisions:					
Argentina.....	0	0	94	0	
Brazil.....	0	2,336	5,248	3,580	
Hong Kong.....	0	0	17	0	
Israel.....	0	0	1	0	
Kenya.....	0	0	0	23	
Korea, South.....	26	2,349	4,635	7,529	
Mexico.....	0	215	611	691	
Singapore.....	0	1	0	0	
Taiwan.....	0	3,191	11,240	16,847	
World.....	26	8,112	21,846	28,670	
Unit value					
Duty-free items under GSP provisions:					
Argentina.....	0	0	0.61	0	
Brazil.....	0	0.55	0.64	0.61	
Hong Kong.....	0	0	0.43	0	
Israel.....	0	0	3.20	0	
Kenya.....	0	0	0	0.75	
Korea, South.....	0.60	0.54	0.52	0.52	
Mexico.....	0	0.57	0.56	0.44	
Singapore.....	0	0.68	0	0	
Taiwan.....	0	0.66	0.56	0.52	
World.....	0.60	0.59	0.57	0.53	

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

Certain Inorganic Oxides, Hydroxides, and Peroxides

I. Introduction

Col. 1 rate of duty: 3.7% ad valorem

Type of action proposed (check one):

Addition of GSP: -

Removal from GSP: -

Country graduation: X (Brazil)

Competitive-need-limit waiver None

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: Because TSUSA item 423.0050 is a basket category which includes many disparate chemical products, it is impossible in a limited listing to describe the full range of these products. Probably the most commercially important chemical that is included in TSUSA 423.0050 is carbon dioxide which is used principally in food freezing and in the carbonation of beverages. Columbium oxide, the subject of the accompanying petition, is used to produce extremely pure ferrocolumbium, known as vacuum grade ferrocolumbium, and columbium metal, and alloys in aerospace applications, and in the production of super-conducting magnets. Tantalum oxide which is also imported from Brazil is principally used as a starting material in the production of tantalum carbide used to make metal cutting tools and related applications. Tantalum oxide is also used in the manufacture of optical glass and in certain proprietary applications.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms)....	1/	1/	1/	100	1/
Total U.S. employment (thousand employees)....	1/	1/	1/	**1	1/
U.S. shipments (thousand dollars).....	1/	1/	1/	**350,000	1/
U.S. exports (thousand dollars).....	2/	2/	2/	2/	2/
U.S. imports (thousand dollars).....	12,881	15,963	21,399	23,989	86
U.S. consumption (thousand dollars).....	1/	1/	1/	**350,000	1/
Import to consumption ratio (percent).....	1/	1/	1/	3/ **7	-
Capacity utilization (nearest 10 percent).....	1/	1/	1/	1/	-

1/ Not available.

2/ Export data that correspond to the products covered under TSUSA item 423.0050 are not available.

3/ About 60 percent of U.S. consumption of columbium oxide was supplied by imports.

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item 2825.90.50.

TSUSA item No.
423.0050

Comment: Because of the extremely wide range of disparate products that are covered under TSUSA item 423.0050, it is impossible to present a unified market profile for the items that are under this number. Columbium oxide, the subject of the accompanying petition and tantalum oxide, however, are essentially the only chemicals that would be affected by graduating GSP treatment for imports of articles under TSUSA Item 423.0050 from Brazil. Columbium oxide is currently produced by three domestic producers located in Oregon, Pennsylvania, and Illinois. A fourth domestic columbium oxide producer located in Missouri, has recently shut down plant operations partly because of high costs that the producer incurred as a result of meeting environmental regulations and partly because of competition from Brazilian imports. This plant may reopen in late 1987.

Most columbium oxide is produced in the United States and Western Europe as a byproduct of tantalum production. In these production processes, the columbium oxide is separated out from the primary product which is a tantalum chemical, frequently a tantalum fluoride or tantalum oxide. Most U.S. producers consider the columbium oxide to be a waste product. These producers attempt to sell the columbium oxide only to cut their losses on disposal of this product. In the process used by the petitioner and the Brazilian producers which is primarily for the recovery of columbium oxide, columbium oxide is not produced as a byproduct and tantalum and columbium are not therefore separated out. The petitioner produces columbium oxide from ferrocolumbium which is mostly imported from Brazil and is produced in Brazil from the ore concentrate pyrochlore. The Brazilian producer does not permit the export of pyrochlore on the ground that the material is radioactive; however, some U.S. producers claim that the Brazilian producer is refusing to export pyrochlore to stifle competition. In contrast to the petitioner, the columbium oxide produced by the other domestic producers of columbium oxide is not primarily derived from raw materials supplied by Brazil.

U.S. consumption of columbium oxide has been estimated to range between 1.5 and 3 million pounds per year. Although U.S. consumption of columbium oxide appears to be growing at an average rate of about 3-5 percent per year, the market is extremely cyclic. In 1986, about [***] of columbium oxide was supplied to the U.S. market by domestic producers as compared with [***] which was imported from Brazil and [***] which was imported from West Germany.

Although columbium oxide from sources other than Brazil accounted for almost 50 percent of U.S. consumption in 1986, clearly, Brazil is the price leader in the U.S. market. Principally, because of Brazilian imports, the average market price for columbium oxide declined from a high of \$27 per pound in 1979 to a little more than \$6 per pound in 1987.

According to industry sources, tantalum oxide is produced by two U.S. firms and is also imported from Brazil, West Germany, and Australia. U.S. imports of tantalum oxide from Brazil (about *** in 1986) are much smaller than U.S. imports of columbium oxide from that country and these imports are believed to have had only a limited impact on the domestic industry and on the U.S. markets for tantalum products.

TSUSA item No.
423.0050

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (thousands of pounds)				
Total.....	132,914	100	-	<u>1/</u>
Imports from GSP countries:				
Total.....	1,590	1	100	<u>1/</u>
Brazil.....	1,307	1	82	<u>1/</u>
Mexico.....	208	<u>2/</u>	13	<u>1/</u>
Hong Kong.....	47	<u>2/</u>	3	<u>1/</u>
Value (thousands of dollars)				
Total.....	23,989	100	-	7
Imports from GSP countries:				
Total.....	7,945	33	100	2
Brazil.....	7,560	32	95	2
Mexico.....	209	1	3	<u>2/</u>
Hong Kong.....	65	<u>2/</u>	1	<u>2/</u>

1/ Not available.

2/ Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Brazil for all digest products 1/

Ranking as a U.S. import supplier, 1986..... 2/ 1

Price sensitivity:

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

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

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

Price sensitivity of import supply..... High ____ Moderate X Low ____

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

Price sensitivity of U.S. demand..... High ____ Moderate X Low ____

Price level compared with:

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

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

Quality compared with:

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

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

1/ Because tantalum oxide imports from Brazil are small relative to imports of columbia oxide, this profile confines itself to an analysis of the effect of columbia oxide imports from Brazil.

2/ In terms of value.

IV. Competitiveness profiles, GSP suppliers—Con.

Comment: Because Brazil has the largest and richest reserves of columbium ore in the world (almost 80 percent of the world's supply) and has in recent years added major refining capacity for columbium products, no other producing country can even remotely compete with Brazil in being able to supply low-cost columbium raw materials and key columbium-based minerals and chemicals to the U.S. and other world markets. Brazilian production capacity for columbium oxide is already enough to meet world demand and additional production capacity may be installed. Brazilian imports to the United States, therefore, set U.S. prices for columbium oxide. Although columbium oxide produced in Brazil cannot be used in certain specialized markets because of special purity requirements, at least 90 percent of the columbium oxide consumed in the United States can use the Brazilian material. About [***] percent of the columbium oxide produced in Brazil is exported to the United States either as columbium oxide or products made from columbium oxide (very little columbium oxide is consumed in Brazil); most of the remainder goes to the U.S.S.R., Western Europe, and Japan. Because all but about [***] percent of the columbium oxide exported from Brazil is shipped to the United States and because end-use demand is relatively price insensitive, columbium oxide exports cannot be redistributed among other foreign export markets should Brazilian exports to the United States cease or decline sharply.

V. Position of interested parties

Petitioner.—According to the petitioner, Teledyne Industries, the Brazilian producer of columbium oxide and other columbium products who is dominant in the U.S. and world export markets, does not need or qualify for duty-free treatment under the GSP. According to the petitioner, because of the production cost advantages that the Brazilian producer enjoys, U.S. columbium oxide producers who are unable to compete have been forced to lay off workers and to lose an ever-growing portion of their market share to the Brazilian producer. According to the petitioner, these problems will be exacerbated in the next few years as the Brazilian producer expands its processing capabilities, thus posing a direct threat to the domestic columbium processing industry and to the national security. To ensure that U.S. processors of columbium minerals do not obtain basic raw materials, the petitioner claims that the Brazilian producer is refusing to export the mineral pyrochlore to the United States using the pretext that the material is radioactive. Ultimately, whatever remains of the domestic columbium processing industry may be acquired by the Brazilian producer, unless steps are taken to prevent further erosion of the domestic columbium processing industry.

Support.—In addition to the petitioner, two other U.S. producers support the motion to deny Brazil duty-free treatment for columbium oxide under the GSP. Although these producers have produced columbium oxide by a radically different process than the method used by the petitioner, these other producers concur with the petitioner that the domestic columbium processing industry could ultimately disappear in the face of intense competition from the Brazilian producer unless steps are taken to control the unchecked expansion of the Brazilian producer in the U.S. market.

Opposition. 1/—According to the U.S. representative of the Brazilian importer who readily concedes that Brazil is the price leader for columbium oxide and other columbium-based products, the low prices charged by Brazil in the U.S. market is a result of the natural advantages that Brazil enjoys in having the world's richest deposits of columbium-containing ores. Because of these lower costs, U.S. consumers of columbium products are able to obtain high-quality columbium metal and alloys at a reasonable price; were Brazilian columbium minerals and chemicals not available, U.S. consumers of columbium products in high-tech applications such as in jet engines would either have to look for substitutes or prices for these high-tech products would have to be raised. Accordingly, columbium oxide imported from Brazil does not represent a threat to the U.S. economy but, on the contrary, these imports are a stable source of inexpensive raw materials and downstream products to the U.S. aerospace and other high-tech industries. Moreover, the importer claims that the columbium oxide that is imported to the United States from Brazil does not compete with the columbium oxide produced by the domestic industry which is virtually all consumed internally. According to the importer, the petitioner who is the dominant supplier of columbium alloys and vacuum-grade ferrocolumbium to the United States (Brazilian exports of these products to the United States are either small or nil) is seeking to raise the cost and price of columbium oxide from Brazil so that potential competitors would find it more difficult to market upgraded columbium products in competition with the petitioner.

1/ [***].

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

TSUSA item No.
423.0050

TS number: 4230050

Product: Certain inorganic oxides, hydroxides, and peroxides

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (pounds)				
Canada.....	176,305,509	254,054,510	172,929,374	125,718,091
U King.....	164,468	716,435	3,729,271	2,711,398
Brazil.....	158,730	371,841	725,074	1,306,896
Japan.....	213,907	375,402	463,277	903,127
FR Germ.....	359,529	334,515	1,095,153	697,543
Belgium.....	245,974	333,063	506,627	477,584
Switzld.....	1,343	1,501	52,769	264,827
Mexico.....	6,614	19,233,965	211,772	208,169
Austria.....	562,682	67,590	79,176	202,886
France.....	28,032	14,490	26,118	125,081
Hungary.....	8,956	25,001	18,500	124,180
Hg Kong.....		2,205	37,478	46,623
Nethlds.....	40,013	18,912	4,887	44,108
Gaben.....				39,931
All other total..	3,501,232	100,453	495,622	63,528
Total.....	181,596,989	275,649,883	180,375,098	132,913,972
GSP total....	3,622,588	19,609,113	1,030,412	1,589,504

Percent				
Canada.....	97.1	92.2	95.9	94.6
U King.....	0.1	0.3	2.1	2.0
Brazil.....	0.1	0.1	0.4	1.0
Japan.....	0.1	0.1	0.3	0.7
FR Germ.....	0.2	0.1	0.6	0.5
Belgium.....	0.1	0.1	0.3	0.4
Switzld.....	0.0	0.0	0.0	0.2
Mexico.....	0.0	7.0	0.1	0.2
Austria.....	0.3	0.0	0.0	0.2
France.....	0.0	0.0	0.0	0.1
Hungary.....	0.0	0.0	0.0	0.1
Hg Kong.....	0.0	0.0	0.0	0.0
Nethlds.....	0.0	0.0	0.0	0.0
All other total..	1.9	0.0	0.3	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	1.9	7.1	0.6	1.2

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

TSUSA item No.
423.0050

TS number: 4230050

Product: Certain inorganic oxides, hydroxides, and peroxides

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Brazil.....	1,271	1,757	4,736	7,560
FR Germ.....	5,188	4,260	3,459	5,378
Canada.....	3,394	5,107	4,933	4,091
U King.....	223	638	2,824	2,191
Japan.....	455	931	1,394	1,877
Belgium.....	482	300	723	546
Switzld.....	228	180	215	487
Norway.....	929	200	524	482
Austria.....	349	164	192	332
Mexico.....	8	763	182	209
France.....	56	856	177	188
China P.....		422	651	177
Hungary.....	14	40	22	161
Hg Kong.....		70	26	65
All other total..	279	266	1,335	237
Total.....	12,881	15,963	21,399	23,989
GSP total....	1,308	2,594	4,996	7,945
Percent				
Brazil.....	9.9	11.0	22.1	31.5
FR Germ.....	40.3	26.7	16.2	22.4
Canada.....	26.3	32.0	23.1	17.1
U King.....	1.7	4.0	13.2	9.1
Japan.....	3.5	5.8	6.5	7.8
Belgium.....	3.7	1.9	3.4	2.3
Switzld.....	1.8	1.1	1.0	2.0
Norway.....	7.2	1.3	2.5	2.0
Austria.....	2.7	1.0	0.9	1.4
Mexico.....	0.1	4.8	0.9	0.9
France.....	0.4	5.4	0.8	0.8
China P.....	0.0	2.6	3.0	0.7
Hungary.....	0.1	0.3	0.1	0.7
Hg Kong.....	0.0	0.4	0.1	0.3
All other total..	2.2	1.7	6.2	1.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	10.2	16.3	23.3	33.1

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

TSUSA item No.
423.0050

Annual Review of the Generalized System of Preferences (GSP)
U.S. imports for consumption under the GSP, by principal source, 1981, 1983, 1985, and 1986
Flow: Imports for consumption
TSUSA commodity: 4230050—Certain Inorganic Oxides, Hydroxides, and Peroxides

(Quantity in thousands of pounds; value in thousands of dollars;
unit value in dollars per pound)

Type	Time period				
Cty subcode					
Partner	1981	1983	1985	1986	
First unit quantity:					
Duty-free items under GSP provisions:					
Brazil.....	159	370	725	1,241	
Israel.....	0	0	0	0	
Mexico.....	7	19,234	212	208	
Taiwan.....	0	1	19	20	
World.....	165	19,605	955	1,469	
Customs value					
Duty-free items under GSP provisions:					
Brazil.....	1,271	1,689	4,734	7,210	
Israel.....	0	0	6	0	
Mexico.....	8	764	182	210	
Taiwan.....	0	2	18	23	
World.....	1,280	2,455	4,940	7,443	
Unit value					
Duty-free items under GSP provisions:					
Brazil.....	8.01	4.57	6.53	5.81	
Israel.....	0	0	560.00	0	
Mexico.....	1.24	0.04	0.86	1.01	
Taiwan.....	0	1.97	0.99	1.16	
World.....	7.74	0.13	5.17	5.07	

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

Black Pepper Oleoresin

I. Introduction

Col. 1 rate of duty: 6% ad val.

Type of action proposed (check one):

Addition of GSP:

Removal from GSP: X

Country graduation:

Competitive-need-limit waiver

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: Black pepper oleoresin is a material consisting of volatile and fixed oils in combination with other plant substances extracted from the source by using organic solvents. Oleoresins are used by food processing companies in place of spices because of the ease of handling for the industrial user and other characteristics, such as longer self-life. Oleoresins account for a very small share of the cost of producing processed foods, the market that absorbs almost all oleoresin production.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms) <u>2/..</u>	<u>3/</u>	<u>3/</u>	3	3	0
Total U.S. employment (employees).....	<u>3/</u>	<u>3/</u>	10	10	0
U.S. shipments (thousand dollars).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	-
U.S. exports (thousand dollars).....	<u>4/</u>	<u>4/</u>	<u>4/</u>	<u>4/</u>	-
U.S. imports (thousand dollars).....	1,860	1,809	3,137	4,681	152
U.S. consumption (thousand dollars).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	-
Import to consumption ratio (percent).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	-
Capacity utilization (nearest 10 percent).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	-

Comment: U.S. producers of oleoresins do not produce oleoresin black pepper as a major

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for TSUS item No. 450.2015.

2/ The production of black pepper oleoresin is a batch process that is not performed on an ongoing basis at 2 of the 3 domestic producers' facilities. As such, there is only one domestic producer, the petitioner, competing continuously on a commercial scale in the domestic market.

3/ Not available.

4/ Historical data indicate that annual exports of black pepper oleoresin range from a value of about \$300,000 to \$600,00.

Comments--Cont.

product line. Additionally, the trend in production of all oleoresins has been to relocate production facilities more closely to the source of the spice. Several U.S. firms, including the petitioner, have established foreign subsidiaries (the petitioner's foreign subsidiary has since been nationalized by the host country) to produce oleoresins. The oleoresins that have been imported have, in some cases, been reported to be of superior quality to the domestic product. Purchases from foreign sources, however, do not allow for the degree of service possibly available from a domestic source. It is believed that imported oleoresins account for at least half of the oleoresins consumed domestically.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (pounds)				
Total.....	397,192	100	-	1/
Imports from GSP countries:				
Total.....	358,420	90	100	1/
India.....	190,735	48	53	1/
Singapore.....	167,685	42	47	1/
Value (thousands)				
Total.....	\$4,682	100	-	1/
Imports from GSP countries:				
Total.....	4,310	92	100	1/
India.....	2,236	48	52	1/
Singapore.....	2,074	44	48	1/

Note.—The countries shown in the table include the top two GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliersCompetitiveness of India for all digest products

Ranking as a U.S. import supplier, 1986..... 1 _____

Price sensitivity:

Can production in the country be easily expanded or

contracted in the short term?..... Yes ____ No X

Does the country have significant export

markets besides the United States?..... Yes X No ____

1/ Not available.

Competitiveness of India for all digest products--Con.

Could exports from the country be readily
redistributed among its foreign export markets?..... Yes ____ No X
 Price sensitivity of import supply..... High ____ Moderate X Low ____
 Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No ____
 Price sensitivity of U.S. demand..... High ____ Moderate X Low ____
 Price level compared with:
 U.S. products..... Above ____ Equivalent ____ Below X
 Other foreign products..... Above ____ Equivalent X Below ____
 Quality compared with:
 U.S. products..... Above ____ Equivalent X Below ____
 Other foreign products..... Above ____ Equivalent X Below ____
 Comment: Some U.S. customers have, in the past, claimed that the Indian product had
different flavor characteristics and that it was not interchangeable with the U.S.
product.

Competitiveness of Singapore for all digest products

Ranking as a U.S. import supplier, 1986..... 2 ____

Price sensitivity:

Can production in the country be easily expanded or
contracted in the short term?..... Yes ____ No X
 Does the country have significant export
markets besides the United States?..... Yes X No ____
 Could exports from the country be readily
redistributed among its foreign export markets?..... Yes ____ No X
 Price sensitivity of import supply..... High ____ Moderate X Low ____
 Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No ____
 Price sensitivity of U.S. demand..... High ____ Moderate X Low ____
 Price level compared with:
 U.S. products..... Above ____ Equivalent ____ Below X
 Other foreign products..... Above ____ Equivalent X Below ____
 Quality compared with:
 U.S. products..... Above ____ Equivalent X Below ____
 Other foreign products..... Above ____ Equivalent X Below ____
 Comment: It is believed that the Singapore oleoresin is closer in flavor
characteristics to other foreign-produced oleoresins than to the U.S. product.

V. Position of interested parties

Petitioner.—The petitioner, Kalsec, Inc. of Kalamazoo, MI, maintains that the Indian producers are either selling their product in the U.S. market at a price level below their own cost, or are receiving a subsidy of some type from their Government. Therefore, they believe India, which according to the petition has a labor surplus, should not be eligible for GSP-status in relation to a capital-intensive product such as oleoresins.

Opposition.—The opposition, the Spices Board, located in Cochin, India, maintains that the removal of black pepper oleoresin from the GSP is not justified as there has been no negative effect on the petitioner's interests (or of any other U.S. producer of oleoresins). The Spices Board also maintains that the current agricultural problems being experienced in India associated with a great drought would be compounded by the removal of oleoresin black pepper from the GSP. Subsequent to the hearing, a brief was filed by McCormick & Co., an importer of black pepper oleoresin and other spice oleoresins, in opposition to the removal of black pepper oleoresin from GSP-eligibility. This brief reiterated the statements made earlier by the Spices Board of India in opposition to the original petition.

[Probable economic effects advice deleted]

TSUS item No.
450.2015

Product: Black pepper oleoresin

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (pounds)				
India.....	110,920	121,487	194,704	190,735
Singapr.....	99,124	138,893	134,083	167,685
Canada.....		9,840	13,118	21,713
Spain.....		1,210	5,319	12,650
Ethiop.....				4,409
Nethlds.....			1,124	
U King.....	4,400	352		
Hg Kong.....	10,229			
Malaysa.....	8,056			
All other total..				
Total.....	232,729	271,782	348,348	397,192
GSP total....	228,329	260,380	328,787	358,420

Percent				
India.....	47.7	44.7	55.9	48.0
Singapr.....	42.6	51.1	38.5	42.2
Canada.....	0.0	3.6	3.8	5.5
Spain.....	0.0	0.4	1.5	3.2
Ethiop.....	0.0	0.0	0.0	1.1
Nethlds.....	0.0	0.0	0.3	0.0
U King.....	1.9	0.1	0.0	0.0
Hg Kong.....	4.4	0.0	0.0	0.0
Malaysa.....	3.5	0.0	0.0	0.0
All other total..	0.0	0.0	0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	98.1	95.8	94.4	90.2

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

Product: Black pepper oleoresin

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
India.....	863	805	1,753	2,236
Singapore.....	830	927	1,215	2,074
Canada.....		65	122	297
Ethiopia.....				66
Spain.....		2	23	8
Netherlands.....			25	
United Kingdom....	20	10		
Hong Kong.....	92			
Malaysia.....	56			
All other total...				
Total.....	1,861	1,810	3,138	4,682
GSP total.....	1,841	1,733	2,968	4,310
(Percent)				
India.....	46.4	44.5	55.9	47.8
Singapore.....	44.6	51.2	38.7	44.3
Canada.....	0.0	3.6	3.9	6.4
Ethiopia.....	0.0	0.0	0.0	1.4
Spain.....	0.0	0.1	0.7	0.2
Netherlands.....	0.0	0.0	0.8	0.0
United Kingdom....	1.1	0.6	0.0	0.0
Hong Kong.....	4.9	0.0	0.0	0.0
Malaysia.....	3.0	0.0	0.0	0.0
All other total...	0.0	0.0	0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total.....	98.9	95.8	94.6	92.1

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

08/12/87

Annual Review of the Generalized System of Preferences (GSP)
U.S. imports for consumption under the GSP, by principal source, 1981, 1983, 1985, and 1986
Flow: Imports for consumption
TSUSA commodity: 4502015--Black pepper

(Quantity in thousands of pounds; value in thousands of dollars;
unit value in dollars per pound)

Time period:	1981	1983	1985	1986
Type				
Cty subcode				
Partner				
First unit of quantity				
Duty-free items under GSP				
provisions				
Hong Kong.....	10	0	0	0
India.....	109	119	193	191
Malaysia.....	8	0	0	0
Singapore.....	99	139	134	168
World.....	226	258	327	358
Customs value				
Duty-free items under GSP				
provisions				
Hong Kong.....	92	0	0	0
India.....	849	788	1,740	2,233
Malaysia.....	56	0	0	0
Singapore.....	830	927	1,215	2,074
World.....	1,826	1,715	2,955	4,307
Unit value				
Duty-free items under GSP				
provisions				
Hong Kong.....	8.97	0	0	0
India.....	7.79	6.62	9.00	11.72
Malaysia.....	6.95	0	0	0
Singapore.....	8.37	6.67	9.06	12.37
World.....	8.07	6.65	9.03	12.02

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

Pectin

I. Introduction

Col. 1 rate of duty: 5% ad valorem

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP:

Country graduation:

Competitive-need-limit waiver

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: Pectin is a yellowish-white powder which is a polysaccharide based on polygalacturonic acids. It is commercially obtained by dilute-acid extraction of citrus peels—lime peels are the major source of Mexican pectin. Pectin is used as a thickening, emulsifying, or gelling agent in jams, jellies, and other food products. Minor uses include cosmetics and pharmaceuticals; e.g., pectin is a component of dental adhesives and antidiarrhetics.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	1	1	1	1	0
Total U.S. employment (thousand employees).....	***	***	***	***	***
U.S. shipments (thousand dollars).....	***	***	***	***	***
U.S. exports (thousand dollars).....	1,869	2,497	750	1,289	-31
U.S. imports (thousand dollars).....	12,810	8,791	14,086	15,779	23
U.S. consumption (thousand dollars).....	***	***	***	***	***
Import to consumption ratio (percent).....	***	***	***	***	***
Capacity utilization (nearest 10 percent).....	***	***	***	***	***

Comment: The sole U.S. producer is also a major importer (from developed countries). Its imports [***], reportedly come from affiliated companies in Denmark and West Germany. The domestic producer did not answer our questions about these imports but from its (and the Mexicans') general comments we infer [***]. Based on available information it appears that the domestic producer, adding its imports to its production, supplies about [***] of total U.S. consumption.

1/ Probable effects advice for this and closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 1302.20.00.

TSUS item No.
455.04—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (thousands of pounds)				
Total.....	4,580	100	-	***]
Imports from GSP countries:				
Total.....	607	13	100	***]
Mexico.....	567	12	93	***]
Israel.....	41	1	7	***]
Value (thousands of dollars)				
Total.....	15,779	100	-	***]
Imports from GSP countries:				
Total.....	1,615	10	100	***]
Mexico.....	1,518	10	94	***]
Israel.....	97	1	6	***]

Note.—The countries shown in the table include all GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Mexico for all digest products

Ranking as a U.S. import supplier, 1986..... 4

Price sensitivity:

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 ____

Price sensitivity of import supply..... High X Moderate ____ Low ____

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

Price sensitivity of U.S. import demand from Mexico... High ____ Moderate X Low ____

Price level compared with:

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

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

Quality compared with:

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

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

Comment: Petitioner expects Mexican exports to United States will increase 50 percent if GSP status is granted. Mexican exports to the United States are raw pectin which must be further processed in the United States before it can be used. Much of this processing is done in a plant owned by the petitioner, near Kansas City, which employs 20 workers. Mexico's imports, therefore, are understated in terms of quantity because other countries' (but not Mexico's) pectin has been mixed with about half its weight of sugar.

IV. Competitiveness profiles, GSP suppliers—Con.Competitiveness of Mexico for all digest products—Con.

Comment—Con. High price sensitivity of (Mexican) import supply: In 1986, a typical year, Mexico produced about [***] million pounds of pectin and exported about [***] percent of this to the United States. The remaining [***] percent was sold into the Mexican, South American, and Danish markets. [***].

Price sensitivity of U.S. demand: Because pectin is a minor component of the food products it is added to, changes in its price would have little effect on its consumption. Regarding sensitivity of demand for pectin from a particular country—in this case Mexico—price sensitivity would be moderate to high if the Mexicans increased (or decreased) their price appreciably (which they have not done).

Price level: Import statistics show that Mexican pectin, at \$2.68 per pound, is priced [***] domestically produced pectin and imports from larger sources (e.g., pectin from Denmark, the largest source, valued at \$3.64 per pound, and the average unit value of all imports of \$3.45 per pound). However, after the addition of sugar and blending to achieve a uniform gel strength and other critical properties—which is done in the United States—the product that is sold to customers is reportedly a high-quality commodity that is [***] competing products.

Quality and competitiveness: The best raw material for pectin is wet lime peel, which gives the highest quality and lowest cost pectin as compared with other citrus and apple pomace sources. Mexico's "excellent citrus peel resources for the production of pectin, . . . are greater than those found in Florida. In fact, Mexico is the largest center for lime growing in the world. Pectin producers worldwide are constantly buying peel in the Mexican market." (Quote from statement of domestic producer.) Mexico exports a considerable fraction of its lime peel resources, to the extent that [***].

TSUS item No.
455.04---Con.

V. Position of interested parties

Petitioner.---The Mexican petitioner is expanding capacity and hopes to increase exports to the United States by about 50 percent if GSP status is granted. GSP status for pectin would have a favorable impact on the farm economy in the lime-growing Mexican district of Tecoman.

Note: The Mexican company which produces pectin is owned by Danish interests.

Support.---None known.

Opposition.---The sole U.S. producer alleges that "the Mexican pectin industry is truly competitive and does not require preferential treatment in order to develop and expand." Mexico's advantages include high quality raw material (lime peel), low labor and energy costs, and environmental requirements which are less stringent than those in the United States (which caused the shutdown of an earlier U.S. producer's pectin plants because of waste treatment problems in California). The U.S. producer also refers to the fact that the Mexican pectin market, with an import duty of 30.6 percent ad valorem, is far less open than that of the United States.

Note: As discussed above, the U.S. producer of pectin is also a major importer of pectin from non-GSP-beneficiary sources.

[Probable economic effects advice deleted]

TS number: 45504

Product: Pectin

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (1000 pounds)				
Denmark.....	1,681,193	946,989	1,578,508	2,210,701
U King.....	831,122	720,006	828,653	1,026,983
FR Germ.....	52,549	30,591	1,064,244	630,240
Mexico.....	497,802	450,284	656,050	566,553
France.....	110	3,086	75,729	82,670
Israel.....	94,985	38,736	43,017	40,841
Norway.....				15,538
Switzld.....	1,101		3,748	2,954
Spain.....	3,307	7,276	13,227	2,645
Canada.....				1,013
Dominca.....			23,810	
Greece.....			22,216	
Belgium.....		992		
Italy.....	181,879	271,054	81,774	
All other total..	600			
Total.....	3,344,648	2,469,014	4,390,976	4,580,138
GSP total....	592,787	489,020	722,877	607,394
Percent				
Denmark.....	50.3	38.4	35.9	48.3
U King.....	24.8	29.2	18.9	22.4
FR Germ.....	1.6	1.2	24.2	13.8
Mexico.....	14.9	18.2	14.9	12.4
France.....	0.0	0.1	1.7	1.8
Israel.....	2.8	1.6	1.0	0.9
Norway.....	0.0	0.0	0.0	0.3
Switzld.....	0.0	0.0	0.1	0.1
Spain.....	0.1	0.3	0.3	0.1
Canada.....	0.0	0.0	0.0	0.0
Dominca.....	0.0	0.0	0.5	0.0
Greece.....	0.0	0.0	0.5	0.0
Belgium.....	0.0	0.0	0.0	0.0
Italy.....	5.4	11.0	1.9	0.0
All other total..	0.0	0.0	0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	17.7	19.8	16.5	13.3

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

TS number: 45504

Product: Pectin

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Denmark.....	5,988	3,504	5,546	8,049
U King.....	3,495	2,351	2,455	3,275
FR Germ.....	188	88	3,611	2,480
Mexico.....	2,149	1,614	1,719	1,518
France.....		10	222	284
Israel.....	278	107	101	97
Norway.....				48
Switzld.....	3		15	11
Spain.....	6	17	7	7
Canada.....				4
Dominca.....			57	
Belgium.....		4		
Greece.....			45	
All other total..	698	1,091	304	
Total.....	12,810	8,790	14,085	15,779
GSP total....	2,428	1,722	1,878	1,615
Percent				
Denmark.....	46.7	39.9	39.4	51.0
U King.....	27.3	26.7	17.4	20.8
FR Germ.....	1.5	1.0	25.6	15.7
Mexico.....	16.8	18.4	12.2	9.6
France.....	0.0	0.1	1.6	1.8
Israel.....	2.2	1.2	0.7	0.6
Norway.....	0.0	0.0	0.0	0.3
Switzld.....	0.0	0.0	0.1	0.1
Spain.....	0.1	0.2	0.1	0.0
Canada.....	0.0	0.0	0.0	0.0
Dominca.....	0.0	0.0	0.4	0.0
Belgium.....	0.0	0.0	0.0	0.0
Greece.....	0.0	0.0	0.3	0.0
All other total..	5.5	12.4	2.2	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	19.0	19.6	13.3	10.2

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

SCH B no. 4550300

Product: PECTIN

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
quantity (1000 pounds)				
Denmark.....	30,865	999	74,487	138,445
Canada.....	109,237	358,269	57,482	92,883
U.King.....				31,900
Italy.....	742			11,783
Cook Is.....	5,000	400		5,965
Japan.....	62,100	134,250	5,338	4,470
Greece.....	2,670	200	1,600	4,000
Peru.....	2,611	1,713	2,020	3,979
Phil.R.....	4,922	2,615	3,800	3,907
Bahamas.....				2,935
Venez.....	14,791	2,590	5,532	2,500
Colomb.....	7,386	10,223	3,010	2,287
Trinid.....				1,664
Dom Rep.....		239		1,503
All other total..	252,551	94,824	36,565	5,630
Total.....	492,875	606,322	189,834	313,851
GSP total....	191,494	64,948	30,767	29,400
Percent				
Denmark.....	6.3	0.2	39.2	44.1
Canada.....	22.2	59.1	30.3	29.6
U.King.....	0.0	0.0	0.0	10.2
Italy.....	0.2	0.0	0.0	3.8
Cook Is.....	1.0	0.1	0.0	1.9
Japan.....	12.6	22.1	2.8	1.4
Greece.....	0.5	0.0	0.8	1.3
Peru.....	0.5	0.3	1.1	1.3
Phil.R.....	1.0	0.4	2.0	1.2
Bahamas.....	0.0	0.0	0.0	0.9
Venez.....	3.0	0.4	2.9	0.8
Colomb.....	1.5	1.7	1.6	0.7
Trinid.....	0.0	0.0	0.0	0.5
Dom Rep.....	0.0	0.0	0.0	0.5
All other total..	51.2	15.6	19.3	1.8
Total.....	100.0	100.0	100.0	100.0
GSP total....	38.9	10.7	16.2	9.4

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

SCH B no. 4550300

Product: PECTIN

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	419	1,503	207	589
Denmark.....	97	3	226	429
U.King.....				70
Peru.....	15	15	13	38
Phil.R.....	24	16	18	23
Venez.....	42	19	36	22
Japan.....	243	431	25	21
Italy.....	2			21
Colomb.....	31	41	16	17
Argent.....	5	17	2	7
Cook Is.....	19	1		6
Mexico.....	11	4	6	4
Greece.....	15	1	5	4
Bahamas.....				4
All other total..	940	440	189	27
Total.....	1,869	2,496	749	1,289
GSP total....	618	295	137	146
Percent				
Canada.....	22.4	60.2	27.7	45.7
Denmark.....	5.2	0.1	30.3	33.3
U.King.....	0.0	0.0	0.0	5.4
Peru.....	0.8	0.6	1.8	3.0
Phil.R.....	1.3	0.6	2.5	1.8
Venez.....	2.3	0.8	4.9	1.8
Japan.....	13.0	17.3	3.4	1.7
Italy.....	0.2	0.0	0.0	1.6
Colomb.....	1.7	1.7	2.1	1.3
Argent.....	0.3	0.7	0.4	0.6
Cook Is.....	1.0	0.1	0.0	0.5
Mexico.....	0.6	0.2	0.9	0.4
Greece.....	0.8	0.1	0.8	0.4
All other total..	50.3	17.6	25.3	2.1
Total.....	100.0	100.0	100.0	100.0
GSP total....	33.1	11.9	18.4	11.4

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

TSUS item No.
533.79 1/

Certain China Household Ware Not Available in Specified Sets

I. Introduction

Col. 1 rate of duty: 26%

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP:

Country graduation:

Competitive-need-limit waiver

Non-eligible GSP countries: None.

Current competitive-need-limit waivers: None.

Current "sufficiently competitive" designation: None.

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: The products included in this digest are low-valued household chinaware articles not available in specified sets, chiefly used for preparing, serving, or storing food or beverages or their ingredients, included in SIC 3262, Vitreous China Food Utensils. Included in this category is transparent, nonglazed glass ceramic ware.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	**10-15	**10-15	**10-15	**10-15	0
Total U.S. employment (thousand employees) <u>2/</u> ..	**3-4	**3-4	**3-4	**3-4	0
U.S. shipments (thousand dollars).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	-
U.S. exports (thousand dollars).....	434	600	570	512	18
U.S. imports (thousand dollars).....	25,037	23,674	22,017	17,656	-29
U.S. consumption (thousand dollars).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	-
Import to consumption ratio (percent).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	-
Capacity utilization (nearest 10 percent).....	**85	**85	**85	**85	-

Comment: U.S. production of all household chinaware is generally concentrated on high-value articles, where many U.S. producers have developed market niches. Therefore, the market for low-value articles, such as these, is usually dominated by low-cost countries such as Japan, China, and Taiwan. These articles are most likely to be sold in discount or bulk merchandise stores, with customer preferences and cost the determining purchase factors.

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 7013.10.00.

2/ Data applies to U.S. producers, not specifically those articles being reviewed.

3/ Not available.

TSUS item No.
533.79—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (1,000 dozen pieces)				
Total.....	3,097	100	-	-
Imports from GSP countries:				
Total.....	477	15	100	-
Taiwan.....	134	4	28	-
Hong Kong.....	223	7	47	-
Brazil.....	74	2	16	-
Korea.....	32	1	7	1/
Value (thousands)				
Total.....	17,656	100	-	-
Imports from GSP countries:				
Total.....	2,192	12	100	-
Taiwan.....	968	5	44	-
Hong Kong.....	691	4	32	-
Brazil.....	390	2	18	1/
Korea.....	47	1/	2	1/

1/ Less than 0.5 percent.

Note.—The countries shown in the table include the top four GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1986..... 3

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

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

Price sensitivity of U.S. demand..... 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

TSUSA item No.
533.79—Con.

Competitiveness of Hong Kong for all digest products

Ranking as a U.S. import supplier, 1986..... 5

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

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

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

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

Quality compared with:

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

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

Competitiveness of Brazil for all digest products

Ranking as a U.S. import supplier, 1986..... 6

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

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

Price sensitivity of U.S. demand..... 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: [* * *.]

TSUS item No.
533.79—Con.

V. Position of interested parties

Petitioner.—Corning Glass Works (Corning, NY) is seeking GSP treatment for TSUS item 533.79 to continue duty-free treatment for these products despite a proposed Customs reclassification which would raise the duty rate to 26 percent ad valorem, and to ensure the lowest possible costs [* * *].

[Probable economic effects advice deleted]

Product: Articles of nonbone chinaware

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (dozen pieces)				
China.P.....	2,259,511	2,323,120	2,036,301	1,708,249
Japan.....	1,757,697	1,415,814	1,463,187	814,099
Hg Kong.....	136,732	252,763	261,334	223,284
Taiwan.....	277,154	222,115	284,814	133,547
Brazil.....	46,063	46,954	157,471	73,917
Kor Rep.....	14,432	89,999	9,038	31,528
France.....	67,296	22,578	53,668	23,161
Italy.....	23,545	10,103	17,885	16,018
FR Germ.....	33,500	33,051	37,732	14,798
Germ DR.....	254	30,151	25,857	11,374
Hungary.....	8,959	4,985	7,325	8,269
Belgium.....	30	19	358	7,482
Switzld.....	137		9,230	6,909
Turk Is.....				5,249
All other total..	158,762	28,830	30,954	19,394
Total.....	4,784,072	4,480,482	4,395,154	3,097,278
GSP total....	482,901	615,225	722,622	476,594
Percent				
China.P.....	47.2	51.8	46.3	55.2
Japan.....	36.7	31.6	33.3	26.3
Hg Kong.....	2.9	5.6	5.9	7.2
Taiwan.....	5.8	5.0	6.5	4.3
Brazil.....	1.0	1.0	3.6	2.4
Kor Rep.....	0.3	2.0	0.2	1.0
France.....	1.4	0.5	1.2	0.7
Italy.....	0.5	0.2	0.4	0.5
FR Germ.....	0.7	0.7	0.9	0.5
Germ DR.....	0.0	0.7	0.6	0.4
Hungary.....	0.2	0.1	0.2	0.3
Belgium.....	0.0	0.0	0.0	0.2
Switzld.....	0.0	0.0	0.2	0.2
All other total..	3.3	0.6	0.7	0.6
Total.....	100.0	100.0	100.0	100.0
GSP total....	10.1	13.7	16.4	15.4

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

Product: Articles of nonbone chinaware

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Japan.....	13,744	11,157	11,054	7,689
China P.....	6,233	7,299	6,102	5,991
Taiwan.....	1,209	1,551	1,273	968
France.....	1,446	526	705	758
Hg Kong.....	439	771	751	691
Brazil.....	218	290	865	390
FR Germ.....	316	474	384	258
Italy.....	99	114	170	253
Hungary.....	79	144	181	155
Germ DR.....	15	127	63	81
U King.....	325	265	102	81
Portugl.....	108	67	54	50
Kor Rep.....	64	696	61	47
Ireland.....	3	1	8	41
All other total..	731	183	235	195
Total.....	25,037	23,674	22,017	17,656
GSP total....	2,062	3,394	3,049	2,192
Percent				
Japan.....	54.9	47.1	50.2	43.5
China P.....	24.9	30.8	27.7	33.9
Taiwan.....	4.8	6.6	5.8	5.5
France.....	5.8	2.2	3.2	4.3
Hg Kong.....	1.8	3.3	3.4	3.9
Brazil.....	0.9	1.2	3.9	2.2
FR Germ.....	1.3	2.0	1.7	1.5
Italy.....	0.4	0.5	0.8	1.4
Hungary.....	0.3	0.6	0.8	0.9
Germ DR.....	0.1	0.5	0.3	0.5
U King.....	1.3	1.1	0.5	0.5
Portugl.....	0.4	0.3	0.2	0.3
Kor Rep.....	0.3	2.9	0.3	0.3
Ireland.....	0.0	0.0	0.0	0.2
All other total..	2.9	0.8	1.1	1.1
Total.....	100.0	100.0	100.0	100.0
GSP total....	8.2	14.3	13.8	12.4

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

Product: CERAMIC HH WARE EX EARTHENWR

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (dozen pieces)				
Cocos.I.....	2,416	18,853	19,666	21,635
Belgium.....		9,270	10,088	13,031
U.King.....	742	6,259	25,555	9,887
Rep Saf.....	28	5,735	4,597	4,487
Singapr.....	237	3,477	3,828	3,695
France.....	54	731	1,457	2,298
Canada.....	7,186	4,624	2,131	1,653
Sweden.....	5	3	180	1,519
Nethlds.....	13	138	82	1,113
Japan.....	180	5,938	2,540	1,076
Arab Em.....	21	303	462	819
Taiwan	31	547	316	688
S.Arab.....	1,991	2,580	335	615
Trinid.....	120	1,303	516	503
All other total..	7,991	5,949	5,184	4,876
Total.....	21,015	65,710	76,937	67,895
GSP total....	10,065	29,896	29,258	30,917
Percent				
Cocos.I.....	11.5	28.7	25.6	31.9
Belgium.....	0.0	14.1	13.1	19.2
U.King.....	3.5	9.5	33.2	14.6
Rep Saf.....	0.1	8.7	6.0	6.6
Singapr.....	1.1	5.3	5.0	5.4
France.....	0.3	1.1	1.9	3.4
Canada.....	34.2	7.0	2.8	2.4
Sweden.....	0.0	0.0	0.2	2.2
Nethlds.....	0.1	0.2	0.1	1.6
Japan.....	0.9	9.0	3.3	1.6
Arab Em.....	0.1	0.5	0.6	1.2
Taiwan	0.1	0.8	0.4	1.0
S.Arab.....	9.5	3.9	0.4	0.9
Trinid.....	0.6	2.0	0.7	0.7
All other total..	38.0	9.1	6.7	7.2
Total.....	100.0	100.0	100.0	100.0
GSP total....	47.9	45.5	38.0	45.5

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

Product: CERAMIC HH WARE EX EARTHENWR

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Cocos.I.....	23	99	97	100
U.King.....	17	60	159	71
Belgium.....		41	45	58
Singapr.....	7	31	59	38
Japan.....	3	61	44	34
Rep Saf.....	1	62	31	30
France.....	2	8	13	21
Canada.....	113	84	17	13
Norway.....				11
Hg Kong.....		8	17	10
S Arab.....	68	29	7	10
Taiwan	1	7	8	8
Nethlds.....	1	3	2	7
Mexico.....	42	4	12	7
All other total..	150	97	54	87
Total.....	434	600	570	512
GSP total....	196	229	238	232
Percent				
Cocos.I.....	5.4	16.6	17.1	19.5
U.King.....	4.1	10.0	28.0	14.0
Belgium.....	0.0	6.8	8.0	11.4
Singapr.....	1.6	5.3	10.4	7.6
Japan.....	0.9	10.2	7.8	6.7
Rep Saf.....	0.4	10.4	5.5	6.0
France.....	0.6	1.4	2.3	4.2
Canada.....	26.0	14.1	3.1	2.7
Norway.....	0.0	0.0	0.0	2.3
Hg Kong.....	0.1	1.4	3.0	2.1
S Arab.....	15.8	4.9	1.2	2.0
Taiwan	0.3	1.3	1.4	1.7
Nethlds.....	0.4	0.5	0.4	1.5
Mexico.....	9.8	0.7	2.2	1.4
All other total..	34.7	16.2	9.6	17.1
Total.....	100.0	100.0	100.0	100.0
GSP total....	45.2	38.2	41.8	45.4

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

TSUS item No.

534.97 1/ 2/

Miscellaneous Ceramic Art and Ornamental Articles

I. Introduction

Corning Glass Works produced the glass ceramic ware included in this item prior to and on January 3, 1985. The narrower category of transparent, nonglazed glass ceramic kitchenware, however, was not produced in the United States until February 1985.

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 7013.10.00.

2/ Section 504(d) waiver requested.

Glass Envelopes for Cathode-Ray Tubes

I. Introduction

Col. 1 rate of duty: 6.6%

Type of action proposed (check one):

Addition of GSP:

Removal from GSP:

Country graduation:

Competitive-need-limit waiver X (Taiwan)

Non-eligible GSP countries: Taiwan

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: Taiwan

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: The glass envelopes covered in this digest are without fittings and designed for use in cathode-ray tubes (CRT's) for computer terminals, word processors, televisions, and so forth. These items are part of SIC 3229, Pressed and Blown Glass, N.E.C. Included in this category are monochrome glass envelopes.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	**15	**13	**18	**18	20
Total U.S. employment (thousand employees).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
U.S. shipments (thousand dollars).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
U.S. exports (thousand dollars).....	41,993	7,220	6,069	4,130	-90
U.S. imports (thousand dollars).....	11,636	12,290	9,107	6,733	-42
U.S. consumption (thousand dollars).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
Import to consumption ratio (percent).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
Capacity utilization (nearest 10 percent).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-

Comment: According to the Bureau of the Census, fewer than 18 firms produced the type of glass envelopes included in this digest. Shipments of electronic tube blanks and television tube blanks and parts by these firms in 1985 totaled \$346.6 million, part of which represents cathode ray tube manufacturing. These blanks are generally manufactured to customer specifications for use in a particular type of television, computer terminal, word processor, or other terminal, with quality and price principal purchasing factors. The movement offshore of television and computer production has adversely impacted the demand for CRT's produced by domestic manufacturers.

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 7011.20.00.

2/ Not available.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (1,000 pieces)				
Total.....	7,052	100	-	-
Imports from GSP countries:				
Total.....	476	7	100	-
Taiwan.....	470	7	99	-
Brazil.....	6	1/	1	1/
Value (thousands)				
Total.....	6,733	100	-	-
Imports from GSP countries:				
Total.....	2,868	43	100	-
Taiwan.....	2,778	41	97	-
Brazil.....	90	1	3	1/

Note.—Taiwan and Brazil were the only GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliersCompetitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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 ____

Price sensitivity of import supply..... High X Moderate ____ Low ____

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

Price sensitivity of U.S. demand..... 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 ____

TSUSA item No.
547.3720—Con.

V. Position of interested parties

Petitioner.—Clinton Electronics Corp. (Rockford, IL), states that the type of CRT envelope used in their operations (a monochrome tube) is not manufactured in the United States, and that duty-free treatment of imports from its Taiwan plant would improve its competitive position in the U.S. market.

Opposition.—Lancaster Glass Corp. (Lancaster, OH) cites a shrinking market for glass envelopes for CRT's and the potential adverse impact on the U.S. industry should a GSP waiver be granted to Taiwan as reasons to respond cautiously to this waiver request.

[Probable economic effects advice deleted]

Product: Glass envelopes for cathode-ray tubes

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (pieces)				
Belgium.....		2,200		3,068,064
FR Germ.....	1,106,021	275,239	1,742,494	2,587,759
Nethlds.....	14,143	23,230	3,478	525,312
Taiwan.....	761,245	771,182	579,615	469,866
Japan.....	20,299	164,857	367,677	213,641
U King.....		141,552	44,636	181,048
Brazil.....				5,675
Portugl.....				324
Canada.....			43	
Dom Rep.....			1,026	
Mexico.....		152,974	75,945	
Italy.....		3,600		
China.P.....			3,000	
All other total..				
Total.....	1,901,708	1,534,834	2,817,914	7,051,689
GSP total....	761,245	924,156	656,586	475,541
Percent				
Belgium.....	0.0	0.1	0.0	43.5
FR Germ.....	58.2	17.9	61.8	36.7
Nethlds.....	0.7	1.5	0.1	7.4
Taiwan.....	40.0	50.2	20.6	6.7
Japan.....	1.1	10.7	13.0	3.0
U King.....	0.0	9.2	1.6	2.6
Brazil.....	0.0	0.0	0.0	0.1
Portugl.....	0.0	0.0	0.0	0.0
Canada.....	0.0	0.0	0.0	0.0
Dom Rep.....	0.0	0.0	0.0	0.0
Mexico.....	0.0	10.0	2.7	0.0
Italy.....	0.0	0.2	0.0	0.0
China.P.....	0.0	0.0	0.1	0.0
All other total..	0.0	0.0	0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	40.0	60.2	23.3	6.7

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

Product: Glass envelopes for cathode-ray tubes

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Japan.....	158	1,261	3,796	3,100
Taiwan.....	4,831	6,039	4,146	2,778
FR Germ.....	6,578	3,736	775	561
Brazil.....				90
U King.....		49	23	85
Nethlds.....	68	68	14	68
Belgium.....		32		43
Portugl.....				4
Canada.....			6	
Mexico.....		1,101	319	
Dom Rep.....			23	
China P.....			1	
All other total..				
Total.....	11,636	12,290	9,107	6,733
GSP total....	4,831	7,141	4,489	2,868
Percent				
Japan.....	1.4	10.3	41.7	46.0
Taiwan.....	41.5	49.1	45.5	41.3
FR Germ.....	56.5	30.4	8.5	8.3
Brazil.....	0.0	0.0	0.0	1.3
U King.....	0.0	0.4	0.3	1.3
Nethlds.....	0.6	0.6	0.2	1.0
Belgium.....	0.0	0.3	0.0	0.6
Portugl.....	0.0	0.0	0.0	0.1
Canada.....	0.0	0.0	0.1	0.0
Mexico.....	0.0	9.0	3.5	0.0
Dom Rep.....	0.0	0.0	0.3	0.0
China P.....	0.0	0.0	0.0	0.0
All other total..	0.0	0.0	0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	41.5	58.1	49.3	42.6

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

Product: CATHODE RAY TUBE GLS ENVELOP

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	22,638	171	3,353	1,896
Mexico.....	5,851	1,242	1,927	1,109
FR Germ.....	1,190	191	176	499
Nethlds.....	718	85	18	195
U.King.....	388	626	246	148
Japan.....	185	33	21	148
France.....	490	1,375	151	68
India.....		1	2	20
Uruguay.....				15
Italy.....	35	46	16	9
Switzld.....	2	4		8
Kor Rep.....	101	75		5
Brazil.....	9,522	3,140	99	1
Panama.....				1
All other total..	868	225	54	1
Total.....	41,993	7,220	6,069	4,130
GSP total....	16,132	4,682	2,052	1,156
Percent				
Canada.....	53.9	2.4	55.3	45.9
Mexico.....	13.9	17.2	31.8	26.9
FR Germ.....	2.8	2.7	2.9	12.1
Nethlds.....	1.7	1.2	0.3	4.7
U.King.....	0.9	8.7	4.1	3.6
Japan.....	0.4	0.5	0.4	3.6
France.....	1.2	19.1	2.5	1.7
India.....	0.0	0.0	0.0	0.5
Uruguay.....	0.0	0.0	0.0	0.4
Italy.....	0.1	0.7	0.3	0.2
Switzld.....	0.0	0.1	0.0	0.2
Kor Rep.....	0.2	1.0	0.0	0.1
Brazil.....	22.7	43.5	1.6	0.0
All other total..	2.1	3.1	0.9	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	38.4	64.9	33.8	28.0

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

Certain Ferrochromium

I. Introduction

Col. 1 rate of duty: 3.1%

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP: _____

Country graduation: _____

Competitive-need-limit waiver _____

Non-eligible GSP countries: None.

Current competitive-need-limit waivers: None.

Current "sufficiently competitive" designation: None.

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: Low carbon ferrochromium, which does not contain over 3 percent by weight of carbon, is an alloy of iron and chromium with a low-carbon content used in alloy and stainless steel production. The low-carbon content of the ferrochromium permits sizable additions of chromium to the steel without materially affecting the carbon content of the product.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms)...	3	3	1	1	-67
Total U.S. employment (thousand employees)...	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-70
U.S. shipments (thousand dollars).....	[***]	[***]	[***]	[***]	[***]
U.S. exports (thousand dollars) <u>3/</u>	[***]	[***]	[***]	[***]	[***]
U.S. imports (thousand dollars).....	43,202	15,274	24,975	32,706	-24
U.S. consumption (thousand dollars).....	[***]	[***]	[***]	[***]	[***]
Import to consumption ratio (percent).....	74	71	80	89	-
Capacity utilization (percent).....	20	20	5	5	-

Comment: U.S. consumption of low carbon ferrochromium declined due to the decline in demand for steel and due to technological changes in steel production. Further, U.S. producers could not compete with the basically interchangeable and lower priced imported product, although they had the advantage of quick delivery and technical services. The only remaining U.S. company currently has a narrow price and specialty product advantage over imports.

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the digest for HS item No. 7202.49.50.

2/ Less than 500.

3/ Estimated to represent [***] percent of the export values shown in the U.S. export tables under Sch. B no. 607.2600.

TSUS item No.
606.22—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (1,000 lbs.)				
Total.....	79,938	100	-	99
Imports from GSP countries:				
Total.....	21,987	28	100	28
Zimbabwe.....	12,066	15	55	15
Turkey.....	9,920	12	45	12
Value (thousand dollars)				
Total.....	32,706	100	-	89
Imports from GSP countries:				
Total.....	10,355	32	100	28
Zimbabwe.....	5,319	16	51	14
Turkey.....	5,035	15	49	14

Note.—The countries shown in the table include the top two GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Zimbabwe for all digest products

Ranking as a U.S. import supplier, 1986..... 4

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

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

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

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

Quality compared with:

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

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

Comment: Although imports are generally priced lower than domestic products, U.S. producers maintain an advantage in shorter delivery time and technical services.

TSUS item No.
606.22—Con.

Competitiveness of Turkey for all digest products

Ranking as a U.S. import supplier, 1986..... 5

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

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

Quality compared with:

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

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

Comment: Although imports are generally priced lower than domestic products, U.S. producers maintain an advantage in shorter delivery time and technical services.

V. Position of interested parties

Petitioner.—The Government of Zimbabwe is requesting that certain ferrochromium be included in the U.S. Generalized System of Preferences (GSP). The reason for the request is that; Zimbabwe is a developing country and this operation earns foreign exchange and sustains employment; and Zimbabwe is a viable and traditional supplier of this product to the United States. Currently, the petitioner argues, U.S. steelmakers are at some competitive disadvantage with EC steelmakers, since the EC does not impose duties on the ferrochromium imported from Zimbabwe.

Opposition.—The Ferroalloys Association opposes the addition of the ferrochromium to the GSP. The Association argues that these products are of strategic importance and they are essential for the production of products used in defense items for the national security. The Association believes that such action will adversely affect domestic production and may cause producers to cease production and commit their equipment to other uses. GSP is viewed as adversely affecting the ability of domestic producers to obtain reasonable profits from the production of these products.

[Probable economic effects advice deleted]

TS number: 60622

Product: Ferrochromium not containing over 3 percent carbon

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (1000 pounds)				
Rep.Saf.....	22,416,378	1,203,096	10,340,203	32,941,324
FR Germ.....	6,267,405	1,169,154	8,890,944	14,313,895
Zimbabwe.....	10,963,208	5,666,424	9,523,689	12,066,790
Turkey.....	329,722	1,049,390	8,187,921	9,920,700
Sweden.....	11,362,486	11,068,850	14,008,662	9,560,231
Italy.....	1,055,677	209,173	337,658	907,853
Norway.....	1,556,433	892,794		113,260
Japan.....	1,888,505	2,088,615	1,026,280	76,087
Denmark.....				38,030
U King.....		49,889		
Nethlds.....			156,000	
Yugoslvs.....	5,588,321			
France.....	3,390,859	28,926		
Belgium.....	38,224			
All other total..				
Total.....	64,857,218	23,426,311	52,471,357	79,938,170
GSP total....	16,881,251	6,715,814	17,711,610	21,987,490
Percent				
Rep.Saf.....	34.6	5.1	19.7	41.2
FR Germ.....	9.7	5.0	16.9	17.9
Zimbabwe.....	16.9	24.2	18.2	15.1
Turkey.....	0.5	4.5	15.6	12.4
Sweden.....	17.5	47.2	26.7	12.0
Italy.....	1.6	0.9	0.6	1.1
Norway.....	2.4	3.8	0.0	0.1
Japan.....	2.9	8.9	2.0	0.1
Denmark.....	0.0	0.0	0.0	0.0
U King.....	0.0	0.2	0.0	0.0
Nethlds.....	0.0	0.0	0.3	0.0
Yugoslvs.....	8.6	0.0	0.0	0.0
France.....	5.2	0.1	0.0	0.0
Belgium.....	0.1	0.0	0.0	0.0
All other total..	0.0	0.0	0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	26.0	28.7	33.8	27.5

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

TS number: 60622

Product: Ferrochromium not containing over 3 percent carbon

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Rep.Saf.....	13,304	746	3,903	8,234
FR Germ.....	5,405	743	4,803	8,029
Sweden.....	9,046	7,185	7,062	5,404
Zimbabwe.....	7,402	3,448	4,238	5,319
Turkey.....	208	587	4,134	5,035
Italy.....	891	164	205	580
Japan.....	2,123	1,687	541	47
Denmark.....				28
Norway.....	1,042	647		27
U King.....		39		
France.....	2,452	25		
Belgium.....	30			
Yugoslvs.....	1,294			
Nethlds.....			85	
All other total..				
Total.....	43,202	15,274	24,975	32,706
GSP total....	8,905	4,035	8,373	10,355
Percent				
Rep.Saf.....	30.8	4.9	15.6	25.2
FR Germ.....	12.5	4.9	19.2	24.5
Sweden.....	20.9	47.0	28.3	16.5
Zimbabwe.....	17.1	22.6	17.0	16.3
Turkey.....	0.5	3.8	16.6	15.4
Italy.....	2.1	1.1	0.8	1.8
Japan.....	4.9	11.0	2.2	0.1
Denmark.....	0.0	0.0	0.0	0.1
Norway.....	2.4	4.2	0.0	0.1
U King.....	0.0	0.3	0.0	0.0
France.....	5.7	0.2	0.0	0.0
Belgium.....	0.1	0.0	0.0	0.0
Yugoslvs.....	3.0	0.0	0.0	0.0
Nethlds.....	0.0	0.0	0.3	0.0
All other total..	0.0	0.0	0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	20.6	26.4	33.5	31.7

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

SCH B no. 6072600

Product: FERROCHROM OVER 30% CHROMIUM

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (1000 pounds)				
Canada.....	11,121,016	5,461,129	6,303,762	7,339,791
Mexico.....	1,069,410	384,081	609,742	1,170,109
Venez.....	10,670	10,522	133,018	1,114,710
Spain.....			1,179,636	820,833
FR Germ.....	5,123,543	562,195	10,069,436	470,815
Sweden.....		42,680		287,279
Argent.....	10,414			158,396
Iceland.....				83,671
Chile.....	85,694	101,677	460,937	72,868
France.....				46,560
Taiwan	26,190	37,457	38,412	44,814
Malaysa.....	61,562	16,374	25,574	29,430
Peru.....		2,173	11,074	22,016
Colomb.....	11,640	23,496	45,008	15,132
All other total..	9,829,272	1,596,694	1,031,837	31,045
Total.....	27,349,411	8,238,478	19,908,436	11,707,469
GSP total....	1,390,515	2,065,531	1,334,640	2,630,385
Percent				
Canada.....	40.7	66.3	31.7	62.7
Mexico.....	3.9	4.7	3.1	10.0
Venez.....	0.0	0.1	0.7	9.5
Spain.....	0.0	0.0	5.9	7.0
FR Germ.....	18.7	6.8	50.6	4.0
Sweden.....	0.0	0.5	0.0	2.5
Argent.....	0.0	0.0	0.0	1.4
Iceland.....	0.0	0.0	0.0	0.7
Chile.....	0.3	1.2	2.3	0.6
France.....	0.0	0.0	0.0	0.4
Taiwan	0.1	0.5	0.2	0.4
Malaysa.....	0.2	0.2	0.1	0.3
Peru.....	0.0	0.0	0.1	0.2
Colomb.....	0.0	0.3	0.2	0.1
All other total..	35.9	19.4	5.2	0.3
Total.....	100.0	100.0	100.0	100.0
GSP total....	5.1	25.1	6.7	22.5

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

SCH B no. 6072600

Product: FERROCHROM OVER 30% CHROMIUM

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 19

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	5,630	2,648	2,786	2,976
Venez.....	9	7	124	798
Mexico.....	741	241	404	627
FR Germ.....	1,200	445	2,939	297
Spain.....			322	221
Sweden.....		33		208
Argent.....	7			115
Iceland.....				77
Taiwan	33	45	44	51
Chile.....	29	36	202	37
France.....				32
Malaysa.....	40	11	17	17
Peru.....		1	13	15
U.King.....				14
All other total..	2,355	1,206	602	30
Total.....	10,050	4,677	7,457	5,522
GSP total....	935	1,515	851	1,677
Percent				
Canada.....	56.0	56.6	37.4	53.9
Venez.....	0.1	0.2	1.7	14.5
Mexico.....	7.4	5.2	5.4	11.4
FR Germ.....	11.9	9.5	39.4	5.4
Spain.....	0.0	0.0	4.3	4.0
Sweden.....	0.0	0.7	0.0	3.8
Argent.....	0.1	0.0	0.0	2.1
Iceland.....	0.0	0.0	0.0	1.4
Taiwan	0.3	1.0	0.6	0.9
Chile.....	0.3	0.8	2.7	0.7
France.....	0.0	0.0	0.0	0.6
Malaysa.....	0.4	0.2	0.2	0.3
Peru.....	0.0	0.0	0.2	0.3
All other total..	23.4	25.8	8.1	0.6
Total.....	100.0	100.0	100.0	100.0
GSP total....	9.3	32.4	11.4	30.4

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

TSUS item No.
606.42 1/

Ferrosilicon Chromium

I. Introduction

Col. 1 rate of duty: 10%

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP: _____

Country graduation: _____

Competitive-need-limit waiver _____

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: Ferrosilicon chromium is a low-carbon content alloy of chromium and silicon: the chromium and silicon content fall in the range of 30 to 40 percent for each element. Ferrosilicon chromium is used in the production of alloy, stainless, and specialty steels.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	2	2	1	1	-50
Total U.S. employment (thousand employees).....	2/	2/	2/	2/	-70
U.S. shipments (thousand dollars).....	[***]	[***]	[***]	[***]	[***]
U.S. exports (thousand dollars) 3/.....	[***]	[***]	[***]	[***]	[***]
U.S. imports (thousand dollars).....	5,224	669	2,084	5,742	+10
U.S. consumption (thousand dollars).....	[***]	[***]	[***]	[***]	[***]
Import to consumption ratio (percent).....	17	12	45	61	-
Capacity utilization (nearest 10 percent).....	10	10	5	5	-

Comment: U.S. production of ferrosilicon chromium has declined substantially due to technological changes in stainless steel production. The advantages offered by U.S. producers, such as on-demand delivery, technical assistance, customer loyalty have all been outweighed by the price advantage of imports. The only remaining producer relies on relatively inexpensive electric power to maintain its competitiveness.

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 7202.50.00.

2/ Less than 500.

3/ Estimated to represent [***] percent of the export value, shown in the U.S. export tables under Sch. B no. 607.2600.

TSUS item No.
606.42—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (thousand pounds, gross weight)				
Total.....	12,519	100	-	64
Imports from GSP countries:				
Total.....	6,469	52	100	33
Zimbabwe.....	6,469	52	100	33
Value (thousands)				
Total.....	5,742	100	-	61
Imports from GSP countries:				
Total.....	3,859	67	100	41
Zimbabwe.....	3,859	67	100	41

Note.—Zimbabwe is currently the only GSP country supplying imports.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Zimbabwe for all digest products

Ranking as a U.S. import supplier, 1986..... 1

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

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

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

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

Quality compared with:

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

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

Comment: Although imports are generally priced lower than domestic products, U.S. producers maintain an advantage in shorter delivery time and technical service.

TSUS item No.
606.42—Con.

V. Position of interested parties

Petitioner.—The Government of Zimbabwe is requesting that ferrosilicon chromium be included in the U.S. Generalized System of Preferences (GSP). The reason for the request is that Zimbabwe is a developing country whose ferrosilicon chromium operation earns foreign exchange and sustains employment; also Zimbabwe is a viable and traditional supplier of this product to the United States. Currently, the petitioner agrees, U.S. steelmakers are at some competitive disadvantage with EC steelmakers, since the EC does not impose duties on ferrosilicon chromium from Zimbabwe.

Opposition.—The Ferroalloys Association opposes the addition of certain ferrosilicon chromium to the GSP. The Association agrees that these products are of strategic importance and they are essential for the production of products used in defense items for the national security. The Association believes that such action will adversely affect domestic production and may cause U.S. producers to cease production and commit their equipment to other uses. GSP is viewed as adversely affecting the ability of domestic producers to obtain reasonable profitability from the production of these products.

[Probable economic effects advice deleted]

TS number: 60642

5

Product: Ferrosilicon chromium

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (pounds)				
Zimbabwe.....	6,630,732	1,116,838	2,916,603	6,469,062
Rep.Saf.....	2,172,493			6,046,467
Canada.....		40,389		2,975
Italy.....			70,098	
All other total..				
Total.....	8,803,225	1,157,227	2,986,701	12,518,504
GSP total....	6,630,732	1,116,838	2,916,603	6,469,062
Percent				
Zimbabwe.....	75.3	96.5	97.7	51.7
Rep.Saf.....	24.7	0.0	0.0	48.3
Canada.....	0.0	3.5	0.0	0.0
Italy.....	0.0	0.0	2.3	0.0
All other total..	0.0	0.0	0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	75.3	96.5	97.7	51.7

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

TS number: 60642

Product: Ferrosilicon chromium

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Zimbabwe.....	3,985	653	2,016	3,859
Rep.Saf.....	1,238			1,882
Canada.....		15		1
Italy.....			67	
All other total..				
Total.....	5,224	669	2,084	5,742
GSP total....	3,985	653	2,016	3,859
Percent				
Zimbabwe.....	76.3	97.6	96.8	67.2
Rep.Saf.....	23.7	0.0	0.0	32.8
Canada.....	0.0	2.4	0.0	0.0
Italy.....	0.0	0.0	3.2	0.0
All other total..	0.0	0.0	0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	76.3	97.6	96.8	67.2

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

SCH B no. 6072600

Product: FERROCHROM OVER 30% CHROMIUM

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (pounds)				
Canada.....	11,121,016	5,461,129	6,303,762	7,339,791
Mexico.....	1,069,410	384,081	609,742	1,170,109
Venez.....	10,670	10,522	133,018	1,114,710
Spain.....			1,179,636	820,833
FR Germ.....	5,123,543	562,195	10,069,436	470,815
Sweden.....		42,680		287,279
Argent.....	10,414			158,396
Iceland.....				83,671
Chile.....	85,694	101,677	460,937	72,868
France.....				46,560
Taiwan	26,190	37,457	38,412	44,814
Malaysa.....	61,562	16,374	25,574	29,430
Peru.....		2,173	11,074	22,016
Colomb.....	11,640	23,496	45,008	15,132
All other total..	9,829,272	1,596,694	1,031,837	31,045
Total.....	27,349,411	8,238,478	19,908,436	11,707,469
GSP total....	1,390,515	2,065,531	1,334,640	2,630,385
Percent				
Canada.....	40.7	66.3	31.7	62.7
Mexico.....	3.9	4.7	3.1	10.0
Venez.....	0.0	0.1	0.7	9.5
Spain.....	0.0	0.0	5.9	7.0
FR Germ.....	18.7	6.8	50.6	4.0
Sweden.....	0.0	0.5	0.0	2.5
Argent.....	0.0	0.0	0.0	1.4
Iceland.....	0.0	0.0	0.0	0.7
Chile.....	0.3	1.2	2.3	0.6
France.....	0.0	0.0	0.0	0.4
Taiwan	0.1	0.5	0.2	0.4
Malaysa.....	0.2	0.2	0.1	0.3
Peru.....	0.0	0.0	0.1	0.2
Colomb.....	0.0	0.3	0.2	0.1
All other total..	35.9	19.4	5.2	0.3
Total.....	100.0	100.0	100.0	100.0
GSP total....	5.1	25.1	6.7	22.5

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

Product: FERROCHROM OVER 30% CHROMIUM

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	5,630	2,648	2,786	2,976
Venez.....	9	7	124	798
Mexico.....	741	241	404	627
FR Germ.....	1,200	445	2,939	297
Spain.....			322	221
Sweden.....		33		208
Argent.....	7			115
Iceland.....				77
Taiwan	33	45	44	51
Chile.....	29	36	202	37
France.....				32
Malaysa.....	40	11	17	17
Peru.....		1	13	15
U.King.....				14
All other total..	2,355	1,206	602	30
Total.....	10,050	4,677	7,457	5,522
GSP total....	935	1,515	851	1,677
Percent				
Canada.....	56.0	56.6	37.4	53.9
Venez.....	0.1	0.2	1.7	14.5
Mexico.....	7.4	5.2	5.4	11.4
FR Germ.....	11.9	9.5	39.4	5.4
Spain.....	0.0	0.0	4.3	4.0
Sweden.....	0.0	0.7	0.0	3.8
Argent.....	0.1	0.0	0.0	2.1
Iceland.....	0.0	0.0	0.0	1.4
Taiwan	0.3	1.0	0.6	0.9
Chile.....	0.3	0.8	2.7	0.7
France.....	0.0	0.0	0.0	0.6
Malaysa.....	0.4	0.2	0.2	0.3
Peru.....	0.0	0.0	0.2	0.3
All other total..	23.4	25.8	8.1	0.6
Total.....	100.0	100.0	100.0	100.0
GSP total....	9.3	32.4	11.4	30.4

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

Malleable Cast Iron Pipe and Tube Fittings Advanced in Condition by Operation or
Processes Subsequent to the Casting Process

I. Introduction

Col. 1 rate of duty: 6.2 % ad val.

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: X

Country graduation: _____

Competitive-need-limit waiver _____

Non-eligible GSP countries: Korea, Taiwan

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: Korea, Taiwan

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: Malleable iron pipe fittings, which are produced from molten grey iron, have gone through an annealing process giving them greater tensile strength and more ductility. End users use pipe fittings in piping systems to do three specific things: (1) change, divert, divide, or direct the flow of liquid gas or steam, (2) provide access for cleaning and branching, and (3) reduce or increase the diameter of the system. Malleable iron fittings are used where shock and vibration resistance is required and where fittings are subject to quick temperature changes. The principal uses of malleable iron pipe fittings are in gas lines, piping systems of oil refineries, and gas and water systems of building.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	6	6	6	5	-17
Total U.S. employment (employees).....	2,751	2,586	2,601	2,371	-14
U.S. shipments (thousand dollars).....	153,989	111,246	101,520	93,553	-39
U.S. exports (thousand dollars).....	20,201	13,587	7,991	9,126	-55
U.S. imports (thousand dollars).....	19,305	21,163	27,420	22,771	18
U.S. consumption (thousand dollars).....	153,093	118,822	120,822	120,949	-30
Import to consumption ratio (percent).....	13	18	23	21	-
Capacity utilization (percent).....	55	47	47	44	-

Comment: The following 5 firms produce malleable iron pipe fittings: Grinnell Corp., with headquarters in Exeter, NH, and a plant in Columbia, PA.; Stanley G. Flagg & Co., Inc., Stowe, PA; Stockham Valves & Fittings Co., Birmingham, AL; U-Brand Corp., Ashland, OH; and Ward Manufacturing Inc., Blossburg, PA. These firms accounted for 69 percent of apparent U.S. consumption of malleable iron pipe fittings in 1986. Each of these firms has been producing cast iron pipe fitting for at least 35 years and offers an essentially complete line of fittings.

1/ Probable effects advice for these products on the basis of the HS nomenclature is contained in the Digest for HS item No. 7307.19.90.

Comment—Continued

According to a recent report on the U.S. Foundry Industry done by the U.S.I.T.C. (Competitive Assessment of the U.S. Foundry Industry, Investigation No. 332-176, U.S.I.T.C. Pub. 1582), competition is influenced by a variety of factors, the most important of which are labor costs, marketing capability, investment, technology, and government involvement. The U.S. industry indicates that its competitive edge largely stems from a reliable distribution system and responsive service capabilities. In addition, the United States is viewed as equal to or better than its foreign competitors in the application of production technology. Producers evaluated all of their principal competitors as having competitive advantages in lower labor cost and availability, as well as in most facets of government assistance — especially alleged subsidies and R&D funding.

The report states that U.S. producers indicate that foreign producers generally have the competitive advantage in the cost and availability of capital, (which affects the level of capital investment). The relatively lower level of investment in the United States has tended to restrict expanded use of computer technology and further improvements in labor-saving equipment; both (computer technology and labor-saving equipment) are especially important to U.S. producers whose operations are becoming more capital intensive in an effort to more effectively compete in their domestic and export markets.

Although production technology in the malleable-iron pipe fittings industry is rated the same in the United States as it is in Japan and India, domestic producers are believed to have the technological advantage compared with Taiwan and Korea by industry sources. State-of-the-art foundry techniques in the U.S. industry include automated molding and automated machining centers which minimize labor costs. However, the industry believes that it has still not reached the level of capital-intensive required in order to more successfully challenge the developing nations that have rather significant cost advantages due to cheaper labor costs and the absence of environmental, safety, and labor benefit costs.

The domestic industry has a competitive advantage in all facets of marketing structure compared with Taiwan, Japan, India, and Korea. Marketing by U.S. producers is accomplished by their own sales forces through distributors and directly to end users. Foreign producers also sell to distributors, or in the case of large foreign manufacturers, through their wholly owned subsidiaries in the United States. A unique ability of U.S. producers is their ability to provide products on short notice to their customers in domestic markets. This is made possible by the large inventories they carry.

U.S. cast-iron pipe and tube fittings producers allege that foreign producers have a competitive advantage in government subsidies which are designed to facilitate their exports. The countries that were cited as benefiting from subsidies were Japan, Taiwan, India, and Korea.

TSUS item No.
610.74—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (1,000 pounds)				
Total.....	37,507	100	-	32
Imports from GSP countries:				
Total.....	21,495	57	100	18
Thailand.....	9,262	25	43	8
Taiwan.....	3,809	10	18	3
South Korea.....	2,666	7	12	2
India.....	2,700	7	13	2
Value (thousands)				
Total.....	22,771	100	-	21
Imports from GSP countries:				
Total.....	11,229	49	100	10
Thailand.....	5,074	22	45	5
Taiwan.....	2,593	11	23	2
South Korea.....	1,373	6	12	1
India.....	777	3	7	1

Note.—The countries shown in the table include the top four GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Thailand for all digest products

Ranking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

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

Quality compared with:

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

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

TSUS item No.
610.74—Con.

Comment: Both production and production capacity of malleable pipe fitting in Thailand have been increasing in recent years. From 1985 to 1986 production of malleable iron pipe fittings increased by 66 percent. Capacity to produce malleable pipe fittings increased by 14 percent during 1984-86. In 1986 capacity utilization stood at 70 percent indicating that production could be expanded significantly. Thailand, which has significant non-U.S. sales, has been facing severe competition from Japan and Taiwan in third country markets and as a result has shifted exports to the United States.

In the United States, pipe fittings used for a given application generally must meet standards established by the American Society for Testing and Materials (ASTM) and the American National Standards Institute (ANSI). Any imports that expect to compete in the U.S. market must also meet these standards, so there is generally uniformity in product quality. Despite the fact that malleable iron pipe fittings from Thailand are generally less expensive than U.S. produced fittings, many purchasers will buy the U.S. fittings. Important considerations for buying decisions, other than price and quality, are the reliability of the supplier, the ability a supplier to have prompt delivery, and warranty or service terms. Other factors include whether the supplier is a traditional or alternate source of supply, the availability of a complete product line, and transport costs. Generally U.S. producers of malleable iron pipe fittings rank favorably when all of the considerations are taken into account. The main reasons why U.S. produced fittings are chosen over Thai fittings are because domestic sources are generally a more reliable source of supply, and provide support personnel; in addition distributors' purchase decision are influenced by the need to be consistent with the Buy American policies of some customers.

Competitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1986..... 3

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

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

Quality compared with:

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

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

TSUS item No.
610.74—Con.

Comment: Taiwan's exports of malleable iron fittings to the United States account for about 20 percent of its total malleable iron pipe fitting exports. Other significant export markets include Japan, Hong Kong, and Saudi Arabia. Exports to countries other than the United States account for approximately 75 percent of total Taiwan shipments of malleable pipe fittings. In 1986 the capacity utilization rate was nearly 80 percent; although production has recently declined however, due to an influx of imports and pollution control regulations by the Taiwan government. Over the long run the industry plans significant capacity expansion. The reasons why a U.S. consumer would be willing to pay more for domestic malleable iron pipe fittings than Taiwan fittings are the same as for Thailand. An additional factor is the type of purchaser involved. Pipe fittings are purchased by two distinct groups, distributors and end users. Distributors are basically "middle-men" who are far more concerned with price than end users. End users are primarily concerned more with non-price factors like reliability of supply and prompt delivery.

Competitiveness of Korea for all digest products

Ranking as a U.S. import supplier, 1986..... 4

Price sensitivity:

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 ____

Price sensitivity of import supply..... High X Moderate ____ Low ____

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

Price sensitivity of U.S. demand..... High X Moderate ____ Low ____

Price level compared with:

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

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

Quality compared with:

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

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

Comment: There are two large producers of malleable iron pipe fittings in Korea who export significant amounts, of the product to the United States. Specific production, capacity and market data are confidential. The fact that the USITC ruled affirmatively in an antidumping investigation against Korea in 1986 (USITC Investigation No. 731-TA-279 (Final)) indicates a likelihood that capacity could be expanded and that underselling of the U.S. product has occurred. Another indication of South Korea's industry's ability to expand capacity is its capital expenditures in malleable iron facilities. The reasons why a U.S. consumer would be willing to pay more for domestic malleable pipe fittings than Korean produced malleable pipe iron fittings are the same as for Thailand and Taiwan. Purchasers often give preference to distributors or producers who offer complete product lines, in their buying decisions.

V. Position of interested parties

Petitioner.—The American Pipe Fittings Association Iron Pipe Fittings and Unions Product group (APFA). The petitioner feels that recent import trends, price information obtained by the ITC, and unit value import data indicates that GSP imports, especially those from Thailand, Mexico, and Brazil, are competitive with imports from other foreign sources and U.S. produced fittings. GSP imports are likely to continue to increase as importers of fittings from producers in countries subject to high dumping duties shift to sources in GSP countries. Therefore the petitioner feels that malleable iron pipe fittings should be removed from GSP treatment.

Support.—In addition to the APFA member firms, U-Brand Corporation of Ashland Ohio supports the petition.

Oppose.—Tupy American Foundry Corporation opposes the withdrawal of GSP treatment for malleable cast iron pipe fittings from Brazil. The company feels that the International Trade Commission (ITC) should advise the U.S. Trade Representative that (i) the continuation of GSP treatment for malleable cast-iron pipe fittings imported from Brazil would have no economic effect on U.S. producers of pipe fittings, but (ii) the removal of GSP treatment for malleable cast-iron pipe fittings imported from Brazil would have adverse economic effects on U.S. purchasers and consumers of this Brazilian merchandise.

– CIFUNSA, a Mexican producer of malleable iron pipe fittings, opposes the withdrawal of GSP treatment for pipe fittings from Mexico. The company feels that the withdrawal of GSP benefits from malleable cast iron fittings produced in Mexico will have a very detrimental effect on CIFUNSA's continued ability to export pipe fittings to the U.S. market, but a negligible impact on the U.S. producers.

– Three Thai manufacturers of malleable iron pipe fittings, Siam Fittings Co., Ltd., Thai Malleable Iron and Steel Co., Ltd. and BIS Pipe Fittings Industry Co., Ltd., as well as the following U.S. importers of pipe fittings from Thailand; Calsak Corp., of Los Angeles, CA, Mundo Corp., of San Francisco, CA, Barnett Brass and Copper, of Jacksonville, FL., and Norca Corp., of Raleigh, NC, all oppose the withdrawal of GSP treatment for malleable iron pipe fittings from Thailand. These companies feel that the withdrawal of GSP treatment for malleable iron pipe fittings from all countries would hurt U.S. consumers because without alternative import sources, the U.S. pipe fittings producers would have an effective oligopoly resulting in higher prices, limited selection, and poor service to U.S. consumers of malleable iron pipe fittings.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

Product: Cast iron pipe and tube fittings

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (pounds)				
Japan.....	18,765,921	17,431,118	14,094,903	13,838,922
Thailand.....	644,225	1,338,619	5,587,816	9,262,362
Taiwan.....	6,014,764	7,418,853	11,032,448	3,809,129
India.....	1,936,408	3,145,506	2,447,033	2,699,882
Kor Rep.....	1,053,613	2,879,313	10,095,477	2,665,932
China.P.....		353,644	432,830	1,194,579
Mexico.....		39,942		841,043
Brazil.....	475,516	1,395,826	475,574	816,312
Singapr.....		115,971	237,739	694,743
Venez.....				673,030
U King.....	358,627	431,343	491,606	478,192
France.....	363,092	12,864	409,033	329,715
Canada.....	248,661	126,594	24,483	94,508
FR Germ.....	159,165	50,038	91,982	70,607
All other total..	1,273,306	623,990	221,676	37,918
Total.....	31,293,298	35,363,621	45,642,600	37,506,874
GSP total....	11,358,176	16,909,071	29,959,888	21,495,059
Percent				
Japan.....	60.0	49.3	30.9	36.9
Thailand.....	2.1	3.8	12.2	24.7
Taiwan.....	19.2	21.0	24.2	10.2
India.....	6.2	8.9	5.4	7.2
Kor Rep.....	3.4	8.1	22.1	7.1
China.P.....	0.0	1.0	0.9	3.2
Mexico.....	0.0	0.1	0.0	2.2
Brazil.....	1.5	3.9	1.0	2.2
Singapr.....	0.0	0.3	0.5	1.9
Venez.....	0.0	0.0	0.0	1.8
U King.....	1.1	1.2	1.1	1.3
France.....	1.2	0.0	0.9	0.9
Canada.....	0.8	0.4	0.1	0.3
FR Germ.....	0.5	0.1	0.2	0.2
All other total..	4.1	1.8	0.5	0.1
Total.....	100.0	100.0	100.0	100.0
GSP total....	36.3	47.8	65.6	57.3

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

Product: Cast iron pipe and tube fittings

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Japan.....	11,769	11,024	9,478	10,189
Thailand.....	313	756	3,114	5,074
Taiwan.....	3,984	4,946	7,345	2,593
Kor Rep.....	556	1,465	4,869	1,373
India.....	484	769	736	777
U King.....	501	498	584	638
Brazil.....	289	794	249	480
Mexico.....		25		393
Singapr.....		106	127	356
FR Germ.....	270	79	376	227
France.....	259	7	287	226
China P.....		100	85	224
Venez.....				162
Canada.....	261	116	14	28
All other total..	613	471	150	25
Total.....	19,305	21,163	27,420	22,771
GSP total....	6,208	9,294	16,475	11,229
Percent				
Japan.....	61.0	52.1	34.6	44.7
Thailand.....	1.6	3.6	11.4	22.3
Taiwan.....	20.6	23.4	26.8	11.4
Kor Rep.....	2.9	6.9	17.8	6.0
India.....	2.5	3.6	2.7	3.4
U King.....	2.6	2.4	2.1	2.8
Brazil.....	1.5	3.8	0.9	2.1
Mexico.....	0.0	0.1	0.0	1.7
Singapr.....	0.0	0.5	0.5	1.6
FR Germ.....	1.4	0.4	1.4	1.0
France.....	1.3	0.0	1.0	1.0
China P.....	0.0	0.5	0.3	1.0
Venez.....	0.0	0.0	0.0	0.7
Canada.....	1.4	0.6	0.1	0.1
All other total..	3.2	2.2	0.5	0.1
Total.....	100.0	100.0	100.0	100.0
GSP total....	32.2	43.9	60.1	49.3

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

Product: UNIONS CST IR FITTGS MALEABL

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (pounds)				
Canada.....	5,287,423	3,098,714	3,509,436	3,564,755
Panama.....	61,832	7,816	6,631	495,625
Mexico.....	1,628,636	807,456	233,076	439,649
S Arab.....	2,836,415	1,604,389	98,829	175,244
Arab Em.....	25,565	198,641		125,179
Japan.....	14,373	214,474	100,926	93,075
Kor Rep.....	35,378	331,197	96,299	90,771
Trinid.....	93,306	32,731	60,342	56,390
Colomb.....	94,817	91,507	49,902	46,576
Guatmal.....	35,958	42,516	57,043	44,108
Egypt.....	39,774	51,281	24,866	30,931
U King.....	36,843	31,950	38,438	26,098
Venez.....	510,803	33,440	98,102	22,299
C Rica.....	20,246	7,807	11,254	21,859
All other total..	2,309,511	1,059,606	438,964	254,696
Total.....	13,030,880	7,613,525	4,824,110	5,487,255
GSP total....	3,806,875	2,135,610	1,004,781	1,375,462

Percent				
Canada.....	40.6	40.7	72.7	65.0
Panama.....	0.5	0.1	0.1	9.0
Mexico.....	12.5	10.6	4.8	8.0
S Arab.....	21.8	21.1	2.0	3.2
Arab Em.....	0.2	2.6	0.0	2.3
Japan.....	0.1	2.8	2.1	1.7
Kor Rep.....	0.3	4.4	2.0	1.7
Trinid.....	0.7	0.4	1.3	1.0
Colomb.....	0.7	1.2	1.0	0.8
Guatmal.....	0.3	0.6	1.2	0.8
Egypt.....	0.3	0.7	0.5	0.6
U King.....	0.3	0.4	0.8	0.5
Venez.....	3.9	0.4	2.0	0.4
C Rica.....	0.2	0.1	0.2	0.4
All other total..	17.7	13.9	9.1	4.6
Total.....	100.0	100.0	100.0	100.0
GSP total....	29.2	28.1	20.8	25.1

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

Product: UNIONS CST IR FITTGS MALEABL

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	6,154	3,893	4,585	3,944
Mexico.....	3,033	1,556	652	1,178
India.....	5	5	83	805
Kor Rep.....	74	576	592	643
S Arab.....	4,570	2,479	295	490
Panama.....	108	23	20	281
Trinid.....	136	121	92	238
Japan.....	27	558	145	235
Arab Em.....	78	380		192
Colomb.....	434	354	224	120
U King.....	272	79	84	105
France.....	13	36	17	72
Venez.....	953	89	229	64
Kuwait.....	44	17	21	45
All other total..	4,292	3,413	946	709
Total.....	20,201	13,587	7,991	9,126
GSP total....	7,419	5,213	2,630	3,774
Percent				
Canada.....	30.5	28.7	57.4	43.2
Mexico.....	15.0	11.5	8.2	12.9
India.....	0.0	0.0	1.0	8.8
Kor Rep.....	0.4	4.2	7.4	7.1
S Arab.....	22.6	18.3	3.7	5.4
Panama.....	0.5	0.2	0.3	3.1
Trinid.....	0.7	0.9	1.2	2.6
Japan.....	0.1	4.1	1.8	2.6
Arab Em.....	0.4	2.8	0.0	2.1
Colomb.....	2.2	2.6	2.8	1.3
U King.....	1.4	0.6	1.1	1.2
France.....	0.1	0.3	0.2	0.8
Venez.....	4.7	0.7	2.9	0.7
Kuwait.....	0.2	0.1	0.3	0.5
All other total..	21.2	25.1	11.8	7.8
Total.....	100.0	100.0	100.0	100.0
GSP total....	36.7	38.4	32.9	41.4

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

Annual Review of the Generalized System of Preferences (GSP)
 U.S. imports for consumption under the GSP, by principal source, 1981, 1983, 1985, and 1986
 Flow: Imports for consumption
 TSUSA commodity: 61074--Cast iron pipe and tube fitting

(Quantity in thousands of pounds; value in thousands of dollars)

Type Cty subcode Partner	Time period:			
	1981	1983	1985	1986
First unit of quantity				
Duty-free items under GSP provisions:				
Belize.....	30	0	0	0
Brazil.....	473	1,396	476	816
Hong Kong.....	0	0	38	33
India.....	1,936	3,146	2,447	2,692
Israel.....	0	70	7	0
Korea, South.....	1,054	2,879	188	46
Malaysia.....	1,204	505	0	0
Mexico.....	0	40	0	841
Philippines.....	0	0	39	0
Portugal.....	18	0	0	0
Singapore.....	0	102	238	678
Taiwan.....	5,969	7,291	243	211
Thailand.....	644	1,339	5,478	9,048
Venezuela.....	0	0	0	673
World.....	11,328	16,767	9,153	15,057
Customs value				
Duty-free items under GSP provisions:				
Belize.....	13	0	0	0
Brazil.....	288	794	249	481
Hong Kong.....	0	0	21	17
India.....	484	769	734	774
Israel.....	0	51	5	0
Korea, South.....	557	1,466	94	18
Malaysia.....	567	378	0	0
Mexico.....	0	26	0	393
Philippines.....	0	0	7	0
Portugal.....	9	0	0	0
Singapore.....	0	100	128	335
Taiwan.....	3,959	4,865	126	110
Thailand.....	313	757	3,053	4,961
Venezuela.....	0	0	0	162
World.....	6,191	9,206	4,419	7,251
Unit value				
Duty-free items under GSP provisions:				
Belize.....	0.45	0	0	0
Brazil.....	0.61	0.57	0.52	0.59
Hong Kong.....	0	0	0.55	0.53
India.....	0.25	0.24	0.30	0.29
Israel.....	0	0.73	0.75	0
Korea, South.....	0.53	0.51	0.50	0.40
Malaysia.....	0.47	0.75	0	0
Mexico.....	0	0.64	0	0.47
Philippines.....	0	0	0.17	0
Portugal.....	0.48	0	0	0
Singapore.....	0	0.98	0.54	0.49
Taiwan.....	0.66	0.57	0.52	0.52
Thailand.....	0.49	0.57	0.56	0.55
Venezuela.....	0	0	0	0.24
World.....	0.55	0.55	0.48	0.48

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

Aluminum Rods

I. Introduction

Col. 1 rate of duty: 2.6%

Type of action proposed (check one):

Addition of GSP:

Removal from GSP:

Country graduation: X (Countries—Argentina, Brazil, Mexico, Taiwan,
Venezuela, 2/ Yugoslavia)

Competitive-need-limit waiver:

Non-eligible GSP countries: Venezuela

Current competitive-need-limit waivers: None.

Current "sufficiently competitive" designation: None.

U.S. production on Jan. 3, 1985? Yes X No .

Description and uses: Aluminum rods, classified in SIC 3355, Aluminum Rolling and Drawing, N.E.C., are generally drawn into wire for use in fencing or machine stock (mechanical) or for use in cable for electrical transmission purposes (electrical conductor).

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms) <u>3/</u> ..	**22	**22	**18	**18	-18
Total U.S. employment (thousand employees).....	<u>4/</u>	<u>4/</u>	<u>4/</u>	<u>4/</u>	-
U.S. shipments (thousand dollars).....	<u>4/</u>	<u>4/</u>	**357,439	**345,579	-
U.S. exports (thousand dollars).....	62,868	17,321	20,256	14,362	-77
U.S. imports (thousand dollars).....	54,719	22,823	80,241	79,081	45
U.S. consumption (thousand dollars).....	<u>4/</u>	<u>4/</u>	**417,424	**410,298	-
Import to consumption ratio (percent).....	<u>4/</u>	<u>4/</u>	**19	**19	-
Capacity utilization (nearest 10 percent).....	<u>4/</u>	<u>4/</u>	*60	*60	-

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item Nos. 7604.10.30 and 7604.29.30.

2/ Advice is requested on the probable economic effect of redesignation of Venezuela as eligible under the GSP.

3/ These figures represent the number of plants.

4/ Not available.

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Comment: Fewer than 18 plants manufactured aluminum rod in 1986, with more than **\$345.6 million of rod produced. Most aluminum rod is produced for captive consumption and manufactured into wire and cable. Price is the principal purchasing factor when determining to buy rod from domestic or foreign sources when sold on the open market, providing customer specifications have been met. The principal market for rod, electrical cable, is relatively mature due to the nearly complete electrification of the United States. The price is directly affected by the cost of primary aluminum, which represents over 85 percent of the cost of rod. For this reason, low-cost energy companies or countries have a cost advantage in rod production. This product was recently the subject of countervailing duty and antidumping investigations, with the USITC issuing affirmative preliminary determinations against imports from Venezuela.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (1,000 pounds)				
Total.....	133,632	100	-	-
Imports from GSP countries:				
Total.....	123,426	92	100	-
Venezuela.....	100,044	75	81	-
Argentina.....	5,091	4	5	-
Yugoslavia.....	2,936	2	2	-
Brazil.....	1,241	1	1	1/
Taiwan.....	846	1	1	1/
Mexico.....	46	1/	1/	1/
Value (thousands)				
Total.....	79,081	100	-	**19
Imports from GSP countries:				
Total.....	67,699	86	100	**16
Venezuela.....	58,803	74	87	**14
Argentina.....	4,190	5	6	**1
Yugoslavia.....	2,980	4	4	**1
Brazil.....	966	1	1	1/
Taiwan.....	699	1	1	1/
Mexico.....	12	1/	1/	1/

1/ Less than 0.5 percent.

Note.—The countries shown in the table include the top four GSP suppliers in 1986 and any additional countries proposed for "graduation" or "waiver."

IV. Competitiveness profiles, GSP suppliersCompetitiveness of Venezuela for all digest productsRanking as a U.S. import supplier, 1986..... 1

Price sensitivity:

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 Price sensitivity of import supply..... High X Moderate Low Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No Price sensitivity of U.S. demand..... 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: Information collected in the course of the USITC's aforementioned investigations indicate that Venezuela plans wire and rod capacity expansions of 60,000 metric tons per year by Sural to be completed in 3 years. Primary aluminum capacity expansion will likely contribute to increased rod production since Venezuelan rod producers have had trouble purchasing as much aluminum as they would like from Venezuelan smelters. Current capacity utilization is [* * *] percent. Venezuela's longer-term plan includes additional fabricating capacity for basic forms such as bar, rod, and extrusion billet, with primary export markets being the United States, Europe, and Asia. [* * *.]

Competitiveness of Argentina for all digest productsRanking as a U.S. import supplier, 1986..... 3

Price sensitivity:

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 Price sensitivity of import supply..... High X Moderate Low Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

Quality compared with:

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

Competitiveness of Yugoslavia for all digest productsRanking as a U.S. import supplier, 1986..... 4

Price sensitivity:

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 Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No Price sensitivity of U.S. demand..... 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: Imports from Yugoslavia have reportedly been driven by the fluctuating needs of the country for hard currencies.

Competitiveness of Brazil for all digest productsRanking as a U.S. import supplier, 1986..... 6

Price sensitivity:

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 Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

Quality compared with:

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

Competitiveness of Taiwan for all digest productsRanking as a U.S. import supplier, 1986..... 12

Price sensitivity:

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 Price sensitivity of import supply..... High X Moderate Low Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

Quality compared with:

U.S. products..... Above Equivalent X Below Other foreign products..... Above Equivalent X Below Competitiveness of Mexico for all digest productsRanking as a U.S. import supplier, 1986..... 17

Price sensitivity:

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 Price sensitivity of import supply..... High X Moderate Low Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

Quality compared with:

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

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V. Position of interested parties

Petitioner.—Southwire Company (Carrollton, GA) claims that GSP imports of aluminum rod are adversely affecting the U.S. industry and that the specified countries are highly competitive in the U.S. market, no longer justifying the granting of GSP treatment.

Opposition.—Camara Argentina de la Industria del Alumino y Metales Afines, an Argentine association including producers of aluminum rod, states that the U.S. aluminum rod industry is not adversely affected by GSP imports from Argentina (which account for 4 percent of total imports) and that the Argentine industry would be adversely impacted by the loss of GSP benefits through graduation.

Impol Aluminum Mill, a Yugoslavian rod producer, opposes Yugoslavia's graduation for this item citing the low level of U.S. rod imports from Yugoslavia (which account for 2 percent of total imports) and Yugoslavia's relatively poor economic development that warrants GSP status.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

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[Probable economic effects advice deleted]

Product: Wrought rods of aluminum

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (pounds)				
Venez.....	24,947,345	13,672,155	112,954,750	100,044,075
Argent.....		1,465,921	2,700,645	5,890,930
Yugoslvs.....	4,841,133	5,861,869	4,525,096	2,935,631
U King.....	50,370	486,886	1,457,012	2,783,623
Belgium.....	804,716	1,763,245	3,106,289	2,305,312
Brazil.....		762,909	2,719,252	1,240,847
Taiwan.....			262,725	896,308
France.....	647,059	257,394	1,292,568	890,231
Spain.....		15,119	977,654	730,555
Italy.....	1,287,190	1,569,206	1,095,332	725,378
Canada.....	15,728	131,298	563,637	656,346
Japan.....	168,319	114,855	1,471,179	472,208
FR Germ.....	63,130	119,241	58,228	61,759
Mexico.....	1,892			45,746
All other total..	220,829	334,028	447,574	82,842
Total.....	33,047,711	26,554,126	133,631,941	119,761,791
GSP total....	29,790,370	21,762,854	123,426,202	111,101,943
Percent				
Venez.....	75.5	51.5	84.5	83.5
Argent.....	0.0	5.5	2.0	4.9
Yugoslvs.....	14.6	22.1	3.4	2.5
U King.....	0.2	1.8	1.1	2.3
Belgium.....	2.4	6.6	2.3	1.9
Brazil.....	0.0	2.9	2.0	1.0
Taiwan.....	0.0	0.0	0.2	0.7
France.....	2.0	1.0	1.0	0.7
Spain.....	0.0	0.1	0.7	0.6
Italy.....	3.9	5.9	0.8	0.6
Canada.....	0.0	0.5	0.4	0.5
Japan.....	0.5	0.4	1.1	0.4
FR Germ.....	0.2	0.4	0.0	0.1
Mexico.....	0.0	0.0	0.0	0.0
All other total..	0.7	1.3	0.3	0.1
Total.....	100.0	100.0	100.0	100.0
GSP total....	90.1	82.0	92.4	92.8

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

Product: Wrought rods of aluminum

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Venez.....	45,443	9,966	59,321	58,803
U King.....	89	791	2,369	5,181
Argent.....		1,113	2,377	4,190
Yugoslvs.....	5,671	5,466	4,735	2,980
Belgium.....	882	1,543	2,721	2,082
Brazil.....		604	1,884	966
Canada.....	17	163	616	941
France.....	739	258	1,141	853
Italy.....	1,237	1,252	1,155	832
Spain.....		6	1,006	763
Taiwan.....			215	699
Japan.....	181	168	1,569	543
FR Germ.....	201	1,235	567	145
Antigua.....				34
All other total..	255	253	560	61
Total.....	54,719	22,823	80,241	79,081
GSP total....	51,119	17,150	68,886	67,699
Percent				
Venez.....	83.0	43.7	73.9	74.4
U King.....	0.2	3.5	3.0	6.6
Argent.....	0.0	4.9	3.0	5.3
Yugoslvs.....	10.4	23.9	5.9	3.8
Belgium.....	1.6	6.8	3.4	2.6
Brazil.....	0.0	2.6	2.3	1.2
Canada.....	0.0	0.7	0.8	1.2
France.....	1.4	1.1	1.4	1.1
Italy.....	2.3	5.5	1.4	1.1
Spain.....	0.0	0.0	1.3	1.0
Taiwan.....	0.0	0.0	0.3	0.9
Japan.....	0.3	0.7	2.0	0.7
FR Germ.....	0.4	5.4	0.7	0.2
All other total..	0.5	1.1	0.7	0.1
Total.....	100.0	100.0	100.0	100.0
GSP total....	93.4	75.1	85.8	85.6

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

Product: WRT RDS ALUM UN .375 IN DIAM

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (pounds)				
Canada.....	1,050,046	1,265,620	4,848,873	4,973,868
Italy.....	991,001	1,839,736	1,920,591	2,439,672
Cocos I.....	1,943,341	1,609,942	972,048	1,076,983
Israel.....	5,572,154	3,300,924	2,600,962	679,437
Thailnd.....	35,249	775,420	1,102,753	634,430
Mexico.....	43,824,733	3,645,881	4,431,928	553,561
Japan.....	678,638	2,645,559	536,221	534,470
Salvadr.....	440,831	84	67,739	477,622
Nigeria.....	224,856			389,655
Ghana.....			62,470	204,199
U King.....	1,635,027	50,980	1,030,259	197,021
France.....	3,716	8,321		158,857
FR Germ.....	75,738	644	264,780	147,684
Phil.R.....	37	186,908	1,004	97,446
All other total..	8,002,775	817,090	720,448	328,973
Total.....	64,478,142	16,147,109	18,560,076	12,893,878
GSP total....	58,683,070	10,024,427	9,934,815	4,019,631

Percent				
Canada.....	1.6	7.8	26.1	38.6
Italy.....	1.5	11.4	10.3	18.9
Cocos I.....	3.0	10.0	5.2	8.4
Israel.....	8.6	20.4	14.0	5.3
Thailnd.....	0.1	4.8	5.9	4.9
Mexico.....	68.0	22.6	23.9	4.3
Japan.....	1.1	16.4	2.9	4.1
Salvadr.....	0.7	0.0	0.4	3.7
Nigeria.....	0.3	0.0	0.0	3.0
Ghana.....	0.0	0.0	0.3	1.6
U King.....	2.5	0.3	5.6	1.5
France.....	0.0	0.1	0.0	1.2
FR Germ.....	0.1	0.0	1.4	1.1
Phil.R.....	0.0	1.2	0.0	0.8
All other total..	12.4	5.1	3.9	2.6
Total.....	100.0	100.0	100.0	100.0
GSP total....	91.0	62.1	53.5	31.2

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

Product: WRT RDS ALUM UN .375 IN DIAM

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	1,281	1,421	5,425	5,197
Italy.....	1,259	2,017	2,129	2,480
Cocos I.....	2,296	1,914	1,114	1,234
Thailand.....	30	1,023	1,623	909
Japan.....	933	2,289	902	908
Israel.....	9,320	3,924	3,245	864
Mexico.....	37,744	3,011	3,517	662
Salvadr.....	330		99	330
Nigeria.....	185			280
U King.....	1,702	68	1,067	241
France.....	6	11		220
Ghana.....			64	208
FR Germ.....	95		294	192
Phil.R.....	1	291	5	157
All other total..	7,679	1,347	767	472
Total.....	62,868	17,321	20,256	14,362
GSP total....	55,903	10,947	10,402	4,760
Percent				
Canada.....	2.0	8.2	26.8	36.2
Italy.....	2.0	11.6	10.5	17.3
Cocos I.....	3.7	11.1	5.5	8.6
Thailand.....	0.0	5.9	8.0	6.3
Japan.....	1.5	13.2	4.5	6.3
Israel.....	14.8	22.7	16.0	6.0
Mexico.....	60.0	17.4	17.4	4.6
Salvadr.....	0.5	0.0	0.5	2.3
Nigeria.....	0.3	0.0	0.0	2.0
U King.....	2.7	0.4	5.3	1.7
France.....	0.0	0.1	0.0	1.5
Ghana.....	0.0	0.0	0.3	1.5
FR Germ.....	0.2	0.0	1.5	1.3
Phil.R.....	0.0	1.7	0.0	1.1
All other total..	12.2	7.8	3.8	3.3
Total.....	100.0	100.0	100.0	100.0
GSP total....	88.9	63.2	51.4	33.1

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

Aluminum Wire Not Coated or Plated

I. Introduction

Col. 1 rate of duty: 4.2%

Type of action proposed (check one):

Addition of GSP:

Removal from GSP:

Country graduation: X (Countries—Argentina, Brazil, Venezuela)

Competitive-need-limit waiver

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: Aluminum wire, classified in SIC 3355, Aluminum Rolling and Drawing, M.E.C., is used for mechanical purposes (fencing or screw machine stock) or electrical purposes (transmission cables). The wire is drawn from aluminum rod or bar into a square, round, rectangular, hexagonal, or octagonal shape, with a diameter less than 0.375 inch.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms) <u>2/..</u>	**69	**69	**61	**61	-12
Total U.S. employment (thousand employees).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	-
U.S. shipments (thousand dollars).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	-
U.S. exports (thousand dollars).....	18,742	6,756	7,574	8,870	-53
U.S. imports (thousand dollars).....	2,682	3,417	7,813	8,799	288
U.S. consumption (thousand dollars).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	-
Import to consumption ratio (percent).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	-
Capacity utilization (nearest 10 percent).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	-

Comment: Fewer than **61 plants produced bare wire in 1986. Wire is an intermediate product in the manufacture of transmission cable, fencing, screws, and so forth. Wire is a product made to specific customer requirements on a contract basis, not generally manufactured and sold on a free market basis. When sold on the merchant market, price is the principal competitive factor between domestic and foreign sources within wire types (mechanical and electrical). Most wire is for captive consumption for the manufacture of the aforementioned items. Wire facilities are often located in proximity to rod/bar facilities due to the integral nature of their production processes. The major integrated aluminum producers have traditionally dominated the market, but several of these producers have closed or have announced plans to close electrical wire (and cable) facilities due to the low valued-added nature of the product and plans to emphasize production of higher value products.

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item Nos. 7605.11.00, 7605.19.00, 7605.21.00, and 7605.29.00.

2/ These figures represent the number of plants.

3/ Not available.

TSUS item No. -
618.20—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (1,000 pounds)				
Total.....	6,152	100	-	-
Imports from GSP countries:				
Total.....	1,109	13	100	-
Yugoslavia.....	492	8	44	-
Venezuela.....	539	9	49	-
Taiwan.....	78	1	7	$\frac{1}{2}$
Korea.....	1	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Argentina.....	0	0	0	0
Brazil.....	0	0	0	0
Value (thousands)				
Total.....	8,799	100	-	-
Imports from GSP countries:				
Total.....	1,106	13	100	-
Yugoslavia.....	773	9	70	-
Venezuela.....	265	3	24	-
Taiwan.....	59	1	5	$\frac{1}{2}$
Korea.....	3	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Argentina.....	-	0	0	0
Brazil.....	-	0	0	0

Note.—The countries shown in the table include the top four GSP suppliers in 1986 and any additional countries proposed for "graduation" or "waiver."

IV. Competitiveness profiles, GSP suppliersCompetitiveness of Yugoslavia for all digest productsRanking as a U.S. import supplier, 1986..... 3

Price sensitivity:

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 Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

Quality compared with:

U.S. products..... Above Equivalent X Below Other foreign products..... Above Equivalent X Below Competitiveness of Venezuela for all digest productsRanking as a U.S. import supplier, 1986..... 7

Price sensitivity:

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 Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No Price sensitivity of U.S. demand..... 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: Information collected in the course of the USITC's countervailing and antidumping investigations on electrical conductor rod from Venezuela indicate that Venezuela plans wire and rod capacity expansions of 60,000 metric tons per year by Sural to be completed in 3 years. [* * *.]

TSUS item No.
618.20—Con.

Competitiveness of Argentina for all digest products

Ranking as a U.S. import supplier, 1986..... -

Price sensitivity:

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 ____

Price sensitivity of import supply..... High X Moderate ____ Low ____

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

Price sensitivity of U.S. demand..... 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: There were no imports of aluminum wire from Argentina in 1986. Three Argentina wire producers account for about 49 percent of wire and cable capacity.

Competitiveness of Brazil for all digest products

Ranking as a U.S. import supplier, 1986..... -

Price sensitivity:

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 ____

Price sensitivity of import supply..... High X Moderate ____ Low ____

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

Price sensitivity of U.S. demand..... 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: There were no imports of aluminum wire from Mexico in 1986. The three principal Brazilian producers of wire accounted for 57 percent of wire and cable capacity.

TSUS item No.
618.20—Con.

V. Position of interested parties

Petitioner.—Southwire Company (Carrollton, GA) included aluminum wire in the petition to prevent any diversion of aluminum rod production to wire production if GSP treatment was withdrawn from those countries being considered for graduation.

Opposition.—Camara Argentina de la Industria del Alumino y Metales Afines, an Argentine association including producers of aluminum wire, states that the U.S. aluminum wire industry is not adversely affected by GSP imports from Argentina (of which there were none in 1986) and that the Argentine industry would be adversely impacted by the loss of GSP benefits through graduation.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

Product: Aluminum wire, not plated or coated

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (pounds)				
Canada.....	174,316	2,118,806	1,865,427	2,801,825
U King.....	307	264,949	686,230	1,132,851
Venez.....			4,160,407	538,500
Yugoslvs.....	224,297	85,367	235,800	492,366
Japan.....	1,533,082	427,421	174,271	389,065
FR Germ.....	56,147	126,953	171,818	251,461
France.....	21,862	206,496	684,006	227,113
Belgium.....		37,148	367,107	219,149
Taiwan.....	30	1,877		78,175
Italy.....		128	4,461	19,840
Nethlds.....			21,389	1,466
Spain.....			276	66
Thailnd.....				34
Hg Kong.....	10	1,372	26	26
All other total..	39,783	11,519	810,762	44
Total.....	2,049,834	3,282,036	9,181,980	6,151,981
GSP total....	263,612	88,616	5,206,995	1,109,145
Percent				
Canada.....	8.5	64.6	20.3	45.5
U King.....	0.0	8.1	7.5	18.4
Venez.....	0.0	0.0	45.3	8.8
Yugoslvs.....	10.9	2.6	2.6	8.0
Japan.....	74.8	13.0	1.9	6.3
FR Germ.....	2.7	3.9	1.9	4.1
France.....	1.1	6.3	7.4	3.7
Belgium.....	0.0	1.1	4.0	3.6
Taiwan.....	0.0	0.1	0.0	1.3
Italy.....	0.0	0.0	0.0	0.3
Nethlds.....	0.0	0.0	0.2	0.0
Spain.....	0.0	0.0	0.0	0.0
Thailnd.....	0.0	0.0	0.0	0.0
Hg Kong.....	0.0	0.0	0.0	0.0
All other total..	1.9	0.4	8.8	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	12.9	2.7	56.7	18.0

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

Product: Aluminum wire, not plated or coated

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	198	1,712	2,237	3,995
U King.....	12	342	1,021	2,182
Yugosl v.....	239	96	408	773
FR Germ.....	87	243	242	502
Japan.....	2,057	719	428	493
France.....	42	243	762	265
Venez.....			1,760	265
Belgium.....		33	322	213
Taiwan.....	1	5		59
Italy.....			8	34
Kor Rep.....			13	3
Spain.....			12	3
Nethl ds.....			45	2
Hg Kong.....		4	1	1
All other total..	43	15	547	2
Total.....	2,682	3,417	7,813	8,799
GSP total....	282	106	2,731	1,106
Percent				
Canada.....	7.4	50.1	28.6	45.4
U King.....	0.5	10.0	13.1	24.8
Yugosl v.....	8.9	2.8	5.2	8.8
FR Germ.....	3.2	7.1	3.1	5.7
Japan.....	76.7	21.0	5.5	5.6
France.....	1.6	7.1	9.8	3.0
Venez.....	0.0	0.0	22.5	3.0
Belgium.....	0.0	1.0	4.1	2.4
Taiwan.....	0.1	0.2	0.0	0.7
Italy.....	0.0	0.0	0.1	0.4
Kor Rep.....	0.0	0.0	0.2	0.0
Spain.....	0.0	0.0	0.2	0.0
Nethl ds.....	0.0	0.0	0.6	0.0
Hg Kong.....	0.0	0.1	0.0	0.0
All other total..	1.6	0.5	7.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	10.5	3.1	35.0	12.6

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

Product: ALUMINUM WIRE

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (pounds)				
Canada.....	2,518,423	1,407,702	1,487,424	1,895,410
Mexico.....	4,427,526	268,577	909,999	944,810
Haiti.....	3,914	77,807	52,687	462,670
Iran.....				321,726
FR Germ.....	216,546	95,440	47,203	128,595
Kor Rep.....	458,795	24,376	364,021	93,960
Taiwan	218,345	49,549	19,854	75,938
Argent.....	28,847	2,675	44,522	74,122
Hondura.....	5,219	11,446	19,874	68,234
U.King.....	251,913	59,844	51,651	67,950
Cocos.I.....	111,009	34,076	43,452	64,048
Panama.....	13,649	4,971	83,738	62,263
Nethlds.....	155,673	50,922	33,280	61,922
Ecuador.....	47,469	82,083	72,681	59,807
All other total..	7,273,629	2,253,083	2,116,337	754,555
Total.....	15,730,957	4,422,551	5,346,723	5,136,010
GSP total....	9,945,774	1,372,114	2,449,284	2,435,928
Percent				
Canada.....	16.0	31.8	27.8	36.9
Mexico.....	28.1	6.1	17.0	18.4
Haiti.....	0.0	1.8	1.0	9.0
Iran.....	0.0	0.0	0.0	6.3
FR Germ.....	1.4	2.2	0.9	2.5
Kor Rep.....	2.9	0.6	6.8	1.8
Taiwan	1.4	1.1	0.4	1.5
Argent.....	0.2	0.1	0.8	1.4
Hondura.....	0.0	0.3	0.4	1.3
U.King.....	1.6	1.4	1.0	1.3
Cocos.I.....	0.7	0.8	0.8	1.2
Panama.....	0.1	0.1	1.6	1.2
Nethlds.....	1.0	1.2	0.6	1.2
Ecuador.....	0.3	1.9	1.4	1.2
All other total..	46.2	50.9	39.6	14.7
Total.....	100.0	100.0	100.0	100.0
GSP total....	63.2	31.0	45.8	47.4

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

Product: ALUMINUM WIRE

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	3,386	1,849	1,711	2,802
Mexico.....	4,701	368	1,339	1,548
Haiti.....	9	100	58	437
U.King.....	462	168	100	309
Nethlds.....	145	235	228	274
FR Germ.....	292	123	146	240
Hg Kong.....	193	368	248	229
Iran.....				228
Argent.....	61	11	90	215
Phil.R.....	405	226	78	205
Kor Rep.....	406	50	111	196
Malaysa.....	109	26	145	180
Venez.....	432	65	174	148
Cocos.I.....	218	86	88	144
All other total..	7,917	3,075	3,052	1,707
Total.....	18,742	6,756	7,574	8,870
GSP total....	11,237	2,525	3,967	4,450

Percent				
Canada.....	18.1	27.4	22.6	31.6
Mexico.....	25.1	5.5	17.7	17.5
Haiti.....	0.0	1.5	0.8	4.9
U.King.....	2.5	2.5	1.3	3.5
Nethlds.....	0.8	3.5	3.0	3.1
FR Germ.....	1.6	1.8	1.9	2.7
Hg Kong.....	1.0	5.5	3.3	2.6
Iran.....	0.0	0.0	0.0	2.6
Argent.....	0.3	0.2	1.2	2.4
Phil.R.....	2.2	3.4	1.0	2.3
Kor Rep.....	2.2	0.7	1.5	2.2
Malaysa.....	0.6	0.4	1.9	2.0
Venez.....	2.3	1.0	2.3	1.7
Cocos.I.....	1.2	1.3	1.2	1.6
All other total..	42.2	45.5	40.3	19.3
Total.....	100.0	100.0	100.0	100.0
GSP total....	60.0	37.4	52.4	50.2

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

Ropes, Cables, or Cordage Fitted With Fittings

I. Introduction

Col. 1 rate of duty: 5.7%

Type of action proposed (check one):

Addition of GSP:

Removal from GSP:

Country graduation: X (Countries— Korea)

Competitive-need-limit waiver

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: The products included in this digest consist of slings, strands, ropes, cables and cordage of wire, fitted with fittings or made up into articles. Wire ropes are used in oil and gas drilling, mining, elevators, industrial cranes and hoists, maritime industry application and general construction. Specialty cables are used in aircraft, automobiles, pleasure craft and many other varied applications.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	*12	*12	*11	*9	-25
Total U.S. employment (thousand employees).....	2/	2/	2/	2/	
U.S. shipments (thousand dollars).....	**22,440	**14,000	**13,362	**11,322	-50
U.S. exports (thousand dollars)3/.....	**5,596	**2,768	**2,824	**3,302	-41
U.S. imports (thousand dollars) 4/.....	**10,345	**12,781	**16,476	**23,608	128
U.S. consumption (thousand dollars).....	**27,189	**24,013	**27,014	**31,628	16
Import to consumption ratio (percent).....	38	53	61	75	97
Capacity utilization (nearest 10 percent).....	**70	**54	**62	**47	-33

Comment: U.S. shipments are down 50 percent, while imports increased 128 percent between 1981 and 1986. The strength of the U.S. industry has declined over the period. Domestic production and capacity utilization have decreased, facilities have been were shut down, and the number of production workers has decreased. The U.S. industry's strength is in its quick response time to orders, long standing customer relations, and the technical services offered. Imports offered a price advantage over the domestic product.

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 7312.10.50 and 7312.10.70.

2/ Less than 500.

3/ Estimated to represent 60 percent of U.S. exports of schedule B., No. 642.000.

4/ TSUS item 642.2010—ropes, cables or cordage fitted with fittings came into existence on January 1, 1987, and did not exist before that date. Import values for item 642.2010 for the period 1981-1986 are estimated to represent 60 percent or more of the import values of TSUS item 642.2000.

TSUSA item No.
642.2010—Con. 1/

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (1,000 of pounds) 2/				
Total.....	18,453	100	-	73
Imports from GSP countries:				
Total.....	6,490	35	100	26
Taiwan.....	1,721	9	27	7
Singapore.....	897	5	14	4
Korea.....	2,147	12	33	8
Yugoslavia.....	373	2	6	1
Value (thousand dollars) 2/				
Total.....	23,608	100	-	75
Imports from GSP countries:				
Total.....	8,014	34	100	25
Taiwan.....	3,160	13	39	10
Singapore.....	1,889	8	24	6
Korea.....	1,279	5	16	4
Yugoslavia.....	280	1	3	1

Note.—The countries shown in the table include the top four GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliers:

Competitiveness of Korea for all digest products

Ranking as a U.S. import supplier, 1986..... 6

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

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

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

Quality compared with:

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

1/ TSUS item 642.2010—ropes, cables or cordage fitted with fittings came into existence on January 1, 1987 and did not exist before that date.

2/ Quantities and values for item 642.2010 is estimated to comprise 60 percent or more of item 642.2000—strands, ropes, cables, or made up into articles.

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

TSUSA item No.
642.2010—Con.

Comment: Although imports are generally priced lower than domestic products, U.S. producers maintain an advantage in shorter delivery time and technical services.

V. Position of interested parties

Petitioner.—The Committee of Domestic Steel Wire Rope and Specialty Steel Manufacturers, (the "Committee") request that TSUS item 642.2010 imported from Korea be removed from duty free treatment under the GSP.

The Committee's request is based on the contention that, (1) the steel wire rope industry is no longer a developing industry in Korea; (2) TSUS item 642.2010 is not included under the country's voluntary restraint agreement (which limits certain steel imports) and therefore may be used to circumvent the VRA; and (3) steel wire rope is import sensitive. Steel wire rope (TSUS item 642.14 and 642.16) was removed from GSP eligibility in 1981. To make that decision all inclusive the industry agrees that it is essential to remove GSP treatment for all wire ropes including those under item 642.2010.

Opposition.—The Korean Trade Center (Center) opposes the removal of TSUSA item 642.2010 from duty-free treatment under the Generalized System of Preferences (GSP).

The Center's opposition is based on the contention that, (1) the manufacturers of fittings are small companies with old facilities and are separate entities from the steel wire rope makers (2) the granting or withdrawal of GSP status is governed by the Title V of the Trade Act of 1974 and Voluntary Restraint Agreements do not enter into the issue, and (3) since the fitting accessory industry is a developing industry the import sensitivity is not a justifiable issue.

[Probable economic effects advice deleted]

TSUSA number: 642.2010 1/

Product: Ropes, cables and cordage fitted with fittings

U.S. imports for consumption, by principal sources, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (1,000 pounds) 2/				
Japan.....	1,720	1,655	2,364	2,065
Canada.....	3,875	4,214	5,744	6,740
FR. Germ.....	766	940	1,874	6,697
Taiwan.....	1,065	1,348	2,343	2,868
Singapore.....	282	180	1,673	1,495
Kor. Rep.....	260	319	1,388	3,578
Peru.....			120	1,400
France.....	48	52	99	394
Mexico.....		235	65	80
United Kingdom.....	296	4,997	145	325
Italy.....	88	172	293	379
Belgium.....	4	44	38	1,101
Netherlands.....	66	371	4	542
Yugoslavia.....				622
All other total.....	433	319	871	2,502
Total.....	8,903	14,846	17,021	30,788
GSP total.....	1,916	2,307	5,893	10,817
Percent				
Japan.....	19.3	11.2	13.9	6.7
Canada.....	43.5	28.4	33.8	21.9
FR. Germ.....	8.6	6.3	11.0	21.8
Taiwan.....	12.0	9.1	13.8	9.3
Singapore.....	3.3	1.2	9.8	4.9
Kor. Rep.....	2.9	2.2	8.2	11.6
Peru.....			.0.7	4.6
France.....	0.5	0.4	0.6	1.3
Mexico.....		1.6	0.4	0.3
United Kingdom.....	3.3	33.7	0.9	1.1
Italy.....	1.1	1.2	1.73	1.2
Belgium.....	0.1	0.3	0.2	3.6
Netherlands.....	0.8	2.5	0.1	1.8
Yugoslavia.....	0.0	0.0	0.0	2.0
All other total.....	4.9	2.6	5.1	8.1
Total.....	100.0	100.0	100.0	100.0
GSP total.....	21.5	15.5	5.1	35.1

1/ TSUS item 642.2010--ropes, cables or cordage fitted with fittings came into existence on January 1, 1987 and did not exist before that date.

2/ Quantities are for U.S. imports of TSUS item 642.2000--strands, ropes, cables, or made up into articles. Item 642.2010 is estimated to comprise 60 percent or more of item 642.2000.

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

TSUSA number: 642.2010 1/

Product: Ropes, cables and cordage fitted with fittings

U.S. imports for consumption, by principal sources, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars) 2/				
Japan.....	4,510	4,924	7,201	7,559
Canada.....	3,751	4,545	5,411	6,938
FR. Germ.....	3,749	2,655	4,125	6,481
Taiwan.....	1,320	1,574	3,858	5,270
Singapore.....	1,038	316	3,156	3,047
Kor. Rep.....	124	259	786	2,132
Peru.....			991	1,064
France.....	197	199	230	911
Mexico.....		59	295	655
United Kingdom.....	716	5,369	616	641
Italy.....	368	342	416	603
Belgium and Luxembourg...	16	19	33	577
Netherlands.....	205	255	11	534
Yugoslavia.....				466
All other total.....	960	783	12	24
Total.....	16,959	21,302	27,460	39,347
GSP total.....	3,081	2,731	8,694	13,358
Percent				
Japan.....	26.6	23.1	26.2	19.2
Canada.....	22.1	21.3	19.7	17.6
FR. Germ.....	22.1	12.5	15.0	16.4
Taiwan.....	7.8	7.4	14.0	13.4
Singapore.....	6.1	1.5	11.5	7.7
Kor. Rep.....	0.7	1.2	2.9	5.4
Peru.....	0.0	0.0	0.3	2.7
France.....	1.2	0.9	0.8	2.3
Mexico.....	0.0	0.3	1.1	1.7
United Kingdom.....	4.2	25.2	2.2	1.6
Italy.....	2.2	1.6	1.5	1.5
Belgium and Luxembourg...	0.1	0.1	0.1	1.5
Netherlands.....	1.2	1.2	0.0	1.4
Yugoslavia.....				1.3
All other total.....	5.7	3.7	4.5	6.3
Total.....	100.0	100.0	100.0	100.0
GSP total.....	18.2	12.8	31.7	34.0

1/ TSUS item 642.2010--ropes, cables or cordage fitted with fittings came into existence on January 1, 1987 and did not exist before that date.

2/ Values are for U.S. imports of TSUS item 642.2000--strands, ropes, cables, and cordage, fitted with fittings, or made up into articles. Item 642.2010 is estimated to comprise 60 percent or more of item 642.2000.

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

TSUSA number: 642.2000

Product: Ropes, cables and cordage fitted with fittings

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985,
and 1986

Source	1981	1983	1985	1986
Quantity (1,000 pounds)				
Canada.....	754	260	523	590
Mexico.....	211	79	75	161
Japan.....	87	40	59	173
Singapore.....	6	12	111	435
West Germany.....	15	2	1	20
United Kingdom.....	40	35	15	89
Costa Rica.....	1	0	78	147
Australia.....	185	14	23	18
Guyana.....	0	37	8	57
Taiwan.....	45	18	47	7
Italy.....	9	0	72	54
Saudi Arabia.....	423	287	79	19
Israel.....	14	4	15	41
Denmark.....	21	35	2	13
All other total.....	1,811	547	546	239
Total.....	3,191	1,330	1,657	2,063
GSP total.....	1,116	519	746	961
Percent				
Canada.....	23.6	19.6	31.6	28.6
Mexico.....	6.6	5.9	4.5	7.8
Japan.....	2.7	3.0	3.7	8.4
Singapore.....	0.2	0.9	6.7	21.1
West Germany.....	0.5	0.2	0.1	1.0
United Kingdom.....	1.3	2.6	0.9	4.3
Costa Rica.....	0.1	0	4.7	7.1
Australia.....	5.8	1.1	1.4	0.9
Guyana.....	0.0	2.8	5.0	2.8
Taiwan.....	1.4	1.4	2.8	0.3
Italy.....	0.3	0	4.4	2.6
Saudi Arabia.....	13.3	21.6	4.8	0.9
Israel.....	0.4	0.3	0.9	2.0
Denmark.....	0.7	2.6	0.1	-0.6
All other total.....	56.8	41.1	33.0	-11.6
Total.....	100.0	100.0	100.0	100.0
GSP total.....	35.0	39.0	45.0	46.6

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

TSUSA number: 642.2000

Product: Ropes, cables and cordage fitted with fittings

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	1,875	1,217	1,620	1,768
Mexico.....	460	385	400	724
Japan.....	338	144	245	537
Singapore.....	48	50	106	474
West Germany.....	102	236	138	322
United Kingdom.....	220	265	65	298
Costa Rica.....	3	8	108	264
Australia.....	249	51	115	98
Guyana.....	0	36	25	85
Taiwan.....	116	66	462	76
Italy.....	50	5	66	65
Saudi Arabia.....	816	752	254	51
Israel.....	53	10	29	46
Denmark.....	96	182	30	42
All other total.....	4,901	1,216	1,044	653
Total.....	9,327	4,613	4,707	5,503
GSP total.....	2,240	1,356	1,869	2,043
Percent				
Canada.....	20.1	26.4	34.4	32.1
Mexico.....	4.9	8.4	8.5	13.2
Japan.....	3.6	3.1	5.2	11.4
Singapore.....	0.5	1.1	2.3	8.6
West Germany.....	1.1	5.1	2.9	6.8
United Kingdom.....	2.4	5.8	1.4	6.3
Costa Rica.....	0.1	0.2	2.3	5.6
Australia.....	2.7	1.1	2.4	1.8
Guyana.....	0	2.2	0.5	1.5
Taiwan.....	1.3	1.4	9.8	1.4
Italy.....	0.5	0.1	1.4	1.2
Saudi Arabia.....	8.8	16.1	5.4	0.9
Israel.....	0.6	0.2	0.6	0.8
Denmark.....	1.0	4.0	-0.6	-0.7
All other total.....	52.6	26.4	22.2	11.9
Total.....	100.0	100.0	100.0	100.0
GSP total.....	24.0	29.4	39.7	37.1

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

09/14/87

Annual Review of the Generalized System of Preferences (GSP)
U.S. imports for consumption under the GSP, by principal source, 1981, 1983, 1985, and 1986
Flow: General imports
TSUSA commodity: 6422000--Wlr strnd,rpe,etc fit or art

(Quantity in thousands of pounds; value in thousands of dollars)

Type	Time period:	1981	1983	1985	1986
Cty subcode					
Partner					
<hr/>					
Customs value					
Duty-free items under GSP provisions:					
Belize.....	0	0	7	3	
Brazil.....	166	0	263	274	
Chile.....	0	0	44	163	
Colombia.....	46	0	0	0	
Dominican Republic.....	0	0	7	0	
Hong Kong.....	47	0	14	79	
India.....	16	0	2	0	
Israel.....	65	0	123	77	
Korea, South.....	60	0	627	1,428	
Neth Antilles.....	22	0	0	0	
Peru.....	0	0	91	1,064	
Philippines.....	0	0	0	1	
Romania.....	0	0	0	3	
Singapore.....	663	0	3,150	2,836	
Taiwan.....	936	0	3,721	5,026	
Thailand.....	0	0	0	0	
Venezuela.....	49	0	0	24	
Yugoslavia.....	0	0	0	466	
World.....	2,069	0	8,049	11,445	
First unit of quantity					
Duty-free items under GSP provisions:					
Belize.....	0	0	300	792	
Brazil.....	74,714	0	126,935	164,364	
Chile.....	0	0	109,827	436,556	
Colombia.....	56,901	0	0	0	
Dominican Republic.....	0	0	17,000	0	
Hong Kong.....	30,132	0	6,258	46,086	
India.....	6,533	0	45	0	
Israel.....	22,709	0	33,038	14,366	
Korea, South.....	46,300	0	964,600	3,086,144	
Neth Antilles.....	854	0	0	0	
Peru.....	0	0	119,645	1,399,884	
Philippines.....	0	0	0	66	
Romania.....	0	0	0	1,515	
Singapore.....	178,589	0	1,670,033	1,219,866	
Taiwan.....	778,700	0	2,257,773	2,751,921	
Thailand.....	308	0	0	0	
Venezuela.....	33,763	0	0	1,543	
Yugoslavia.....	0	0	0	621,513	
World.....	1,229,503	0	5,305,454	9,744,616	
Unit value					
Duty-free items under GSP provisions:					
Belize.....	0	0	23.09	3.35	
Brazil.....	2.22	0	2.07	1.66	
Chile.....	0	0	0.40	0.37	
Colombia.....	0.81	0	0	0	
Dominican Republic.....	0	0	0.41	0	
Hong Kong.....	1.56	0	2.23	1.71	
India.....	2.38	0	34.00	0	
Israel.....	2.86	0	3.71	5.38	
Korea, South.....	1.30	0	0.65	0.46	

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

09/14/87

Annual Review of the Generalized System of Preferences (GSP)
U.S. imports for consumption under the GSP, by principal source, 1981, 1983, 1985, and 1986
Flow: General imports
TSUSA commodity: 6422000--Wir strnd,rpe,etc fit or art
(lb)

(Quantity in thousands of pounds; value in thousands of dollars)

	Time period:	1981	1983	1985	1986
Type					
Cty subcode					
Partner					
Unit value					
Duty-free items under GSP provisions:					
Neth Antilles.....		25.34	0	0	0
Peru.....		0	0	0.76	0.76
Philippines.....		0	0	0	18.56
Romania.....		0	0	0	2.00
Singapore.....		3.71	0	1.89	2.33
Taiwan.....		1.20	0	1.65	1.83
Thailand.....		1.09	0	0	0
Venezuela.....		1.45	0	0	15.41
Yugoslavia.....		0	0	0	0.75
World.....		1.68	0	1.52	1.17

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

TSUS item No.
652.80 1/

Expanded Metal of Base Metal

I. Introduction

Col. 1 rate of duty: 3.8% ad valorem

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: X (Countries— Mexico, Korea,)

Competitive-need-limit waiver _____

Non-eligible GSP countries: None.

Current competitive-need-limit waivers: None.

Current "sufficiently competitive" designation: None.

U.S. production on Jan. 3, 1985? Yes X No _____.

Description and uses: Expanded metal is a net-like product which is formed from metal plates or sheets that are perforated by automatic metal-cutting dies. Expanded metal is made in a variety of sizes and thicknesses and used for partitions, machine guards, shelving, satellite antennas, walkways, lawn furniture, and in numerous other applications.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	*15	*15	*16	*14	-7
Total U.S. employment (thousand employees).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
U.S. shipments (thousand dollars).....	<u>2/</u>	<u>3/</u>	80,217	64,372	<u>3/</u>
U.S. exports (thousand dollars) <u>2/</u>	4,535	3,073	1,550	1,004	-78
U.S. imports (thousand dollars).....	1,324	1,563	2,810	3,950	198
U.S. consumption (thousand dollars).....	<u>3/</u>	<u>3/</u>	81,377	67,318	<u>3/</u>
Import to consumption ratio (percent).....	<u>3/</u>	<u>3/</u>	3	6	<u>3/</u>
Capacity utilization (nearest 10 percent).....	<u>3/</u>	<u>3/</u>	*50	*45	<u>3/</u>

Comment: The domestic expanded metal industry, although relatively small, has sought to improve its competitiveness amid increasing import competition largely through changes of ownership and the acquisition of assets. Imports from Mexico and Korea (the principal GSP supplying countries) increased significantly during 1981-86, reportedly due to advantages in price and more favorable purchasing terms. Although there are no distinct differences in the methods used to distribute imported expanded metal (or that which is produced domestically) in the U.S. market, U.S. producers generally have advantages in shorter delivery time, product availability, and historical supplier relationship.

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the digests for HS item Nos. 7314.50.00 and 7414.90.00.

2/ Less than 500.

3/ Not available.

TSUS item No.
652.80 —Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (square feet)				
Total.....	10,282,273	100	—	5
Imports from GSP countries:				
Total.....	1,880,962	18	100	1
Mexico.....	1,252,546	12	67	1/
Korea.....	448,980	4	24	1/
Venezuela.....	151,687	1	8	1/
Taiwan.....	27,749	1/	1	1/
Value (thousands)				
Total.....	3,950	100	—	6
Imports from GSP countries:				
Total.....	951	24	100	1
Mexico.....	711	18	75	1
Korea.....	122	3	13	1/
Venezuela.....	86	2	9	1/
Taiwan.....	31	1	3	1/

Note.—The countries shown in the table include the top four GSP suppliers in 1986.

TSUS item No.
652.80 —Con.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Mexico for all digest products

Ranking as a U.S. import supplier, 1986..... 3

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

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

Price sensitivity of U.S. demand..... 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: Imports of expanded metal from Mexico are generally priced lower than imports from developed countries and expanded metal produced in the United States. There are no major quality differences with respect to imports from Mexico, the United States, and other countries. In many instances, the purchaser in the U.S. market will pay a higher price for domestically produced expanded metal because of product warranties and other services rendered by the U.S. producer.

Competitiveness of Korea for all digest products

Ranking as a U.S. import supplier, 1986..... 5

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

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

Price sensitivity of U.S. demand..... 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: Imports of expanded metal from Korea are generally priced lower than imports from developed countries and expanded metal produced in the United States. There are no major quality differences with respect to imports from Korea, the United States, and other countries. In the U.S. market, the purchaser will sometimes pay a higher price for domestically produced expanded metal because of product warranties and other services rendered by the U.S. producer.

TSUS item No.
652.80 —Con.

V. Position of interested parties

Petitioner.—The Expanded Metal Fair Trade Coalition (EMFTC) has requested that Mexico and Korea, which the Coalition maintains are two relatively advanced GSP supplying countries, should be graduated from the Generalized System of Preferences. According to EMFTC, Mexico and Korea have exhibited an ability to compete very effectively in the U.S. market at a time when the number of U.S. firms is declining, profitability is low or negative, and prices are weakening.

Support.— Congressman James A. Traficant, Jr., of Ohio and Senator David L. Boren of Oklahoma have expressed support for the petition filed by EMFTC. In addition, Mr. Rock Logiodice, President of Central Expanded Metal Inc., requests that normal tariffs be reimposed on expanded metal from Mexico and Korea.

Opposition.—Maintaining that imports from Korea have an insignificant place in the U.S. market and have no impact on market conditions in the U.S. industry, Dong Sung Steel Ind. Co., Ltd., opposes the petition to graduate Korea from GSP eligibility with respect to expanded metal of base metal.

Counsel for Larmina Desplegada, S.A., asserts that removal of Mexico from GSP eligibility will not provide any appreciable benefit or have any impact upon the domestic expanded metal industry.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

Product: Expanded metal, of base metal

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (square feet)				
Canada.....	1,600,362	1,700,424	3,688,377	5,962,921
Japan.....	1,054,161	1,355,096	2,539,682	1,868,084
Mexico.....			214,831	1,252,546
U King.....	96,298	296,221	122,531	482,283
Kor Rep.....	68,352			448,980
Venez.....		20,000	175,742	151,687
Italy.....		19	77,032	88,284
Taiwan.....	682		164,933	27,749
FR Germ.....	132	2,120	45	739
Brazil.....	640	3	45	
Ireland.....		21		
Denmark.....		325		
Sweden.....		15,365		
Spain.....		205		
All other total..			165	
Total.....	2,820,627	3,389,799	6,983,383	10,283,273
GSP total....	69,674	20,003	555,716	1,880,962
Percent				
Canada.....	56.7	50.2	52.8	58.0
Japan.....	37.4	40.0	36.4	18.2
Mexico.....	0.0	0.0	3.1	12.2
U King.....	3.4	8.7	1.8	4.7
Kor Rep.....	2.4	0.0	0.0	4.4
Venez.....	0.0	0.6	2.5	1.5
Italy.....	0.0	0.0	1.1	0.9
Taiwan.....	0.0	0.0	2.4	0.3
FR Germ.....	0.0	0.1	0.0	0.0
Brazil.....	0.0	0.0	0.0	0.0
Ireland.....	0.0	0.0	0.0	0.0
Denmark.....	0.0	0.0	0.0	0.0
Sweden.....	0.0	0.5	0.0	0.0
Spain.....	0.0	0.0	0.0	0.0
All other total..	0.0	0.0	0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	2.5	0.6	8.0	18.3

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

TS number: 65280

9

TSUS item No.
652.80--Con.

Product: Expanded metal, of base metal

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	672	644	1,392	1,988
Japan.....	568	524	1,072	795
Mexico.....			68	711
U King.....	56	121	147	189
Kor Rep.....	24			122
Venez.....		10	65	86
Taiwan.....	1		38	31
Italy.....		1	19	14
FR Germ.....	1	51	1	12
Brazil.....			2	
Ireland.....		1		
Denmark.....		2		
Sweden.....		205		
All other total..			2	
Total.....	1,324	1,563	2,810	3,950
GSP total....	26	11	177	951
Percent				
Canada.....	50.7	41.2	49.5	50.3
Japan.....	42.9	33.5	38.1	20.1
Mexico.....	0.0	0.0	2.4	18.0
U King.....	4.3	7.8	5.3	4.8
Kor Rep.....	1.9	0.0	0.0	3.1
Venez.....	0.0	0.7	2.3	2.2
Taiwan.....	0.1	0.0	1.4	0.8
Italy.....	0.0	0.1	0.7	0.4
FR Germ.....	0.1	3.3	0.0	0.3
Brazil.....	0.0	0.0	0.1	0.0
Ireland.....	0.0	0.1	0.0	0.0
Denmark.....	0.0	0.1	0.0	0.0
Sweden.....	0.0	13.1	0.0	0.0
All other total..	0.0	0.0	0.1	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	2.0	0.7	6.3	24.1

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

SCH B no. 6528000

Product: EXPANDED METAL, OF BASE METL

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (square feet)				
Panama.....	7,764	220		114,468
Trinid.....	25,702	12,012	10,780	113,216
Canada.....	1,079,069	407,423	364,280	107,287
U.King.....	30,253	26,398	183,294	70,612
Dom Rep.....	6,760	11,491		59,616
Kor Rep.....	178	9,015		47,951
Mexico.....	84,895	10,090	50,180	30,627
Japan.....	11,392	5,713	11,317	20,056
Indnsia.....		300		18,215
Italy.....	19,249		3,340	14,795
Phil.R.....	612	4,813	4,355	9,197
France.....		410	5,394	6,540
Guatmal.....	5,787		1,831	6,000
Colomb.....	17,400	116,590	621	4,475
All other total..	1,566,528	1,066,963	340,233	33,070
Total.....	2,855,589	1,671,438	975,625	656,125
GSP total....	1,136,161	605,996	185,303	430,618

Percent				
Panama.....	0.3	0.0	0.0	17.4
Trinid.....	0.9	0.7	1.1	17.3
Canada.....	37.8	24.4	37.3	16.4
U.King.....	1.1	1.6	18.8	10.8
Dom Rep.....	0.2	0.7	0.0	9.1
Kor Rep.....	0.0	0.5	0.0	7.3
Mexico.....	3.0	0.6	5.1	4.7
Japan.....	0.4	0.3	1.2	3.1
Indnsia.....	0.0	0.0	0.0	2.8
Italy.....	0.7	0.0	0.3	2.3
Phil.R.....	0.0	0.3	0.4	1.4
France.....	0.0	0.0	0.6	1.0
Guatmal.....	0.2	0.0	0.2	0.9
Colomb.....	0.6	7.0	0.1	0.7
All other total..	54.9	63.8	34.9	5.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	39.8	36.3	19.0	65.6

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

Product: EXPANDED METAL, OF BASE METL

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	1,433	607	463	154
U.King.....	68	67	268	139
Trinid.....	72	76	8	110
Kor Rep.....	1	43		109
Mexico.....	137	25	35	84
Japan.....	62	37	32	60
Panama.....	18	1		48
Indnsia.....		2		46
France.....		5	38	38
Italy.....	38		22	36
Dom.Rep.....	1	6		26
Phil.R.....	6	5	13	23
FR Germ.....	732	157	38	14
Ireland.....	3		125	13
All other total..	1,957	2,033	504	97
Total.....	4,535	3,073	1,550	1,004
GSP total....	1,665	756	216	528
Percent				
Canada.....	31.6	19.8	29.9	15.4
U.King.....	1.5	2.2	17.3	13.9
Trinid.....	1.6	2.5	0.6	11.0
Kor Rep.....	0.0	1.4	0.0	10.9
Mexico.....	3.0	0.8	2.3	8.4
Japan.....	1.4	1.2	2.1	6.0
Panama.....	0.4	0.0	0.0	4.9
Indnsia.....	0.0	0.1	0.0	4.6
France.....	0.0	0.2	2.5	3.8
Italy.....	0.8	0.0	1.4	3.7
Dom.Rep.....	0.0	0.2	0.0	2.7
Phil.R.....	0.1	0.2	0.9	2.3
FR Germ.....	16.1	5.1	2.5	1.4
Ireland.....	0.1	0.0	8.1	1.3
All other total..	43.2	66.2	32.5	9.7
Total.....	100.0	100.0	100.0	100.0
GSP total....	36.7	24.6	14.0	52.6

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

Annual Review of the Generalized System of Preferences (GSP)
 U.S. imports for consumption under the GSP, by principal source, 1981, 1983, 1985, and 1986
 Flow: Imports for consumption
 TSUSA commodity: 65280--Expanded metal, of base metal

(Quantity in thousands of square feet; Value in thousands of dollars)

Type	Time period:	1981	1983	1985	1986
Cty subcode					
Partner					
First unit of quantity					
Duty-free items under GSP provisions:					
Brazil.....		0	0	0	0
India.....		0	0	0	0
Korea, South.....		31	0	0	449
Mexico.....		0	0	215	1,238
Taiwan.....		1	0	165	12
Venezuela.....		0	20	176	152
World.....		31	20	556	1,850
Customs value					
Duty-free items under GSP provisions:					
Brazil.....		0	0	3	0
India.....		0	0	3	0
Korea, South.....		14	0	0	122
Mexico.....		0	0	69	630
Taiwan.....		2	0	38	29
Venezuela.....		0	11	66	86
World.....		16	11	178	867
Unit value					
Duty-free items under GSP provisions:					
Brazil.....		0	0	55.56	0
India.....		0	0	16.38	0
Korea, South.....		0.46	0	0	0.27
Mexico.....		0	0	0.32	0.51
Taiwan.....		2.60	0	0.23	2.46
Venezuela.....		0	0.54	0.37	0.57
World.....		0.50	0.54	0.32	0.47

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

TSUS item No.
657.40(pt.)

Aluminum Luggage Frames

I. Introduction

Col. 1 rate of duty: 5.7%

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: _____

Competitive-need-limit waiver X (Countries— Taiwan)

Non-eligible GSP countries: Taiwan

Current competitive-need-limit waivers: None.

Current "sufficiently competitive" designation: Taiwan

U.S. production on Jan. 3, 1985? Yes X No _____.

Description and uses: Aluminum luggage frames are the skeletons of luggage, providing its shape and supporting the textiles, locks, plywood, and so forth used to manufacture pieces of luggage. The aluminum frame is extruded and bent to the desired shape.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
Total U.S. employment (thousand employees).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
U.S. shipments (thousand dollars).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
U.S. exports (thousand dollars).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	-
U.S. imports (thousand dollars).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	-
U.S. consumption (thousand dollars).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
Import to consumption ratio (percent).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
Capacity utilization (nearest 10 percent).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-

Comment: There are believed to be fewer than 5 companies that manufacture aluminum luggage frames in addition to a wide variety of other aluminum extrusions. Such frames are manufactured to exact customer specifications, often involving extrusion of the frame by an aluminum extruder and its bending and ancillary operations completed by a different facility. [* * *] It should be noted that the decline of the U.S. luggage industry and its movement offshore has adversely impacted the frame industry.

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 7616.90.00(pt.).

2/ Not available.

3/ Aggregate data for TSUS item 657.40, miscellaneous aluminum articles, n.s.p.f., are provided in attached tables. Import and export data specific to aluminum luggage frames are not available.

TSUS item No. -
657.40(pt.)—Con.

III. GSP import situation, 1986

Aggregate data for TSUS item 657.40, miscellaneous aluminum articles, n.s.p.f., are provided in attached tables. Import and export data specific to aluminum luggage frames are not available.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1986..... 1

Price sensitivity:

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 ____

Price sensitivity of import supply..... High ____ Moderate X Low ____

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No ____

Price sensitivity of U.S. demand..... High ____ Moderate X Low ____

Price level compared with:

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

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

Quality compared with:

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

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

TSUS item No.
657.40(pt.)—Con.

V. Position of interested parties

Petitioner.--Skyway Luggage Company (Seattle, WA) requests a waiver for Taiwan applicable to aluminum luggage frames (part of item 657.40) to obtain the lowest possible cost for the frames to remain competitive in the U.S. luggage market. The company alleges that [* * *.]

[Probable economic effects advice deleted]

Product: Aluminum articles, not specifically

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Taiwan.....	4,421	11,412	28,582	36,658
FR Germ.....	6,665	10,676	16,268	27,701
Canada.....	24,699	19,915	27,566	27,573
Japan.....	21,401	12,552	17,430	18,238
Mexico.....	5,353	4,129	8,446	14,880
U King.....	2,326	1,813	4,180	7,380
Italy.....	1,914	4,368	5,055	6,552
France.....	2,138	1,299	5,110	5,260
Kor Rep.....	536	689	2,978	5,072
Brazil.....	190	999	8,104	4,488
Ireland.....	47	332	3,414	4,215
Hg Kong.....	1,179	1,112	1,248	3,388
Israel.....	458	621	1,438	2,438
Nethlds.....	468	718	1,250	2,052
All other total..	4,682	4,900	10,188	13,001
Total.....	76,483	75,542	141,263	178,903
GSP total....	12,485	19,374	53,953	71,694
Percent				
Taiwan.....	5.8	15.1	20.2	20.5
FR Germ.....	8.7	14.1	11.5	15.5
Canada.....	32.3	26.4	19.5	15.4
Japan.....	28.0	16.6	12.3	10.2
Mexico.....	7.0	5.5	6.0	8.3
U King.....	3.0	2.4	3.0	4.1
Italy.....	2.5	5.8	3.6	3.7
France.....	2.8	1.7	3.6	2.9
Kor Rep.....	0.7	0.9	2.1	2.8
Brazil.....	0.2	1.3	5.7	2.5
Ireland.....	0.1	0.4	2.4	2.4
Hg Kong.....	1.5	1.5	0.9	1.9
Israel.....	0.6	0.8	1.0	1.4
Nethlds.....	0.6	1.0	0.9	1.1
All other total..	6.1	6.5	7.2	7.3
Total.....	100.0	100.0	100.0	100.0
GSP total....	16.3	25.6	38.2	40.1

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

Product: ARTICLES OF ALUMINUM, NSPF

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	162	225	306	283
Mexico.....	133	212	58	39
U.King.....	61	36	15	31
Japan.....	15	25	30	28
S Arab.....	153	48	18	22
Hg Kong.....	76	61	12	19
Kor Rep.....	10	12	4	16
FR Germ.....	17	10	7	14
Colomb.....	14	22	1	12
Bahamas.....	1	3	8	9
Barbado.....	4	23		8
Singapr.....	6	15	2	7
Trinid.....	21	49	23	7
France.....	20	11	5	5
All other total..	386	239	97	73
Total.....	1,087	997	592	579
GSP total....	446	487	186	170
Percent				
Canada.....	14.9	22.6	51.7	48.9
Mexico.....	12.3	21.3	9.8	6.8
U.King.....	5.6	3.7	2.7	5.3
Japan.....	1.5	2.6	5.1	4.9
S Arab.....	14.1	4.9	3.2	3.9
Hg Kong.....	7.0	6.2	2.2	3.3
Kor Rep.....	1.0	1.2	0.7	2.9
FR Germ.....	1.6	1.0	1.2	2.5
Colomb.....	1.4	2.3	0.2	2.1
Bahamas.....	0.2	0.3	1.4	1.6
Barbado.....	0.4	2.3	0.1	1.4
Singapr.....	0.6	1.6	0.5	1.3
Trinid.....	2.0	5.0	3.9	1.3
France.....	1.8	1.1	0.9	1.0
All other total..	35.5	24.0	16.4	12.7
Total.....	100.0	100.0	100.0	100.0
GSP total....	41.1	48.9	31.5	29.3

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

**PRESIDENT'S LIST OF ARTICLES
WHICH MAY BE DESIGNATED OR
MODIFIED AS ELIGIBLE ARTICLES
FOR PURPOSES OF THE
U.S. GENERALIZED SYSTEM
OF PREFERENCES**

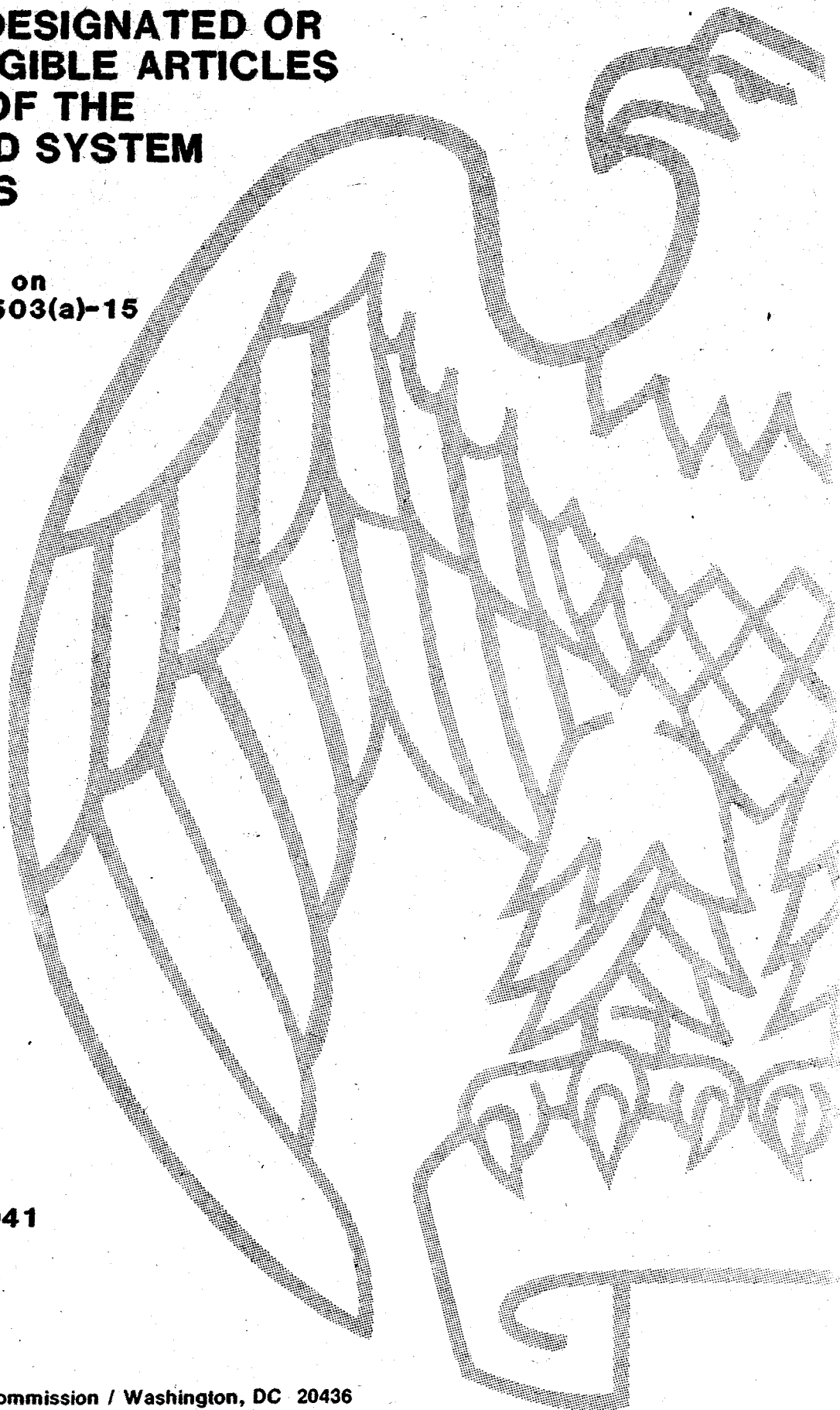
**Report to the President on
Investigation Nos. TA-503(a)-15
and 332-249**

**TSUS-BASED DIGESTS
VOLUME III**

USITC PUBLICATION 2041

NOVEMBER 1987

United States International Trade Commission / Washington, DC 20436



UNITED STATES INTERNATIONAL TRADE COMMISSION

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Washington, DC 20436

AC Polyphase Motors, Rated at 1HP or More, but not Over 20 HP

I. Introduction

Col. 1 rate of duty: 3.7%

Type of action proposed (check one):

Addition of GSP:

Removal from GSP:

Country graduation: X (Countries-- Taiwan, Korea)

Competitive-need-limit waiver

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: An AC motor is an electromechanical device which converts alternating electrical current (current which alternates from a maximum positive voltage to zero and then to an equal but opposite negative voltage) into mechanical energy. This mechanical energy, or torque, on the shaft of the motor can be used to power a variety of devices including compressors, pumps, machine tools, fans, and blowers. Polyphase motors are wound for operation on two or three phase alternating current. As standard household current is single phase, these motors are used primarily in industrial applications.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	35	33	32	31	-11
Total U.S. employment (thousand employees).....	*4.5	*3.6	*3.7	*3.6	-*20
U.S. shipments (thousand dollars).....	337,200	243,100	282,800	*255,000	-*24
U.S. exports (thousand dollars).....	15,664	9,643	9,854	9,237	-41
U.S. imports (thousand dollars).....	20,975	16,334	25,465	29,309	40
U.S. consumption (thousand dollars).....	342,511	249,791	298,411	*275,072	-*20
Import to consumption ratio (percent).....	6	7	9	*11	-
Capacity utilization (nearest 10 percent).....	*90	*70	*60	*60	-

Comment: Four U.S. producers of these motors account for about 50 percent of U.S. production. These four firms generally produce a complete line of motors in the 1-20 horsepower range. The remaining U.S. producers tend to specialize in selected motor sizes and regions of the nationwide market. The U.S. industry has experienced a significant underutilization of capacity since 1982, when U.S. production of these motors peaked. As a result of this situation, the U.S. industry has undergone considerable consolidation in recent years. The imports of low-price motors, and products containing these motors, from low-wage rate offshore

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 8501.52.40.

Comment---Continued

locations is expected to continue to exacerbate this industry condition in the near future. The three principal groups of U.S. purchasers of electric motors are electric motor manufacturers, distributors and wholesalers, and original equipment manufacturers (OEM's). U.S. motor manufacturers purchase motors from U.S. or foreign sources to fill gaps in their product lines or to eliminate motors in their production mix which are unprofitable. Manufacturers typically have these motors produced to their specifications and then sell them under their name brands. Delivery is usually the major non-price consideration in their purchase decisions. U.S. distributors/wholesalers of electric motors currently number about 12,000 firms. These firms typically stock and service several lines of domestically-or foreign-produced motors which are commonly requested by various end users for replacement, but also provide a quick and convenient source of supply to small and medium sized OEM's. Brand name loyalty is an important non-price consideration in sales to this group, but reliability and timeliness of delivery are also significant factors. The OEM market consists of over 100,000 establishments which manufacture equipment incorporating an electric motor. They include manufacturers of air conditioners, fans, blowers, pumps, machine tools, and construction and mining equipment. These users account for 50 and 60 percent of the quantity and value, respectively, of U.S. sales and are principally concerned with such non-price factors as the quality and durability of the motors that they purchase. Brand loyalty is rarely an important non-price consideration in these sales and the motor manufacturer that secures the sale are typically awarded a contract for an entire plant's requirements. Dependable delivery thus is an important factor in obtaining sales from these purchasers. Generally speaking, there are currently no discernable quality differences between motors produced in the United States and those produced in Taiwan or Korea. Most imported motors are currently sold either through the foreign producers' direct sales force or under contract to a U.S. motor manufacturer or OEM. Producers in Korea and Taiwan currently enjoy a significant cost advantage over their U.S. counterparts because of significantly lower labor costs and cost of raw materials, notably magnet wire and electrical grade steel sheet and strip.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (units)				
Total.....	342,549	100	-	*28
Imports from GSP countries:				
Total.....	208,978	61	100	*17
Taiwan.....	82,830	24	40	* 7
Mexico.....	109,474	32	52	*9
Korea.....	14,748	4	7	*1
Brazil.....	1,725	1	1	*1/
Value (thousands)				
Total.....	29,309	100	-	*11
Imports from GSP countries:				
Total.....	15,210	52	100	*6
Taiwan.....	7,984	27	52	*3
Mexico.....	5,631	19	37	*2
Korea.....	1,329	5	9	*1/
Brazil.....	253	1	2	*1/

1/ Less than 0.5 percent.

Note.—The countries shown in the table were the top four GSP suppliers in 1986.IV. Competitiveness profiles, GSP suppliersCompetitiveness of Taiwan for all digest productsRanking as a U.S. import supplier, 1986..... 1

Price sensitivity:

Can production in the country be easily expanded or

contracted in the short term?..... Yes X No

Does the country have significant export

markets besides the United States?..... Yes X No

Could exports from the country be readily

redistributed among its foreign export markets?..... Yes No XPrice sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No Price sensitivity of U.S. demand..... High Moderate X Low

Price level compared with:

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

Quality compared with:

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

Comment: The price advantage of producers in Taiwan is offset in selected motor lines by U.S. brand loyalty, the responsiveness of U.S. product delivery, and a desire of U.S. purchasers to secure dependable alternative sources of supply.

Competitiveness of Korea for all digest productsRanking as a U.S. import supplier, 1986..... 6

Price sensitivity:

Can production in the country be easily expanded or

contracted in the short term?..... Yes X No

Does the country have significant export

markets besides the United States?..... Yes No X

Could exports from the country be readily

redistributed among its foreign export markets?..... Yes X No Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

Quality compared with:

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

Comment: U.S. imports from Korea are currently limited by constraints on Korean production capacity and by a lack of brand loyalty and marketing networks for Korean products.

V. Position of interested parties

Petitioner.—The National Electrical Manufacturers Association (NEMA) represents U.S. firms which account for approximately 75 percent of total U.S. production of AC polyphase motors rated between 1 and 20 horsepower. NEMA believes that imports from Korea and Taiwan should not be accorded duty-free GSP beneficiary status by virtue of the fact that producers in these countries have established themselves as formidable competitors in the U.S. market. NEMA argues that imports from these two sources have displayed steady and rapid growth, and that the average price of these products is approximately 25 percent below comparable domestic merchandise. NEMA also argues that production capacity in both countries is sizeable and growing. According to the association, the markets for these products in Korea and Taiwan are virtually inaccessible to U.S. producers by reason of significant foreign tariff and nontariff barriers. The association also contends that the low unit value of imports, particularly those entered since 1983, has forced U.S. manufacturers to lower their prices. This has reportedly resulted in reduced industry profitability, layoffs, and idled facilities.

Opposition.—The law firm representing Hyosung Industries Co., Ltd. (Hyosung) of Seoul, Korea, submitted a written statement on behalf of its client. Hyosung is a Korean manufacturer of AC polyphase motors. The statement argued that Korea should not be removed from GSP eligibility status as per the petitioner's (NEMA's) request because imports of the subject motors from Korea to date are minuscule. The brief further contended that imported Korean motors were not competitive with domestic products and that the Korean industry was literally in the infancy stage of its development. The statement concluded that Korea's removal from duty-free GSP beneficiary status would result in no beneficial impact on the U.S. industry.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

TS number: 6824130

Product: Polyphase ac motors of 1 horsepower or more up to 20 HP

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (units)				
Mexico.....	75,506	71,853	72,065	109,474
Taiwan.....	12,271	19,123	59,371	82,830
Canada.....	4,263	25,676	35,920	81,325
FR Germ.....	5,203	4,550	8,742	15,545
Kor Rep.....	4	62	16,661	14,748
Japan.....	56,982	33,628	49,740	10,994
Poland.....	212	3,600	4,803	9,844
Sweden.....	2,219	2,879	4,512	9,015
U King.....	1,972	1,298	2,194	2,855
Brazil.....		3,516	5,429	1,725
Italy.....	283	1,295	2,241	1,098
Denmark.....	439	270	287	935
Switzld.....	784	329	409	922
Belgium.....	9	29	153	437
All other total..	43,655	8,696	3,657	802
Total.....	203,802	176,804	266,184	342,549
GSP total....	130,300	102,760	153,676	208,978
Percent				
Mexico.....	37.0	40.6	27.1	32.0
Taiwan.....	6.0	10.8	22.3	24.2
Canada.....	2.1	14.5	13.5	23.7
FR Germ.....	2.6	2.6	3.3	4.5
Kor Rep.....	0.0	0.0	6.3	4.3
Japan.....	28.0	19.0	18.7	3.2
Poland.....	0.1	2.0	1.8	2.9
Sweden.....	1.1	1.6	1.7	2.6
U King.....	1.0	0.7	0.8	0.8
Brazil.....	0.0	2.0	2.0	0.5
Italy.....	0.1	0.7	0.8	0.3
Denmark.....	0.2	0.2	0.1	0.3
Switzld.....	0.4	0.2	0.2	0.3
Belgium.....	0.0	0.0	0.1	0.1
All other total..	21.4	4.9	1.4	0.2
Total.....	100.0	100.0	100.0	100.0
GSP total....	63.9	58.1	57.7	61.0

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

Product: Polyphase ac motors of 1 horsepower or more up to 20 HP

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Taiwan.....	1,391	1,787	5,886	7,984
Mexico.....	4,030	4,506	3,509	5,631
FR Germ.....	1,731	953	3,099	5,411
Canada.....	770	3,663	3,910	3,441
Sweden.....	431	586	905	1,975
Kor Rep.....		7	1,925	1,329
Japan.....	8,447	2,773	3,846	1,225
Poland.....	26	240	287	627
U King.....	812	368	398	454
Switzld.....	324	181	122	406
Brazil.....		320	532	253
Italy.....	55	129	343	207
Denmark.....	81	41	35	130
France.....	221	62	562	75
All other total..	2,647	712	99	152
Total.....	20,975	16,334	25,464	29,308
GSP total....	7,912	7,140	11,868	15,210
Percent				
Taiwan.....	6.6	10.9	23.1	27.2
Mexico.....	19.2	27.6	13.8	19.2
FR Germ.....	8.3	5.8	12.2	18.5
Canada.....	3.7	22.4	15.4	11.7
Sweden.....	2.1	3.6	3.6	6.7
Kor Rep.....	0.0	0.0	7.6	4.5
Japan.....	40.3	17.0	15.1	4.2
Poland.....	0.1	1.5	1.1	2.1
U King.....	3.9	2.3	1.6	1.5
Switzld.....	1.5	1.1	0.5	1.4
Brazil.....	0.0	2.0	2.1	0.9
Italy.....	0.3	0.8	1.3	0.7
Denmark.....	0.4	0.3	0.1	0.4
France.....	1.1	0.4	2.2	0.3
All other total..	12.6	4.4	0.4	0.5
Total.....	100.0	100.0	100.0	100.0
GSP total....	37.7	43.7	46.6	51.9

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

Product: MOTOR AC POLYPHASE 1-20 HP

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (units)				
Brazil.....	43	2	10,509	32,350
Canada.....	29,951	21,831	18,606	17,237
Venez.....	6,435	1,902	9,098	4,853
Mexico.....	2,497	680	981	1,617
U.King.....	3,280	2,188	1,183	1,377
Phil.R.....	1,817	3,151	880	1,185
Singapr.....	94	221	462	573
Kuwait.....	196	274	118	511
Dom Rep.....	119	156	40	439
Argent.....	1,751	1,161	264	423
Israel.....	25	327	434	415
Ecuador.....	165	207	129	391
S.Arab.....	4,287	543	512	373
Rep Saf.....	27	18	200	353
All other total..	21,300	12,843	6,711	3,880
Total.....	71,987	45,504	50,127	65,977
GSP total....	30,476	14,796	26,147	44,367
Percent				
Brazil.....	0.1	0.0	21.0	49.0
Canada.....	41.6	48.0	37.1	26.1
Venez.....	8.9	4.2	18.1	7.4
Mexico.....	3.5	1.5	2.0	2.5
U.King.....	4.6	4.8	2.4	2.1
Phil.R.....	2.5	6.9	1.8	1.8
Singapr.....	0.1	0.5	0.9	0.9
Kuwait.....	0.3	0.6	0.2	0.8
Dom Rep.....	0.2	0.3	0.1	0.7
Argent.....	2.4	2.6	0.5	0.6
Israel.....	0.0	0.7	0.9	0.6
Ecuador.....	0.2	0.5	0.3	0.6
S.Arab.....	6.0	1.2	1.0	0.6
Rep Saf.....	0.0	0.0	0.4	0.5
All other total..	29.6	28.2	13.4	5.9
Total.....	100.0	100.0	100.0	100.0
GSP total....	42.3	32.5	52.2	67.2

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

Product: MOTOR AC POLYPHASE 1-20 HP

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	6,521	4,034	3,730	3,426
Brazil.....	30	4	217	941
Mexico.....	962	217	268	927
Venez.....	1,293	542	1,493	787
U.King.....	1,765	471	291	372
Israel.....	7	48	280	356
Kor Rep.....	57	51	214	200
FR Germ.....	139	171	400	159
Phil.R.....	260	298	97	148
Nethlds.....	219	18	147	115
S Arab.....	1,197	244	248	111
Singapr.....	31	52	568	106
Italy.....	67	45	17	106
Kuwait.....	27	49	71	103
All other total..	3,080	3,393	1,806	1,374
Total.....	15,663	9,643	9,853	9,237
GSP total....	4,568	2,776	4,060	4,196
Percent				
Canada.....	41.6	41.8	37.9	37.1
Brazil.....	0.2	0.0	2.2	10.2
Mexico.....	6.1	2.3	2.7	10.0
Venez.....	8.3	5.6	15.2	8.5
U.King.....	11.3	4.9	3.0	4.0
Israel.....	0.0	0.5	2.8	3.9
Kor Rep.....	0.4	0.5	2.2	2.2
FR Germ.....	0.9	1.8	4.1	1.7
Phil.R.....	1.7	3.1	1.0	1.6
Nethlds.....	1.4	0.2	1.5	1.3
S Arab.....	7.6	2.5	2.5	1.2
Singapr.....	0.2	0.5	5.8	1.2
Italy.....	0.4	0.5	0.2	1.2
Kuwait.....	0.2	0.5	0.7	1.1
All other total..	19.7	35.2	18.3	14.9
Total.....	100.0	100.0	100.0	100.0
GSP total....	29.2	28.8	41.2	45.4

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

Annual Review of the Generalized System of Preferences (GSP)
 U.S. imports for consumption under the GSP, by principal source, 1981, 1983, 1985, and 1986
 Flow: Imports for consumption
 TSUSA commodity: 6824130--E mtr lun20hp,ac,poly phase

(Quantity in units; value in thousands of dollars)

	Time period:				
Type		1981	1983	1985	1986
Cty subcode					
Partner					
First unit of quantity					
Duty-free items under GSP					
provisions					
Argentina.....	0	1	0	0	
Brazil.....	0	4	5	2	
Hong Kong.....	14	0	0	0	
Israel.....	0	0	0	0	
Korea, South.....	0	0	17	15	
Mexico.....	0	31	29	39	
Romania.....	22	5	0	0	
Singapore.....	0	0	0	0	
Taiwan.....	12	19	59	83	
World.....	48	59	111	138	
Customs value					
Duty-free items under GSP					
provisions					
Argentina.....	0	77	0	0	
Brazil.....	0	317	531	219	
Hong Kong.....	389	0	11	0	
Israel.....	0	4	0	0	
Korea, South.....	0	7	1,925	1,329	
Mexico.....	0	1,825	1,685	2,955	
Romania.....	1,960	372	0	0	
Singapore.....	0	1	0	0	
Taiwan.....	1,334	1,787	5,871	7,976	
World.....	3,683	4,391	10,024	12,479	
Unit value					
Duty-free items under GSP					
provisions					
Argentina.....	0	84.89	0	0	
Brazil.....	0	90.44	97.95	127.27	
Hong Kong.....	27.32	0	108.51	0	
Israel.....	0	307.33	0	0	
Korea, South.....	135.00	113.32	115.55	90.13	
Mexico.....	0	59.31	57.28	76.26	
Romania.....	87.81	74.31	0	0	
Singapore.....	0	149.40	0	0	
Taiwan.....	114.41	93.48	98.91	96.41	
World.....	76.39	73.92	90.33	90.46	

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

AC Motors Rated at 200HP

I. Introduction

Col. 1 rate of duty: 4.2%

Type of action proposed (check one):

Addition of GSP:

Removal from GSP:

Country graduation: X (Countries-- Taiwan, Korea)

Competitive-need-limit waiver

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: An AC motor is an electromechanical device which converts alternating electrical current (current which alternates from a maximum positive voltage to zero and then to an equal but opposite negative voltage) into mechanical energy. This mechanical energy or torque, on the shaft of the motor can be used to power a variety of devices including compressors, pumps, machine tools, fans, and blowers. Polyphase motors are wound for operation on two or three phase alternating current. As standard household current is single phase, these motors are used primarily in industrial applications.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	18	*17	*15	14	-22
Total U.S. employment (thousand employees).....	*.5	*.4	*.3	*.3	*-40
U.S. shipments (thousand dollars).....	*38,320	*24,000	*27,000	*23,000	*-40
U.S. exports (thousand dollars).....	*2,790	*1,255	*1,980	*1,220	*-56
U.S. imports (thousand dollars).....	1,698	633	1,045	1,515	-11
U.S. consumption (thousand dollars).....	*37,228	*23,378	*26,065	*23,295	*-37
Import to consumption ratio (percent).....	*5	*3	*4	*7	-
Capacity utilization (nearest 10 percent).....	*90	*70	*60	*60	-

Comment: Four U.S. producers of these motors account for slightly more than 50 percent of U.S. production. The U.S. industry has experienced a significant underutilization of capacity since 1981, when U.S. production of these motors peaked. As a result of this situation, the U.S. industry has undergone considerable consolidation in recent years. Imports of low-price motors and products in which these motors are incorporated are expected to continue to exacerbate this situation in the near future.

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 8501.53.60.

Comment---Continued

The three principal groups of U.S. purchasers of electric motors are electric motor manufacturers, distributors and wholesalers, and original equipment manufacturers (OEM's). U.S. motor manufacturers purchase motors from U.S. or foreign sources to fill gaps in their product lines or to eliminate motors in their production mix which are unprofitable. Manufacturers typically have these motors produced to their specifications and then sell them under their name brands. Delivery is usually the major non-price consideration in their purchase decisions. U.S. distributors/wholesalers of electric motors currently number about 12,000 firms. These establishments typically stock and service several lines of domestically-or foreign-produced motors which are commonly requested by various end users for replacement but also provide a quick and convenient source of supply to small and medium sized OEM's. Brand name loyalty is an important non-price consideration in sales to this group, but reliability and timeliness of delivery are also significant non-price factors. The OEM market consists of over 100,000 establishments which manufacture equipment incorporating an electric motor. They include manufacturers of air conditioners, fans, blowers, pumps, machine tools, and construction and mining equipment. These users account for 50 and 60 percent of the quantity and value, respectively, of U.S. sales and are principally concerned with such non-price factors as quality and durability of the motors that they purchase. Brand loyalty is rarely an important non-price consideration in these sales and the motor manufacturer that secures the sale is typically awarded a contract for an entire plant's requirements. Dependable delivery thus is an important non-price factor in obtaining sales from these purchasers. Generally speaking, there are currently no discernable quality differences between motors produced in the United States and those produced in Taiwan or Korea. Most imported motors are currently sold either through the foreign producers' direct sales force or under contract to a U.S. motor manufacturer or OEM. Producers in Korea and Taiwan currently enjoy a significant cost advantage over their U.S. counterparts because of significantly lower labor costs and cost of raw materials, notably magnet wire and electrical grade steel sheet and strip.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
<u>Quantity (units)</u>				
Total.....	437	100	-	1/
Imports from GSP countries:				
Total.....	190	43	100	1/
Taiwan.....	110	25	58	1/
Brazil.....	37	8	19	1/
Korea.....	37	8	19	1/
Mexico.....	4	1	2	1/
<u>Value (thousands)</u>				
Total.....	1,515	100	-	*7
Imports from GSP countries:				
Total.....	538	36	100	*2
Taiwan.....	301	20	56	*1
Brazil.....	124	8	23	*.5
Korea.....	86	6	16	* 2/
Mexico.....	23	2	4	* 2/

1/ Not available.

2/ Less than 0.5 percent.

Note.—The countries shown in the table were the top four GSP suppliers in 1986.IV. Competitiveness profiles, GSP suppliersCompetitiveness of Taiwan for all digest productsRanking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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 XCould exports from the country be readily
redistributed among its foreign export markets?..... Yes X No Price sensitivity of import supply..... High Moderate X Low Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

Quality compared with:

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

Comment: The price advantage of producers in Taiwan in this motor size is deflated by a lack of U.S. brand loyalty for their motors, the generally longer response to customer's orders, and the U.S. purchaser's desire to establish a number of sources of supply.

TSUSA item No.
682.5010--Con.

Competitiveness of Korea for all digest products

Ranking as a U.S. import supplier, 1986..... 7

Price sensitivity:

Can production in the country be easily expanded or

contracted in the short term?..... Yes X No

Does the country have significant export

markets besides the United States?..... Yes No X

Could exports from the country be readily

redistributed among its foreign export markets?..... Yes X No

Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

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

Quality compared with:

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

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

Comment: U.S. imports from Korea are currently limited by the constrained production capacities of Korea's emerging domestic industry. In addition, Korean suppliers do not have the knowledge of the U.S. market, well established supplier relationships, and base of marketing operations of their U.S. counterparts.

V. Position of interested parties

Petitioner.—The National Electrical Manufacturers Association (NEMA) represents U.S. firms which account for approximately 85 percent of total U.S. production of AC polyphase motors rated at 200 horsepower, NEMA believes that imports from Korea and Taiwan should not be accorded duty-free GSP beneficiary status by virtue of the fact that producers in these countries have established themselves as formidable competitors in the U.S. market. NEMA argues that imports from these two sources have displayed steady and rapid growth, and that the average price of these products is approximately 25 percent below comparable domestic merchandise. NEMA also argues that production capacity in both countries is sizeable and growing. According to the association, the markets for these products in Korea and Taiwan are virtually inaccessible to U.S. producers by reason of significant foreign tariff and nontariff barriers. The association also contends that the low unit value of imports, particularly those entered since 1983, has forced U.S. manufacturers to lower their prices. This has reportedly resulted in reduced industry profitability, layoffs, and idled facilities.

Opposition.—The law firm representing Hyosung Industries Co., Ltd. (Hyosung) of Seoul, Korea, submitted a written statement on behalf of its client. Hyosung is a Korean manufacturer of AC polyphase motors. The statement argued that Korea should not be removed from GSP eligibility status as per the petitioner's (NEMA) request because imports of the subject motors from Korea to date were minuscule. The brief further contended that imported Korean motors were not competitive with domestic products and that the Korean industry was literally in the infancy stage of development. The statement concluded that Korea's removal from duty-free GSP beneficiary status would result in no beneficial impact on the U.S. industry.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

Product: Electric motors, 200 horsepower, ac

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (units)				
Taiwan.....	28	35	74	110
Japan.....	418	35	63	86
Italy.....	1	1		52
Canada.....	7	6	16	44
U King.....	117	50	32	42
Brazil.....		47	38	37
Kor Rep.....				37
Poland.....				13
FR Germ.....	1	1	8	8
Mexico.....	2			4
France.....	1		1	2
Romania.....	5			2
Nethlds.....	2	1		
Sweden.....		2		
All other total..		1		
Total.....	582	179	232	437
GSP total....	35	82	112	190
Percent				
Taiwan.....	4.8	19.6	31.9	25.2
Japan.....	71.8	19.6	27.2	19.7
Italy.....	0.2	0.6	0.0	11.9
Canada.....	1.2	3.4	6.9	10.1
U King.....	20.1	27.9	13.8	9.6
Brazil.....	0.0	26.3	16.4	8.5
Kor Rep.....	0.0	0.0	0.0	8.5
Poland.....	0.0	0.0	0.0	3.0
FR Germ.....	0.2	0.6	3.4	1.8
Mexico.....	0.3	0.0	0.0	0.9
France.....	0.2	0.0	0.4	0.5
Romania.....	0.9	0.0	0.0	0.5
Nethlds.....	0.3	0.6	0.0	0.0
Sweden.....	0.0	1.1	0.0	0.0
All other total..	0.0	0.6	0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	6.0	45.8	48.3	43.5

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

Product: Electric motors, 200 horsepower, ac

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	62	45	122	404
Taiwan.....	42	95	253	301
Japan.....	1,284	192	341	298
U King.....	279	149	131	132
Brazil.....		97	159	124
Italy.....	2			103
Kor Rep.....				86
Mexico.....	1			23
FR Germ.....		7	34	21
Poland.....				12
France.....	8		1	3
Romania.....	10			2
Sweden.....		1		
Nethlds.....	6	41		
All other total..				
Total.....	1,698	632	1,044	1,515
GSP total....	54	193	413	538
Percent				
Canada.....	3.7	7.2	11.7	26.7
Taiwan.....	2.5	15.2	24.3	19.9
Japan.....	75.6	30.4	32.7	19.7
U King.....	16.4	23.7	12.6	8.7
Brazil.....	0.0	15.4	15.3	8.2
Italy.....	0.2	0.1	0.0	6.8
Kor Rep.....	0.0	0.0	0.0	5.7
Mexico.....	0.1	0.0	0.0	1.6
FR Germ.....	0.0	1.2	3.3	1.4
Poland.....	0.0	0.0	0.0	0.9
France.....	0.5	0.0	0.1	0.2
Romania.....	0.6	0.0	0.0	0.2
Sweden.....	0.0	0.2	0.0	0.0
Nethlds.....	0.4	6.5	0.0	0.0
All other total..	0.0	0.2	0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	3.2	30.6	39.6	35.6

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

Annual Review of the Generalized System of Preferences (GSP)
 U.S. imports for consumption under the GSP, by principal source, 1981, 1983, 1985, and 1986
 Flow: Imports for consumption
 TSUSA commodity: 6825010--Elec mtrs,200 hp,ac

(Quantity in units; value in thousands of dollars)

Type	Time period:	1981	1983	1985	1986
Cty subcode					
Partner					
First unit of quantity					
Duty-free items under GSP					
provisions					
Brazil.....		0	0	0	0
Korea, South.....		0	0	0	0
Mexico.....		0	0	0	0
Romania.....		0	0	0	0
Taiwan.....		0	0	0	0
World.....		0	0	0	0
Customs value					
Duty-free items under GSP					
provisions					
Brazil.....		0	98	160	125
Korea, South.....		0	0	0	86
Mexico.....		0	0	0	24
Romania.....		11	0	0	3
Taiwan.....		42	96	254	302
World.....		53	193	413	539
Unit value					
Duty-free items under GSP					
provisions					
Brazil.....		0	2,074.77	4,198.97	3,374.81
Korea, South.....		0	0	0	2,330.38
Mexico.....		0	0	0	5,879.25
Romania.....		2,169.80	0	0	1,371.00
Taiwan.....		1,505.82	2,739.69	3,430.57	2,741.77
World.....		1,606.42	2,358.57	3,691.28	2,836.56

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

AC Motors, Rated Over 200HP, but not Over 500 HP

I. Introduction

Col. 1 rate of duty: 4.2%

Type of action proposed (check one):

Addition of GSP:

Removal from GSP:

Country graduation: X (Countries-- Taiwan, Korea)

Competitive-need-limit waiver

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: An AC motor is an electromechanical device which converts alternating electrical current (current which alternates from a maximum positive voltage to zero and then to an equal but opposite negative voltage) into mechanical energy.

This mechanical energy, or torque, on the shaft of the motor can be used to power a variety of devices including compressors, pumps, machine tools, fans, and blowers.

Polyphase motors are wound for operation on two or three phase alternating current. As standard household current is single phase, these motors are used primarily in industrial applications.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	15	15	11	10	-33
Total U.S. employment (thousand employees).....	*.9	*.8	*.7	*.6	*-33
U.S. shipments (thousand dollars).....	99,988	68,490	61,239	*46,500	*-53
U.S. exports (thousand dollars).....	7,638	4,045	3,610	3,512	-54
U.S. imports (thousand dollars).....	4,329	2,190	4,301	4,307	-.5
U.S. consumption (thousand dollars).....	96,679	66,635	61,930	*47,295	*-51
Import to consumption ratio (percent).....	4	3	7	9	-
Capacity utilization (nearest 10 percent).....	*90	*70	*60	*60	-

Comment: Four U.S. producers of these motors account for about 50 percent of U.S. production. These four firms generally produce a complete line of motors in the 201-500 horsepower range. The remaining U.S. producers tend to specialize in selected motor sizes and regions of the nationwide market. The U.S. industry has experienced a significant underutilization of capacity since 1982, when U.S. production of these motors peaked. As a result of this situation, the U.S. industry has undergone considerable consolidation in recent years. The imports of low-price motors from low-wage rate offshore locations is expected to continue to exacerbate this industry condition in the near future. The three principal groups of U.S. purchasers of electric motors are electric motor manufacturers, distributors and wholesalers, and original equipment manufacturers (OEM's). U.S. motor manufacturers purchase

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 8501.53.80.

Comment--Continued

motors from U.S. or foreign sources to fill gaps in their product lines or to eliminate motors in their production mix which are unprofitable. Manufacturers typically have these motors produced to their specifications and then sell them under their own name brands. Delivery is the major non-price consideration in their purchase decisions. U.S. distributors/wholesalers of electric motors currently number about 12,000 firms. These establishments typically stock and service several lines of domestically-or foreign-produced motors which are commonly requested by various end users for replacement but they also provide a quick and convenient source of supply to small and medium sized OEM's. Brand name loyalty is an important non-price consideration in sales to this group, but reliability and timeliness of delivery are also significant non-price factors. The OEM market consists of over 100,000 establishments which manufacture equipment incorporating an electric motor. They include manufacturers of air conditioners, fans, blowers, pumps, machine tools, and construction and mining equipment. These users account for 50 and 60 percent of the quantity and value, respectively, of U.S. sales and are principally concerned with such non-price factors as the quality and durability of the motors that they purchase. Brand loyalty is rarely an important non-price consideration in these sales and the motor manufacturer which secures the sale is typically awarded a contract for an entire plant's requirements. Dependable delivery thus is an important non-price factor in obtaining sales from these purchasers. Generally speaking, there are currently no discernable quality differences between motors produced in the United States and those produced in Taiwan or Korea. Most imported motors are currently sold either through the foreign producers' direct sales force or under contract to a U.S. motor manufacturer or OEM. Producers in Korea and Taiwan currently enjoy a significant cost advantage over their U.S. counterparts because of significantly lower labor costs and cost of raw materials, notably magnet wire and electrical grade steel sheet and strip.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
<u>Quantity (units)</u>				
Total.....	470	100	-	*10
Imports from GSP countries:				
Total.....	181	39	100	*4
Taiwan.....	138	29	76	*3
Brazil.....	25	5	14	*.5
Korea.....	15	3	8	1/
Mexico.....	3	1	2	1/
<u>Value (thousands)</u>				
Total.....	4,307	100	-	*9
Imports from GSP countries:				
Total.....	875	20	100	*2
Taiwan.....	650	15	74	*1
Brazil.....	171	4	20	*1/
Korea.....	41	1	5	*1/
Mexico.....	12	-	1	*1/

1/ Less than 0.5 percent.

Note.--The countries shown in the table were the top four GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliersCompetitiveness of Taiwan for all digest productsRanking as a U.S. import supplier, 1986..... 3

Price sensitivity:

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 Price sensitivity of import supply..... High Moderate X Low Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

Quality compared with:

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

Comment: U.S. consumers are willing to pay higher prices for U.S.-produced motors because of U.S. brand loyalty, the dependability and timeliness of U.S. suppliers' deliveries, and because of long established relationships with U.S. suppliers .

Competitiveness of Korea for all digest productsRanking as a U.S. import supplier, 1986..... 7

Price sensitivity:

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 XCould exports from the country be readily
redistributed among its foreign export markets?..... Yes X No Price sensitivity of import supply..... High Moderate X Low Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

Quality compared with:

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

Comment: Korean imports are currently constrained by domestic production capacity. Korean producers also do not produce the full line of motors available from U.S. suppliers and suffer from a lack of U.S. brand recognition and loyalty and an extensive U.S. marketing network.

V. Position of interested parties

Petitioner.--The National Electrical Manufacturers Association (NEMA) represents U.S. firms which account for approximately 85 percent of total U.S. production of AC polyphase motors rated over 200 but not over 500 horsepower, NEMA believes that imports from Korea and Taiwan should not be accorded duty-free GSP beneficiary status by virtue of the fact that producers in these countries have established themselves as formidable competitors in the U.S. market. NEMA argues that imports from these two sources have displayed steady and rapid growth, and that the average price of these products is approximately 25 percent below comparable domestic merchandise. NEMA also contends that production capacity in both countries is sizeable and growing. According to the association, the markets for these products in Korea and Taiwan are virtually inaccessible to U.S. producers by reason of significant foreign tariff and nontariff barriers. The association also contends that the low unit value of imports, particularly those entered since 1983, has forced U.S. manufacturers to lower their prices. This has reportedly resulted in reduced industry profitability, layoffs, and idled facilities.

Opposition.--The law firm representing Hyosung Industries Co., Ltd. (Hyosung) of Seoul, Korea, submitted a written statement on behalf of its client. Hyosung is a Korean manufacturer of AC polyphase motors. The statement argued that Korea should not be removed from GSP eligibility status as per the petitioner's (NEMA) request because imports of the subject motors from Korea to date are minuscule. The brief further contended that imported Korean motors were not competitive with domestic products and that the Korean industry was literally in the infancy stage of its development. The statement concluded that Korea's removal from duty-free GSP beneficiary status would result in no beneficial impact on the U.S. industry.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

Product: Electric motors, over 200 hp, but not over 500 hp.

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (units)				
Taiwan.....	7	38	130	138
Japan.....	574	103	140	137
Canada.....	20	11	72	79
U King.....	52	61	56	36
FR Germ.....	9	28	12	28
Brazil.....		86	69	25
Kor Rep.....				15
Poland.....				5
Mexico.....	4	1		3
France.....	4	1	13	2
Italy.....	4	2	16	2
Sweden.....	1			
Nethlds.....	1		2	
Yugoslvs.....	14			
All other total..	11	3	1	
Total.....	701	334	511	470
GSP total....	35	125	199	181
Percent				
Taiwan.....	1.0	11.4	25.4	29.4
Japan.....	81.9	30.8	27.4	29.1
Canada.....	2.9	3.3	14.1	16.8
U King.....	7.4	18.3	11.0	7.7
FR Germ.....	1.3	8.4	2.3	6.0
Brazil.....	0.0	25.7	13.5	5.3
Kor Rep.....	0.0	0.0	0.0	3.2
Poland.....	0.0	0.0	0.0	1.1
Mexico.....	0.6	0.3	0.0	0.6
France.....	0.6	0.3	2.5	0.4
Italy.....	0.6	0.6	3.1	0.4
Sweden.....	0.1	0.0	0.0	0.0
Nethlds.....	0.1	0.0	0.4	0.0
Yugoslvs.....	2.0	0.0	0.0	0.0
All other total..	1.6	0.9	0.2	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	5.0	37.4	38.9	38.5

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

Product: Electric motors, over 200 hp, but not over 500 hp.

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	303	119	1,320	1,563
Japan.....	3,257	923	1,353	1,170
Taiwan.....	15	143	614	650
FR Germ.....	263	445	313	526
Brazil.....		336	384	171
U King.....	284	185	196	153
Kor Rep.....				41
Mexico.....	86	1		12
Italy.....	3	16	26	8
Poland.....				5
France.....	5	9	43	4
Sweden.....	5			
Nethlds.....	3		2	
Austria.....			45	
All other total..	102	9		
Total.....	4,329	2,189	4,300	4,306
GSP total....	190	480	998	875
Percent				
Canada.....	7.0	5.5	30.7	36.3
Japan.....	75.2	42.2	31.5	27.2
Taiwan.....	0.4	6.5	14.3	15.1
FR Germ.....	6.1	20.3	7.3	12.2
Brazil.....	0.0	15.3	8.9	4.0
U King.....	6.6	8.5	4.6	3.6
Kor Rep.....	0.0	0.0	0.0	1.0
Mexico.....	2.0	0.1	0.0	0.3
Italy.....	0.1	0.7	0.6	0.2
Poland.....	0.0	0.0	0.0	0.1
France.....	0.1	0.4	1.0	0.1
Sweden.....	0.1	0.0	0.0	0.0
Nethlds.....	0.1	0.0	0.1	0.0
Austria.....	0.0	0.0	1.1	0.0
All other total..	2.4	0.4	0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	4.4	22.0	23.2	20.3

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

Product: MOTORS AC, 201 TO 500 HP

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and

Source	1981	1983	1985	1986
Quantity (units)				
Canada.....	235	124	246	162
Venez.....	35	124	45	108
Colomb.....	97	17		36
Rep Saf.....		1		24
Mexico.....	121	30	31	19
FR Germ.....				18
Italy.....				17
Japan.....			5	17
S.Arab.....	65	60	26	14
Chile.....	25			11
Nethlds.....				10
Spain.....			1	10
France.....			8	8
U.King.....	23	51		8
All other total..	311	209	114	62
Total.....	912	616	476	524
GSP total....	544	302	143	235
Percent				
Canada.....	25.8	20.1	51.7	30.9
Venez.....	3.8	20.1	9.4	20.6
Colomb.....	10.6	2.8	0.0	6.9
Rep Saf.....	0.0	0.0	0.0	4.6
Mexico.....	13.3	4.9	6.5	3.6
FR Germ.....	0.0	0.0	0.0	3.4
Italy.....	0.0	0.0	0.0	3.2
Japan.....	0.0	0.0	1.1	3.2
S.Arab.....	7.1	9.7	5.5	2.7
Chile.....	2.7	0.0	0.0	2.1
Nethlds.....	0.0	0.0	0.0	1.9
Spain.....	0.0	0.0	0.0	1.9
France.....	0.0	0.0	1.6	1.5
U.King.....	2.5	8.3	0.0	1.5
All other total..	34.1	33.9	23.9	12.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	59.7	49.1	30.0	44.8

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

Product: MOTORS AC, 201 TO 500 HP

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	1,517	852	1,686	1,206
Venez.....	295	569	444	515
Chile.....	157			255
Spain.....			66	194
Japan.....			102	174
Sudan.....				152
Mexico.....	1,139	648	201	105
Colomb.....	456	120		104
S Arab.....	540	219	231	101
Brazil.....		147		81
Italy.....				80
U.King.....	224	318		61
Rep Saf.....		60		59
Bolivia.....				59
All other total..	3,310	1,112	880	366
Total.....	7,638	4,045	3,610	3,512
GSP total....	4,980	2,111	1,203	1,581

Percent				
Canada.....	19.9	21.1	46.7	34.3
Venez.....	3.9	14.1	12.3	14.7
Chile.....	2.1	0.2	0.1	7.3
Spain.....	0.0	0.4	1.8	5.5
Japan.....	0.1	1.0	2.8	5.0
Sudan.....	0.0	0.0	0.0	4.3
Mexico.....	14.9	16.0	5.6	3.0
Colomb.....	6.0	3.0	0.6	2.9
S Arab.....	7.1	5.4	6.4	2.9
Brazil.....	0.4	3.6	0.0	2.3
Italy.....	0.2	0.7	0.5	2.3
U.King.....	2.9	7.9	0.9	1.7
Rep Saf.....	0.5	1.5	0.0	1.6
Bolivia.....	0.0	0.0	1.0	1.5
All other total..	42.2	25.2	21.3	10.8
Total.....	100.0	100.0	100.0	100.0
GSP total....	65.2	52.2	33.1	45.0

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

Annual Review of the Generalized System of Preferences (GSP)
 U.S. imports for consumption under the GSP, by principal source, 1981, 1983, 1985, and 1986
 Flow: Imports for consumption
 TSUSA commodity: 6825030--Elec mtr,ov200hpn/o500hp,ac

(Quantity in units; value in thousands of dollars)

Type	Time period:	1981	1983	1985	1986
Cty subcode					
Partner					
First unit of quantity					
Duty-free items under GSP					
provisions					
Brazil.....		0	0	0	0
Korea, South.....		0	0	0	0
Mexico.....		0	0	0	0
Romania.....		0	0	0	0
Taiwan.....		0	0	0	0
Yugoslavia.....		0	0	0	0
World.....		0	0	0	0
Customs value					
Duty-free items under GSP					
provisions					
Brazil.....		0	336	385	148
Korea, South.....		0	0	0	42
Mexico.....		0	0	0	6
Romania.....		26	0	0	0
Taiwan.....		15	143	614	650
Yugoslavia.....		63	0	0	0
World.....		104	479	999	846
Unit value					
Duty-free items under GSP					
provisions					
Brazil.....		0	3,907.29	5,575.97	6,174.96
Korea, South.....		0	0	0	2,794.87
Mexico.....		0	0	0	6,180.00
Romania.....		2,569.20	0	0	0
Taiwan.....		2,167.29	3,770.21	4,724.53	4,710.52
Yugoslavia.....		4,489.14	0	0	0
World.....		3,345.52	3,865.28	5,019.75	4,754.80

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

Cordless Handset Telephones

I. Introduction

Col. 1 rate of duty: 6%

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: _____

Competitive-need-limit waiver X (Countries---Korea)

Non-eligible GSP countries: Korea, Taiwan

Current competitive-need-limit waivers: Hong Kong

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes _____ No X _____.

Description and uses: Cordless handset telephones are telephones whose base is connected to a traditional land-line telephone network, but whose handset is connected to the base by radio signals. This allows the user to place or receive calls away from the base unit, but typically within a limited radius of 300-500 feet.

II. U.S. market profile 2/

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....					
Total U.S. employment (thousand employees).....					
U.S. shipments (thousand dollars).....					
U.S. exports (thousand dollars).....					
U.S. imports (thousand dollars).....*73,989		368,807	165,990	221,824	*200
U.S. consumption (thousand dollars)..... 73,989		368,807	165,990	221,824	200
Import to consumption ratio (percent)..... 100		100	100	100	-
Capacity utilization (nearest 10 percent).....					-

Comment: There are no U.S. producers of these articles and imports account for 100 percent of domestic consumption. In general, sales of cordless handset telephones are dependent on price and brand name recognition.

1/ Probable effects advice for these products on the basis of the HS nomenclature is contained in the Digest for HS item No. 8525.20.50.

2/ There is no U.S. production of these articles.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (units)				
Total.....	5,377,999	100	—	100
Imports from GSP countries:				
Total.....	4,729,782	88	100	88
Taiwan.....	1,955,163	36	41	36
Hong Kong.....	1,462,206	27	31	27
Korea.....	1,194,792	22	25	22
Singapore.....	55,066	1	1	1
Value (thousands)				
Total.....	221,824	100	—	100
Imports from GSP countries:				
Total.....	181,621	82	100	82
Taiwan.....	82,724	37	46	37
Hong Kong.....	54,279	24	30	24
Korea.....	38,907	18	21	18
Singapore.....	3,364	2	2	2

Note.—The countries shown in the table include the top four GSP suppliers in 1986 and any additional countries proposed for "graduation" or "waiver."

IV. Competitiveness profiles, GSP suppliersCompetitiveness of Korea for all digest products

Ranking as a U.S. import supplier, 1986..... 4

Price sensitivity:

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 ____

Price sensitivity of import supply..... High X Moderate ____ Low ____

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

Price sensitivity of U.S. demand..... High X Moderate ____ Low ____

Price level compared with: 1/

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

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

Quality compared with: 1/

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

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

1/ There is no U.S. production of these articles.

TSUS item No.
685.25--Con.

V. Position of interested parties

Petitioner.--The petitioner, a major U.S. importer and distributor of Korean cordless handset telephones, has asked for a waiver of competitive-need limits on imports. The petitioner's position is that Korea has lost significant U.S. market share since GSP eligibility was removed, and that since there is no U.S. production of these articles, restoring GSP eligibility would foster increased economic cooperation between the United States and Korea.

Support.--In support of the petitioner, Senator Kit Bond of Missouri, states that granting a waiver will likely increase employment in the two U.S. companies that import and market Korean-made cordless handset telephones. In addition, Senator Bond understands that a waiver was not granted sooner to induce Korea to change some of its international trade practices. However, he feels that the U.S. would benefit more by eliminating GSP status on products that are produced in the United States.

[Probable economic effects advice deleted]

TS number: 68525

Product: Cordless handset telephones

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981 1/	1983	1985	1986
Quantity (units)				
Taiwan.....	2,427,517	1,540,464	1,955,163	
Hg Kong.....	1,789,258	877,265	1,462,206	
Kor Rep.....	2,713 348	453,726	1,194,792	
Japan.....	1,456,400	456,355	640,442	
Singapr.....	50	2,804	55,066	
China.P.....	-	485	48,307	
Cambod.....	-		7,500	
Malaysa.....	-		6,300	
Tunisia.....	-		6,000	
Indnsia.....	-	804	1,896	
U King.....	483	261	133	
Canada.....	71	7,094	108	
Israel.....	-	9	52	
France.....	-	159	33	
All other total..	3,303	4,085	1	
Total.....	8,390,430	3,343,511	5,377,999	
GSP total....	6,930,656	2,879,052	4,681,475	

Percent				
Taiwan.....	28.9	46.1	36.4	
Hg Kong.....	21.3	26.2	27.2	
Kor Rep.....	32.3	13.6	22.2	
Japan.....	17.4	13.6	11.9	
Singapr.....	2/	0.1	1.0	
China.P.....	0.0	0.0	0.9	
Cambod.....	0.0	0.0	0.1	
Malaysa.....	0.0	0.0	0.1	
Tunisia.....	0.0	0.0	0.1	
Indnsia.....	0.0	0.0	0.0	
U King.....	2/	0.0	0.0	
Canada.....	2/	0.2	0.0	
Israel.....	0.0	0.0	0.0	
France.....	0.0	0.0	0.0	
All other total..	2/	0.1	0.0	
Total.....	100.0	100.0	100.0	
GSP total....	82.6	86.1	87.0	

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

1/ Not Available.

2/ Less than .5 percent.

TS number: 68525

Product: Cordless handset telephones

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Taiwan.....		123,020	71,807	82,724
Hg Kong.....		70,823	40,744	54,278
Japan.....		74,430	36,887	39,937
Kor Rep.....		100,348	15,756	38,906
Singapr.....		3	199	3,364
China P.....		-	7	1,347
Malaysa.....		-		574
Tunisia.....		-		270
Cambod.....		-		238
Indnsia.....		-	39	88
Israel.....		-	3	66
U King.....		-	46	13
Canada.....		69	410	7
France.....		1	15	4
All other total..		91	71	1
Total.....	73,989	368,807	165,990	221,823
GSP total....		294,194	128,585	180,273
Percent				
Taiwan.....		33.4	43.3	37.3
Hg Kong.....		19.2	24.5	24.5
Japan.....		20.2	22.2	18.0
Kor Rep.....		27.2	9.5	17.5
Singapr.....		0.0	0.1	1.5
China P.....		0.0	0.0	0.6
Malaysa.....		0.0	0.0	0.3
Tunisia.....		0.0	0.0	0.1
Cambod.....		0.0	0.0	0.1
Indnsia.....		0.0	0.0	0.0
Israel.....		0.0	0.0	0.0
U King.....		0.0	0.0	0.0
Canada.....		0.0	0.2	0.0
France.....		0.0	0.0	0.0
All other total..		0.0	0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....		79.8	77.5	81.3

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

Annual Review of the Generalized System of Preferences (GSP)
 U.S. imports for consumption under the GSP, by principal source, 1981, 1983, 1985, and 1986
 Flow: Imports for consumption
 TSUSA commodity: 68525—Cordless handset telephones

(Quantity in thousands of units; value in thousands of dollars)

Time Period:		:	:	:	:
Type1		1981	1983	1985	1986
City subcode					
Partner					
<hr/>					
First unit of quantity					
Duty-free items under GSP provisions					
Hong Kong.....	0	1,722	1	1	
Israel.....	0	—	—	—	
Korea, South.....	0	2,631	2	3	
Malaysia.....	0	—	—	6	
Singapore.....	0	1/	3	55	
Taiwan.....	0	536	2	—	
World.....	0	4,892	8	65	
Customs value					
Duty-free items under GSP provisions					
Hong Kong.....	0	66,502	32	45	
Israel.....	0	—	3	—	
Korea, South.....	0	95,670	15	83	
Malaysia.....	0	—	—	575	
Singapore.....	0	4	196	3,352	
Taiwan.....	0	27,676	58	—	
World.....	0	189,889	303	4,055	
Unit value					
Duty-free items under GSP provisions					
Hong Kong.....	0	38.63	29.48	62.25	
Israel.....	0	—	350.00	—	
Korea, South.....	0	36.63	6.50	26.45	
Malaysia.....	0	—	—	91.25	
Singapore.....	0	80.00	73.09	61.07	
Taiwan.....	0	51.68	31.89	—	
World.....	0	38.82	38.75	62.34	

1/ Less than 500.

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

Cellular Radiotelephones, Parts and Subassemblies

I. Introduction

Col. 1 rate of duty: 6 %

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: X (Countries--Hong Kong, Taiwan, Korea)

Competitive-need-limit waiver _____

Non-eligible GSP countries: None

Current competitive-need-limit waivers: Singapore

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: Cellular radiotelephones are wireless electronic communications devices which are designed largely for motor-vehicle installation. These devices provide the motor-vehicle operator or passenger with a connection to a traditional wireline telephone, or other cellular radiotelephone, by means of a cellular transceiving system distributed throughout a specific geographic area. A cellular radiotelephone consists of a transceiver and a control unit. The transceiver provides the operator with the capability of receiving or sending a message and the control unit provides the operator with the means to speak or dial. For operation, the transceiver is connected to a special antenna and to the control unit. Certain cellular radiotelephones are designed for removal from the motor vehicle and may be operated in a transportable mode. These portable cellular radiotelephones are smaller in size than regular devices and are powered by a plug-in battery pack. In addition, there are small, hand-held portable cellular radiotelephones which are designed to be carried in a briefcase or purse.

II. U.S. market profile

Item	1981 1/	1983 1/	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	-	-	*9	*9	-
Total U.S. employment (thousand employees).....	-	-	[***	***]	-
U.S. shipments (thousand dollars).....	-	-	[***	***]	-
U.S. exports (thousand dollars).....	-	-	[***	***]	-
U.S. imports (thousand dollars).....	-	-	[***	***]	-
U.S. consumption (thousand dollars).....	-	-	[***	***]	-
Import to consumption ratio (percent).....	-	-	[***	***]	-
Capacity utilization (nearest 10 percent).....	-	-	[***	***]	-

1/ The nationwide use of cellular radiotelephones was approved by the Federal Communications Commission (FCC) in October 1983, after the system was tested in three metropolitan locations. Production and sale of cellular radiotelephones in commercial quantities began after the FCC approval.

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 8525.20.60.

Comment: The principal U.S. producer of cellular radiotelephone equipment also assisted in developing the system; therefore, it has extensive knowledge of the technical specifications and operation of the U.S. cellular network. Other U.S. producers of cellular radiotelephone equipment also produce land mobile communications equipment and have substantial experience in the development and manufacture of radio communications apparatus. These factors contribute to the advantage U.S. producers have in developing cellular technology. U.S. producers are recognized as having superior products in terms of features and quality compared with products of GSP countries. Quality, price, and features, in that order, are the principal characteristics influencing the purchase decision.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousands)				
Total.....	145,747	100	-	[***]
Imports from GSP countries:				
Total.....	49,163	34	100	[***]
Korea.....	25,802	18	52	[***]
Hong Kong.....	16,437	11	33	[***]
Israel.....	3,047	2	6	[***]
Kenya.....	1,596	1	3	<u>1/</u>
Taiwan.....	1,559	1	3	<u>1/</u>

Note.--The countries shown in the table include the top four GSP suppliers in 1986 and any additional countries proposed for "graduation" or "waiver."

1/ Less than 0.5 percent.

TSUS item No.
685.28--Con.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Korea for all digest products

Ranking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

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

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

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

Quality compared with:

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

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

Comment: A large share of U.S. imports of cellular radiotelephones from Korea are manufactured by a joint venture formed between a large, nation-wide manufacturer/retailer of consumer electronic products and components and a Finnish producer. Such units serve the lower end of the U.S. market and lack the wide range of features available on U.S.-produced units. All cellular radiotelephones manufacturers in Korea have obtained technical assistance from foreign producers, and the technical licenses given to Korean producers are generally restricted to the production of cellular radiotelephones for the Korean domestic market.

TSUS item No.
685.28--Con.

Competitiveness of Hong Kong for all digest products

Ranking as a U.S. import supplier, 1986..... 3

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

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

Price sensitivity of U.S. demand..... 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: A substantial portion of cellular radiotelephone imports from Hong Kong come from a joint venture between a Canadian manufacturer of cellular radiotelephones and a Hong Kong firm. These imports generally serve the lower end of the U.S. market.

Competitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1986..... 10

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

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

Price sensitivity of U.S. demand..... 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

TSUS item No.
685.28---Con.

V. Position of interested parties

Petitioner.--Motorola, Inc. of Schaumburg, IL has petitioned the USTR requesting that GSP eligibility be removed for cellular radiotelephones classified in TSUS item 685.28 and imported from Korea, Hong Kong, Singapore, and Taiwan. Motorola contends that the level of imports of cellular radiotelephones from these countries and their manufacturing capabilities indicate that these countries are not "underdeveloped" as defined within the intent of the original legislation creating the GSP.

Opposition.--Hyundai Electronics Industries Co., Ltd, of Korea submitted a brief in opposition to Motorola's petition. Hyundai indicated in its brief that the Korean industry was neither technologically advanced nor internationally competitive and that it still requires technical assistance from foreign firms. Further, Korean exports of cellular radiotelephone equipment to the United States under the GSP accounted for only 5 percent of total U.S. imports of these products in 1986. Hyundai also stated that as Motorola has sold the only cellular radiotelephone cell site transceiver in use in Korea, it is inequitable for Motorola to be able to sell into Korea and then petition the USTR for removal of GSP eligibility for Korea's exports of cellular radiotelephone equipment to the United States.

Opposition.--The Government of Hong Kong also submitted a statement in opposition to Motorola's petition. The statement indicated that Hong Kong's cellular radiotelephone products were not competitive and that its share of U.S. imports of cellular radiotelephones (TSUS(A) item 685.2810) had declined by 35 percent between the first half of 1986 and the corresponding period in 1987. (Hong Kong's share of all imports of cellular radiotelephone equipment actually fell by 21 percent comparing the two periods.) Hong Kong's exports of cellular radiotelephone equipment to the United States in 1986 accounted for only about 4 percent of apparent U.S. consumption the statement said, and such a small level of imports could not be injuring Motorola. Further, the statement noted that Motorola was a partner in the operation of the Hong Kong cellular radiotelephone system.

[Probable economic effects advice deleted]

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TS number: 68528

Product: Other transmission apparatus

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Japan.....			42,461	67,059
Kor Rep.....			11,144	25,802
Hg Kong.....			2,173	16,437
Sweden.....			629	12,364
Finland.....			2,007	5,697
Canada.....			25,359	5,508
U King.....			627	4,253
Israel.....			7	3,047
Kenya.....				1,596
Taiwan.....			925	1,559
Mexico.....			170	659
France.....			2,158	577
Switzld.....			54	350
FR Germ.....			251	249
All other total..			1,641	581
Total.....			89,612	145,747
GSP total.....			14,488	49,163

Percent				
Japan.....	0.0	0.0	47.4	46.0
Kor Rep.....	0.0	0.0	12.4	17.7
Hg Kong.....	0.0	0.0	2.4	11.3
Sweden.....	0.0	0.0	0.7	8.5
Finland.....	0.0	0.0	2.2	3.9
Canada.....	0.0	0.0	28.3	3.8
U King.....	0.0	0.0	0.7	2.9
Israel.....	0.0	0.0	0.0	2.1
Kenya.....	0.0	0.0	0.0	1.1
Taiwan.....	0.0	0.0	1.0	1.1
Mexico.....	0.0	0.0	0.2	0.5
France.....	0.0	0.0	2.4	0.4
Switzld.....	0.0	0.0	0.1	0.2
FR Germ.....	0.0	0.0	0.3	0.2
All other total..	0.0	0.0	1.8	0.4
Total.....	0.0	0.0	100.0	100.0
GSP total.....	0.0	0.0	16.2	33.7

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

Annual Review of the Generalized System of Preferences (GSP)
 U.S. imports for consumption under the GSP, by principal source, 1981, 1983, 1985, and 1986
 Flow: Imports for consumption
 TSUSA commodity: 68528--Radiotelegraphic a radioteleph

(Quantity in thousands of units; value in thousands of dollars)

Time period:		1981	1983	1985	1986
Type					
Cty subcode					
Partner					
First unit of quantity					
Duty-free items under GSP provisions:					
Kenya.....	0	0	0	1	
Mexico.....	0	0	0	3	
Customs value					
Duty-free items under GSP provisions:					
Hong Kong.....	0	0	912	1,116	
Kenya.....	0	0	0	198	
Korea, South.....	0	0	137	6,694	
Mexico.....	0	0	0	388	
Taiwan.....	0	0	516	1,093	
World.....	0	0	1,565	9,489	
Unit value					
Duty-free items under GSP provisions:					
Hong Kong.....	0	0	851.79	1,550.06	
Kenya.....	0	0	0	396.37	
Korea, South.....	0	0	60.89	2,135.29	
Mexico.....	0	0	0	135.99	
Taiwan.....	0	0	285.17	0	
World.....	0	0	200.11	145.88	

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

Uninsulated Aluminum Conductor Wire and Cable

I. IntroductionCol. 1 rate of duty: 4.9%

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: X (Countries— Brazil, Korea, Taiwan, and Venezuela)

Competitive-need-limit waiver _____

Non-eligible GSP countries: NoneCurrent competitive-need-limit waivers: NoneCurrent "sufficiently competitive" designation: NoneU.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: These products consist principally of six or more strands of aluminum wire wound or twisted around a steel or aluminum core. The resulting cable is used primarily for overhead transmission and distribution of high voltage electrical current and as overhead ground wires. Steel is employed in these cables to provide strength, permitting greater distances between utility poles or transmission towers.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	10	9	8	8	20
Total U.S. employment (thousand employees).....	[***	***	***	***	***]
U.S. shipments (thousand dollars).....	*310,450	*296,600	*225,000	*185,000	*-40
U.S. exports (thousand dollars).....	71,916	37,553	5,890	1,937	-97
U.S. imports (thousand dollars).....	44	1,657	3,555	3,859	8,670
U.S. consumption (thousand dollars).....	*238,578	*260,704	*222,665	*186,922	*-22
Import to consumption ratio (percent).....	2/	*1	*2	*2	-
Capacity utilization (nearest 10 percent).....	*80	*70	*60	*50	-

Comment: Five U.S. producers currently account for the majority of U.S. production. Competition among these producers is intense and because the specifications for aluminum cable have been standardized by the Aluminum Association, price and rapid delivery are the principal factors affecting purchase decisions. The principal users of aluminum cable are public and private electrical utilities which purchase aluminum wire and cable using either an open or closed bidding process. Bids are solicited from cable vendors which have made the utility's qualified bidders list. Over the past few years, at least [* * *] have begun to [* * *], the major intermediate component of aluminum cable, from a [* * *]. Because aluminum rod can account for 50 percent or more of the total value of finished cable, this development has significantly altered the competitive balance of the U.S. industry.

1/ Probable effects advice for closely related products on the basis of the HS nomenclature is contained in the Digest for HS item Nos. 7614.10.50 and 7614.90.50. These HS provisions apply only to aluminum wire and cable which has been fitted with fittings or made up into articles.

2/ Less than 0.5 percent.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (pounds)				
Total.....	4,930,340	100	-	* 2
Imports from GSP countries:				
Total.....	3,876,884	79	100	* 2
Venezuela.....	2,868,413	58	74	* 1
Korea.....	806,677	16	21	* 1/
Brazil.....	184,920	4	5	* 1/
Taiwan.....	16,653	-	-	* 1/
Value (thousand dollars)				
Total.....	3,859	100	-	* 2
Imports from GSP countries:				
Total.....	2,644	69	100	* 1
Venezuela.....	1,954	51	74	* 1
Korea.....	547	14	21	* 1/
Brazil.....	115	3	4	* 1/
Taiwan.....	24	1	1	* 1/

1/ Less than 0.5 percent.

Note.—The countries shown in the table include the top four GSP suppliers in 1986 and any additional countries proposed for "graduation" or "waiver."

IV. Competitiveness profiles, GSP suppliersCompetitiveness of Venezuela for all digest productsRanking as a U.S. import supplier, 1986..... 1

Price sensitivity:

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 XCould exports from the country be readily
redistributed among its foreign export markets?..... Yes X No Price sensitivity of import supply..... High Moderate X Low Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

Quality compared with:

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

TSUS item No.
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Comment: The [* * *] is allegedly engaged in a number of programs which directly and indirectly [* * *] of aluminum mill products, including cable. These programs include [* * *

] to exporters. On April 2, 1987, Venezuela was granted a de minimis waiver of the GSP competitive-need limits which it exceeded in 1986. The capacity of producers in Venezuela is currently not sufficiently developed to permit a substantial diversion of shipments to U.S. markets. In addition, Venezuelan suppliers are currently at a competitive disadvantage vis-a-vis U.S. producers by virtue of their lack of a substantial U.S. marketing network. This situation has impaired its ability to bid on perspective contracts, provide a timely response to customers' delivery schedules, and render technical assistance to customers following delivery.

Competitiveness of Korea for all digest products

Ranking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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

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

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

Price sensitivity of import supply..... High Moderate X Low

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

Price sensitivity of U.S. demand..... 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: While Korean producers are reportedly in the process of expanding the capacity of their wire drawing and cable assembly operations, these capabilities are believed to be not extensive enough to enable Korean suppliers to ship significant quantities of cable to U.S. markets in the near term. Korean producers have also not yet established a significant U.S. market network which would enable them to exploit the price advantage which they have exhibited vis-a-vis U.S. suppliers.

Competitiveness of Brazil for all digest productsRanking as a U.S. import supplier, 1986..... 6

Price sensitivity:

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 Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

Quality compared with:

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

Comment: The [* * *] has established a number of programs which
 [* * *] of aluminum mill products. These programs include [* * *

].

Competitiveness of Taiwan for all digest productsRanking as a U.S. import supplier, 1986..... 10

Price sensitivity:

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 X No Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

Quality compared with:

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

TSUS item No.
688.20—Con.

V. Position of interested parties

Petitioner.—Southwire Co., of Carrollton, GA, alleges that over the last three years, U.S. imports of aluminum cable have grown to such an extent that they now threaten to rival the inroads made by imports of foreign aluminum rod in U.S. markets. Southwire contends that producers of aluminum cable in Venezuela, Brazil, Korea, and Taiwan have already established themselves, to varying degrees, as competitors in world markets and therefore do not deserve duty-free GSP status. Additionally, U.S. markets for aluminum cable have been depressed over the last decade and U.S. producers, already plagued by low capacity utilization, are not in a position to compete against low-priced imports. Southwire further asserts that U.S. producers have been virtually shut out of the markets for these products in the four countries mentioned above, and thus these countries do not deserve GSP status.

Opposition.—The Korea Wire Industry Cooperative (KEWIC) submitted a statement in opposition to the withdrawal of duty-free GSP status for U.S. imports of aluminum stranded cable from Korea. KEWIC contended in its brief that the Korean cable industry was not sufficiently developed to represent a significant threat to the U.S. industry. The statement also indicated that the sudden increase in Korean imports during 1985-86 was temporary as evidenced by the cessation of Korean exports during the first half of 1987 (U.S. imports from Korea did fall precipitously during this period). The brief went on to add that Southwire's contention that U.S. imports from Korea were "significantly underpriced", was due to a lack of competitiveness in the international market for aluminum cable.

[Probable economic effects advice deleted]

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[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

Product: Uninsulated electrical conductors, aluminum

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (pounds)				
Venez.....			1,394,041	2,868,413
Kor Rep.....			529,188	806,677
Spain.....			969,548	565,210
Japan.....	26	171,441	323,341	299,356
Brazil.....			605,578	184,920
Belgium.....				99,407
Norway.....				37,800
U King.....	3,075	1,113		21,080
Taiwan.....		651	18,440	16,653
Canada.....	2,739	1,241,102	288,226	15,130
FR Germ.....	20	3,495	96,093	14,926
Switzld.....			498	464
Singapr.....				212
Italy.....	1	496	5,550	49
All other total..	2,030	602,929	241,453	43
Total.....	7,891	2,021,227	4,471,956	4,930,340
GSP total....	50	601,100	2,680,149	3,876,884
Percent				
Venez.....	0.0	0.0	31.2	58.2
Kor Rep.....	0.0	0.0	11.8	16.4
Spain.....	0.0	0.0	21.7	11.5
Japan.....	0.3	8.5	7.2	6.1
Brazil.....	0.0	0.0	13.5	3.8
Belgium.....	0.0	0.0	0.0	2.0
Norway.....	0.0	0.0	0.0	0.8
U King.....	39.0	0.1	0.0	0.4
Taiwan.....	0.0	0.0	0.4	0.3
Canada.....	34.7	61.4	6.4	0.3
FR Germ.....	0.3	0.2	2.1	0.3
Switzld.....	0.0	0.0	0.0	0.0
Singapr.....	0.0	0.0	0.0	0.0
Italy.....	0.0	0.0	0.1	0.0
All other total..	25.7	29.8	5.4	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	0.6	29.7	59.9	78.6

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

Product: Uninsulated electrical conductors, aluminum

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Venez.....			875	1,954
Kor Rep.....			426	547
Spain.....			740	470
U King.....	20	19		285
Japan.....	2	143	225	281
Brazil.....			359	115
Belgium.....				98
FR Germ.....	1	229	125	29
Norway.....				26
Taiwan.....		16	22	24
Canada.....	14	820	417	12
Switzld.....			12	4
Italy.....			11	4
Singapr.....				1
All other total..	5	426	340	2
Total.....	44	1,657	3,554	3,858
GSP total....		429	1,779	2,644
Percent				
Venez.....	0.0	0.0	24.6	50.7
Kor Rep.....	0.0	0.0	12.0	14.2
Spain.....	0.0	0.0	20.8	12.2
U King.....	46.6	1.2	0.0	7.4
Japan.....	4.6	8.7	6.3	7.3
Brazil.....	0.0	0.0	10.1	3.0
Belgium.....	0.0	0.0	0.0	2.5
FR Germ.....	3.2	13.9	3.5	0.8
Norway.....	0.0	0.0	0.0	0.7
Taiwan.....	0.0	1.0	0.6	0.6
Canada.....	32.8	49.5	11.7	0.3
Switzld.....	0.0	0.0	0.3	0.1
Italy.....	0.6	0.1	0.3	0.1
All other total..	12.2	25.7	9.6	0.1
Total.....	100.0	100.0	100.0	100.0
GSP total....	0.6	25.9	50.1	68.5

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

Product: UNINS ALUM CNDCTRS, AL-ST CR

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
quantity (pounds)				
Canada.....	264,447	1,640,523	362,928	626,217
Mexico.....	5,650,448	10,460	66,617	124,531
Turk Is.....		1,400		87,632
Kor Rep.....		4,742	109,509	80,881
Surinam.....	66,920	45,381	30,438	31,211
Jamaica.....	667,561	24,753	48,124	28,240
Haiti.....		328,431	4,173	22,238
Salvadr.....				17,855
France.....	41,387	9,332	51,679	13,928
Oman.....				12,995
Panama.....	4,839	5,617		12,189
Liberia.....	157,791	106,918		12,000
Colomb.....	3,331,837			11,714
Ghana.....	1,370		500	7,537
All other total..	60,137,540	33,667,328	5,029,543	49,804
Total.....	70,324,140	35,844,885	5,703,511	1,138,972
GSP total....	27,564,166	15,580,593	459,650	487,874
Percent				
Canada.....	0.4	4.6	6.4	55.0
Mexico.....	8.0	0.0	1.2	10.9
Turk Is.....	0.0	0.0	0.0	7.7
Kor Rep.....	0.0	0.0	1.9	7.1
Surinam.....	0.1	0.1	0.5	2.7
Jamaica.....	0.9	0.1	0.8	2.5
Haiti.....	0.0	0.9	0.1	2.0
Salvadr.....	0.0	0.0	0.0	1.6
France.....	0.1	0.0	0.9	1.2
Oman.....	0.0	0.0	0.0	1.1
Panama.....	0.0	0.0	0.0	1.1
Liberia.....	0.2	0.3	0.0	1.1
Colomb.....	4.7	0.0	0.0	1.0
Ghana.....	0.0	0.0	0.0	0.7
All other total..	85.5	93.9	88.2	4.4
Total.....	100.0	100.0	100.0	100.0
GSP total....	39.2	43.5	8.1	42.8

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

Product: UNINS ALUM CNDCTRS, AL-ST CR

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	322	2,474	564	948
Mexico.....	5,176	28	161	265
Kor Rep.....		7	185	174
Turk Is.....		1		103
Oman.....				62
Surinam.....	63	107	45	38
Jamaica.....	825	56	44	35
Haiti.....		371	6	34
Norway.....	8			31
B Virgn.....		7	22	24
France.....	53	13	77	24
Colomb.....	3,429			20
Salvadr.....				20
India.....	109		12	18
All other total..	61,928	34,485	4,770	133
Total.....	71,915	37,553	5,889	1,937
GSP total....	28,485	13,143	746	905
Percent				
Canada.....	0.4	6.6	9.6	49.0
Mexico.....	7.2	0.1	2.7	13.7
Kor Rep.....	0.0	0.0	3.1	9.0
Turk Is.....	0.0	0.0	0.0	5.4
Oman.....	0.0	0.0	0.0	3.2
Surinam.....	0.1	0.3	0.8	2.0
Jamaica.....	1.1	0.2	0.8	1.8
Haiti.....	0.0	1.0	0.1	1.8
Norway.....	0.0	0.0	0.0	1.6
B Virgn.....	0.0	0.0	0.4	1.3
France.....	0.1	0.0	1.3	1.3
Colomb.....	4.8	0.0	0.0	1.1
Salvadr.....	0.0	0.0	0.0	1.0
India.....	0.2	0.0	0.2	1.0
All other total..	86.1	91.8	81.0	6.9
Total.....	100.0	100.0	100.0	100.0
GSP total....	39.6	35.0	12.7	46.7

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

Annual Review of the Generalized System of Preferences (GSP)
U.S. imports for consumption under the GSP, by principal source, 1981, 1983, 1985, and 1986
Flow: Imports for consumption
TSUSA commodity: 68820--Uninsulated electrical conduct

(Quantity in thousands of pounds; Value in thousands of dollars)

	Time period:				
Type		1981	1983	1985	1986
Cty subcode					
Partner					
<hr/>					
First unit of quantity					
Duty-free items under GSP provisions:					
Brazil.....	0	0	606	185	
Israel.....	0	0	0	0	
Korea, South.....	0	0	529	807	
Mexico.....	0	600	0	0	
Singapore.....	0	0	0	0	
Taiwan.....	0	0	11	17	
Venezuela.....	0	0	1,394	2,868	
Yugoslavia.....	0	0	133	0	
World.....	0	601	2,673	3,877	
Customs value					
Duty-free items under GSP provisions:					
Brazil.....	0	0	359	115	
Israel.....	0	0	0	2	
Korea, South.....	0	0	426	547	
Mexico.....	0	413	0	0	
Singapore.....	0	0	0	2	
Taiwan.....	0	16	20	24	
Venezuela.....	0	0	875	1,955	
Yugoslavia.....	0	0	97	0	
World.....	0	429	1,777	2,645	
Unit value					
Duty-free items under GSP provisions:					
Brazil.....	0	0	0.59	0.62	
Israel.....	0	0	0	181.78	
Korea, South.....	0	0	0.81	0.68	
Mexico.....	0	0.69	0	0	
Singapore.....	0	0	0	8.40	
Taiwan.....	0	35.27	1.75	1.45	
Venezuela.....	0	0	0.63	0.68	
Yugoslavia.....	0	0	0.73	0	
World.....	0	0.71	0.66	0.68	

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

Brake Drums and Rotors

I. Introduction

Col. 1 rate of duty: 3.1%

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: _____

Competitive-need-limit waiver X (Country--Mexico)

Non-eligible GSP countries: Mexico, Brazil, Korea, and Taiwan

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: Korea

U.S. production on Jan. 3, 1985? Yes X No _____.

Description and uses: Brake drums and rotors form part of a motor-vehicle's braking system. Brakes consist of a rotating and a nonrotating unit. Brake drums or brake rotors (discs) form the rotating unit and the nonrotating unit consists of brake pads, calipers, and other parts. As the rotating surface meets the stationary braking system, friction develops and creates the controlled force necessary to slow and/or stop the motor vehicle.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms)..	15	15	15	15	0
Total U.S. employment (thousand employees)..	*2.6	*2.6	*2.6	*2.6	0
U.S. production(thousand dollars).....	*320,566	*346,640	*431,651	*425,723	*33
U.S. exports (thousand dollars).....	50,058	70,456	144,262	123,515	147
U.S. imports (thousand dollars).....	*37,415	*52,476	*87,967	106,933	*186
U.S. consumption (thousand dollars).....	*307,923	*328,660	*375,356	*409,141	*33
Import to consumption ratio (percent).....	*12	*16	*23	*26	-
Capacity utilization (nearest 10 percent)...	*50	*50	*60	*60	-

Comment: There are 15 U.S. firms known to be producing brake drums and rotors in their domestic foundries. Production of these foundry products accounted for [***] percent of the production of all iron castings made by these firms during 1981-86. The four largest producers accounted for nearly [***] percent of U.S. production in 1986. One of the two largest producers is [* * *] and the other is [* * *]. The remaining firms generally produce for other original equipment manufacturers (OEMs), mainly U.S. automakers. U.S. demand for these products increased during 1981-86 due to the recovery of the domestic auto industry and a growing aftermarket for auto parts. The foremost non-price factors in product selection for OEMs appear to be quality and delivery. However, in the aftermarket, procurement is more price sensitive and there is less brand loyalty because brake drums and rotors produced by domestic and foreign firms are virtually interchangeable.

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 8708.39.50.10.

TSUSA item No.
692.3262--Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousand dollars)				
Total.....	106,933	100	-	26
Imports from GSP countries:				
Total.....	33,504	31	100	8
Mexico.....	16,526	16	49	4
Brazil.....	10,334	10	31	3
Taiwan.....	4,077	4	12	1
Argentina.....	1,112	1	3	1/

1/ Less than 0.5 percent.

Note.---The countries shown in the table were the top four GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Mexico for all digest products

Ranking as a U.S. import supplier, 1986..... 3

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

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

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

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

Quality compared with:

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

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

Comment: A purchaser bases his choice on price, quality, and on-time delivery. Quality appears to be the most important non-price factor in the decision for original equipment manufacturers. U.S. consumers are willing to pay more for the U.S. product, in general, because of proven prompt and reliable delivery.

TSUSA item No.
692.3262--Con.

V. Position of interested parties

Petitioner.--The petitioner, Cifunsa, S.A., a Mexican firm located in Saltillo, Coahuila, requests a waiver of the competitive-need limitations on brakes and parts from Mexico. Cifunsa is primarily a foundry operation producing various cast metal products of malleable, ductile, and gray iron to make brake parts, i.e., drums, cylinders, and calipers, which are largely sold to U.S. automobile manufacturers, such as Chrysler, Ford, and General Motors both in the United States and Mexico. These items are classified under TSUSA items 692.3262 and 692.3264. The petitioner believes that these products should receive GSP treatment as they were removed from GSP status in 1980 when Mexico exceeded the competitive-need limitations for TSUS item 692.32, which includes 13 different categories of automobile parts. Petitioner believes that the removal of these products from GSP was not the result of imports of brakes, calipers, and cylinders exceeding the competitive-need limitations, but was due to other products classified under the same five digit TSUS number that exceeded the limitations.

Cifunsa also states that Mexico should not have to pay the same tariff as Canada, Sweden, Norway, Denmark, the United Kingdom, France, West Germany, Austria, Switzerland, Japan, Australia, and South Africa, but rather should receive GSP status along with Argentina, Yugoslavia, Israel, Korea, and Taiwan. (Currently, Taiwan and Korea are no longer GSP beneficiaries for these items.)

Opposition: The ITT Parts Supply Division of the ITT Corporation, located in Troy, Michigan, is opposed to Cifunsa, S.A.'s petition for a waiver of duties for its exports of brake drums and rotors to the United States. The company points out that imports of brake parts from Mexico increased from \$5.2 million in 1982 to \$40.1 million in 1986 (a 671-percent increase) and therefore believes that there is no justification for waiving the U.S. tariff. The company further contends that consideration should be given to increasing the tariff on brake parts imported from Mexico.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

TSUSA item No.
692.3262—Con.

TS number: 6923262

Product: Brake drums and rotors

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....				34,101
Japan.....				16,919
Mexico.....				16,526
Germany.....				12,615
Brazil.....				10,334
Italy.....				4,238
Taiwan.....				4,077
United Kingdom.....		Not available <u>1/</u>		2,631
France.....				1,738
Argentina.....				1,111
Korea.....				629
Australia.....				403
Spain.....				314
Venezuela.....				238
All other total.....				1,052
Total.....	2/ 37,415	2/ 52,476	2/ 87,967	106,932
GSP total.....	1/	1/	1/	33,504
Percent				
Canada.....				31.9
Japan.....				15.8
Mexico.....				15.5
Germany.....				11.8
Brazil.....				9.7
Italy.....				4.0
Taiwan.....		Not available <u>1/</u>		3.8
United Kingdom.....				2.5
France.....				1.6
Argentina.....				1.0
Korea.....				0.6
Australia.....				0.4
Spain.....				0.3
All other total.....				1.0
Total.....	100.0	100.0	100.0	100.0
GSP total.....	1/	1/	1/	31.3

1/ Country detail is not available because prior to 1986, brake drums and rotors were not separately classified.

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

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

Sch B no 6922926

Product: Brake drums and rotors

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985,
and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	35,938	61,924	134,588	112,547
Brazil.....	71	222	1,076	2,402
Japan.....	600	1,296	973	1,834
Venezuela.....	2,459	782	1,862	1,056
Australia.....	799	247	402	898
United Kingdom.....	624	470	407	542
Mexico.....	2,205	356	959	539
Sweden.....	202	186	234	454
S. Arab.....	258	1,286	507	388
Colombia.....	233	65	15	327
Turkey.....	—	153	455	217
Iran.....	—	617	10	210
Netherlands.....	208	13	40	166
Taiwan.....	289	114	44	163
All other.....	6,171	2,725	2,690	1,772
Total.....	50,058	70,456	144,262	123,515
GSP total.....	6,385	4,461	5,450	5,999
Percent				
Canada.....	71.9	87.9	93.3	91.1
Brazil.....	0.1	0.3	0.7	1.9
Japan.....	1.2	1.8	0.7	1.5
Venezuela.....	4.9	1.1	1.3	0.9
Australia.....	0.4	0.4	0.3	0.7
United Kingdom.....	1.3	0.7	0.3	0.4
Mexico.....	4.4	0.5	0.7	0.4
Sweden.....	0.4	0.3	0.2	0.4
S. Arab.....	0.5	1.8	0.4	0.3
Colombia.....	0.5	0.1	1/	0.3
Turkey.....	—	0.2	0.3	0.2
Iran.....	—	0.9	1/	0.2
Netherlands.....	1.6	1/	1/	0.1
Taiwan.....	0.6	0.2	1/	0.1
All other.....	12.3	3.9	1.9	1.4
Total.....	100.0	100.0	100.0	100.0
GSP total.....	12.8	6.3	3.8	4.9

1/ Less than 0.05 percent.

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

Annual Review of the Generalized System of Preferences (GSP)
 U.S. imports for consumption under the GSP, by principal source, 1981, 1983,
 1985, and 1986
 Flow: Imports for consumption
 TSUSA commodity: 6923262—Brake drums and rotors

(Quantity in thousands of units; value in thousands of dollars)

Type				
Cty subcode				
Partner	1981	1983	1985	1986
First unit of quantity				
Duty-free items under GSP provisions				
Argentina.....				112
Brazil.....				0
Colombia.....				2
Israel.....				8
South Korea.....				150
Malaysia.....		Not available <u>1/</u>		1
Peru.....				3
Taiwan.....				5
Venezuela.....				23
Yugoslavia.....				246
World.....				550
Customs value				
Duty-free items under GSP provisions				
Argentina.....				922
Brazil.....				3
Colombia.....				73
Israel.....				155
South Korea.....				587
Malaysia.....		Not available <u>1/</u>		25
Peru.....				52
Taiwan.....				102
Venezuela.....				236
Yugoslavia.....				128
World.....	<u>2/</u> 6,639	<u>2/</u> 2,750	<u>2/</u> 1,832	2,283
Unit value				
Duty-free items under GSP provisions				
Argentina.....				8.23
Brazil.....				8.09
Colombia.....				34.63
Israel.....				20.54
South Korea.....				3.90
Malaysia.....				19.99
Peru.....		Not available <u>1/</u>		20.00
Taiwan.....				20.00
Venezuela.....				10.35
Yugoslavia.....				0.52
World.....				4.15

1/ Country detail is not available because prior to 1986, brake drums and rotors were not separately classified.

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

Note.—Compiled from official statistics of the U.S. Department of Commerce.

Other Vehicle Brake Parts

I. Introduction

Col. 1 rate of duty: 3.1%

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: _____

Competitive-need-limit waiver X (Country--Mexico)

Non-eligible GSP countries: Mexico, Brazil, Korea, and Taiwan

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: Korea

U.S. production on Jan. 3, 1985? Yes X No _____.

Description and uses: The brake parts classified here are used in the braking systems of motor vehicles and include, among other things, calipers, cylinders, pads, brake shoes, and bushings. All of these parts working together form the stationary unit of the brake system. The stationary unit converts the force applied on the vehicles' brake pedal into mechanical pressure on the rotating portion of the brake system which in turn causes the motor-vehicle to slow and/or stop.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	**65	**65	**65	**65	0
Total U.S. employment (thousand employees).....	**7.3	**7.3	**7.3	**7.3	0
U.S. production (thousand dollars)...	*961,690	*1,039,900	*1,294,950	*1,277,100	*33
U.S. exports (thousand dollars).....	455,568	369,483	419,336	326,645	-28
U.S. imports (thousand dollars).....	*132,656	*186,053	*311,884	*375,396	*183
U.S. consumption (thousand dollars)..	*638,778	*856,470	*1,187,498	*1,325,851	*108
Import to consumption ratio (percent).....	*21	*22	*26	*28	-
Capacity utilization (nearest 10 percent).....	*50	*50	*60	*60	-

Comment: There are currently about 65 U.S. producers of brake parts. These firms are primarily engaged in foundry, stamping, or forging operations. Some of these firms perform machining operations on the brake parts. It is estimated that about [***] percent of the total production of all the aforementioned firms is dedicated to brake parts. U.S. demand for these parts increased during 1981-86 due to the recovery of the U.S. auto industry and to a growing aftermarket for auto parts. The principal first line U.S. consumers of these products are original equipment manufacturers (OEMs), e.g., the U.S. automakers, and distributors of brake parts to the U.S. replacement or aftermarket. The foremost non-price

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 8708.39.50.50.

TSUSA item No.
692.3264—Con.

factors in product selection for the OEMs appear to be quality and delivery. However, in the aftermarket, procurement is more price sensitive and there is less brand loyalty because brake parts produced by domestic and foreign firms are virtually interchangeable.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousand dollars)				
Total.....	375,396	100	-	28
Imports from GSP countries:				
Total.....	76,721	20	100	6
Brazil.....	46,485	12	61	4
Mexico.....	23,596	6	31	2
Korea.....	2,547	1	3	1/
Argentina.....	1,384	1/	2	1/

1/ Less than 0.5 percent.

Note.—The countries shown in the table were the top four GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Mexico for all digest products

Ranking as a U.S. import supplier, 1986..... 5

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

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

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

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

Quality compared with:

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

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

Comment: A purchaser bases his choice on price, quality, and on-time delivery. Quality appears to be the most important non-price factor in the decision for original equipment manufacturers. U.S. consumers are willing to pay more for the U.S. product, in general, because of proven prompt and reliable delivery.

TSUSA item No.
692.3264--Con.

V. Position of interested parties

Petitioner.--The petitioner, Cifunsa, S.A., a Mexican firm located in Saltillo, Coahuila, requests a waiver of the competitive-need limitations on brakes and parts from Mexico. Cifunsa is primarily a foundry operation producing various cast metal products of malleable, ductile, and gray iron to make brake parts, i.e., drums, cylinders, and calipers, which are largely sold to U.S. automobile manufacturers, such as Chrysler, Ford, and General Motors both in the United States and Mexico. These items are classified under TSUSA items 692.3262 and 692.3264. The petitioner believes that these products should receive GSP treatment as they were removed from GSP status in 1980 when Mexico exceeded the competitive-need limitations for TSUS item 692.32, which includes 13 different categories of automobile parts. Petitioner believes that the removal of these products from GSP was not the result of imports of brakes, calipers, and cylinders exceeding the competitive-need limitations, but was due to other products classified under the same five digit TSUS number that exceeded the limitations.

Cifunsa also states that Mexico should not have to pay the same tariff as Canada, Sweden, Norway, Denmark, the United Kingdom, France, West Germany, Austria, Switzerland, Japan, Australia, and South Africa, but rather should receive GSP status along with Argentina, Yugoslavia, Israel, Korea, and Taiwan. (Currently, Taiwan and Korea are no longer GSP beneficiaries for these items.)

Opposition: The ITT Parts Supply Division of the ITT Corporation, located in Troy, Michigan, is opposed to Cifunsa, S.A.'s petition for a waiver of duties for its exports of brake parts to the United States. The company points out that imports of brake parts from Mexico increased from \$5.2 million in 1982 to \$40.1 million in 1986 (a 671-percent increase) and therefore believes that there is no justification for waiving the U.S. tariff. The company further contends that consideration should be given to increasing the tariff on brake parts imported from Mexico.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

TS number: 6923264

Product: Other vehicle brake parts

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....				143,629
Japan.....				66,088
Brazil.....				46,485
Germany.....				41,094
Mexico.....				23,597
United Kingdom.....				16,404
Australia.....				10,262
France.....		Not available <u>1/</u>		9,308
Italy.....				2,663
Korea.....				2,547
Portugal.....				2,324
Denmark.....				2,196
Sweden.....				1,959
Argentina.....				1,383
All other total.....				5,458
Total.....	2/ 132,656	2/ 186,053	2/ 311,884	375,395
GSP total.....	1/	1/	1/	76,721
Percent				
Canada.....				38.3
Japan.....				17.6
Brazil.....				12.4
Germany.....				10.9
Mexico.....				6.3
United Kingdom.....				4.4
Australia.....		Not available <u>1/</u>		2.7
France.....				2.5
Italy.....				0.7
Korea.....				0.7
Portugal.....				0.6
Denmark.....				0.6
Sweden.....				0.5
All other total.....				1.5
Total.....	100.0	100.0	100.0	100.0
GSP total.....	1/	1/	1/	20.4

1/ Country detail is not available because prior to 1986, other vehicle brake parts were not separately classified.

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

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

Sch B no. 6922928

Product: Other vehicle brake parts

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985,
and 1986

Source	1981	1983	1985	1986
	Value (1,000 dollars)			
Canada.....	170,064	204,886	226,370	177,120
Mexico.....	85,514	10,919	27,272	26,463
Venezuela.....	37,437	13,996	53,193	24,641
S. Arab.....	22,213	19,702	13,941	17,159
FR. Germany.....	8,536	6,102	10,806	9,926
Japan.....	4,275	4,487	4,767	7,591
Colombia.....	6,598	8,776	4,656	5,648
Kuwait.....	6,100	3,183	3,361	5,188
Australia.....	9,033	7,571	8,412	4,933
United Kingdom.....	8,242	9,105	6,426	4,780
Peru.....	5,055	1,174	781	3,678
Brazil.....	1,624	1,283	3,383	3,539
France.....	6,996	9,142	2,759	3,409
Israel.....	9,711	4,718	19,817	2,815
All other.....	74,170	64,438	33,392	29,755
Total.....	455,568	369,483	419,336	326,645
GSP total.....	226,270	96,383	143,893	105,136
	Percent			
Canada.....	37.3	55.5	54.0	54.2
Mexico.....	18.8	3.0	6.5	8.1
Venezuela.....	8.2	3.8	12.7	7.5
S. Arab.....	4.9	5.3	3.3	5.3
FR. Germany.....	1.9	1.7	2.6	3.0
Japan.....	0.9	1.2	1.1	2.3
Colombia.....	1.4	2.4	1.1	1.7
Kuwait.....	1.3	0.9	0.8	1.6
Australia.....	2.0	2.0	2.0	1.5
United Kingdom.....	1.8	2.5	1.5	1.5
Peru.....	1.1	0.3	0.2	1.1
Brazil.....	0.4	0.3	0.8	1.1
France.....	1.5	2.5	0.7	1.0
Israel.....	2.1	1.3	4.7	0.9
All other.....	16.3	17.4	8.0	9.1
Total.....	100.0	100.0	100.0	100.0
GSP total.....	49.7	26.1	34.3	33.2

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

TSUSA item No.
692.3264—Con.

Annual Review of the Generalized System of Preferences (GSP)
U.S. imports for consumption under the GSP, by principal source, 1981, 1983,
1985, and 1986

Flow: Imports for consumption

TSUSA commodity: 6923264—Other vehicle brake parts

(Value in thousands of dollars)

Type				
Cty subcode				
Partner	1981	1983	1985	1986
Customs value				
Duty-free items under GSP provisions				
Argentina.....				1,367
Brazil.....				26
Colombia.....				125
Guatemala.....				5
Hong Kong.....				63
India.....				365
Israel.....				8
Korea.....		Not available <u>1/</u>		2,445
Malaysia.....				11
Mexico.....				46
Peru.....				292
Taiwan.....				15
Uruguay.....				58
Venezuela.....				171
Yugoslavia.....				252
World.....	<u>2/</u> 7,343	<u>2/</u> 3,750	<u>2/</u> 4,428	5,248

1/ Country detail is not available because prior to 1986, other vehicle brake parts were not separately classified.

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

Note.—Compiled from official statistics of the U.S. Department of Commerce.

Inflatable Balls, Except Footballs and Soccer Balls

I. Introduction

Col. 1 rate of duty: 4.8% ad val

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: X (Korea)

Country redesignation: X (Taiwan)

Competitive-need-limit waiver: X (Mexico)

Non-eligible GSP countries: Taiwan

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: Korea, Taiwan

U.S. production on Jan. 3, 1985? Yes X No _____.

Description and uses: These balls include all inflatable balls for sports and games except footballs and soccer balls. Basketballs accounted for 69 percent of the total value of U.S. imports of these balls in 1986; volleyballs, 13 percent; and other balls (chiefly beach balls and play balls), 18 percent.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	*12	*12	*5	11	-8
Total U.S. employment (thousand employees).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
U.S. shipments (thousand dollars).....	*42,000	*30,000	*20,000	*18,000	-57
U.S. exports (thousand dollars).....	2,336	2,511	1,546	1,945	-17
U.S. imports (thousand dollars).....	16,303	25,186	43,040	61,418	277
U.S. consumption (thousand dollars).....	*55,967	*51,675	*61,494	*77,443	38
Import to consumption ratio (percent).....	*29	*47	*70	*79	-
Capacity utilization (nearest 10 percent).....	*75	*55	*40	*35	-

Comment: There are seven U.S. manufacturers of inflatable sports balls all of which are large producers of a variety of sporting goods. All seven produce basketballs, volleyballs, and footballs; six of the seven manufacturer soccer balls. Four firms produce other inflatable balls such as beach balls and polyvinylchloride (PVC) playballs. All U.S. producers of inflatable sports balls make their top-of-the-line balls in the United States; a few purchase their lower quality balls from contract suppliers in East Asia. Independent distributors, mass merchandisers, and large sporting goods chain stores import a significant volume of their requirements for inflatable sports balls. U.S. producers of beach balls and play balls do not import to

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 9506.62.80.

2/ Less than 500.

TSUS item No.
735.09—Con.

fill out their lines. Intense price competition has increased reliance on lower-cost imports. This is reflected in the sharp rise in import penetration during 1981-86 and the corresponding drop in capacity utilization.

Table A indicates that Taiwan has achieved its dominance as a supplier of these balls through low prices. However, the table also shows that there is a smaller market segment for these balls which is willing to pay much higher prices for better quality balls. U.S. producers tend to use manufacturing subsidiaries or contractors in Korea to supply their low-to-mid-priced balls. Mass merchandisers, on the other hand, emphasize the lowest price points and import from Taiwan.

Table A. Inflatable balls except footballs and soccer balls: Share of U.S. imports and average unit values by type and country of origin, 1986.

Type	Country of origin					Total
	Taiwan	Korea	Mexico	Japan	Other	
Share of total imports (in percent)						
Basketballs.....	56	30	1	9	4	100
Volleyballs.....	22	28	2	47	1	100
Other.....	80	2	3	2	13	100
Average unit value (in U.S. dollars)						
Basketballs.....	\$2.12	\$8.95	\$4.10	\$6.56	\$3.05	\$2.40
Volleyballs.....	1.51	4.14	3.04	8.31	1.80	1.88
Other.....	.50	1.11	.49	2.63	.91	.57

Source: Compiled from official statistics of the U.S. Department of Commerce by the U.S. International Trade Commission.

TSUS item No.
735.09—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (1,000 balls)				
Total.....	36,861	100	-	1/
Imports from GSP countries:				
Total.....	34,332	93	100	1/
Taiwan.....	30,596	83	89	1/
Korea.....	2,119	6	6	1/
Mexico.....	795	2	2	1/
Haiti.....	40	1	1	1/
Value (thousands)				
Total.....	61,418	100	-	79
Imports from GSP countries:				
Total.....	51,873	84	100	67
Taiwan.....	34,650	56	67	45
Korea.....	15,119	25	29	20
Mexico.....	1,154	1	2	1
Haiti.....	858	1	2	1

Note.—The countries shown in the table include the top four GSP suppliers in 1986 and any additional countries proposed for "graduation" or "waiver."

1/ Not available.

IV. Competitiveness profiles, GSP suppliersCompetitiveness of Taiwan for all digest productsRanking as a U.S. import supplier, 1986..... 1

Price sensitivity:

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 XPrice sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

Quality compared with:

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

Comment: See U.S. market profile, including Table A.

Competitiveness of Korea for all digest productsRanking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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 XPrice sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

Quality compared with:

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

Comment: See U.S. market profile, including Table A.

TSUS item No.
735.09—Con.

Competitiveness of Mexico for all digest products

Ranking as a U.S. import supplier, 1986..... 4

Price sensitivity:

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
Price sensitivity of import supply..... High Moderate X Low
Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No
Price sensitivity of U.S. demand..... 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: See U.S. market profile, including Table A.

V. Position of interested parties

Petitioner.—The Hedstrom Corporation

The company would like the status quo maintained when the Harmonized System (HS) replaces the TSUS. Specifically, Hedstrom wants both Korea and Taiwan to continue to be designated "sufficiently competitive" with respect to HS item 9506.62.80, inflatable balls for sports and outdoor games, except footballs and soccer balls, and HS item 9503.90.40, which includes inflatable toy balls. These balls are currently classified in TSUS item 735.09. Hedstrom wants Taiwan's current status as graduated from the GSP for TSUS item 735.09 to be continued for HS items 9506.62.80 and 9503.90.40. Hedstrom would like Korea to be graduated from the GSP for each of these HS items if it is determined to account for 25 percent or more of total imports under either item. Hedstrom asserts that both Taiwan and Korea are fully developed world producers of the balls covered by this digest and that any further competitive advantage granted either country would cause significant harm to the U.S. industry.

Kenner Parker Toys Inc. and Mattel Inc

These companies petitioned for a waiver of the competitive need limit for Mexico for HS item No. 9503.90.40. These companies make inflatable play balls in maquiladora operations in Mexico which they import under TSUSA item 735.09.70. Seventy percent of this TSUSA item is allocated to HS item No. 9503.90.40 and 30 percent to 9506.62.80. However, all of the toy balls will enter under HS item No. 9503.90.40.

[Probable economic effects advice deleted]

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[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

Product: Inflatable balls nspf

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity				
Taiwan.....	7,852,022	13,189,625	23,571,801	30,595,736
Kor Rep.....	1,965,209	899,565	1,699,482	2,119,369
Japan.....	622,189	648,134	1,081,357	1,076,457
Mexico.....	574,766	570,854	618,667	794,562
China.P.....	52,978	544,159	763,369	781,500
Hg Kong.....	119,926	189,912	38,968	463,347
Canada.....	5,960	105,036	303,878	434,177
Brazil.....	243,675	156,907	216,400	240,960
FR Germ.....	1,069	3,231	132,013	142,793
Haiti.....			48,533	102,878
Switzld.....	7,865	415		39,850
Italy.....	349,543	421,762	367,511	31,139
Pakistn.....		1,944	2,250	13,164
France.....	24	960		6,889
All other total..	56,198	26,027	342,681	18,633
Total.....	11,851,424	16,758,531	29,186,910	36,861,454
GSP total....	10,808,373	15,023,778	26,437,733	34,332,316
Percent				
Taiwan.....	66.3	78.7	80.8	83.0
Kor Rep.....	16.6	5.4	5.8	5.7
Japan.....	5.2	3.9	3.7	2.9
Mexico.....	4.8	3.4	2.1	2.2
China.P.....	0.4	3.2	2.6	2.1
Hg Kong.....	1.0	1.1	0.1	1.3
Canada.....	0.1	0.6	1.0	1.2
Brazil.....	2.1	0.9	0.7	0.7
FR Germ.....	0.0	0.0	0.5	0.4
Haiti.....	0.0	0.0	0.2	0.3
Switzld.....	0.1	0.0	0.0	0.1
Italy.....	2.9	2.5	1.3	0.1
Pakistn.....	0.0	0.0	0.0	0.0
France.....	0.0	0.0	0.0	0.0
All other total..	0.5	0.2	1.2	0.1
Total.....	100.0	100.0	100.0	100.0
GSP total....	91.2	89.6	90.6	93.1

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

TS number: 73509

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TSUS item No.
735.09--Con.

Product: Inflatable balls nspf

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Taiwan.....	7,578	12,191	21,430	34,650
Kor Rep.....	3,759	5,529	11,985	15,119
Japan.....	3,994	4,225	6,165	7,555
China P.....	123	1,214	1,484	1,154
Haiti.....			392	858
Hg Kong.....	44	65	129	565
Mexico.....	321	371	425	539
Canada.....	11	96	285	347
FR Germ.....	12	22	115	183
Italy.....	344	369	409	142
Brazil.....	84	56	80	90
Switzld.....	4	6		80
Pakistn.....		8	15	43
France.....				33
All other total..	24	27	120	54
Total.....	16,303	24,186	43,040	61,418
GSP total....	11,808	18,244	34,511	51,873
Percent				
Taiwan.....	46.5	50.4	49.8	56.4
Kor Rep.....	23.1	22.9	27.8	24.6
Japan.....	24.5	17.5	14.3	12.3
China P.....	0.8	5.0	3.5	1.9
Haiti.....	0.0	0.0	0.9	1.4
Hg Kong.....	0.3	0.3	0.3	0.9
Mexico.....	2.0	1.5	1.0	0.9
Canada.....	0.1	0.4	0.7	0.6
FR Germ.....	0.1	0.1	0.3	0.3
Italy.....	2.1	1.5	1.0	0.2
Brazil.....	0.5	0.2	0.2	0.1
Switzld.....	0.0	0.0	0.0	0.1
Pakistn.....	0.0	0.0	0.0	0.1
All other total..	0.2	0.1	0.3	0.1
Total.....	100.0	100.0	100.0	100.0
GSP total....	72.4	75.4	80.2	84.5

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

Product: BASKETBALLS

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and

Source	1981	1983	1985	1986
Quantity				
Spain.....	2,145	66	6,995	86,619
Canada.....	22,187	135,862	71,591	56,192
FR Germ.....	12,261	23,791	30,844	49,355
Venez.....	18,593	32	14,935	30,530
U King.....	4,412	14,285	6,922	28,734
Switzld.....	4,728	4,676	13,108	23,866
Mexico.....	31,677	4,231	21,028	22,267
Haiti.....		318		19,550
Kor Rep.....		18,995	4,378	8,274
Japan.....	6,256	5,844	11,038	7,846
Phil.R.....	45,996	13,440	3,918	4,901
Panama.....	1,923	19,715	3,424	4,835
Dom Rep.....	1,179	65	1,420	4,497
Hg Kong.....	11,735	8,693	3,747	4,328
All other total..	154,774	150,300	86,487	46,276
Total.....	317,866	400,313	279,835	398,070
GSP total....	199,704	171,122	114,385	136,654
Percent				
Spain.....	0.7	0.0	2.5	21.8
Canada.....	7.0	33.9	25.6	14.1
FR Germ.....	3.9	5.9	11.0	12.4
Venez.....	5.8	0.0	5.3	7.7
U King.....	1.4	3.6	2.5	7.2
Switzld.....	1.5	1.2	4.7	6.0
Mexico.....	10.0	1.1	7.5	5.6
Haiti.....	0.0	0.1	0.0	4.9
Kor Rep.....	0.0	4.7	1.6	2.1
Japan.....	2.0	1.5	3.9	2.0
Phil.R.....	14.5	3.4	1.4	1.2
Panama.....	0.6	4.9	1.2	1.2
Dom Rep.....	0.4	0.0	0.5	1.1
Hg Kong.....	3.7	2.2	1.3	1.1
All other total..	48.7	37.5	30.9	11.6
Total.....	100.0	100.0	100.0	100.0
GSP total....	62.8	42.7	40.9	34.3

Source: Compiled from official statistics of the U.S. Department of Commerce
 1/ The Schedule B allocations are 100 percent for item 735.1320 and 85 percent
 for item 735.1320 and 85 percent for item 735.1350.

Product: INFLATABLE BALLS, NSPF

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	263	603	398	347
FR Germ.....	83	201	191	330
Venez.....	133		87	327
U King.....	34	72	65	144
Switzld.....	31	36	56	113
Mexico.....	148	20	69	108
Spain.....	13		29	66
Japan.....	62	65	64	50
Kor Rep.....		143	23	47
Taiwan	7	15	36	43
Panama.....	14	56	14	39
Hondura.....	6	6	29	31
Thailnd.....	74	115	28	28
Norway.....	1	3	7	21
All other total..	1,462	1,169	445	245
Total.....	2,336	2,511	1,546	1,945
GSP total....	1,387	1,172	586	815
Percent				
Canada.....	11.3	24.0	25.8	17.9
FR Germ.....	3.6	8.0	12.4	17.0
Venez.....	5.7	0.0	5.6	16.8
U King.....	1.5	2.9	4.2	7.4
Switzld.....	1.3	1.4	3.7	5.8
Mexico.....	6.4	0.8	4.5	5.6
Spain.....	0.6	0.0	1.9	3.4
Japan.....	2.7	2.6	4.1	2.6
Kor Rep.....	0.0	5.7	1.5	2.4
Taiwan	0.3	0.6	2.4	2.3
Panama.....	0.6	2.2	0.9	2.0
Hondura.....	0.3	0.3	1.9	1.6
Thailnd.....	3.2	4.6	1.8	1.4
Norway.....	0.0	0.1	0.5	1.1
All other total..	62.6	46.6	28.8	12.6
Total.....	100.0	100.0	100.0	100.0
GSP total....	59.4	46.7	37.9	41.9

Source: Compiled from official statistics of the U.S. Department of Commerce
 1/ The Schedule B allocations are 100 percent for item 735.1320 and 85 percent for item 735.1350.

Annual Review of the Generalized System of Preferences (GSP)
U.S. imports for consumption under the GSP, by principal source, 1961, 1963, 1965, and 1966
Flow: Imports for consumption
TSUSA commodity: 73509--Inflatable balls aspf

(Quantity in thousands of balls; value in thousands of dollars)

Time period:		1961	1963	1965	1966
Type	Ctry subcode Partner				
First unit of quantity					
Duty-free items under GSP provisions:					
	Brazil.....	244 no	157 no	216 no	241 no
	Haiti.....	0	0	41 no	7 no
	Hong Kong.....	88 no	103 no	33 no	318 no
	India.....	0 no	1 no	0	1 no
	Israel.....	39 no	13 no	148 no	0
	Korea, South.....	1,953 no	884 no	1,452 no	2,097 no
	Malaysia.....	0	0	1 no	0
	Mexico.....	575 no	549 no	408 no	795 no
	Pakistan.....	0	2 no	2 no	12 no
	Taiwan.....	111 no	218 no	149 no	83 no
	Thailand.....	0	1 no	27 no	0
	World.....	3,009 no	1,949 no	2,878 no	3,553 no
Customs value					
Duty-free items under GSP provisions:					
	Brazil.....	84 \$	54 \$	80 \$	90 \$
	Haiti.....	0	0	330 \$	65 \$
	Hong Kong.....	29 \$	22 \$	109 \$	496 \$
	India.....	0 \$	5 \$	0	3 \$
	Israel.....	6 \$	6 \$	19 \$	0
	Korea, South.....	3,490 \$	5,431 \$	11,893 \$	14,954 \$
	Malaysia.....	0	0	1 \$	0
	Mexico.....	318 \$	349 \$	394 \$	540 \$
	Pakistan.....	0	9 \$	16 \$	36 \$
	Taiwan.....	40 \$	172 \$	138 \$	158 \$
	Thailand.....	0	3 \$	14 \$	0
	World.....	4,168 \$	6,071 \$	12,994 \$	16,340 \$
Unit value					
Duty-free items under GSP provisions:					
	Brazil.....	0.35 no	0.34 no	0.37 no	0.37 no
	Haiti.....	0	0	8.13 no	8.73 no
	Hong Kong.....	0.33 no	0.21 no	3.31 no	1.54 no
	India.....	8.38 no	10.06 no	0	5.49 no
	Israel.....	0.15 no	0.44 no	0.13 no	0
	Korea, South.....	1.89 no	6.13 no	7.20 no	7.13 no
	Malaysia.....	0	0	2.10 no	0
	Mexico.....	0.55 no	0.65 no	0.65 no	0.68 no
	Pakistan.....	0	4.52 no	6.99 no	2.94 no
	Taiwan.....	0.34 no	0.79 no	0.93 no	1.90 no
	Thailand.....	0	5.00 no	0.52 no	0
	World.....	1.39 no	3.12 no	4.51 no	4.60 no

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

Noninflatable Hollow Balls

Not Over 7.5 Inches in Diameter, N.S.P.F.

I. Introduction

Col. 1 rate of duty: 7.8% ad val

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: X (Korea)

Country redesignation: X (Taiwan)

Competitive-need-limit waiver: X (Mexico)

Non-eligible GSP countries: Taiwan

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: Noninflatable hollow balls not over 7.5 inches in diameter, n.s.p.f., are chiefly play balls used as toys or for games and recreation by children and juveniles. They vary in size and design, the degree of labor required for production, and price. Tennis balls are the principal type of noninflatable hollow ball not covered by this digest.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	*5	*5	*5	*5	0
Total U.S. employment (thousand employees).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
U.S. shipments (thousand dollars).....	*6,500	*6,500	*6,000	*4,500	*-31
U.S. exports (thousand dollars).....	697	518	558	308	-59
U.S. imports (thousand dollars).....	735	1,122	2,081	3,733	408
U.S. consumption (thousand dollars).....	6,538	7,104	7,523	7,925	21
Import to consumption ratio (percent).....	11	16	27	47	-
Capacity utilization (nearest 10 percent).....	*80	*80	*70	*50	-

Comment: The balls covered by this digest are chiefly inexpensive balls of plastic; the most inexpensive from developed countries (see Table A on page 2). These balls are mass produced in capital-intensive processes. Developing countries supply higher-quality balls which require more labor-intensive detailed work. Such better quality balls from developing countries command higher prices in the market. Producers in the United States furnish the market with balls encompassing the full spectrum of price levels.

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 9506.69.40.

2/ Less than 500.

TSUS item No.
735.10—Con.

Growth in the U.S. market has been in the higher-quality, higher-priced segment and has resulted in greater penetration of the market by imports from Taiwan and Mexico.

Table A. Noninflatable hollow balls not over 7.5 inches in diameter, n.s.p.f.: Share of U.S. imports supplied by leading sources and average unit value, 1986

Source	Share of total imports		
	Quantity	Value	Average unit value
	Percent		Dollars
Mexico.....	4	11	\$0.42
Taiwan.....	42	60	.23
Korea.....	1	1	.14
Hong Kong.....	9	4	.07
Denmark.....	14	4	.04
West Germany.....	13	1	.01
Other.....	16	19	.18
Total.....	100	100	.16

Source: Compiled by the U.S. International Trade Commission from official statistics of the U.S. Department of Commerce.

TSUS item No.
735.10—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (1,000 balls)				
Total.....	23,404	100	-	1/
Imports from GSP countries:				
Total.....	15,064	64	100	1/
Taiwan.....	9,838	42	65	1/
Mexico.....	978	4	7	1/
Hong Kong.....	2,212	9	15	1/
Israel.....	1,234	5	8	1/
Korea.....	194	1	1	1/
Value (thousands)				
Total.....	3,733	100	-	46
Imports from GSP countries:				
Total.....	3,028	81	100	37
Taiwan.....	2,238	60	74	28
Mexico.....	416	11	14	5
Hong Kong.....	154	4	5	2
Israel.....	144	4	5	2
Korea.....	27	1	1	2/

Note.—The countries shown in the table include the top four GSP suppliers in 1986 and any additional countries proposed for "graduation" or "waiver."

1/ Not available

2/ Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliersCompetitiveness of Taiwan for all digest productsRanking as a U.S. import supplier, 1986..... 1

Price sensitivity:

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 Price sensitivity of import supply..... High X Moderate Low Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

Quality compared with:

U.S. products..... Above Equivalent X Below Other foreign products..... Above X Equivalent Below Comment: The balls from Taiwan are of good quality. They compete directly with
U.S.-made balls.Competitiveness of Mexico for all digest productsRanking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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 XCould exports from the country be readily
redistributed among its foreign export markets?..... Yes No XPrice sensitivity of import supply..... High Moderate X Low Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes No XPrice sensitivity of U.S. demand..... High Moderate X Low

Price level compared with:

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

Quality compared with:

U.S. products..... Above X Equivalent Below Other foreign products..... Above X Equivalent Below Comment: Approximately 90 percent of the balls from Mexico are made by a subsidiary of
a U.S. producer that uses low-wage-rate labor in Mexico to reduce the cost of producing
its most labor-intensive, best-quality balls.

TSUS item No.
735.10—Con.

Competitiveness of Korea for all digest products

Ranking as a U.S. import supplier, 1986..... 10

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

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

Price sensitivity of U.S. demand..... 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: Korea produces medium-quality balls. They are priced above imports from Europe but do not have the quality of balls made in Taiwan and Mexico, or by most U.S. producers.

V. Position of interested parties

Petitioner.—The Hedstrom Corporation

The company would like the status quo maintained when the Harmonized System (HS) replaces the TSUS. Specifically, Hedstrom wants Taiwan to continue to be designated "sufficiently competitive" with respect to HS item 9506.69.40, noninflatable hollow balls not over 19 cm. in diameter, used for games or sports and HS item 9503.90.40, which includes noninflatable hollow balls not over 19 cm. in diameter used as toys. These balls are currently classified in TSUS item 735.10, with toys balls accounting for an estimated 25 percent of total imports. Hedstrom wants Taiwan's current status as graduated from the GSP for TSUS item 735.09 to be continued for HS items 9506.69.40 and 9503.90.40. Hedstrom asserts that Taiwan is a fully developed world producer of the balls covered by this digest and that any further competitive advantage granted Taiwan would cause significant harm to the U.S. industry.

Kenner Parker Toys Inc. and Mattel Inc.

These companies petitioned for a waiver of the competitive need limit for Mexico for HS item No. 9503.90.40. These companies make a variety of plastic toys in maquiladora facilities in Mexico that will enter the United States under HS item No. 9503.90.40. TSUS item 735.10 has a 25 percent allocation to HS item No. 9503.90.40. The allocation of imports from Mexico under TSUS item 735.10 to HS item 9503.90.40 amounted to only \$104,000 in 1986. The only reference to such balls in the petition was in the listing of TSUS items allocated to HS item No. 9503.90.40.

[Probable economic effects advice deleted]

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[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

Product: Noninflatable hollow balls, nspf

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (balls)				
Taiwan.....	1,201,523	3,316,135	7,799,089	9,838,413
Denmark.....	248,000	2,802,829	3,639,630	3,349,529
FR Germ.....	229,730	117,185	380,300	2,994,000
Hg Kong.....	2,803,321	1,243,792	834,413	2,211,628
Israel.....	24,380	369,270	357,060	1,233,577
Mexico.....			958,031	978,408
China.P.....	17,280	22,728	9,419	719,655
Japan.....	86,832	150,239	352,802	611,845
Brazil.....		100	82,841	600,000
U King.....	220,670	906,493	3,740,446	527,460
Kor Rep.....	91,844	94,848	18,000	194,040
Austral.....	225,368	260,500	205,917	127,860
Thailand.....		400	662	7,716
Italy.....		1,000	600	6,050
All other total..	1,512	636,536	30,859	4,207
Total.....	5,150,460	9,922,055	18,410,069	23,404,388
GSP total....	4,122,268	5,041,213	10,052,896	15,064,382
Percent				
Taiwan.....	23.3	33.4	42.4	42.0
Denmark.....	4.8	28.2	19.8	14.3
FR Germ.....	4.5	1.2	2.1	12.8
Hg Kong.....	54.4	12.5	4.5	9.4
Israel.....	0.5	3.7	1.9	5.3
Mexico.....	0.0	0.0	5.2	4.2
China.P.....	0.3	0.2	0.1	3.1
Japan.....	1.7	1.5	1.9	2.6
Brazil.....	0.0	0.0	0.4	2.6
U King.....	4.3	9.1	20.3	2.3
Kor Rep.....	1.8	1.0	0.1	0.8
Austral.....	4.4	2.6	1.1	0.5
Thailand.....	0.0	0.0	0.0	0.0
Italy.....	0.0	0.0	0.0	0.0
All other total..	0.0	6.4	0.2	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	80.0	50.8	54.6	64.4

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

Product: Noninflatable hollow balls, nspf

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Taiwan.....	266	429	765	2,238
Mexico.....			465	416
Japan.....	31	43	78	160
Denmark.....	9	133	167	159
China P.....	2	2	3	156
Hg Kong.....	96	91	246	154
Israel.....	15	79	39	144
Austral.....	123	130	152	143
FR Germ.....	47	77	18	39
Kor Rep.....	35	39	8	27
U King.....	105	57	82	24
Brazil.....			8	24
Thailnd.....		1	1	19
Italy.....		3	2	16
All other total..		33	42	9
Total.....	735	1,122	2,081	3,733
GSP total....	414	650	1,549	3,028
Percent				
Taiwan.....	36.2	38.2	36.8	60.0
Mexico.....	0.0	0.0	22.4	11.1
Japan.....	4.3	3.8	3.8	4.3
Denmark.....	1.3	11.9	8.0	4.3
China P.....	0.3	0.2	0.2	4.2
Hg Kong.....	13.2	8.1	11.8	4.1
Israel.....	2.1	7.1	1.9	3.9
Austral.....	16.7	11.6	7.3	3.8
FR Germ.....	6.5	6.9	0.9	1.0
Kor Rep.....	4.9	3.5	0.4	0.7
U King.....	14.4	5.2	3.9	0.7
Brazil.....	0.0	0.1	0.4	0.6
Thailnd.....	0.0	0.1	0.1	0.5
Italy.....	0.0	0.3	0.1	0.5
All other total..	0.1	2.9	2.0	0.3
Total.....	100.0	100.0	100.0	100.0
GSP total....	56.4	58.0	74.4	81.1

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

Product: NONINFLATABLE BALLS NSPF

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Chile.....	53	3		69
Canada.....	155	233	63	53
U.King.....	34	63	26	29
FR Germ.....	13	28	3	28
Japan.....	23	21	30	24
Trinid.....		1		17
Panama.....	2	13	20	13
Italy.....	6	19	7	12
Colomb.....	1	2		10
Haiti.....	1	14	4	9
Mexico.....	10	5	6	6
Switzld.....	3			6
Bolivia.....				4
Dom.Rep.....			2	3
All other total..	390	110	391	17
Total.....	697	518	558	308
GSP total....	412	108	237	150
Percent				
Chile.....	7.7	0.7	0.0	22.6
Canada.....	22.3	45.1	11.4	17.5
U.King.....	5.0	12.2	4.7	9.4
FR Germ.....	1.9	5.5	0.7	9.2
Japan.....	3.4	4.2	5.5	8.0
Trinid.....	0.0	0.2	0.0	5.6
Panama.....	0.3	2.5	3.6	4.5
Italy.....	0.9	3.7	1.4	3.9
Colomb.....	0.2	0.4	0.1	3.4
Haiti.....	0.2	2.9	0.8	3.1
Mexico.....	1.5	1.0	1.2	2.2
Switzld.....	0.5	0.0	0.0	2.1
Bolivia.....	0.0	0.0	0.0	1.6
Dom.Rep.....	0.0	0.1	0.4	1.3
All other total..	56.0	21.4	70.1	5.7
Total.....	100.0	100.0	100.0	100.0
GSP total....	59.2	20.8	42.6	48.7

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

Annual Review of the Generalized System of Preferences (GSP)
 U.S. imports for consumption under the GSP, by principal source, 1981, 1983, 1985, and 1986
 Flow: Imports for consumption
 TSUSA commodity: 73510--Noninflatable hollow balls, ns

(Quantity in thousands of balls; value in thousands of dollars)

Type	Time period:	1981	1983	1985	1986
Cty subcode					
Partner					
First unit of quantity					
Duty-free items under GSP provisions:					
Brazil.....		0	0	83	600
Hong Kong.....		2,714	1,009	776	2,133
India.....		1	0	0	0
Israel.....		24	369	357	1,234
Korea, South.....		92	88	18	194
Macao.....		0	2	0	0
Mexico.....		0	0	935	978
Pakistan.....		0	0	0	1
Philippines.....		0	14	0	0
Taiwan.....		1,180	3,313	3,388	8,008
Thailand.....		0	0	1	8
World.....		4,012	4,796	5,557	13,155
Customs value					
Duty-free items under GSP provisions:					
Brazil.....		0	1	8	24
Hong Kong.....		94	89	238	143
India.....		0	0	0	0
Israel.....		15	79	40	144
Korea, South.....		36	38	9	27
Macao.....		0	3	0	0
Mexico.....		0	0	456	416
Pakistan.....		0	0	0	5
Philippines.....		0	7	0	0
Taiwan.....		259	424	724	2,118
Thailand.....		0	1	1	19
World.....		405	641	1,476	2,897
Unit value					
Duty-free items under GSP provisions:					
Brazil.....		0.	8.02	0.10	0.04
Hong Kong.....		0.03	0.09	0.31	0.07
India.....		0.31	0	0	0
Israel.....		0.62	0.21	0.11	0.12
Korea, South.....		0.39	0.43	0.48	0.14
Macao.....		0	1.40	0	0
Mexico.....		0	0	0.49	0.43
Pakistan.....		0	0	0	7.90
Philippines.....		0	0.45	0	0
Taiwan.....		0.22	0.13	0.21	0.26
Thailand.....		0	2.53	1.76	2.50
World.....		0.10	0.13	0.27	0.22

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

TSUS item No.
735.11 1/

Sponge Rubber Balls

I. Introduction

Col. 1 rate of duty: 6.9% ad val

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: X (Korea, Taiwan)

Competitive-need-limit waiver: X (Mexico)

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: Sponge rubber balls are used chiefly by children and juveniles for play, games, and recreation.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	*5	*5	*5	*5	*0
Total U.S. employment (thousand employees).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	*0
U.S. shipments (thousand dollars).....	*10,000	*10,000	*10,000	*9,000	*-10
U.S. exports (thousand dollars).....	*348	*259	*279	*154	*-56
U.S. imports (thousand dollars).....	220	292	736	2,516	1,044
U.S. consumption (thousand dollars).....	9,872	10,033	10,457	11,362	+15
Import to consumption ratio (percent).....	2	3	7	22	-
Capacity utilization (nearest 10 percent).....	80	80	80	70	-

Comment: The production of sponge rubber balls is quite capital intensive. However, quality control, finishing, and packaging activities are labor intensive. Size and weight also affect the price of these balls. The cheapest balls are imported from Hong Kong and Mexico (average unit values of 4 cents and 12 cents each, respectively); the most expensive from Korea (65 cents). Taiwan and West Germany, the top two suppliers, provide balls in the middle price range (28 cents and 20 cents, respectively). U.S. producers supply the full range of price points. Taiwan increased its penetration of the U.S. market sharply in 1986 by providing better value balls (high quality at moderate prices).

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 9503.90.40.

2/ Less than 500.

TSUS item No.
735.11—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (1,000 balls)				
Total.....	11,032	100	—	1/
Imports from GSP countries:				
Total.....	9,935	90	100	1/
Taiwan.....	7,218	65	73	1/
Korea.....	153	1	2	1/
Mexico.....	650	6	7	1/
Hong Kong.....	1,910	17	19	1/
Value (thousands)				
Total.....	2,517	100	—	22
Imports from GSP countries:				
Total.....	2,225	88	100	20
Taiwan.....	1,986	79	89	17
Korea.....	100	4	5	1
Mexico.....	76	3	3	1
Hong Kong.....	58	2	3	1

Note.—The countries shown in the table include the top four GSP suppliers in 1986 and any additional countries proposed for "graduation" or "waiver."

1/ Not available.

IV. Competitiveness profiles, GSP suppliersCompetitiveness of Taiwan for all digest productsRanking as a U.S. import supplier, 1986..... 1

Price sensitivity:

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 Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

Quality compared with:

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

Comment: By supplying fairly high quality balls at moderate prices, Taiwan increased its share of U.S. consumption from an estimated 3 percent to 17 percent during 1984-86. See U.S. market profile.

Competitiveness of Korea for all digest productsRanking as a U.S. import supplier, 1986..... 3

Price sensitivity:

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 Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

Quality compared with:

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

Comment: Korea supplies a small niche in the U.S. market for high-quality sponge rubber balls.

TSUS item No.
735.11—Con.

Competitiveness of Mexico for all digest products

Ranking as a U.S. import supplier, 1986..... 4

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

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

Price sensitivity of U.S. demand..... High Moderate X Low

Price level compared with:

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

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

Quality compared with:

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

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

Comment: Mexico supplies cheap, mass-produced balls. Most labor costs are involved in packaging. [* * *

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V. Position of interested parties

Petitioner.—The Hedstrom Corporation

The company would like Taiwan and Korea to be graduated from eligibility for the GSP with respect to sponge rubber balls and all other balls entering under HS item 9503.90.40 when the TSUS is replaced by the HS. Hedstrom also wants Taiwan and Korea to be ineligible for any de minimus waiver for HS item 9503.90.40. Sponge rubber balls are currently classified under TSUS item 735.11. Despite accounting for 79 percent of total imports in 1986, Taiwan has received a de minimus waiver and retains GSP eligibility. Hedstrom contends that both Taiwan and Korea are fully developed world producers of sponge rubber balls and that any further competitive advantage granted these countries would cause significant harm to the U.S. industry.

Kenner Parker Toys Inc. and Mattel Inc

These companies petitioned for a waiver of the competitive-need limit for Mexico for HS item No. 9503.90.40. These companies make a variety of plastic toys in maquiladora facilities in Mexico that will enter the United States under HS item No. 9503.90.40. TSUS item 735.11 has a 100 percent allocation to HS item No. 9503.90.40. Imports of these sponge rubber balls from Mexico accounted for only 3 percent of total imports under TSUS item 735.11 in 1986. The only reference to such balls in the petition was in the listing of TSUS items allocated to HS item No. 9503.90.40.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

Product: Sponge rubber balls, nspf

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (balls)				
Taiwan.....	1,446,144	1,629,265	2,079,406	7,217,784
Hg Kong.....	455,448	343,008	551,952	1,919,638
FR Germ.....	200		366,086	807,020
Mexico.....		24,000	224,160	649,628
China.P.....				192,576
Kor Rep.....		8,333		152,556
Japan.....	38,448	12,720		58,464
Italy.....	2,100	47,200	26,224	25,000
France.....				4,896
Kenya.....				4,032
Sweden.....		33,750		
Nethlds.....		150		
U King.....			3,600	
All other total..				
Total.....	1,942,340	2,098,426	3,251,428	11,031,594
GSP total....	1,901,592	2,004,606	2,855,518	9,943,638
Percent				
Taiwan.....	74.5	77.6	64.0	65.4
Hg Kong.....	23.4	16.3	17.0	17.4
FR Germ.....	0.0	0.0	11.3	7.3
Mexico.....	0.0	1.1	6.9	5.9
China.P.....	0.0	0.0	0.0	1.7
Kor Rep.....	0.0	0.4	0.0	1.4
Japan.....	2.0	0.6	0.0	0.5
Italy.....	0.1	2.2	0.8	0.2
France.....	0.0	0.0	0.0	0.0
Kenya.....	0.0	0.0	0.0	0.0
Sweden.....	0.0	1.6	0.0	0.0
Nethlds.....	0.0	0.0	0.0	0.0
U King.....	0.0	0.0	0.1	0.0
All other total..	0.0	0.0	0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	97.9	95.5	87.8	90.1

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

Product: Sponge rubber balls, nspf

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Taiwan.....	179	258	594	1,986
FR Germ.....	2		94	161
Kor Rep.....		8		100
Mexico.....		2	30	76
China P.....				70
Hg Kong.....	13	4	12	58
Japan.....	25	6		30
France.....				24
Italy.....		6	4	3
Kenya.....				3
U King.....			1	
Sweden.....		4		
All other total..				
Total.....	220	292	736	2,516
GSP total....	192	274	637	2,225
Percent				
Taiwan.....	81.3	88.5	80.7	78.9
FR Germ.....	1.0	0.0	12.8	6.4
Kor Rep.....	0.0	2.9	0.0	4.0
Mexico.....	0.0	0.8	4.1	3.0
China P.....	0.0	0.0	0.0	2.8
Hg Kong.....	6.0	1.7	1.7	2.3
Japan.....	11.4	2.2	0.0	1.2
France.....	0.0	0.0	0.0	1.0
Italy.....	0.3	2.2	0.6	0.1
Kenya.....	0.0	0.0	0.0	0.1
U King.....	0.0	0.0	0.2	0.0
Sweden.....	0.0	1.6	0.0	0.0
All other total..	0.0	0.0	0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	87.3	93.9	86.5	88.4

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

Product: NONINFLATABLE BALLS NSPF

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Chile.....	26	1		34
Canada.....	77	116	31	26
U.King.....	17	31	13	14
FR Germ.....	6	14	1	14
Japan.....	11	10	15	12
Trinid.....				8
Panama.....	1	6	10	6
Italy.....	3	9	3	6
Colomb.....		1		5
Haiti.....		7	2	4
Mexico.....	5	2	3	3
Switzld.....	1			3
Bolivia.....				2
Dom.Rep.....			1	1
All other total..	195	55	195	8
Total.....	348	259	279	154
GSP total....	206	54	118	75
Percent				
Chile.....	7.7	0.7	0.0	22.6
Canada.....	22.3	45.1	11.4	17.5
U.King.....	5.0	12.2	4.7	9.4
FR Germ.....	1.9	5.5	0.7	9.2
Japan.....	3.4	4.2	5.5	8.0
Trinid.....	0.0	0.2	0.0	5.6
Panama.....	0.3	2.5	3.6	4.5
Italy.....	0.9	3.7	1.4	3.9
Colomb.....	0.2	0.4	0.1	3.4
Haiti.....	0.2	2.9	0.8	3.1
Mexico.....	1.5	1.0	1.2	2.2
Switzld.....	0.5	0.0	0.0	2.1
Bolivia.....	0.0	0.0	0.0	1.6
Dom.Rep.....	0.0	0.1	0.4	1.3
All other total..	56.0	21.4	70.1	5.7
Total,.....	100.0	100.0	100.0	100.0
GSP total....	59.2	20.8	42.6	48.7

Source: Compiled from official statistics of the U.S. Department of Commerce
1/ The Schedule B allocation for item 735.1380 is 10 percent.

Annual Review of the Generalized System of Preferences (GSP)
 U.S. imports for consumption under the GSP, by principal source, 1981, 1983, 1985, and 1986
 Flow: Imports for consumption
 TRUSA commodity: 73511--Sponge rubber balls, nsf

(Quantity in thousands of balls; value in thousands of dollars)

Type	Time period:	1981	1983	1985	1986
Cty subcode					
Partner					
First unit of quantity					
Duty-free items under GSP provisions:					
Hong Kong.....		441	343	552	1,910
Kenya.....		0	0	0	4
Korea, South.....		0	3	0	145
Mexico.....		0	24	224	650
Taiwan.....		1,426	1,629	1,975	7,090
World.....		1,867	2,000	2,751	9,799
Customs value					
Duty-free items under GSP provisions:					
Hong Kong.....		11	5	12	48
Kenya.....		0	0	0	3
Korea, South.....		0	3	0	71
Mexico.....		0	2	30	77
Taiwan.....		175	259	578	1,935
World.....		186	269	620	2,134
Unit value					
Duty-free items under GSP provisions:					
Hong Kong.....		0.03	0.01	0.02	0.02
Kenya.....		0	0	0	0.80
Korea, South.....		0	1.00	0	0.49
Mexico.....		0	0.10	0.14	0.12
Taiwan.....		0.12	0.16	0.29	0.27
World.....		0.10	0.13	0.23	0.22

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

TSUS item No.
735.12 1/

Bowling Balls and Balls, N.S.P.F.

I. Introduction

Col. 1 rate of duty: 4.9% ad val

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: X (Korea)

Country redesignation: X (Taiwan)

Competitive-need-limit waiver: X (Mexico)

Non-eligible GSP countries: Taiwan

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: This digest covers bowling balls and balls not specially provided for. The bulk of the latter are hard rubber balls for sports such as racquetball and squash.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	*10	*10	*10	*10	*0
Total U.S. employment (thousand employees).....	*1	*1	*1	*1	*0
U.S. shipments (thousand dollars).....	*47,000	*52,000	*55,000	*46,000	*-2
U.S. exports (thousand dollars).....	*5,898	*5,043	*4,941	*4,939	*-16
U.S. imports (thousand dollars).....	2,814	3,292	4,223	14,904	430
U.S. consumption (thousand dollars).....	43,916	50,249	54,282	55,965	27
Import to consumption ratio (percent).....	6	7	8	27	-
Capacity utilization (nearest 10 percent).....	80	80	80	70	-

Comment: Bowling balls account for an estimated 70 percent of producers' shipments of balls covered by this digest but only 1 percent of U.S. imports. Imports account for less than 1 percent of U.S. consumption of bowling balls. The penetration by imports of the U.S. market for other balls (chiefly racquetballs) is estimated to have jumped from 19 percent to 73 percent during 1981-86. A sharp influx of low-priced imports from Taiwan in 1986 accounted for the estimated 50 percent drop in U.S. producers' shipments of balls, n.s.p.f. between 1985 and 1986.

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 9506.69.60.

2/ Less than 500.

TSUS item No.
735.12—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousands)				
Total.....	14,904	100	-	27
Imports from GSP countries:				
Total.....	13,153	88	100	24
Taiwan.....	10,872	73	83	19
Korea.....	1,756	12	13	3
Hong Kong.....	427	3	3	1
Thailand.....	29	1/	1/	1/
Mexico.....	0	0	0	0

Note.—The countries shown in the table include the top four GSP suppliers in 1986 and any additional countries proposed for "graduation" or "waiver."

1/ Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1986..... 1

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... 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: Taiwan supplies slightly lower quality racquetballs to the U.S. market than U.S. producers and other foreign sources, but at significantly lower prices.

TSUS item No.
735.12—Con.

Competitiveness of Korea for all digest products

Ranking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

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

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

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

Quality compared with:

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

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

Comment: Korea supplies racquetballs and squash balls sold in the lower to middle price points.

Competitiveness of Mexico for all digest products

Ranking as a U.S. import supplier, 1986..... 0

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate Low X

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

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

Other foreign products..... Above Equivalent Below

Quality compared with:

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

Other foreign products..... Above Equivalent Below

Comment: Mexico does not export bowling balls or racquetballs to the United States. It is not known if there is any production of these balls in Mexico.

TSUS item No.
735.12—Con.

V. Position of interested parties

Petitioner.—Kenner Parker Toys Inc. and Mattel Inc.

These companies petitioned for a waiver of the competitive-need limit for Mexico for HS item No. 9503.90.40. These companies make a variety of plastic toys in maquiladora facilities in Mexico that will enter the United States under HS item No. 9503.90.40. TSUS item 735.1240 has a 10 percent allocation to HS item No. 9503.90.40. These are toy balls, n.s.p.f. There were no imports of such balls from Mexico during 1981-86. The only reference to such balls in the petition was in the listing of TSUS items allocated to HS item No. 9503.90.40.

The Hedstrom Corporation

The company has petitioned to continue the status for Taiwan as "graduated" with respect to balls currently classified in TSUS item 735.12 when the Harmonized System (HS) is implemented. Ten percent of item 735.12 (toy or play balls, n.s.p.f.) is allocated to HS item No. 9503.90.40 and 90 percent (sports balls, n.s.p.f.) to HS item No. 9506.69.60. Hedstrom requests that Taiwan be graduated for each of these HS items. Hedstrom contends that imports far exceed U.S. production and that GSP eligibility for Taiwan with respect to these balls will seriously harm the remaining domestic industry.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

Product: Balls for games or sports, nspf

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Taiwan.....	1,513	1,921	2,464	10,872
Kor Rep.....	46	139	273	1,756
Italy.....	309	505	670	1,012
Hg Kong.....	199	352	345	426
Austral.....	26	28	112	223
China P.....	1	4	10	171
Japan.....	629	214	56	98
FR Germ.....	2	20	23	90
France.....	11		38	79
U King.....	9	19	38	42
Thailnd.....		1		28
Canada.....	20	31	67	24
Phil R.....	24	11	33	23
Colomb.....				18
All other total..	17	40	87	33
Total.....	2,814	3,292	4,223	14,904
GSP total....	1,799	2,455	3,196	13,153
Percent				
Taiwan.....	53.8	58.4	58.4	72.9
Kor Rep.....	1.7	4.2	6.5	11.8
Italy.....	11.0	15.3	15.9	6.8
Hg Kong.....	7.1	10.7	8.2	2.9
Austral.....	0.9	0.9	2.7	1.5
China P.....	0.1	0.1	0.3	1.1
Japan.....	22.4	6.5	1.3	0.7
FR Germ.....	0.1	0.6	0.6	0.6
France.....	0.4	0.0	0.9	0.5
U King.....	0.3	0.6	0.9	0.3
Thailnd.....	0.0	0.0	0.0	0.2
Canada.....	0.7	0.9	1.6	0.2
Phil R.....	0.9	0.3	0.8	0.2
All other total..	0.6	1.2	2.1	0.2
Total.....	100.0	100.0	100.0	100.0
GSP total....	63.9	74.6	75.7	88.3

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

Product: BOWLING BALLS

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Japan.....	691	1,024	1,288	1,544
Canada.....	1,135	1,659	667	657
Cocos I.....	489	414	510	331
FR Germ.....	382	291	117	247
Chile.....	221	13	3	243
Cook Is.....	2	23	9	226
Singapr.....	135	249	137	205
Sweden.....	127	77	116	197
U King.....	264	320	118	177
Hg Kong.....	99	49	233	115
Brazil.....	24	15	22	98
Mexico.....	131	18	30	91
Belgium.....	154	22	47	82
Taiwan	72	69	22	73
All other total..	1,966	791	1,615	646
Total.....	5,898	5,043	4,941	4,939
GSP total....	2,552	1,241	1,644	1,741
Percent				
Japan.....	11.7	20.3	26.1	31.3
Canada.....	19.2	32.9	13.5	13.3
Cocos I.....	8.3	8.2	10.3	6.7
FR Germ.....	6.5	5.8	2.4	5.0
Chile.....	3.7	0.3	0.1	4.9
Cook Is.....	0.0	0.5	0.2	4.6
Singapr.....	2.3	4.9	2.8	4.2
Sweden.....	2.2	1.5	2.4	4.0
U King.....	4.5	6.4	2.4	3.6
Hg Kong.....	1.7	1.0	4.7	2.3
Brazil.....	0.4	0.3	0.5	2.0
Mexico.....	2.2	0.4	0.6	1.8
Belgium.....	2.6	0.5	1.0	1.7
Taiwan	1.2	1.4	0.5	1.5
All other total..	33.3	15.7	32.7	13.1
Total.....	100.0	100.0	100.0	100.0
GSP total....	43.3	24.6	33.3	35.3

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

1/ The Schedule B allocations are 100 percent for item 733.1360 and 70 percent for item 735.1380.

Annual Review of the Generalized System of Preferences (GSP)
 U.S. imports for consumption under the GSP, by principal source, 1981, 1983, 1985, and 1986
 Flow: Imports for consumption
 TSUSA commodity: 73512--Balls for games or sports, asp

(Thousands of dollars)

Type	Time period:	1981	1983	1985	1986
Cty subcode					
Partner					
First unit of quantity					
Duty-free items under GSP provisions:					
Taiwan.....		0	0	0	0
Customs value					
Duty-free items under GSP provisions:					
Brazil.....		0	0	65	0
Colombia.....		0	0	0	18
Haiti.....		11	9	0	0
Hong Kong.....		189	294	293	243
India.....		3	3	0	10
Indonesia.....		0	0	12	0
Kenya.....		0	0	0	5
Korea, South.....		47	135	269	1,723
Macao.....		0	12	0	0
Mexico.....		0	0	0	0
Pakistan.....		0	0	3	0
Philippines.....		2	2	14	17
Taiwan.....		1,501	38	110	158
Thailand.....		0	0	0	29
World.....		1,754	495	765	2,203
Unit value					
Duty-free items under GSP provisions:					
Brazil.....		0	0	0.78	0
Colombia.....		0	0	0	0.03
Hong Kong.....		0.43	0.86	0.53	0.13
India.....		2.54	0	0	0
Kenya.....		0	0	0	1.19
Korea, South.....		0	39.51	0	11.89
Macao.....		0	5.14	0	0
Philippines.....		0	0.17	0	0
Taiwan.....		0	0	766.61	0
Thailand.....		0	1.09	0	3.76
World.....		0.94	0.25	0.28	0.22

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

TSUS item No.
737.07 1/

Models of locomotives, ships, airplanes, etc., at a ratio of 1 to 85 or smaller

I. Introduction

Col. 1 rate of duty: 5.1% ad val

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: _____

Competitive-need-limit waiver X (Mexico)

Non-eligible GSP countries: None

Current competitive-need-limit waivers: Hong Kong

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: This digest covers models made to H0 (1 to 87) or other small scales, primarily model railroad equipment, although other small-scale models such as airplanes, ships, spacecraft, and similar equipment are also included. Most of these models are for use by the serious hobbyist, although a significant portion of the H0 train equipment is also sold in sets as toys for children.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	**50	**50	**50	**50	**0
Total U.S. employment (thousand employees).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
U.S. shipments (thousand dollars).....	**45,500	**41,700	**44,000	**48,500	**7
U.S. exports (thousand dollars).....	7,253	6,805	5,863	6,238	-14
U.S. imports (thousand dollars).....	31,250	23,525	33,812	36,887	18
U.S. consumption (thousand dollars).....	**69,497	**58,420	**71,949	**79,149	14
Import to consumption ratio (percent).....	**45	**40	**47	**47	-
Capacity utilization (nearest 10 percent).....	**70	**70	**70	**70	-

Comment: The U.S. industry producing smaller scale models is concentrated in H0 scale products intended for the serious hobbyist. Almost all U.S. producers also manufacture larger scale models or other toys, and most import part of their product line (particularly scales smaller than H0). Imports from developed countries supply virtually all of the scales smaller than H0; those from GSP countries are primarily H0 scale models intended for children's use. A large portion of GSP products are imported by U.S. toy manufacturers.

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 9503.90.40.

2/ Not available.

TSUS item No.
737.07—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	Value (thousands)			
Total.....	36,887	100	-	47
Imports from GSP countries:				
Total.....	18,458	50	100	23
Hong Kong.....	9,129	25	49	12
Korea.....	5,458	15	30	7
Taiwan.....	1,717	5	9	2
Yugoslavia.....	1,489	4	8	2
Mexico.....	175	1	1	1/

Note.—The countries shown in the table include the top four GSP suppliers in 1986 and any additional countries proposed for "graduation" or "waiver."

1/ Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Mexico for all digest products

Ranking as a U.S. import supplier, 1986..... 13

Price sensitivity:

Can production in the country be easily expanded or

contracted in the short term?..... Yes X No ____

Does the country have significant export

markets besides the United States?..... Yes ____ No X

Could exports from the country be readily

redistributed among its foreign export markets?..... Yes X No ____

Price sensitivity of import supply..... High ____ Moderate X Low ____

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No ____

Price sensitivity of U.S. demand..... High ____ Moderate X Low ____

Price level compared with:

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

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

Quality compared with:

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

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

Comment: Mexico is a minor supplier of these products. The petition apparently included this TSUS item more because part of the trade was allocated to HS item 9503.90.40 than for any great need for a waiver.

TSUS item No.
737.07—Con.

V. Position of interested parties

Petitioner.—Kenner Parker Toys, Inc. and Mattel, Inc., are two major U.S. toy producers that operate maquiladoras in Mexico. Their petition is to grant a waiver of the competitive-need limits to imports from Mexico under HS item 9503.90.40 to which part of the trade under TSUS item 737.07 has been allocated. They state that imports of the plastic toys under this HS item compete with other imports (primarily those from Hong Kong, Japan, and Taiwan), not with U.S. products. Furthermore, the waiver would create a duty savings that would be passed through to consumers.

Support.—Congressmen Bill Gradison and Guy Vander Jagt support the petition, stating that the Mexican operations use U.S. materials and parts, and that the waiver will enhance these products' competitiveness against imports from Japan, Hong Kong, and Taiwan.

[Probable economic effects advice deleted]

Product: Models of rail locomotives, vechiles, etc.

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Hg. Kong.....	17,715	10,216	9,145	9,129
Kor Rep.....	3,107	3,096	4,887	5,458
FR Germ.....	1,330	2,322	4,377	4,814
Japan.....	1,865	2,266	3,583	3,327
France.....	593	818	2,807	3,214
China P.....	55	19	661	2,222
Italy.....	797	720	1,280	1,873
Taiwan.....	1,285	1,105	1,080	1,717
Austria.....	1,223	635	1,042	1,536
Yugosl.	1,625	1,161	1,170	1,489
U King.....	906	608	816	824
Macao.....	11	21	32	270
Mexico.....	127	9	2,365	175
Spain.....	54	74	82	131
All other total..	549	451	479	702

Total.....	31,250	23,525	33,812	36,887
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GSP total....	24,025	15,675	18,816	18,458
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Percent

Hg. Kong.....	56.7	43.4	27.0	24.8
Kor Rep.....	9.9	13.2	14.5	14.8
FR Germ.....	4.3	9.9	12.9	13.1
Japan.....	6.0	9.6	10.6	9.0
France.....	1.9	3.5	8.3	8.7
China P.....	0.2	0.1	2.0	6.0
Italy.....	2.6	3.1	3.8	5.1
Taiwan.....	4.1	4.7	3.2	4.7
Austria.....	3.9	2.7	3.1	4.2
Yugosl.	5.2	4.9	3.5	4.0
U King.....	2.9	2.6	2.4	2.2
Macao.....	0.0	0.1	0.1	0.7
Mexico.....	0.4	0.0	7.0	0.5
Spain.....	0.2	0.3	0.2	0.4
All other total..	1.8	1.9	1.4	1.9

Total.....	100.0	100.0	100.0	100.0
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GSP total....	76.9	66.6	55.6	50.0
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Product: Models of rail locomotives, vehicles, etc.

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
U.King.....	312	278	758	918
China P.....	2	8	226	794
FR Germ.....	134	162	220	675
Canada.....	937	578	372	531
Japan.....	135	262	449	447
Kuwait.....	29	46	99	425
Taiwan	84	106	125	230
Norway.....	104	51	39	213
Sweden.....	21	24	90	201
Switzld.....	164	328	93	172
S Arab.....	96	1,750	378	155
Singapr.....	53	132	347	139
Hg Kong.....	57	29	45	134
Israel.....		34	330	114
All other total..	5,119	3,010	2,284	1,083
Total.....	7,253	6,805	5,863	6,238
GSP total....	2,898	1,407	1,772	1,280
Percent				
U.King.....	4.3	4.1	12.9	14.7
China P.....	0.0	0.1	3.9	12.7
FR Germ.....	1.9	2.4	3.8	10.8
Canada.....	12.9	8.5	6.4	8.5
Japan.....	1.9	3.9	7.7	7.2
Kuwait.....	0.4	0.7	1.7	6.8
Taiwan	1.2	1.6	2.1	3.7
Norway.....	1.4	0.8	0.7	3.4
Sweden.....	0.3	0.4	1.5	3.2
Switzld.....	2.3	4.8	1.6	2.8
S Arab.....	1.3	25.7	6.5	2.5
Singapr.....	0.7	1.9	5.9	2.2
Hg Kong.....	0.8	0.4	0.8	2.2
Israel.....	0.0	0.5	5.6	1.8
All other total..	70.6	44.2	39.0	17.4
Total.....	100.0	100.0	100.0	100.0
GSP total....	40.0	20.7	30.2	20.5

1/ The Schedule B allocation for both items 737.8020 and 737.8040 is 30 percent.

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

Annual Review of the Generalized System of Preferences (GSP)
 U.S. imports for consumption under the GSP, by principal source, 1981, 1983, 1985, and 1986
 Flow: Imports for consumption
 TSUSA commodity: 73707--Models

(Quantity in thousands of units; value in thousands of dollars)

Time period:		1981	1983	1985	1986
Type	Cty subcode				
	Partner				
Customs value					
Duty-free items under GSP provisions:					
	Argentina.....	0	0	9	0
	Brazil.....	1	0	0	3
	Colombia.....	0	0	0	1
	Costa Rica.....	0	2	0	25
	Haiti.....	8	0	3	0
	Honduras.....	0	0	0	0
	Hong Kong.....	17,109	88	16	89
	India.....	0	0	1	0
	Israel.....	4	12	0	0
	Jamaica.....	0	0	0	67
	Kenya.....	0	0	0	11
	Korea, South.....	3,077	3,020	4,852	5,451
	Macao.....	12	8	32	255
	Mauritius.....	2	0	15	44
	Mexico.....	1	9	334	125
	Pacific Trust Terr(pre85).....	0	0	14	0
	Philippines.....	9	0	18	17
	Portugal.....	0	1	12	0
	Singapore.....	122	15	14	0
	Taiwan.....	1,268	1,068	1,017	1,633
	Thailand.....	0	3	3	0
	Yugoslavia.....	1,621	1,161	1,167	1,488
	Zimbabwe (Rhodesia).....	0	0	12	0
	World.....	23,232	5,387	7,520	9,209
Unit value					
Duty-free items under GSP provisions:					
	Argentina.....	0	0	0.05	0
	Brazil.....	0	0	0	0.00
	Colombia.....	0	0	0	0.00
	Costa Rica.....	0	0.01	0	0
	Haiti.....	0	0	0.09	0
	Hong Kong.....	38.79	0.26	0.03	0.05
	Israel.....	0.15	0.03	0	0
	Jamaica.....	0	0	0	21.90
	Kenya.....	0	0	0	2.79
	Korea, South.....	0	884.87	0	37.63
	Macao.....	0	3.46	0	0
	Mauritius.....	0.02	0	0.05	0.17
	Mexico.....	0	0.38	1.49	0.19
	Pacific Trust Terr(pre85).....	0	0	20.33	0
	Taiwan.....	0	0	7,063.61	0
	Thailand.....	0	8.63	3.90	0
	Yugoslavia.....	0	0	8.78	0
	Zimbabwe (Rhodesia).....	0	0	3.49	0
	World.....	12.44	2.69	2.73	0.94

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

TSUS item No.
737.14 1/

Models of locomotives, ships, airplanes, etc., at a ratio larger than 1 to 85

I. Introduction

Col. 1 rate of duty: 7.8% ad val

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: _____

Competitive-need-limit waiver X (Mexico)

Non-eligible GSP countries: Hong Kong

Current competitive-need-limit waivers: Macau

Current "sufficiently competitive" designation: Hong Kong

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: This digest covers models made at a scale of larger than one to 85, consisting primarily of larger scale trains and accessories, and automobiles, ships, aircraft, and spacecraft and related models. Although a greater percentage of these larger scale models are used as children's toys than are the smaller scale models covered under TSUS item 737.07, adult hobbyist goods account for a significant proportion of these models.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms)....	**100	**100	**100	**100	**0
Total U.S. employment (thousand employees)....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
U.S. shipments (thousand dollars).....	**79,600	**73,000	**77,000	**84,800	**7
U.S. exports (thousand dollars).....	13,358	12,419	9,661	10,934	-18
U.S. imports (thousand dollars).....	31,557	25,982	49,210	55,812	77
U.S. consumption (thousand dollars).....	**97,799	**86,563	**116,549	**129,678	**33
Import to consumption ratio (percent).....	**32	**30	**42	**43	-
Capacity utilization (nearest 10 percent).....	**80	**80	**80	**80	-

Comment: Although hobbyist goods are a significant proportion of U.S. production of these models, most is concentrated "toy" products. Imports from developed countries tend to be high-quality hobbyist goods, and those from developing countries are radio-controlled models and low-cost models and accessories. Most U.S. producers also manufacture other models and toys, in addition to importing some of their product line.

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 9503.90.40.

2/ Not available.

TSUS item No.
737.14—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousands)				
Total.....	55,812	100	-	43
Imports from GSP countries:				
Total.....	36,074	65	100	28
Macau.....	16,251	29	45	13
Hong Kong.....	8,114	15	22	6
Singapore.....	4,429	8	12	3
Taiwan.....	4,181	7	12	3
Mexico.....	649	1	2	1

Note.—The countries shown in the table include the top four GSP suppliers in 1986 and any additional countries proposed for "graduation" or "waiver."

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Mexico for all digest products

Ranking as a U.S. import supplier, 1986..... 11

Price sensitivity:

Can production in the country be easily expanded or

contracted in the short term?..... Yes X No

Does the country have significant export

markets besides the United States?..... Yes No X

Could exports from the country be readily

redistributed among its foreign export markets?..... Yes X No

Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... High Moderate X Low

Price level compared with:

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

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

Quality compared with:

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

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

Comment: Mexico is a minor supplier of these models, and the allocation of part of the trade under this TSUS item to HS item 9503.90.40 appears to be the only reason that this TSUS number was included in the petition.

TSUS item No.
737.14—Con.

V. Position of interested parties

Petitioner.—Kenner Parker Toys, Inc. and Mattel, Inc., are two major U.S. toy producers that operate maquiladoras in Mexico. Their petition is to grant a waiver of the competitive-need limits to imports from Mexico under HS item 9503.90.40 to which part of the trade under TSUS item 737.14 has been allocated. They state that imports of the plastic toys under this HS item compete with other imports (primarily those from Hong Kong, Japan, and Taiwan), not with U.S. products. Furthermore, the waiver would create a duty savings that would be passed through to consumers.

Support.—Congressmen Bill Gradison and Guy Vander Jagt support the petition, stating that the Mexican operations use U.S. materials and parts, and that the waiver will enhance these products' competitiveness against imports from Japan, Hong Kong, and Taiwan.

[Probable economic effects advice deleted]

TSUS item No.
737.14—Con.

TS number: 737.14

Product: Models of locomotives, ships, airplanes, etc., at a ratio larger than 1 to 85

U.S. imports for consumption, by principal sources, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Macao.....	2,774	6,255	10,108	16,251
Hong Kong.....	13,187	5,466	13,982	8,114
West Germany.....	963	1,690	5,490	5,801
Japan.....	1,915	1,162	4,080	5,546
Singapore.....	1,454	2,702	2,717	4,429
Taiwan.....	3,827	3,277	4,810	4,181
China.....	23	232	614	3,928
Korea.....	842	1,814	2,531	2,308
France.....	782	229	900	2,282
Italy.....	317	360	1,083	1,472
Mexico.....	1	736	1,562	649
United Kingdom.....	4,796	1,691	676	419
Canada.....	96	39	98	128
Mauritius.....	2	3	124	104
All other total.....	579	324	438	200
Total.....	31,557	25,982	49,210	55,812
GSP total.....	22,388	20,346	35,964	36,074
Percent				
Macao.....	8.8	24.1	20.5	29.1
Hong Kong.....	41.8	21.0	28.4	14.5
West Germany.....	3.1	6.5	11.2	10.4
Japan.....	6.1	4.5	8.3	9.9
Singapore.....	4.6	10.4	5.5	7.9
Taiwan.....	12.1	12.6	9.8	7.5
China.....	0.1	0.9	1.2	7.0
Korea.....	2.7	7.0	5.1	4.1
France.....	2.5	0.9	1.8	4.1
Italy.....	1.0	1.4	2.2	2.6
Mexico.....	1/	2.8	3.2	1.2
United Kingdom.....	15.2	6.5	1.4	0.8
Canada.....	0.3	0.2	0.2	0.2
Mauritius.....	1/	1/	1/	1/
All other total.....	1/	1/	1/	1/
Total.....	100.0	100.0	100.0	100.0
GSP total.....	70.9	78.3	73.1	64.6

1/ Less than 0.05 percent.

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

SCH B no. 7370820 7370840 7371640 7371680 1/TSUS item No.
737.14--Con.

Product: TRANSPORT SCALE MODELS NSPF

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	2,168	1,767	1,289	1,944
U.King.....	603	523	1,102	1,223
China P.....	9	24	423	1,074
Japan.....	505	516	689	1,038
FR Germ.....	312	323	339	861
Israel.....	7	62	290	326
Kor Rep.....	127	262	90	301
Taiwan	64	180	205	297
Norway.....	153	70	66	287
Kuwait.....	24	82	92	286
Panama.....	44	139	103	275
Sweden.....	103	77	129	253
Singapr.....	113	220	504	199
Hg Kong.....	115	56	138	189
All other total..	9,004	8,110	4,195	2,374
Total.....	13,358	12,419	9,661	10,934
GSP total....	5,164	2,601	3,059	2,947
Percent				
Canada.....	16.2	14.2	13.3	17.8
U.King.....	4.5	4.2	11.4	11.2
China P.....	0.1	0.2	4.4	9.8
Japan.....	3.8	4.2	7.1	9.5
FR Germ.....	2.3	2.6	3.5	7.9
Israel.....	0.1	0.5	3.0	3.0
Kor Rep.....	1.0	2.1	0.9	2.8
Taiwan	0.5	1.5	2.1	2.7
Norway.....	1.1	0.6	0.7	2.6
Kuwait.....	0.2	0.7	1.0	2.6
Panama.....	0.3	1.1	1.1	2.5
Sweden.....	0.8	0.6	1.3	2.3
Singapr.....	0.8	1.8	5.2	1.8
Hg Kong.....	0.9	0.5	1.4	1.7
All other total..	67.4	65.3	43.4	21.7
Total.....	100.0	100.0	100.0	100.0
GSP total....	38.7	20.9	31.7	27.0

1/ The Schedule B allocation for 737.0820 is 40 percent and for the remainder it is 20 percent.

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

TSUS item No.
737.14—Con.

TS number: 737.14

Product: Models of locomotives, ships, airplanes, etc., at a ratio larger than 1 to 85

U.S. imports for consumption, duty-free items under GSP provisions, by sources, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Brazil.....	0	15	2	2
Costa Rica.....	0	6	0	5
Haiti.....	0	0	4	10
Hong Kong.....	2,445	1,127	1,361	355
India.....	0	0	11	0
Korea, South.....	830	1,685	2,456	2,295
Macao.....	2,634	6,150	10,035	16,165
Malaysia.....	0	4	23	0
Mauritius.....	2	2	124	50
Mexico.....	1	563	109	550
Philippines.....	301	53	0	5
Singapore.....	1,368	2,700	2,712	4,141
Taiwan.....	3,579	2,997	4,660	3,881
Thailand.....	0	7	5	4
Yugoslavia.....	1/	0	0	0
World.....	11,161	15,309	21,549	27,464

1/ Less than \$500.

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

TSUS item No.
737.16 1/

Other models and model kits, n.s.p.f.

I. Introduction

Col. 1 rate of duty: 7.8% ad val

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: _____

Competitive-need-limit waiver X (Mexico)

Non-eligible GSP countries: Hong Kong

Current competitive-need-limit waivers: Korea, Macau, Taiwan

Current "sufficiently competitive" designation: Hong Kong

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: These products are models and model kits not made to scale in addition to scale models of objects (such as off-road vehicles) not specifically listed in TSUS items 737.07 and 737.14. Radio-controlled and many die-cast toy vehicles are included. Although there remain some models used by adult hobbyists, the products in this digest are primarily children's toys.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	**100	**100	**100	**100	**0
Total U.S. employment (thousand employees).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
U.S. shipments (thousand dollars).....	**56,800	**52,100	**55,000	**60,600	**7
U.S. exports (thousand dollars).....	19,461	17,007	13,059	15,386	-21
U.S. imports (thousand dollars).....	70,949	67,942	76,042	78,214	10
U.S. consumption (thousand dollars).....	**108,288	**103,035	**117,983	**123,428	**14
Import to consumption ratio (percent).....	**66	**66	**64	**63	-
Capacity utilization (nearest 10 percent).....	**70	**70	**70	**70	-

Comment: U.S. production of these models is concentrated in "toy" products and plastic model kits. Imports from developed countries tend to be high-quality hobbyist goods, and those from developing countries are radio-controlled and low-cost models. Most U.S. producers also manufacture other models and toys in addition to importing some of their product line. Imports are at a significant cost disadvantage with respect to plastic model kits because transportation costs account for a large proportion of total cost.

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 9503.90.40.

2/ Not available.

TSUS item No.
737.16—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousands)				
Total.....	78,214	100	-	63
Imports from GSP countries:				
Total.....	44,678	57	100	36
Hong Kong.....	13,499	17	30	11
Singapore.....	9,395	12	21	8
Taiwan.....	6,372	8	14	5
Malaysia.....	5,058	7	11	4
Mexico.....	133	1/	1/	1/

Note.—The countries shown in the table include the top four GSP suppliers in 1986 and any additional countries proposed for "graduation" or "waiver."

1/ Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Mexico for all digest products

Ranking as a U.S. import supplier, 1986..... 21

Price sensitivity:

Can production in the country be easily expanded or

contracted in the short term?..... Yes X No

Does the country have significant export

markets besides the United States?..... Yes No X

Could exports from the country be readily

redistributed among its foreign export markets?..... Yes X No

Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... High Moderate X Low

Price level compared with:

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

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

Quality compared with:

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

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

Comment: Mexico is a minor supplier of these products, and the allocation of part of the trade under this TSUS item to HS item 9503.90.40 appears to be the only reason that this TSUS number was included in the petition.

TSUS item No.
737.16—Con.

V. Position of interested parties

Petitioner.—Kenner Parker Toys, Inc. and Mattel, Inc., are two major U.S. toy producers that operate maquiladoras in Mexico. Their petition is to grant a waiver of the competitive-need limits to imports from Mexico under HS item 9503.90.40 to which part of the trade under TSUS item 737.16 has been allocated. They state that imports of the plastic toys under this HS item compete with other imports (primarily those from Hong Kong, Japan, and Taiwan), not with U.S. products. Furthermore, the waiver would create a duty savings that would be passed through to consumers.

Support.—Congressmen Bill Gradison and Guy Vander Jagt support the petition, stating that the Mexican operations use U.S. materials and parts, and that the waiver will enhance these products' competitiveness against imports from Japan, Hong Kong, and Taiwan.

[Probable economic effects advice deleted]

TSUS item No.
737.16—Con.

TS number: 73716

Product: Other models and model kits, n.s.p.f.

U.S. imports for consumption, by principal sources, 1981, 1983, 1985 and 1986

Source	1981	1983	1985	1986
Japan.....	6,086	4,494	13,243	15,517
Hong Kong.....	48,036	25,487	16,044	13,499
Singapore.....	412	1,002	4,029	9,395
West Germany.....	1,903	2,222	6,042	8,474
Taiwan.....	7,203	9,752	10,936	6,372
Malaysia.....	1,437	9,886	7,464	5,058
Korea.....	1,288	1,832	4,362	4,567
Macao.....	1,023	6,451	2,523	4,038
China.....	21	930	2,914	2,647
Canada.....	549	265	2,053	2,392
Italy.....	355	928	1,473	1,500
United Kingdom.....	980	1,173	1,861	1,399
Thailand.....	0	8	246	529
Denmark.....	15	43	242	454
All other total.....	1,641	3,470	2,609	2,371
Total.....	70,949	67,942	76,042	78,214
GSP total.....	59,754	56,630	46,629	44,678

	Percent			
Japan.....	8.6	6.6	17.4	19.8
Hong Kong.....	67.7	37.5	21.1	17.3
Singapore.....	0.6	1.5	5.3	12.0
West Germany.....	2.7	3.3	7.9	10.8
Taiwan.....	10.2	14.4	14.4	8.1
Malaysia.....	2.0	14.6	9.8	6.5
Korea.....	1.8	2.7	5.7	5.8
Macao.....	1.4	9.5	3.3	5.2
China.....	1/	1.4	3.8	3.4
Canada.....	0.8	0.4	2.7	3.1
Italy.....	0.5	1.4	1.9	1.9
United Kingdom.....	1.4	1.7	2.4	1.8
Thailand.....	0	1/	0.3	0.7
Denmark.....	1/	0.1	0.3	0.6
All other total.....	2.3	5.1	3.4	3.0
Total.....	100.0	100.0	100.0	100.0
GSP total.....	84.2	83.4	61.3	57.1

Note: Compiled from official statistics of the U.S. Department of Commerce. Top 20 partners sorted by Imports for consumption Customs value in 1986.

1/ Less than 0.05 percent.

SCH B no. 7370820 7370840 7371640 7371680 1/

Product: MODELS & PARTS OF NSPF

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	3,426	2,938	2,203	3,403
Japan.....	914	854	1,121	1,797
U.King.....	929	660	1,145	1,308
FR Germ.....	463	516	468	910
China P.....	16	36	470	855
Kuwait.....	39	163	175	573
Panama.....	84	234	202	546
Kor Rep.....	197	496	111	488
Israel.....	15	78	453	470
Cocos I.....	761	466	507	303
Mexico.....	1,613	455	1,155	300
Venez.....	412	108	79	296
Switzld.....	292	437	137	282
S Arab.....	1,284	3,867	859	277
All other total..	9,009	5,691	3,966	3,572
Total.....	19,461	17,007	13,059	15,386
GSP total....	7,017	3,705	4,273	4,594
Percent				
Canada.....	17.6	17.3	16.9	22.1
Japan.....	4.7	5.0	8.6	11.7
U.King.....	4.8	3.9	8.8	8.5
FR Germ.....	2.4	3.0	3.6	5.9
China P.....	0.1	0.2	3.6	5.6
Kuwait.....	0.2	1.0	1.3	3.7
Panama.....	0.4	1.4	1.6	3.6
Kor Rep.....	1.0	2.9	0.9	3.2
Israel.....	0.1	0.5	3.5	3.1
Cocos I.....	3.9	2.7	3.9	2.0
Mexico.....	8.3	2.7	8.8	2.0
Venez.....	2.1	0.6	0.6	1.9
Switzld.....	1.5	2.6	1.1	1.8
S Arab.....	6.6	22.7	6.6	1.8
All other total..	46.3	33.5	30.4	23.2
Total.....	100.0	100.0	100.0	100.0
GSP total....	36.1	21.8	32.7	29.9

1/ The Schedule B allocation for 737.8020 is 30 percent and for the remainder it is 40 percent.

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

TSUS item No.
737.16—Con.

TS number: 73716

Product: Other models and model kits, n.s.p.f.

U.S. imports for consumption, duty-free items under GSP provisions, by sources, 1981, 1983, 1985 and 1986

Source	1981	1983	1985	1986
Quantity				
Argentina.....	0	7	32	1
Bolivia.....	5	1	0	0
Brazil.....	21	14	1	0
Costa Rica.....	45	8	0	0
Dominican Republic.....	0	0	2	0
Egypt.....	0	0	2	0
Hong Kong.....	11,530	490	561	404
India.....	1	0	0	6
Indonesia.....	0*	0	0	0
Israel.....	0	39	298	54
Jamaica.....	6	48	0	0
Kenya.....	0	0	0	194
Korea, South.....	1,265	1,770	4,163	4,449
Macao.....	918	6,124	2,504	3,751
Malaysia.....	1,390	9,885	7,293	4,795
Mauritius.....	0	17	114	4
Mexico.....	40	1,064	112	9
Peru.....	0	5	0	0
Philippines.....	127	55	269	386
Singapore.....	410	997	3,970	9,094
Sri Lanka (Ceylon).....	0	0	0	12
Taiwan.....	6,468	9,431	10,287	6,206
Thailand.....	0	8	244	519
Turkey.....	4	4	0	1
Yugoslavia.....	12	5	0	7
Zimbabwe (Rhodesia).....	0	0	7	25
World.....	22,242	29,973	29,861	29,918

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

Dolls (except stuffed), over 13 inches in height

I. Introduction

Col. 1 rate of duty: 12% ad val

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP: _____

Country graduation: _____

Competitive-need-limit waiver _____

Non-eligible GSP countries: Hong Kong

Current competitive-need-limit waivers: Not applicable

Current "sufficiently competitive" designation: Not applicable

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: The dolls covered in this digest include both dolls used as children's toys and collectible dolls. Most of the larger dolls are baby dolls, large fashion dolls, and since 1986, electronically augmented dolls that either respond in some manner to the child or feature movements and/or facial features synchronized with a sound producing device that allows the doll to talk or make other sounds.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	**75	**75	**75	**75	**0
Total U.S. employment (thousand employees).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
U.S. shipments (thousand dollars).....	**58,000	**61,000	**45,000	**52,000	-10
U.S. exports (thousand dollars).....	1,135	579	978	1,424	25
U.S. imports (thousand dollars).....	20,294	29,591	15,384	48,322	138
U.S. consumption (thousand dollars).....	**77,159	**90,012	**59,406	**98,898	28
Import to consumption ratio (percent).....	26	33	26	49	-
Capacity utilization (nearest 10 percent).....	**70	**70	**70	**70	-

Comment: Domestic shipments as reported in the market profile includes the value of imported parts. U.S. production of dolls is concentrated in the larger dolls, particularly baby dolls for use as children's toys, and imports are most often the smaller dolls, larger fashion dolls, and electronically augmented dolls (those that can respond to the child by "high tech" means such as computer chips or tape recorders that are mechanically synchronized to certain body or facial movements). It should be noted that the petition is concerned only with electronically augmented dolls over 13 inches in height that have movements synchronized with a sound producing device such as a tape recorder. There is no U.S. production of this type of doll.

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 9502.10.30.60.

2/ Not available.

TSUSA item No.
737.2415—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
<hr/>				
Quantity (thousands)				
<hr/>				
Total.....	8,651	100	-	<u>1/</u>
Imports from GSP countries:				
Total.....	6,210	72	100	<u>1/</u>
Hong Kong.....	4,368	50	70	<u>1/</u>
Taiwan.....	1,615	19	26	<u>1/</u>
Korea.....	202	2	3	<u>1/</u>
Mauritius.....	1	<u>2/</u>	<u>2/</u>	<u>1/</u>
<hr/>				
Value (thousands)				
<hr/>				
Total.....	48,322	100	-	49
Imports from GSP countries:				
Total.....	36,519	76	100	37
Hong Kong.....	30,918	64	85	31
Taiwan.....	4,982	10	14	5
Korea.....	504	1	1	1
Mauritius.....	21	<u>2/</u>	<u>2/</u>	<u>2/</u>

Note.—The countries shown in the table include the top four GSP suppliers in 1986.

1/ Data are not available to compute consumption on a quantity basis.

2/ Not available.

IV. Competitiveness profiles, GSP suppliersCompetitiveness of Hong Kong for all digest productsRanking as a U.S. import supplier, 1986..... 1

Price sensitivity:

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 Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes No XPrice sensitivity of U.S. demand..... High Moderate X Low

Price level compared with:

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

Quality compared with:

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

Comment: Hong Kong is the world's largest producer of dolls and the only source of the special synchronized dolls that were the specific object of the petition. It is the site of considerable foreign investment in doll production facilities, particularly by U.S. toy companies. Except for synchronized dolls, imports from Hong Kong generally tend to occupy a smaller range of sizes than U.S. dolls.

Competitiveness of Taiwan for all digest productsRanking as a U.S. import supplier, 1986..... 3

Price sensitivity:

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 Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No Price sensitivity of U.S. demand..... High Moderate X Low

Price level compared with:

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

Quality compared with:

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

Comment: Taiwan is a major producer of inexpensive dolls ranging closer to the minimum size of this category, including fashion dolls and action figures (a euphemism for dolls sold for boys).

TSUSA item No.
737.2415—Con.

Competitiveness of Korea for all digest products

Ranking as a U.S. import supplier, 1986..... 7

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

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

Price sensitivity of U.S. demand..... 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: Although a far smaller supplier than Hong Kong, Korea is also the site of some U.S. toy investment in large fashion doll production.

V. Position of interested parties

Petitioner.—The petitioner, Playmates Toys, Inc., supports GSP treatment for imports of dolls over 13 inches in height that have movements synchronized to an internal sound device such as a tape recorder on the grounds that there is no domestic production of these products. Furthermore, GSP treatment for these dolls would give these imports the same tariff treatment accorded to the similarly equipped toy animals that they believe to be their dolls' chief competition in the U.S. market. It should be noted, however, that imports from Hong Kong, which is the only source of sound-synchronized dolls, would exceed the 50 percent competitive-need limit and would not be eligible for GSP under this item, thus voiding the intent of the petition.

[Probable economic effects advice deleted]

TSUSA item No.
737.2415—Con.

TS number: 737.2415

Product: Dolls (except stuffed), over 13 inches in height

U.S. imports for consumption, by principal sources, 1981, 1983, 1985, and 1986.

Source	1981	1983	1985	1986
Quantity (units)				
Hong Kong.....	3,312,530	4,295,769	3,440,206	4,367,806
China.....	22,200	26,274	490,098	1,920,734
Taiwan.....	2,873,049	2,209,447	1,168,549	1,614,574
Spain.....	123,019	482,926	233,954	388,194
West Germany.....	20,074	81,215	37,407	39,286
Japan.....	105,469	189,977	74,438	29,275
Korea.....	612,371	192,814	284,956	202,460
Italy.....	26,045	51,718	14,369	31,476
United Kingdom.....	20,488	21,791	15,485	7,250
Switzerland.....	231	28	15,360	13,263
Canada.....	5,392	4,065	12,182	3,802
France.....	5,182	4,813	850	1,499
Mauritius.....	0	0	0	7,392
Malaysia.....	0	82	0	588
All other total.....	1,659,473	2,085,733	81,118	23,084
Total.....	8,785,523	9,646,652	5,868,972	8,650,683
GSP total.....	8,388,373	8,748,921	4,961,019	6,210,383
Percent				
Hong Kong.....	37.7	44.5	58.6	50.5
China.....	0.3	0.3	8.4	22.2
Taiwan.....	32.7	22.9	19.9	18.7
Spain.....	1.4	5.0	4.0	4.5
West Germany.....	0.2	0.8	0.6	0.5
Japan.....	1.2	2.0	1.3	0.3
Korea.....	7.0	2.0	4.9	2.3
Italy.....	0.3	0.5	0.2	0.4
United Kingdom.....	0.2	0.2	0.3	0.1
Switzerland.....	1/	1/	0.3	0.2
Canada.....	0.1	1/	0.2	1/
France.....	0.1	1/	1/	1/
Mauritius.....	0	0	0	0.1
Malaysia.....	0	1/	0	1/
All other total.....	18.9	21.6	1.4	0.3
Total.....	100.0	100.0	100.0	100.0
GSP total.....	95.5	90.7	84.5	71.8

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

1/ Less than 0.05 percent.

TSUSA item No.
737.2415—Con.

TS number: 737.2415

Product: Dolls (except stuffed), over 13 inches in height

U.S. imports for consumption, by principal sources, 1981, 1983, 1985, and 1986.

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Hong Kong.....	6,672	7,268	6,900	30,918
China.....	17	28	1,636	6,631
Taiwan.....	3,739	6,773	3,032	4,982
Spain.....	357	1,118	1,293	3,248
West Germany.....	277	731	463	775
Japan.....	1,140	701	473	601
Korea.....	648	581	836	504
Italy.....	219	307	97	230
United Kingdom.....	319	377	304	157
Switzerland.....	6	2	12	71
Canada.....	19	34	64	23
France.....	89	126	28	23
Mauritius.....	0	0	0	21
Malaysia.....	0	1/	0	21
All other total.....	6,789	11,543	247	119
Total.....	20,294	29,591	15,384	48,322
GSP total.....	17,577	25,979	10,914	36,519

Percent				
Hong Kong.....	32.9	24.6	44.8	64.0
China.....	0.1	0.1	10.6	13.7
Taiwan.....	18.4	22.9	19.7	10.3
Spain.....	1.8	3.8	8.4	6.7
West Germany.....	1.4	2.5	3.0	1.6
Japan.....	5.6	2.4	3.1	1.2
Korea.....	3.2	2.0	5.4	1.0
Italy.....	1.1	1.0	0.6	0.5
United Kingdom.....	1.6	1.3	2.0	0.3
Switzerland.....	2/	2/	0.1	0.1
Canada.....	0.1	0.1	0.4	2/
France.....	0.4	0.4	0.2	2/
Mauritius.....	0	0	0	2/
Malaysia.....	0	2/	0	2/
All other total.....	33.5	39.0	1.6	0.3
Total.....	100.0	100.0	100.0	100.0
GSP total.....	86.6	87.8	70.9	75.6

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

1/ Less than \$500.

2/ Less than 0.05 percent.

SCH B no. 7372020 1/

TSUSA item No.

737.2415--Con.

Product: DOLLS, except stuffed, over 13 inches in height

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
U.King.....	124	42	176	222
Canada.....	85	98	151	204
Mexico.....	423	11	63	195
FR Germ.....	98	9	24	142
Japan.....	48	38	39	117
Malaysa.....				109
Colomb.....	58	14	4	76
Cocos.I.....	16	17	38	76
Panama.....	6	8	28	33
France.....	14	55	33	31
Ecuador.....				25
Chile.....	22	5		24
Switzld.....	1	1		24
Rep Saf.....	5	2		20
All other total..	231	272	418	117
Total.....	1,135	579	978	1,424
GSP total....	733	253	391	624
Percent				
U.King.....	11.0	7.3	18.1	15.6
Canada.....	7.5	17.0	15.5	14.4
Mexico.....	37.3	2.0	6.5	13.7
FR Germ.....	8.7	1.6	2.5	10.0
Japan.....	4.2	6.6	4.0	8.3
Malaysa.....	0.0	0.1	0.0	7.7
Colomb.....	5.1	2.4	0.4	5.4
Cocos.I.....	1.5	3.1	4.0	5.4
Panama.....	0.5	1.5	2.9	2.4
France.....	1.3	9.7	3.4	2.2
Ecuador.....	0.0	0.0	0.0	1.8
Chile.....	2.0	0.9	0.0	1.7
Switzld.....	0.1	0.3	0.0	1.7
Rep Saf.....	0.5	0.5	0.0	1.4
All other total..	20.4	47.1	42.8	8.2
Total.....	100.0	100.0	100.0	100.0
GSP total....	64.5	43.7	40.0	43.8

1/ The Schedule B allocation is 50 percent.

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

Toys, n.s.p.f, having a spring mechanism

I. Introduction

Col. 1 rate of duty: 8.8% ad val

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: _____

Competitive-need-limit waiver X (Mexico)

Non-eligible GSP countries: Hong Kong

Current competitive-need-limit waivers: Macau

Current "sufficiently competitive" designation: Hong Kong

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: These products consist of toys other than toy animals that contain a spring-wound clockwork mechanism. The spring mechanism is used to provide movement or to make a sound. Toy vehicles, robots, and "talking" clocks and similar talking devices are the most popular toys contained in this category.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	**20-90	**20-90	**20-90	**20-90	-
Total U.S. employment (thousand employees).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
U.S. shipments (thousand dollars).....	**72,000	**56,000	**49,700	**52,000	-28
U.S. exports (thousand dollars).....	37,109	21,819	17,315	17,951	-52
U.S. imports (thousand dollars).....	26,132	29,316	47,821	33,612	29
U.S. consumption (thousand dollars).....	**61,023	**63,497	**80,206	**67,661	11
Import to consumption ratio (percent).....	**43	**46	**60	**50	-
Capacity utilization (nearest 10 percent).....	**60	**60	**60	**60	-

Comment: U.S. production of these toys relies entirely on imported spring mechanisms because there are no clockwork-type spring mechanisms produced in the United States. Producers of these toys also produce other toys, and in addition to the spring mechanisms, most import part of their product line and other parts to varying degrees. Production is concentrated in the larger toys, for which domestic producers maintain a significant transportation cost advantage. Imports supply the smaller toys and most of the robots and vehicles. The popularity of certain robots, which peaked in 1985, was responsible for the increase in consumption from 1983 to 1985 and the subsequent decline in 1986.

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 9503.90.40.

2/ Not available.

TSUS item No.
737.80—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
<hr/>				
Quantity (thousands)				
<hr/>				
Total.....	37,436	100	-	1/
Imports from GSP countries:				
Total.....	33,838	90	100	1/
Hong Kong.....	18,685	50	55	1/
Mexico.....	4,061	11	12	1/
Taiwan.....	5,287	14	16	1/
Macau.....	3,526	9	10	1/
<hr/>				
Value (thousands)				
<hr/>				
Total.....	33,612	100	-	50
Imports from GSP countries:				
Total.....	30,908	92	100	46
Hong Kong.....	12,308	37	40	18
Mexico.....	7,566	23	24	11
Taiwan.....	3,706	11	12	5
Macau.....	2,816	8	9	4

Note.—The countries shown in the table include the top four GSP suppliers in 1986 and any additional countries proposed for "graduation" or "waiver."

1/ Data are not available to compute consumption on a quantity basis.

IV. Competitiveness profiles, GSP suppliersCompetitiveness of Mexico for all digest productsRanking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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 Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No Price sensitivity of U.S. demand..... High Moderate X Low

Price level compared with:

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

Quality compared with:

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

Comment: Mexico is the site of significant investment in toy maquiladoras, many of which produce toys covered by this digest. Most of this production is concentrated in the mid-level priced toys of a type smaller but similar to those produced in the United States. Production in Mexico represents an economic compromise. Although the labor cost advantage has resulted in a continual shift of toy production to low-wage rate (and primarily East Asian) producers, the transportation cost for larger toys favored producers in close proximity to the market. The labor differential, however, remains the more effective in determining the breakeven point between U.S. or foreign production, thus resulting in the trend toward importing increasingly larger toys. Production in Mexico allows the use of U.S. components, while minimizing the combined labor and transportation costs.

V. Position of interested parties

Petitioner.—Kenner Parker Toys, Inc. and Mattel, Inc., are two major U.S. toy producers that operate maquiladoras in Mexico. Their petition is to grant a waiver of the competitive-need limits to imports from Mexico under HS item 9503.90.40 to which part of the trade under TSUS item 737.80 has been allocated. They state that imports of the plastic toys under this HS item compete with other imports (primarily those from Hong Kong, Japan, and Taiwan), not with U.S. products. Furthermore, the waiver would create a duty savings that would be passed through to consumers.

Support.—Congressmen Bill Gradison and Guy Vander Jagt support the petition, stating that the Mexican operations use U.S. materials and parts, and that the waiver will enhance these products' competitiveness against imports from Japan, Hong Kong, and Taiwan.

[Probable economic effects advice deleted]

TS number: 73780

5

TSUS item No.
737.80--Con.

Product: Toys nspf, having a spring mechanism

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (units)				
Hg. Kong.....	13,794,506	12,759,264	20,447,380	18,685,256
Taiwan.....	11,708,429	4,558,996	7,512,918	5,287,290
Mexico.....		3,882,013	6,691,399	4,060,702
Macao.....	942,729	1,530,742	12,005,629	3,525,786
China.P.....	58,224	157,219	575,331	2,708,939
Kor Rep.....	2,305,817	912,087	1,735,237	851,174
Japan.....	2,675,102	885,738	4,799,186	699,415
Singapr.....	2,487,921	1,415,977	846,667	581,266
Thailnd.....	69,408	126,756	5,630,294	419,560
Malaysa.....	91,760	21,456	297,128	272,520
Haiti.....	3,600	492	57,901	122,688
Spain.....	28,035	100	129,504	94,293
Italy.....		10,818	26,160	58,135
FR Germ.....	105,426	12,354	13,207	16,355
All other total..	98,432	78,549	93,846	52,232
Total.....	34,369,389	26,352,561	60,861,787	37,435,611
GSP total....	31,429,556	25,245,491	55,295,437	33,838,238
Percent				
Hg. Kong.....	40.1	48.4	33.6	49.9
Taiwan.....	34.1	17.3	12.3	14.1
Mexico.....	0.0	14.7	11.0	10.8
Macao.....	2.7	5.8	19.7	9.4
China.P.....	0.2	0.6	0.9	7.2
Kor Rep.....	6.7	3.5	2.9	2.3
Japan.....	7.8	3.4	7.9	1.9
Singapr.....	7.2	5.4	1.4	1.6
Thailnd.....	0.2	0.5	9.3	1.1
Malaysa.....	0.3	0.1	0.5	0.7
Haiti.....	0.0	0.0	0.1	0.3
Spain.....	0.1	0.0	0.2	0.3
Italy.....	0.0	0.0	0.0	0.2
FR Germ.....	0.3	0.0	0.0	0.0
All other total..	0.3	0.3	0.2	0.1
Total.....	100.0	100.0	100.0	100.0
GSP total....	91.4	95.8	90.9	90.4

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

TS number: 73780

6

TSUS item No.
737.80--Con.

Product: Toys nspf, having a spring mechanism

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Hg. Kong.....	9,992	11,266	12,413	12,308
Mexico.....		7,990	6,957	7,566
Taiwan.....	8,421	3,936	6,490	3,706
Macao.....	1,515	2,599	7,845	2,816
China P.....	39	106	333	1,402
Singapr.....	2,066	1,456	1,737	1,050
Thailnd.....	28	309	2,693	983
Japan.....	2,075	781	5,096	889
Kor Rep.....	1,559	696	2,140	885
Malaysa.....	75	12	824	782
Haiti.....	2	1	488	781
Italy.....		28	93	285
Spain.....	26		483	69
FR Germ.....	132	33	37	22
All other total..	196	97	185	61
Total.....	26,132	29,316	47,821	33,612
GSP total....	23,710	28,281	41,680	30,908
Percent				
Hg. Kong.....	38.2	38.4	26.0	36.6
Mexico.....	0.0	27.3	14.5	22.5
Taiwan.....	32.2	13.4	13.6	11.0
Macao.....	5.8	8.9	16.4	8.4
China P.....	0.2	0.4	0.7	4.2
Singapr.....	7.9	5.0	3.6	3.1
Thailnd.....	0.1	1.1	5.6	2.9
Japan.....	7.9	2.7	10.7	2.6
Kor Rep.....	6.0	2.4	4.5	2.6
Malaysa.....	0.3	0.0	1.7	2.3
Haiti.....	0.0	0.0	1.0	2.3
Italy.....	0.0	0.1	0.2	0.8
Spain.....	0.1	0.0	1.0	0.2
FR Germ.....	0.5	0.1	0.1	0.1
All other total..	0.8	0.3	0.4	0.2
Total.....	100.0	100.0	100.0	100.0
GSP total....	90.7	96.5	87.2	92.0

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

Product: Toys nspf, having a spring mechanism

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	9,801	9,147	6,359	4,952
U.King.....	3,529	1,745	2,649	2,255
Cocos.I.....	2,065	909	1,065	1,013
Singapr.....	133	161	328	995
Hg Kong.....	778	1,332	262	892
Mexico.....	3,414	127	511	843
Panama.....	808	879	482	825
Japan.....	674	1,039	646	711
S Arab.....	474	1,177	1,183	693
FR Germ.....	855	296	347	627
France.....	891	230	49	354
Ecuador.....	479	82	377	353
Trinid.....	195	771	279	257
Venez.....	4,783	266	150	225
All other total..	8,225	3,653	2,621	2,950
Total.....	37,109	21,819	17,315	17,951
GSP total....	17,243	6,454	5,122	7,366
Percent				
Canada.....	26.4	41.9	36.7	27.6
U.King.....	9.5	8.0	15.3	12.6
Cocos.I.....	5.6	4.2	6.2	5.6
Singapr.....	0.4	0.7	1.9	5.5
Hg Kong.....	2.1	6.1	1.5	5.0
Mexico.....	9.2	0.6	3.0	4.7
Panama.....	2.2	4.0	2.8	4.6
Japan.....	1.8	4.8	3.7	4.0
S Arab.....	1.3	5.4	6.8	3.9
FR Germ.....	2.3	1.4	2.0	3.5
France.....	2.4	1.1	0.3	2.0
Ecuador.....	1.3	0.4	2.2	2.0
Trinid.....	0.5	3.5	1.6	1.4
Venez.....	12.9	1.2	0.9	1.3
All other total..	22.2	16.7	15.1	16.4
Total.....	100.0	100.0	100.0	100.0
GSP total....	46.5	29.6	29.6	41.0

1/ The Schedule B allocation is 40 percent.

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

Annual Review of the Generalized System of Preferences (GSP)
 U.S. imports for consumption under the GSP, by principal source, 1981, 1983, 1985, and 1986
 Flow: Imports for consumption
 TSUSA commodity: 73780--Toys nsf, having a spring mec

(Quantity in thousands of units; value in thousands of dollars)

Type	Time period:	1981	1983	1985	1986
Cty subcode					
Partner					
First unit of quantity					
Duty-free items under GSP provisions:					
Brazil.....		0	0	48	11
Haiti.....		0	0	0	1
Hong Kong.....		309	213	694	890
India.....		2	0	0	2
Indonesia.....		13	1	0	0
Korea, South.....		2,293	901	1,611	803
Macao.....		834	1,400	11,920	3,190
Malaysia.....		92	21	297	257
Mauritius.....		0	0	3	0
Mexico.....		0	1,255	6,297	3,782
Philippines.....		6	0	0	2
Seychelles.....		0	0	10	0
Singapore.....		2,476	1,297	840	578
Sri Lanka (Ceylon).....		0	0	0	5
Taiwan.....		11,519	4,135	6,536	5,098
Thailand.....		69	116	5,627	413
Yugoslavia.....		0	0	3	0
World.....		17,613	9,341	33,886	15,032
Customs value					
Duty-free items under GSP provisions:					
Brazil.....		0	0	40	10
Haiti.....		0	1	0	13
Hong Kong.....		259	290	637	491
India.....		4	2	0	3
Indonesia.....		36	1	0	0
Korea, South.....		1,554	683	1,536	668
Macao.....		1,377	2,440	7,693	2,618
Malaysia.....		75	12	825	718
Mauritius.....		0	3	16	0
Mexico.....		0	2,477	5,021	7,024
Philippines.....		2	1	0	2
Seychelles.....		0	0	15	0
Singapore.....		2,044	1,342	1,721	1,042
Sri Lanka (Ceylon).....		0	0	0	4
Taiwan.....		8,270	3,519	5,803	3,512
Thailand.....		29	297	2,686	967
Yugoslavia.....		0	0	15	0
World.....		13,650	11,066	26,008	17,072
Unit value					
Duty-free items under GSP provisions:					
Brazil.....		0	0	0.83	0.89
Haiti.....		0	2.51	0	9.11
Hong Kong.....		0.84	1.36	0.92	0.55
India.....		2.52	302.00	0	1.87
Indonesia.....		2.71	1.85	0	0
Korea, South.....		0.68	0.76	0.95	0.83
Macao.....		1.65	1.74	0.65	0.82
Malaysia.....		0.82	0.56	2.77	2.80
Mauritius.....		0	0	5.90	0
Mexico.....		0	1.97	0.80	1.86
Philippines.....		0.38	2.35	0	1.14

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

Annual Review of the Generalized System of Preferences (GSP)
 U.S. imports for consumption under the GSP, by principal source, 1981, 1983, 1985, and 1986
 Flow: Imports for consumption
 TSUSA commodity: 73780--Toys nsfp, having a spring mec

Type Cty subcode Partner	Time period:			
	1981	1983	1985	1986
Unit value				
Duty-free items under GSP provisions:				
Seychelles.....	0	0	1.50	0
Singapore.....	0.83	1.03	2.05	1.80
Sri Lanka (Ceylon).....	0	0	0	0.97
Taiwan.....	0.72	0.85	0.89	0.69
Thailand.....	0.42	2.57	0.48	2.34
Yugoslavia.....	0	0	4.43	0
World.....	0.78	1.18	0.77	1.14

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

Toys, n.s.p.f., having an electric motor

I. Introduction

Col. 1 rate of duty: 7% ad val

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: _____

Competitive-need-limit waiver X (Mexico)

Non-eligible GSP countries: Taiwan

Current competitive-need-limit waivers: Hong Kong

Current "sufficiently competitive" designation: Mexico

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: The toys covered in this digest are toys other than toy animals that have an electric motor. These consist primarily of toy vehicles and toy robots.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	**70-150	**70-150	**70-150	**70-150	-
Total U.S. employment (thousand employees).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
U.S. shipments (thousand dollars).....	**215,000	**200,000	**212,000	**185,000	-14
U.S. exports (thousand dollars).....	32,429	28,525	32,139	25,737	-21
U.S. imports (thousand dollars).....	38,084	55,424	151,062	130,332	242
U.S. consumption (thousand dollars).....	**220,655	**226,899	**330,923	**289,595	31
Import to consumption ratio (percent).....	17	24	46	45	-
Capacity utilization (nearest 10 percent).....	**80	**70	**80	**70	-

Comment: Producers' shipments as reported above include the value of imported parts. Most U.S. production is concentrated in the larger toys, usually made of metal and, to a lesser extent, plastic. Imports are primarily smaller toys and plastic toys, but also include most of the robot toys. The sharp increase in consumption in 1985 was due primarily to the faddish popularity of robot toys. U.S. producers of these products manufacture other toys and similar articles and many also import some of their product line, some through investment in foreign production facilities.

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 9503.90.40.

2/ Not available.

TSUS item No.
737.93—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
<hr/>				
Quantity (thousands)				
<hr/>				
Total.....	41,683	100	-	1/
Imports from GSP countries:				
Total.....	35,773	86	100	1/
Hong Kong.....	21,168	51	59	1/
Taiwan.....	8,026	19	22	1/
Korea.....	2,394	6	7	1/
Macau.....	2,099	5	6	1/
Mexico.....	874	2	2	1/
<hr/>				
Value (thousands)				
<hr/>				
Total.....	130,332	100	-	45
Imports from GSP countries:				
Total.....	103,338	79	100	36
Hong Kong.....	57,805	44	56	20
Taiwan.....	18,396	14	18	6
Korea.....	12,820	10	12	4
Macau.....	6,561	5	6	2
Mexico.....	2,284	2	2	1

Note.—The countries shown in the table include the top four GSP suppliers in 1986 and any additional countries proposed for "graduation" or "waiver."

1/ Data are not available to compute consumption on a quantity basis.

TSUS item No.
737.93—Con.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Mexico for all digest products

Ranking as a U.S. import supplier, 1986..... 8

Price sensitivity:

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

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

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

Price sensitivity of import supply..... High Moderate X Low

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

Price sensitivity of U.S. demand..... High Moderate X Low

Price level compared with:

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

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

Quality compared with:

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

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

Comment: Although the site of U.S. toy investment in maquiladoras, Mexico is a minor
supplier of these products.

V. Position of interested parties

Petitioner.—Kenner Parker Toys, Inc. and Mattel, Inc., are two major U.S. toy producers that operate maquiladoras in Mexico. Their petition is to grant a waiver of the competitive-need limits to imports from Mexico under HS item 9503.90.40 to which part of the trade under TSUS item 737.93 has been allocated. They state that imports of the plastic toys under this HS item compete with other imports (primarily those from Hong Kong, Japan, and Taiwan), not with U.S. products. Furthermore, the waiver would create a duty savings that would be passed through to consumers.

Support.—Congressmen Bill Gradison and Guy Vander Jagt support the petition, stating that the Mexican operations use U.S. materials and parts, and that the waiver will enhance these products' competitiveness against imports from Japan, Hong Kong, and Taiwan.

[Probable economic effects advice deleted]

TSUS item No.
737.93—Con.

TS number: 73793

Product: Toys, n.s.p.f., having an electric motor

U.S. imports for consumption, by principal sources, 1981, 1983, 1985, and 1986.

Source	1981	1983	1985	1986
Quantity (units)				
Hong Kong.....	7,216,241	15,108,749	24,425,158	21,168,603
Taiwan.....	1,647,123	4,323,004	8,133,618	8,025,644
Japan.....	1,113,407	655,708	6,328,988	1,911,633
Korea.....	739,394	1,160,617	2,049,603	2,394,785
China.....	18,796	90,333	783,155	3,948,666
Macao.....	752,657	1,279,648	3,194,803	2,099,237
Thailand.....	16,032	132,020	547,565	753,228
Mexico.....	0	0	895,774	873,649
Singapore.....	849,390	709,656	353,597	241,378
Mauritius.....	0	0	3,024	91,413
Philippines.....	4,200	59,472	0	49,800
West Germany.....	700	4,488	19,083	4,123
Yugoslavia.....	0	245,063	23,529	16,441
United Kingdom.....	26	15,134	4,393	14,995
All other total.....	30,459	563,796	206,183	89,774
Total.....	12,388,425	24,347,688	46,968,473	41,683,369
GSP total.....	11,226,705	23,030,865	39,706,827	35,772,798
Percent				
Hong Kong.....	58.2	62.1	52.0	50.8
Taiwan.....	13.3	17.8	17.3	19.3
Japan.....	9.0	2.7	13.5	4.6
Korea.....	6.0	4.8	4.4	5.7
China.....	0.2	0.4	1.7	9.5
Macao.....	6.1	5.3	6.8	5.0
Thailand.....	0.1	0.5	1.2	1.8
Mexico.....	0	0	1.9	2.1
Singapore.....	6.9	2.9	0.8	0.6
Mauritius.....	0	0	1/	0.2
Philippines.....	1/	0.2	0	0.1
West Germany.....	1/	1/	1/	1/
Yugoslavia.....	0	1.0	0.1	1/
United Kingdom.....	1/	0.1	1/	1/
Total.....	100.0	100.0	100.0	100.0
GSP total.....	90.6	94.6	84.5	85.8

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

1/ Less than 0.05 percent.

TSUS item No.
737.93—Con.

TS number: 73793

Product: Toys, n.s.p.f., having an electric motor

U.S. imports for consumption, by principal sources, 1981, 1983, 1985, and 1986.

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Hong Kong.....	17,142	29,378	63,688	57,805
Taiwan.....	5,594	11,003	18,538	18,396
Japan.....	3,914	3,465	36,956	17,633
Korea.....	3,514	4,211	10,576	12,820
China.....	36	195	1,639	9,154
Macao.....	1,624	2,530	8,989	6,561
Thailand.....	36	302	2,376	3,203
Mexico.....	0	0	4,299	2,284
Singapore.....	5,942	2,750	2,466	1,817
Mauritius.....	0	0	3	256
Philippines.....	42	147	0	83
West Germany.....	34	27	205	51
Yugoslavia.....	0	932	81	43
United Kingdom.....	26	84	12	42
All other total.....	181	400	1,236	184
Total.....	38,084	55,424	151,062	130,332
GSP total.....	33,899	51,310	111,275	103,338
Percent				
Hong Kong.....	45.0	53.0	42.2	44.4
Taiwan.....	14.7	19.9	12.3	14.1
Japan.....	10.3	6.3	24.5	13.5
Korea.....	9.2	7.6	7.0	9.8
China.....	0.1	0.4	1.1	7.0
Macao.....	4.3	4.6	6.0	5.0
Thailand.....	0.1	0.5	1.6	2.5
Mexico.....	0	0	2.8	1.8
Singapore.....	15.6	5.0	1.6	1.4
Mauritius.....	0	0	1/	0.2
Philippines.....	0.1	0.3	0	0.1
West Germany.....	0.1	1/	0.1	1/
Yugoslavia.....	0	1.7	0.1	1/
United Kingdom.....	0.1	0.2	1/	1/
All other total.....	0.5	0.7	0.8	0.1
Total.....	100.0	100.0	100.0	100.0
GSP total.....	89.0	92.6	73.7	79.3

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

1/ Less than 0.05 percent.

SCH B no. 7370840 7371000 7371640 7371680 7379020 7379080 1/

Product: Toys, n.s.p.f., having an electric motor

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (units)				
U.King.....	58,298	22,346	95,631	82,088
Mexico.....	147,645	7,541	14,381	78,515
Canada.....	19,380	20,895	95,159	40,663
Malaysa.....		61		21,960
Japan.....	7,557	8,165	5,116	16,152
Cocos I.....	6,715	2,522	4,124	11,981
Chile.....	5,442	2,465		10,082
France.....	3,313	4,656	2,831	8,577
FR Germ.....	34,492	1,595	2,782	7,487
Ecuador.....				7,285
Kuwait.....		390	1,229	6,234
Switzld.....	480	701		6,089
Colomb.....	15,275	3,530	1,780	5,943
Panama.....	1,225	872	5,489	4,533
All other total..	61,988	73,780	141,828	23,436
Total.....	361,810	149,519	370,350	331,025
GSP total....	231,391	72,053	121,733	157,040
Percent				
U.King.....	16.1	14.9	25.8	24.8
Mexico.....	40.8	5.0	3.9	23.7
Canada.....	5.4	14.0	25.7	12.3
Malaysa.....	0.0	0.0	0.0	6.6
Japan.....	2.1	5.5	1.4	4.9
Cocos I.....	1.9	1.7	1.1	3.6
Chile.....	1.5	1.6	0.0	3.0
France.....	0.9	3.1	0.8	2.6
FR Germ.....	9.5	1.1	0.8	2.3
Ecuador.....	0.0	0.0	0.0	2.2
Kuwait.....	0.0	0.3	0.3	1.9
Switzld.....	0.1	0.5	0.0	1.8
Colomb.....	4.2	2.4	0.5	1.8
Panama.....	0.3	0.6	1.5	1.4
All other total..	17.1	49.3	38.3	7.1
Total.....	100.0	100.0	100.0	100.0
GSP total....	64.0	48.2	32.9	47.4

1/ The Schedule B allocation is 737.0840--3%, 737.1000--4%, 737.1640--10%,
737.1680--10%, 7379020--100%, 7379080--50%.

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

SCH B no. 7370840 7371000 7371640 7371680 7379020 7379080 1/

Product: Toys, n.s.p.f., having an electric motor

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Mexico.....	9,559	9,897	18,682	9,748
Canada.....	3,697	3,427	3,978	3,795
U.King.....	6,029	3,193	2,469	3,639
Hg Kong.....	1,506	2,566	1,420	1,508
Japan.....	920	1,073	448	1,358
FR Germ.....	835	383	223	735
Belgium.....	3,612	929	712	610
Cocos I.....	578	669	994	590
Haiti.....	1,110	1,548	339	442
Italy.....	156	503	543	320
Colomb.....	164	91	32	268
Kor Rep.....	152	115	35	238
Panama.....	33	75	129	233
Malaysa.....	30	16	1	221
All other total..	4,042	4,032	2,127	2,025
Total.....	32,429	28,525	32,139	25,737
GSP total....	15,020	16,874	22,634	14,210

Percent				
Mexico.....	29.5	34.7	58.1	37.9
Canada.....	11.4	12.0	12.4	14.7
U.King.....	18.6	11.2	7.7	14.1
Hg Kong.....	4.6	9.0	4.4	5.9
Japan.....	2.8	3.8	1.4	5.3
FR Germ.....	2.6	1.3	0.7	2.9
Belgium.....	11.1	3.3	2.2	2.4
Cocos I.....	1.8	2.3	3.1	2.3
Haiti.....	3.4	5.4	1.1	1.7
Italy.....	0.5	1.8	1.7	1.2
Colomb.....	0.5	0.3	0.1	1.0
Kor Rep.....	0.5	0.4	0.1	0.9
Panama.....	0.1	0.3	0.4	0.9
Malaysa.....	0.1	0.1	0.0	0.9
All other total..	12.5	14.1	6.6	7.9
Total.....	100.0	100.0	100.0	100.0
GSP total....	46.3	59.2	70.4	55.2

1/ The Schedule B allocation is 737.0840--3%, 737.1000--4%, 7371640--10%,
737.1680--10%, 737.9020--100%, and 737.9080--50%.

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

TSUS item No.
737.93—Con.

TS number: 737.93

Product: Toys, n.s.p.f., having an electric motor

U.S. imports for consumption, duty-free items under GSP provisions, by sources, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Burma.....	0	2	0	0
Haiti.....	0	18	0	0
Hong Kong.....	111	184	747	319
Indonesia.....	0	0	1	28
Korea, South.....	3,469	4,001	10,299	12,010
Macao.....	1,500	2,454	8,533	6,123
Malaysia.....	0	0	208	0
Malta and Gozo.....	0	38	0	0
Mauritius.....	0	0	3	11
Mexico.....	0	0	0	621
Morocco.....	0	0	0	20
Philippines.....	42	147	0	83
Senegal.....	0	0	17	0
Singapore.....	5,881	2,557	2,347	1,811
Taiwan.....	12	185	163	115
Thailand.....	36	290	2,360	3,187
Togo.....	0	0	4	0
Yugoslavia.....	0	918	81	43
World.....	11,053	10,794	24,763	24,370
Percent				
Burma.....	0	3.00	0	0
Haiti.....	0	4.30	0	0
Hong Kong.....	2.44	2.58	2.83	2.16
Indonesia.....	0	0	1.69	0.60
Korea, South.....	4.74	3.68	5.20	5.28
Macao.....	2.14	1.97	3.16	3.04
Malaysia.....	0	0	3.39	0
Malta and Gozo.....	0	4.80	0	0
Mauritius.....	0	0	1.09	5.38
Mexico.....	0	0	0	10.30
Morocco.....	0	0	0	1.88
Philippines.....	10.09	2.47	0	1.67
Senegal.....	0	0	5.26	0
Singapore.....	7.02	4.31	6.93	7.52
Taiwan.....	2.43	3.01	3.82	3.31
Thailand.....	2.26	2.26	4.33	4.25
Togo.....	0	0	5.50	0
Yugoslavia.....	0	3.81	3.43	2.64
World.....	4.72	3.08	4.15	4.32

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

Toys, n.s.p.f., of rubber or plastic, not inflatable

I. Introduction

Col. 1 rate of duty: 7% ad val

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: _____

Competitive-need-limit waiver X (Mexico)

Non-eligible GSP countries: Hong Kong, Mexico

Current competitive-need-limit waivers: Korea, Macau, Taiwan

Current "sufficiently competitive" designation: Mexico

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: This is a "basket category" of non-motorized rubber or plastic toys (except dolls, animals, and models). Among the many products included are toy vehicles, play sets, masks, guns, and transforming robot toys.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	**150-250	**150-250	**150-250	**150-250	**0
Total U.S. employment (thousand employees).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
U.S. shipments (thousand dollars).....	**300,000	**270,000	**275,000	**270,000	** -10
U.S. exports (thousand dollars).....	46,654	31,456	33,162	30,963	-34
U.S. imports (thousand dollars).....	94,842	122,747	377,810	383,975	305
U.S. consumption (thousand dollars).....	**348,188	**361,291	**619,648	**623,012	**79
Import to consumption ratio (percent).....	**27	**34	**64	**62	-
Capacity utilization (nearest 10 percent).....	**70	**70	**70	**70	-

Comment: U.S. production of miscellaneous rubber and plastic toys is concentrated in the larger toys, and imports supply smaller toys, as well as nearly all the robot transforming toys. The faddish popularity of robot transforming toys caused the sharp increase in consumption in 1985; the subsequent leveling of consumption in 1986 reflected the fade in popularity of these toys. U.S. producers of these products also manufacture other toys, games, and similar products, and most use some foreign sourcing, often including investment in foreign production facilities.

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 9503.90.40.

2/ Not available.

TSUS item No.
737.96—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousands)				
Total.....	383,975	100	-	62
Imports from GSP countries:				
Total.....	256,315	67	100	41
Hong Kong.....	114,302	30	45	18
Taiwan.....	50,302	13	20	8
Macau.....	34,793	9	14	6
Mexico.....	32,455	9	13	5

Note.—The countries shown in the table include the top four GSP suppliers in 1986 and any additional countries proposed for "graduation" or "waiver."

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Mexico for all digest products

Ranking as a U.S. import supplier, 1986..... 5

Price sensitivity:

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

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

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

Price sensitivity of import supply..... High Moderate X Low

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

Price sensitivity of U.S. demand..... 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: Mexico is the site of considerable U.S. investment in toy maquiladoras and represents a growing alternative to moving domestic production to other low-wage-rate countries (primarily Asian producers).

TSUS item No.
737.96—Con.

V. Position of interested parties

Petitioner.—Kenner Parker Toys, Inc. and Mattel, Inc., are two major U.S. toy producers that operate maquiladoras in Mexico. Their petition is to grant a waiver of the competitive-need limits to imports from Mexico under HS item 9503.90.40 to which part of the trade under TSUS item 737.96 has been allocated. They state that imports of the plastic toys under this HS item compete with other imports (primarily those from Hong Kong, Japan, and Taiwan), not with U.S. products. Furthermore, the waiver would create a duty savings that would be passed through to consumers.

Support.—Congressmen Bill Gradison and Guy Vander Jagt support the petition, stating that the Mexican operations use U.S. materials and parts, and that the waiver will enhance these products' competitiveness against imports from Japan, Hong Kong, and Taiwan.

[Probable economic effects advice deleted]

TSUS item No.
737.96—Con.

TS number: 73796

Product: Toys, n.s.p.f., of rubber or plastic, not inflatable

U.S. imports for consumption, by principal sources, 1981, 1983, 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Hong Kong.....	57,537	57,823	111,556	114,302
Japan.....	5,034	9,056	125,845	80,373
Taiwan.....	13,362	20,961	40,255	50,302
Macao.....	2,425	10,004	26,628	34,793
Mexico.....	5,394	4,817	21,882	32,455
China.....	134	337	8,546	24,824
Italy.....	1,413	3,466	5,665	9,144
Korea.....	1,446	1,785	7,738	8,893
Thailand.....	20	1,756	6,529	7,866
Singapore.....	4,583	4,618	7,195	3,648
West Germany.....	500	1,387	1,477	2,889
Malaysia.....	42	363	4,767	2,602
Canada.....	257	918	996	2,500
United Kingdom.....	306	1,012	1,128	2,065
All other total.....	2,371	4,442	7,603	7,318
Total.....	94,824	122,747	377,810	383,975
GSP total.....	85,992	104,370	229,849	256,315
Percent				
Hong Kong.....	60.7	47.1	29.5	29.8
Japan.....	5.3	7.4	33.3	20.9
Taiwan.....	14.1	17.1	10.7	13.1
Macao.....	2.6	8.2	7.0	9.1
Mexico.....	5.7	3.9	5.8	8.5
China.....	0.1	0.3	2.3	6.5
Italy.....	1.5	2.8	1.5	2.4
Korea.....	1.5	1.5	2.0	2.3
Thailand.....	1/	1.4	1.7	2.0
Singapore.....	4.8	3.8	1.9	1.0
West Germany.....	0.5	1.1	0.4	0.8
Malaysia.....	1/	0.3	1.3	0.7
Canada.....	0.3	0.7	0.3	0.7
United Kingdom.....	0.3	0.8	0.3	0.5
All other total.....	2.5	3.6	2.0	1.9
Total.....	100.0	100.0	100.0	100.0
GSP total.....	90.7	85.0	60.8	66.8

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

1/ Less than 0.05 percent.

SCH B no. 7370840 7371000 7371640 7371680 7379040 7379080 1/

Product: Toys, n.s.p.f., of rubber or plastic, not inflatable

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Mexico.....	11,627	5,226	11,111	6,639
Canada.....	4,927	4,704	5,132	5,732
U.King.....	5,183	4,268	2,933	3,224
Japan.....	1,741	1,257	1,109	2,130
FR Germ.....	1,211	745	776	1,826
Hg Kong.....	1,321	1,743	1,769	1,241
Belgium.....	2,008	472	550	1,023
Cocos I.....	1,782	1,018	1,490	923
Panama.....	348	256	510	907
Italy.....	575	896	398	825
Ecuador.....	151	93	926	612
Dom Rep.....	336	503	1,114	440
Haiti.....	774	1,611	579	412
S Arab.....	1,152	1,791	597	366
All other total..	13,510	6,865	4,163	4,656
Total.....	46,654	31,456	33,162	30,963
GSP total....	25,950	14,147	20,195	14,313
Percent				
Mexico.....	24.9	16.6	33.5	21.4
Canada.....	10.6	15.0	15.5	18.5
U.King.....	11.1	13.6	8.8	10.4
Japan.....	3.7	4.0	3.3	6.9
FR Germ.....	2.6	2.4	2.3	5.9
Hg Kong.....	2.8	5.5	5.3	4.0
Belgium.....	4.3	1.5	1.7	3.3
Cocos I.....	3.8	3.2	4.5	3.0
Panama.....	0.7	0.8	1.5	2.9
Italy.....	1.2	2.8	1.2	2.7
Ecuador.....	0.3	0.3	2.8	2.0
Dom Rep.....	0.7	1.6	3.4	1.4
Haiti.....	1.7	5.1	1.7	1.3
S Arab.....	2.5	5.7	1.8	1.2
All other total..	29.0	21.8	12.6	15.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	55.6	45.0	60.9	46.2

1/ The Schedule B allocation is 737.0840--4%, 737.1000--4%, 737.1640--15%
 737.1680--20%, 737.9040--100%, 737.9080--25%.

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

TSUS item No.
737.96—Con.

TS number: 73796

Product: Toys, n.s.p.f., of rubber or plastic, not inflatable

U.S. imports for consumption, duty-free items under GSP provisions, by sources, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Argentina.....	21	23	6	0
Brazil.....	34	18	301	281
Brunei.....	0	0	6	0
Burma.....	0	2	0	0
Colombia.....	0	0	3	0
Haiti.....	1	48	18	0
Honduras.....	0	1/	0	0
Hong Kong.....	359	1,202	2,826	2,810
India.....	0	8	6	30
Indonesia.....	2	0	51	0
Israel.....	48	24	245	71
Kenya.....	0	0	0	40
Korea.....	1,371	1,581	7,265	8,144
Macao.....	2,012	9,203	24,545	33,188
Malaysia.....	42	363	4,706	2,025
Malta and Gozo.....	63	261	804	0
Mauritius.....	0	0	76	32
Mexico.....	684	2,648	5,372	20,324
Morocco.....	0	0	0	69
Nepal.....	0	1	0	0
Peru.....	0	1	0	0
Philippines.....	420	1,292	301	136
Senegal.....	0	0	3	0
Singapore.....	4,499	4,142	7,090	3,530
Sri Lanka (Ceylon).....	0	0	4	0
Taiwan.....	85	217	357	650
Thailand.....	0	1,711	6,383	7,626
Togo.....	0	0	8	0
Tunisia.....	0	0	12	0
Venezuela.....	0	2	10	2
Yugoslavia.....	482	63	778	464
World.....	10,124	22,807	61,175	79,421

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

1/ Less than \$500.

Miscellaneous toys and parts of toys, n.s.p.f.

I. Introduction

Col. 1 rate of duty: 7% ad val

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: _____

Competitive-need-limit waiver X (Mexico)

Non-eligible GSP countries: Hong Kong, Mexico, Taiwan

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: Mexico

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: This digest covers the remaining miscellaneous toys and parts of toys, including toy balloons and rubber punchballs, toys having a friction or weight-operated motor, and other toys not made of rubber or plastic.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	**150-300	**150-300	**150-300	**150-300	**0
Total U.S. employment (thousand employees).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
U.S. shipments (thousand dollars).....	**350,000	**320,000	**285,000	**270,000	**23
U.S. exports (thousand dollars).....	72,691	47,869	42,101	39,639	55
U.S. imports (thousand dollars).....	168,871	139,257	331,198	278,315	65
U.S. consumption (thousand dollars).....	**446,180	**411,388	**574,097	**508,676	**14
Import to consumption ratio (percent).....	**38	**34	**58	**55	-
Capacity utilization (nearest 10 percent).....	**80	**80	**70	**70	-

Comment: U.S. production of miscellaneous toys is concentrated in the larger toys, primarily wooden and steel toys, such as toy guns and vehicles and playsets. There are also **10-15 U.S. producers of toy balloons and punchballs. Imports generally supply smaller toys, and virtually all the metal robot transforming toys. The faddish popularity of robot transforming toys and accessories for other faddish toy characters caused the sharp increase in consumption in 1985; the subsequent decline in consumption in 1986 reflected a fade in popularity of these toys. U.S. producers of these products also manufacture other toys, games, and similar products, and most use some foreign sourcing, often including investment in foreign production facilities.

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 9503.90.40.

2/ Not available.

TSUS item No.
737.98—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousands)				
Total.....	278,315	100	—	55
Imports from GSP countries:				
Total.....	208,321	75	100	41
Hong Kong.....	71,603	26	34	14
Taiwan.....	59,110	21	28	12
Mexico.....	28,881	10	14	6
Korea.....	24,390	9	12	5

Note.—The countries shown in the table include the top four GSP suppliers in 1986 and any additional countries proposed for "graduation" or "waiver."

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Mexico for all digest products

Ranking as a U.S. import supplier, 1986..... 3

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

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

Price sensitivity of U.S. demand..... 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: Mexico is the site of considerable U.S. investment in toy maquiladoras and represents a growing alternative to moving domestic production to other low-wage-rate countries (primarily Asian producers).

TSUS item No.
737.98--Con.

V. Position of interested parties

Petitioner.—Kenner Parker Toys, Inc. and Mattel, Inc., are two major U.S. toy producers that operate maquiladoras in Mexico. Their petition is to grant a waiver of the competitive-need limits to imports from Mexico under HS item 9503.90.40 to which part of the trade under TSUS item 737.98 has been allocated. They state that imports of the plastic toys under this HS item compete with other imports (primarily those from Hong Kong, Japan, and Taiwan), not with U.S. products. Furthermore, the waiver would create a duty savings that would be passed through to consumers.

Support.—Congressmen Bill Gradison and Guy Vander Jagt support the petition, stating that the Mexican operations use U.S. materials and parts, and that the waiver will enhance these products' competitiveness against imports from Japan, Hong Kong, and Taiwan.

American Imports, Inc., and Globos International, importers of latex toy balloons and metallized plastic balloons, respectively, support a waiver of the competitive-need limits for imports of toy balloons from Mexico.

[Probable economic effects advice deleted]

TSUS item No.
737.98—Con.

TS number 73798

Product: Miscellaneous toys and parts of toys, n.s.p.f.

U.S. imports for consumption, by principal sources, 1981, 1983, 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Hong Kong.....	55,190	43,713	82,587	71,603
Taiwan.....	26,155	31,002	68,942	59,110
Mexico.....	11,028	10,498	25,593	28,881
Korea.....	23,554	12,001	23,861	24,390
China.....	596	1,128	12,720	23,541
Japan.....	20,767	12,947	62,923	19,551
Macao.....	2,319	6,953	18,750	10,394
Singapore.....	1,336	1,122	2,109	6,208
West Germany.....	2,281	3,084	3,658	5,750
Canada.....	745	1,212	4,905	4,115
Sweden.....	1,398	2,410	4,108	3,740
Thailand.....	132	1,181	4,496	3,198
United Kingdom.....	9,070	1,113	1,945	2,819
Romania.....	166	298	530	2,498
All other total.....	14,134	10,593	14,071	12,517
Total.....	168,871	139,257	331,198	278,315
GSP total.....	130,491	114,084	234,169	208,321
Percent				
Hong Kong.....	32.7	31.4	24.9	25.7
Taiwan.....	15.5	22.3	20.8	21.2
Mexico.....	6.5	7.5	7.7	10.4
Korea.....	13.9	8.6	7.2	8.8
China.....	0.4	0.8	3.8	8.5
Japan.....	12.3	9.3	19.0	7.0
Macao.....	1.4	5.0	5.7	3.7
Singapore.....	0.8	0.8	0.6	2.2
West Germany.....	1.4	2.2	1.1	2.1
Canada.....	0.4	0.9	1.5	1.5
Sweden.....	0.8	1.7	1.2	1.3
Thailand.....	0.1	0.8	1.4	1.1
United Kingdom.....	5.4	0.8	0.6	1.0
Romania.....	0.1	0.2	0.2	0.9
All other total.....	8.4	7.6	4.2	4.5
Total.....	100.0	100.0	100.0	100.0
GSP total.....	77.3	81.9	70.7	74.9

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

SCH B no. 7370840 7371000 7371640 7371680 7379060 7379080 1/

Product: Miscellaneous toys and parts of toys, n.s.p.f.

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	16,827	15,649	11,617	9,500
Mexico.....	9,621	5,175	10,170	5,975
U.King.....	8,288	4,231	5,086	5,041
Hg Kong.....	1,917	3,249	1,049	2,092
Japan.....	1,535	2,137	1,246	1,804
Cocos I.....	3,503	1,744	2,093	1,774
Singapr.....	242	309	536	1,525
Panama.....	1,227	1,397	788	1,390
FR Germ.....	1,648	678	647	1,200
S Arab.....	1,172	2,482	1,956	1,078
France.....	1,973	593	221	592
Belgium.....	2,421	926	550	586
Ecuador.....	734	135	568	532
Venez.....	7,297	478	251	437
All other total..	14,280	8,680	5,317	6,105
Total.....	72,691	47,869	42,101	39,639
GSP total....	33,318	18,221	18,979	18,003
Percent				
Canada.....	23.1	32.7	27.6	24.0
Mexico.....	13.2	10.8	24.2	15.1
U.King.....	11.4	8.8	12.1	12.7
Hg Kong.....	2.6	6.8	2.5	5.3
Japan.....	2.1	4.5	3.0	4.6
Cocos I.....	4.8	3.6	5.0	4.5
Singapr.....	0.3	0.6	1.3	3.8
Panama.....	1.7	2.9	1.9	3.5
FR Germ.....	2.3	1.4	1.5	3.0
S Arab.....	1.6	5.2	4.6	2.7
France.....	2.7	1.2	0.5	1.5
Belgium.....	3.3	1.9	1.3	1.5
Ecuador.....	1.0	0.3	1.3	1.3
Venez.....	10.0	1.0	0.6	1.1
All other total..	19.6	18.1	12.6	15.4
Total.....	100.0	100.0	100.0	100.0
GSP total....	45.8	38.1	45.1	45.4

1/ The Schedule B allocation is 737.0840--3%, 737.1000--2%, 737.1640--15%, 737.9060--60%, and 737.9080--25%, and 737.1680--10%.

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

TSUS item No.
737.98--Con.

TS number: 73798

Product: Miscellaneous toys and parts of toys, n.s.p.f.

U.S. imports for consumption, duty-free items under GSP provisions, by sources, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Argentina.....	0	0	3	1
Bangladesh.....	3	0	1	3
Bolivia.....	19	9	6	0
Brazil.....	196	75	557	857
Chile.....	0	1	0	0
Colombia.....	15	15	13	6
Costa Rica.....	1	9	7	2
Dominican Republic.....	6	1	0	0
El Salvador.....	51	0	3	0
Ghana.....	0	0	0	6
Guatemala.....	1/	1	0	0
Haiti.....	648	1,132	447	210
Honduras.....	1/	1/	0	0
Hong Kong.....	321	510	1,752	1,109
India.....	82	66	33	25
Indonesia.....	1/	19	2	0
Israel.....	61	239	309	279
Jamaica.....	0	0	0	30
Kenya.....	0	0	11	43
Korea, South.....	22,756	11,446	22,036	22,794
Macao.....	1,840	6,310	18,029	9,127
Malaysia.....	404	3,977	3,022	969
Malta and Gozo.....	505	536	96	39
Mauritius.....	7	0	272	27
Mexico.....	5,923	5,535	14,437	18,418
Morocco.....	0	0	36	185
Nepal.....	0	2	0	0
Peru.....	2	0	4	7
Philippines.....	333	602	826	572
Senegal.....	0	0	9	0
Seychelles.....	0	0	4	0
Singapore.....	1,260	1,046	1,986	6,155
Sri Lanka (Ceylon).....	0	26	25	17
St Lucia.....	0	0	0	3
Taiwan.....	454	322	1,035	750
Thailand.....	129	1,071	4,430	2,994
Turkey.....	0	6	0	0
Venezuela.....	19	0	0	0
Yugoslavia.....	168	50	572	358
World.....	35,204	33,006	69,962	64,984

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

1/ Less than \$500.

Certain precious-metal jewelry

I. Introduction

Col. 1 rate of duty: 6.5% ad val

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: _____

Competitive-need-limit waiver X (Thailand)

Non-eligible GSP countries: Hong Kong, Thailand

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: Hong Kong

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: This digest includes certain precious-metal jewelry articles, other than necklaces and neck chains, made in chief value of precious metals, other than silver valued less than \$18 per dozen pieces or parts. These articles may or may not incorporate various small gemstones and often involve labor-intensive production techniques, particularly in finishing operations. Among the articles included are rings, earrings, bracelets, pendants, and brooches.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms)..	*1,900	*1,800	*2,000	*2,200	16
Total U.S. employment (thousand employees)..	*35	*35	*36	*35	-
U.S. shipments (thousand dollars).....	**853,790	*1,025,596	*1,231,429	*1,328,206	56
U.S. exports (thousand dollars).....	57,365	40,537	47,473	73,422	28
U.S. imports (thousand dollars).....	234,869	407,229	865,354	1,024,281	336
U.S. consumption (thousand dollars).....	**1,031,294	*1,392,288	*2,049,310	*2,279,065	121
Import to consumption ratio (percent).....	**23	*29	*42	*45	-
Capacity utilization (nearest 10 percent)...	60	90	60	50	-

Comment: Most U.S. producers of precious-metal jewelry are small, employing less than 20 employees, and are not vertically integrated. Principal products are rings and earrings, sometimes incorporating gemstones, and findings (standardized parts). U.S. producers compete on the basis of non-price factors such as quality and design, and on marketing factors such as product availability, proximity to market, and purchasing incentives. GSP imports are generally articles incorporating small gemstones that are highly labor-intensive.

1/ Probable effects advice for these products on the basis of the HS nomenclature is contained in the Digests for HS item Nos. 7113.11.50, 7113.19.50, and 7113.20.50.

TSUS item No.
740.14—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousands)				
Total.....	1,024,280	100	-	45
Imports from GSP countries:				
Total.....	282,967	28	100	13
Hong Kong.....	92,164	9	33	4
Thailand.....	72,391	7	26	3
Israel.....	44,089	4	16	2
Mexico.....	18,230	2	6	1

Note.—The countries shown in the table include the top four GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Thailand for all digest products

Ranking as a U.S. import supplier, 1986..... 4

Price sensitivity:

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 ____

Price sensitivity of import supply..... High X Moderate ____ Low ____

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

Price sensitivity of U.S. demand..... 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 recent years, Thai finished-jewelry production has expanded significantly. This expansion is reportedly due to three principal factors: first, Thai government support for local investors in export-oriented operations; second, preferential duty rates in most of the major world markets; finally, Thailand's advantage over U.S. producers and most major foreign suppliers in labor costs and in raw material supplies.

U.S. imports of precious metal jewelry from Thailand are concentrated in highly price sensitive, labor-intensive goods that are often set with small gemstones. Because of Thailand's abundance of natural raw materials and low labor costs, it is a major world supplier of gemstone-set precious-metal jewelry.

TSUS item No.
740.14---Con.

V. Position of interested parties

Petitioner.—Government of Thailand.

The petitioner states that the waiver is requested because imports slightly exceeded the competitive-need limits (by \$0.8 million). The petition argues that imports of precious-metal jewelry from Thailand increased in recent years because of a growing demand by U.S. consumers and an increasing number of U.S. producers that source jewelry from Thailand to complement their product lines. The petitioner further states that the bulk of Thai products are not comparable in either appearance, price, or quality with similar domestically-produced jewelry.

[Probable economic effects advice deleted]

TS number: 74014

TSUS item No.
740.14--Con.

Product: Jewelry and other objects of personal ad

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Italy.....	93,717	190,373	506,836	541,660
Switzld.....	41,477	53,181	83,126	113,564
Hg.Kong.....	31,141	38,332	69,242	92,164
Thailnd.....	3,375	6,202	25,391	72,391
Israel.....	28,272	48,027	45,749	44,089
Spain.....	3,989	9,267	23,231	22,920
Mexico.....	1,804	1,977	6,261	18,230
FR Germ.....	7,048	12,610	17,424	14,516
France.....	4,433	9,358	13,768	12,164
U King.....	2,010	3,865	5,138	11,390
Peru.....	1,182	8,633	15,399	8,142
Lebanon.....	567	1,504	4,475	6,965
Japan.....	3,979	2,201	5,081	6,758
Dom Rep.....		1,122	3,342	6,357
All other total..	11,868	20,569	40,884	52,962
Total.....	234,869	407,229	865,354	1,024,280
GSP total....	70,690	115,723	195,219	282,967
Percent				
Italy.....	39.9	46.7	58.6	52.9
Switzld.....	17.7	13.1	9.6	11.1
Hg.Kong.....	13.3	9.4	8.0	9.0
Thailnd.....	1.4	1.5	2.9	7.1
Israel.....	12.0	11.8	5.3	4.3
Spain.....	1.7	2.3	2.7	2.2
Mexico.....	0.8	0.5	0.7	1.8
FR Germ.....	3.0	3.1	2.0	1.4
France.....	1.9	2.3	1.6	1.2
U King.....	0.9	0.9	0.6	1.1
Peru.....	0.5	2.1	1.8	0.8
Lebanon.....	0.2	0.4	0.5	0.7
Japan.....	1.7	0.5	0.6	0.7
Dom Rep.....	0.0	0.3	0.4	0.6
All other total..	5.1	5.1	4.7	5.2
Total.....	100.0	100.0	100.0	100.0
GSP total....	30.1	28.4	22.6	27.6

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

SCH B no. 7402020 7402040 1/

Product: SILVER ETC JEWELRY

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Dom. Rep.....	173	318	12,260	17,196
Japan.....	9,080	6,850	6,852	11,811
Switzld.....	9,325	6,002	5,036	10,126
Haiti.....		1,752	5,685	6,447
U. King.....	4,497	1,930	1,476	5,054
Hg Kong.....	6,811	3,641	2,499	3,333
Mexico.....	4,373	456	662	2,564
Canada.....	3,707	4,885	3,075	2,180
Kor Rep.....	11	1,040	716	1,684
France.....	1,362	1,352	1,426	1,578
FR Germ.....	3,210	2,842	1,156	1,331
N. Antil.....	2,631	1,019	452	1,175
Spain.....	255	714	280	1,108
Italy.....	4,447	732	617	948
All other total..	7,476	6,999	5,274	6,880
Total.....	57,365	40,537	47,473	73,422
GSP total....	19,512	13,269	26,385	37,434
Percent				
Dom. Rep.....	0.3	0.8	25.8	23.4
Japan.....	15.8	16.9	14.4	16.1
Switzld.....	16.3	14.8	10.6	13.8
Haiti.....	0.0	4.3	12.0	8.8
U. King.....	7.8	4.8	3.1	6.9
Hg Kong.....	11.9	9.0	5.3	4.5
Mexico.....	7.6	1.1	1.4	3.5
Canada.....	6.5	12.1	6.5	3.0
Kor Rep.....	0.0	2.6	1.5	2.3
France.....	2.4	3.3	3.0	2.1
FR Germ.....	5.6	7.0	2.4	1.8
N. Antil.....	4.6	2.5	1.0	1.6
Spain.....	0.4	1.8	0.6	1.5
Italy.....	7.8	1.8	1.3	1.3
All other total..	13.0	17.3	11.1	9.4
Total.....	100.0	100.0	100.0	100.0
GSP total....	34.0	32.7	55.6	51.0

Source: Compiled from official statistics of the U.S. Department of Commerce
 1/ The Schedule B allocation for both items 740.2020 and 740.2040 is 85 percent.

Annual Review of the Generalized System of Preferences (GSP)
 U.S. imports for consumption under the GSP, by principal source, 1981, 1983, 1985, and 1986
 Flow: Imports for consumption
 TSUSA commodity: 74014--Jewelry of precious metals

(Value in thousands of dollars; unit value in dollars)

Type	Time period:	1981	1983	1985	1986
Cty subcode					
Partner					
<hr/>					
Customs value					
Duty-free items under GSP provisions:					
Argentina.....	3	1	3	195	
Bolivia.....	0	3	0	1,138	
Brazil.....	1,124	1,485	2,573	2,624	
Burma.....	0	2	0	0	
Central African Republic.....	0	0	2	0	
Chile.....	0	0	4	5	
Colombia.....	221	159	468	408	
Costa Rica.....	0	0	344	1,098	
Cyprus.....	2	0	6	0	
Dominican Republic.....	0	1	488	1,509	
Ecuador.....	5	15	0	7	
Egypt.....	0	0	0	1	
El Salvador.....	5	0	0	0	
Fiji.....	0	0	11	0	
French Polynesia.....	0	0	0	35	
Guatemala.....	5	1	0	5	
Guinea-Bissau.....	1	0	0	0	
Haiti.....	0	0	234	0	
Hong Kong.....	75	93	225	214	
India.....	195	927	2,917	3,385	
Indonesia.....	73	253	884	1,272	
Israel.....	27,726	47,773	39,091	21,447	
Jamaica.....	8	14	53	6	
Jordan.....	0	0	0	49	
Kenya.....	0	0*	12	0	
Korea, South.....	295	422	2,004	3,328	
Lebanon.....	507	1,504	4,353	6,674	
Malaysia.....	20	140	344	252	
Mali.....	0	11	13	3	
Malta and Gozo.....	0	106	1,499	2,803	
Mauritius.....	0	0	2	25	
Mexico.....	1,703	1,637	6,027	17,283	
Montserrat.....	0	0	3	0	
Morocco.....	9	0	22	85	
Nepal.....	1	1	43	40	
Oman.....	0	0	61	0	
Pakistan.....	37	0	51	72	
Panama.....	8	0	2	24	
Peru.....	1,026	8,544	14,939	8,020	
Philippines.....	51	161	63	407	
Portugal.....	1,971	3,112	3,366	297	
Romania.....	6	0*	6	50	
Singapore.....	864	505	1,435	5,358	
Somalia.....	0	0	0	19	
Sri Lanka (Ceylon).....	29	343	62	101	
Suriname.....	0	0	0	2	
Syria.....	5	0	0	582	
Taiwan.....	269	943	3,338	3,321	
Thailand.....	3,186	5,718	24,145	69,694	
Togo.....	0	0	0	4	
Trinidad and Tobago.....	32	0	0	0	

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

Annual Review of the Generalized System of Preferences (GSP)
 U.S. imports for consumption under the GSP, by principal source, 1981, 1983, 1985, and 1986
 Flow: Imports for consumption
 TSUSA commodity: 74014--Jewelry of precious metals

Type	Time period:	1981	1983	1985	1986
Cty subcode					
Partner					
<hr/>					
Customs value					
Duty-free items under GSP provisions:					
Tunisia.....	2	0	0	2	
Turkey.....	12	86	127	319	
Venezuela.....	0	22	29	88	
Yugoslavia.....	305	1,235	3,058	2,681	
Zimbabwe (Rhodesia).....	0	5	2	0	
World.....	39,785	75,224	112,308	154,931	
Unit value					
Duty-free items under GSP provisions:					
Argentina.....	0.09	0	0.01	0	
Brazil.....	0	0	53.27	235.15	
Burma.....	0	116.89	0	0	
Central African Republic.....	0	0	0.03	0	
Chile.....	0	0	0	0.01	
Colombia.....	0	0	0	0.58	
Cyprus.....	0.03	0	0.00	0	
Dominican Republic.....	0	0.01	0	0	
Ecuador.....	0	0	0	0.00	
Egypt.....	0	0	0	0.00	
Fiji.....	0	0	0.70	0	
French Polynesia.....	0	0	0	0.01	
Hong Kong.....	0.24	0.43	0.32	0.24	
India.....	129.67	185,417.40	0	2,218.01	
Indonesia.....	5.45	440.02	0	0	
Israel.....	1,137.25	129.37	109.48	17.39	
Jamaica.....	0	0	0	1.93	
Jordan.....	0	0	0	0.01	
Korea, South.....	0.13	0.47	1.24	4.14	
Lebanon.....	6.40	6.63	9.65	2.30	
Malaysia.....	0.22	6.54	1.16	0.98	
Mali.....	0	0.52	0.04	0.01	
Malta and Gozo.....	0	4.93	5.04	10.91	
Mauritius.....	0	0	0.74	0	
Mexico.....	0	1.30	0.96	4.57	
Montserrat.....	0	0	0.93	0	
Morocco.....	0	0	6.56	5.87	
Nepal.....	0	0	61.36	0	
Oman.....	0	0	85.60	0	
Pakistan.....	0	0	0	120.13	
Panama.....	0	0	0	39.48	
Peru.....	0	0	0	1,141.37	
Philippines.....	8.93	420.09	0	226.23	
Portugal.....	106.89	0	0	0	
Romania.....	0	0	0.32	0	
Singapore.....	0.35	0.39	1.71	9.27	
Sri Lanka (Ceylon).....	0	0	0	22.12	
Taiwan.....	0.02	0.23	0.51	0.65	
Thailand.....	45.91	49.50	4.29	168.84	
Togo.....	0	0	0	0.14	
Turkey.....	0	9.89	0	0	
Venezuela.....	0	0	0.02	0.03	
Yugoslavia.....	0	0	913.24	0	

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

Annual Review of the Generalized System of Preferences (GSP)
 U.S. imports for consumption under the GSP, by principal source, 1981, 1983, 1985, and 1986
 Flow: Imports for consumption
 TSUSA commodity: 74014--Jewelry of precious metals

Time period:		1981	1983	1985	1986
Type					
Cty subcode					
Partner					
Unit value					
Duty-free items under GSP provisions:					
Zimbabwe (Rhodesia).....		0	0	0.71	0
World.....		2.26	8.05	3.31	10.31

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

Certain costume jewelry

I. Introduction

Col. 1 rate of duty: 11% ad val

Type of action proposed (check one):

Addition of GSP:

Removal from GSP: X

Country graduation:

Competitive-need-limit waiver

Non-eligible GSP countries: Hong Kong, Korea, Taiwan

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: This digest includes certain costume jewelry articles valued over 20¢ per dozen pieces or parts. It does not include those valued less than 20¢ per dozen pieces or parts, watch bracelets valued over 20¢ per dozen pieces or parts, or watch bracelet parts valued less than \$12 per dozen. Costume jewelry is made of any non-precious material, including base-metals, plastic, wood, and shell, among others. Specific articles include rings, earrings, necklaces, bracelets, pendants, and brooches.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms)..	**800	**750	**725	**740	-7
Total U.S. employment (thousand employees)..	**20.2	**18.0	**18.9	*19.1	-5
U.S. shipments (thousand dollars).....	*835,000	*948,000	*969,000	*1,019,000	22
U.S. exports (thousand dollars).....	*63,171	45,649	42,195	57,056	-10
U.S. imports (thousand dollars).....	127,157	147,804	380,680	374,045	194
U.S. consumption (thousand dollars).....	*898,986	*1,050,155	*1,307,485	*1,335,989	49
Import to consumption ratio (percent).....	14	14	29	28	-
Capacity utilization (nearest 10 percent)...	50	60	60	60	-

Comment: Most U.S. producers of costume jewelry are concentrated in the Northeastern States of Rhode Island and Massachusetts. Almost two-thirds of all producers employ less than 10 workers. They are not vertically integrated and often purchase raw materials, parts, or services from small job shops. Principal products include earrings, neckwear, and miscellaneous jewelry articles including bracelets, cuff links, tie pins and clips, pendants, and brooches. U.S. producers compete on the basis of non price factors such as quality and design, and on marketing factors such as product availability, proximity to market, and purchasing incentives. Since these products are relatively low-cost and demand is highly price elastic, such advantages are often outweighed by foreign pricing advantages due to lower labor and materials costs. GSP imports are concentrated in neckwear, earrings, and miscellaneous jewelry articles.

1/ Probable effects advice for closely related products on the basis of the HS nomenclature is contained in the Digests for HS item Nos. 7117.11.00 and 7117.19.50.

TSUS item No.
740.41—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousands)				
Total.....	374,045	100	—	28
Imports from GSP countries:				
Total.....	296,909	79	100	22
Taiwan.....	101,162	27	34	8
Korea.....	75,594	20	25	6
Hong Kong.....	72,052	19	24	5
India.....	21,892	6	7	2

Note.—The countries shown in the table include the top four GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1986..... 1

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... 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: Taiwan is one of the fastest growing suppliers of costume jewelry to the United States. Although U.S. imports from Taiwan tripled during 1981–85, such imports declined by 9 percent in 1986 as a result of its loss in GSP eligibility in that year. The Taiwan costume jewelry industry produces a variety of products including rings, earrings, neckwear, pendants, bracelets, beads, and brooches. These articles are made from a variety of materials including base-metals, plastic, wood, shell, and glass; about one-half of digest imports are accounted for by nonmetal jewelry. Most producers specialize in high volume, low-cost items. The industry relies heavily on a network of subcontractors that are flexible and can produce other items when jewelry demand is slack. Approximately three-fourths of total costume jewelry output in Taiwan is exported.

TSUS item No.
740.41—Con.

Competitiveness of Korea for all digest products

Ranking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

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

Quality compared with:

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

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

Comment: The Korean industry supplies a broad range of products, including raw materials, semiprocessed and finished goods. It is primarily a cottage industry relying heavily on subcontractors to manufacture component parts and perform specialized operations. In 1985, exports accounted for over 80 percent of total industry output. U.S. imports from Korea quadrupled during 1981-86; the greatest increase was from 1983-85 when such imports almost tripled. Approximately 90 percent of digest imports are accounted for by base-metal jewelry. Items commonly produced in Korea include beads, chains, necklaces, bracelets, and earrings using a variety of materials including base-metals, plastic, and wood. According to Korean industry sources, the main source of their competitiveness in the U.S. market results from benefits under the GSP.

TSUS item No.
740.41—Con.

Competitiveness of Hong Kong for all digest products

Ranking as a U.S. import supplier, 1986..... 3

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

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

Quality compared with:

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

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

Comment: Hong Kong is a prominent manufacturing and trading center. Exports account for approximately two-thirds of total industry output. U.S. imports from Hong Kong tripled during 1981-85 and then declined by 16 percent in 1986 as a result of their loss in GSP eligibility. Approximately two-thirds of digest imports are accounted for by base-metal jewelry; commonly produced articles include pendants, chains, necklaces, bracelets, earrings, rings, and brooches. In recent years, larger Hong Kong producers reportedly automated some of their production processes to take advantage of technological developments. However, most Hong Kong producers utilize an extensive network of subcontractors who perform a variety of operations. Despite the small size of most producers, they are reportedly flexible in switching production lines to and from jewelry as required.

V. Position of interested parties**Petitioner.—Manufacturing Jewelers and Silversmiths of America, Providence, RI**

The petitioner is the principal nationwide trade association of domestic jewelry manufacturers, representing 2,400 members including approximately 500 that are engaged in the manufacture of costume jewelry. The petitioner states that GSP benefits currently extended to imports of certain jewelry and other objects of personal adornment from beneficiary countries are adversely affecting the ability of domestic producers to compete. They claim that beneficiary countries hold a competitive advantage through their ability to supply lower priced costume jewelry because of lower labor and materials costs, and that advantages gained by beneficiary countries under the GSP are (1) no longer necessary to encourage the growth of industry in those countries; and (2) unreasonably and adversely affecting the domestic industry. Further, they state that preferential tariff treatment provides developing nations a competitive advantage in most third country markets because it lowers the price of their products relative to those of developed nations. They conclude that the operation of the GSP program has had its intended effects because production in beneficiary countries has expanded significantly with the United States becoming the largest market for these goods and that the cumulative effect of the stimulus of a duty-free U.S. market for 12 years and the 54% reduction in the duties have eliminated the need for continuation of the GSP program for costume jewelry.

Opposition.—Richmond Sales Inc., Pawtucket, RI

This interested party is a manufacturer, importer, and exporter of fashion jewelry and related accessories. Richmond Sales claims that the petitioner does not speak for the entire industry with regard to GSP policy and urges the continuance of GSP preference.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

TSUS item No.
740.41—Con.

TS number: 740.41

Product: Certain costume jewelry

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Taiwan.....	35,530	44,803	111,100	101,162
Korea.....	18,242	22,931	63,891	75,594
Hong Kong.....	27,811	31,326	85,305	72,052
Japan.....	14,514	21,230	34,096	34,241
India.....	3,375	3,852	22,950	21,892
Italy.....	2,546	3,103	10,004	10,103
Philippines.....	8,189	3,583	14,039	9,923
France.....	3,438	1,580	6,513	7,051
West Germany.....	2,250	2,039	4,192	6,048
Thailand.....	420	996	2,498	5,008
United Kingdom.....	1,292	1,253	3,902	4,872
Mexico.....	2,119	1,593	2,609	4,370
Spain.....	1,534	2,035	4,075	3,381
China.....	1,860	1,602	1,975	2,620
All other total.....	4,037	5,876	13,531	15,729
Total.....	127,157	147,804	380,680	374,045
GSP total.....	97,062	111,370	309,355	296,909
Percent				
Taiwan.....	27.9	30.3	29.2	27.0
Korea.....	14.3	15.5	16.8	20.2
Hong Kong.....	21.9	21.2	22.4	19.3
Japan.....	11.4	14.4	9.0	9.2
India.....	2.7	2.6	6.0	5.9
Italy.....	2.0	2.1	2.6	2.7
Philippines.....	6.4	2.4	3.7	2.7
France.....	2.7	1.1	1.7	1.9
West Germany.....	1.8	1.4	1.1	1.6
Thailand.....	0.3	0.7	0.7	1.3
United Kingdom.....	1.0	0.8	1.0	1.3
Mexico.....	1.7	1.1	0.7	1.2
Spain.....	1.2	1.4	1.1	0.9
China.....	1.5	1.1	0.5	0.7
All other total.....	3.2	4.0	3.6	4.2
Total.....	100.0	100.0	100.0	100.0
GSP total.....	76.3	75.3	81.3	79.4

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

Product: COSTUME JEWELRY ETC

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Japan.....	7,694	5,489	6,597	13,405
Canada.....	8,873	9,088	8,895	8,682
U.King.....	7,182	4,194	3,831	4,695
France.....	3,665	2,412	1,541	2,616
Nethlds.....	1,439	1,471	3,132	2,474
Hg Kong.....	3,310	2,311	2,058	2,409
Switzld.....	1,195	837	1,179	2,357
Italy.....	1,089	1,093	871	1,616
Cocos I.....	3,934	2,871	1,991	1,464
Bahamas.....	287	311	391	1,462
Mexico.....	3,251	613	1,305	1,396
Colomb.....	248	341	963	1,394
Ireland.....	2,450	1,971	854	1,175
Kor Rep.....	294	374	516	1,165
All other total..	18,252	12,266	8,063	10,738
Total.....	63,171	45,649	42,195	57,056
GSP total....	18,586	12,215	11,174	15,920
Percent				
Japan.....	12.2	12.0	15.6	23.5
Canada.....	14.0	19.9	21.1	15.2
U.King.....	11.4	9.2	9.1	8.2
France.....	5.8	5.3	3.7	4.6
Nethlds.....	2.3	3.2	7.4	4.3
Hg Kong.....	5.2	5.1	4.9	4.2
Switzld.....	1.9	1.8	2.8	4.1
Italy.....	1.7	2.4	2.1	2.8
Cocos I.....	6.2	6.3	4.7	2.6
Bahamas.....	0.5	0.7	0.9	2.6
Mexico.....	5.1	1.3	3.1	2.4
Colomb.....	0.4	0.7	2.3	2.4
Ireland.....	3.9	4.3	2.0	2.1
Kor Rep.....	0.5	0.8	1.2	2.0
All other total..	28.9	26.9	19.1	18.8
Total.....	100.0	100.0	100.0	100.0
GSP total....	29.4	26.8	26.5	27.9

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

1/ The Schedule B allocation for this item is 83 percent.

TSUS item No.
740.41—Con.

TS number: 740.41

Product: Certain costume jewelry

U.S. imports for consumption under the GSP, by principal sources, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
	Value (1,000 dollars)			
Argentina.....	0	14	52	115
Bhutan.....	0	0	0	2
Botswana.....	0	2	12	65
Brazil.....	123	162	233	230
Chile.....	6	5	10	40
Colombia.....	119	231	167	41
Congo.....	0	0	9	2
Costa Rica.....	0	0	2	103
Dominican Republic.....	4	26	17	58
Ecuador.....	*0	*0	0	5
Egypt.....	14	2	32	65
El Salvador.....	*0	1	0	13
Fiji.....	0	0	0	19
Guatemala.....	4	1	20	16
Haiti.....	73	371	580	332
Hong Kong.....	25,574	29,314	46,532	623
India.....	3,337	3,803	22,485	21,494
Indonesia.....	7	36	852	1,056
Israel.....	275	192	433	569
Kenya.....	28	44	508	328
Korea.....	18,105	22,557	62,498	73,529
Lebanon.....	26	*0	12	49
Lesotho.....	0	0	0	2
Macao.....	5	306	273	210
Mali.....	1	10	2	12
Mexico.....	1,913	858	1,589	3,238
Morocco.....	3	4	114	101
Mozambique.....	0	0	0	2
Nepal.....	4	6	43	28
Niger.....	0	0	9	10
Pacific Trust Terr(85-86)....	0	0	0	2
Pakistan.....	8	19	276	117
Peru.....	19	21	67	82
Philippines.....	5,856	3,511	13,709	9,615
Portugal.....	47	101	45	14
Senegal.....	0	0	0	4
Sierra Leone.....	0	0	0	6
Singapore.....	84	60	171	485
Sri Lanka (Ceylon).....	9	9	168	224
St Christopher-Nevis.....	0	0	0	4

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

TSUS item No.
740.41—Con.

TS number: 740.41

Product: Certain costume jewelry

U.S. imports for consumption under the GSP, by principal sources, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
	Value (1,000 dollars)			
St Lucia.....	0	0	38	29
Sudan.....	0	0	4	5
Swaziland.....	0	0	1	27
Taiwan.....	35,094	44,130	64,470	1,113
Thailand.....	401	982	2,382	4,619
Togo.....	0	*0	5	45
Total other.....	310	82	1,205	0
Tunisia.....	*0	0	34	4
Turkey.....	2	16	7	190
Uruguay.....	15	48	35	68
Yugoslavia.....	2	326	0	1
Zambia.....	0	7	0	7
Zimbabwe (Rhodesia).....	0	2	19	59
World.....	91,470	107,259	219,119	119,077

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

Certain religious articles

I. Introduction

Col. 1 rate of duty: 4.9% ad val

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: X

Country graduation: _____

Competitive-need-limit waiver _____

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: Religious articles included in this digest are rosaries and chaplets, made of any material, and crucifixes and medals, in chief value of materials other than precious metal (including rolled precious metal). These articles must be of a purely devotional character and designed to be worn on apparel or carried on or about or attached to the person. The subject articles can be made of base-metal, plastic, or wood, among other materials.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	**75	**60	**70	**80	7
Total U.S. employment (thousand employees).....	**0.5	**0.4	**0.4	**0.4	-20
U.S. shipments (thousand dollars).....	*2,110	*2,240	*2,430	*2,550	21
U.S. exports (thousand dollars).....	1,522	1,098	1,016	1,374	-10
U.S. imports (thousand dollars).....	3,165	2,620	3,492	3,932	24
U.S. consumption (thousand dollars).....	*3,753	*3,762	*4,906	*5,108	36
Import to consumption ratio (percent).....	84	70	71	77	-
Capacity utilization (nearest 10 percent).....	50	60	60	60	-

Comment: Most U.S. producers of religious articles are concentrated in the Northeastern States of Rhode Island and Massachusetts. They are not vertically integrated and often purchase raw materials, parts, or services from small job shops. U.S. producers compete on the basis of nonprice factors such as quality and design, and on marketing factors such as product availability, proximity to market, and purchasing incentives. Since these products are relatively low-cost and demand price elasticity is high, such advantages are often outweighed by foreign pricing advantages due to lower labor and materials costs.

1/ Probable effects advice for closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 7117.19.30.

2/ This digest also includes TSUS item 740.60

TSUS item No.
740.50--Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousands)				
Total.....	3,932	100	-	77
Imports from GSP countries:				
Total.....	1,176	30	100	23
Israel.....	299	8	25	6
Taiwan.....	284	7	24	6
Hong Kong.....	206	5	18	4
Mexico.....	139	4	12	3

Note.—The countries shown in the table include the top four GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Israel for all digest products

Ranking as a U.S. import supplier, 1986..... 1

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... 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: U.S. imports of digest products from Israel increased tenfold during 1981-86.

Approximately 95 percent of digest imports are accounted for by crucifixes and medals,
[* * *

Imports from Israel
under TSUS 740.50 are also eligible for duty-free treatment under provisions of the
United States-Israel Free Trade Area Implementation Act of 1985.

TSUS item No.
740.50—Con.

Competitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... 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: U.S. imports of digest products from Taiwan almost quadrupled during 1981-86. Approximately two-thirds of digest imports are accounted for by crucifixes and medals. Most producers specialize in high volume, low-cost items and rely heavily on a network of subcontractors that are flexible and can produce other items when jewelry demand is slack.

Competitiveness of Hong Kong for all digest products

Ranking as a U.S. import supplier, 1986..... 3

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... 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: U.S. imports from Hong Kong fluctuated during 1981-86 but increased 56 percent over the period. Approximately two-thirds of digest imports are accounted for by crucifixes and medals. In recent years, larger Hong Kong producers have reportedly automated some of their production processes to take advantage of technological developments. Most Hong Kong producers utilize an extensive network of subcontractors that perform a variety of operations.

V. Position of interested parties**Petitioner.—Manufacturing Jewelers and Silversmiths of America, Providence, RI**

The petitioner is the principal nationwide trade association of domestic jewelry manufacturers, representing 2,400 members including approximately 500 that are engaged in the manufacture of costume jewelry. The petitioner states that GSP benefits currently extended to imports of certain jewelry and other objects of personal adornment from beneficiary countries are adversely affecting the ability of domestic producers to compete. They claim that beneficiary countries hold a competitive advantage through ability to supply lower priced costume jewelry because of lower labor and materials costs, and that advantages gained by beneficiary countries under the GSP are (1) no longer necessary to encourage the growth of industry in those countries; and (2) unreasonably and adversely affecting the domestic industry. Further, they state that preferential tariff treatment provides developing nations a competitive advantage in most third country markets because it lowers the price of their products relative to those of developed nations. Additionally, the operation of the GSP program has had its intended effects because production in beneficiary countries has expanded significantly while the United States served as the largest market for these products. Lastly, the cumulative effect of the stimulus of a duty-free U.S. market for 12 years and the 54% reduction in the duties have eliminated the need for continuation of the GSP program for costume jewelry.

Opposition.—Richmond Sales, Inc., Pawtucket, RI

This interested party is manufacturer, importer, and exporter of fashion jewelry and related accessories. Richmond sales claims that the petitioner does not speak for the entire industry with regard to GSP policy and urges the continuance of GSP preference.

[Probable economic effects advice deleted]

Product: Rosaries and chaplets of any materials

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Italy.....	1,719	1,078	1,413	1,621
Japan.....	72	62	153	156
Mexico.....	2	4	211	139
Taiwan.....	4	26	64	102
Hg.Kong.....	146	69	64	68
Czecho.....	149	160	45	62
Thailnd.....				57
Ireland.....	18	57	54	49
FR Germ.....	19	15	30	38
China P.....				30
Kor Rep.....	67	25		20
Spain.....	19	6	12	18
Israel.....	34	6	69	16
Macao.....				11
All other total..	46	38	41	30
Total.....	2,299	1,552	2,162	2,422
GSP total....	260	138	433	417
Percent				
Italy.....	74.8	69.5	65.4	66.9
Japan.....	3.1	4.0	7.1	6.4
Mexico.....	0.1	0.3	9.8	5.7
Taiwan.....	0.2	1.7	3.0	4.2
Hg.Kong.....	6.4	4.5	3.0	2.8
Czecho.....	6.5	10.4	2.1	2.6
Thailnd.....	0.0	0.0	0.0	2.4
Ireland.....	0.8	3.7	2.5	2.0
FR Germ.....	0.8	1.0	1.4	1.6
China P.....	0.0	0.0	0.0	1.3
Kor Rep.....	2.9	1.7	0.0	0.8
Spain.....	0.9	0.4	0.6	0.8
Israel.....	1.5	0.4	3.2	0.7
All other total..	2.0	2.5	1.9	1.2
Total.....	100.0	100.0	100.0	100.0
GSP total....	11.3	8.9	20.0	17.2

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

Product: Crucifixes or medals, nes

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Italy.....	591	489	457	483
Israel.....	17	30	122	283
Taiwan.....	16	38	56	182
Japan.....	4	16	102	166
Hg.Kong.....	101	342	341	138
India.....			1	101
Kor Rep.....	1	24	20	51
FR Germ.....	57	38	20	36
France.....	32	47	63	16
Hungary.....				14
Spain.....	8	6	12	9
U King.....		1	3	9
Portugl.....	5	4	1	4
Belgium.....				3
All other total..	29	28	124	8
Total.....	866	1,068	1,330	1,510
GSP total....	145	462	628	759
Percent				
Italy.....	68.2	45.8	34.4	32.0
Israel.....	2.0	2.8	9.2	18.8
Taiwan.....	1.9	3.6	4.3	12.1
Japan.....	0.5	1.6	7.7	11.1
Hg.Kong.....	11.7	32.1	25.7	9.2
India.....	0.0	0.0	0.1	6.7
Kor Rep.....	0.2	2.3	1.6	3.4
FR Germ.....	6.7	3.6	1.6	2.4
France.....	3.7	4.4	4.7	1.1
Hungary.....	0.0	0.0	0.0	1.0
Spain.....	1.0	0.6	1.0	0.6
U King.....	0.0	0.1	0.2	0.6
Portugl.....	0.6	0.4	0.1	0.3
All other total..	3.4	2.6	9.4	0.5
Total.....	100.0	100.0	100.0	100.0
GSP total....	16.7	43.3	47.3	50.3

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

SCH B no. 7402540 1/TSUS item No.
740.50--Con.

Product: COSTUME JEWELRY ETC

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Japan.....	463	330	397	807
Canada.....	534	547	535	523
U.King.....	432	252	230	282
France.....	220	145	92	157
Nethlds.....	86	88	188	149
Hg Kong.....	199	139	123	145
Switzld.....	72	50	71	142
Italy.....	65	65	52	97
Cocos.I.....	237	172	119	88
Bahamas.....	17	18	23	88
Mexico.....	195	36	78	84
Colomb.....	14	20	58	84
Ireland.....	147	118	51	70
Kor Rep.....	17	22	31	70
All other total..	1,099	738	485	646
Total.....	3,805	2,749	2,541	3,437
GSP total....	1,119	735	673	959
Percent				
Japan.....	12.2	12.0	15.6	23.5
Canada.....	14.0	19.9	21.1	15.2
U.King.....	11.4	9.2	9.1	8.2
France.....	5.8	5.3	3.7	4.6
Nethlds.....	2.3	3.2	7.4	4.3
Hg Kong.....	5.2	5.1	4.9	4.2
Switzld.....	1.9	1.8	2.8	4.1
Italy.....	1.7	2.4	2.1	2.8
Cocos.I.....	6.2	6.3	4.7	2.6
Bahamas.....	0.5	0.7	0.9	2.6
Mexico.....	5.1	1.3	3.1	2.4
Colomb.....	0.4	0.7	2.3	2.4
Ireland.....	3.9	4.3	2.0	2.1
Kor Rep.....	0.5	0.8	1.2	2.0
All other total..	28.9	26.9	19.1	18.8
Total.....	100.0	100.0	100.0	100.0
GSP total....	29.4	26.8	26.5	27.9

Source: Compiled from official statistics of the U.S. Department of Commerce
 1/ The Schedule B allocation for this item is 40 percent.

Annual Review of the Generalized System of Preferences (GSP)
 U.S. imports for consumption under the GSP, by principal source, 1981, 1983, 1985, and 1986
 Flow: Imports for consumption
 TSUSA commodity: 74050--Rosaries and chaplets

(Value in thousands of dollars; unit value in dollars)

Type	Time period:	1981	1983	1985	1986
Cty subcode					
Partner					
Customs value					
Duty-free items under GSP provisions:					
El Salvador.....	0	0	0	0	
Hong Kong.....	146	68	41	55	
India.....	2	1	0	1	
Israel.....	34	6	70	16	
Korea, South.....	67	26	0	20	
Mexico.....	1	5	212	139	
Nepal.....	0	0	0	1	
Philippines.....	3	0	0	0	
Portugal.....	7	11	4	0	
Singapore.....	0	0	15	0	
Sri Lanka (Ceylon).....	0	3	0	0	
Taiwan.....	5	26	65	94	
Thailand.....	0	0	0	57	
World.....	266	146	406	384	
Unit value					
Duty-free items under GSP provisions:					
Hong Kong.....	0.47	0.32	0.06	0.06	
India.....	1.34	279.20	0	0.67	
Israel.....	1.40	0.02	0.20	0.01	
Korea, South.....	0.03	0.03	0	0.03	
Mexico.....	0	0.00	0.03	0.04	
Philippines.....	0.52	0	0	0	
Portugal.....	0.39	0	0	0	
Singapore.....	0	0	0.02	0	
Taiwan.....	0.00	0.01	0.01	0.02	
Thailand.....	0	0	0	0.14	
World.....	0.02	0.02	0.01	0.03	

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

Annual Review of the Generalized System of Preferences (GSP)
 U.S. imports for consumption under the GSP, by principal source, 1981, 1983, 1985, and 1986
 Flow: Imports for consumption
 TSUSA commodity: 74060--Crucifixes or medals, nes

	Time period:				
Type		1981	1983	1985	1986
Cty subcode					
Partner					
Customs value					
Duty-free items under GSP provisions:					
Colombia.....	0	1	0	0	
Hong Kong.....	46	340	253	136	
India.....	0	0	2	101	
Israel.....	16	29	83	9	
Korea, South.....	2	20	21	47	
Mexico.....	0	9	20	2	
Pakistan.....	0	0	0	0	
Peru.....	0	0	0	1	
Philippines.....	0	0	0	0	
Portugal.....	4	4	2	0	
Singapore.....	0	15	0	0	
Taiwan.....	17	38	54	167	
Thailand.....	0	0	0	0	
Yugoslavia.....	0	0	66	0	
World.....	86	457	500	464	
Unit value					
Duty-free items under GSP provisions:					
Hong Kong.....	0.15	1.59	0.36	0.15	
India.....	0	0	0	66.50	
Israel.....	0.67	0.08	0.23	0.01	
Korea, South.....	0.00	0.02	0.01	0.06	
Mexico.....	0	0.01	0.00	0.00	
Peru.....	0	0	0	0.18	
Philippines.....	0.05	0	0	0	
Portugal.....	0.23	0	0	0	
Singapore.....	0	0.01	0	0	
Taiwan.....	0.00	0.01	0.01	0.03	
Thailand.....	0.01	0	0	0	
Yugoslavia.....	0	0	19.62	0	
World.....	0.00	0.05	0.01	0.03	

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

TSUS item No.
740.75 1/ 2/

Certain continuous length chain for use in jewelry

I. Introduction

Col. 1 rate of duty: TSUS item No. 740.75—8% ad val
TSUS item No. 740.80—11% ad val

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: X _____

Country graduation: _____

Competitive-need-limit waiver _____

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: The chain included in this digest is that produced in continuous lengths, whether or not cut to specific lengths, and whether or not set with imitation pearls or gemstones. It must be made in chief value of non-precious, metal, and suitable for use in the manufacture of jewelry.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	**90	**80	**75	**80	-11
Total U.S. employment (thousand employees).....	**5	**4	**3	**4	-20
U.S. shipments (thousand dollars).....	*200,000	*154,000	*168,000	*175,000	-12
U.S. exports (thousand dollars).....	11,416	8,248	7,624	10,311	-10
U.S. imports (thousand dollars).....	5,409	4,062	4,353	6,962	29
U.S. consumption (thousand dollars).....	*193,993	*149,814	*164,729	*171,651	-12
Import to consumption ratio (percent).....	3	3	3	4	-
Capacity utilization (nearest 10 percent).....	50	60	60	60	-

Comment: Most U.S. producers of chain are concentrated in Rhode Island and Massachusetts. They are not vertically integrated and often purchase raw materials, parts, or services from small job shops. U.S. producers compete on the basis of non-price factors such as quality and design, and on marketing factors such as product availability, proximity to market, and purchasing incentives. However, since these products are relatively low-cost and import demand is highly price sensitive, such advantages, in some instances, may be outweighed by foreign pricing advantages due to lower materials cost.

1/ Probable effects advice for these products on the basis of the HS nomenclature is contained in the Digest for HS item Nos. 7117.19.10 and 7117.19.20.

2/ This Digest also includes TSUS item 740.80.

TSUS item No.
740.75—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousands)				
Total.....	6,962	100	-	4
Imports from GSP countries:				
Total.....	3,104	45	100	2
Korea.....	1,433	21	46	1
Taiwan.....	818	12	26	1/
Hong Kong.....	444	6	14	1/
Sri Lanka.....	287	4	9	1/

Note.—The countries shown in the table include the top four GSP suppliers in 1986.
1/ Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Korea for all digest products

Ranking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

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

Quality compared with:

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

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

Comment: The Korean industry is primarily a cottage industry relying heavily on subcontractors to manufacture component parts and perform specialized operations. U.S. imports of jewelry chain from Korea fluctuated during 1981-86 but overall remained unchanged. The quality of the Korean products is generally lower than that of its competitors; such products compete on the basis of price.

TSUS item No.
740.75—Con.

Competitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1986..... 3

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

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

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

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

Quality compared with:

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

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

Comment: U.S. imports of digest products from Taiwan almost doubled during 1981-86.

Approximately two-thirds of such imports are accounted for by chain valued over 33¢ per yard and over one-half of total imports enter the United States through related party transactions. Most producers specialize in high volume, low-cost chain and rely on a network of subcontractors that can produce other items when jewelry demand is slack.

Competitiveness of Hong Kong for all digest products

Ranking as a U.S. import supplier, 1986..... 5

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

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

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

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

Quality compared with:

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

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

Comment: U.S. imports of digest products from Hong Kong dropped 54 percent during

1981-83 and then tripled during 1983-86. Overall, such imports rose 90 percent during the period. Approximately two-thirds of such imports were accounted for by chain valued less than 33¢ per yard. In recent years, larger Hong Kong producers have reportedly automated some production processes to take advantage of technological developments. Most Hong Kong producers utilize an extensive network of subcontractors that perform a variety of operations.

V. Position of interested parties**Petitioner.—Manufacturing Jewelers and Silversmiths of America, Providence, RI**

The petitioner is the principal nationwide trade association of domestic jewelry manufacturers, representing 2,400 members including approximately 500 that are engaged in the manufacture of costume jewelry. The petitioner states that GSP benefits currently extended to imports of certain jewelry and other objects of personal adornment from beneficiary countries are adversely affecting the ability of domestic producers to compete. They claim that beneficiary countries hold a competitive advantage through an ability to supply lower priced costume jewelry because of lower labor and materials costs, and that advantages gained by beneficiary countries under the GSP are (1) no longer necessary to encourage the growth of industry in those countries; and (2) unreasonably and adversely affecting the domestic industry. Further, they state that preferential tariff treatment provides developing nations a competitive advantage in most third country markets because it lowers the price of their products relative to those of developed nations. Additionally, the operation of the GSP program has had its intended effects because production in beneficiary countries has expanded significantly while the United States served as the largest market for these products. Lastly, the cumulative effect of the stimulus of a duty-free U.S. market for 12 years and the 54% reduction in the duties have eliminated the need for continuation of the GSP program for costume jewelry.

Opposition.—Richmond Sales, Inc., Pawtucket, RI

This interested party is manufacturer, importer, and exporter of fashion jewelry and related accessories. Richmond sales claims that the petitioner does not speak for the entire industry with regard to GSP policy and urges the continuance of GSP preference.

[Probable economic effects advice deleted]

TS number: 74075

6

TSUS item No.
740.75--Con.

Product: Chains etc, of base metal, for jewelry,

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Kor.Rep.....	1,048	439	402	345
Hg.Kong.....	193	66	114	281
Taiwan.....	282	308	175	251
Japan.....	616	402	171	64
Italy.....	3	6	14	54
FR Germ.....	136	39	46	18
Botswan.....				8
France.....				1
Sri Lka.....		2		
India.....			1	
Kenya.....			20	
All other total..				
Total.....	2,281	1,265	945	1,026
GSP total....	1,525	816	713	886
Percent				
Kor.Rep.....	46.0	34.7	42.5	33.6
Hg.Kong.....	8.5	5.3	12.1	27.4
Taiwan.....	12.4	24.4	18.6	24.5
Japan.....	27.0	31.8	18.2	6.3
Italy.....	0.2	0.5	1.5	5.3
FR Germ.....	6.0	3.1	4.9	1.8
Botswan.....	0.0	0.0	0.0	0.9
France.....	0.0	0.0	0.0	0.2
Sri Lka.....	0.0	0.2	0.0	0.0
India.....	0.0	0.0	0.1	0.0
Kenya.....	0.0	0.0	2.1	0.0
All other total..	0.0	0.0	0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	66.8	64.6	75.4	86.4

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

TS number: 74080

TSUS item No.
740.75--Con.

Product: Chains etc, of base metal, for jewelry,

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Japan.....	1,918	999	1,446	2,934
Kor. Rep.....	384	1,355	680	1,088
Taiwan.....	142	87	284	567
Italy.....	356	151	342	514
Sri Lka.....		26	105	287
FR Germ.....	198	94	229	216
Hg. Kong.....	41	70	244	163
Yugosl.				46
Mexico.....		3	10	35
Spain.....			1	23
Peru.....				19
France.....	9		8	12
U King.....				8
Jordan.....				4
All other total..	77	7	53	12
Total.....	3,128	2,797	3,408	5,936
GSP total....	615	1,542	1,379	2,218
Percent				
Japan.....	61.3	35.7	42.4	49.4
Kor. Rep.....	12.3	48.5	20.0	18.3
Taiwan.....	4.5	3.1	8.4	9.6
Italy.....	11.4	5.4	10.1	8.7
Sri Lka.....	0.0	0.9	3.1	4.8
FR Germ.....	6.3	3.4	6.7	3.6
Hg. Kong.....	1.3	2.5	7.2	2.8
Yugosl.	0.0	0.0	0.0	0.8
Mexico.....	0.0	0.1	0.3	0.6
Spain.....	0.0	0.0	0.1	0.4
Peru.....	0.0	0.0	0.0	0.3
France.....	0.3	0.0	0.2	0.2
U King.....	0.0	0.0	0.0	0.1
All other total..	2.5	0.3	1.6	0.2
Total.....	100.0	100.0	100.0	100.0
GSP total....	19.7	55.2	40.5	37.4

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

Product: COSTUME JEWELRY ETC

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Japan.....	463	330	397	807
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France.....	220	145	92	157
Nethlds.....	86	88	188	149
Hg Kong.....	199	139	123	145
Switzld.....	72	50	71	142
Italy.....	65	65	52	97
Cocos.I.....	237	172	119	88
Bahamas.....	17	18	23	88
Mexico.....	195	36	78	84
Colomb.....	14	20	58	84
Ireland.....	147	118	51	70
Kor Rep.....	17	22	31	70
All other total..	1,099	738	485	646
Total.....	3,805	2,749	2,541	3,437
GSP total....	1,119	735	673	959
Percent				
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U.King.....	11.4	9.2	9.1	8.2
France.....	5.8	5.3	3.7	4.6
Nethlds.....	2.3	3.2	7.4	4.3
Hg Kong.....	5.2	5.1	4.9	4.2
Switzld.....	1.9	1.8	2.8	4.1
Italy.....	1.7	2.4	2.1	2.8
Cocos.I.....	6.2	6.3	4.7	2.6
Bahamas.....	0.5	0.7	0.9	2.6
Mexico.....	5.1	1.3	3.1	2.4
Colomb.....	0.4	0.7	2.3	2.4
Ireland.....	3.9	4.3	2.0	2.1
Kor Rep.....	0.5	0.8	1.2	2.0
All other total..	28.9	26.9	19.1	18.8
Total.....	100.0	100.0	100.0	100.0
GSP total....	29.4	26.8	26.5	27.9

Source: Compiled from official statistics of the U.S. Department of Commerce
 1/ The Schedule B allocation for this item is 5 percent.

SCH B no. 7402540 1/

TSUS item No.
740.75--Con.

Product: COSTUME JEWELRY ETC

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Japan.....	927	661	794	1,615
Canada.....	1,069	1,095	1,071	1,046
U.King.....	865	505	461	565
France.....	441	290	185	315
Nethlds.....	173	177	377	298
Hg Kong.....	398	278	247	290
Switzld.....	144	100	142	284
Italy.....	131	131	105	194
Cocos.I.....	474	345	239	176
Bahamas.....	34	37	47	176
Mexico.....	391	73	157	168
Colomb.....	29	41	116	168
Ireland.....	295	237	102	141
Kor Rep.....	35	45	62	140
All other total..	2,199	1,477	971	1,293
Total.....	7,611	5,499	5,083	6,874
GSP total....	2,239	1,471	1,346	1,918
Percent				
Japan.....	12.2	12.0	15.6	23.5
Canada.....	14.0	19.9	21.1	15.2
U.King.....	11.4	9.2	9.1	8.2
France.....	5.8	5.3	3.7	4.6
Nethlds.....	2.3	3.2	7.4	4.3
Hg Kong.....	5.2	5.1	4.9	4.2
Switzld.....	1.9	1.8	2.8	4.1
Italy.....	1.7	2.4	2.1	2.8
Cocos.I.....	6.2	6.3	4.7	2.6
Bahamas.....	0.5	0.7	0.9	2.6
Mexico.....	5.1	1.3	3.1	2.4
Colomb.....	0.4	0.7	2.3	2.4
Ireland.....	3.9	4.3	2.0	2.1
Kor Rep.....	0.5	0.8	1.2	2.0
All other total..	28.9	26.9	19.1	18.8
Total.....	100.0	100.0	100.0	100.0
GSP total....	29.4	26.8	26.5	27.9

Source: Compiled from official statistics of the U.S. Department of Commerce
1/ The Schedule B allocation for this item is 10 percent.

Annual Review of the Generalized System of Preferences (GSP)
 U.S. imports for consumption under the GSP, by principal source, 1981, 1983, 1985, and 1986
 Flow: Imports for consumption
 TSUSA commodity: 74075--Chains etc, of base metal

(Value in thousands of dollars; unit value in dollars)

Type	Time period:	1981	1983	1985	1986
Cty subcode					
Partner					
Customs value					
Duty-free items under GSP provisions:					
Botswana.....		0	0	0	9
Hong Kong.....		189	59	112	270
India.....		0	0	1	0
Kenya.....		0	0	20	0
Korea, South.....		383	255	400	345
Pakistan.....		0	0	0	0
Sri Lanka (Ceylon).....		0	2	0	0
Taiwan.....		264	305	176	250
World.....		836	622	709	874
Unit value					
Duty-free items under GSP provisions:					
Hong Kong.....		0.61	0.28	0.16	0.30
Korea, South.....		0.17	0.28	0.25	0.43
Taiwan.....		0.02	0.07	0.03	0.05
World.....		0.05	0.07	0.02	0.06

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

Annual Review of the Generalized System of Preferences (GSP)
 U.S. imports for consumption under the GSP, by principal source, 1981, 1983, 1985, and 1986
 Flow: Imports for consumption
 TSUSA commodity: 74080--Chains etc, of base metal

(Value in thousands of dollars; unit value in dollars)

Type	Time period:	1981	1983	1985	1986
Cty subcode					
Partner					
Customs value					
Duty-free items under GSP provisions:					
Argentina.....		0	0	0	1
Hong Kong.....		39	53	235	135
India.....		0	0	5	0
Israel.....		48	0	0	0
Kenya.....		0	0	44	0
Korea, South.....		368	1,309	637	1,087
Mexico.....		0	3	11	36
Peru.....		0	0	0	20
Philippines.....		0	0	1	0
Sri Lanka (Ceylon).....		0	26	106	287
Taiwan.....		132	88	279	562
Yugoslavia.....		0	0	0	46
World.....		588	1,479	1,317	2,174
Unit value					
Duty-free items under GSP provisions:					
Hong Kong.....		0.13	0.25	0.34	0.15
Israel.....		1.96	0	0	0
Korea, South.....		0.16	1.45	0.40	1.35
Mexico.....		0	0.00	0.00	0.01
Peru.....		0	0	0	2.84
Sri Lanka (Ceylon).....		0	0	0	63.11
Taiwan.....		0.01	0.02	0.04	0.11
World.....		0.03	0.16	0.04	0.14

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

Buttons of acrylic and/or polyester resins

I. Introduction

Col. 1 rate of duty: 0.4¢ per line/gross + 6.4% ad val (1986 AVE 12%)

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: X (Taiwan)

Competitive-need-limit waiver: _____

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: Acrylic and polyester resin buttons are used to fasten and decorate shirts, blouses, skirts, dresses, sportswear, coats, and suits, among others.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	10	9	8	*6	-40
Total U.S. employment (thousand employees).....	*1	*1	*1	*1	0
U.S. shipments (thousand dollars).....	*56,000	*65,200	*70,000	*48,000	-14
U.S. exports (thousand dollars).....	3,168	4,904	6,104	5,332	68
U.S. imports (thousand dollars).....	4,511	4,459	5,107	6,725	49
U.S. consumption (thousand dollars).....	*57,343	*64,755	*69,003	*49,393	14
Import to consumption ratio (percent).....	8	7	7	14	-
Capacity utilization (nearest 10 percent).....	30	40	60	60	-

Comment: Until recently, the capital-intensive U.S. button industry enjoyed significant competitive advantages over foreign button manufacturers including lower raw material costs, proximity to the U.S. garment industry, and better quality and service. U.S. producers maintain a significant share of the market despite higher prices by 1) offering buttons of superior design; 2) leasing or loaning attaching machines to their customers and servicing the machines, thus saving their customers the expense of capital investment and maintenance; and 3) selling both speed of delivery and reliability of supply. The latter is especially important to customers who are advocates of the "just-in-time" school. However, industry sources report that these advantages have lost their importance and have not been able to prevent business closures and reductions in employment resulting from overall declining profitability in the U.S. button industry.

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 9606.21.40.

TSUS item No.
745.32—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (thousand gross)				
Total.....	9,396	100	-	-
Imports from GSP countries:				
Total.....	7,625	81	100	-
Taiwan.....	4,935	53	65	-
Thailand.....	1,596	17	21	-
Korea.....	607	6	8	-
Hong Kong.....	448	5	6	-
Value (thousands)				
Total.....	6,725	100	-	14
Imports from GSP countries:				
Total.....	3,244	48	100	7
Taiwan.....	1,615	24	50	3
Thailand.....	907	13	28	2
Hong Kong.....	368	5	11	1
Korea.....	286	4	9	1

Note.—The countries shown in the table include the top four GSP suppliers in 1986.

TSUS item No.
745.32—Con.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1986..... 1

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... 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: Taiwan is a highly competitive supplier of acrylic and polyester buttons.

Taiwan's share of total U.S. imports of these buttons climbed from 4 percent to 24 percent of the total value of U.S. imports during 1983-86, while the shares of Italy and Japan, previously the most important suppliers of these buttons, dropped from 37 percent to 26 percent and from 37 percent to 14 percent, respectively. Much of Taiwan's penetration of the U.S. market can be explained by reduction in the average unit value of imports of Taiwan-origin buttons from \$1.03 per gross to \$0.33 during 1984-86. Some U.S. button manufacturers also attribute the recent surge in Taiwan-origin buttons to Taiwan's ability to export acrylic and polyester resin buttons duty-free under the GSP since 1984. Since both Taiwanese and U.S. button manufacturers purchase their button manufacturing equipment from Italy, the bulk of the buttons produced in both these countries is of comparable quality in terms of the reliability of basic buttons. Therefore, it is not surprising that the price sensitivity of U.S. demand for and supply of imported buttons is high for simple plastic buttons. However, higher quality buttons, those with designs or a mixture of colors, require artisans. Italian producers have the best artisans followed by U.S. producers. This higher-priced segment of the world button market has not yet been penetrated by producers in Taiwan.

U.S. producers maintain a significant share of the market despite higher prices by (1) offering buttons of superior design; (2) leasing or loaning attaching machines to their customers and servicing the machines, thus saving their customers the expense of capital investment and maintenance; and (3) selling both speed of delivery and reliability of supply. The latter is especially important to customers who are advocates of the "just-in-time" school.

V. Position of interested parties

Petitioner.—Cresthill Industries, Inc. is a domestic manufacturer of polyester buttons. The manufacture and sale of polyester buttons in the United States is highly competitive. Cresthill feels that the current duty-free treatment of imports of polyester buttons from Taiwan gives the Taiwanese an unfair competitive advantage which has enabled them to take a significant share of the U.S. button market, suppress prices, and undermine the profitability of the U.S. button industry.

Support.—Other major U.S. button manufacturers, including Emsig Manufacturing, American Trim, and Caldwell Button, have also asserted that the sharp rise in imported buttons from Taiwan has been the major cause of the recent decline of the U.S. button industry. U.S. producers cannot explain how manufacturers in both Taiwan and Thailand can offer acrylic and polyester resin buttons at prices that the domestic industry believes are below the cost of raw materials for those buttons.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

Product: Buttons, acrylic and/or polyester resins

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity				
Taiwan.....	24,380	199,778	928,744	4,934,670
Thailand.....	751,596	655,545	1,223,607	1,596,388
Italy.....	1,784,931	1,481,040	963,848	934,428
Kor Rep.....		578		607,058
Japan.....	1,356,786	1,582,313	634,140	485,269
Hg. Kong.....	10,559	4,845	422,439	448,367
Spain.....	27,947	198,608	182,809	177,646
Switzld.....	28,435	27,717	37,454	53,615
Nethlds.....	68,748	57,909	35,260	40,289
U King.....	21,962	13,890	67,751	33,158
Phil.R.....	8,604	7,177		23,948
France.....	29,028	17,071	38,827	20,716
FR Germ.....	24,589	35,456	16,649	11,132
Niger.....			436	7,771
All other total..	27,135	279,697	82,843	21,622
Total.....	4,164,700	4,561,624	4,634,807	9,396,077
GSP total....	795,139	1,123,646	2,624,993	7,625,358
Percent				
Taiwan.....	0.6	4.4	20.0	52.5
Thailand.....	18.0	14.4	26.4	17.0
Italy.....	42.9	32.5	20.8	9.9
Kor Rep.....	0.0	0.0	0.0	6.5
Japan.....	32.6	34.7	13.7	5.2
Hg. Kong.....	0.3	0.1	9.1	4.8
Spain.....	0.7	4.4	3.9	1.9
Switzld.....	0.7	0.6	0.8	0.6
Nethlds.....	1.7	1.3	0.8	0.4
U King.....	0.5	0.3	1.5	0.4
Phil.R.....	0.2	0.2	0.0	0.3
France.....	0.7	0.4	0.8	0.2
FR Germ.....	0.6	0.8	0.4	0.1
Niger.....	0.0	0.0	0.0	0.1
All other total..	0.7	6.1	1.8	0.2
Total.....	100.0	100.0	100.0	100.0
GSP total....	19.1	24.6	56.6	81.2

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

Product: Buttons, acrylic and/or polyester resins

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Italy.....	1,950	1,641	1,684	1,774
Taiwan.....	28	70	404	1,615
Japan.....	1,718	1,664	964	969
Thailnd.....	257	383	853	907
Hg. Kong.....	11	12	542	368
Kor. Rep.....		1		286
Spain.....	23	112	186	217
Nethlds.....	183	159	120	145
U King.....	100	57	71	126
France.....	56	29	66	101
Switzld.....	40	48	63	63
FR Germ.....	64	94	38	45
Niger.....			1	30
Phil R.....	9	5		27
All other total..	65	177	110	48
Total.....	4,511	4,459	5,107	6,725
GSP total....	307	566	1,862	3,244
Percent				
Italy.....	43.2	36.8	33.0	26.4
Taiwan.....	0.6	1.6	7.9	24.0
Japan.....	38.1	37.3	18.9	14.4
Thailnd.....	5.7	8.6	16.7	13.5
Hg. Kong.....	0.3	0.3	10.6	5.5
Kor. Rep.....	0.0	0.0	0.0	4.3
Spain.....	0.5	2.5	3.7	3.2
Nethlds.....	4.1	3.6	2.4	2.2
U King.....	2.2	1.3	1.4	1.9
France.....	1.3	0.7	1.3	1.5
Switzld.....	0.9	1.1	1.2	0.9
FR Germ.....	1.4	2.1	0.7	0.7
Niger.....	0.0	0.0	0.0	0.5
Phil R.....	0.2	0.1	0.0	0.4
All other total..	1.5	4.0	2.2	0.7
Total.....	100.0	100.0	100.0	100.0
GSP total....	6.8	12.7	36.5	48.2

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

TSUS item No.
745.32—Con. 1/

Sch. B no: 7450540

Product: Buttons, acrylic and/or polyester resin

U.S. exports of domestic merchandise by principal markets, 1981, 1983, 1985, 1986.

Source	1981	1983	1985	1986
Quantity (thousands; gross)				
Hong Kong.....	675	1,189	1,151	1,078
Taiwan.....	72	92	321	126
Mexico.....	38	40	545	851
Korea.....	44	67	101	87
Canada.....	299	410	441	172
West Germany.....	1	3	51	81
Dominican Republic.....	78	74	127	157
Philippines.....	37	62	50	45
China.....	5	20	26	32
All other total.....	597	590	653	659
Total.....	1,845	2,548	3,467	3,287
Percent				
Hong Kong.....	37	47	33	33
Taiwan.....	10	4	9	4
Mexico.....	2	2	16	26
Korea.....	2	3	3	3
Canada.....	16	16	13	5
West Germany.....	<u>2/</u>	<u>2/</u>	2	3
Dominican Republic.....	4	3	4	5
Philippines.....	2	2	1	1
China.....	<u>2/</u>	<u>2/</u>	<u>2/</u>	1
All other total.....	32	23	19	20
Total.....	100.0	100.0	100.0	100.0

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

1/ The Schedule B allocation for item 740.0540 is 100 percent.

2/ Less than 0.5 percent.

TSUS item No.
745.32—Con. 1/

Sch. B no: 7450540

Product: Button, acrylic and/or polyester resin

U.S. exports for consumption, by principal sources 1981, 1983, 1985, 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Hong Kong.....	1,341	2,380	2,609	2,449
Taiwan.....	166	191	729	432
Mexico.....	111	70	317	429
Korea.....	145	359	346	273
Canada.....	433	661	682	268
West Germany.....	2	8	24	151
Dominican Republic.....	48	41	156	142
Philippines.....	98	281	163	117
China.....	11	71	85	95
All other total.....	814	843	993	976
Total.....	3,168	4,904	6,104	5,332
Percent				
Hong Kong.....	42	49	43	46
Taiwan.....	5	4	12	8
Mexico.....	4	2	5	8
Korea.....	5	7	6	5
Canada.....	14	14	11	5
West Germany.....	<u>2/</u>	<u>2/</u>	<u>2/</u>	3
Dominican Republic.....	2	<u>2/</u>	3	3
Philippines.....	3	6	3	2
China.....	<u>2/</u>	1	1	2
Total other.....	26	17	16	18
Total.....	100.0	100.0	100.0	100.0

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

1/ The Schedule B allocation for item 740.0540 is 100 percent.

2/ Less than 0.5 percent.

Annual Review of the Generalized System of Preferences (GSP)

U.S. imports for consumption under the GSP, by principal source, 1981, 1983, 1985, and 1986

Flow: Imports for consumption

TSUSA commodity: 74532--Buttons, acrylic and/or polyes

(Quantity in thousands, gross; value in thousands of dollars)

Type	Time period:	1981	1983	1985	1986
City subcode					
Partner					
<hr/>					
First unit of quantity					
Duty-free items under GSP provisions:					
Hong Kong.....	0	0	419	448	
Korea, South.....	0	0	0	590	
Mexico.....	0	0	8	2	
Philippines.....	0	0	0	24	
Portugal.....	0	0	3	0	
Singapore.....	0	0	35	6	
Taiwan.....	0	0	902	4,890	
Thailand.....	0	0	1,207	1,596	
World.....	0	0	2,574	7,556	
Customs value					
Duty-free items under GSP provisions:					
Hong Kong.....	0	0	540	368	
Korea, South.....	0	0	0	267	
Mexico.....	0	0	9	2	
Philippines.....	0	0	0	27	
Portugal.....	0	0	4	0	
Singapore.....	0	0	44	8	
Taiwan.....	0	0	384	1,605	
Thailand.....	0	0	846	907	
World.....	0	0	1,827	3,184	
Unit value					
Duty-free items under GSP provisions:					
Hong Kong.....	0	0	1.29	0.82	
Korea, South.....	0	0	0	0.45	
Mexico.....	0	0	1.15	1.15	
Philippines.....	0	0	0	1.14	
Portugal.....	0	0	1.17	0	
Singapore.....	0	0	1.26	1.50	
Taiwan.....	0	0	0.43	0.33	
Thailand.....	0	0	0.70	0.57	
World.....	0	0	0.71	0.42	

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

Certain jewelry clasps

I. Introduction

Col. 1 rate of duty: 11% ad val.

Type of action proposed (check one):

Addition of GSP:

Removal from GSP: X

Country graduation:

Competitive-need-limit waiver

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: Jewelry clasps included in this digest are those valued over 20¢ per dozen pieces or parts, made in chief value of materials other than precious metal (including silver and rolled precious metal). Clasps are generally produced by capital-intensive techniques and used in most finished chain products, including neckwear and bracelets.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	*125	*115	*100	*100	-20
Total U.S. employment (thousand employees).....	**1	**0.8	**0.5	**0.5	-50
U.S. shipments (thousand dollars).....	**3,600	**4,100	**4,200	**4,400	22
U.S. exports (thousand dollars).....	390	226	618	410	5
U.S. imports (thousand dollars).....	913	1,149	1,876	1,812	98
U.S. consumption (thousand dollars).....	**4,123	**5,023	**5,458	**5,802	41
Import to consumption ratio (percent).....	22	23	34	31	-
Capacity utilization (nearest 10 percent).....	50	60	60	60	-

Comment: Producers of jewelry clasps are concentrated in Rhode Island and Massachusetts. Most clasp producers specialize in the production of findings (standardized parts, including clasps); however, other finished jewelry producers manufacture clasps for internal consumption. Findings manufacturers are not vertically integrated and often purchase raw materials, parts, or services from small job shops. Such producers compete on the basis of nonprice factors such as quality and design, and on marketing factors such as product availability, and proximity to market. Since these products are relatively low-cost and demand is highly price sensitive, such advantages are often outweighed by foreign pricing advantages due to lower materials cost.

1/ Probable effects advice for these products on the basis of the HS nomenclature is contained in the Digest for HS item No. 7117.19.50.

TSUSA item No.
745.6740—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	Value (thousands)			
Total.....	1,812	100	—	31
Imports from GSP countries:				
Total.....	795	44	100	14
Hong Kong.....	476	26	60	8
Taiwan.....	155	9	19	3
Mauritius.....	96	5	12	2
Korea.....	60	3	8	1

Note.—The countries shown in the table include the top four GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Hong Kong for all digest products

Ranking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

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

Price sensitivity of U.S. demand..... 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: U.S. imports from Hong Kong increased 86 percent during 1981-86. In recent years, larger Hong Kong producers have reportedly automated some of their production processes to take advantage of technological developments. Most Hong Kong producers utilize an extensive network of subcontractors that perform a variety of operations.

TSUSA item No.
745.6740—Con.

Competitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1986..... 3

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... 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: U.S. imports of digest products from Taiwan fluctuated during 1981-86 and overall decreased 4 percent. Most producers specialize in high volume, low-cost items and rely heavily on a network of subcontractors that are flexible and can produce other items when jewelry demand is slack.

V. Position of interested parties**Petitioner.—Manufacturing Jewelers and Silversmiths of America, Providence, RI**

The petitioner is the principal nationwide trade association of domestic jewelry manufacturers, representing 2,400 members including approximately 500 that are engaged in the manufacture of costume jewelry. The petitioner states that GSP benefits currently extended to imports of certain jewelry and other objects of personal adornment from beneficiary countries are adversely affecting the ability of domestic producers to compete. They claim that beneficiary countries hold a competitive advantage through an ability to supply lower priced costume jewelry because of lower labor and materials costs, and that advantages gained by beneficiary countries under the GSP are (1) no longer necessary to encourage the growth of industry in those countries; and (2) unreasonably and adversely affecting the domestic industry. Further, they state that preferential tariff treatment provides developing nations a competitive advantage in most third country markets because it lowers the price of their products relative to those of developed nations. Additionally, the operation of the GSP program has had its intended effects because production in beneficiary countries has expanded significantly while the United States served as the largest market for these products. Lastly, the cumulative effect of the stimulus of a duty-free U.S. market for 12 years and the 54% reduction in the duties have eliminated the need for the continuation of the GSP program for costume jewelry.

Opposition.—Richmond Sales Inc., Pawtucket, RI

This interested party is a manufacturer, importer, and exporter of fashion jewelry and related accessories. Richmond Sales claims that the petitioner does not speak for the entire industry with regard to GSP policy and urges the continuance of GSP preferences.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

TS number: 7456740 1/

7

TSUSA item No.
745.6740--Con.

Product: Jewelry clasps nes, valued over \$.20 per

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Japan.....	174	180	444	941
Hg.Kong.....	256	521	686	476
Taiwan.....	161	189	153	155
Maurit.....	78	118	395	96
Kor.Rep.....	165	95	144	60
Switzld.....	6	8	8	22
France.....				20
FR Germ.....	65	23	14	17
Sri Lka.....				6
U King.....		3		3
Italy.....	2	4	1	2
Czecho.....				2
Austria.....				2
Belgium.....		1	3	1
All other total..	3	2	24	1
Total.....	913	1,149	1,876	1,812
GSP total....	662	925	1,389	795

Percent				
Japan.....	19.1	15.7	23.7	52.0
Hg.Kong.....	28.0	45.3	36.6	26.3
Taiwan.....	17.7	16.5	8.2	8.6
Maurit.....	8.6	10.3	21.1	5.3
Kor.Rep.....	18.1	8.3	7.7	3.4
Switzld.....	0.7	0.7	0.4	1.2
France.....	0.0	0.0	0.0	1.1
FR Germ.....	7.2	2.0	0.8	1.0
Sri Lka.....	0.0	0.0	0.0	0.4
U King.....	0.0	0.3	0.0	0.2
Italy.....	0.3	0.4	0.1	0.2
Czecho.....	0.0	0.0	0.0	0.2
Austria.....	0.0	0.0	0.0	0.1
Belgium.....	0.0	0.2	0.2	0.1
All other total..	0.4	0.2	1.3	0.1
Total.....	100.0	100.0	100.0	100.0
GSP total....	72.5	80.5	74.0	43.9

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

1/ The Schedule B allocation for this item is 100 percent.

TSUSA item No.
745.6740—Con.

Sch B number: 745.6540

Product: Certain jewelry clasps

U.S. exports of domestic merchandise, by principal markets 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Italy.....	8	11	56	82
Mexico.....	15	1	55	66
Australia.....	8	3	0	54
Korea.....	1	0	0	48
United Kingdom.....	36	5	0	48
Germany, West.....	13	8	8	34
Republic of South Africa.....	0	5	2	13
Philippines.....	0	14	1	11
Neth Antilles.....	0	1	0	11
Japan.....	5	54	7	6
El Salvador.....	10	18	0	6
Venezuela.....	0	0	340	5
Canada.....	25	39	15	4
Honduras.....	0	3	0	3
Total other.....	268	63	135	18
Total.....	390	226	618	410
GSP total.....	277	81	490	160
Percent				
Italy.....	2.1	5.0	9.1	20.1
Mexico.....	3.8	0.4	8.8	16.0
Australia.....	2.0	1.4	0	13.1
Korea.....	0.2	0	0	11.7
United Kingdom.....	9.4	2.2	0	11.7
West Germany.....	3.4	3.7	1.3	8.3
Republic of South Africa.....	0	2.2	0.2	3.2
Philippines.....	0	6.4	0.2	2.8
Neth Antilles.....	0	0.6	0	2.7
Japan.....	1.2	23.9	1.2	1.5
El Salvador.....	2.7	7.9	0	1.4
Venezuela.....	0	0	55.0	1.3
Canada.....	6.5	17.3	2.4	1.1
Honduras.....	0	1.2	0	0.8
Total.....	100.0	100.0	100.0	100.0
GSP total.....	71.0	35.9	79.3	39.0

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

TSUSA item No.
745.6740—Con.

Annual Review of the Generalized System of Preferences (GSP)
U.S. imports for consumption under the GSP, by principal sources, 1981, 1983, 1985, and 1986
Flow: Imports for consumption
Type: Customs value
TSUSA commodity: 745.6740—Certain jewelry clasps
Cty subcode: Duty-free items under GSP provisions
(Thousands of dollars)

Source	1981	1983	1985	1986
Hong Kong.....	237	378	622	437
Korea, South.....	149	96	144	59
Mauritius.....	79	119	156	97
Sri Lanka (Ceylon).....	0	0	0	6
Taiwan.....	159	182	152	146
All other total.....	1	1	9	0
World.....	624	775	1,083	745

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

Fireworks

I. Introduction

Col. 1 rate of duty: 5¢ per lb., incldg weight of packing material (5.6% 1986 ave)

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP:

Country graduation:

Competitive-need-limit waiver

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: Fireworks are devices containing pyrotechnic material which when lit, produce light, aerial, sound, or smoke effects. There are two basic types of fireworks: display, which are intended for use by licensed professionals; and consumer, which are for sale to the general public. Fireworks are subject to State and Federal regulations regarding their production, transportation, and sale because both the raw materials and the end product are considered hazardous materials.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	40	38	38	37	-7
Total U.S. employment (thousand employees).....	*1	*1	*1	*1	-6
U.S. shipments (thousand dollars).....	*46,000	*49,000	*52,000	*55,000	20
U.S. exports (thousand dollars).....	7,651	13,231	10,858	11,685	53
U.S. imports (thousand dollars).....	34,288	40,024	55,302	65,994	92
U.S. consumption (thousand dollars).....	*72,637	*75,793	*96,444	*109,309	50
Import to consumption ratio (percent).....	*47	*53	*57	*60	-
Capacity utilization (nearest 10 percent).....	70	70	70	70	-

Comment: Domestic and East Asian producers of display fireworks are equally competitive in the U.S. market. Factors of competition favoring U.S. producers include product reliability, visual artistry and pyrotechnic material costs. These help offset the low wage labor advantage traditionally held by East Asian producers. U.S. producers of consumer fireworks are not competitive with East Asian producers because production of consumer fireworks is labor intensive and efforts to automate by U.S. producers are not cost effective given the current demand schedule and wage rates in East Asia. A significant portion of U.S. imports are produced in cottage industries in East Asia. In addition, because fireworks are hazardous materials, many states limit the selling of

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 3604.10.00.

TSUS item No.
755.15—Con.

these products to one week a year (around the 4th of July). This creates a limited distribution system, consisting mostly of temporary roadside facilities provided by fireworks distributors—many of whom rely on imports. U.S. producers have a competitive advantage in that East Asian producers are not responsive to the different labeling and load requirements called for by certain State regulations. East Asian producers require longer delivery lead times than their U.S. competitors.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
		Value (thousands)		
Total.....	65,994	100	—	60
Imports from GSP countries:				
Total.....	15,432	23	100	14
Hong Kong.....	7,791	12	50	7
Taiwan.....	4,962	8	32	5
Macao.....	1,866	3	12	2
Brazil.....	671	1	4	1

Note.—The countries shown in the table include the top four GSP suppliers.

IV. Competitiveness profiles, GSP suppliersCompetitiveness of Hong Kong for all digest productsRanking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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 Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

Quality compared with:

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

Comment: Although imports from Hong Kong rose 319 percent to \$8 million dollars during 1981-86, its share of total U.S. imports did not rise above 12 percent.

Competitiveness of Taiwan for all digest productsRanking as a U.S. import supplier, 1986..... 3

Price sensitivity:

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 Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

Quality compared with:

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

TSUS item No.
755.15—Con.

V. Position of interested parties

Petitioner.—Government of Colombia

The petitioner states that the addition of fireworks to the list of items eligible for duty-free treatment under the Generalized System of Preferences will permit Colombian producers and exporters to overcome any competitive disadvantage they now suffer. The GSP status will also allow Colombian producers to sell their product in the United States on a more equitable basis with the developed country trading partners of the United States.

[Probable economic effects advice deleted]

TS number: 75515

TSUS item No.
755.15 --Con.

Product: Fireworks

6

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (Pounds)				
China.P.....	28,897,108	37,526,499	43,572,021	48,420,361
Hg.Kong.....	2,202,804	3,207,681	6,919,551	8,954,499
Taiwan.....	1,826,226	2,521,612	2,974,180	3,116,308
Macao.....	1,763,043	960,458	1,276,964	1,440,248
Switzld.....			200,285	1,143,597
Brazil.....	31,187	34,420	164,801	937,377
Japan.....	492,341	594,628	1,192,087	688,742
France.....	56,831	152,988	214,946	234,892
FR Germ.....	43,130	34,211	47,902	195,109
India.....				74,834
Venez.....		42,240		69,666
Austral.....	39,192	68,420	59,831	42,026
Belgium.....				37,942
Indnsia.....		20,203		32,892
All other total..	158,024	57,754	297,476	51,973
Total.....	35,509,886	45,221,114	56,920,044	65,440,466
GSP total....	5,830,716	6,786,614	11,547,806	14,631,831
Percent				
China.P.....	81.4	83.0	76.5	74.0
Hg.Kong.....	6.2	7.1	12.2	13.7
Taiwan.....	5.1	5.6	5.2	4.8
Macao.....	5.0	2.1	2.2	2.2
Switzld.....	0.0	0.0	0.4	1.7
Brazil.....	0.1	0.1	0.3	1.4
Japan.....	1.4	1.3	2.1	1.1
France.....	0.2	0.3	0.4	0.4
FR Germ.....	0.1	0.1	0.1	0.3
India.....	0.0	0.0	0.0	0.1
Venez.....	0.0	0.1	0.0	0.1
Austral.....	0.1	0.2	0.1	0.1
Belgium.....	0.0	0.0	0.0	0.1
Indnsia.....	0.0	0.0	0.0	0.1
All other total..	0.4	0.1	0.5	0.1
Total.....	100.0	100.0	100.0	100.0
GSP total....	16.4	15.0	20.3	22.4

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

TS number: 75515

TSUS item No.
755.15 --Con.

Product: Fireworks

7

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
China.P.....	24,323	29,024	36,692	43,154
Hg.Kong.....	1,857	2,542	5,874	7,791
Taiwan.....	2,703	3,539	4,425	4,962
Japan.....	1,820	1,942	4,243	3,769
Macao.....	2,362	1,262	1,436	1,866
France.....	600	1,003	1,196	1,716
Switzld.....			183	1,161
Brazil.....	67	49	269	671
FR Germ.....	193	165	195	363
Austral.....	184	332	216	160
Canada.....	63	73	247	109
Spain.....			46	65
Venez.....		39		52
India.....				43
All other total..	109	51	275	105
Total.....	34,288	40,026	55,302	65,994
GSP total....	7,015	7,457	12,181	15,432
Percent				
China.P.....	70.9	72.5	66.3	65.4
Hg.Kong.....	5.4	6.4	10.6	11.8
Taiwan.....	7.9	8.8	8.0	7.5
Japan.....	5.3	4.9	7.7	5.7
Macao.....	6.9	3.2	2.6	2.8
France.....	1.8	2.5	2.2	2.6
Switzld.....	0.0	0.0	0.3	1.8
Brazil.....	0.2	0.1	0.5	1.0
FR Germ.....	0.6	0.4	0.4	0.6
Austral.....	0.5	0.8	0.4	0.2
Canada.....	0.2	0.2	0.4	0.2
Spain.....	0.0	0.0	0.1	0.1
Venez.....	0.0	0.1	0.0	0.1
All other total..	0.3	0.1	0.5	0.2
Total.....	100.0	100.0	100.0	100.0
GSP total....	20.5	18.6	22.0	23.4

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

Product: Fireworks**U.S. exports of domestic merchandise, by principal markets 1981 1983 1985 and 1986**

Source	1981	1983	1985	1986
quantity (Pounds)				
Cocos.I.....	5,616	19,572	16,050	436,459
Israel.....	13,870	8,198	30,596	103,759
Canada.....	220,814	62,537	256,637	83,688
S.Arab.....	24,650	629,449	98,779	71,718
Salvadr.....		4,370	76,250	69,023
Taiwan	238,734	39,471	1,759	57,851
Spain.....			4,056	56,751
Greece.....	27,207	18,075	7,067	41,222
Thailnd.....	278,043	73,950	102,188	40,288
Italy.....		7,680	171	37,169
Mexico.....	114,349	5,007	13,569	26,422
Nethlds.....	958	12,069	16,648	20,289
Switzld.....	210		20,272	16,709
Japan.....	1,390	2,210	615	10,451
All other total..	305,979	426,239	717,503	94,998
Total.....	1,231,820	1,308,827	1,362,160	1,166,797
GSP total....	833,379	474,965	897,315	788,205
Percent				
Cocos.I.....	0.5	1.5	1.2	37.4
Israel.....	1.1	0.6	2.2	8.9
Canada.....	17.9	4.8	18.8	7.2
S.Arab.....	2.0	48.1	7.3	6.1
Salvadr.....	0.0	0.3	5.6	5.9
Taiwan	19.4	3.0	0.1	5.0
Spain.....	0.0	0.0	0.3	4.9
Greece.....	2.2	1.4	0.5	3.5
Thailnd.....	22.6	5.7	7.5	3.5
Italy.....	0.0	0.6	0.0	3.2
Mexico.....	9.3	0.4	1.0	2.3
Nethlds.....	0.1	0.9	1.2	1.7
Switzld.....	0.0	0.0	1.5	1.4
Japan.....	0.1	0.2	0.0	0.9
All other total..	24.8	32.6	52.7	8.1
Total.....	100.0	100.0	100.0	100.0
GSP total....	67.7	36.3	65.9	67.6

1/ The Schedule B allocation for 755.1500 is 80 percent.

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

TSUSA item No.
755.15—Con. 1/

Sch. B no: 7551700

Product: Fireworks

U.S. exports for consumption, by principal sources 1981, 1983, 1985, 1986.

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Spain.....	230	42	75	2,791
Israel.....	310	23	429	1,861
Switzerland.....	7	0	547	1,070
Salvador.....	0	28	799	925
Canada.....	1,439	466	3,093	675
Taiwan.....	1,362	462	33	546
Australia.....	46	232	245	538
Thailand.....	1,537	597	725	510
Saudi Arabia.....	325	6,815	614	369
Italy.....	0	82	4	354
Netherland.....	14	76	166	257
Japan.....	24	43	26	221
Norway.....	10	132	93	207
FR Germany.....	102	334	37	198
Mexico.....	301	15	58	120
All other total.....				
Total.....	7,651	13,232	10,858	11,685

Percent				
Spain.....	0.3	0.7	23.9	
Israel.....	0.2	3.9	15.9	
Switzerland.....	0.0	5.0	9.2	
Salvador.....	0.2	7.4	7.9	
Canada.....	3.5	28.5	5.8	
Taiwan.....	3.5	0.3	4.7	
Australia.....	1.8	2.3	4.6	
Thailand.....	4.5	6.7	4.4	
Saudi Arabia.....	51.5	5.7	3.2	
Italy.....	0.6	0.0	3.0	
Netherland.....	0.6	1.5	2.2	
Japan.....	0.3	0.2	1.9	
Norway.....	1.0	0.9	1.8	
FR Germany.....	2.5	0.3	1.7	
Mexico.....	0.1	0.5	1.0	
Total other.....				
Total.....	100.0	100.0	100.0	

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

1/ The Schedule B allocation for item 740.0540 is 100 percent.

Annual Review of the Generalized System of Preferences (GSP)
 U.S. imports for consumption under the GSP, by principal source, 1981, 1983, 1985, and 1986
 Flow: Imports for consumption
 TSUS commodity: 755.1500—Fireworks
 (Thousands)

(Quantity in thousands of units; value in thousands of dollars)

Time period:		1981	1983	1985	1986
Type					
Cty subcode					
Partner					
First unit of quantity					
Duty-free items under GSP provisions:					
Hong Kong		2,203	3,208	6,920	8,954
Taiwan		1,826	2,522	2,974	3,116
Macao		1,763	960	1,277	1,440
Brazil		31	34	165	937
Venezuela		0	42	0	70
India		0	0	0	75
Indonesia		0	20	0	33
Korea, South		6	0	0	6
World		35,510	45,221	56,920	65,440
Customs value					
Duty-free items under GSP provisions:					
Hong Kong		1,858	2,543	5,874	7,791
Taiwan		2,703	3,540	4,426	4,963
Macao		2,363	1,262	1,436	1,866
Brazil		68	49	269	671
Venezuela		0	40	0	53
India		0	0	0	43
Indonesia		0	24	0	38
Korea, South		19	0	0	7
World		34,288	40,027	55,303	65,994
Unit value					
Duty-free items under GSP provisions:					
Hong Kong		0.84	0.79	0.85	0.87
Taiwan		1.48	1.40	1.49	1.59
Macao		1.34	1.31	1.12	1.30
Brazil		2.18	1.43	1.63	0.72
Venezuela		0	0.94	0	0.76
India		0	0	0	0.58
Indonesia		0	1.20	0	1.16
Korea, South		2.91	0	0	1.11
World		0.97	0.89	0.97	1.01

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

Ball-point Pens

I. Introduction

Col. 1 rate of duty: 0.8¢ ea. + 5.4% ad val (1986 AVE 11%)

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP: _____

Country graduation: _____

Competitive-need-limit waiver _____

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: This digest covers ballpoint pens. The writing point of a ballpoint pen has a small steel ball which rotates in a socket and inks itself by contact with an inner magazine of ink. 2/

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	200	200	175	**175	-12
Total U.S. employment (thousand employees).....	**9	**9	**9	**9	0
U.S. shipments (thousand dollars).....	**360,000	*366,600	400,400	*436,400	21
U.S. exports (thousand dollars).....	52,543	29,845	22,001	20,123	-62
U.S. imports (thousand dollars).....	24,663	29,097	59,100	79,337	222
U.S. consumption (thousand dollars).....	**332,120	365,852	437,499	*495,614	49
Import to consumption ratio (percent).....	7	8	14	*16	-
Capacity utilization (nearest 10 percent).....	80	90	80	*80	-

Comment: U.S. manufacturers of writing instruments, of which ballpoint pens comprise a substantial share, report that the industry has been able to recover from the adverse effects it experienced from the recession of the early 1980's. However, the U.S. market for writing instruments is highly competitive. U.S. producers face especially strong competition from Japanese producers who have succeeded in selling many low cost, high quality and innovative writing instruments to the United States. GSP imports generally fill the low-cost and lower quality sector of the market. During 1981-86, the average unit value of imports from Japan fell from \$0.30 to \$0.23, and the average unit value of imports from GSP countries dropped from \$0.43 to \$0.17, both of which contributed to the increased share of the U.S. market accounted for by imports.

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 9608.10.00

2/ TSUS item number 760.0520 also covers ballpoint pencils. However, according to industry sources, ball-point pencils are no longer an item of commerce.

TSUSA item No.
760.0520—Con.

III. GSP import situation, 1986 1/

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (1,000 pens)				
Total.....	347,141	100	-	-
Imports from GSP countries:				
Total.....	70,341	20	100	-
Taiwan.....	31,465	9	45	-
Hong Kong.....	12,568	4	18	-
Korea.....	7,011	2	10	-
Mexico.....	14,405	4	20	-
Value (thousands)				
Total.....	79,336	100	-	16
Imports from GSP countries:				
Total.....	11,974	15	100	2
Taiwan.....	6,652	8	56	1
Hong Kong.....	2,484	3	21	<u>2/</u>
Korea.....	1,117	1	9	<u>2/</u>
Mexico.....	1,003	1	8	<u>2/</u>

Note.—The countries shown in the table include the top four GSP suppliers in 1986.

1/ Thailand, the petitioner, is a minor supplier of these products. Imports of ballpoint pens from Thailand totalled less than 1/10 percent of all U.S. imports in 1986.

2/ Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliersCompetitiveness of Taiwan for all digest productsRanking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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 Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

Quality compared with:

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

Comment: U.S. imports of ballpoint pens from Taiwan are generally sold in the lower end of the market. The average unit value of imports from Taiwan was \$0.21 in 1986 compared with \$0.23 for imports from Japan.

Competitiveness of Hong Kong for all digest productsRanking as a U.S. import supplier, 1986..... 5

Price sensitivity:

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 Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

Quality compared with:

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

Comment: U.S. imports from Hong Kong are generally sold in the lower end of the market. The average unit value of imports from Hong Kong was \$0.20 in 1986 compared with \$0.23 for Japan.

V. Position of interested parties

Petitioner.—Both the Government of Singapore and the Government of Thailand seek continuation for articles entering under TSUS item 688.42, other electrical articles and parts, n.s.p.f. Among the articles which enter under item 688.42 are writing instruments containing watch modules. A published concordance of TSUS numbers with HS numbers erroneously allocated a portion of item 688.42 to HS item 9608.10. The principal TSUS number allocated to HS 9608.10 is 760.0520. Although the governments of Singapore and Thailand cite TSUS item 760.0520 in their petition, they have only a passing interest in the GSP status for the item.

Support.—Russ Berrie & Co., Inc., Oakland, New Jersey, and an importer, supports the extension of GSP eligibility to ball-point pens. The company believes that U.S. producers of ballpoint pens are competitive in the world market and that the industry would not suffer significant injury. It states that duty savings would be passed on to customers, resulting in increased sales and employment.

[Probable economic effects advice deleted]

Product: Ball-point pens and ball-point pencils

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity				
Japan.....	43,101,996	75,418,054	186,664,990	220,704,050
Taiwan.....	3,334,805	4,899,323	18,274,283	31,464,592
Italy.....	8,615,831	5,708,085	18,299,196	27,497,639
Mexico.....	59,600	392,600	2,663,250	14,409,809
Hg.Kong.....	8,539,456	11,123,870	9,141,139	12,567,684
FR Germ.....	939,736	2,403,955	9,110,226	10,266,917
Kor Rep.....	1,235,308	2,022,804	3,570,900	7,011,366
Spain.....	238,890	1,637,762	2,627,843	6,050,377
France.....	4,130,930	3,693,867	3,438,307	4,893,135
Switzld.....	58,126	48,974	958,272	2,384,231
Brazil.....	71,320	2,004	37,016	1,914,116
Denmark.....	2,346,836	1,638,748	1,733,014	1,762,115
Israel.....	100			1,295,604
China.P.....	66,362	886,727	839,966	1,063,054
All other total..	1,350,482	3,826,658	3,948,510	3,855,817

Total.....	74,089,778	113,703,431	261,306,912	347,140,506
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GSP total....	13,577,945	19,127,058	34,367,853	70,340,791
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Percent				
Japan.....	58.2	66.3	71.4	63.6
Taiwan.....	4.5	4.3	7.0	9.1
Italy.....	11.6	5.0	7.0	7.9
Mexico.....	0.1	0.3	1.0	4.2
Hg.Kong.....	11.5	9.8	3.5	3.6
FR Germ.....	1.3	2.1	3.5	3.0
Kor Rep.....	1.7	1.8	1.4	2.0
Spain.....	0.3	1.4	1.0	1.7
France.....	5.6	3.2	1.3	1.4
Switzld.....	0.1	0.0	0.4	0.7
Brazil.....	0.1	0.0	0.0	0.6
Denmark.....	3.2	1.4	0.7	0.5
Israel.....	0.0	0.0	0.0	0.4
China.P.....	0.1	0.8	0.3	0.3
All other total..	1.8	3.4	1.5	1.1
Total.....	100.0	100.0	100.0	100.0
GSP total....	18.3	16.8	13.2	20.3

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

Product: Ball-point pens and ball-point pencils

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Japan.....	12,769	17,460	38,622	50,001
Taiwan.....	2,013	1,723	4,092	6,652
FR Germ.....	987	1,374	4,407	5,410
Italy.....	1,486	917	2,458	4,757
Hg.Kong.....	3,295	2,897	1,626	2,484
France.....	1,961	1,052	1,294	1,759
Switzld.....	73	80	628	1,610
U King.....	513	1,788	3,431	1,476
Spain.....	143	386	485	1,122
Kor.Rep.....	378	376	638	1,117
Mexico.....	15	74	368	1,003
Denmark.....	770	527	609	637
Brazil.....	48		19	472
China.P.....	9	115	100	301
All other total..	196	320	316	527
Total.....	24,662	29,097	59,100	79,336
GSP total....	5,825	5,147	6,841	11,974
Percent				
Japan.....	51.8	60.0	65.4	63.0
Taiwan.....	8.2	5.9	6.9	8.4
FR Germ.....	4.0	4.7	7.5	6.8
Italy.....	6.0	3.2	4.2	6.0
Hg.Kong.....	13.4	10.0	2.8	3.1
France.....	8.0	3.6	2.2	2.2
Switzld.....	0.3	0.3	1.1	2.0
U King.....	2.1	6.1	5.8	1.9
Spain.....	0.6	1.3	0.8	1.4
Kor.Rep.....	1.5	1.3	1.1	1.4
Mexico.....	0.1	0.3	0.6	1.3
Denmark.....	3.1	1.8	1.0	0.8
Brazil.....	0.2	0.0	0.0	0.6
China.P.....	0.0	0.4	0.2	0.4
All other total..	0.8	1.1	0.5	0.7
Total.....	100.0	100.0	100.0	100.0
GSP total....	23.6	17.7	11.6	15.1

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

Product: BALL-POINT PENS & PENCILS

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity				
Canada.....	15,537,198	11,797,455	4,998,767	6,108,552
U.King.....	3,205,715	4,099,293	4,091,032	2,733,385
Japan.....	3,955,783	2,925,775	1,852,818	1,901,923
Italy.....	1,282,995	1,208,223	28,493	1,231,678
FR Germ.....	2,799,986	934,976	367,971	1,223,831
Cocos.I.....	9,988,542	4,072,195	2,331,143	926,229
Panama.....	2,051,604	853,491	291,044	830,981
Hg Kong.....	1,875,324	1,575,759	1,467,722	698,522
Switzld.....	390,047	463,364	262,574	577,223
Taiwan	400,675	229,881	278,171	493,000
Nethlds.....	2,101,905	1,570,798	1,214,173	483,039
France.....	1,492,726	543,016	340,740	440,803
Singapr.....	1,367,025	1,148,437	823,318	399,466
Rep Saf.....	956,339	1,061,950	788,410	391,476
All other total..	36,884,366	7,661,873	4,215,889	3,339,213
Total.....	84,290,230	40,146,486	23,352,265	21,779,321
GSP total....	38,337,832	12,698,942	7,222,282	5,798,996
Percent				
Canada.....	18.4	29.4	21.4	28.0
U.King.....	3.8	10.2	17.5	12.6
Japan.....	4.7	7.3	7.9	8.7
Italy.....	1.5	3.0	0.1	5.7
FR Germ.....	3.3	2.3	1.6	5.6
Cocos.I.....	11.9	10.1	10.0	4.3
Panama.....	2.4	2.1	1.2	3.8
Hg Kong.....	2.2	3.9	6.3	3.2
Switzld.....	0.5	1.2	1.1	2.7
Taiwan	0.5	0.6	1.2	2.3
Nethlds.....	2.5	3.9	5.2	2.2
France.....	1.8	1.4	1.5	2.0
Singapr.....	1.6	2.9	3.5	1.8
Rep Saf.....	1.1	2.6	3.4	1.8
All other total..	43.8	19.1	18.1	15.3
Total.....	100.0	100.0	100.0	100.0
GSP total....	45.5	31.6	30.9	26.6

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

Product: BALL-POINT PENS & PENCILS

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Japan.....	6,094	3,894	3,233	3,991
Canada.....	4,758	4,158	4,267	3,626
U.King.....	2,358	1,989	3,332	2,502
Hg Kong.....	5,047	3,836	1,030	1,076
Cocos I.....	2,934	1,791	1,568	828
Singapr.....	2,218	2,111	740	706
Panama.....	1,637	661	427	659
FR Germ.....	2,354	486	284	552
Italy.....	1,105	442	58	480
Nethlds.....	1,090	461	332	385
France.....	919	349	265	313
Thailnd.....	1,347	587	465	311
Spain.....	1,102	540	191	270
Rep Saf.....	863	588	378	258
All other total..	18,710	7,945	5,422	4,158
Total.....	52,543	29,844	22,000	20,123
GSP total....	24,124	12,308	6,643	6,425
Percent				
Japan.....	11.6	13.0	14.7	19.8
Canada.....	9.1	13.9	19.4	18.0
U.King.....	4.5	6.7	15.1	12.4
Hg Kong.....	9.6	12.9	4.7	5.3
Cocos I.....	5.6	6.0	7.1	4.1
Singapr.....	4.2	7.1	3.4	3.5
Panama.....	3.1	2.2	1.9	3.3
FR Germ.....	4.5	1.6	1.3	2.7
Italy.....	2.1	1.5	0.3	2.4
Nethlds.....	2.1	1.5	1.5	1.9
France.....	1.8	1.2	1.2	1.6
Thailnd.....	2.6	2.0	2.1	1.5
Spain.....	2.1	1.8	0.9	1.3
Rep Saf.....	1.6	2.0	1.7	1.3
All other total..	35.6	26.6	24.6	20.7
Total.....	100.0	100.0	100.0	100.0
GSP total....	45.9	41.2	30.2	31.9

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

TSUS item No.
791.28 (pt) 1/

Leather Footwear Soles

I. Introduction

Col. 1 rate of duty: 5% ad val.

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: X

Country graduation: X (Argentina)

Competitive-need-limit waiver _____

Non-eligible GSP countries: Mexico

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: Brazil

U.S. production on Jan. 3, 1985? Yes X No _____.

Description and uses: The product being petitioned for removal from GSP under TSUS item 791.28 is cut leather soles, which are used as components in the manufacture and repair of footwear. The GSP eligibility of the other leather footwear articles classified under item 791.28 (i.e., leather cut or manufactured into forms or shapes suitable for conversion into footwear, other than patent leather and uppers) such as counters, innersoles, linings, and shanks is not affected by the petition.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms) <u>2/</u> ..	7	5	4	3	-57
Total U.S. employment (employees) <u>2/</u>	652	587	547	565	-13
U.S. shipments (million dollars).....	118.0	110.0	98.6	95.8	-19
U.S. exports (million dollars) <u>2/3/</u>	2.5	2.8	2.0	4.6	84
U.S. imports (million dollars) <u>4/</u>	15.9	36.6	7.7	13.1	-18
U.S. consumption (million dollars).....	131.4	143.8	104.3	104.3	-21
Import to consumption ratio (percent).....	12	25	7	13	-
Capacity utilization (nearest 10 percent).....	88	88	82	72	-

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 6406.99.60 (pt).

2/ Estimated from information provided by industry sources.

3/ Because data are not separately available on exports of leather soles, no export table will be provided at the end of this digest.

4/ U.S. imports, in addition to leather soles, include other miscellaneous leather components for use in footwear manufacturing, such as counters, innersoles, linings, and shanks, which are not included in this investigation. Products, which are the subject of this investigation, are mostly from Argentina and account for roughly 22 percent of trade under TSUS item 791.28.

TSUS item No.
791.28 (pt)—Con.

Comment: Industry sources report that there has been a steady decrease in the number of U.S. firms manufacturing leather footwear soles as demand for U.S. sole leather has declined. They attribute this to growing footwear imports, a declining U.S. footwear industry, and the development of improved quality synthetic sole material. Currently, the industry consists of three companies operating four tanning plants. Two of the firms operate sole cutting plants 1/ and produce approximately 50 percent of the total cut soles made domestically. The other cut sole producers are customers of the three tanners for whole leather.

Production of sole leather is a lengthy operation, taking about 2 months. The time-consuming manufacturing process, the need for maintaining starting and finishing inventories, and the requirement for the large amounts of in process extracts define the industry as highly capital intensive. Such an operation requires long lead times in both sales and purchases. In order to minimize market risks, tanning companies must sell about 3 months into the future in order to keep inventories covered by sales.

U.S. footwear firms either buy whole leather or cut soles, or a firm can buy portions of each for its production. The majority of domestic footwear producers buy whole leather from tanners and cut the patterns themselves. The cost of the cutting operation is low relative to the cost of leather.

III. GSP import situation, 1986

Item	Imports 2/	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousands)				
Total.....	13,089	100	-	13
Imports from GSP countries:				
Total.....	10,969	84	100	11
Argentina.....	2,855	22	26	3
Dominican Republic.....	2,368	18	22	2
Brazil.....	2,314	18	21	2
Taiwan.....	1,614	12	15	2

Note.—The countries shown in the table include the top four GSP suppliers in 1986.

1/ Sole cutting is not an industry in itself but a part of the sole leather tanning industry.

2/ U.S. imports, in addition to leather soles, include other miscellaneous leather components for use in footwear manufacturing which are not included in this investigation. Products which are the subject of this investigation are estimated to account for roughly 22 percent of trade under TSUS item 791.28.

TSUS item No.
791.28 (pt.)—Con.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Argentina for all digest products

Ranking as a U.S. import supplier, 1986..... 1

Price sensitivity:

Can production in the country be easily expanded or
contracted in the short term?..... Yes No X 1/

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

Price sensitivity of import supply..... High Moderate X Low

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

Price sensitivity of U.S. demand..... 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 imported product, which is lower in quality than the domestic item, is generally priced below the U.S. product due in part to lower leather costs in Argentina. Raw hide costs are the major determinant of the cost of manufacturing sole leather. Argentina, the world's second largest producer of hides, bans all exports of raw hides. According to the petitioner, the average U.S. price for leather footwear soles is approximately \$3.50 per pair compared to \$2.50 per pair for similar items from Argentina.

The petitioner indicates that Argentina is the only country exporting or that is likely to export leather cut soles, the subject of this digest, in significant quantities into the United States. There are six producers of sole leather in Argentina, and three of them are major producers.

The principal use of leather soles is in the production of high-grade men's dress shoes which usually require heavier soles. Because leather from Argentina tends to be much thinner than U.S. leathers, the domestic product is normally more suited for these particular styles. According to industry sources, however, this advantage for the domestic product cannot compensate for the lower price differential offered in the leather soles from Argentina. Often, U.S. footwear producers will modify shoe styles in order to use the less expensive imported soles.

According to industry sources, pollution control costs in the United States are another large expense incurred by domestic manufacturers of sole leather, whereas manufacturers of these products in Argentina are not faced to any great extent with this additional cost.

1/ The cycle of sole leather production is approximately 2 months.

TSUS item No.
791.28 (pt.)—Con.

Competitiveness of the Dominican Republic for all digest products

Ranking as a U.S. import supplier, 1986..... 2

Price sensitivity:

Can production in the country be easily expanded or
contracted in the short term?..... Yes ☐ No ☒ 1/
Does the country have significant export
markets besides the United States?..... Yes ☐ No ☒
Could exports from the country be readily
redistributed among its foreign export markets?..... Yes ☐ No ☒
Price sensitivity of import supply..... High ☐ Moderate ☒ Low ☐
Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes ☒ No ☐
Price sensitivity of U.S. demand..... High ☐ Moderate ☒ Low ☐

Price level compared with:

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

Quality compared with:

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

Comment: Most of the trade in leather footwear soles from the Dominican Republic is believed to be articles assembled from U.S.-fabricated components that are returned to the United States as finished or partially finished products under TSUS item 807.00. Moreover, leather footwear soles from the Dominican Republic are eligible for duty-free treatment under the Caribbean Basin Economic Recovery Act (CBERA).

Competitiveness of Brazil for all digest products

Ranking as a U.S. import supplier, 1986..... 3

Price sensitivity:

Can production in the country be easily expanded or
contracted in the short term?..... Yes ☐ No ☒ 1/
Does the country have significant export
markets besides the United States?..... Yes ☒ No ☐
Could exports from the country be readily
redistributed among its foreign export markets?..... Yes ☒ No ☐
Price sensitivity of import supply..... High ☐ Moderate ☒ Low ☐
Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes ☒ No ☐
Price sensitivity of U.S. demand..... High ☐ Moderate ☒ Low ☐

Price level compared with:

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

Quality compared with:

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

Comment: Most of the Brazilian trade is believed to be concentrated in leather footwear component parts other than leather footwear soles.

1/ The cycle of sole leather production is approximately 2 months.

TSUS item No.
791.28 (pt.)—Con.

V. Position of interested parties

Petitioner.—The petitioner, Howes Leather Company, Inc., Quincy, Massachusetts, is the largest domestic tanner of sole leather. The firm is also a cutter of leather soles. The petitioner requests that immediate action be taken to withdraw GSP benefits from Argentina for leather soles, whether or not cut, entering under TSUS item 791.28 (HS 6406.99.6000). ^{1/} The petitioner contends that the United States has been flooded with imports of leather soles from Argentina since that country's government in September 1986 granted an export subsidy on the exports of such items. According to the petitioner, these imports threaten the existence of U.S. sole leather tanners.

With regard to imports of leather soles, it should be noted that the petitioner is pursuing a countervailing duty action against Argentina. Argentina is not a signatory to the subsidy code and, therefore, no injury test is necessary.

^{1/} It is not the intent of the petitioner to include items other than leather soles, whether or not cut, which are only a part of TSUS 791.28. A separate statistical breakout would have to be created.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

TS number: 79128

TSUS item No.
791.28 (pt.)--Con.

Product: Leather footwear soles

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Brazil.....	2,734	7,268	2,006	2,314
Italy.....	244	266	924	1,126
Uruguay.....			704	12
Taiwan.....	369	42	678	1,614
Mexico.....	4,441	8,437	560	422
Argentina.....	8	330	558	2,855
Haiti.....	304	5,972	456	623
India.....	7,268	3,898	365	287
Korea.....	5	75	353	167
FR Germany.....	37	55	338	59
All other total.....	460	10,256	784	3,610
Total.....	15,870	36,598	7,726	13,089
GSP total.....	10,740	26,912	5,181	9,555
Percent				
Brazil.....	17.2	19.9	26.0	17.7
Italy.....	1.5	0.7	12.0	8.6
Uruguay.....	0.0	0.0	9.1	0.1
Taiwan.....	2.3	0.1	8.8	12.3
Mexico.....	28.0	23.1	7.2	3.2
Argentina.....	0.1	0.9	7.2	21.8
Haiti.....	1.9	16.3	5.9	4.8
India.....	45.8	10.7	4.7	2.2
Korea.....	0.0	0.2	4.6	1.3
FR Germany.....	0.2	0.2	4.4	0.5
All other total.....	2.9	28.0	10.1	27.6
Total.....	100.0	100.0	100.0	100.0
GSP total.....	67.7	73.5	67.1	73.0

1/ U.S. imports, in addition to leather soles, include other miscellaneous leather components for use in footwear manufacturing, such as counters, innersoles, linings, and shanks, which are not included in this investigation. Products, which are the subject of this investigation, are mostly from Argentina, and are estimated to account for roughly 25 percent of trade under TSUS item 791.28.

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

PRESIDENT'S LIST OF ARTICLES WHICH MAY BE DESIGNATED OR MODIFIED AS ELIGIBLE ARTICLES FOR PURPOSES OF THE U.S. GENERALIZED SYSTEM OF PREFERENCES

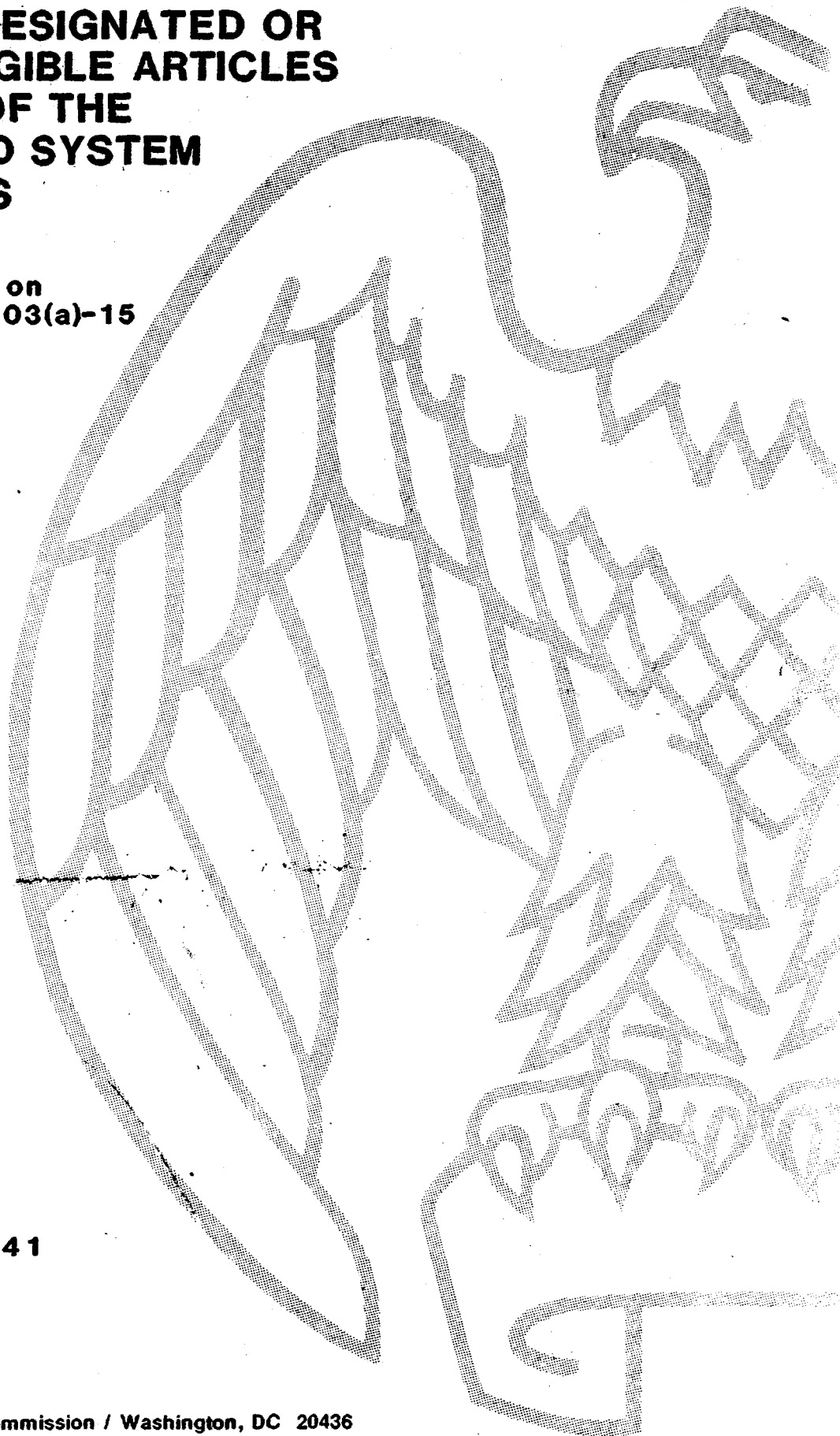
**Report to the President on
Investigation Nos. TA-503(a)-15
and 332-249**

HS-BASED DIGESTS

VOLUME IV

USTIC PUBLICATION 2041

NOVEMBER 1987



UNITED STATES INTERNATIONAL TRADE COMMISSION

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United States International Trade Commission
Washington, DC 20436

HS item No.
1104.12.00 1/

Oats, Flaked, Fit For Human Consumption

I. Introduction

Col. 1 rate of duty: 1.8¢/kg (1986 AVE 1.3%)

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP:

Country graduation:

Competitive-need-limit waiver

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: Flaked oats are classified as HS item 1104.12.00. The corresponding TSUS item number 131.27, includes two additional HS items: 1103.12.00 and 1104.22.00. These are groats and meal of oats, and other worked grains of oats, respectively. HS item 1104.12.00, rolled or flaked grains of oats, represents 60 percent of the corresponding TSUS item No. 131.27 which is described as milled oats, fit for human consumption and valued over \$8 per 100 pounds. The bulk of the import item is distributed in 400 and 800 gram metal containers, consumed as a breakfast cereal in the U.S.-Hispanic community, living predominantly in Puerto Rico. The product is packaged to withstand high humidity, heat, and insects found in tropical climates. It is significantly higher priced than equivalent U.S. products.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	*5	*5	*5	*5	-
Total U.S. employment (thousand employees).....	2	2	2	2	-
U.S. shipments (thousand dollars).....	**64,804	**75,714	**81,015	**83,500	+27
U.S. exports (thousand dollars).....	4,390	1,611	1,206	2,177	-60
U.S. imports (thousand dollars).....	827	917	898	1,177	+42
U.S. consumption (thousand dollars).....	**61,241	**75,020	**80,707	**82,500	+35
Import to consumption ratio (percent).....	**1	**1	**1	**1	-
Capacity utilization (nearest 10 percent).....	**80	**80	**80	**80	-

Comment: Food use of oat production has averaged about 8 percent in recent years as feed use has declined. Food use has ranged between 33 million and 45 million bushels per year. Products include oatmeal, oat flour, natural cereals, bread, cookies, granola, and

1/ Probable effects advice for these or closely related products on the basis of the TSUS nomenclature is contained in the Digest for TSUS item No.137.27.

HS item No.
1104.12.00--Con.

baby food. The principal use of food oats is breakfast food and snack products. The food use of oats is as follows: 50 percent regular oatmeal, 35 percent instant oatmeal, 8 percent oat flour, 8 percent snack products. Over 70 percent of cooked cereal in the United States is oatmeal. It is consumed particularly by people over 65 or under 5 years of age. Instant oatmeal product use has increased while standard rolled oats products have decreased. The market for all food oat products is increasing by 2 percent per year. Health benefits of oats may increase consumption in the future. Oats have a high protein and fiber content and may help lower cholesterol. Demand for food oats is price inelastic (-.1). The largest producer is Quaker Oats ([* *] percent of the market); three or four others are believed to account for the remainder. Oatmeal cereals are characterized by high value added, high advertising costs, and product differentiation. The trend is towards products requiring higher packaging and advertising costs. The domestic market for milled oats is oligopolistic (a few companies dominate the industry). It is difficult to enter this market because of the competitive advantages held by the large firms. These advantages include marketing channels, name brand recognition of the product by consumers, economies of scale and the vertical integration of mills, packaging plants and advertising companies. It would be especially difficult for a foreign company to enter this market for these same reasons.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
<hr/>				
Quantity (1,000 kilograms)				
Total.....	1,121	100	-	1/
Imports from GSP countries:				
Total.....	646	58	100	1/
Colombia.....	619	55	96	1/
Venezuela.....	13	1	2	1/
Thailand.....	13	1	2	1/
Jamaica.....	1	1/	1/	1/
<hr/>				
Value (thousands)				
Total.....	\$1,177	100	-	1
Imports from GSP countries:				
Total.....	863	73	100	1
Colombia.....	840	71	97	1
Venezuela.....	17	2	2	1/
Thailand.....	3	1/	1	1/
Jamaica.....	1	1/	1/	1/

1/ Less than .5 percent.

Note.--The countries shown in the table include the top four GSP suppliers.

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IV. Competitiveness profiles, GSP suppliers

Competitiveness of Colombia for all digest products

Ranking as a U.S. import supplier, 1986..... 1

Price sensitivity:

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

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

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

Price sensitivity of import supply..... High Moderate X Low

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

Price sensitivity of U.S. demand..... High Moderate Low X

Price level compared with:

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

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

Quality compared with:

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

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

Comment: The average price of Colombian product is \$0.61 per pound, compared to \$0.18 per pound for the domestically produced product. This is due to high packaging cost, not difference in quality. Consumers who buy the Colombian oat products are willing to pay the higher price because the product is packaged in metal containers. Most of the consumers live in tropical climates such as Puerto Rico where the metal containers protect the contents against high humidity and insects. U.S. consumers have a low demand elasticity for food oats. Food oats are price inelastic for the following reasons: (1) Many consumers use oatmeal cereals and granolas for health reasons; health related products tend to be price inelastic. (2) There are no close substitutes for most food oat products. (3) The price of the most important food oat product, hot oatmeal cereal, is much lower than that of potential substitutes such as cold cereals.

HS item No.
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V. Position of interested parties

Petitioner.--Colombian Government Trade Bureau requests GSP duty-free treatment in order to promote exports to the U.S. market. The petitioner claims that there would be no injury to the U.S. industry. Colombia needs foreign exchange earnings, increased plant utilization, and increased employment. The petitioner argues that addition would diversify choice for U.S. consumers.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

Product: Rolled or flaked grains of oats

U.S. imports for consumption, by principal sources, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (Kilograms)				
Colomb.....	503,038	532,820	478,494	619,407
Canada.....		12,859	177,363	349,456
Ireland.....	62,074	41,499	64,709	65,185
U King.....	3,366	34,863	12,954	42,547
Venez.....	286			13,113
Thailnd.....				12,700
FR Germ.....				10,795
Nethlds.....			10,065	7,302
Jamaica.....				762
Belgium.....			1,936	
Taiwan		32		
Mexico.....	29,560			
China P.....	158			
All other total..				
Total.....	598,482	622,073	745,521	1,121,267
GSP total....	532,884	532,852	478,494	645,982
Percent				
Colomb.....	84.1	85.7	64.2	55.2
Canada.....	0.0	2.1	23.8	31.2
Ireland.....	10.4	6.7	8.7	5.8
U King.....	0.6	5.6	1.7	3.8
Venez.....	0.0	0.0	0.0	1.2
Thailnd.....	0.0	0.0	0.0	1.1
FR Germ.....	0.0	0.0	0.0	1.0
Nethlds.....	0.0	0.0	1.4	0.7
Jamaica.....	0.0	0.0	0.0	0.1
Belgium.....	0.0	0.0	0.3	0.0
Taiwan	0.0	0.0	0.0	0.0
Mexico.....	4.9	0.0	0.0	0.0
China P.....	0.0	0.0	0.0	0.0
All other total..	0.0	0.0	0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	89.0	85.7	64.2	57.6

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

Product: Rolled or flaked grains of oats

U.S. imports for consumption, by principal sources, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Colomb.....	711	812	746	840
Canada.....		11	48	144
Ireland.....	72	52	88	82
U King.....	5	41	9	67
Venez.....				17
FR Germ.....				11
Nethlds.....			2	7
Thailnd.....				3
Jamaica.....				1
Belgium.....			2	
Mexico.....	37			
All other total..				
Total.....	827	917	898	1,177
GSP total....	749	813	746	863

Percent				
Colomb.....	85.9	88.6	83.1	71.4
Canada.....	0.0	1.2	5.4	12.3
Ireland.....	8.8	5.7	9.8	7.0
U King.....	0.6	4.5	1.1	5.7
Venez.....	0.0	0.0	0.0	1.5
FR Germ.....	0.0	0.0	0.0	1.0
Nethlds.....	0.0	0.0	0.3	0.7
Thailnd.....	0.0	0.0	0.0	0.3
Jamaica.....	0.0	0.0	0.0	0.1
Belgium.....	0.0	0.0	0.3	0.0
Mexico.....	4.6	0.0	0.0	0.0
All other total..	0.0	0.0	0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	90.5	88.6	83.1	73.3

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

Product: Rolled or flaked grains of oats

U.S. exports of domestic merchandise, by principal markets 1981, 1983, 1985,
and 1986

Source	1981	1983	1985	1986
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Quantity (kilograms)

Colomb.....	5,435,480	1,345,083		2,979,735
Guatmal.....	984,552	523,845	249,600	2,129,164
Ecuador.....	4,234	390,532	2,271,783	1,426,620
Mexico.....	5,166,913	9,897	52,728	964,422
Dom Rep.....	514,656	218,665	462,903	794,849
Panama.....	626,727	582,677	139,698	576,883
C Rica.....	77,499	38,764	423,021	362,621
Hondura.....	40,027	10,519	40,784	222,969
Canada.....	239,660	238,026	109,058	143,478
Bolivia.....	141,549	296,981	360,000	138,686
Venez.....	4,007,766	12,000	682,445	126,842
Trinid.....	2,077	5,412		107,791
China P.....			67,561	58,018
B Virgn.....	7,427	47,339	5,750	57,845
All other total..	9,307,359	4,485,695	336,936	178,984

Total.....	26,555,926	8,205,435	5,202,267	10,268,907
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GSP total....	25,605,506	5,478,361	4,921,808	9,974,931
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Percent

Colomb.....	20.5	16.4	0.0	29.0
Guatmal.....	3.7	6.4	4.8	20.7
Ecuador.....	0.0	4.8	43.7	13.9
Mexico.....	19.5	0.1	1.0	9.4
Dom Rep.....	1.9	2.7	8.9	7.7
Panama.....	2.4	7.1	2.7	5.6
C Rica.....	0.3	0.5	8.1	3.5
Hondura.....	0.2	0.1	0.8	2.2
Canada.....	0.9	2.9	2.1	1.4
Bolivia.....	0.5	3.6	6.9	1.4
Venez.....	15.1	0.1	13.1	1.2
Trinid.....	0.0	0.1	0.0	1.0
China P.....	0.0	0.0	1.3	0.6
B Virgn.....	0.0	0.6	0.1	0.6
All other total..	35.0	54.7	6.5	1.7

Total.....	100.0	100.0	100.0	100.0
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GSP total....	96.4	66.8	94.6	97.1
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Source: Estimated from official statistics of the U.S. Department of Commerce

Product: Rolled or flaked grains of oats

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985,
and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Colomb.....	878	187		453
Guatmal.....	168	107	51	354
Panama.....	137	126	76	219
Mexico.....	556	4	28	215
Ecuador.....	4	64	296	199
Dom Rep.....	106	63	112	162
C Rica.....	22	7	144	121
Canada.....	93	80	68	90
Hondura.....	30	7	20	75
Trinid.....	2	3		39
China P.....			25	39
Bolivia.....	32	47	59	36
S Arab.....		30	6	28
Venez.....	581	1	108	21
All other total..	1,776	878	207	119
Total.....	4,390	1,611	1,206	2,177
GSP total....	4,135	1,071	1,062	1,979

Percent				
Colomb.....	20.0	11.6	0.0	20.8
Guatmal.....	3.8	6.7	4.2	16.3
Panama.....	3.1	7.9	6.4	10.1
Mexico.....	12.7	0.3	2.3	9.9
Ecuador.....	0.1	4.0	24.6	9.2
Dom Rep.....	2.4	4.0	9.3	7.5
C Rica.....	0.5	0.4	12.0	5.6
Canada.....	2.1	5.0	5.7	4.1
Hondura.....	0.7	0.4	1.7	3.5
Trinid.....	0.0	0.2	0.0	1.8
China P.....	0.0	0.0	2.1	1.8
Bolivia.....	0.7	2.9	5.0	1.7
S Arab.....	0.0	1.9	0.5	1.3
Venez.....	13.2	0.1	9.0	1.0
All other total..	40.5	54.5	17.2	5.5
Total.....	100.0	100.0	100.0	100.0
GSP total....	94.2	66.5	88.1	90.9

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

HS item No.
1302.20.00 1/

Pectic substances, pectinates and pectates

I. Introduction

Col. 1 rate of duty: 5% ad valorem

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP: _____

Country graduation: None

Competitive-need-limit waiver _____

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: Pectin is commercially obtained by dilute-acid extraction of citrus peels—lime peels are the source of Mexican pectin. Pectin is used as a thickening, emulsifying, or gelling agent in jams, jellies, and other food products. Minor uses include cosmetics and pharmaceutical products. Pectinates and pectates are derived from pectin by chemical processing and are used in applications similar to those of pectin.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	1	1	1	1	0
Total U.S. employment (thousand employees).....	***	***	***	***	***
U.S. shipments (thousand dollars).....	***	***	***	***	***
U.S. exports (thousand dollars).....	1,869	2,497	750	1,289	-31
U.S. imports (thousand dollars).....	12,810	8,791	14,086	15,779	23
U.S. consumption (thousand dollars).....	***	***	***	***	***
Import to consumption ratio (percent).....	***	***	***	***	***
Capacity utilization (nearest 10 percent).....	***	***	***	***	***

Comment: Although this digest covers pectic substances, pectinates, and pectates, it is believed the only product in this grouping of substantial commercial interest is pectin. The sole U.S. producer of pectin is also a major importer (from developed countries). Its imports, which are double its U.S. production, reportedly come from affiliated companies in Denmark and West Germany. The domestic producer did not answer our questions about these imports but from its (and the Mexicans') general comments we infer [***]. Based on available information it appears that the domestic producer, adding its imports to its production, supplies about 75 percent of total U.S. consumption.

1/ Probable effects advice for petin on the basis of the TSUSA nomenclature is contained in the Digest for TSUS item No. 455.04.

HS item No.
1302.20.00—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (thousands of pounds)				
Total.....	4,580	100	-	[***]
Imports from GSP countries:				
Total.....	607	13	100	[***]
Mexico.....	567	12	93	[***]
Israel.....	41	1	7	[***]
Value (thousands of dollars)				
Total.....	15,779	100	-	[***]
Imports from GSP countries:				
Total.....	1,615	10	100	[***]
Mexico.....	1,518	10	94	[***]
Israel.....	97	1	6	[***]

Note.—The countries shown in the table include all GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Mexico for all digest products

Ranking as a U.S. import supplier, 1986..... 4

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

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

Price sensitivity of U.S. imports demand from Mexico.. High Moderate X Low

Price level compared with:

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

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

Quality compared with:

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

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

Comment: Petitioner expects Mexican exports to United States will increase 50 percent in GSP status is granted. Mexican exports to the United States are raw pectin which must be further processed in the United States before it can be used. Much of this processing is done in a plant owned by the petitioner, near Kansas City, which employs 20 workers. Mexico's imports, therefore, are understated in terms of quantity because other countries' (but not Mexico's) pectin has been mixed with about half its weight of sugar.

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IV. Competitiveness profiles, GSP suppliers—Con.

Competitiveness of Mexico for all digest products—Con.

Comment—Con. High price sensitivity of (Mexican) import supply: In 1986, a typical year, Mexico produced about [***] million pounds of pectin and exported about [***] percent of this to the United States. The remaining [***] percent was sold into the Mexican, South American, and Danish markets. [***].

Price sensitivity of U.S. demand: Because pectin is a minor component of the food products it is added to, changes in its price would have little effect on its consumption. Regarding sensitivity of demand for pectin from a particular country—in this case Mexico—price sensitivity would be moderate to high if the Mexicans increased (or decreased) their price appreciably (which they have not done).

Price level: Import statistics show that Mexican pectin, at \$2.68 per pound, is priced lower than domestically produced pectin and imports from larger sources (e.g., pectin from Denmark, the largest source, valued at \$3.64 per pound, and the average unit value of all imports of \$3.45 per pound). However, after the addition of sugar and blending to achieve a uniform gel strength and other critical properties—which is done in the United States—the product that is sold to customers is reportedly a high-quality commodity that [***] competing products.

Quality and competitiveness: The best raw material for pectin is wet lime peel, which gives the highest quality and lowest cost pectin as compared with other citrus and apple pomace sources. Mexico's "excellent citrus peel resources for the production of pectin, . . . are greater than those found in Florida. In fact, Mexico is the largest center for lime growing in the world. Pectin producers worldwide are constantly buying peel in the Mexican market." (Quote from statement of domestic producer.) Mexico exports a considerable fraction of its lime peel resources, to the extent that [***].

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V. Position of interested parties

Petitioner.—The petitioner is expanding capacity and hopes to increase exports to the United States by about 50 percent if GSP status is granted. GSP status for pectin would have a favorable impact on the farm economy in the lime-growing Mexican district of Tecoman. However, the Mexicans say their pectin production cannot easily be further expanded because its raw material—lime peels—is in limited supply with a system of allocation quotas already in place.

Note: The Mexican company which produces pectin is owned by Danish interests.

Support.—None known.

Opposition.—The sole U.S. producer alleges that "the Mexican pectin industry is truly competitive and does not require preferential treatment in order to develop and expand." Mexico's advantages include high quality raw material (lime peel), low labor and energy costs, and environmental requirements which are less stringent than those in the United States (which caused the shutdown of an earlier U.S. producer's pectin plants because of waste treatment problems in California). The U.S. producer also refers to the fact that the Mexican pectin market, with an import duty of 30.6 percent ad valorem, is far less open than that of the United States.

Note: As discussed above, the U.S. producer of pectin is also a major importer of pectin from non-GSP beneficiary sources.

[Probable economic effects advice deleted]

HS number: 13022000

Product: Pectic substances, pectinates, and pectates

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity				
Denmark.....	1,681,193	946,989	1,578,508	2,210,701
U King.....	831,122	720,006	828,653	1,026,983
FR Germ.....	52,549	30,591	1,064,244	630,240
Mexico.....	497,802	450,284	656,050	566,553
France.....	110	3,086	75,729	82,670
Israel.....	94,985	38,736	43,017	40,841
Norway.....				15,538
Switzld.....	1,101		3,748	2,954
Spain.....	3,307	7,276	13,227	2,645
Canada.....				1,013
Dominca.....			23,810	
Greece.....			22,216	
Belgium.....		992		
Italy.....	181,879	271,054	81,774	
All other total..	600			
Total.....	3,344,648	2,469,014	4,390,976	4,580,138
GSP total....	592,787	489,020	722,877	607,394
Percent				
Denmark.....	50.3	38.4	35.9	48.3
U King.....	24.8	29.2	18.9	22.4
FR Germ.....	1.6	1.2	24.2	13.8
Mexico.....	14.9	18.2	14.9	12.4
France.....	0.0	0.1	1.7	1.8
Israel.....	2.8	1.6	1.0	0.9
Norway.....	0.0	0.0	0.0	0.3
Switzld.....	0.0	0.0	0.1	0.1
Spain.....	0.1	0.3	0.3	0.1
Canada.....	0.0	0.0	0.0	0.0
Dominca.....	0.0	0.0	0.5	0.0
Greece.....	0.0	0.0	0.5	0.0
Belgium.....	0.0	0.0	0.0	0.0
Italy.....	5.4	11.0	1.9	0.0
All other total..	0.0	0.0	0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	17.7	19.8	16.5	13.3

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

HS number: 13022000

Product: Pectic substances, pectinates, and pectates

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Denmark.....	5,988	3,504	5,546	8,049
U King.....	3,495	2,351	2,455	3,275
FR Germ.....	188	88	3,611	2,480
Mexico.....	2,149	1,614	1,719	1,518
France.....		10	222	284
Israel.....	278	107	101	97
Norway.....				48
Switzld.....	3		15	11
Spain.....			7	7
Canada.....				4
Spain.....	6	17		
Austria.....		4		
Belgium.....				
Italy.....	698	1,091	304	
All other total..			102	
Total.....	12,810	8,790	14,085	15,779
GSP total.....	2,428	1,722	1,878	1,615
Percent				
Denmark.....	46.7	39.9	39.4	51.0
U King.....	27.3	26.7	17.4	20.8
FR Germ.....	1.5	1.0	25.6	15.7
Mexico.....	16.8	18.4	12.2	9.6
France.....	0.0	0.1	1.6	1.8
Israel.....	2.2	1.2	0.7	0.6
Norway.....	0.0	0.0	0.0	0.3
Switzld.....	0.0	0.0	0.1	0.1
Spain.....	0.0	0.0	0.1	0.0
Canada.....	0.0	0.0	0.0	0.0
Spain.....	0.1	0.2	0.0	0.0
Belgium.....	0.0	0.0	0.0	0.0
Italy.....	5.5	12.4	2.2	0.0
All other total..	0.0	0.0	0.7	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total.....	19.0	19.6	13.3	10.2

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

HS number: 13022000

Product: Pectic substances, pectinates, and pectates

U.S. exports of domestic merchandise, by principal markets 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
<hr/> Quantity <hr/>				
Denmark.....	30,865	999	74,487	138,445
Canada.....	109,237	358,269	57,482	92,883
U King.....				31,900
Italy.....	742			11,783
Cook Is.....	5,000	400		5,965
Japan.....	62,100	134,250	5,338	4,470
Greece.....	2,670	200	1,600	4,000
Peru.....	2,611	1,713	2,020	3,979
Phil R.....	4,922	2,615	3,800	3,907
Bahamas.....				2,935
Venez.....	14,791	2,590	5,532	2,500
Colomb.....	7,386	10,223	3,010	2,287
Trinid.....				1,664
Dom Rep.....		239		1,503
All other total..	252,551	94,824	36,565	5,630
Total.....	492,875	606,322	189,834	313,851
GSP total....	191,494	64,948	30,767	29,400
<hr/> Percent <hr/>				
Denmark.....	6.3	0.2	39.2	44.1
Canada.....	22.2	59.1	30.3	29.6
U King.....	0.0	0.0	0.0	10.2
Italy.....	0.2	0.0	0.0	3.8
Cook Is.....	1.0	0.1	0.0	1.9
Japan.....	12.6	22.1	2.8	1.4
Greece.....	0.5	0.0	0.8	1.3
Peru.....	0.5	0.3	1.1	1.3
Phil R.....	1.0	0.4	2.0	1.2
Bahamas.....	0.0	0.0	0.0	0.9
Venez.....	3.0	0.4	2.9	0.8
Colomb.....	1.5	1.7	1.6	0.7
Trinid.....	0.0	0.0	0.0	0.5
Dom Rep.....	0.0	0.0	0.0	0.5
All other total..	51.2	15.6	19.3	1.8
Total.....	100.0	100.0	100.0	100.0
GSP total....	38.9	10.7	16.2	9.4

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

HS number: 13022000

Product: Pectic substances, pectinates, and pectates

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	419	1,503	207	589
Denmark.....	97	3	226	429
U King.....				70
Peru.....	15	15	13	38
Phil R.....	24	16	18	23
Venez.....	42	19	36	22
Japan.....	243	431	25	21
Italy.....	2			21
Colomb.....	31	41	16	17
Argent.....	5	17	2	7
Cook Is.....	19	1		6
Mexico.....	11	4	6	4
Greece.....	15	1	5	4
Bahamas.....				4
All other total..	940	440	189	27
Total.....	1,869	2,496	749	1,289
GSP total....	618	295	137	146
Percent				
Canada.....	22.4	60.2	27.7	45.7
Denmark.....	5.2	0.1	30.3	33.3
U King.....	0.0	0.0	0.0	5.4
Peru.....	0.8	0.6	1.8	3.0
Phil R.....	1.3	0.6	2.5	1.8
Venez.....	2.3	0.8	4.9	1.8
Japan.....	13.0	17.3	3.4	1.7
Italy.....	0.2	0.0	0.0	1.6
Colomb.....	1.7	1.7	2.1	1.3
Argent.....	0.3	0.7	0.4	0.6
Cook Is.....	1.0	0.1	0.0	0.5
Mexico.....	0.6	0.2	0.9	0.4
Greece.....	0.8	0.1	0.8	0.4
All other total..	50.3	17.6	25.3	2.1
Total.....	100.0	100.0	100.0	100.0
GSP total....	33.1	11.9	18.4	11.4

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

HS item No.
1604.16.40 1/

Canned Anchovies, Except Salted, 2/ Packed In Water, Brine, Or Other Nonoil Medium, In Immediate Containers Each Weighing With Their Contents 6.8 Kilograms Or Less.

I. Introduction

Col. 1 rate of duty: 5 percent ad valorem (1986 AVE 5%)

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP: _____

Country graduation: _____

Competitive-need-limit waiver: _____

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: Anchovies are an edible fish product, nearly always marketed in a canned form. They are used in food preparations; one of the best-known is as a pizza topping; other uses include additions to salads and sandwiches, etc. This product has no significant substitutes within a wide range of its price.

II. U.S. market profile 3/

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	*3	*3	*3	*3	*0
Total U.S. employment (employees).....	*100	*100	*100	*100	*0
U.S. shipments (thousand dollars).....	*7,000	*9,000	*4,000	*4,000	*-43
U.S. exports (thousand dollars).....	*3,680	*1,244	*748	*1,142	*-69
U.S. imports (thousand dollars).....	231	114	122	282	22
U.S. consumption (thousand dollars).....	*3,551	*7,870	*3,364	*3,140	*-12
Import to consumption ratio (percent).....	*7	*1	*4	*9	-
Capacity utilization (nearest 10 percent).....	4/	4/	4/	4/	-

Comment: The level of U.S. production of canned anchovies depends entirely on the level of the U.S. anchovy catch, which in turn is subject to resource availability, weather conditions, etc. Variations in such catch explain the variation in production during 1981-86. Quality is an important factor in marketing, and imported supplies tend to be of slightly lower quality than domestic supplies. New suppliers may find market resistance until their reputation is developed.

1/ Probable effects advice for these or closely related products on the basis of the TSUS nomenclature is contained in the Digest for TSUS item No. 112.01.

2/ Canned salted anchovies, which are excluded from the petition, are, however, included in the TSUS item 112.01 in the Digest referenced in footnote (1).

3/ Data for the number of U.S. firms, employment, and shipments includes those for canned salted anchovies in addition to the Digest product; therefore such data significantly overstates the number of firms, employment, and shipments for the items included in the petition.

4/ Not available.

HS item No.
1604.16.40—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (1,000 kilograms)				
Total.....	1/	100	-	1/
Imports from GSP countries:				
Total.....	1/	1/	100	1/
Philippines.....	1/	1/	1/	1/
Malaysia.....	1/	1/	1/	1/
Korea.....	1/	1/	1/	1/
Thailand.....	1/	1/	1/	1/
Value (thousands)				
Total.....	\$282	100	-	9
Imports from GSP countries:				
Total.....	64	23	100	2
Philippines.....	25	9	39	1
Malaysia.....	17	6	27	1
Korea.....	8	3	13	2/
Thailand.....	4	1	6	2/

Note.—The countries shown in the table include the top four GSP suppliers

IV. Competitiveness profiles, GSP suppliers

Competitiveness of the Philippines for all digest products

Ranking as a U.S. import supplier, 1986..... 4

Price sensitivity:

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

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

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

Price sensitivity of import supply..... High ___ Moderate X Low ___

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

Price sensitivity of U.S. demand..... 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

1/ Not available.

2/ Less than 0.5 percent.

HS item No.
1604.16.40—Con.

Competitiveness of Malaysia for all digest products

Ranking as a U.S. import supplier, 1986..... 7

Price sensitivity:

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

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

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

Price sensitivity of import supply..... High ☐ Moderate ☒ Low ☐

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

Price sensitivity of U.S. demand..... High ☒ Moderate ☐ Low ☐

Price level compared with:

U.S. products..... Above ☐ Equivalent ☐ Below ☒

Other foreign products..... Above ☒ Equivalent ☐ Below ☐

Quality compared with:

U.S. products..... Above ☐ Equivalent ☐ Below ☒

Other foreign products..... Above ☒ Equivalent ☐ Below ☐

Competitiveness of Korea for all digest products

Ranking as a U.S. import supplier, 1986..... 9

Price sensitivity:

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

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

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

Price sensitivity of import supply..... High ☐ Moderate ☒ Low ☐

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

Price sensitivity of U.S. demand..... High ☒ Moderate ☐ Low ☐

Price level compared with:

U.S. products..... Above ☐ Equivalent ☐ Below ☒

Other foreign products..... Above ☒ Equivalent ☐ Below ☐

Quality compared with:

U.S. products..... Above ☐ Equivalent ☐ Below ☒

Other foreign products..... Above ☒ Equivalent ☐ Below ☐

HS item No.
1604.16.40—Con.

V. Position of interested parties

Petitioner.—The Petitioner, the Moroccan Center for Export Promotion, a Moroccan Government agency, seeks to "ease the access of (this product) into the American market by getting lower customs duties." The Petitioner foresees the following consequences of a successful petition: (1) improvement of the Moroccan foreign trade deficit; (2) increase of the trade between Morocco and the United States; (3) improvement of the rate of capacity utilization in Moroccan anchovy canneries; and (4) creation of new Moroccan jobs. The Petitioner expects an increase in production of canned anchovies of 50 percent above the 1986 level of 8.4 million pounds, and an increase in capacity utilization from 50 to 75 percent, if the petition is successful. The export market is vital to the Moroccan industry, accounting for about 94 percent of the total value of shipments in 1986. Most of these exports are destined for the French market, and nearly all of the remainder to other EC markets. The Petitioner states that its product is of "remarkable" quality, "fully competitive" with competing products in EC markets.

[Probable economic effects advice deleted]

Product: Prepared anchovies, whole or beheaded, in containers 6.8 kg or less

U.S. imports for consumption, by principal sources, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Nethlds.....				58
Spain.....			10	46
Italy.....	38	20	35	35
Phil R.....	73	41		25
China P.....	15	20	4	22
Japan.....		2	15	17
Malaysa.....	2			17
Greece.....	35	12	11	16
Kor Rep.....	3		3	8
Hg Kong.....	4		11	7
Portugl.....	10		12	6
France.....			1	5
Sweden.....	8	1	1	5
Thailnd.....		1		4
All other total..	37	12	13	4
Total.....	231	114	122	282
GSP total....	86	44	21	64
Percent				
Nethlds.....	0.0	0.0	0.0	20.6
Spain.....	0.0	0.0	8.2	16.6
Italy.....	16.8	18.2	29.3	12.4
Phil R.....	31.8	36.4	0.0	9.1
China P.....	6.7	17.9	4.0	8.1
Japan.....	0.2	2.6	13.0	6.1
Malaysa.....	1.1	0.0	0.0	6.1
Greece.....	15.2	10.7	9.3	5.7
Kor Rep.....	1.5	0.2	2.5	3.0
Hg Kong.....	2.1	0.0	9.7	2.8
Portugl.....	4.6	0.0	10.6	2.5
France.....	0.0	0.3	1.0	2.1
Sweden.....	3.6	1.7	1.0	1.9
Thailnd.....	0.3	1.5	0.0	1.5
All other total..	16.0	10.6	11.3	1.6
Total.....	100.0	100.0	100.0	100.0
GSP total....	37.2	38.8	17.5	22.9

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

HS number: 16041640

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HS.item No.
1604.16.40--Con.

Product: Prepared anchovies, whole or beheaded, in containers 6.8 kg or less

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
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Value (1,000 dollars)

Israel.....	36	101	149	331
Japan.....	46	13	132	129
Thailand.....		12	25	126
Trinidad.....	77	20	58	82
Canada.....	879	174	56	81
Panama.....	79	109	61	79
Bahamas.....	110	67	35	54
N. Caldn.....	8	13	16	41
Singapore.....	13	9	14	39
U. King.....	915	31	16	24
Dom. Rep.....	14	14	9	17
Taiwan.....	13	2	6	17
Hong Kong.....	15	16	13	17
Mexico.....	16		28	13
All other total..	1,453	654	123	84

Total.....	3,680	1,244	748	1,142
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GSP total....	866	724	475	865
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Percent

Israel.....	1.0	8.2	19.9	29.0
Japan.....	1.3	1.1	17.7	11.3
Thailand.....	0.0	1.0	3.4	11.0
Trinidad.....	2.1	1.6	7.8	7.2
Canada.....	23.9	14.0	7.6	7.1
Panama.....	2.2	8.8	8.2	7.0
Bahamas.....	3.0	5.5	4.8	4.8
N. Caldn.....	0.2	1.1	2.2	3.7
Singapore.....	0.4	0.8	1.9	3.4
U. King.....	24.9	2.5	2.2	2.2
Dom. Rep.....	0.4	1.2	1.3	1.6
Taiwan.....	0.4	0.2	0.9	1.5
Hong Kong.....	0.4	1.4	1.7	1.5
Mexico.....	0.4	0.1	3.9	1.2
All other total..	39.5	52.6	16.6	7.4

Total.....	100.0	100.0	100.0	100.0
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GSP total....	23.5	58.2	63.6	75.7
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Source: Compiled from official statistics of the U.S. Department of Commerce

HS number: 16041640

8

HS item No.
1604.16.40--Con.

Product: Prepared anchovies, whole or beheaded, in containers 6.8 kg or less

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
quantity (kilograms)				
Israel.....	24,786	66,507	90,386	202,308
Thailand.....		11,765	23,650	130,985
Trinidad.....	53,838	17,871	44,154	69,219
N. Caldn.....	5,488	11,875	20,848	55,317
Japan.....	23,705	8,557	93,400	51,717
Panama.....	49,626	80,456	39,018	48,122
Canada.....	693,398	122,597	48,006	47,794
Bahamas.....	75,301	58,522	30,477	47,556
Singapore.....	8,959	5,232	7,992	43,326
U. King.....	600,394	39,309	8,164	21,390
Hong Kong.....	8,218	15,382	15,038	19,237
Greece.....		5,063		15,750
Portugal.....			8,333	13,492
Mexico.....	11,506	965	40,067	12,603
All other total..	1,619,184	1,027,222	128,825	71,615
Total.....	3,185,903	1,471,323	503,358	850,431
GSP total....	995,408	1,037,330	398,325	679,519
Percent				
Israel.....	0.8	4.5	15.0	23.8
Thailand.....	0.0	0.8	4.7	15.4
Trinidad.....	1.7	1.2	7.3	8.1
N. Caldn.....	0.2	0.8	3.5	6.5
Japan.....	0.9	0.6	15.5	6.1
Panama.....	1.6	5.5	6.5	5.7
Canada.....	21.9	8.3	8.0	5.6
Bahamas.....	2.4	4.0	5.1	5.6
Singapore.....	0.3	0.4	1.3	5.1
U. King.....	13.8	2.7	1.4	2.5
Hong Kong.....	0.3	1.0	2.5	2.3
Greece.....	0.0	0.3	0.0	1.9
Portugal.....	0.0	0.0	1.4	1.6
Mexico.....	0.4	0.1	6.6	1.5
All other total..	50.8	69.8	21.4	8.4
Total.....	100.0	100.0	100.0	100.0
GSP total....	31.2	70.5	66.0	79.9

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

HS item No.
2001.90.20 1/

Capers

I. Introduction

Col. 1 rate of duty: 16 percent ad valorem (1986 AVE 8.8%) 2/

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP: _____

Country graduation: _____

Competitive-need-limit waiver _____

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: Capers are the unopened flower buds of the caper bush (Capparis spinosa, L.), a climbing shrub which grows wild or semi-wild in the countries bordering the Mediterranean Sea (mainly in Morocco and Spain). Capers are picked from each bush several times a week during the summer and fall months, dried and stored in vinegar and salt, and then graded according to size. Capers are not commercially grown in the United States. 3/

Capers are a specialty product with a limited demand in the United States. They are used as pickles and as a garnish or condiment in gourmet sauces, salads and fish dishes. Capers are imported into the United States either in containers holding 3.4 kilograms or less (classified under item 2001.90.20), or in containers holding over 3.4 kilograms (classified under item 2001.90.10) and then repackaged domestically in retail-sized containers. It should be noted that the subject of this Digest is capers which enter the United States classified under item 2001.90.20. Capers classified under item 2001.90.10 already have GSP status.

1/ Probable effects advice for these or closely related products on the basis of the TSUS nomenclature is contained in the Digest for TSUS item No. 161.08.

2/ The duty on capers was temporarily reduced during 1984-87, pursuant to trade agreement legislation. Temporary duty rates were 11.2 percent in 1984 and 1985, 12.4 percent in 1986, and 13.6 percent in 1987. The reduced rate terminates at the close of Dec. 31, 1987.

3/ One firm in California is known to have recently begun producing capers in small quantities for sale to a localized market.

HS item No.
2001.90.20--Con.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	* 7	*7	*7	*7	0
Total U.S. employment (employees).....	** 200	** 200	**200	* 200	0
U.S. shipments (thousand dollars).....	**4,000	**4,000	**3,700	**3,100	-23
U.S. exports (thousand dollars) <u>1/</u>					
U.S. imports (thousand dollars).....	<u>2/</u>	1,281	2,051	2,163	-
U.S. consumption (thousand dollars).....	<u>2/</u>	5,281	5,751	5,263	-
Import to consumption ratio (percent).....	-	24	36	41	-
Capacity utilization (nearest 10 percent).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-

Comment: Approximately, 7 domestic firms repack capers (from those imported in bulk) into retail-size containers. 3/ [* * *

]. However, capers account for a small part of the total sales of most of the other firms which repackage capers.

1/ Believed to be nil or negligible.

2/ Not available.

3/ One firm in California is known to grow small amounts of capers which it sells in the local market.

HS item No.
2001.90.20—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (1,000 kilograms)				
Total.....	471	100	-	1/
Imports from GSP countries:				
Total.....	1	2/	100	1/
Brazil.....	1	2/	67	1/
Cyprus.....	3/	2/	33	1/
Value (thousands)				
Total.....	\$2,162	100	-	41
Imports from GSP countries:				
Total.....	11	1	100	2/
Brazil.....	8	2/	73	2/
Cyprus.....	3	2/	27	2/

Note.—The countries shown in the table include the top GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Brazil for all digest products

Ranking as a U.S. import supplier, 1986..... 5

Price sensitivity:

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

Price sensitivity of import supply..... High ___ Moderate X Low ___

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

Price sensitivity of U.S. demand..... High ___ Moderate X Low ___

Price level compared with:

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

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

Quality compared with:

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

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

1/ Not available.

2/ Less than 0.5 percent.

3/ Less than 500 kilograms.

HS item No.
2001.90.20—Con.

Competitiveness of Cyprus for all digest products

Ranking as a U.S. import supplier, 1986..... 8

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

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

Price sensitivity of U.S. demand..... High Moderate X Low

Price level compared with:

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

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

Quality compared with:

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

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

Competitiveness of Morocco for all digest products

Ranking as a U.S. import supplier, 1986..... -

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

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

Price sensitivity of U.S. demand..... High Moderate X Low

Price level compared with:

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

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

Quality compared with:

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

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

Comment: Morocco did not supply capers which would have been classified under item 2001.90.20 (in containers other than those holding over 3.4 kilograms) to the United States in 1986. However, Morocco supplied the United States with about 482,000 pounds of capers in 1986 which would have been classified under item 2001.90.10 (in containers holding over 3.4 kilograms). These capers were then bottled in the United States and were equivalent to about 46 percent of the amount of capers which would have entered the United States in 1986 classified under item 2001.90.20.

HS item No.
2001.90.20—Con.

V. Position of interested parties

Petitioner.—The Moroccan Center for Export Promotion, a Moroccan Government advisory center, is the petitioner. The Center reports that granting GSP status would result in a 25 percent increase in exports, thereby allowing the creation of new jobs, improvement in the rate of capacity utilization, and improvement of the Moroccan foreign trade deficit.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

HS number: 20019020

HS item No.
2001.90.20

Product: Capers, prepared or preserved by vinegar

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Spain.....			1,835	1,960
France.....	25	14	13	101
U King.....			108	59
Italy.....	3	6	9	11
Brazil.....				7
FR Germ.....	1	2		7
Greece.....			47	7
Cyprus.....		1	3	3
Belgium.....			1	2
Israel.....			1	
Senegal.....	2			
Moroc.....	760		30	
Spain.....	616	1,255		
All other total..				
Total.....	1,409	1,281	2,051	2,162
GSP total....	762	1	35	11
Percent				
Spain.....	0.0	0.0	89.5	90.7
France.....	1.8	1.2	0.6	4.7
U King.....	0.0	0.0	5.3	2.7
Italy.....	0.2	0.5	0.5	0.5
Brazil.....	0.0	0.0	0.0	0.4
FR Germ.....	0.1	0.2	0.0	0.4
Greece.....	0.0	0.0	2.3	0.4
Cyprus.....	0.0	0.1	0.2	0.1
Belgium.....	0.0	0.0	0.1	0.1
Israel.....	0.0	0.0	0.1	0.0
Senegal.....	0.2	0.0	0.0	0.0
Moroc.....	53.9	0.0	1.5	0.0
Spain.....	43.7	98.0	0.0	0.0
All other total..	0.0	0.0	0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	54.1	0.1	1.7	0.5

Note.--Quantity data are not available on the HS basis for capers, prepared or preserved by vinegar.

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

Beans, Pickled

I. Introduction

Col. 1 rate of duty: 9 percent ad valorem

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP:

Country graduation:

Competitive-need-limit waiver:

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: Pickled beans include such products as pickled fresh green and yellow (wax) string beans, as well as pickled cooked dry beans, often used alone or with other pickled beans in salads.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
Total U.S. employment (thousand employees).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
U.S. shipments (thousand dollars).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
U.S. exports (thousand dollars).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
U.S. imports (thousand dollars).....	136	9	0	0	-100
U.S. consumption (thousand dollars).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
Import to consumption ratio (percent).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
Capacity utilization (nearest 10 percent) <u>3/</u> ...	**75	**75	**75	**75	-

Comment: Pickled beans are described as specialty products, often marketed as a separate item in mixtures with other pickled vegetables or in salads. Annual domestic production data are not available; such production, however, supplies the bulk of pickled bean consumption and exports are believed to be negligible. Imports, comparable in quality and appearance, are generally about the same price.

1/ Probable effects advice for these or closely related products on the basis of the TSUS nomenclature is contained in the Digest for TSUS item No. 141.15.

2/ Not available.

3/ Based on an estimated capacity utilization for the overall domestic vegetable processing industry.

HS item No.
2001.90.30--Con.

III. GSP import situation, 1984 ^o 1/

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (thousands of kilograms)				
Total.....	3	100	-	<u>2/</u>
Imports from GSP countries:				
Total.....	1	24	100	<u>2/</u>
Guatemala.....	<u>3/</u>	16	69	<u>2/</u>
Taiwan.....	<u>3/</u>	7	31	<u>2/</u>
Value (thousands)				
Total.....	\$9	100	-	<u>2/</u>
Imports from GSP countries:				
Total.....	1	9	100	<u>2/</u>
Guatemala.....	<u>4/</u>	5	55	<u>2/</u>
Taiwan.....	<u>4/</u>	4	45	<u>2/</u>

Note.--The countries shown in the table include the top GSP suppliers.

1/ The most recent year in which data are available.

2/ Not available.

3/ Less than 500 pounds.

4/ Less than \$500.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Guatemala for all digest products

Ranking as a U.S. import supplier, 1984 1/..... 5

Price sensitivity:

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

Price sensitivity of import supply..... High ____ Moderate X Low ____

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No ____

Price sensitivity of U.S. demand..... High ____ Moderate X Low ____

1/ The most recent year in which imports are reported.

HS item No.
2001.90.30---Con.

Price level compared with:

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

Quality compared with:

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

Competitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1984 1/..... 6

Price sensitivity:

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

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

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

Price sensitivity of import supply..... High ☐ Moderate ☒ Low ☐

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

Price sensitivity of U.S. demand..... High ☐ Moderate ☒ Low ☐

Price level compared with:

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

Quality compared with:

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

1/ The most recent year in which imports are reported.

HS item No.
2001.90.30--Con.

V. Position of interested parties

Petitioner.--The Moroccan Center for Export Promotion, the petitioner, is a Governmental center for finding new markets and promoting exports. The Center wants to ease the access of this product into the American market by getting lower customs duties. This undertaking is part of an effort to improve the Moroccan foreign trade deficit, increase overall U.S.-Moroccan trade, improve capacity utilization rate of Moroccan processing plants, and create new jobs.

[Probable economic effects advice deleted]

HS item No.
2001.90.30--Con.

Product: Beans, pickled

U.S. imports for consumption, by principal sources, 1981, 1983, and 1984 1/

Source	1981	1983	1984
Quantity (kilograms)			
Canada.....	168,284	0	313
Japan.....	0	90	591
West Germany.....	0	562	449
China.....	0	0	682
Guatemala.....	0	0	435
Taiwan.....	1,103	1,138	195
India.....	0	2,533	0
Belgium.....	0	767	0
All other total.....	0	555	0
Total.....	169,388	5,645	2,664
GSP total.....	1,103	3,671	630
Percent			
Canada.....	99.3	0.0	11.7
Japan.....	-	1.6	22.2
West Germany.....	-	9.9	16.9
China.....	-	-	25.6
Guatemala.....	-	-	16.3
Taiwan.....	.7	20.2	7.3
India.....	-	44.9	-
Belgium.....	-	13.6	-
All other total.....	-	9.8	-
Total.....	100.0	100.0	100.0
GSP total.....	.7	69.0	23.6

1/ The most recent year in which imports are reported.

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

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

HS item No.
2001.90.30--Con.

Product: Beans, pickled

U.S. imports for consumption, by principal sources, 1981, 1983, and 1984 ^{1/}

Source	1981	1983	1984
Value (1,000 dollars)			
Canada.....	133	0	5
Japan.....	-	-	2
West Germany.....	-	-	1
China.....	-	-	1
Guatemala.....	-	-	2/
Taiwan.....	2	1	2/
India.....	-	6	-
Belgium.....	-	6	-
All other total.....	1	2	-
Total.....	136	9	9
GSP total.....	2	7	1
Percent			
Canada.....	98.4	0.0	52.3
Japan.....	-	.0	21.9
West Germany.....	-	.0	9.1
China.....	-	.0	7.8
Guatemala.....	-	.0	4.9
Taiwan.....	1.6	10.8	4.1
India.....	-	62.8	-
Belgium.....	-	6.3	-
All other total.....	3/	3/	-
Total.....	100.0	100.0	100.0
GSP total.....	1.6	76.1	8.9

^{1/} The most recent year in which imports are reported.

^{2/} Less than \$500.

^{3/} Less than 0.5 percent.

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

HS item No.
2005.80.00 1/

Corn In Airtight Containers

I. Introduction

Col. 1 rate of duty: 12.5 percent ad valorem

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP:

Country graduation:

Competitive-need-limit waiver:

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: Corn in airtight containers is canned, fresh sweet corn, prepared from clean, sound whole or cut kernels and packed primarily in water and a creamy liquid made from corn kernels. Canned corn is often used alone as a cooked vegetable side dish, in vegetable mixtures, or with other vegetables in soups, stews, and casseroles.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	*50	*45	*40	*34	*-32
Total U.S. employment (employees).....	**1,000	**900	**800	**680	** -32
U.S. shipments (million dollars).....	**447	**434	**436	**395	** -18
U.S. exports (million dollars).....	56	53	46	56	1
U.S. imports (million dollars).....	2	4	4	5	184
U.S. consumption (million dollars).....	**393	**385	**394	**344	** -12
Import to consumption ratio (percent).....	<u>2/</u>	1	1	2	300
Capacity utilization (nearest 10 percent).....	**75	**75	**75	**75	-

Comment: Canned corn is one of the most important domestically-produced canned vegetables, accounting for over one-fifth of total canned-vegetable production in recent years. Most firms canning corn process a number of other vegetables as well, with corn representing a major share of their total production. Although processing is distributed nationwide, the bulk of production takes place in the Midwest, with most of the decline in production since 1985 occurring in the West. Whereas a distinct brand loyalty/preference exists for specific items and in certain geographic areas, most firms pack under a number of different private and house brands, with product quality, service, and price significantly affecting sales.

1/ Probable effects advice for these or closely related products on the basis of the TSUS nomenclature is contained in the Digest for TSUS item No. 141.83.

2/ Less than 0.5 percent.

HS item No.
2005.80.00--Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (thousands of pounds)				
Total.....	14,583	100	-	1
Imports from GSP countries:				
Total.....	14,152	97	100	1
Thailand.....	8,230	56	58	1
Taiwan.....	5,633	39	40	1
Singapore.....	152	1	1	1/
Value (thousands)				
Total.....	\$5,235	100	-	2
Imports from GSP countries:				
Total.....	5,107	98	100	1
Thailand.....	2,898	55	57	1
Taiwan.....	2,119	41	41	1
Singapore.....	44	1	1	1/

1/ Less than 0.5 percent.

Note.--The countries shown in the table include the top GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Thailand for all digest products

Ranking as a U.S. import supplier, 1986..... 1

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... High Moderate X Low

HS item No.
2005.80.00--Con.

Price level compared with:

U.S. products..... Above ☐ Equivalent ☒ Below ☐

Other foreign products..... Above ☐ Equivalent ☒ Below ☐

Quality compared with:

U.S. products..... Above ☐ Equivalent ☒ Below ☐

Other foreign products..... Above ☐ Equivalent ☒ Below ☐

Competitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1986..... 2

Price sensitivity:

Can production in the country be easily expanded or

contracted in the short term?..... Yes ☐ No ☒

Does the country have significant export

markets besides the United States?..... Yes ☐ No ☒

Could exports from the country be readily

redistributed among its foreign export markets?..... Yes ☐ No ☒

Price sensitivity of import supply..... High ☐ Moderate ☒ Low ☐

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes ☒ No ☐

Price sensitivity of U.S. demand..... High ☐ Moderate ☒ Low ☐

Price level compared with:

U.S. products..... Above ☐ Equivalent ☒ Below ☐

Other foreign products..... Above ☐ Equivalent ☒ Below ☐

Quality compared with:

U.S. products..... Above ☐ Equivalent ☒ Below ☐

Other foreign products..... Above ☐ Equivalent ☒ Below ☐

HS item No.
2005.80.00--Con.

V. Position of interested parties

Petitioner.--The Government of Thailand, the petitioner, requested that canned corn be designated as an eligible article under the GSP. The petitioner stated that the recent import penetration ratio of all canned corn imports was under 2 percent, that Thailand has limited production capacity (due to small land masses), and a perceived diversification in the U.S. industry from canned to frozen corn.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

HS item No.
2005.80.00--Con.

Product: Corn in airtight containers

U.S. imports for consumption, by principal sources, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (pounds) 1/				
Thailand.....	111,411	1,370,384	3,818,908	8,230,082
Taiwan.....	4,128,159	6,524,310	6,531,955	5,632,663
Canada.....	118,267	636,778	650,000	382,144
Singapore.....	0	0	38,262	152,295
Hong Kong.....	0	18,000	0	89,100
France.....	11,020	32	4,748	21,728
Malaysia.....	0	0	0	38,250
West Germany.....	99	859	2,753	3,520
All other total.....	93,594	36,802	260,211	33,112
Total.....	4,462,451	8,587,165	11,306,837	14,582,894
GSP total.....	4,290,371	7,942,774	10,445,448	14,151,953
Percent				
Thailand.....	2.5	16.0	33.8	56.4
Taiwan.....	92.5	76.0	57.8	38.6
Canada.....	2.7	7.4	5.7	2.6
Singapore.....	-	-	.3	1.0
Hong Kong.....	-	.2	-	.6
France.....	2/	2/	2/	2/
Malaysia.....	-	-	-	2/
West Germany.....	2/	2/	2/	2/
All other total.....	2.1	2/	2.3	2/
Total.....	100.0	100.0	100.0	100.0
GSP total.....	96.1	92.5	92.4	97.0

1/ Data were not available on an HS (kilogram) basis.

2/ Less than 0.5 percent.

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

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

HS item No.
2005.80.00---Con.

Product: Corn in airtight containers

U.S. imports for consumption, by principal sources, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Thailand.....	54	653	1,546	2,898
Taiwan.....	1,698	2,732	2,577	2,119
Canada.....	51	200	121	99
Singapore.....	-	-	11	44
Hong Kong.....	-	8	-	33
Japan.....	17	1/	26	11
France.....	4	1/	6	8
Malaysia.....	-	-	-	7
All other total.....	19	22	90	16
Total.....	1,843	3,615	4,377	5,235
GSP total.....	1,770	3,410	4,159	5,107
Percent				
Thailand.....	3.0	18.1	35.3	55.4
Taiwan.....	92.1	75.6	58.9	40.5
Canada.....	2.8	5.5	2.8	1.9
Singapore.....	-	-	.3	.8
Hong Kong.....	-	.2	-	.6
Japan.....	1.0	2/	.6	.2
France.....	.2	2/	.2	.2
Malaysia.....	-	-	-	.2
All other total.....	1.0	.6	2.1	.3
Total.....	100.0	100.0	100.0	100.0
GSP total.....	96.0	94.3	95.0	97.6

1/ Less than \$500.

2/ Less than 0.5 percent.

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

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

HS item No.
2005.80.00--Con.

Product: Corn in airtight containers 1/

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
	Quantity (pounds)			
Japan.....	72,030,517	41,841,317	35,698,234	53,129,747
West Germany.....	14,060,056	19,411,383	21,105,283	29,697,498
United Kingdom.....	8,344,853	19,961,441	21,212,902	18,636,831
France.....	20,466,713	22,147,103	11,156,790	13,681,627
Switzerland.....	7,338,496	7,984,340	9,641,980	11,731,735
Hong Kong.....	4,664,549	3,610,728	6,030,734	9,383,733
Taiwan.....	5,464,697	3,954,485	5,449,832	7,617,320
Sweden.....	3,687,565	3,921,585	4,885,502	4,982,426
All other total.....	20,967,273	22,733,583	19,410,938	20,022,726
Total.....	157,024,719	145,565,965	134,592,195	168,883,543
GSP total.....	23,339,531	17,251,258	22,906,765	27,227,152
	Percent			
Japan.....	45.9	28.7	26.5	31.5
West Germany.....	9.0	13.3	15.7	17.6
United Kingdom.....	5.3	13.7	15.8	11.0
France.....	13.0	15.2	8.3	8.1
Switzerland.....	4.7	5.5	7.2	6.9
Hong Kong.....	3.0	2.5	4.5	5.6
Taiwan.....	3.5	2.7	4.0	4.5
Sweden.....	2.3	2.7	3.6	3.0
All other total.....	13.4	15.6	14.4	11.9
Total.....	100.0	100.0	100.0	100.0
GSP total.....	14.9	11.9	17.0	16.1

1/ Includes data under Schedule B No. 141.0500, comparable with 100 percent of HS No. 2005.80.00.

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

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

HS item No.
2005.80.00--Con.

Product: Corn in airtight containers ^{1/}

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (thousands of dollars)				
Japan.....	25,335	15,722	12,476	18,249
West Germany.....	5,210	6,959	6,966	9,499
United Kingdom.....	2,974	7,327	7,420	6,654
France.....	6,667	7,564	3,824	4,456
Switzerland.....	2,591	2,826	3,244	3,632
Hong Kong.....	1,725	1,269	2,225	3,306
Taiwan.....	2,071	1,287	1,725	2,301
Sweden.....	1,638	1,683	1,717	1,530
All other total.....	8,174	7,875	6,553	6,128
Total.....	56,385	52,512	46,150	55,935
GSP total.....	8,973	6,060	7,676	8,782
Percent				
Japan.....	44.9	29.9	27.0	32.6
West Germany.....	9.2	13.3	15.1	17.0
United Kingdom.....	5.3	14.9	16.1	11.9
France.....	11.8	14.4	8.3	8.0
Switzerland.....	4.6	5.4	7.0	6.5
Hong Kong.....	3.1	2.4	4.8	5.9
Taiwan.....	3.7	2.5	3.7	4.1
Sweden.....	2.9	3.2	3.7	2.7
All other total.....	14.5	15.0	14.2	11.0
Total.....	100.0	100.0	100.0	100.0
GSP total.....	15.9	11.5	16.6	15.7

^{1/} Includes data under Schedule B No. 141.0500, comparable with 100 percent of HS No. 2005.80.00.

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

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

HS item No.
2208.40.0030 1/

Certain Rum

I. Introduction

Col. 1 rate of duty: for item 2208.40.0030: 37¢ pf. liter. (1986 AVE *11.9%)
for item 2208.40.0080: 37¢ pf. liter. (1986 AVE *21.5%)

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP: _____

Country graduation: _____

Competitive-need-limit waiver _____

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: Rum is any alcoholic distillate from the fermented juice of sugarcane, sugarcane sirup, sugarcane molasses, or other sugarcane byproducts distilled at less than 190-degrees proof in such manner that the distillate possesses the taste, aroma, and characteristics generally attributed to rum. Most rum consumed in the United States is light in flavor and is used mostly in preparing cocktails. More full-bodied types are used as ingredients in punch, rum toddies, and zombies.

The requested GSP item numbers include rum in containers each holding not over 4 liters (HS item No. 2208.40.0030) and rum in containers each holding over 4 liters, valued over 92¢ per liter (HS item No. 2208.40.0080).

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	*12	*12	*8	*8	-33
Total U.S. employment (employees).....	*1,300	*1,200	*1,100	*900	-31
U.S. shipments (thousand dollars).....	*146,328	*154,616	*165,100	*144,680	-1
U.S. exports (thousand dollars).....	1,847	1,916	1,644	1,997	8
U.S. imports (thousand dollars)..... <u>2/</u>	4,369	6,615	10,704	9,663	121
U.S. consumption (thousand dollars) <u>3/</u>	*141,420	*146,922	*164,712	*158,366	12
Import to consumption ratio (percent).....	*3	*5	*6	*6	-
Capacity utilization (nearest 10 percent).....	**90	**90	**80	**80	-

1/ HS items 2208.40.0030 and 2208.40.0080 are included in this Digest. Probable effects advice for these products on the basis of the TSUS nomenclature is contained in the Digest for TSUS item No. 169.13.

2/ Includes all rum imports.

3/ Adjusted for stocks.

HS item No.
2208.40.0030—Con.

Comment: Puerto Rico and the U.S. Virgin Islands are the principal rum-producing areas, with some production also taking place in Florida, Massachusetts, and Hawaii. Producers in Puerto Rico account for about 85 percent of U.S. rum production, and Virgin Islands production makes up about 10 percent. There are about eight rum producers; however, Bacardi Corp. of Miami, FL, and Puerto Rico, is estimated to account for over 70 percent of production. Bacardi's size and the fact that it is its own importer and distributor (with over 200 wholesalers) allows it to enjoy significant economies of scale in the U.S. market. Many of the other U.S. rums are produced and/or distributed by large U.S. distillers that also benefit from certain economies of scale. In addition Bacardi and certain other U.S. producers are large enough to promote brand recognition through extensive advertising. There are two markets for rum in the United States, the branded rums (usually unaged and generally used in prepared cocktails) and the private-label rums. Rum from the U.S. Virgin Islands largely supplies the private-label market, which usually sells at prices considerably less than the branded rums. Generally, the Puerto Rican brands and brands from the Caribbean area compete in the higher priced, branded market. In 1986, about 91 percent (by value) of all rum imports were from Caribbean countries which were eligible for duty-free treatment under the Caribbean Basin Economic Recovery Act.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (1,000 liters)				
Total.....	5,269	100	-	5
Imports from GSP countries:				
Total.....	5,079	96	100	5
Jamaica.....	3,758	71	74	4
Barbados.....	769	15	15	1
Dominican Republic.....	220	4	4	1/
Haiti.....	53	1	1	1/
Value (thousands) 2/				
Total.....	\$9,712	100	-	6
Imports from GSP countries:				
Total.....	9,317	96	100	6
Jamaica.....	6,895	71	74	4
Barbados.....	984	10	11	1
Dominican Republic.....	560	6	6	1/
Haiti.....	171	2	2	1/

1/ Less than 0.5 percent.

2/ These value data may be slightly different than those reported in the U.S. market profile section, because these data are estimated at the 8 digit HS level, while data in the U.S. market profile are based on a 10 digit HS level.

Note.—The countries shown in the table include the top four GSP suppliers in 1986.

HS item No.
2208.40.0030--Con.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Jamaica for all digest products

Ranking as a U.S. import supplier, 1986..... 1

Price sensitivity:

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 ____
Price sensitivity of import supply..... High ____ Moderate X Low ____
Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No ____
Price sensitivity of U.S. demand..... High ____ Moderate X Low ____

Price level compared with:

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

Quality compared with:

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

Comment: Rum imports from Jamaica are presently eligible for duty-free treatment under the Caribbean Basin Economic Recovery Act.

Competitiveness of Barbados for all digest products

Ranking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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 ____
Price sensitivity of import supply..... High ____ Moderate X Low ____
Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No ____
Price sensitivity of U.S. demand..... High ____ Moderate X Low ____

Price level compared with:

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

Quality compared with:

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

Comment: Rum imports from Barbados are presently eligible for duty-free treatment under the Caribbean Basin Economic Recovery Act.

HS item No.
2208.40.0030—Con.

Competitiveness of the Dominican Republic for all digest products

Ranking as a U.S. import supplier, 1986..... 3

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

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

Price sensitivity of U.S. demand..... High Moderate X Low

Price level compared with:

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

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

Quality compared with:

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

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

Comment: Rum imports from the Dominican Republic are presently eligible for duty-free
treatment under the Caribbean Basin Economic Recovery Act.

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V. Position of interested parties

Petitioner.—The Government of the Republic of the Philippines is the petitioner. The Philippine Government has indicated that because of the U.S. duty of \$1.40 and \$1.44 per proof gallon and freight advantages, the Philippines cannot compete with other suppliers of rum to the U.S. market (i.e., Puerto Rico, the U.S. Virgin Islands and CBI countries). The Government reports that the CBI countries' duty exemption on rum has completely altered the competitive position of their rum in the U.S. market.

Opposition.—Mr. J. Ballin, President of Classic Brands De Puerto Rico stated in a letter to the United States Trade Representative that the Philippines should not be granted GSP status for rum because U.S. consumption of rum has been declining, the domestic rum market of the Philippines has been steadily expanding, and since 1984, CBI countries have attained a favorable position in the U.S. market and would be seriously hurt by the entry of GSP rum from the Philippines.

Governor Alexander A. Farrelly of the U.S. Virgin Islands expressed strong opposition to the Philippine request for GSP status on rum in a letter to the Office of the Special Trade Representative. He states that because of increased competition from CBI countries, additional market preferences for the Philippines will come at the expense of U.S. producers in the U.S. Virgin Islands and Puerto Rico. He also notes the fiscal importance of rum to the treasury and the fact that U.S. rum consumption has been declining.

Honorable Ron de Lugo, Delegate to the U.S. House of Representatives from the U.S. Virgin Islands opposes the granting of GSP status for rum. Delegate de Lugo reported, in a statement sent to the Commission, that since 1984, the U.S. market for rum has been steadily decreasing and a duty-free status for GSP producers of rum will only add to the disruption and worsening economic outlook for U.S. rum producers in Puerto Rico and the U.S. Virgin Islands.

Honorable Jaime B. Fuster, Member of the U.S. House of Representatives from Puerto Rico, in a statement sent to the Commission, expressed opposition to the granting of GSP status to rum and associated himself with comments received for the record from Mr. Antonio J. Colorado, of the Commonwealth of Puerto Rico.

Mr. Antonio J. Colorado, Administrator of the Economic Development Administration of the Commonwealth of Puerto Rico indicated in a statement to the Commission that the elimination of import duties under the GSP will clearly have a harmful effect on U.S. rum producers in Puerto Rico. He states that, at best it will erode the profitability of U.S. producers in a market that has already declined substantially in recent years and, at worst, it could result in the loss of hundreds of jobs for U.S. citizens in Puerto Rico.

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The Government of the Virgin Islands expressed strong opposition to the Philippine request for GSP status on rum in testimony at the Commission's Hearing. The Virgin Island Government reports that the rum industry represents one of the principal sources of employment and income for the economy and that the U.S. Government has on recent occasions taken action to protect the Virgin Islands rum industry from competitive harm. They report that extending duty-free treatment would run counter to this long-standing federal policy and pose a direct threat to the fiscal autonomy of their Island Government.

Schenley Industries, Inc. and its subsidiary Islands Rum Industries, Ltd. expressed strong opposition to the Philippine request for GSP status on rum in testimony at the Commission's Hearing. They indicate that the only way such rum can make headway in the U.S. market is by underselling established rums and U.S. producers must either meet these prices or expect to lose sales. They indicate an adverse impact on profitability occurs either way and these effects are compounded by the shrinking market into which the rum is being sold.

Mr. Mario S. Belaval, President of the Puerto Rico Rum Producers Association, Inc. expressed opposition to the Philippine request for GSP status on rum in testimony at the Commission's Hearing. Mr. Belaval indicated that in the last 5 years, rum from Puerto Rico has declined by 20 percent in the U.S. market and sales from CBI countries have increased 47 percent. He states that consideration should be given to increasing the sugar quota of the Philippines instead of granting GSP to rum, because the sugar industry is a more labor intensive industry than the distilling industry.

Mr. Felix J. Serralles, President of Destileria Serralles, Inc. expressed opposition to the Philippine request for GSP status on rum in testimony at the Commission's Hearing. Mr. Serralles stated that allowing duty-free entry for rum would do great harm to the rum industry in Puerto Rico and particularly to companies which produced non-premium rums (primarily Destileria Serralles).

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

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Product: Rum and tafia

--Con.

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Quantity(liters)				
Jamaica.....	2,378,764	3,349,596	4,116,555	3,758,054
Barbado.....	523,623	683,789	770,603	768,703
Dom Rep.....	101,555	254,163	227,196	220,404
U King.....			70,381	63,715
Guyana.....	68,863	71,396	43,516	61,652
Bahamas.....	32,270	86,511	12,612	55,899
Haiti.....	89,728	78,486	61,668	52,533
Norway.....				35,718
Nicarag.....			4,678	35,037
Mexico.....	734	2,880	4,705	30,499
Japan.....				27,705
France.....			3,686	26,436
Bermuda.....	5,371	8,804	10,856	18,491
Trinid.....	12,787	13,426	18,279	18,457
All other total..	337,607	179,849	251,968	95,563
Total.....	3,551,302	4,728,900	5,596,703	5,268,866
GSP total....	3,412,285	4,650,980	5,472,924	5,078,720
Percent				
Jamaica.....	67.0	70.8	73.6	71.3
Barbado.....	14.7	14.5	13.8	14.6
Dom Rep.....	2.9	5.4	4.1	4.2
U King.....	0.0	0.0	1.3	1.2
Guyana.....	1.9	1.5	0.8	1.2
Bahamas.....	0.9	1.8	0.2	1.1
Haiti.....	2.5	1.7	1.1	1.0
Norway.....	0.0	0.0	0.0	0.7
Nicarag.....	0.0	0.0	0.1	0.7
Mexico.....	0.0	0.1	0.1	0.6
Japan.....	0.0	0.0	0.0	0.5
France.....	0.0	0.0	0.1	0.5
Bermuda.....	0.2	0.2	0.2	0.4
Trinid.....	0.4	0.3	0.3	0.4
All other total..	9.5	3.8	4.5	1.8
Total.....	100.0	100.0	100.0	100.0
GSP total....	96.1	98.4	97.8	96.4

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

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Product: Rum and tafia

1/

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Jamaica.....	2,459	4,014	7,525	6,895
Barbado.....	482	709	1,004	984
Dom Rep.....	33	214	282	560
U King.....			411	192
Haiti.....	246	238	204	171
Guyana.....	136	171	113	163
Bahamas.....	63	178	34	148
Colomb.....	28	35	73	79
Bermuda.....	17	33	40	71
Trinid.....	34	34	61	59
Canada.....	15	83	40	57
France.....			5	46
Venez.....	124	52	51	46
Mexico.....	1	5	16	38
All other total..	433	640	812	198
Total.....	4,077	6,412	10,679	9,712
GSP total....	3,868	6,184	10,156	9,317
Percent				
Jamaica.....	60.3	62.6	70.5	71.0
Barbado.....	11.8	11.1	9.4	10.1
Dom Rep.....	0.8	3.3	2.6	5.8
U King.....	0.0	0.0	3.9	2.0
Haiti.....	6.0	3.7	1.9	1.8
Guyana.....	3.3	2.7	1.1	1.7
Bahamas.....	1.5	2.8	0.3	1.5
Colomb.....	0.7	0.6	0.7	0.8
Bermuda.....	0.4	0.5	0.4	0.7
Trinid.....	0.9	0.5	0.6	0.6
Canada.....	0.4	1.3	0.4	0.6
France.....	0.0	0.0	0.1	0.5
Venez.....	3.1	0.8	0.5	0.5
Mexico.....	0.0	0.1	0.2	0.4
All other total..	10.6	10.0	7.6	2.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	94.9	96.4	95.1	95.9

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

1/ These value data may be slightly different than those reported in the U.S. market profile section, because these data are estimated at 8 digit HS level, while data in the U.S. market profile are based on a 10 digit HS level.

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Product: Rum and tafia

U.S. exports of domestic merchandise, by principal markets 1981 1983 1985
and 1986

Source	1981	1983	1985	1986
Quantity (liters)				
N.Antil.....	88,261	138,346	55,167	95,043
Nethlds.....	32,999	29,044	30,871	42,448
B Virgn.....	63,719	88,301	28,197	42,310
FR Germ.....	15,102	25,943	29,565	35,081
Canada.....	4,663	1,217	69,772	34,730
Japan.....	567	6,655	6,488	30,885
Bahamas.....	35,344	56,678	23,439	30,088
Panama.....	1,526	219	31,000	14,681
Cocos I.....	3,558	2,220		7,417
Finland.....	6,837	12,155	2,605	6,207
S W Afr.....			19,743	6,161
Bolivia.....	2,931	1,728	9,745	5,846
Chile.....	16,058	7,977	2,186	5,801
Belgium.....	8,683	6,172	12,123	4,848
All other total..	105,782	62,394	48,269	23,767
Total.....	386,030	439,049	369,170	385,313
GSP total....	272,001	325,612	178,530	213,294
Percent				
N.Antil.....	22.9	31.5	14.9	24.7
Nethlds.....	8.5	6.6	8.4	11.0
B Virgn.....	16.5	20.1	7.6	11.0
FR Germ.....	3.9	5.9	8.0	9.1
Canada.....	1.2	0.3	18.9	9.0
Japan.....	0.1	1.5	1.8	8.0
Bahamas.....	9.2	12.9	6.3	7.8
Panama.....	0.4	0.0	8.4	3.8
Cocos I.....	0.9	0.5	0.0	1.9
Finland.....	1.8	2.8	0.7	1.6
S W Afr.....	0.0	0.0	5.3	1.6
Bolivia.....	0.8	0.4	2.6	1.5
Chile.....	4.2	1.8	0.6	1.5
Belgium.....	2.2	1.4	3.3	1.3
All other total..	27.4	14.2	13.1	6.2
Total.....	100.0	100.0	100.0	100.0
GSP total....	70.5	74.2	48.4	55.4

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

Product: Rum and tafia

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985
and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
N.Antil.....	332	441	247	391
Nethlds.....	225	159	213	282
B Virgn.....	317	433	160	213
Japan.....	3	43	28	174
FR Germ.....	60	67	88	148
Bahamas.....	163	256	117	142
Canada.....	18	4	233	137
Cocos I.....	15	4		137
Panama.....	9	1	120	75
Chile.....	82	44	16	46
S W Afr.....			69	32
Finland.....	50	64	20	28
Thailnd.....	27	3	15	25
Haiti.....	22			21
All other total..	518	391	311	137
Total.....	1,847	1,915	1,643	1,996
GSP total....	1,221	1,351	815	1,112
Percent				
N.Antil.....	18.0	23.0	15.0	19.6
Nethlds.....	12.2	8.3	13.0	14.1
B Virgn.....	17.2	22.6	9.8	10.7
Japan.....	0.2	2.3	1.7	8.7
FR Germ.....	3.3	3.5	5.4	7.4
Bahamas.....	8.8	13.4	7.1	7.1
Canada.....	1.0	0.3	14.2	6.9
Cocos I.....	0.8	0.3	0.0	6.9
Panama.....	0.5	0.1	7.3	3.8
Chile.....	4.5	2.3	1.0	2.3
S W Afr.....	0.0	0.0	4.2	1.6
Finland.....	2.7	3.3	1.2	1.4
Thailnd.....	1.5	0.2	1.0	1.3
Haiti.....	1.2	0.0	0.0	1.1
All other total..	28.0	20.4	19.0	6.9
Total.....	100.0	100.0	100.0	100.0
GSP total....	66.1	70.5	49.6	55.7

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

Certain Inorganic Bases, Metal Oxides, Hydroxides, and Peroxides

I. Introduction

Col. 1 rate of duty: 3.7% ad valorem

Type of action proposed (check one):

Addition of GSP:

Removal from GSP:

Country graduation: X (Brazil)

Competitive-need-limit waiver

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: Because HS 2825.90.50 is a basket category which includes many disparate chemical products, it is impossible in a limited listing to describe the full range of these products. Columbium oxide, the subject of the accompanying petition, is used to produce extremely pure ferrocolumbium, known as vacuum grade ferrocolumbium, and columbium metal, and alloys in aerospace applications, and in the production of super-conducting magnets. Tantalum oxide which is also imported from Brazil is principally used as a starting material in the production of tantalum carbide used to make metal cutting tools and related applications. Tantalum oxide is also used in the manufacture of optical glass and in certain proprietary applications.

II. U.S. market profile

Comment: Reliable data for U.S. production, employment, consumption, and import and export data for products that correspond to the articles covered under HS item 2825.90.50 are not available. Because of the extremely wide range of disparate products that are covered under HS 2825.90.50, it is impossible to present a unified market profile for the items that are under this number. Columbium oxide, the subject of the accompanying petition and tantalum oxide, however, are essentially the only chemicals that would be affected by graduating GSP treatment for imports of articles under HS 2825.90.50 from Brazil. Columbium oxide is currently produced by three domestic producers located in Oregon, Pennsylvania, and Illinois. A fourth domestic columbium oxide producer located in Missouri, has recently shut down plant operations partly because of high costs that the producer incurred as a result of meeting environmental regulations and partly because of competition from Brazilian imports. This plant may reopen in late 1987.

Most columbium oxide is produced in the United States and Western Europe as a byproduct of tantalum production. In these production processes, the columbium oxide is separated out from the primary product which is a tantalum chemical, frequently a tantalum fluoride or tantalum oxide. Most U.S. producers consider the columbium oxide to be a waste product. These producers attempt to sell the columbium oxide only to cut their losses on disposal of this product. In the process used by the petitioner and the Brazilian producers which is primarily for the recovery of columbium oxide,

1/ Probable effects advice for these or closely related products on the basis of the TSUSA nomenclature is contained in the Digest for TSUSA item 423.0050.

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2825.90.50

columbium oxide is not produced as a byproduct and tantalum and columbium are not therefore separated out. The petitioner produces columbium oxide from ferrocolumbium which is mostly imported from Brazil and is produced in Brazil from the ore concentrate pyrochlore. The Brazilian producer does not permit the export of pyrochlore on the ground that the material is radioactive; however, some U.S. producers claim that the Brazilian producer is refusing to export pyrochlore to stifle competition. In contrast to the petitioner, the columbium oxide produced by the other domestic producers of columbium oxide is not primarily derived from raw materials supplied by Brazil.

U.S. consumption of columbium oxide has been estimated to range between 1.5 and 3 million pounds per year. Although U.S. consumption of columbium oxide appears to be growing at an average rate of about 3-5 percent per year, the market is extremely cyclic. In 1986, about [***] of columbium oxide was supplied to the U.S. market by domestic producers as compared with [***] which was imported from Brazil and [***] which was imported from West Germany.

Although columbium oxide from sources other than Brazil accounted for almost 50 percent of U.S. consumption in 1986, clearly, Brazil is the price leader in the U.S. market. Principally, because of Brazilian imports, the average market price for columbium oxide declined from a high of \$27 per pound in 1979 to a little more than \$6 per pound in 1987.

According to industry sources, tantalum oxide is produced by two U.S. firms and is also imported from Brazil, West Germany, and Australia. U.S. imports of tantalum oxide from Brazil (about [***] in 1986) are much smaller than U.S. imports of columbium oxide from that country and these imports are believed to have had only a limited impact on the domestic industry and on the U.S. markets for tantalum products.

III. GSP import situation, 1986

Reliable data for U.S. imports classified under HS item 2825.90.50 during 1981-86 are not available. However, U.S. imports from Brazil for this HS item number are believed to closely approximate import data reported under TSUSA item 423.0050. In 1986, U.S. imports from Brazil of products covered under TSUSA item 423.0050 amounted to 1.3 million pounds, valued at \$7.6 million.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Brazil for all digest products 1/

Ranking as a U.S. import supplier, 1986..... 2/ 1

Price sensitivity:

Can production in the country be easily expanded or

contracted in the short term?..... Yes X No

1/ Because tantalum oxide imports from Brazil are small relative to imports of columbium oxide, this profile confines itself to an analysis of the effect of columbium oxide imports from Brazil.

2/ In terms of value.

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IV. Competitiveness profiles, GSP suppliers—Con.

Competitiveness of Brazil for all digest products 1/—Con.

Price sensitivity—Con.

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

Price level compared with:

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

Quality compared with:

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

Comment: Because Brazil has the largest and richest reserves of columbium ore in the world (almost 80 percent of the world's supply) and has in recent years added major refining capacity for columbium products, no other producing country can even remotely compete with Brazil in being able to supply low-cost columbium raw materials and key columbium-based minerals and chemicals to the U.S. and other world markets. Brazilian production capacity for columbium oxide is already enough to meet world demand and additional production capacity may be installed. Brazilian imports to the United States, therefore, set U.S. prices for columbium oxide. Although columbium oxide produced in Brazil cannot be used in certain specialized markets because of special purity requirements, at least 90 percent of the columbium oxide consumed in the United States can use the Brazilian material. About [***] percent of the columbium oxide produced in Brazil is exported to the United States either as columbium oxide or products made from columbium oxide (very little columbium oxide is consumed in Brazil); most of the remainder goes to the U.S.S.R., Western Europe, and Japan. Because all but about [***] percent of the columbium oxide exported from Brazil is shipped to the United States and because end-use demand is relatively price insensitive, columbium oxide exports cannot be redistributed among other foreign export markets should Brazilian exports to the United States cease or decline sharply.

1/ Because tantalum oxide imports from Brazil are small relative to imports of columbium oxide, this profile confines itself to an analysis of the effect of columbium oxide imports from Brazil.

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V. Position of interested parties

Petitioner.—According to the petitioner, Teledyne Industries, the Brazilian producer of columbium oxide and other columbium products who is dominant in the U.S. and world export markets, does not need or qualify for duty-free treatment under the GSP. According to the petitioner, because of the production cost advantages that the Brazilian producer enjoys, U.S. columbium oxide producers who are unable to compete have been forced to lay off workers and to lose an ever-growing portion of their market share to the Brazilian producer. According to the petitioner, these problems will be exacerbated in the next few years as the Brazilian producer expands its processing capabilities, thus posing a direct threat to the domestic columbium processing industry and to the national security. To ensure that U.S. processors of columbium minerals do not obtain basic raw materials, the petitioner claims that the Brazilian producer is refusing to export the mineral pyrochlore to the United States using the pretext that the material is radioactive. Ultimately, whatever remains of the domestic columbium processing industry may be acquired by the Brazilian producer, unless steps are taken to prevent further erosion of the domestic columbium processing industry.

Support.—In addition to the petitioner, two other U.S. producers support the motion to deny Brazil duty-free treatment for columbium oxide under the GSP. Although these producers have produced columbium oxide by a radically different process than the method used by the petitioner, these other producers concur with the petitioner that the domestic columbium processing industry could ultimately disappear in the face of intense competition from the Brazilian producer unless steps are taken to control the unchecked expansion of the Brazilian producer in the U.S. market.

Opposition. 1/--According to the U.S. representative of the Brazilian importer who readily concedes that Brazil is the price leader for columbium oxide and other columbium-based products, the low prices charged by Brazil in the U.S. market is a result of the natural advantages that Brazil enjoys in having the world's richest deposits of columbium-containing ores. Because of these lower costs, U.S. consumers of columbium products are able to obtain high-quality columbium metal and alloys at a reasonable price; were Brazilian columbium minerals and chemicals not available, U.S. consumers of columbium products in high-tech applications such as in jet engines would either have to look for substitutes or prices for these high-tech products would have to be raised. Accordingly, columbium oxide imported from Brazil does not represent a threat to the U.S. economy but, on the contrary, these imports are a stable source of inexpensive raw materials and downstream products to the U.S. aerospace and other high-tech industries. Moreover, the importer claims that the columbium oxide that is imported to the United States from Brazil does not compete with the columbium oxide produced by the domestic industry which is virtually all consumed internally. According to the importer, the petitioner who is the dominant supplier of columbium alloys and vacuum-grade ferrocolumbium to the United States (Brazilian exports of these products to the United States are either small or nil) is seeking to raise the cost and price of columbium oxide from Brazil so that potential competitors would find it more difficult to market upgraded columbium products in competition with the petitioner.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

HS item No.
2934.90.25 1/

Other Aromatic or Modified Aromatic Heterocyclic Drugs

I. Introduction

Col. 1 rate of duty: 6.9% ad val.

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP:

Country graduation:

Competitive-need-limit waiver

Non-eligible GSP countries: None.

Current competitive-need-limit waivers: None.

Current "sufficiently competitive" designation: None.

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: The drugs classified in this HS item are varied and cover a diversity of applications. The petition refers to a particular product, an anthelmintic compound with a certain structure, that is classified in this HS item. Anthelmintics are drugs used to rid the body of certain parasitic worms.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	<u>1/</u>	<u>1/</u>	<u>1/</u>	<u>1/</u>	-
Total U.S. employment (thousand employees).....	<u>1/</u>	<u>1/</u>	<u>1/</u>	<u>1/</u>	-
U.S. shipments (thousand dollars).....	<u>1/</u>	<u>1/</u>	<u>1/</u>	<u>1/</u>	-
U.S. exports (thousand dollars).....	304	198	239	234	-23
U.S. imports (thousand dollars).....	8,137	8,966	11,564	12,931	59
U.S. consumption (thousand dollars).....	<u>1/</u>	<u>1/</u>	<u>1/</u>	<u>1/</u>	<u>1/</u>
Import to consumption ratio (percent).....	**0-20	**0-20	**0-20	**0-20	-
Capacity utilization (nearest 10 percent).....	<u>1/</u>	<u>1/</u>	<u>1/</u>	<u>1/</u>	-

1/ Not available.

Comment: The number of products covered in this HS item are too diverse to be able to collect accurate information for the U.S. market profile. U.S. producers of these products represent a cross-section of the entire domestic pharmaceutical industry.

1/ The corresponding TSUS item, 441.08(pt), is currently eligible for the GSP and is not covered in a digest.

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2934.90.25—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
<u>Quantity (thousands kilograms)</u>				
Total.....	650	100	-	-
Imports from GSP countries:				
Total.....	45	7	100	-
Bahamas.....	1/	1/	1/	-
Taiwan.....	1/	1/	1/	-
Mexico.....	1/	1/	1/	-
Guyana.....	10	1	20	-
<u>Value (thousands)</u>				
Total.....	12,931	100	-	-
Imports from GSP countries:				
Total.....	806	6	100	-
Bahamas.....	266	2	33	-
Taiwan.....	149	1	18	-
Mexico.....	77	1	7	-
Guyana.....	51	2/	6	-

1/ Not available.

2/ Less than 0.05.

Note.—The countries shown in the table include the top four GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Bahamas for all digest products

Ranking as a U.S. import supplier, 1986..... 7

Price sensitivity:

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

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

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

Price sensitivity of import supply..... High ____ Moderate X Low ____

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

Price sensitivity of U.S. import demand..... High X Moderate ____ Low ____

Price level compared with:

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

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

Quality compared with:

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

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

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Competitiveness of Bahamas for all digest products — con.

Comment: [***].

Competitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1986..... 10

Price sensitivity:

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

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

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

Price sensitivity of import supply..... High Moderate X Low

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

Price sensitivity of U.S. import demand..... High X Moderate Low

Price level compared with:

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

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

Quality compared with:

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

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

Competitiveness of Mexico for all digest products

Ranking as a U.S. import supplier, 1986..... 12th

Price sensitivity:

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

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

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

Price sensitivity of import supply..... High Moderate X Low

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

Price sensitivity of U.S. import demand..... High Moderate X Low

Price level compared with:

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

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

Quality compared with:

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

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

HS item No.
2934.90.25—Con.

V. Position of interested parties

Petitioner. — The petitioner is asking for duty-free treatment for a particular product under the GSP. The product is an anthelmintic with a heterocyclic structure containing both nitrogen and sulfur. The petitioner has stated that it is possible that when the product was originally classified under the Harmonized System its GSP status, originally conferred on the product when classified under the TSUS, was inadvertently dropped.

Support. — No submissions were received.

Opposition. — No submissions were received.

[Probable economic effects advice deleted]

HS number: 29349025

09/10/87

Product: Aromatic or modified aromatic drugs of o

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Quantity (kilograms)				
Canada.....	59,208	182,709	118,567	176,544
Italy.....	84,396	34,267	133,275	151,944
FR Germ.....	153,087	129,359	153,026	100,772
Japan.....	46,388	106,251	112,047	89,233
U King.....	70,289	64,036	2,971	21,162
Ireland.....	8,260	6,515	16,339	20,893
Israel.....	7,141	16,592	26,619	18,867
Switzld.....	2,556	15,979	5,094	14,350
France.....	52,862	261	6,675	14,279
Austria.....	68,010	36,404	42,863	10,849
Guyana.....	9,049	9,777	15,028	9,613
Singapr.....	4,371	574	9,896	8,982
Kor Rep.....			2,315	3,332
Nethlds.....	7,550	5,517	21	2,767
All other total..	35,497	29,798	7,737	6,091
Total.....	608,664	638,039	652,473	649,678
GSP total....	37,453	45,065	58,700	44,874

Percent				
Canada.....	9.7	28.6	18.2	27.2
Italy.....	13.9	5.4	20.4	23.4
FR Germ.....	25.2	20.3	23.5	15.5
Japan.....	7.6	16.7	17.2	13.7
U King.....	11.5	10.0	0.5	3.3
Ireland.....	1.4	1.0	2.5	3.2
Israel.....	1.2	2.6	4.1	2.9
Switzld.....	0.4	2.5	0.8	2.2
France.....	8.7	0.0	1.0	2.2
Austria.....	11.2	5.7	6.6	1.7
Guyana.....	1.5	1.5	2.3	1.5
Singapr.....	0.7	0.1	1.5	1.4
Kor Rep.....	0.0	0.0	0.4	0.5
Nethlds.....	1.2	0.9	0.0	0.4
All other total..	5.8	4.7	1.2	0.9
Total.....	100.0	100.0	100.0	100.0
GSP total....	6.2	7.1	9.0	6.9

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

HS item No.
2934.90.25--Con.

7

HS number: 29349025

09/08/87

Product: Aromatic or modified aromatic drugs of o

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Italy.....	2,590	799	4,995	4,817
Japan.....	1,088	1,476	1,707	1,747
FR Germ.....	1,063	2,012	1,681	1,554
Switzld.....	421	833	725	1,356
U King.....	1,054	2,142	310	1,124
Canada.....	181	581	464	973
Bahamas.....	39	80	501	266
Israel.....	78	191	261	209
France.....	304	24	109	150
Taiwan	2	42	1	149
Ireland.....	186	195	106	149
Mexico.....	165	142	41	77
Sweden.....	37	7		75
Guyana.....	14	35	78	51
All other total..	909	400	577	227
Total.....	8,137	8,966	11,564	12,931
GSP total....	464	616	949	806

Percent				
Italy.....	31.8	8.9	43.2	37.3
Japan.....	13.4	16.5	14.8	13.5
FR Germ.....	13.1	22.5	14.5	12.0
Switzld.....	5.2	9.3	6.3	10.5
U King.....	13.0	23.9	2.7	8.7
Canada.....	2.2	6.5	4.0	7.5
Bahamas.....	0.5	0.9	4.3	2.1
Israel.....	1.0	2.1	2.3	1.6
France.....	3.7	0.3	0.9	1.2
Taiwan	0.0	0.5	0.0	1.2
Ireland.....	2.3	2.2	0.9	1.2
Mexico.....	2.0	1.6	0.4	0.6
Sweden.....	0.5	0.1	0.0	0.6
Guyana.....	0.2	0.4	0.7	0.4
All other total..	11.2	4.5	5.0	1.8
Total.....	100.0	100.0	100.0	100.0
GSP total....	5.7	6.9	8.2	6.2

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

HS number: 29349025

09/08/87

Product: Aromatic or modified aromatic drugs of o

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Italy.....		1	7	32
Mexico.....	1	18	33	29
Peru.....	2	3	8	18
Austria.....	23			17
S.Arab.....	12	9	20	17
Canada.....	20	10	24	15
Belgium.....	3	8	9	10
Cocos I.....	2	2	7	7
U King.....	1	1	7	6
Egypt.....	5	3	14	5
Ecuador.....	4	1	5	5
Arab Em.....	1		5	4
Salvadr.....	1	1	1	4
Taiwan	2	5	4	4
All other total..	219	128	90	55
Total.....	304	198	239	236
GSP total....	89	122	143	110

Percent				
Italy.....	0.3	0.6	2.9	13.8
Mexico.....	0.4	9.5	13.9	12.5
Peru.....	0.8	1.9	3.5	7.7
Austria.....	7.7	0.0	0.0	7.4
S.Arab.....	4.2	4.8	8.6	7.4
Canada.....	6.8	5.5	10.3	6.4
Belgium.....	1.2	4.3	3.8	4.7
Cocos I.....	0.7	1.5	3.0	3.3
U King.....	0.5	0.5	3.2	2.6
Egypt.....	1.8	1.7	6.2	2.5
Ecuador.....	1.6	0.9	2.2	2.2
Arab Em.....	0.6	0.3	2.3	2.0
Salvadr.....	0.5	0.8	0.7	1.9
Taiwan	0.9	2.8	1.7	1.9
All other total..	72.1	64.7	37.7	23.7
Total.....	100.0	100.0	100.0	100.0
GSP total....	29.3	61.8	59.8	47.1

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

HS item No.
3301.30.1020 1/

Black Pepper Oleoresin

I. Introduction

Col. 1 rate of duty: 6% ad val.

Type of action proposed (check one):

Addition of GSP:

Removal from GSP: X

Country graduation:

Competitive-need-limit waiver

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: Black pepper oleoresin is a material consisting of volatile and fixed oils in combination with other plant substances extracted from the source by using organic solvents. Oleoresins are used by food processing companies in place of spices because of the ease of handling for the industrial user and other characteristics, such as longer self-life. Oleoresins account for a very small share of the cost of producing processed foods, the market that absorbs almost all oleoresin production.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms) <u>2/..</u>	<u>3/</u>	<u>3/</u>	3	3	0
Total U.S. employment (employees).....	<u>3/</u>	<u>3/</u>	10	10	0
U.S. shipments (thousand dollars).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	-
U.S. exports (thousand dollars).....	<u>4/</u>	<u>4/</u>	<u>4/</u>	<u>4/</u>	-
U.S. imports (thousand dollars).....	1,860	1,809	3,137	4,681	152
U.S. consumption (thousand dollars).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	-
Import to consumption ratio (percent).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	-
Capacity utilization (nearest 10 percent).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	-

Comment: U.S. producers of oleoresins do not produce oleoresin black pepper as a major product
U.S. producers of oleoresins do not produce oleoresin black pepper as a major product

1/ Probable effects advice for these or closely related products on the basis of the TSUSA nomenclature is contained in the Digest for TSUSA item No. 450.2015.

2/ The production of black pepper oleoresin is a batch process that is not performed on an ongoing basis at 2 of the 3 domestic producers' facilities. As such, there is only one domestic producer, the petitioner, competing continuously on a commercial scale in the domestic market.

3/ Not available.

4/ Historical data indicate that annual exports of black pepper oleoresin range from a value of about \$300,000 to \$600,00.

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3301.30.1020—Con.

Comments—Cont.

line. Additionally, the trend in production of all oleoresins has been to relocate production facilities more closely to the source of the spice. Several U.S. firms, including the petitioner, have established foreign subsidiaries (the petitioner's foreign subsidiary has since been nationalized by the host country) to produce oleoresins. The oleoresins that have been imported have, in some cases, been reported to be of superior quality to the domestic product. Purchases from foreign sources, however, do not allow for the degree of service possibly available from a domestic source. It is believed that imported oleoresins account for at least half of the oleoresins consumed domestically.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
<u>Quantity (pounds)</u>				
Total.....	397,192	100	-	1/
Imports from GSP countries:				
Total.....	358,420	90	100	1/
India.....	190,735	48	53	1/
Singapore.....	167,685	42	47	1/
<u>Value (thousands)</u>				
Total.....	\$4,682	100	-	1/
Imports from GSP countries:				
Total.....	4,310	92	100	1/
India.....	2,236	48	52	1/
Singapore.....	2,074	44	48	1

Note.—The countries shown in the table include the top two GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of India for all digest products

Ranking as a U.S. import supplier, 1986..... 1 _____

Price sensitivity:

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

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

1/ Not available.

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3301.30.1020—Con.

Competitiveness of India for all digest products—Con.

Could exports from the country be readily

redistributed among its foreign export markets?..... Yes ☐ No ☒

Price sensitivity of import supply..... High ☐ Moderate ☒ Low ☐

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes ☒ No ☐

Price sensitivity of U.S. demand..... High ☐ Moderate ☒ Low ☐

Price level compared with:

U.S. products..... Above ☐ Equivalent ☐ Below ☒

Other foreign products..... Above ☐ Equivalent ☒ Below ☐

Quality compared with:

U.S. products..... Above ☐ Equivalent ☒ Below ☐

Other foreign products..... Above ☐ Equivalent ☒ Below ☐

Comment: Some U.S. customers have, in the past, claimed that the Indian product had different flavor characteristics and that it was not interchangeable with the U.S. product.

Competitiveness of Singapore for all digest products

Ranking as a U.S. import supplier, 1986..... 2

Price sensitivity:

Can production in the country be easily expanded or

contracted in the short term?..... Yes ☐ No ☒

Does the country have significant export

markets besides the United States?..... Yes ☒ No ☐

Could exports from the country be readily

redistributed among its foreign export markets?..... Yes ☐ No ☒

Price sensitivity of import supply..... High ☐ Moderate ☒ Low ☐

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes ☒ No ☐

Price sensitivity of U.S. demand..... High ☐ Moderate ☒ Low ☐

Price level compared with:

U.S. products..... Above ☐ Equivalent ☐ Below ☒

Other foreign products..... Above ☐ Equivalent ☒ Below ☐

Quality compared with:

U.S. products..... Above ☐ Equivalent ☒ Below ☐

Other foreign products..... Above ☐ Equivalent ☒ Below ☐

Comment: It is believed that the Singapore oleoresin is closer in flavor characteristics to other foreign-produced oleoresins than to the U.S. product.

V. Position of interested parties

Petitioner.—The petitioner, Kalsec, Inc. of Kalamazoo, MI, maintains that the Indian producers are either selling their product in the U.S. market at a price level below their own cost, or are receiving a subsidy of some type from their Government. Therefore, they believe India, which according to the petition has a labor surplus, should not be eligible for GSP-status in relation to a capital-intensive product such as oleoresins.

Opposition.—The opposition, the Spices Board, located in Cochin, India, maintains that the removal of black pepper oleoresin from the GSP is not justified as there has been no negative effect on the petitioner's interests (or of any other U.S. producer of oleoresins). The Spices Board also maintains that the current agricultural problems being experienced in India associated with a great drought would be compounded by the removal of oleoresin black pepper from the GSP. Subsequent to the hearing, a brief was filed by McCormick & Co., an importer of black pepper oleoresin and other spice oleoresins, in opposition to the removal of black pepper oleoresin from GSP-eligibility. This brief reiterated the statements made earlier by the Spices Board of India in opposition to the original petition.

[Probable economic effects advice deleted]

Product: Black pepper oleoresin

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

SOURCE	1981	1983	1985	1986
Quantity (pounds)				
India.....	110,920	121,487	194,704	190,735
Singapr.....	99,124	138,893	134,083	167,685
Canada.....		9,840	13,118	21,713
Spain.....		1,210	5,319	12,650
Ethiop.....				4,409
Nethlds.....			1,124	
U King.....	4,400	352		
Hg Kong.....	10,229			
Malaysa.....	8,056			
All other total..				
Total.....	232,729	271,782	348,348	397,192
GSP total....	228,329	260,380	328,787	358,420
Percent				
India.....	47.7	44.7	55.9	48.0
Singapr.....	42.6	51.1	38.5	42.2
Canada.....	0.0	3.6	3.8	5.5
Spain.....	0.0	0.4	1.5	3.2
Ethiop.....	0.0	0.0	0.0	1.1
Nethlds.....	0.0	0.0	0.3	0.0
U King.....	1.9	0.1	0.0	0.0
Hg Kong.....	4.4	0.0	0.0	0.0
Malaysa.....	3.5	0.0	0.0	0.0
All other total..	0.0	0.0	0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	98.1	95.8	94.4	90.2

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

Product: Black pepper oleoresin

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
India.....	863	805	1,753	2,236
Singapore.....	830	927	1,215	2,074
Canada.....		65	122	297
Ethiopia.....				66
Spain.....		2	23	8
Netherlands.....			25	
United Kingdom....	20	10		
Hong Kong.....	92			
Malaysia.....	56			
All other total...				
Total.....	1,861	1,810	3,138	4,682
GSP total.....	1,841	1,733	2,968	4,310
(Percent)				
India.....	46.4	44.5	55.9	47.8
Singapore.....	44.6	51.2	38.7	44.3
Canada.....	0.0	3.6	3.9	6.4
Ethiopia.....	0.0	0.0	0.0	1.4
Spain.....	0.0	0.1	0.7	0.2
Netherlands.....	0.0	0.0	0.8	0.0
United Kingdom....	1.1	0.6	0.0	0.0
Hong Kong.....	4.9	0.0	0.0	0.0
Malaysia.....	3.0	0.0	0.0	0.0
All other total...	0.0	0.0	0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total.....	98.9	95.8	94.6	92.1

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

Fireworks

I. Introduction

Col. 1 rate of duty: 5¢ per lb., including weight of packing material (5.6%-1986 ave)

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP:

Country graduation:

Competitive-need-limit waiver:

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: Fireworks are devices containing pyrotechnic material which when lit, produce light, aerial, sound, or smoke effects. There are two basic types of fireworks: display, which are intended for use by licensed professionals; and consumer, which are for sale to the general public. Fireworks are subject to State and Federal regulations regarding their production, transportation, and sale because both the raw materials and the end product are considered hazardous materials.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	40	38	38	37	-7
Total U.S. employment (thousand employees).....	*1	*1	*1	*1	-6
U.S. shipments (thousand dollars).....	*46,000	*49,000	*52,000	*55,000	20
U.S. exports (thousand dollars).....	7,651	13,231	10,858	11,685	53
U.S. imports (thousand dollars).....	34,288	40,024	55,302	65,994	92
U.S. consumption (thousand dollars).....	*72,637	*75,793	*96,444	*109,309	50
Import to consumption ratio (percent).....	*47	*53	*57	*60	-
Capacity utilization (nearest 10 percent).....	70	70	70	70	-

Comment: Domestic and East Asian producers of display fireworks are equally competitive in the U.S. market. Factors of competition favoring U.S. producers include product reliability, visual artistry and pyrotechnic material costs. These help offset the low wage labor advantage traditionally held by East Asian producers. U.S. producers of fireworks are not competitive with East Asian producers because production of consumer fireworks is labor intensive and efforts to automate by U.S. producers are not be cost effective given the current demand schedule and the wage rates in East Asia. A significant portion of U.S. imports are produced in cottage industries in East Asia. In addition, because fireworks are hazardous materials, many states limit the selling of these products to one week a year (around the 4th of July). This creates a

1/ Probable effects advice for these or closely related products on the basis of the TSUS nomenclature is contained in the Digest for TSUS item No. 755.15.

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limited distribution system, consisting mostly of temporary roadside facilities provided by fireworks distributors—many of whom rely on imports. U.S. producers have a competitive advantage in that East Asian producers are not responsive to the different labeling and load requirements called for by certain State regulations. East Asian producers require longer delivery lead times than their U.S. competitors.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousands)				
Total.....	65,994	100	-	60
Imports from GSP countries:				
Total.....	15,432	23	100	14
Hong Kong.....	7,791	12	50	7
Taiwan.....	4,962	8	32	5
Macao.....	1,866	3	12	2
Brazil.....	671	1	4	1

Note.—The countries shown in the table include the top four GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Hong Kong for all digest products

Ranking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

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

Price sensitivity of U.S. demand..... 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: Although imports from Hong Kong rose 319 percent to \$8 million dollars during 1981-86, its share of total U.S. imports did not rise above 12 percent.

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Competitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1986..... 3

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

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

Quality compared with:

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

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

V. Position of interested parties

Petitioner.—Government of Colombia

The petitioner states that the addition of fireworks to the list of items eligible for duty-free treatment under the Generalized System of Preferences will permit Colombian producers and exporters to overcome any competitive disadvantage they now suffer. The GSP status will also allow Colombian producers to sell their product in the United States on a more equitable basis with the developed country trading partners of the United States.

[Probable economic effects advice deleted]

HS number: 36041000

HS item No.
3604.10.00--Con.

5

Product: Fireworks

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Quantity (Kilograms)				
China.P.....	13,107,497	17,021,719	19,763,920	21,963,088
Hg Kong.....	999,174	1,454,978	3,138,652	4,061,689
Taiwan	828,361	1,143,783	1,349,064	1,413,532
Macao.....	799,702	435,656	579,220	653,284
Switzld.....			90,847	518,726
Brazil.....	14,146	15,612	74,752	425,186
Japan.....	223,321	269,718	540,721	312,407
France.....	25,778	69,394	97,497	106,545
FR Germ.....	19,563	15,517	21,727	88,499
India.....				33,944
Venez.....		19,159		31,599
Austral.....	17,777	30,944	27,138	19,062
Belgium.....				17,210
Indnsia.....		9,163		14,919
All other total..	71,675	26,193	134,929	23,572
Total.....	16,106,994	20,511,836	25,818,467	29,683,262
GSP total....	2,644,764	3,078,351	5,237,989	6,636,877
Percent				
China.P.....	81.4	83.0	76.5	74.0
Hg Kong.....	6.2	7.1	12.2	13.7
Taiwan	5.1	5.6	5.2	4.8
Macao.....	5.0	2.1	2.2	2.2
Switzld.....	0.0	0.0	0.4	1.7
Brazil.....	0.1	0.1	0.3	1.4
Japan.....	1.4	1.3	2.1	1.1
France.....	0.2	0.3	0.4	0.4
FR Germ.....	0.1	0.1	0.1	0.3
India.....	0.0	0.0	0.0	0.1
Venez.....	0.0	0.1	0.0	0.1
Austral.....	0.1	0.2	0.1	0.1
Belgium.....	0.0	0.0	0.0	0.1
Indnsia.....	0.0	0.0	0.0	0.1
All other total..	0.4	0.1	0.5	0.1
Total.....	100.0	100.0	100.0	100.0
GSP total....	16.4	15.0	20.3	22.4

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

HS number: 36041000

HS item No.
3604.10.00---Con.

6

Product: Fireworks

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
China.P.....	24,323	29,024	36,692	43,154
Hg Kong.....	1,857	2,542	5,874	7,791
Taiwan	2,703	3,539	4,425	4,962
Japan.....	1,820	1,942	4,243	3,769
Macao.....	2,362	1,262	1,436	1,866
France.....	600	1,003	1,196	1,716
Switzld.....			183	1,161
Brazil.....	67	49	269	671
FR Germ.....	193	165	195	363
Austral.....	184	330	216	160
Canada.....	63	73	247	109
Spain.....			46	65
Venez.....		39		52
India.....				43
All other total..	109	51	275	105
Total.....	34,288	40,024	55,302	65,994
GSP total....	7,015	7,457	12,181	15,432
Percent				
China.P.....	70.9	72.5	66.3	65.4
Hg Kong.....	5.4	6.4	10.6	11.8
Taiwan	7.9	8.8	8.0	7.5
Japan.....	5.3	4.9	7.7	5.7
Macao.....	6.9	3.2	2.6	2.8
France.....	1.8	2.5	2.2	2.6
Switzld.....	0.0	0.0	0.3	1.8
Brazil.....	0.2	0.1	0.5	1.0
FR Germ.....	0.6	0.4	0.4	0.6
Austral.....	0.5	0.8	0.4	0.2
Canada.....	0.2	0.2	0.4	0.2
Spain.....	0.0	0.0	0.1	0.1
Venez.....	0.0	0.1	0.0	0.1
All other total..	0.3	0.1	0.5	0.2
Total.....	100.0	100.0	100.0	100.0
GSP total....	20.5	18.6	22.0	23.4

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

HS number: 3604.10.00

HS item No.
3604.10.00—Con.

Product: Fireworks

U.S. exports for consumption, by principal sources 1981, 1983, 1985, 1986

Source	1981	1983	1985	1986
Quantity (kilograms)				
Cocos I.....	2,547	8,878	7,280	197,977
Israel.....	6,291	3,719	13,878	47,065
Canada.....	100,161	28,367	116,410	37,961
Saudi Arabia.....	11,181	285,516	44,806	32,531
Salvador.....	0	1,982	34,587	31,308
Taiwan.....	108,289	17,903	797	26,241
Spain.....	0	0	1,840	27,742
Greece.....	12,341	8,198	3,206	18,698
Thailand.....	126,119	33,543	46,352	18,275
Italy.....	0	3,484	78	16,860
Mexico.....	51,868	2,271	6,155	11,985
Netherland.....	435	5,474	7,551	9,203
Switzerland.....	95	0	9,195	7,579
Japan.....	630	1,002	279	4,741
All other total.....	138,791	193,340	325,457	43,091
Total.....	558,750	593,680	617,872	529,257
GSP total.....	378,018	215,443	407,019	357,527
Percent				
Cocos I.....	0.5	1.5	1.2	37.4
Israel.....	1.1	0.6	2.2	8.9
Canada.....	17.9	4.8	18.8	7.2
Saudi Arabia.....	2.0	48.1	7.3	6.1
Salvador.....	0.0	0.3	5.6	5.9
Taiwan.....	19.4	3.0	0.1	5.0
Spain.....	0.0	0.0	0.3	4.9
Greece.....	2.2	1.4	0.5	3.5
Thailand.....	22.6	5.7	7.5	3.5
Italy.....	0.0	0.6	0.0	3.2
Mexico.....	9.3	0.4	1.0	2.3
Netherland.....	0.1	0.9	1.2	1.7
Switzerland.....	0.0	0.0	1.5	1.4
Japan.....	0.1	0.2	0.0	0.9
All other total.....	24.8	32.6	52.7	8.1
Total.....	100.0	100.0	100.0	100.0
GSP total.....	67.7	36.3	65.9	67.6

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

Product: Fireworks

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 19

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Spain.....			75	2,790
Israel.....	311	23	428	1,860
Switzld.....	7		547	1,070
Salvadr.....		28	798	924
Canada.....	1,439	465	3,092	675
Taiwan	1,362	461	32	546
Cocos I.....	46	231	245	538
Thailnd.....	1,534	596	725	510
S.Arab.....	325	6,814	614	368
Italy.....		81	4	353
Nethlds.....	13	75	165	256
Japan.....	22	42	26	221
Norway.....	10	131	92	207
FR Germ.....	101	334	36	197
All other total..	2,475	3,944	3,972	1,163
Total.....	7,651	13,231	10,858	11,685
GSP total....	4,979	4,577	5,068	5,086
Percent				
Spain.....	0.0	0.0	0.7	23.9
Israel.....	4.1	0.2	3.9	15.9
Switzld.....	0.1	0.0	5.0	9.2
Salvadr.....	0.0	0.2	7.4	7.9
Canada.....	18.8	3.5	28.5	5.8
Taiwan	17.8	3.5	0.3	4.7
Cocos I.....	0.6	1.8	2.3	4.6
Thailnd.....	20.1	4.5	6.7	4.4
S.Arab.....	4.3	51.5	5.7	3.2
Italy.....	0.0	0.6	0.0	3.0
Nethlds.....	0.2	0.6	1.5	2.2
Japan.....	0.3	0.3	0.2	1.9
Norway.....	0.1	1.0	0.9	1.8
FR Germ.....	1.3	2.5	0.3	1.7
All other total..	32.4	29.8	36.6	10.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	65.1	34.6	46.7	43.5

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

Acrylonitrile-Butadiene-Styrene (ABS) Resins

I. Introduction

Col. 1 rate of duty: 0.7¢/kg + 9.4% (1986 AVE 9.9%)

Type of action proposed (check one):

Addition of GSP:

Removal from GSP:

Country graduation: X (Korea)

Competitive-need-limit waiver

Non-eligible GSP countries: Taiwan,

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: Korea, Taiwan

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: ABS resin is a thermoplastic polymer (i.e., can be repeatedly softened by increase of temperature and hardened by decrease of temperature) made by grafting or polymerizing acrylonitrile and styrene onto dissolved polybutadiene. ABS resin is not a single material, but rather comprises a family of polymers ranging in properties from general purpose grades for lower performance applications to specialty grades used in products where high performance is paramount. The ABS resins are used in such applications as pipe, conduit, and fittings; transportation components; appliance components; and business machines, including calculators.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms) <u>1/</u> ..	9	5	5	4	56
Total U.S. employment (thousand employees).....	*4.2	2.8	2.9	3.3	*-21
U.S. shipments (thousand dollars).....	683,145	822,882	846,228	814,213	19
U.S. exports (thousand dollars).....	63,229	50,134	68,503	68,576	8
U.S. imports (thousand dollars).....	1,426	24,504	36,751	39,878	2,696
U.S. consumption (thousand dollars).....	621,342	797,252	814,476	785,515	26
Import to consumption ratio (percent).....	0.2	3	5	5	-
Capacity utilization (nearest 10 percent).....	*60	*70	*80	*70	-

1/ From 1983 to the present, three firms have annually accounted for virtually all of the domestic ABS resin production.

Comment: The three principal producers of ABS resins are large, multinational firms that produce and market a wide range of chemical and other manufactured goods. These firms are innovators in technology, produce a complete product line of ABS resins, and offer their customers local technical service to assist in solving any processing or production problems which occur with their resin. In many of the major applications for ABS resin, quality is important as the finished parts are components of high performance articles (e.g., automobiles, business machines, refrigerators, computers).

1/ Probable effects advice for these or closely related products on the basis of the TSUS nomenclature is contained in the Digest for TSUS item No. 408.72.

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III. GSP import situation, 1986

Item: ABS resin	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
<u>Quantity (1,000 kgs.)</u>				
Total.....	30,761	100	-	6
Imports from GSP countries:				
Total.....	24,675	80	100	5
Taiwan.....	14,619	48	59	3
Korea.....	6,613	22	27	1
Brazil.....	2,702	9	11	1
Mexico.....	722	2	3	2/
<u>Value (thousands)</u>				
Total.....	\$39,877	100	-	5
Imports from GSP countries:				
Total.....	28,816	72	100	4
Taiwan.....	16,892	42	59	2
Korea.....	7,528	19	26	1
Brazil.....	3,667	9	13	0.5
Mexico.....	697	2	2	2/

1/ Taiwan lost its eligibility for duty-free treatment for TSUS item 408.72 under the GSP in 1987 as a result of exceeding the lower competitive-need limits.

2/ Less than 0.5 percent.

Note.—The countries shown in the table include the top four GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Korea for all digest products

Ranking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... High Moderate X Low

Price level compared with:

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

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

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IV. Competitiveness profiles, GSP suppliers—Con.

Competitiveness of Korea for all digest products—Con.

Quality compared with:

U.S. products..... Above ☐ Equivalent ☒ Below ☐

Other foreign products..... Above ☐ Equivalent ☒ Below ☐

Comment: The petitioner states that the Korean ABS resin industry is strong and growing rapidly, and has proven its ability to compete in the United States and third-country markets. The petitioner further states that disproportionately large percentages of ABS resin imports from Korea have been grades directed to the pipe, sheet, and non-automotive molding markets. These are well-established ABS resin markets where technology is known, technical service requirements are small, and, the ABS resin used is more homogeneous and, therefore, tends to be more price sensitive than ABS resin grades suitable for use in automotive and business machine applications.

V. Position of interested parties

Petitioner.—Borg-Warner Chemicals, Inc., of Parkersburg, West Virginia and Dow Chemical U.S.A., of Midland, Michigan, are U.S. producers and sellers of ABS resin covered under HS item 3903.30.00.

Support.—The petitioners believe that a graduation of Korea from GSP eligibility on ABS is warranted because, as demonstrated by the Trade Policy Staff Committee's (TPSC) action in the General Review, Korea is an internationally competitive producer of ABS. ^{1/} The Korean ABS industry is strong and growing rapidly, and has proven its ability to compete in the U.S. and third-country market. Also Korean ABS resin reportedly has been a key factor in the erosion of ABS resin prices in certain U.S. markets. For these reasons, the petitioners believes that Korean ABS resin does not require GSP-free treatment to succeed in the U.S. market.

^{1/} In a statement filed in November 1985 pursuant to the TPSC's General Review of the GSP program, Borg-Warner Chemicals requested that the President seek liberalizations of certain beneficiary countries' import regimes (particularly Korea's) with respect to ABS resins and, absent attainment of such liberalizations, determine that such beneficiaries are sufficiently competitive suppliers of ABS so as to warrant the application of the program's lower competitive need limits. (Statement of Borg-Warner Chemicals, Inc., to the GSP Subcommittee of the Trade Policy Staff Committee, November 15, 1985.) As a result of the General Review, both Korea and Taiwan were found to be sufficiently competitive suppliers of ABS resins and were subjected to the lower competitive-need-limits. For additional information, see the public version of Petition for the Graduation of Korea from GSP Eligibility for Acrylonitrile-Butadiene-Styrene (ABS) Copolymers, HS. 3903.00.00, filed on June 1, 1987 by St. Maxens and Company, Washington DC, before the Trade Policy Staff Committee, on behalf of the petitioners.

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Opposition.—Lucky Ltd. (Lucky), a Korean manufacturer of ABS resin, opposes the graduation of Korea from GSP eligibility on ABS resin. Lucky states that imports of ABS resin from Korea are not adversely affecting ABS producers in the United States. Sales by domestic producers are reported to be at extremely high levels and prices have increased significantly in 1987. U.S. producers of ABS resin have been, and continue to be, the dominant suppliers to the U.S. market, and, as such, have grown with the growth of that market during the 1980's.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

HS item No.
3903.30.00—Con.

Product: Acrylonitrile-butadiene-styrene (ABS)

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (kilograms)				
Taiwan.....		2,214	9,437	14,619
Republic of Korea.....	19	3,026	4,076	6,613
Brazil.....		2,021	3,691	2,702
Japan.....	375	2,395	2,135	1,605
Netherlands.....		784	1,644	1,372
Federal Republic of Germany.....	23	574	1,120	1,366
Canada.....	381	2,954	1,107	1,124
Mexico.....	33	257	601	722
Belgium.....		163	484	382
Italy.....			215	100
Peoples Republic of China.....				47
Ireland.....			24	43
United Kingdom.....	32	1,120	72	39
Kenya.....				13
All other total.....	26	2,462	2,091	7
Total.....	893	17,974	27,702	30,761
GSP total.....	53	7,520	17,894	24,675
Percent				
Taiwan.....	0.0	12.3	34.1	47.5
Republic of Korea.....	2.2	16.8	14.7	21.5
Brazil.....	0.0	11.2	13.3	8.8
Japan.....	42.1	13.3	7.7	5.2
Netherlands.....	0.0	4.4	5.9	4.5
Federal Republic of Germany.....	2.6	3.2	4.0	4.4
Canada.....	42.6	16.4	7.6	3.7
Mexico.....	3.7	1.4	2.2	2.3
Belgium.....	0.1	0.9	1.7	1.2
Italy.....	0.0	0.0	0.8	0.3
Peoples Republic of China.....	0.0	0.0	0.0	0.2
Ireland.....	0.0	0.0	0.1	0.1
United Kingdom.....	3.6	6.2	0.3	0.1
All other total.....	3.0	13.7	7.6	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total.....	6.0	41.8	64.6	80.2

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

HS item No.
3903.30.00--Con.

Product: Acrylonitrile-butadiene-styrene (ABS)

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Taiwan.....		3,211	11,578	16,892
Republic of Korea.....	26	3,748	4,634	7,528
Brazil.....		2,449	5,247	3,667
Japan.....	664	4,057	3,227	3,327
Federal Republic of Germany.....	44	582	1,864	2,618
Netherlands.....		1,216	2,382	2,449
Canada.....	519	4,238	3,476	1,786
Mexico.....	52	397	837	697
Belgium.....	1	239	529	513
Italy.....			238	126
Ireland.....			46	110
United Kingdom.....	61	1,261	55	61
Peoples Republic of China.....				59
Kenya.....				22
All other total.....	55	3,103	2,631	16
Total.....	1,425	24,504	36,750	39,877
GSP total.....	78	9,807	22,411	28,816
Percent				
Taiwan.....	0.0	13.1	31.5	42.4
Republic of Korea.....	1.9	15.3	12.6	18.9
Brazil.....	0.0	10.0	14.3	9.2
Japan.....	46.6	16.6	8.8	8.3
Federal Republic of Germany.....	3.1	2.4	5.1	6.6
Netherlands.....	0.0	5.0	6.5	6.1
Canada.....	36.5	17.3	9.5	4.5
Mexico.....	3.7	1.6	2.3	1.7
Belgium.....	0.1	1.0	1.4	1.3
Italy.....	0.0	0.0	0.6	0.3
Ireland.....	0.0	0.0	0.1	0.3
United Kingdom.....	4.3	5.1	0.2	0.2
Peoples Republic of China.....	0.0	0.0	0.0	0.1
All other total.....	3.9	12.7	7.2	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total.....	5.5	40.0	61.0	72.3

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

HS item No.
3903.30.00—Con.

SCH B No. 44422010—Con.

Product: Acrylonitrile-butadiene-styrene (ABS)

U.S. exports of domestic merchandise, by principal markets 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (Pounds)				
Peoples Republic of China.....	30,142,925	18,942,013	39,580,837	37,637,466
Taiwan.....	12,760,505	10,739,775	2,569,883	14,445,810
Hong Kong.....	15,205,767	9,708,074	11,569,520	13,139,951
Mexico.....	3,053,890	3,949,201	11,409,299	11,989,650
Canada.....	10,738,441	15,766,202	7,557,146	7,139,306
Netherlands.....	473,830	559,804	1,536,131	4,043,997
Singapore.....	383,257	823,474	1,987,247	3,956,092
Ecuador.....	3,564,052	3,534,979	4,290,855	3,892,357
Venezuela.....	1,563,190	730,846	1,925,519	3,444,282
Republic of Korea.....	673,408	3,204,742	3,482,989	2,191,670
Japan.....	430,730	376,752	1,544,170	1,251,423
Cocos I.....	4,252,614	191,826	495,483	775,813
Argentina.....	2,167,864	1,058,743	505,212	652,711
Belgium.....	209,911	721,545	2,425,335	583,959
All other total.....	10,730,348	8,631,617	5,245,745	3,375,959
Total.....	96,350,732	78,939,593	96,125,371	108,530,402
GSP total.....	52,011,107	41,657,559	42,950,587	57,253,082
Percent				
Peoples Republic of China.....	31.3	24.0	41.2	34.7
Taiwan.....	13.2	13.6	2.7	13.3
Hong Kong.....	15.8	12.3	12.0	12.1
Mexico.....	3.2	5.0	11.9	11.0
Canada.....	11.1	20.0	7.9	6.6
Singapore.....	0.5	0.7	1.6	3.7
Netherlands.....	0.4	1.0	2.1	3.6
Ecuador.....	3.7	4.5	4.5	3.6
Venezuela.....	1.6	0.9	2.0	3.2
Republic of Korea.....	0.7	4.1	3.6	2.0
Japan.....	0.4	0.5	1.6	1.2
Cocos I.....	4.4	0.2	0.5	0.7
Argentina.....	2.2	1.3	0.5	0.6
Belgium.....	0.2	0.9	2.5	3.1
All other total.....	11.1	10.9	5.5	3.1
Total.....	100.0	100.0	100.0	100.0
GSP total.....	54.0	52.8	44.7	52.8

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

HS item No.
3903.30.00—Con.

SCH B No. 44422010—Con.

Product: Acrylonitrile-butadiene-styrene (ABS)

U.S. exports of domestic merchandise, by principal markets 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Peoples Republic of China.....	17,220	10,065	23,976	18,242
Taiwan.....	11,146	6,480	10,748	12,171
Hong Kong.....	7,876	6,836	1,893	8,110
Mexico.....	1,554	2,846	7,184	7,812
Canada.....	7,325	10,586	5,710	4,816
Singapore.....	209	642	2,086	3,294
Netherlands.....	394	549	1,272	2,702
Ecuador.....	2,410	2,447	2,754	2,264
Venezuela.....	1,165	589	1,462	2,193
Republic of Korea.....	329	2,539	4,072	2,185
Japan.....	263	401	1,180	886
Cocos I.....	3,174	141	362	582
Argentina.....	1,534	762	352	557
Colombia.....	1,617	1,032	1,021	445
All other total.....	7,004	4,212	4,423	2,310
Total.....	63,228	50,134	68,502	68,576
GSP total.....	35,991	27,367	34,332	41,009
Percent				
Peoples Republic of China.....	27.2	20.1	35.0	26.6
Taiwan.....	17.6	12.9	15.7	17.7
Hong Kong.....	12.5	13.6	2.8	11.8
Mexico.....	2.5	5.7	10.5	11.4
Canada.....	11.6	21.1	8.3	7.0
Singapore.....	0.3	1.3	3.0	4.8
Netherlands.....	0.6	1.1	1.9	3.9
Ecuador.....	3.8	4.9	4.0	3.3
Venezuela.....	1.8	1.2	2.1	3.2
Republic of Korea.....	0.5	5.1	5.9	3.2
Japan.....	0.4	0.8	1.7	1.3
Cocos I.....	5.0	0.3	0.5	0.8
Argentina.....	2.4	1.5	0.5	0.8
Colombia.....	2.6	2.1	1.5	0.7
All other total.....	11.1	8.4	6.5	3.4
Total.....	100.0	100.0	100.0	100.0
GSP total.....	56.9	54.6	50.1	59.8

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

Wood Shutters with Adjustable Louvers

I. Introduction

Col. 1 rate of duty: 8 percent ad valorem

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP:

Country graduation:

Competitive-need-limit waiver:

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: The articles included here are adjustable louver wood shutters; wood blinds, shades, and screens other than those with fixed louvers or slats; and wood venetian blinds. These articles are primarily used as decorative window treatments; however, most articles also function to filter out unwanted light or provide at least a limited degree of privacy.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms) <u>2/..</u>	**70	**75	**90	**95	**36
Total U.S. employment (thousand employees) <u>3/..</u>	**1	**1	**1	**1	**20
U.S. shipments (thousand dollars) <u>4/.....</u>	**70,000	**82,000	**104,000	**112,000	**60
U.S. exports (thousand dollars).....	**398	**122	**154	**143	**64
U.S. imports (thousand dollars).....	10,906	16,622	15,710	15,175	39
U.S. consumption (thousand dollars).....	**80,508	**98,500	**119,556	**127,032	**58
Import to consumption ratio (percent).....	**14	**17	**13	**12	-
Capacity utilization (nearest 10 percent) <u>4/...</u>	*70	*80	*90	*90	-

Comment: The domestic industry producing adjustable louver wood shutters produces both custom and stock shutters; and often also manufactures both custom and stock fixed louver shutters. Custom shutter producers manufacture articles on a special order basis; whereas, stock shutter producers manufacture for mass-marketing. Adjustable custom shutter manufacturers are located throughout the country but are centered in California

1/ Probable effects advice for these or closely related products on the basis of the TSUS nomenclature is contained in the Digest for TSUS item No. 206.67.

2/ Estimated number of companies with shipments over \$100,000 (SIC 24318 33 exterior shutters). There are believed to be over 1,000 companies producing the articles included herein; however, most are small custom operations.

3/ Estimated from official U.S. Department of Commerce data for millwork products.

4/ Estimated from phone conversations with industry producers and official U.S. Department of Commerce data for the millwork industry.

HS item No.
4421.90.40—Con.

and Texas, and adjustable stock shutter producers are located in Michigan as well as California and Texas. Shutter manufacturers require clear, easily worked, fine grained woods, of which there are ample supplies in the western United States. Producers in foreign countries, including Mexico, have tighter supplies of such woods than do U.S. producers. The largest companies manufacture for both the stock and custom markets, and at least one major company has its own retail stores. The U.S. companies manufacturing adjustable shutters in Mexico (the petitioners) produce custom rather than stock shutters in their Mexican maquiladora operations because of the lower labor costs involved. U.S. demand for the products included herein is strongest for shutters and weakest for shades and screens; therefore, domestic manufacturers have concentrated on shutter manufacturing and, thereby, are far less competitive in the U.S. market for shades and screens, which is supplied almost entirely by foreign suppliers.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousands)				
Total.....	\$15,175	100	-	12
Imports from GSP countries:				
Total.....	9,847	65	100	8
Taiwan.....	6,614	44	67	5
Hong Kong.....	2,544	17	26	2
Macau.....	450	3	5	1/
India.....	123	1	1	1/

Note.—The countries shown in the table include the top four GSP suppliers in 1986.

1/ Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1986..... 1

Price sensitivity:

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 ____

Price sensitivity of import supply..... High X Moderate ____ Low ____

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

Price sensitivity of U.S. demand..... High ____ Moderate X Low ____

HS item No.
4421.90.40--Con.

Price level compared with:

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

Quality compared with:

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

Comment: The articles from Taiwan that are similar to those produced in the United States are fastened in a manner inferior to the methods used by most U.S. companies. Also, the articles are not finished as well as those produced by most U.S. companies. However, the articles from Taiwan are very competitive in U.S. mass-market retail sales. Taiwan also exports many articles, such as shades and screens, that are not readily available from U.S. sources, but do compete in the U.S. market with imports from other foreign suppliers.

Competitiveness of Hong Kong for all digest products

Ranking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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

Price level compared with:

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

Quality compared with:

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

Comment: The articles produced in Hong Kong that are similar to those produced in the United States are manufactured in a manner inferior to that employed by most U.S. mills. Hong Kong also exports many articles, such as shades and screens, that are not readily available from U.S. sources, but do compete in the U.S. market with imports from other foreign suppliers.

HS item No.
4421.90.40—Con.

Competitiveness of Macau for all digest products

Ranking as a U.S. import supplier, 1986..... 6

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... 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 articles produced in Macau that are similar to those produced in the United States are manufactured in a manner inferior to that employed by most U.S. mills. Macau also exports many articles, such as shades and screens, that are not readily available from U.S. sources, but do compete in the U.S. market with imports from other foreign suppliers.

Competitiveness of Mexico for all digest products

Ranking as a U.S. import supplier, 1986..... 16

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... High Moderate X Low

Price level compared with:

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

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

Quality compared with:

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

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

HS item No.
4421.90.40—Con.

Comment: The articles manufactured in Mexico are produced by U.S. companies with maquiladora operations in Mexico. The shutters are exported to the United States either in final form or for finishing by the parent company. The shutters are primarily custom rather than stock and are equivalent in terms of quality to those produced in the United States. As a result of the establishment of maquiladora operations in Mexico, imports from Mexico during the first half of 1987 totalled \$389,000.

V. Position of interested parties

Petitioner.—Both petitioners, Ohline Corporation and Eastman Bell, Inc., are U.S. corporations with manufacturing facilities in Mexico. They requested the addition of GSP eligibility for this item to become cost competitive with their maquiladora operations. The petitioners assert that such operations are presently marginal because they are operating at a low level of capacity utilization, which would be increased by GSP eligibility.

Opposition.—Representatives of two major wood shutter companies expressed their opinion to the staff of the Commission that addition of GSP for this item would cause injury to their businesses. They believe that the lower wage rates in many foreign countries, including the leading GSP suppliers, would enable foreign competitors to under price certain of their products, were it not for the current duty of 8 percent.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

HS number 4421.90.40

8

HS item No.

4421.90.40--Con.

Product: Wood shutters with adjustable louvers

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Taiwan.....	4,781	9,958	6,813	6,614
Hg Kong.....	3,285	2,316	2,479	2,544
Canada.....	212	443	2,056	2,301
China P.....	1,531	2,096	1,748	1,526
Portugl.....	267	466	992	1,043
Macao.....	45	360	750	450
Japan.....	117	85	101	135
India.....	277	106	136	123
Italy.....	62	59	34	111
France.....	17	36	121	44
FR Germ.....	4	29	23	39
Kor Rep.....	64	72	50	38
Nethlds.....	9	16	48	37
U King.....	34	94	28	29
All other total..	193	478	326	134
Total.....	10,906	16,622	15,710	15,175
GSP total....	8,579	12,887	10,277	9,847
Percent				
Taiwan.....	43.8	59.9	43.4	43.6
Hg Kong.....	30.1	13.9	15.8	16.8
Canada.....	1.9	2.7	13.1	15.2
China P.....	14.0	12.6	11.1	10.1
Portugl.....	2.5	2.8	6.3	6.9
Macao.....	0.4	2.2	4.8	3.0
Japan.....	1.1	0.5	0.6	0.9
India.....	2.5	0.6	0.9	0.8
Italy.....	0.6	0.4	0.2	0.7
France.....	0.2	0.2	0.8	0.3
FR Germ.....	0.0	0.2	0.1	0.3
Kor Rep.....	0.6	0.4	0.3	0.3
Nethlds.....	0.1	0.1	0.3	0.2
U King.....	0.3	0.6	0.2	0.2
All other total..	1.8	2.9	2.1	0.9
Total.....	100.0	100.0	100.0	100.0
GSP total....	78.7	77.5	65.4	64.9

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

Product: Wood shutters with adjustable louvers

HS item No.
4421.90.40--Con.U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985,
and 1986 1/

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	130	29	57	43
Dom. Rep.....				26
Bermuda.....	11	23	1	16
Bahamas.....	17	6	7	11
U.King.....	7	6	13	7
Mexico.....	16	1	1	7
France.....		7	2/	6
Trinid.....	1			6
FR Germ.....	37	9	2	4
Japan.....	15	1	5	4
Taiwan				2
Norway.....			1	2
N.Antil.....	4	1		2
Iceland.....		2/	2/	1
All other total..	159	39	66	6
Total.....	398	122	154	143
GSP total....	140	52	41	75

Percent				
Canada.....	32.7	23.6	37.4	29.6
Dom. Rep.....	0.0	0.0	0.0	18.1
Bermuda.....	2.7	18.4	0.8	11.2
Bahamas.....	4.3	5.0	4.8	7.5
U.King.....	1.7	5.0	8.2	4.8
Mexico.....	4.1	0.9	0.4	4.6
France.....	0.0	6.0	0.3	4.2
Trinid.....	0.2	0.0	0.0	4.2
FR Germ.....	9.2	7.6	1.4	3.1
Japan.....	3.8	0.5	2.9	2.9
Taiwan	0.0	0.0	0.0	1.7
Norway.....	0.1	0.0	0.6	1.6
N.Antil.....	1.0	0.6	0.0	1.2
Iceland.....	0.0	0.3	0.2	0.9
All other total..	40.1	32.2	43.0	4.4
Total.....	100.0	100.0	100.0	100.0
GSP total....	35.1	42.5	26.8	52.1

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

1/ Allocated on the basis of 20 percent of Schedule B No. 206.66.

2/ Less than 500 dollars.

HS item No.
6117.10.30 (pt) 1/ 2/

Silk Scarves

I. Introduction

Col. 1 rate of duty: 10.1% (6117.10.30(pt))
7.7% (6214.10.00)

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP:

Country graduation:

Competitive-need-limit waiver

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: The products covered here are silk scarves, shawls, mufflers, mantillas, veils, and similar clothing accessories (hereinafter "scarves") classified under HS item 6214.10.00 (woven) and item 6117.10.30(pt) (knit).

Scarves of silk blends are now covered by the Multifiber Arrangement (MFA).

Historically, MFA-covered products have been excluded from the GSP; section 503(c)(1)(A) of the Trade Act of 1974 excludes "textile and apparel articles subject to textile agreements" from GSP eligibility. For U.S. quota purposes, scarves and other apparel articles containing 70 percent or more by weight of silk are currently excluded from restraint under the MFA.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	*30	<u>3/</u>
Total U.S. employment (thousand employees).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>
U.S. shipments (million dollars).....	*4.5	*5.2	*4.7	*4.9	*9
U.S. exports (million dollars) <u>4/</u>	*.1	<u>5/</u>	<u>5/</u>	*.1	-
U.S. imports (million dollars).....	10.9	14.2	20.4	35.5	226
U.S. consumption (thousand dollars).....	*15.3	*19.4	*25.1	*40.3	163
Import to consumption ratio (percent).....	*71	*73	*81	*88	-
Capacity utilization (nearest 10 percent).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	*75	-

1/ Probable effects advice for these or closely related products on the basis of the TSUSA nomenclature is contained in the Digest for TSUSA item Nos. 372.5005 and 372.5505.

2/ This digest includes HS item Nos. 6117.10.30 (pt) and 6214.10.00.

3/ Not available.

4/ Because exports are estimated to be negligible, no export table will be included in this digest.

5/ Less than \$50,000.

HS item No.
6117.10.30 (pt) 1/—Con.

Comment: U.S. consumption of silk scarves increased by an estimated 163 percent during 1981-86 to \$40.3 million in 1986, reflecting the fashion trend to a more dressy look. U.S. production is estimated to have increased by 9 percent during the period to \$4.9 million, while imports are estimated to have increased by 226 percent to \$35.5 million. Consequently, import penetration is estimated to have expanded by 17 percentage points during the period to 88 percent in 1986.

An estimated 30 firms produce silk scarves in the United States. Such scarves account for approximately 10 percent of the industry's total production of scarves; most scarves made domestically are of manmade fibers. Industry sources noted that U.S. producers use imported silk fabric to make the scarves because such fabric—having an average weight of 10 ounces per square yard—is not usually manufactured domestically. They indicated that it takes about 6 to 9 months to receive the fabric from the date it was ordered.

Unlike most apparel imports, which come from developing countries, most of the imports of silk scarves come from developed countries, especially Japan and also Italy and France. The competitive strengths of these countries are based on the quality and perceived fashion leadership of their products in the U.S. market. Japan's strength is also attributed to its price competitiveness vis-a-vis other lower cost producers. Japan, the world's second largest producer of raw silk after China, is the dominant supplier of the silk scarves, providing 63 percent of the imports during 1981-86. Italy, which supplied higher priced products, accounted for 17 percent of the total and France, the third largest supplier, 8 percent.

Imports from GSP-eligible countries accounted for a small (6 percent) share of the imports during 1981-86. Of the \$2.1 million in imports from GSP-eligible countries in 1986, approximately 86 percent came from India, Korea, and Hong Kong. U.S. imports of silk scarves from the petitioning country, Thailand, were negligible during 1981-86. According to an industry source, Thailand's silk scarves are made of a fabric which is too stiff and heavy (16-20 ounces per square yard) to drape properly and which is more suitable for making apparel such as dresses.

1/ This digest includes HS item Nos. 6117.10.30 (pt) and 6214.10.00.

HS item No.
6117.10.30 (pt) 1/—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousands)				
Total.....	35,500	100	-	88
Imports from GSP countries:				
Total.....	1,942	5	100	5
India.....	622	2	32	2
Korea.....	610	2	31	2
Hong Kong.....	523	1	27	1

Note.—The countries shown in the table include the top three GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of India for all digest products

Ranking as a U.S. import supplier, 1986..... 6

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... High Moderate X Low

Price level compared with:

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

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

Quality compared with:

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

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

1/ This digest includes HS item Nos. 6117.10.30 (pt) and 6214.10.00.

HS item No.

6117.10.30 (pt) 1/—Con.

Competitiveness of Korea for all digest productsRanking as a U.S. import supplier, 1986..... 7

Price sensitivity:

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 Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No Price sensitivity of U.S. demand..... High Moderate X Low

Price level compared with:

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

Quality compared with:

U.S. products..... Above Equivalent Below XOther foreign products..... Above Equivalent Below XCompetitiveness of Hong Kong for all digest productsRanking as a U.S. import supplier, 1986..... 8

Price sensitivity:

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 Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No Price sensitivity of U.S. demand..... High Moderate X Low

Price level compared with:

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

Quality compared with:

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

HS item No.
6117.10.30 (pt) 1—Con.

V. Position of interested parties

Petitioner.—The Government of Thailand, the petitioner, indicated that GSP treatment would enable Thailand to better compete in the U.S. market. Thailand had 13 companies, employing a total of 1,000 workers, manufacturing a total of 42,000 scarves in 1986.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

HS number: 61171030

8

HS item No.

6117.10.30 (pt) 1/ 2/--Con

Product: Shawls, scarves, mufflers, mantillas, vests

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Italy.....	39	66	250	250
France.....	56	58	67	225
Japan.....	103	49	119	199
U King.....	12	27	83	116
China.P.....	1	20	60	85
Moroc.....	3	2	44	47
Phil R.....	35	2	14	26
India.....	13	12	44	16
Switzld.....	18	1		16
FR Germ.....	4	7	31	12
Canada.....	1	5	5	11
Kor Rep.....	3		12	10
Hg Kong.....	5	43	12	9
Cyprus.....	1		8	9
All other total..	17	22	57	55

Total.....	315	322	813	1,091
GSP total....	71	71	177	147

Percent				
Italy.....	12.4	20.5	30.8	23.0
France.....	17.8	18.3	8.2	20.7
Japan.....	32.7	15.4	14.7	18.3
U King.....	3.8	8.7	10.3	10.6
China.P.....	0.5	6.4	7.5	7.8
Moroc.....	1.0	0.9	5.5	4.3
Phil R.....	11.2	0.9	1.8	2.4
India.....	4.3	4.0	5.5	1.5
Switzld.....	5.7	0.6	0.0	1.5
FR Germ.....	1.3	2.3	3.8	1.1
Canada.....	0.4	1.6	0.7	1.0
Kor Rep.....	1.2	0.0	1.6	1.0
Hg Kong.....	1.7	13.6	1.5	0.9
Cyprus.....	0.3	0.0	1.0	0.8
All other total..	5.6	6.8	7.1	5.1
Total.....	100.0	100.0	100.0	100.0
GSP total....	22.6	22.0	21.8	13.3

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

1/ This digest includes HS item Nos. 6117.10.30 (pt) and 6214.10.00.

2/ Approximately 15 percent of the imports in 1986 consisted of silk scarves, which are under consideration for the GSP.

HS number: 62141000

9

HS item No.

6117.10.30 (pt) 1/--Con.

Product: Shawls, scarves, mufflers, mantillas, vests

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Japan.....	6,414	10,913	11,987	22,812
Italy.....	2,067	1,394	4,049	5,745
France.....	841	852	1,558	2,950
China.P.....	352	82	232	685
India.....	311	158	514	620
Kor Rep.....	302	238	339	608
U King.....	126	153	454	587
Hg Kong.....	145	165	587	522
FR Germ.....	26	57	212	275
Switzld.....	63	23	79	206
Botswan.....				87
Canada.....	38	14	50	61
Spain.....			7	30
Taiwan.....	4	12	13	29
All other total..	111	79	176	110

Total.....	10,806	14,145	20,263	35,336
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GSP total....	771	589	1,552	1,920
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Percent				
Japan.....	59.4	77.1	59.2	64.6
Italy.....	19.1	9.9	20.0	16.3
France.....	7.8	6.0	7.7	8.4
China.P.....	3.3	0.6	1.1	1.9
India.....	2.9	1.1	2.5	1.8
Kor Rep.....	2.8	1.7	1.7	1.7
U King.....	1.2	1.1	2.2	1.7
Hg Kong.....	1.3	1.2	2.9	1.5
FR Germ.....	0.2	0.4	1.0	0.8
Switzld.....	0.6	0.2	0.4	0.6
Botswan.....	0.0	0.0	0.0	0.2
Canada.....	0.4	0.1	0.2	0.2
Spain.....	0.0	0.0	0.0	0.1
Taiwan.....	0.0	0.1	0.1	0.1
All other total..	1.0	0.6	0.9	0.3

Total.....	100.0	100.0	100.0	100.0
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GSP total....	7.1	4.2	7.7	5.4
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Source: Estimated from official statistics of the U.S. Department of Commerce

1/ This digest includes HS item Nos. 6117.10.30 (pt) and 6214.10.00.

HS item No.
6213.10.00 1/

Silk Handkerchiefs

I. Introduction

Col. 1 rate of duty: 7.5%

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP:

Country graduation:

Competitive-need-limit waiver

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: This HS item provides for all handkerchiefs that are wholly or in chief weight of silk. The product coverage differs from that for the corresponding TSUSA items (see digest for items 370.8405 and 370.8450), which provide for silk handkerchiefs that are not ornamented and contain 70 percent or more by weight or silk.

Section 503(c)(1)(A) of the Trade Act of 1974 excludes "textile and apparel articles which are subject to textile agreements" from GSP eligibility. Historically, products covered by the Multifiber Arrangement (MFA) have not been designated for the GSP. On August 1, 1986, when the MFA was renewed for another 5 years, products of silk blends were added to the MFA product coverage for the first time. For U.S. quota purposes, apparel containing 70 percent or more by weight of silk is currently exempt from U.S. import quotas under the MFA. On the basis of imports during August-December 1986, approximately 13 percent of the silk handkerchief imports were covered by the MFA.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	2	2	2	2	-
Total U.S. employment (thousand employees).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
U.S. shipments (thousand dollars).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	[***]	-
U.S. exports (thousand dollars).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	-
U.S. imports (thousand dollars).....	2,645	2,090	4,265	5,420	105
U.S. consumption (thousand dollars).....	2,645	2,090	4,265	[***]	[***]
Import to consumption ratio (percent).....	<u>4/</u>	<u>4/</u>	<u>4/</u>	[***]	-
Capacity utilization (nearest 10 percent).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-

1/ Probable effects advice for these or closely related products on the basis of the TSUSA nomenclature is contained in the Digest for TSUSA item Nos. 370.8405 and 370.8450.

2/ Not available.

3/ Data on exports are not available but are believed to be nil.

4/ Although data are not available on U.S. consumption, it is believed that consumption is supplied almost entirely by imports.

HS item No.
6213.10.00—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousands)				
Total.....	5,420	100	-	[***]
Imports from GSP countries:				
Total.....	551	10	100	[***]
Hong Kong.....	368	7	67	[***]
India.....	130	2	24	[***]

Note.—The countries shown in the table include the top two GSP suppliers in 1986.

Comment.—U.S. consumption of silk handkerchiefs is supplied almost entirely by imports. Silk handkerchiefs are known to be produced domestically by only two firms, one located in California and the other in Illinois. The firm in California indicated that its production of silk handkerchiefs totaled about [***] in 1981 and [***] in 1986. The handkerchiefs accounted for [***] percent of its 1986 sales, which consisted largely of men's and women's neckwear (i.e., scarves, bow ties, and neckties). The producer in Illinois stated that it produces about [***] dozen silk handkerchiefs a year, but that none of them are sold at retail. Instead, the handkerchiefs are made on contract for companies, such as a major auto manufacturer, whose corporate emblem or logo is imprinted on the handkerchiefs.

Silk handkerchiefs are used strictly as adornment, whereas cotton and manmade-fiber handkerchiefs are used for both functional and decorative purposes. Also, imports of silk handkerchiefs are valued at \$15 per dozen (f.o.b.), while imports of cotton and manmade-fiber handkerchiefs are valued at \$2 per dozen. According to several domestic producers, wholesale price of cotton and manmade-fiber handkerchiefs produced domestically is about \$3 per dozen.

Imports of silk handkerchiefs doubled during 1981–86 to \$5.4 million in 1986. Industry sources indicated that demand for silk handkerchiefs has been stimulated by the fashion trend to the dressy look and by the growing use of such handkerchiefs by persons appearing on television.

Unlike most apparel imports, which come primarily from developing countries, most of the imports of silk handkerchiefs come from developed countries. About 64 percent of the total value of imports in 1986 came from Italy; another 16 percent of the total came from Portugal, Japan, the United Kingdom, and France. The competitive strengths of these countries are based on the quality and perceived fashion leadership of their products in the U.S. market. Only 10 percent of the imports in 1986 came from GSP-eligible countries, with Hong Kong and India accounting for almost all the imports. Hong Kong only recently entered the market as part of an overall effort to expand its shipments of textile products, such as these silk handkerchiefs, which are not covered by U.S. import quota. There were no imports from the petitioning country, Thailand, during 1981–86.

HS item No.
6213.10.00—Con.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Hong Kong for all digest products

Ranking as a U.S. import supplier, 1986..... 3

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

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

Price sensitivity of U.S. demand..... High Moderate X Low

Price level compared with:

U.S. products 1/..... Above Equivalent Below

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

Quality compared with:

U.S. products 1/..... Above Equivalent Below

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

Competitiveness of India for all digest products

Ranking as a U.S. import supplier, 1986..... 7

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

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

Price sensitivity of U.S. demand..... High Moderate X Low

Price level compared with:

U.S. products 1/..... Above Equivalent Below

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

Quality compared with:

U.S. products 1/..... Above Equivalent Below

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

1/ Because U.S. production is relatively insignificant, it is difficult to make such a comparison.

HS item No.
6213.10.00—Con.

V. Position of interested parties

Petitioner.—There were no U.S. imports of silk handkerchiefs from Thailand, the petitioner, during 1981-86. The Government of Thailand requested GSP treatment for silk handkerchiefs so that the Thai product can have a chance to compete in the U.S. market. It estimated that, if GSP treatment were granted, Thailand's production of silk handkerchiefs would increase by 1 percent and employment would increase by 7 percent. In addition, it would enable the Government to provide income to 500,000 silkworm farmers. In 1986, 12 companies in Thailand produced a total of 6,200 silk handkerchiefs, priced at \$6 per dozen. The 12 companies employed a total of 2,800 workers in 1986.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

HS number: 62131000

7

HS item No.
6213.10.00--Con.

Product: Handkerchiefs of silk or silk waste

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Italy.....	455	605	2,165	3,490
China.P.....	369	470	442	466
Hg Kong.....	7		268	368
Portugl.....	738	502	852	342
Japan.....	659	124	169	203
U King.....	140	85	168	182
India.....	62	47	42	130
France.....	53	37	54	116
Canada.....	3		2	31
Ivy Cst.....			33	24
Switzld.....	4	2	24	19
Kor Rep.....		9	11	13
Phil R.....		1		11
Spain.....			7	9
All other total..	150	201	21	8
Total.....	2,645	2,090	4,265	5,420
GSP total....	84	60	369	551
Percent				
Italy.....	17.2	29.0	50.8	64.4
China.P.....	14.0	22.5	10.4	8.6
Hg Kong.....	0.3	0.0	6.3	6.8
Portugl.....	27.9	24.0	20.0	6.3
Japan.....	24.9	6.0	4.0	3.7
U King.....	5.3	4.1	3.9	3.4
India.....	2.4	2.3	1.0	2.4
France.....	2.0	1.8	1.3	2.2
Canada.....	0.1	0.0	0.1	0.6
Ivy Cst.....	0.0	0.0	0.8	0.4
Switzld.....	0.2	0.1	0.6	0.4
Kor Rep.....	0.0	0.5	0.3	0.3
Phil R.....	0.0	0.1	0.0	0.2
Spain.....	0.0	0.0	0.2	0.2
All other total..	5.7	9.7	0.5	0.2
Total.....	100.0	100.0	100.0	100.0
GSP total....	3.2	2.9	8.7	10.2

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

HS item No.
6406.99.6000 (pt.) 1/

Leather Footwear Soles

I. Introduction

Col. 1 rate of duty: 5% ad val.

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: X

Country graduation: X (Argentina) _____

Competitive-need-limit waiver _____

Non-eligible GSP countries: Mexico

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: Brazil

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: The product being petitioned for removal from GSP under TSUS item 791.28 is cut leather soles, which are used as components in the manufacture and repair of footwear. The GSP eligibility of the other leather footwear articles classified under item 791.28 (i.e., leather cut or manufactured into forms or shapes suitable for conversion into footwear, other than patent leather and uppers) such as counters, innersoles, linings, and shanks is not affected by the petition.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms) <u>2/</u> ..	7	5	4	3	-57
Total U.S. employment (employees) <u>2/</u>	652	587	547	565	-13
U.S. shipments (million dollars).....	118.0	110.0	98.6	95.8	-19
U.S. exports (million dollars) <u>2/3/</u>	2.5	2.8	2.0	4.6	84
U.S. imports (million dollars) <u>4/</u>	15.9	36.6	7.7	13.1	-18
U.S. consumption (million dollars).....	131.4	143.8	104.3	104.3	-21
Import to consumption ratio (percent).....	12	25	7	13	-
Capacity utilization (nearest 10 percent).....	88	88	82	72	-

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for HS item No. 6406.99.60 (pt).

2/ Estimated from information provided by industry sources.

3/ Because data are not separately available on exports of leather soles, no export table will be provided at the end of this digest.

4/ U.S. imports, in addition to leather soles, include other miscellaneous leather components for use in footwear manufacturing, such as counters, innersoles, linings, and shanks, which are not included in this investigation. Products, which are the subject of this investigation, are mostly from Argentina and account for roughly 22 percent of trade under TSUS item 791.28.

HS item No.
6406.99.6000 (pt.)—Con.

Comment: Industry sources report that there has been a steady decrease in the number of U.S. firms manufacturing leather footwear soles as demand for U.S. sole leather has declined. They attribute this to growing footwear imports, a declining U.S. footwear industry, and the development of improved quality synthetic sole material. Currently, the industry consists of three companies operating four tanning plants. Two of the firms operate sole cutting plants 1/ and produce approximately 50 percent of the total cut soles made domestically. The other cut sole producers are customers of the three tanners for whole leather.

Production of sole leather is a lengthy operation, taking about 2 months. The time-consuming manufacturing process, the need for maintaining starting and finishing inventories, and the requirement for the large amounts of in process extracts define the industry as highly capital intensive. Such an operation requires long lead times in both sales and purchases. In order to minimize market risks, tanning companies must sell about 3 months into the future in order to keep inventories covered by sales.

U.S. footwear firms either buy whole leather or cut soles, or a firm can buy portions of each for its production. The majority of domestic footwear producers buy whole leather from tanners and cut the patterns themselves. The cost of the cutting operation is low relative to the cost of leather.

III. GSP import situation, 1986

Item	Imports 2/	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousands)				
Total.....	13,089	100	-	13
Imports from GSP countries:				
Total.....	10,969	84	100	11
Argentina.....	2,855	22	26	3
Dominican Republic.....	2,368	18	22	2
Brazil.....	2,314	18	21	2
Taiwan.....	1,614	12	15	2

Note.—The countries shown in the table include the top four GSP suppliers in 1986.

1/ Sole cutting is not an industry in itself but a part of the sole leather tanning industry.

2/ U.S. imports, in addition to leather soles, include other miscellaneous leather components for use in footwear manufacturing which are not included in this investigation. Products which are the subject of this investigation are estimated to account for roughly 22 percent of trade under TSUS item 791.28.

HS item No.
6406.99.6000 (pt.)—Con.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Argentina for all digest products

Ranking as a U.S. import supplier, 1986..... 1

Price sensitivity:

Can production in the country be easily expanded or
contracted in the short term?..... Yes No X 1/

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

Price sensitivity of import supply..... High Moderate X Low

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

Price sensitivity of U.S. demand..... 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 imported product, which is lower in quality than the domestic item, is generally priced below the U.S. product due in part to lower leather costs in Argentina. Raw hide costs are the major determinant of the cost of manufacturing sole leather. Argentina, the world's second largest producer of hides, bans all exports of raw hides. According to the petitioner, the average U.S. price for leather footwear soles is approximately \$3.50 per pair compared to \$2.50 per pair for similar items from Argentina.

The petitioner indicates that Argentina is the only country exporting or that is likely to export leather cut soles, the subject of this digest, in significant quantities into the United States. There are six producers of sole leather in Argentina, and three of them are major producers.

The principal use of leather soles is in the production of high-grade men's dress shoes which usually require heavier soles. Because leather from Argentina tends to be much thinner than U.S. leathers, the domestic product is normally more suited for these particular styles. According to industry sources, however, this advantage for the domestic product cannot compensate for the lower price differential offered in the leather soles from Argentina. Often, U.S. footwear producers will modify shoe styles in order to use the less expensive imported soles.

According to industry sources, pollution control costs in the United States are another large expense incurred by domestic manufacturers of sole leather, whereas manufacturers of these products in Argentina are not faced to any great extent with this additional cost.

1/ The cycle of sole leather production is approximately 2 months.

HS item No.
6406.99.6000 (pt.)—Con.

Competitiveness of the Dominican Republic for all digest products

Ranking as a U.S. import supplier, 1986..... 2

Price sensitivity:

Can production in the country be easily expanded or
contracted in the short term?..... Yes ☐ No ☒ 1/

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

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

Price sensitivity of import supply..... High ☐ Moderate ☒ Low ☐

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

Price sensitivity of U.S. demand..... High ☐ Moderate ☒ Low ☐

Price level compared with:

U.S. products..... Above ☐ Equivalent ☒ Below ☐

Other foreign products..... Above ☐ Equivalent ☒ Below ☐

Quality compared with:

U.S. products..... Above ☐ Equivalent ☐ Below ☒

Other foreign products..... Above ☐ Equivalent ☒ Below ☐

Comment: Most of the trade in leather footwear soles from the Dominican Republic is believed to be articles assembled from U.S.-fabricated components that are returned to the United States as finished or partially finished products under TSUS item 807.00. Moreover, leather footwear soles from the Dominican Republic are eligible for duty-free treatment under the Caribbean Basin Economic Recovery Act (CBERA).

Competitiveness of Brazil for all digest products

Ranking as a U.S. import supplier, 1986..... 3

Price sensitivity:

Can production in the country be easily expanded or
contracted in the short term?..... Yes ☐ No ☒ 1/

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

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

Price sensitivity of import supply..... High ☐ Moderate ☒ Low ☐

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

Price sensitivity of U.S. demand..... High ☐ Moderate ☒ Low ☐

Price level compared with:

U.S. products..... Above ☐ Equivalent ☐ Below ☒

Other foreign products..... Above ☐ Equivalent ☒ Below ☐

Quality compared with:

U.S. products..... Above ☐ Equivalent ☒ Below ☐

Other foreign products..... Above ☐ Equivalent ☒ Below ☐

Comment: Most of the Brazilian trade is believe to be concentrated in leather footwear component parts other than leather footwear soles.

1/ The cycle of sole leather production is approximately 2 months.

HS item No.
6406.99.6000 (pt.)—Con.

V. Position of interested parties

Petitioner.—The petitioner, Howes Leather Company, Inc., Quincy, Massachusetts, is the largest domestic tanner of sole leather. The firm is also a cutter of leather soles. The petitioner requests that immediate action be taken to withdraw GSP benefits from Argentina for leather soles, whether or not cut, entering under TSUS item 791.28 (HS 6406.99.6000). ^{1/} The petitioner contends that the United States has been flooded with imports of leather soles from Argentina since that country's government in September 1986 granted an export subsidy on the exports of such items. According to the petitioner, these imports threaten the existence of U.S. sole leather tanners.

With regard to imports of leather soles, it should be noted that the petitioner is pursuing a countervailing duty action against Argentina. Argentina is not a signatory to the subsidy code and, therefore, no injury test is necessary.

^{1/} It is not the intent of the petitioner to include items other than leather soles, whether or not cut, which are only a part of HS 6406.99.6000. A separate statistical breakout would have to be created.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

TS number: 6406.99.6000

HS item No.
6406.99.6000 (pt.)--Con.

Product: Leather footwear soles

U.S. imports for consumption, by princial sources 1981, 1983, 1985, and 1986 :

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Brazil.....	2,734	7,268	2,006	2,314
Italy.....	244	266	924	1,126
Uruguay.....			704	12
Taiwan.....	369	42	678	1,614
Mexico.....	4,441	8,437	560	422
Argentina.....	8	330	558	2,855
Haiti.....	304	5,972	456	623
India.....	7,268	3,898	365	287
Korea.....	5	75	353	167
FR Germany.....	37	55	338	59
All other total.....	460	10,256	784	3,610
Total.....	15,870	36,598	7,726	13,089
GSP total.....	10,740	26,912	5,181	9,555
Percent				
Brazil.....	17.2	19.9	26.0	17.7
Italy.....	1.5	0.7	12.0	8.6
Uruguay.....	0.0	0.0	9.1	0.1
Taiwan.....	2.3	0.1	8.8	12.3
Mexico.....	28.0	23.1	7.2	3.2
Argentina.....	0.1	0.9	7.2	21.8
Haiti.....	1.9	16.3	5.9	4.8
India.....	45.8	10.7	4.7	2.2
Korea.....	0.0	0.2	4.6	1.3
FR Germany.....	0.2	0.2	4.4	0.5
All other total.....	2.9	28.0	10.1	27.6
Total.....	100.0	100.0	100.0	100.0
GSP total.....	67.7	73.5	67.1	73.0

1/ U.S. imports, in addition to leather soles, include other miscellaneous leather components for use in footwear manufacturing, such as counters, innersoles, linings, and shanks, which are not included in this investigation. Products, which are the subject of this investigation, are mostly from Argentina, and are estimated to account for roughly 25 percent of trade under TSUS item 791.28.

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

HS item No.
7011.20.00 1/

Glass Envelopes for Cathode-Ray Tubes

I. Introduction

Col. 1 rate of duty: 6.6%

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: _____

Competitive-need-limit waiver X (Taiwan)

Non-eligible GSP countries: Taiwan

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: The glass envelopes covered in this digest are without fittings and designed for use in cathode ray tubes (CRT's) for computer terminals, word processors, televisions, and so forth. These items are part of SIC 3229, Pressed and Blown Glass, N.E.C.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	**15	**13	**18	**18	20
Total U.S. employment (thousand employees).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
U.S. shipments (thousand dollars).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
U.S. exports (thousand dollars).....	42,006	7,220	6,068	4,130	-90
U.S. imports (thousand dollars).....	11,637	12,286	9,108	6,733	-42
U.S. consumption (thousand dollars).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
Import to consumption ratio (percent).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
Capacity utilization (nearest 10 percent).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-

Comment: According to the Bureau of the Census, fewer than 18 firms produced the type of glass envelopes included in this digest. Shipments by these firms in 1985 totaled \$346.6 million, part of which represents cathode ray tube manufacturing. These blanks are generally manufactured to customer specifications for use in a particular type of television, computer terminal, word processor, or other terminal, with quality and price principal purchasing factors. The movement offshore of television and computer production, for example, has adversely impacted the demand for CRT's produced by the domestic industry.

1/ Probable effects advice for these or closely related products on the basis of the TSUSA nomenclature is contained in the Digest for TSUSA item No. 547.3720.

2/ Not available.

HS item No. -
7011.20.00—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousands)				
Total.....	6,733	100	-	-
Imports from GSP countries:				
Total.....	2,868	43	100	-
Taiwan.....	2,779	41	97	-
Brazil.....	90	1	3	1/

Note.—Taiwan and Brazil were the only GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

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

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

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

Quality compared with:

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

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

1/ Less than 0.5 percent.

HS item No.
7011.20.00—Con.

V. Position of interested parties

Petitioner.—Clinton Electronics Corp. (Rockford, IL) states that the type of CRT envelope used in their operations (a monochrome tube) is not manufactured in the United States, and that duty-free treatment of imports from its Taiwan plant would improve its competitive position in the U.S. market.

Opposition.—Lancaster Glass Corp. (Lancaster, OH) cites a shrinking market for glass envelopes for CRT's and the potential adverse impact on the U.S. industry should a GSP waiver be granted to Taiwan as reasons to respond cautiously to this waiver request.

[Probable economic effects advice deleted]

HS number: 70112000

5

HS item No.
7011.20.00--Con.

Product: Glass envelopes, open, and glass parts

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Japan.....	158	1,262	3,796	3,098
Taiwan.....	4,831	6,036	4,148	2,779
FR Germ.....	6,578	3,735	774	562
Brazil.....				90
U King.....		49	23	86
Nethlds.....	68	68	14	69
Belgium.....		32		43
Portugl.....				4
China.P.....			1	
Dom Rep.....			23	
Mexico.....		1,101	319	
Canada.....			6	
All other total..				
Total.....	11,637	12,286	9,108	6,733
GSP total....	4,831	7,138	4,491	2,869

Percent				
Japan.....	1.4	10.3	41.7	46.0
Taiwan.....	41.5	49.1	45.5	41.3
FR Germ.....	56.5	30.4	8.5	8.3
Brazil.....	0.0	0.0	0.0	1.3
U King.....	0.0	0.4	0.3	1.3
Nethlds.....	0.6	0.6	0.2	1.0
Belgium.....	0.0	0.3	0.0	0.6
Portugl.....	0.0	0.0	0.0	0.1
China.P.....	0.0	0.0	0.0	0.0
Dom Rep.....	0.0	0.0	0.3	0.0
Mexico.....	0.0	9.0	3.5	0.0
Canada.....	0.0	0.0	0.1	0.0
All other total..	0.0	0.0	0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	41.5	58.1	49.3	42.6

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

Product: Glass envelopes, open, and glass parts

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	22,649	171	3,352	1,896
Mexico.....	5,851	1,241	1,927	1,109
FR Germ.....	1,191	191	176	498
Nethlds.....	718	85	18	195
U King.....	388	626	246	148
Japan.....	185	33	21	148
France.....	490	1,375	151	68
India.....		1	2	20
Uruguay.....				15
Italy.....	35	46	16	9
Switzld.....	2	4		8
Kor Rep.....	101	75		5
Brazil.....	9,524	3,140	99	1
Panama.....				1
All other total..	868	225	54	1
Total.....	42,006	7,220	6,068	4,130
GSP total....	16,134	4,682	2,052	1,156

Percent				
Canada.....	53.9	2.4	55.2	45.9
Mexico.....	13.9	17.2	31.8	26.9
FR Germ.....	2.8	2.7	2.9	12.1
Nethlds.....	1.7	1.2	0.3	4.7
U King.....	0.9	8.7	4.1	3.6
Japan.....	0.4	0.5	0.4	3.6
France.....	1.2	19.1	2.5	1.7
India.....	0.0	0.0	0.0	0.5
Uruguay.....	0.0	0.0	0.0	0.4
Italy.....	0.1	0.7	0.3	0.2
Switzld.....	0.0	0.1	0.0	0.2
Kor Rep.....	0.2	1.0	0.0	0.1
Brazil.....	22.7	43.5	1.6	0.0
All other total..	2.1	3.1	0.9	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	38.4	64.9	33.8	28.0

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

Glass Ceramic Glassware

I. Introduction

Col. 1 rate of duty: 26%

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP:

Country graduation:

Competitive-need-limit waiver

Non-eligible GSP countries: None.

Current competitive-need-limit waivers: None.

Current "sufficiently competitive" designation: None.

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: The articles under review in this digest are glassware used for table, kitchen, toilet, office or indoor decoration or similar purposes of glass ceramics, included in SIC 3229, Pressed and Blown Glass, N.E.C.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	**7	**9	**7	**7	0
Total U.S. employment (thousand employees).....	2/	2/	2/	2/	-
U.S. shipments (thousand dollars).....	2/	2/	2/	2/	-
U.S. exports (thousand dollars).....	20,339	8,402	6,824	5,825	-71
U.S. imports (thousand dollars).....	3/	3/	3/	3/	-
U.S. consumption (thousand dollars).....	2/	2/	2/	2/	-
Import to consumption ratio (percent).....	2/	2/	2/	2/	-
Capacity utilization (nearest 10 percent).....	**90	**90	*90	**90	-

Comment: According to the Bureau of the Census, **7 firms manufactured glass ceramic ware and heat resistant glassware in the United States. Corning is believed to be the dominant, if not the only, manufacturer of glass ceramic ware. Although data specific to this item are unavailable, U.S. imports are believed to have accounted for at least [* * *] of U.S. apparent consumption of an estimated 29.0 million pieces. However, much of these imports were transparent, non-glazed glass ceramics sourced from Corning's French plant before U.S. production reached full capacity in 1986. U.S. and imported merchandise are generally marketed in the same channels - specialty kitchen stores, department stores, and discount stores, with product capabilities, customer preference, and price the significant purchasing factors.

1/ Probable effects advice for these or closely related products on the basis of the TSUS nomenclature is contained in the Digests for TSUS item Nos. 533.79 and 534.97.

2/ Not available.

3/ U.S. imports of glass ceramic ware are sourced from France and Japan; specific import data are unavailable but are believed to be less than \$10.0 million during the years under review.

HS item No.
7013.10.00—Con.

III. GSP import situation, 1986

U.S. imports of glass ceramic ware are sourced from France and Japan; specific import data are unavailable but are believed to be less than \$10.0 million during the years under review. There are no known GSP suppliers of this ware.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of [* * *] for all digest products

Ranking as a U.S. import supplier, 1986..... -

Price sensitivity:

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 ____

Price sensitivity of import supply..... High X Moderate ____ Low ____

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

Price sensitivity of U.S. demand..... 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: [* * *.]

HS item No.
7013.10.00—Con.

V. Position of interested parties

Petitioner.—Corning Glass Works (Corning, NY) is seeking GSP treatment for HS item 7013.10.00 to continue duty-free treatment for these products despite a proposed Customs reclassification which would raise the duty rate to 26 percent ad valorem, and to ensure the lowest possible costs [* * *].

[Probable economic effects advice deleted]

Product: Glassware

U.S. exports of domestic merchandise, by principal markets 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Quantity (pieces)				
Canada.....	552,906	245,864	268,092	138,189
Hg Kong.....	37,268	13,197	19,204	28,116
Japan.....	65,998	47,092	98,078	25,321
Dom Rep.....	19,309	4,126	4,942	19,950
Cocos.I.....	167,698	69,253	26,809	16,551
Ecuador.....	11,202	997	2,156	13,953
Jamaica.....	11,000	18,962	23,246	13,670
Nethlds.....	26,174	19,268	5,033	13,116
U King.....	103,170	23,412	7,217	12,644
Singapr.....	114,823	21,657	8,665	12,163
Panama.....	30,163	24,847	9,706	10,850
Hondura.....	8,147	1,498	5,199	9,811
Turkey.....			4,141	8,126
Haiti.....	7,316	9,631	5,715	7,110
All other total..	876,175	281,598	143,186	92,530
Total.....	2,031,349	781,402	631,389	422,100
GSP total....	784,281	296,580	190,638	198,875
Percent				
Canada.....	27.2	31.5	42.5	32.7
Hg Kong.....	1.8	1.7	3.0	6.7
Japan.....	3.2	6.0	15.5	6.0
Dom Rep.....	1.0	0.5	0.8	4.7
Cocos.I.....	8.3	8.9	4.2	3.9
Ecuador.....	0.6	0.1	0.3	3.3
Jamaica.....	0.5	2.4	3.7	3.2
Nethlds.....	1.3	2.5	0.8	3.1
U King.....	5.1	3.0	1.1	3.0
Singapr.....	5.7	2.8	1.4	2.9
Panama.....	1.5	3.2	1.5	2.6
Hondura.....	0.4	0.2	0.8	2.3
Turkey.....	0.0	0.0	0.7	1.9
Haiti.....	0.4	1.2	0.9	1.7
All other total..	43.1	36.0	22.7	21.9
Total.....	100.0	100.0	100.0	100.0
GSP total....	38.6	38.0	30.2	47.1

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

Product: Glassware

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	4,175	3,055	2,825	1,656
Hg Kong.....	351	186	138	396
Cocos I.....	2,217	668	322	334
Japan.....	887	433	1,082	323
U King.....	1,177	187	189	272
Ireland.....	9	2	111	243
Panama.....	195	141	115	152
Dom Rep.....	199	59	31	136
Nethlds.....	203	148	55	134
Mexico.....	413	37	71	125
Singapr.....	952	199	89	117
Colomb.....	226	38	23	117
Peru.....	151	263	102	114
Hondura.....	71	16	32	111
All other total..	9,107	2,961	1,630	1,588
Total.....	20,339	8,402	6,824	5,825
GSP total....	9,157	3,117	1,961	2,739
Percent				
Canada.....	20.5	36.4	41.4	28.4
Hg Kong.....	1.7	2.2	2.0	6.8
Cocos I.....	10.9	8.0	4.7	5.7
Japan.....	4.4	5.2	15.9	5.6
U King.....	5.8	2.2	2.8	4.7
Ireland.....	0.0	0.0	1.6	4.2
Panama.....	1.0	1.7	1.7	2.6
Dom Rep.....	1.0	0.7	0.5	2.3
Nethlds.....	1.0	1.8	0.8	2.3
Mexico.....	2.0	0.4	1.0	2.2
Singapr.....	4.7	2.4	1.3	2.0
Colomb.....	1.1	0.5	0.3	2.0
Peru.....	0.7	3.1	1.5	2.0
Hondura.....	0.4	0.2	0.5	1.9
All other total..	44.8	35.2	23.9	27.3
Total.....	100.0	100.0	100.0	100.0
GSP total....	45.0	37.1	28.7	47.0

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

HS item No.
7113.11.50 1/

Certain silver jewelry

I. Introduction

Col. 1 rate of duty: 6.5% ad val

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: _____

Competitive-need-limit waiver X (Thailand)

Non-eligible GSP countries: Hong Kong, Thailand

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: This digest includes certain jewelry articles made in chief value of silver, whether or not plated or clad with other precious metals. It does not include those articles valued less than \$18 per dozen pieces or parts, or chain produced in continuous lengths for use in jewelry. It does include a variety of finished articles which may or may not incorporate various small gemstones. These articles often involve labor-intensive production techniques, particularly in finishing operations. Among the articles included are rings, necklaces, earrings, bracelets, pendants, and brooches.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	*630	*600	*620	*650	3
Total U.S. employment (thousand employees).....	**5	**5	**5	**5	0
U.S. shipments (thousand dollars).....	*119,530	*143,575	*172,399	*185,950	56
U.S. exports (thousand dollars).....	8,244	6,820	11,449	9,239	12
U.S. imports (thousand dollars).....	61,654	80,670	170,386	202,564	229
U.S. consumption (thousand dollars).....	*172,940	*217,425	*331,336	*379,275	119
Import to consumption ratio (percent).....	36	37	51	53	-
Capacity utilization (nearest 10 percent).....	60	90	60	50	-

Comment: Most U.S. producers of silver jewelry are small, employing less than 20 employees, and are not vertically integrated. Principal products are rings, earrings, pendants, and brooches, sometimes incorporating gemstones. U.S. producers compete on the basis of nonprice factors such as quality and design, and on marketing factors such as product availability, proximity to market, and purchasing incentives. GSP imports are generally articles incorporating small gemstones that are highly labor-intensive.

1/ Probable effects advice for these products on the basis of the TSUS nomenclature is contained in the Digest for TSUS item No. 740.14.

HS item No.
7113.11.50—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousands)				
Total.....	202,564	100	-	53
Imports from GSP countries:				
Total.....	55,421	27	100	15
Hong Kong.....	17,290	9	31	5
Thailand.....	14,447	7	26	4
Israel.....	8,819	4	16	2
Mexico.....	3,705	2	7	1

Note.—The countries shown in the table include the top four GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Thailand for all digest products

Ranking as a U.S. import supplier, 1986..... 4

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... 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 recent years, Thai finished-jewelry production has expanded significantly. This expansion is reportedly due to three principal factors: first, Thai government support for local investors in export-oriented operations; second, preferential duty rates in most major world markets; finally, Thailand's advantage over U.S. and other foreign producers in labor costs and in raw material supplies.

U.S. imports of silver jewelry from Thailand increased fifteen-fold during 1981-86 and are concentrated in highly price sensitive, labor-intensive goods that are often set with small gemstones. Because of Thailand's abundance of natural raw materials and low labor costs, it is a major world supplier of gemstone-set silver jewelry.

HS item No.
7113.11.50—Con.

V. Position of interested parties

Petitioner.—Government of Thailand

The petitioner states that the waiver is requested because imports slightly exceeded the competitive-need limits (by \$0.8 million) for TSUS item 740.14. The petition argues that imports of precious-metal jewelry from Thailand increased in recent years because of a growing demand by U.S. consumers and an increasing number of U.S. producers that source jewelry from Thailand to complement their product lines. The petitioner further states that the bulk of Thai products are not comparable in either appearance, price, or quality with similar domestically-produced jewelry.

[Probable economic effects advice deleted]

HS number: 71131150

5

HS item No.

7113.11.50--Con.

Product: Articles of jewelry and parts thereof

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Italy.....	24,561	37,986	100,984	108,011
Switzld.....	11,072	10,376	16,171	22,357
Hg Kong.....	8,168	7,395	12,767	17,290
Thailnd.....	877	1,241	5,072	14,447
Israel.....	6,421	9,609	9,232	8,819
Spain.....			4,572	4,487
Mexico.....	467	402	1,310	3,705
FR Germ.....	1,655	2,292	2,957	2,667
France.....	1,097	1,833	2,657	2,366
U King.....	593	742	1,017	2,264
Peru.....	413	1,726	3,079	1,628
Lebanon.....	415	300	895	1,393
Japan.....	1,239	448	1,033	1,375
Dom Rep.....	46	209	701	1,265
All other total..	4,625	6,103	7,934	10,484
Total.....	61,654	80,670	170,386	202,564
GSP total....	18,582	22,999	37,925	55,421

Percent				
Italy.....	39.8	47.1	59.3	53.3
Switzld.....	18.0	12.9	9.5	11.0
Hg Kong.....	13.2	9.2	7.5	8.5
Thailnd.....	1.4	1.5	3.0	7.1
Israel.....	10.4	11.9	5.4	4.4
Spain.....	0.0	0.0	2.7	2.2
Mexico.....	0.8	0.5	0.8	1.8
FR Germ.....	2.7	2.8	1.7	1.3
France.....	1.8	2.3	1.6	1.2
U King.....	1.0	0.9	0.6	1.1
Peru.....	0.7	2.1	1.8	0.8
Lebanon.....	0.7	0.4	0.5	0.7
Japan.....	2.0	0.6	0.6	0.7
Dom Rep.....	0.1	0.3	0.4	0.6
All other total..	7.5	7.6	4.7	5.2
Total.....	100.0	100.0	100.0	100.0
GSP total....	30.1	28.5	22.3	27.4

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

Product: Articles of jewelry and parts thereof

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 19

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Japan.....	1,123	1,663	1,523	2,068
Dom Rep.....		1	3,014	1,429
Switzld.....	1,570	382	279	851
Haiti.....		16	2,943	804
U King.....	1,273	853	242	645
Canada.....	989	703	1,164	605
Mexico.....	430	178	163	436
Hg Kong.....	553	313	241	257
FR Germ.....	417	522	163	241
B Virgn.....	59	1	18	135
Cocos I.....	331	413	249	122
S.Arab.....	30	29	19	109
Italy.....	73	127	146	105
Spain.....			96	104
All other total..	1,388	1,614	1,179	1,321
Total.....	8,244	6,820	11,449	9,239
GSP total....	2,131	1,548	7,530	4,062
Percent				
Japan.....	13.6	24.4	13.3	22.4
Dom Rep.....	0.0	0.0	26.3	15.5
Switzld.....	19.0	5.6	2.4	9.2
Haiti.....	0.0	0.2	25.7	8.7
U King.....	15.4	12.5	2.1	7.0
Canada.....	12.0	10.3	10.2	6.5
Mexico.....	5.2	2.6	1.4	4.7
Hg Kong.....	6.7	4.6	2.1	2.8
FR Germ.....	5.1	7.7	1.4	2.6
B Virgn.....	0.7	0.0	0.2	1.5
Cocos I.....	4.0	6.1	2.2	1.3
S.Arab.....	0.4	0.4	0.2	1.2
Italy.....	0.9	1.9	1.3	1.1
Spain.....	0.0	0.0	0.8	1.1
All other total..	16.8	23.7	10.3	14.3
Total.....	100.0	100.0	100.0	100.0
GSP total....	25.9	22.7	65.8	44.0

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

HS item No.
7113.19.50 1/

Certain precious-metal jewelry

I. Introduction

Col. 1 rate of duty: 6.5% ad val

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: _____

Competitive-need-limit waiver X (Thailand)

Non-eligible GSP countries: Hong Kong, Thailand

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: This digest includes certain precious-metal jewelry made in chief value of precious-metals other than silver, whether or not plated or clad with precious metal. It does not include gold necklaces and neck chains, clasps, or chain produced in continuous lengths for use in jewelry. It does include a variety of finished articles which may or may not incorporate various small gemstones. These articles often involve labor-intensive production techniques, particularly in finishing operations. Among the articles included are rings, earrings, bracelets, pendants, and brooches.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage
					change, 1986 versus 1981
Number of U.S. producers (number of firms).....	*1,040	*1,025	*1,050	*1,100	17
Total U.S. employment (thousand employees).....	**23	**23	**24	**23	0
U.S. shipments (thousand dollars).....	*563,500	*676,900	*812,745	*876,615	56
U.S. exports (thousand dollars).....	27,392	18,703	19,310	36,191	32
U.S. imports (thousand dollars).....	182,427	240,207	509,117	605,621	232
U.S. consumption (thousand dollars).....	*718,535	*898,404	*1,302,552	*1,446,045	101
Import to consumption ratio (percent).....	25	27	39	42	-
Capacity utilization (nearest 10 percent).....	60	90	60	50	-

Comment: Most U.S. producers of precious-metal jewelry are small, employing less than 20 employees, and are not vertically integrated. Principal products are rings and earrings, sometimes incorporating gemstones, and findings (standardized parts). U.S. producers compete on the basis of nonprice factors such as quality and design, and on marketing factors such as product availability, proximity to market, and purchasing incentives. GSP imports are generally articles incorporating small gemstones that are highly labor-intensive.

1/ Probable effects advice for these products on the basis of the TSUS nomenclature is contained in the Digest for TSUS item No. 740.14.

HS item No.
7113.19.50—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousands)				
Total.....	605,621	100	-	42
Imports from GSP countries:				
Total.....	165,687	27	100	11
Hong Kong.....	51,818	9	31	4
Thailand.....	43,329	7	26	3
Israel.....	26,454	4	16	2
Mexico.....	10,989	2	7	1

Note.—The countries shown in the table include the top four GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Thailand for all digest products

Ranking as a U.S. import supplier, 1986..... 4

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

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

Price sensitivity of U.S. demand..... 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 recent years, Thai finished-jewelry production has expanded significantly. This expansion is reportedly due to three principal factors: first, Thai government support for local investors in export-oriented operations; second, preferential duty rates in most major world markets; finally, Thailand's advantage over domestic producers and other major foreign suppliers in labor costs and in raw material supplies.

U.S. imports of precious-metal jewelry from Thailand increased fifteen-fold during 1981-86 and are concentrated in highly price sensitive, labor-intensive goods that are often set with small gemstones. Because of Thailand's abundance of natural raw materials and low labor costs, it is a major world supplier of gemstone-set precious-metal jewelry.

HS item No.
7113.19.50—Con.

V. Position of interested parties

Petitioner.—Government of Thailand

The petitioner states that the waiver is requested because imports slightly exceeded the competitive-need limits (by \$0.8 million) for TSUS item 740.14. The petition argues that imports of precious-metal jewelry from Thailand increased in recent years because of a growing demand by U.S. consumers and an increasing number of U.S. producers that source jewelry from Thailand to complement their product lines. The petitioner further states that the bulk of Thai products are not comparable in either appearance, price, or quality with similar domestically-produced jewelry.

[Probable economic effects advice deleted]

HS number: 71131950

5

HS item No.

7113.19.50--Con.

Product: Articles of jewelry and parts thereof

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Italy.....	72,692	113,158	301,966	323,014
Switzld.....	33,216	31,127	48,499	67,072
Hg Kong.....	24,460	22,133	38,281	51,818
Thailnd.....	2,631	3,719	15,217	43,329
Israel.....	19,238	28,810	27,461	26,454
Spain.....			13,667	13,411
Mexico.....	1,341	1,193	3,804	10,989
FR Germ.....	4,654	6,802	8,680	7,748
France.....	3,272	5,475	7,958	7,066
U King.....	1,776	2,226	3,048	6,790
Peru.....	1,241	5,180	9,239	4,885
Lebanon.....	1,247	902	2,685	4,180
Japan.....	3,611	1,312	3,056	4,062
Dom Rep.....	19	622	2,029	3,795
All other total..	13,021	17,542	23,520	31,001
Total.....	182,427	240,207	509,117	605,621
GSP total....	54,820	68,338	113,149	165,687
Percent				
Italy.....	39.8	47.1	59.3	53.3
Switzld.....	18.2	13.0	9.5	11.1
Hg Kong.....	13.4	9.2	7.5	8.6
Thailnd.....	1.4	1.5	3.0	7.2
Israel.....	10.5	12.0	5.4	4.4
Spain.....	0.0	0.0	2.7	2.2
Mexico.....	0.7	0.5	0.7	1.8
FR Germ.....	2.6	2.8	1.7	1.3
France.....	1.8	2.3	1.6	1.2
U King.....	1.0	0.9	0.6	1.1
Peru.....	0.7	2.2	1.8	0.8
Lebanon.....	0.7	0.4	0.5	0.7
Japan.....	2.0	0.5	0.6	0.7
Dom Rep.....	0.0	0.3	0.4	0.6
All other total..	7.1	7.3	4.6	5.1
Total.....	100.0	100.0	100.0	100.0
GSP total....	30.1	28.4	22.2	27.4

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

HS number: 71131900

6

HS item No.

7113.19.50--Con.

Product: Articles of jewelry and parts thereof

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Dom. Rep.....	101	186	4,802	9,040
Japan.....	4,476	2,714	2,813	5,292
Switzld.....	4,189	3,249	2,749	5,270
Haiti.....		1,018	990	3,150
U King.....	1,631	452	673	2,497
Hg Kong.....	3,558	1,906	1,383	1,776
Mexico.....	2,236	128	258	1,201
Kor Rep.....	2	608	369	962
Canada.....	1,525	2,492	1,015	857
France.....	625	550	787	852
N.Antil.....	1,525	557	148	635
FR Germ.....	1,611	1,256	695	588
Spain.....			87	569
Italy.....	2,575	328	250	471
All other total..	3,334	3,253	2,284	3,024
Total.....	27,392	18,703	19,310	36,191
GSP total....	9,805	6,650	9,729	19,063
Percent				
Dom. Rep.....	0.4	1.0	24.9	25.0
Japan.....	16.3	14.5	14.6	14.6
Switzld.....	15.3	17.4	14.2	14.6
Haiti.....	0.0	5.4	5.1	8.7
U King.....	6.0	2.4	3.5	6.9
Hg Kong.....	13.0	10.2	7.2	4.9
Mexico.....	8.2	0.7	1.3	3.3
Kor Rep.....	0.0	3.3	1.9	2.7
Canada.....	5.6	13.3	5.3	2.4
France.....	2.3	2.9	4.1	2.4
N.Antil.....	5.6	3.0	0.8	1.8
FR Germ.....	5.9	6.7	3.6	1.6
Spain.....	0.0	0.0	0.5	1.6
Italy.....	9.4	1.8	1.3	1.3
All other total..	12.2	17.4	11.8	8.4
Total.....	100.0	100.0	100.0	100.0
GSP total....	35.8	35.6	50.4	52.7

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

HS item No.
7113.20.50 1/

Certain precious-metal clad jewelry

I. Introduction

Col. 1 rate of duty: 6.5% ad val

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: _____

Competitive-need-limit waiver X (Thailand)

Non-eligible GSP countries: Hong Kong, Thailand

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: This digest includes certain precious-metal clad jewelry. This jewelry is made in chief value of base-metal to which a coating of precious-metal has been mechanically bonded. It does not include gold clad necklaces and neck chains, clasps, or chain produced in continuous lengths for use in jewelry. It does include a variety of finished articles which may or may not incorporate various small gemstones. These articles often involve labor-intensive production techniques, particularly in finishing operations. Among the articles included are rings, earrings, bracelets, pendants, and brooches.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	*480	*450	*475	*500	4
Total U.S. employment (thousand employees).....	**7	**7	**7	**7	0
U.S. shipments (thousand dollars).....	*170,760	*205,120	*246,285	*265,640	56
U.S. exports (thousand dollars).....	51,693	36,760	38,861	57,964	12
U.S. imports (thousand dollars).....	61,217	80,375	170,160	202,280	230
U.S. consumption (thousand dollars).....	*180,284	*248,735	*377,584	*409,956	127
Import to consumption ratio (percent).....	34	32	45	49	-
Capacity utilization (nearest 10 percent).....	60	90	60	50	-

Comment: Most U.S. producers of precious-metal clad jewelry are small, employing less than 20 employees, and are not vertically integrated. Principal products are rings and earrings, sometimes incorporating gemstones, and findings (standardized parts). U.S. producers compete on the basis of nonprice factors such as quality and design, and on marketing factors such as product availability, proximity to market, and purchasing incentives. GSP imports are generally articles incorporating small gemstones that are highly labor-intensive.

1/ Probable effects advice for these products on the basis of the TSUS nomenclature is contained in the Digest for TSUS item No. 740.14.

HS item No.
7113.20.50—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousands)				
Total.....	202,280	100	-	49
Imports from GSP countries:				
Total.....	55,314	27	100	13
Hong Kong.....	17,285	9	31	4
Thailand.....	14,447	7	26	4
Israel.....	8,819	4	16	2
Mexico.....	3,705	2	7	1

Note.—The countries shown in the table include the top four GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Thailand for all digest products

Ranking as a U.S. import supplier, 1986..... 4

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

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

Price sensitivity of U.S. demand..... 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 recent years, Thai finished-jewelry production has expanded significantly. This expansion is reportedly due to three principal factors: first, Thai government support for local investors in export-oriented operations; second, preferential duty rates in most major world markets; finally, Thailand's advantage over most major jewelry suppliers in labor costs and in raw material supplies.

U.S. imports of precious-metal clad jewelry from Thailand increased fifteen-fold during 1981-86 and are concentrated in highly price sensitive, labor-intensive goods that are often set with small gemstones. Because of Thailand's abundance of natural raw materials and low labor costs, it is a major world supplier of gemstone-set precious-metal clad jewelry.

HS item No.
7113.20.50—Con.

V. Position of interested parties

Petitioner.—Government of Thailand

The petitioner states that the waiver is requested because imports slightly exceeded the competitive-need limits (by \$0.8 million) for TSUS item 740.14. The petition argues that imports of precious-metal jewelry from Thailand increased in recent years because of a growing demand by U.S. consumers and an increasing number of U.S. producers that source jewelry from Thailand to complement their product lines. The petitioner further states that the bulk of Thai products are not comparable in either appearance, price, or quality with similar domestically-produced jewelry.

[Probable economic effects advice deleted]

HS number: 71132050

5

HS item No.
7113.20.50--Con.

Product: Articles of jewelry nes, of base metal

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Italy.....	24,525	37,919	100,937	107,878
Switzld.....	11,072	10,376	16,169	22,357
Hg Kong.....	8,166	7,383	12,765	17,285
Thailnd.....	877	1,241	5,072	14,447
Israel.....	6,421	9,609	9,165	8,819
Spain.....			4,572	4,487
Mexico.....	467	402	1,310	3,705
FR Germ.....	1,559	2,270	2,908	2,633
France.....	1,097	1,833	2,657	2,366
U King.....	593	742	1,017	2,264
Peru.....	413	1,726	3,079	1,628
Lebanon.....	415	300	895	1,393
Japan.....	1,210	444	1,031	1,367
Dom Rep.....	6	207	701	1,265
All other total..	4,389	5,915	7,876	10,380
Total.....	61,217	80,375	170,160	202,280
GSP total....	18,324	22,802	37,808	55,314
Percent				
Italy.....	40.1	47.2	59.3	53.3
Switzld.....	18.1	12.9	9.5	11.1
Hg Kong.....	13.3	9.2	7.5	8.5
Thailnd.....	1.4	1.5	3.0	7.1
Israel.....	10.5	12.0	5.4	4.4
Spain.....	0.0	0.0	2.7	2.2
Mexico.....	0.8	0.5	0.8	1.8
FR Germ.....	2.5	2.8	1.7	1.3
France.....	1.8	2.3	1.6	1.2
U King.....	1.0	0.9	0.6	1.1
Peru.....	0.7	2.1	1.8	0.8
Lebanon.....	0.7	0.4	0.5	0.7
Japan.....	2.0	0.6	0.6	0.7
Dom Rep.....	0.0	0.3	0.4	0.6
All other total..	7.2	7.4	4.6	5.1
Total.....	100.0	100.0	100.0	100.0
GSP total....	29.9	28.4	22.2	27.3

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

HS number: 71132000

6

HS item No.
7113.20.50--Con.

Product: Articles of jewelry nes, of base metal

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Japan.....	7,397	5,375	5,780	10,730
Dom. Rep.....	163	259	6,273	9,260
Switzld.....	5,189	3,415	3,068	6,094
U King.....	4,764	2,399	2,097	4,258
Canada.....	4,994	5,729	4,647	4,143
Haiti.....	9	953	2,820	3,468
Hg Kong.....	4,712	2,703	2,041	2,587
Mexico.....	3,413	438	791	1,811
France.....	1,984	1,528	1,283	1,737
Kor Rep.....	108	681	553	1,295
Italy.....	2,732	756	617	1,056
FR Germ.....	2,592	2,172	1,036	970
Nethlds.....	694	585	1,137	965
Spain.....			353	823
All other total..	12,937	9,760	6,359	8,759
Total.....	51,693	36,760	38,861	57,964
GSP total....	16,628	11,152	17,176	25,040
Percent				
Japan.....	14.3	14.6	14.9	18.5
Dom. Rep.....	0.3	0.7	16.1	16.0
Switzld.....	10.0	9.3	7.9	10.5
U King.....	9.2	6.5	5.4	7.3
Canada.....	9.7	15.6	12.0	7.1
Haiti.....	0.0	2.6	7.3	6.0
Hg Kong.....	9.1	7.4	5.3	4.5
Mexico.....	6.6	1.2	2.0	3.1
France.....	3.8	4.2	3.3	3.0
Kor Rep.....	0.2	1.9	1.4	2.2
Italy.....	5.3	2.1	1.6	1.8
FR Germ.....	5.0	5.9	2.7	1.7
Nethlds.....	1.3	1.6	2.9	1.7
Spain.....	0.0	0.0	0.9	1.4
All other total..	25.0	26.6	16.4	15.1
Total.....	100.0	100.0	100.0	100.0
GSP total....	32.2	30.3	44.2	43.2

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

HS item No.
7117.11.00 1/ 2/

Certain base-metal jewelry

I. Introduction

Col. 1 rate of duty: 11% ad val

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: X

Country graduation: _____

Competitive-need-limit waiver _____

Non-eligible GSP countries: Korea

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: This digest includes certain costume jewelry articles valued over 20¢ per dozen pieces or parts. It does not include those valued less than 20¢ per dozen pieces or parts, watch bracelets valued over 20¢ per dozen pieces or parts, or watch bracelet parts valued less than \$12 per dozen. Costume jewelry is made of any non-precious material, including base-metals, plastic, wood, and shell, among others. Specific articles include rings, earrings, necklaces, bracelets, pendants, and brooches.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms)..	**800	**750	**725	**740	-8
Total U.S. employment (thousand employees)..	**20.2	**18.0	**18.9	*19.1	-5
U.S. shipments (thousand dollars).....	*818,300	*910,080	*939,930	*978,240	20
U.S. exports (thousand dollars).....	15,066	10,668	9,854	13,326	-12
U.S. imports (thousand dollars).....	66,299	77,021	198,511	194,686	194
U.S. consumption (thousand dollars).....	*869,533	*976,433	*1,128,587	*1,159,600	33
Import to consumption ratio (percent).....	8	8	18	17	-
Capacity utilization (nearest 10 percent)...	50	60	60	60	-

Comment: Most U.S. producers of costume jewelry are concentrated in the Northeastern States of Rhode Island and Massachusetts. Almost two-thirds of all producers employ less than 10 workers. They are not vertically integrated and often purchase raw materials, parts, or services from small job shops. Principal products include earrings, neckwear, and miscellaneous jewelry articles including bracelets, cuff links, tie pins and clips, pendants, and brooches. U.S. producers compete on the basis of nonprice factors such as quality and design, and on marketing factors such as product availability, proximity to market, and purchasing incentives. Since these products are

1/ Probable effects advice for closely related products on the basis of the TSUS nomenclature is contained in the Digests for TSUS item No. 740.41.

2/ This Digest also includes HS item 7117.19.50.

HS item No.
7117.11.00—Con.

relatively low-cost and demand is highly price elastic, such advantages are often outweighed by foreign pricing advantages due to lower labor and materials costs. GSP imports are concentrated in neckwear, earrings, and miscellaneous jewelry articles.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
		Value (thousands)		
Total.....	194,686	100	-	17
Imports from GSP countries:				
Total.....	155,146	80	100	13
Taiwan.....	52,630	27	34	5
Korea.....	38,966	20	25	3
Hong Kong.....	38,915	20	25	3
India.....	11,187	6	7	1

Note.—The countries shown in the table include the top four GSP suppliers in 1986.

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7117.11.00—Con.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1986..... 1

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... 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: Taiwan is one of the fastest growing suppliers of costume jewelry to the United States. Although U.S. imports from Taiwan tripled during 1981-85, such imports declined by 9 percent in 1986 as a result of its loss in GSP eligibility in that year. The Taiwan costume jewelry industry produces a variety of products including rings, earrings, neckwear, pendants, bracelets, beads, and brooches. These articles are made from a variety of materials including base-metals, plastic, wood, shell, and glass; about one-half of digest imports are accounted for by nonmetal jewelry. Most producers specialize in high volume, low-cost items. The industry relies heavily on a network of subcontractors that are flexible and can produce other items when jewelry demand is slack. Approximately three-fourths of total costume jewelry output in Taiwan is exported.

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7117.11.00—Con.

Competitiveness of Korea for all digest products

Ranking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

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

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

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

Quality compared with:

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

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

Comment: The Korean industry supplies a broad range of products, including raw materials, semiprocessed and finished goods. It is primarily a cottage industry relying heavily on subcontractors to manufacture component parts and perform specialized operations. In 1985, exports accounted for over 80 percent of total industry output. U.S. imports from Korea quadrupled during 1981-86; the greatest increase was from 1983-85 when such imports almost tripled. Approximately 90 percent of digest imports are accounted for by base-metal jewelry. Items commonly produced in Korea include beads, chains, necklaces, bracelets, and earrings using a variety of materials including base-metals, plastic, and wood. According to Korean industry sources, the main source of their competitiveness in the U.S. market results from benefits under the GSP.

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7117.11.00—Con.

Competitiveness of Hong Kong for all digest products

Ranking as a U.S. import supplier, 1986..... 3

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

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

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

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

Quality compared with:

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

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

Comment: Hong Kong is a prominent manufacturing and trading center. Exports account for approximately two-thirds of total industry output. U.S. imports from Hong Kong tripled during 1981-85 and then declined by 16 percent in 1986 as a result of their loss in GSP eligibility. Approximately two-thirds of digest imports are accounted for by base-metal jewelry; commonly produced articles include pendants, chains, necklaces, bracelets, earrings, rings, and brooches. In recent years, larger Hong Kong producers reportedly automated some of their production processes to take advantage of technological developments. However, most Hong Kong producers utilize an extensive network of subcontractors who perform a variety of operations. Despite the small size of most producers, they are reportedly flexible in switching production lines to and from jewelry as required.

V. Position of interested parties

Petitioner.—Manufacturing Jewelers and Silversmiths of America, Providence, RI

The petitioner is the principal nationwide trade association of domestic jewelry manufacturers, representing 2,400 members including approximately 500 that are engaged in the manufacture of costume jewelry. The petitioner states that GSP benefits currently extended to imports of certain jewelry and other objects of personal adornment from beneficiary countries are adversely affecting the ability of domestic producers to compete. They claim that beneficiary countries hold a competitive advantage through their ability to supply lower priced costume jewelry because of lower labor and materials costs, and that advantages gained by beneficiary countries under the GSP are (1) no longer necessary to encourage the growth of industry in those countries; and (2) unreasonably and adversely affecting the domestic industry. Further, they state that preferential tariff treatment provides developing nations a competitive advantage in most third country markets because it lowers the price of their products relative to those of developed nations. They conclude that the operation of the GSP program has had its intended effects because production in beneficiary countries has expanded

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7117.11.00—Con.

significantly with the United States becoming the largest market for these goods and that the cumulative effect of the stimulus of a duty-free U.S. market for 12 years and the 54% reduction in the duties have eliminated the need for continuation of the GSP program for costume jewelry.

Opposition.—Richmond Sales Inc., Pawtucket, RI

This interested party is a manufacturer, importer, and exporter of fashion jewelry and related accessories. Richmond Sales claims that the petitioner does not speak for the entire industry with regard to GSP policy and urges the continuance of GSP preferences.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

HS number: 71171100

9

HS item No.

7117.11.00--Con.

Product: Cuff links and studs of base metal

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Taiwan.....	1,812	2,284	5,667	5,160
Kor Rep.....	930	1,169	3,259	3,856
Hg Kong.....	1,416	1,596	4,333	3,648
Japan.....	729	1,076	1,733	1,735
India.....	172	196	1,170	1,116
Italy.....	127	157	507	513
Phil R.....	417	182	716	506
France.....	173	80	331	359
FR Germ.....	108	103	211	307
Thailnd.....	21	50	127	255
U King.....	65	63	198	248
Mexico.....	108	81	133	222
Spain.....			199	164
China.P.....	94	81	99	132
All other total..	265	374	625	705
Total.....	6,442	7,499	19,315	18,933
GSP total....	4,939	5,672	15,751	15,107
Percent				
Taiwan.....	28.1	30.5	29.3	27.3
Kor Rep.....	14.4	15.6	16.9	20.4
Hg Kong.....	22.0	21.3	22.4	19.3
Japan.....	11.3	14.3	9.0	9.2
India.....	2.7	2.6	6.1	5.9
Italy.....	2.0	2.1	2.6	2.7
Phil R.....	6.5	2.4	3.7	2.7
France.....	2.7	1.1	1.7	1.9
FR Germ.....	1.7	1.4	1.1	1.6
Thailnd.....	0.3	0.7	0.7	1.3
U King.....	1.0	0.8	1.0	1.3
Mexico.....	1.7	1.1	0.7	1.2
Spain.....	0.0	0.0	1.0	0.9
China.P.....	1.5	1.1	0.5	0.7
All other total..	4.1	5.0	3.2	3.7
Total.....	100.0	100.0	100.0	100.0
GSP total....	76.7	75.6	81.5	79.8

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

HS number: 71171950

10

HS item No.
7117.11.00--Con.

Product: Jewelry of base metal, whether or not

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Taiwan.....	16,567	20,852	52,466	47,470
Hg Kong.....	13,567	15,337	41,343	35,267
Kor.Rep.....	8,739	10,748	29,619	35,110
Japan.....	6,727	9,865	16,056	16,518
India.....	1,550	1,821	10,576	10,071
Italy.....	1,154	1,446	4,585	4,666
Phil R.....	3,764	1,649	6,474	4,559
France.....	1,565	721	2,991	3,251
FR Germ.....	1,049	971	1,945	2,824
Thailnd.....	192	460	1,157	2,302
U King.....	589	588	1,794	2,240
Mexico.....	973	751	1,214	2,012
Spain.....			1,799	1,478
China.P.....	851	737	910	1,213
All other total..	2,564	3,569	6,259	6,767
Total.....	59,857	69,522	179,196	175,753
GSP total....	45,981	52,708	146,339	140,039
Percent				
Taiwan.....	27.7	30.0	29.3	27.0
Hg Kong.....	22.7	22.1	23.1	20.1
Kor.Rep.....	14.6	15.5	16.5	20.0
Japan.....	11.2	14.2	9.0	9.4
India.....	2.6	2.6	5.9	5.7
Italy.....	1.9	2.1	2.6	2.7
Phil R.....	6.3	2.4	3.6	2.6
France.....	2.6	1.0	1.7	1.9
FR Germ.....	1.8	1.4	1.1	1.6
Thailnd.....	0.3	0.7	0.6	1.3
U King.....	1.0	0.8	1.0	1.3
Mexico.....	1.6	1.1	0.7	1.1
Spain.....	0.0	0.0	1.0	0.8
China.P.....	1.4	1.1	0.5	0.7
All other total..	4.3	5.1	3.5	3.9
Total.....	100.0	100.0	100.0	100.0
GSP total....	76.8	75.8	81.7	79.7

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

HS number: 71171100 1/

11

HS item No.

7117.11.00--Con.

Product: Cuff links and studs of base metal

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Japan.....	282	198	235	479
Canada.....	316	332	317	313
U King.....	258	150	137	170
France.....	131	85	54	92
Nethlds.....	51	52	111	90
Hg Kong.....	118	84	74	86
Switzld.....	43	30	42	83
Italy.....	39	39	31	57
Cocos I.....	143	102	71	53
Bahamas.....	10	11	14	52
Colomb.....	8	12	34	51
Mexico.....	115	21	47	49
Ireland.....	88	71	30	42
Kor Rep.....	10	13	18	42
All other total..	660	444	291	389
Total.....	2,279	1,650	1,514	2,055
GSP total....	670	440	403	576
Percent				
Japan.....	12.4	12.0	15.6	23.3
Canada.....	13.9	20.1	21.0	15.3
U King.....	11.3	9.1	9.1	8.3
France.....	5.8	5.2	3.6	4.5
Nethlds.....	2.3	3.2	7.4	4.4
Hg Kong.....	5.2	5.1	4.9	4.2
Switzld.....	1.9	1.8	2.8	4.1
Italy.....	1.7	2.4	2.1	2.8
Cocos I.....	6.3	6.2	4.7	2.6
Bahamas.....	0.5	0.7	0.9	2.6
Colomb.....	0.4	0.8	2.3	2.5
Mexico.....	5.1	1.3	3.1	2.4
Ireland.....	3.9	4.3	2.0	2.1
Kor Rep.....	0.5	0.8	1.2	2.1
All other total..	29.0	26.9	19.2	18.9
Total.....	100.0	100.0	100.0	100.0
GSP total....	29.4	26.7	26.7	28.0

Source: Compiled from official statistics of the U.S. Department of Commerce
 1/ The HS allocation of this item for this digest is 84 percent in 1981 and 82 percent in 1983, 1985, and 1986.

Product: Rope, chain and similar articles of base

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Japan.....	1,856	1,320	1,591	3,224
Canada.....	2,139	2,187	2,142	2,096
U King.....	1,727	1,012	922	1,134
France.....	884	579	372	629
Nethlds.....	346	354	754	595
Hg Kong.....	797	558	495	580
Switzld.....	288	202	283	568
Italy.....	262	263	210	388
Bahamas.....	69	74	94	352
Cocos I.....	949	693	480	352
Colomb.....	59	82	232	335
Mexico.....	782	147	314	335
Ireland.....	591	475	206	282
Kor Rep.....	70	90	124	280
All other total..	4,398	2,956	1,943	2,587
Total.....	15,223	10,998	10,170	13,746
GSP total....	4,478	2,946	2,694	3,834
Percent				
Japan.....	12.2	12.0	15.7	23.5
Canada.....	14.1	19.9	21.1	15.2
U King.....	11.3	9.2	9.1	8.3
France.....	5.8	5.3	3.7	4.6
Nethlds.....	2.3	3.2	7.4	4.3
Hg Kong.....	5.2	5.1	4.9	4.2
Switzld.....	1.9	1.8	2.8	4.1
Italy.....	1.7	2.4	2.1	2.8
Bahamas.....	0.5	0.7	0.9	2.6
Cocos I.....	6.2	6.3	4.7	2.6
Colomb.....	0.4	0.7	2.3	2.4
Mexico.....	5.1	1.3	3.1	2.4
Ireland.....	3.9	4.3	2.0	2.1
Kor Rep.....	0.5	0.8	1.2	2.0
All other total..	28.9	26.9	19.1	18.8
Total.....	100.0	100.0	100.0	100.0
GSP total....	29.4	26.8	26.5	27.9

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

1/ The HS allocation of this item for this digest is 84 percent in 1981 and 82 percent in 1983, 1985, and 1986.

HS item No.
7117.19.10 1/ 2/

Certain continuous length chain for use in jewelry

I. Introduction

Col. 1 rate of duty: HS item 7117.19.10--8% ad val
HS item 7117.19.20--11% ad val

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: X

Country graduation: _____

Competitive-need-limit waiver _____

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: The chain included in this digest is that produced in continuous lengths, whether or not cut to specific lengths, and whether or not set with imitation pearls or gemstones. It must be made in chief value of non-precious, metal, and suitable for use in the manufacture of jewelry.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	**90	**80	**75	**80	-11
Total U.S. employment (thousand employees).....	**5	**4	**3	**4	-20
U.S. shipments (thousand dollars).....	*200,000	*154,000	*168,000	*175,000	-12
U.S. exports (thousand dollars).....	11,416	8,248	7,624	10,311	-10
U.S. imports (thousand dollars).....	5,409	4,062	4,353	6,962	29
U.S. consumption (thousand dollars).....	*193,993	*149,814	*164,729	*171,651	-12
Import to consumption ratio (percent).....	3	3	3	4	-
Capacity utilization (nearest 10 percent).....	50	60	60	60	-

Comment: Most U.S. producers of chain are concentrated in Rhode Island and Massachusetts. They are not vertically integrated and often purchase raw materials, parts, or services from small job shops. U.S. producers compete on the basis of nonprice factors such as quality and design, and on marketing factors such as product availability, proximity to market, and purchasing incentives. However, since these products are relatively low-cost and import demand is highly price sensitive, such advantages, in some instances, may be outweighed by foreign pricing advantages due to lower materials cost.

1/ Probable effects advice for these products on the basis of the TSUS nomenclature is contained in the Digest for TSUS item Nos. 740.75 and 740.80.

2/ This Digest also includes HS item 7117.19.20.

HS item No.
7117.19.10—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousands)				
Total.....	6,962	100	-	4
Imports from GSP countries:				
Total.....	3,104	45	100	2
Korea.....	1,433	21	46	1
Taiwan.....	818	12	26	1/
Hong Kong.....	444	6	14	1/
Sri Lanka.....	287	4	9	1/

Note.—The countries shown in the table include the top four GSP suppliers in 1986.
1/ Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Korea for all digest products

Ranking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

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

Quality compared with:

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

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

Comment: The Korean industry is primarily a cottage industry relying heavily on subcontractors to manufacture component parts and perform specialized operations. U.S. imports of jewelry chain from Korea fluctuated during 1981-86 but overall remained unchanged. The quality of Korean products is generally lower than that of its competitors; such products compete on the basis of price.

HS item No.
7117.19.10—Con.

Competitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1986..... 3

Price sensitivity:

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 ____
Price sensitivity of import supply..... High X Moderate ____ Low ____
Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No ____
Price sensitivity of U.S. demand..... High X Moderate ____ Low ____

Price level compared with:

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

Quality compared with:

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

Comment: U.S. imports of digest products from Taiwan almost doubled during 1981-86. Approximately two-thirds of such imports are accounted for by chain valued over 33¢ per yard and over one-half of total imports enter the United States through related party transactions. Most producers specialize in high volume, low-cost chain and rely on a network of subcontractors that can produce other items when jewelry demand is slack.

Competitiveness of Hong Kong for all digest products

Ranking as a U.S. import supplier, 1986..... 5

Price sensitivity:

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 ____
Price sensitivity of import supply..... High X Moderate ____ Low ____
Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No ____
Price sensitivity of U.S. demand..... High X Moderate ____ Low ____

Price level compared with:

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

Quality compared with:

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

Comment: U.S. imports of digest products from Hong Kong dropped 54 percent during 1981-83 and then tripled during 1983-86. Overall, such imports rose 90 percent during the period. Approximately two-thirds of such imports were accounted for by chain valued less than 33¢ per yard. In recent years, larger Hong Kong producers have reportedly automated some production processes to take advantage of technological developments. Most Hong Kong producers utilize an extensive network of subcontractors that perform a variety of operations.

V. Position of interested partiesPetitioner.—Manufacturing Jewelers and Silversmiths of America, Providence, RI

The petitioner is the principal nationwide trade association of domestic jewelry manufacturers, representing 2,400 members including approximately 500 that are engaged in the manufacture of costume jewelry. The petitioner states that GSP benefits currently extended to imports of certain jewelry and other objects of personal adornment from beneficiary countries are adversely affecting the ability of domestic producers to compete. They claim that beneficiary countries hold a competitive advantage through an ability to supply lower priced costume jewelry because of lower labor and materials costs, and that advantages gained by beneficiary countries under the GSP are (1) no longer necessary to encourage the growth of industry in those countries; and (2) unreasonably and adversely affecting the domestic industry. Further, they state that preferential tariff treatment provides developing nations a competitive advantage in most third country markets because it lowers the price of their products relative to those of developed nations. Additionally, the operation of the GSP program has had its intended effects because production in beneficiary countries has expanded significantly while the United States served as the largest market for these products. Lastly, the cumulative effect of the stimulus of a duty-free U.S. market for 12 years and the 54% reduction in the duties have eliminated the need for continuation of the GSP program for costume jewelry.

Opposition.—Richmond Sales Inc., Pawtucket, RI

This interested party is a manufacturer, importer, and exporter of fashion jewelry and related accessories. Richmond Sales claims that the petitioner does not speak for the entire industry with regard to GSP policy and urges the continuance of GSP preferences.

[Probable economic effects advice deleted]

HS number: 71171910

6

HS item No.
7117.19.10--Con.

Product: Rope, chain and similar articles of base

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Kor. Rep.....	1,048	439	402	345
Hg Kong.....	193	66	114	281
Taiwan.....	282	308	175	251
Japan.....	616	402	171	64
Italy.....	3	6	14	54
FR Germ.....	136	39	46	18
Botswan.....				8
France.....				1
India.....			1	
Sri Lka.....		2		
Kenya.....			20	
All other total..				
Total.....	2,281	1,265	945	1,026
GSP total....	1,525	816	713	886
Percent				
Kor. Rep.....	46.0	34.7	42.5	33.6
Hg Kong.....	8.5	5.3	12.1	27.4
Taiwan.....	12.4	24.4	18.6	24.5
Japan.....	27.0	31.8	18.2	6.3
Italy.....	0.2	0.5	1.5	5.3
FR Germ.....	6.0	3.1	4.9	1.8
Botswan.....	0.0	0.0	0.0	0.9
France.....	0.0	0.0	0.0	0.2
India.....	0.0	0.0	0.1	0.0
Sri Lka.....	0.0	0.2	0.0	0.0
Kenya.....	0.0	0.0	2.1	0.0
All other total..	0.0	0.0	0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	66.8	64.6	75.4	86.4

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

HS number: 71171920 1/

7

HS item No.
7117.19.10--Con.

Product: Rope, chain and similar articles of base

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Japan.....	1,918	999	1,443	2,934
Kor. Rep.....	384	1,355	680	1,088
Taiwan.....	142	87	284	567
Italy.....	356	151	342	514
Sri Lka.....		26	105	287
FR Germ.....	198	94	229	216
Hg Kong.....	41	70	244	163
Yugosl.....				46
Mexico.....		3	10	35
Spain.....			1	23
Peru.....				19
France.....	9		8	12
U King.....				8
Jordan.....				4
All other total..	77	7	53	12
Total.....	3,128	2,797	3,405	5,936
GSP total....	615	1,542	1,379	2,218
Percent				
Japan.....	61.3	35.7	42.4	49.4
Kor. Rep.....	12.3	48.5	20.0	18.3
Taiwan.....	4.5	3.1	8.4	9.6
Italy.....	11.4	5.4	10.1	8.7
Sri Lka.....	0.0	0.9	3.1	4.8
FR Germ.....	6.3	3.4	6.8	3.6
Hg Kong.....	1.3	2.5	7.2	2.8
Yugosl.....	0.0	0.0	0.0	0.8
Mexico.....	0.0	0.1	0.3	0.6
Spain.....	0.0	0.0	0.1	0.4
Peru.....	0.0	0.0	0.0	0.3
France.....	0.3	0.0	0.2	0.2
U King.....	0.0	0.0	0.0	0.1
All other total..	2.5	0.3	1.6	0.2
Total.....	100.0	100.0	100.0	100.0
GSP total....	19.7	55.2	40.5	37.4

Source: Estimated from official statistics of the U.S. Department of Commerce
 1/ The HS allocation of this item for this digest is 14 percent in 1981 and
 16 percent in 1983, 1985, and 1986.

HS number: 71171900 1/

8

HS item No.
7117.19.10--Con

Product: Rope, chain and similar articles of base

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Japan.....	1,856	1,320	1,591	3,224
Canada.....	2,139	2,187	2,142	2,096
U King.....	1,727	1,012	922	1,134
France.....	884	579	372	629
Nethlds.....	346	354	754	595
Hg Kong.....	797	558	495	580
Switzld.....	288	202	283	568
Italy.....	262	263	210	388
Bahamas.....	69	74	94	352
Cocos I.....	949	693	480	352
Colomb.....	59	82	232	335
Mexico.....	782	147	314	335
Ireland.....	591	475	206	282
Kor Rep.....	70	90	124	280
All other total..	4,398	2,956	1,943	2,587
Total.....	15,223	10,998	10,170	13,746
GSP total....	4,478	2,946	2,694	3,834
Percent				
Japan.....	12.2	12.0	15.7	23.5
Canada.....	14.1	19.9	21.1	15.2
U King.....	11.3	9.2	9.1	8.3
France.....	5.8	5.3	3.7	4.6
Nethlds.....	2.3	3.2	7.4	4.3
Hg Kong.....	5.2	5.1	4.9	4.2
Switzld.....	1.9	1.8	2.8	4.1
Italy.....	1.7	2.4	2.1	2.8
Bahamas.....	0.5	0.7	0.9	2.6
Cocos I.....	6.2	6.3	4.7	2.6
Colomb.....	0.4	0.7	2.3	2.4
Mexico.....	5.1	1.3	3.1	2.4
Ireland.....	3.9	4.3	2.0	2.1
Kor Rep.....	0.5	0.8	1.2	2.0
All other total..	28.9	26.9	19.1	18.8
Total.....	100.0	100.0	100.0	100.0
GSP total....	29.4	26.8	26.5	27.9

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

1/ The HS allocation of this item in this digest is 75 percent.

Base-metal religious articles

I. Introduction

Col. 1 rate of duty: 5.8% ad val

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: X

Country graduation: _____

Competitive-need-limit waiver _____

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: Religious articles included in this digest are rosaries and chaplets, made of any material, and crucifixes and medals, in chief value of materials other than precious metal (including rolled precious metal). These articles must be of a purely devotional character and designed to be worn on apparel or carried on or about or attached to the person. The subject articles can be made of base-metal, plastic, or wood, among other materials.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	**75	**60	**70	**80	7
Total U.S. employment (thousand employees).....	**0.5	**0.4	**0.4	**0.4	-20
U.S. shipments (thousand dollars).....	*2,110	*2,240	*2,430	*2,550	21
U.S. exports (thousand dollars).....	1,522	1,098	1,016	1,374	-10
U.S. imports (thousand dollars).....	3,165	2,620	3,492	3,932	24
U.S. consumption (thousand dollars).....	*3,753	*3,762	*4,906	*5,108	36
Import to consumption ratio (percent).....	84	70	71	77	-
Capacity utilization (nearest 10 percent).....	50	60	60	60	-

Comment: Most U.S. producers of religious articles are concentrated in the Northeastern States of Rhode Island and Massachusetts. They are not vertically integrated and often purchase raw materials, parts, or services from small job shops. U.S. producers compete on the basis of nonprice factors such as quality and design, and on marketing factors such as product availability, proximity to market, and purchasing incentives. Since these products are relatively low-cost and demand price elasticity is high, such advantages are often outweighed by foreign pricing advantages due to lower labor and materials costs.

1/ Probable effects advice for closely related products on the basis of the TSUS nomenclature is contained in the Digest for TSUS item No. 740.50

HS item No.
7117.19.30—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousands)				
Total.....	377	100	-	7
Imports from GSP countries:				
Total.....	189	50	100	4
Israel.....	70	19	37	1
Taiwan.....	45	12	24	1
Hong Kong.....	34	9	18	1
Mexico.....	25	7	13	1/

Note.—The countries shown in the table include the top four GSP suppliers in 1986.
1/ Less 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Israel for all digest products

Ranking as a U.S. import supplier, 1986..... 1

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

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

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

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

Quality compared with:

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

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

Comment: U.S. imports of digest products from Israel, duty-free under the U.S.-Israel Agreement, increased tenfold during 1981-86. Approximately 95 percent of digest imports are accounted for by crucifixes and medals, [* * *
.]

HS item No.
7117.19.30—Con.

Competitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... 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: U.S. imports of digest products from Taiwan almost quadrupled during 1981-86. Approximately two-thirds of digest imports are accounted for by crucifixes and medals. Most producers specialize in high volume, low-cost items and rely heavily on a network of subcontractors that are flexible and can produce other items when jewelry demand is slack.

Competitiveness of Hong Kong for all digest products

Ranking as a U.S. import supplier, 1986..... 3

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... 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: U.S. imports from Hong Kong fluctuated during 1981-86 but increased 56 percent over the period. Approximately two-thirds of digest imports are accounted for by crucifixes and medals. In recent years, larger Hong Kong producers have reportedly automated some of their production processes to take advantage of technological developments. Most Hong Kong producers utilize an extensive network of subcontractors that perform a variety of operations.

V. Position of interested partiesPetitioner.—Manufacturing Jewelers and Silversmiths of America, Providence, RI

The petitioner is the principal nationwide trade association of domestic jewelry manufacturers, representing 2,400 members including approximately 500 that are engaged in the manufacture of costume jewelry. The petitioner states that GSP benefits currently extended to imports of certain jewelry and other objects of personal adornment from beneficiary countries are adversely affecting the ability of domestic producers to compete. They claim that beneficiary countries hold a competitive advantage through an ability to supply lower priced costume jewelry because of lower labor and materials costs, and that advantages gained by beneficiary countries under the GSP are (1) no longer necessary to encourage the growth of industry in those countries; and (2) unreasonably and adversely affecting the domestic industry. Further, they state that preferential tariff treatment provides developing nations a competitive advantage in most third country markets because it lowers the price of their products relative to those of developed nations. Additionally, the operation of the GSP program has had its intended effects because production in beneficiary countries has expanded significantly while the United States served as the largest market for these products. Lastly, the cumulative effect of the stimulus of a duty-free U.S. market for 12 years and the 54% reduction in the duties have eliminated the need for continuation of the GSP program for costume jewelry.

Opposition.—Richmond Sales Inc., Pawtucket, RI

This interested party is a manufacturer, importer, and exporter of fashion jewelry and related accessories. Richmond Sales claims that the petitioner does not speak for the entire industry with regard to GSP policy and urges the continuance of GSP preferences.

[Probable economic effects advice deleted]

HS number: 71171930

6

HS item No.

7117.19.30--Con.

Product: Religious articles for personal use

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Italy.....	147	119	114	120
Israel.....	4	7	30	70
Taiwan.....	4	9	14	45
Japan.....	1	4	25	41
Hg Kong.....	25	85	85	34
India.....				25
Kor. Rep.....		6	5	12
FR Germ.....	14	9	5	9
France.....	8	11	15	4
Hungary.....				3
Spain.....			3	2
U King.....				2
Portugl.....	1	1		1
All other total..	9	8	31	2
Total.....	216	264	332	377
GSP total....	36	115	157	189
Percent				
Italy.....	68.2	45.2	34.4	32.0
Israel.....	2.0	2.9	9.2	18.8
Taiwan.....	1.9	3.6	4.3	12.1
Japan.....	0.5	1.6	7.7	11.1
Hg Kong.....	11.7	32.5	25.7	9.2
India.....	0.0	0.0	0.1	6.7
Kor. Rep.....	0.2	2.3	1.6	3.4
FR Germ.....	6.7	3.6	1.6	2.4
France.....	3.7	4.5	4.7	1.1
Hungary.....	0.0	0.0	0.0	1.0
Spain.....	0.0	0.0	1.0	0.6
U King.....	0.0	0.1	0.2	0.6
Portugl.....	0.6	0.4	0.1	0.3
All other total..	4.4	3.3	9.4	0.5
Total.....	100.0	100.0	100.0	100.0
GSP total....	16.7	43.8	47.3	50.3

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

HS number: 71171900 1/

7

HS item No.
7117.19.30--Con.

Product: Rope, chain and similar articles of base

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Japan.....	1,856	1,320	1,591	3,224
Canada.....	2,139	2,187	2,142	2,096
U King.....	1,727	1,012	922	1,134
France.....	884	579	372	629
Nethlds.....	346	354	754	595
Hg Kong.....	797	558	495	580
Switzld.....	288	202	283	568
Italy.....	262	263	210	388
Bahamas.....	69	74	94	352
Cocos I.....	949	693	480	352
Colomb.....	59	82	232	335
Mexico.....	782	147	314	335
Ireland.....	591	475	206	282
Kor Rep.....	70	90	124	280
All other total..	4,398	2,956	1,943	2,587
Total.....	15,223	10,998	10,170	13,746
GSP total....	4,478	2,946	2,694	3,834
Percent				
Japan.....	12.2	12.0	15.7	23.5
Canada.....	14.1	19.9	21.1	15.2
U King.....	11.3	9.2	9.1	8.3
France.....	5.8	5.3	3.7	4.6
Nethlds.....	2.3	3.2	7.4	4.3
Hg Kong.....	5.2	5.1	4.9	4.2
Switzld.....	1.9	1.8	2.8	4.1
Italy.....	1.7	2.4	2.1	2.8
Bahamas.....	0.5	0.7	0.9	2.6
Cocos I.....	6.2	6.3	4.7	2.6
Colomb.....	0.4	0.7	2.3	2.4
Mexico.....	5.1	1.3	3.1	2.4
Ireland.....	3.9	4.3	2.0	2.1
Kor Rep.....	0.5	0.8	1.2	2.0
All other total..	28.9	26.9	19.1	18.8
Total.....	100.0	100.0	100.0	100.0
GSP total....	29.4	26.8	26.5	27.9

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

1/ The HS allocation of this item in this digest is 2 percent.

HS item No.
7202.49.50 1/

Certain Ferrochromium

I. Introduction

Col. 1 rate of duty: 3.1%

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP: _____

Country graduation: _____

Competitive-need-limit waiver _____

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: Low carbon ferrochromium with a low carbon content is used in the production of alloy and stainless steel. The low carbon content of the ferrochromium permits sizable additions of chromium to the steel without materially affecting the carbon content of the product.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms)...	3	3	1	1	-67
Total U.S. employment (thousand employees)...	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-70
U.S. shipments (thousand dollars).....	***	***	***	***	***
U.S. exports (thousand dollars) <u>3/</u>	***	***	***	***	***
U.S. imports (thousand dollars).....	43,202	15,274	24,975	32,706	-24
U.S. consumption (thousand dollars).....	***	***	***	***	***
Import to consumption ratio (percent).....	74	71	80	89	-
Capacity utilization (nearest 10 percent)....	20	20	5	5	-

Comment: U.S. consumption of low-carbon ferrochromium declined due to the decline in demand for steel and due to technological changes in steel production. Further, U.S. producers could not compete with the basically interchangeable, and lower priced imported products, although they had the advantage of quick delivery and technical services. The only remaining U.S. company currently has a narrow price and specialty product advantage over imports.

1/ Probable effects advice for these or closely related products on the basis of the TSUS nomenclature is contained in the Digest for TSUS item No. 606.22.

2/ Less than 500.

3/ Estimated to represent *** percent of the export values shown in the U.S. export tables (HS number 7202.49.50).

HS item No.
7202.49.50—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
<u>Quantity (thousand pounds, gross weight)</u>				
Total.....	79,938	100	-	99
Imports from GSP countries:				
Total.....	21,987	28	100	28
Zimbabwe.....	12,067	15	55	15
Turkey.....	9,921	12	45	12
<u>Value (thousand dollars)</u>				
Total.....	32,706	100	-	89
Imports from GSP countries:				
Total.....	10,355	32	100	28
Zimbabwe.....	5,319	16	51	14
Turkey.....	5,035	15	49	14

Note.—The countries shown in the table include the top two GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Zimbabwe for all digest products

Ranking as a U.S. import supplier, 1986..... 4

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

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

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

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

Quality compared with:

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

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

Comment: Although imports are generally priced lower than domestic products, U.S. producers maintain an advantage in shorter delivery time and technical services.

HS item No.
7202.49.50—Con.

Competitiveness of Turkey for all digest products

Ranking as a U.S. import supplier, 1986..... 5

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

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

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

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

Quality compared with:

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

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

Comment: Although imports are generally priced lower than domestic products, U.S. producers maintain an advantage in shorter delivery time and technical services.

V. Position of interested parties

Petitioner.—The Government of Zimbabwe is requesting to include certain ferrochromium in the U.S. Generalized System of Preferences (GSP). The reason for the request is that Zimbabwe is a developing country and this operation earns foreign exchange and sustains employment; also Zimbabwe is a viable and traditional supplier of this product to the United States. Currently U.S. steelmakers are at some competitive disadvantage with EEC steelmakers, since the EEC does not impose duties on ferrochromium imported from Zimbabwe.

Opposition.—The Ferroalloys Association opposes the addition of certain ferrochromium to the GSP. These products are of strategic importance and they are essential for the production of products used in defense items for the national security. The Association believes that such action will adversely affect domestic production and may cause U.S. producers to cease production and commit the equipment to other uses. At the least, GSP will adversely affect the ability of domestic producers to obtain reasonable profitability from the production of these products.

[Probable economic effects advice deleted]

HS number: 72024950

5

HS item No.
7202.49.50--Con.

Product: Ferrochromium not containing over 3 percent carbon

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (1000 pounds)				
Rep.Saf.....	22,416,378	1,203,096	10,340,203	32,941,324
FR Germ.....	6,267,405	1,169,154	8,890,944	14,313,895
Zimbabwe.....	10,963,208	5,666,424	9,523,689	12,066,790
Turkey.....	329,722	1,049,390	8,187,921	9,920,700
Sweden.....	11,362,486	11,068,850	14,008,662	9,560,231
Italy.....	1,055,677	209,173	337,658	907,853
Norway.....	1,556,433	892,794		113,260
Japan.....	1,888,505	2,088,615	1,026,280	76,087
Denmark.....				38,030
U King.....		49,889		
Nethlds.....			156,000	
Yugoslvs.....	5,588,321			
France.....	3,390,859	28,926		
Belgium.....	38,224			
All other total..				
Total.....	64,857,218	23,426,311	52,471,357	79,938,170
GSP total....	16,881,251	6,715,814	17,711,610	21,987,490

Percent				
Rep.Saf.....	34.6	5.1	19.7	41.2
FR Germ.....	9.7	5.0	16.9	17.9
Zimbabwe.....	16.9	24.2	18.2	15.1
Turkey.....	0.5	4.5	15.6	12.4
Sweden.....	17.5	47.2	26.7	12.0
Italy.....	1.6	0.9	0.6	1.1
Norway.....	2.4	3.8	0.0	0.1
Japan.....	2.9	8.9	2.0	0.1
Denmark.....	0.0	0.0	0.0	0.0
U King.....	0.0	0.2	0.0	0.0
Nethlds.....	0.0	0.0	0.3	0.0
Yugoslvs.....	8.6	0.0	0.0	0.0
France.....	5.2	0.1	0.0	0.0
Belgium.....	0.1	0.0	0.0	0.0
All other total..	0.0	0.0	0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	26.0	28.7	33.8	27.5

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

HS number: 72024950

Product: Ferrochromium, not containing over 3 percent carbon

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Rep.Saf.....	13,304	746	3,903	8,234
FR Germ.....	5,405	743	4,803	8,029
Sweden.....	9,046	7,185	7,062	5,404
Zimbabwe.....	7,402	3,448	4,238	5,319
Turkey.....	208	587	4,134	5,035
Italy.....	891	164	205	580
Japan.....	2,123	1,687	541	47
Denmark.....				28
Norway.....	1,042	647		27
France.....	2,452	25		
Nethlds.....			85	
Belgium.....	30			
Yugoslvs.....	1,294			
U. King.....		39		
All other total..				
Total.....	43,202	15,274	24,975	32,706
GSP total....	8,905	4,035	8,373	10,355
Percent				
Rep.Saf.....	30.8	4.9	15.6	25.2
FR Germ.....	12.5	4.9	19.2	24.5
Sweden.....	20.9	47.0	28.3	16.5
Zimbabwe.....	17.1	22.6	17.0	16.3
Turkey.....	0.5	3.8	16.6	15.4
Italy.....	2.1	1.1	0.8	1.8
Japan.....	4.9	11.0	2.2	0.1
Denmark.....	0.0	0.0	0.0	0.1
Norway.....	2.4	4.2	0.0	0.1
France.....	5.7	0.2	0.0	0.0
Nethlds.....	0.0	0.0	0.3	0.0
Belgium.....	0.1	0.0	0.0	0.0
Yugoslvs.....	3.0	0.0	0.0	0.0
U King.....	0.0	0.3	0.0	0.0
All other total..	0.0	0.0	0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	20.6	26.4	33.5	31.7

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

HS number 72024950

Product: FERROCHROM OVER 30% CHROMIUM

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
quantity (1000 pounds)				
Canada.....	11,121,016	5,461,129	6,303,762	7,339,791
Mexico.....	1,069,410	384,081	609,742	1,170,109
Venez.....	10,670	10,522	133,018	1,114,710
Spain.....			1,179,636	820,833
FR Germ.....	5,123,543	562,195	10,069,436	470,815
Sweden.....		42,680		287,279
Argent.....	10,414			158,396
Iceland.....				83,671
Chile.....	85,694	101,677	460,937	72,868
France.....				46,560
Taiwan	26,190	37,457	38,412	44,814
Malaysa.....	61,562	16,374	25,574	29,430
Peru.....		2,173	11,074	22,016
Colomb.....	11,640	23,496	45,008	15,132
All other total..	9,829,272	1,596,694	1,031,837	31,045
Total.....	27,349,411	8,238,478	19,908,436	11,707,469
GSP total....	1,390,515	2,065,531	1,334,640	2,630,385

Percent				
Canada.....	40.7	66.3	31.7	62.7
Mexico.....	3.9	4.7	3.1	10.0
Venez.....	0.0	0.1	0.7	9.5
Spain.....	0.0	0.0	5.9	7.0
FR Germ.....	18.7	6.8	50.6	4.0
Sweden.....	0.0	0.5	0.0	2.5
Argent.....	0.0	0.0	0.0	1.4
Iceland.....	0.0	0.0	0.0	0.7
Chile.....	0.3	1.2	2.3	0.6
France.....	0.0	0.0	0.0	0.4
Taiwan	0.1	0.5	0.2	0.4
Malaysa.....	0.2	0.2	0.1	0.3
Peru.....	0.0	0.0	0.1	0.2
Colomb.....	0.0	0.3	0.2	0.1
All other total..	35.9	19.4	5.2	0.3
Total.....	100.0	100.0	100.0	100.0
GSP total....	5.1	25.1	6.7	22.5

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

HS number: 72024950

Product: FERROCHROM OVER 30% CHROMIUM

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	5,630	2,648	2,786	2,976
Venez.....	9	7	124	798
Mexico.....	741	241	404	627
FR Germ.....	1,200	445	2,939	297
Spain.....			322	221
Sweden.....		33		208
Argent.....	7			115
Iceland.....				77
Taiwan	33	45	44	51
Chile.....	29	36	202	37
France.....				32
Malaysa.....	40	11	17	17
Peru.....		1	13	15
U.King.....				14
All other total..	2,355	1,206	602	30
Total.....	10,050	4,677	7,457	5,522
GSP total....	935	1,515	851	1,677
Percent				
Canada.....	56.0	56.6	37.4	53.9
Venez.....	0.1	0.2	1.7	14.5
Mexico.....	7.4	5.2	5.4	11.4
FR Germ.....	11.9	9.5	39.4	5.4
Spain.....	0.0	0.0	4.3	4.0
Sweden.....	0.0	0.7	0.0	3.8
Argent.....	0.1	0.0	0.0	2.1
Iceland.....	0.0	0.0	0.0	1.4
Taiwan	0.3	1.0	0.6	0.9
Chile.....	0.3	0.8	2.7	0.7
France.....	0.0	0.0	0.0	0.6
Malaysa.....	0.4	0.2	0.2	0.3
Peru.....	0.0	0.0	0.2	0.3
All other total..	23.4	25.8	8.1	0.6
Total.....	100.0	100.0	100.0	100.0
GSP total....	9.3	32.4	11.4	30.4

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

HS item No.
7202.50.00 1/

Ferrosilicon Chromium

I. Introduction

Col. 1 rate of duty: 10%

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP:

Country graduation:

Competitive-need-limit waiver

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No .

Description and uses: Ferrosilicon chromium is a low-carbon content alloy of chromium and silicon which falls in the range of 30 to 40 percent for each element. Ferrosilicon chromium is used in the production of alloy, stainless and specialty steels.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	2	2	1	1	-50
Total U.S. employment (thousand employees).....	**2/	**2/	2/	**2/	-70
U.S. shipments (thousand dollars).....	[***]	[***]	[***]	[***]	[***]
U.S. exports (thousand dollars) <u>3/</u>	[***]	[***]	[***]	[***]	[***]
U.S. imports (thousand dollars).....	5,224	669	2,084	5,742	+10
U.S. consumption (thousand dollars).....	[***]	[***]	[***]	[***]	[***]
Import to consumption ratio (percent).....	17	12	45	61	-
Capacity utilization (nearest 10 percent).....	10	10	5	5	-

Comment: U.S. production of ferrosilicon chromium has declined substantially due to technological changes in stainless steel production. The advantages, offered by U.S. producers, such as on-demand delivery, technical assistance, customer loyalty were overcome by imports. The only remaining producer uses the least expensive electric power available in the United States in producing ferrosilicon chromium.

1/ Probable effects advice for these or closely related products on the basis of the TSUS nomenclature is contained in the Digest for TSUS item no. 606.42.

2/ Less than 500.

3/ Estimated to represent [***] percent of the export values shown in the U.S. export tables.

HS item No.
7202.50.00—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (thousand pounds, gross weight)				
Total.....	12,519	100	-	64
Imports from GSP countries:				
Total.....	6,469	52	100	33
Zimbabwe.....	6,469	52	100	33
Value (thousands)				
Total.....	5,742	100	-	61
Imports from GSP countries:				
Total.....	3,859	67	100	41
Zimbabwe.....	3,859	67	100	41

Note.—Zimbabwe is currently the only GSP country supplying imports.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Zimbabwe for all digest products

Ranking as a U.S. import supplier, 1986..... 1

Price sensitivity:

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 ____

Price sensitivity of import supply..... High X Moderate ____ Low ____

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

Price sensitivity of U.S. demand..... High X Moderate ____ Low ____

Price level compared with:

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

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

Quality compared with:

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

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

Comment: Although imports are generally priced lower than domestic products, U.S. producers maintain an advantage in shorter delivery time and technical services.

HS item No.
7202.50.00—Con.

V. Position of interested parties

Petitioner.—The Government of Zimbabwe is requesting to include ferrosilicon chromium in the U.S. Generalized System of Preferences (GSP). The reason for the request is that Zimbabwe is a developing country whose ferrosilicon chromium operation earns foreign exchange and sustains employment; also Zimbabwe is a viable and traditional supplier of this product, to the United States. Currently, U.S. steelmakers are at some competitive disadvantage with EEC steelmakers, since the EEC does not impose duties on ferrosilicon chromium from Zimbabwe.

Opposition.—The Ferroalloys Association opposes the addition of ferrosilicon chromium to the GSP. These products are of strategic importance and they are essential for the production of products used in defense items for the national security. The Association believes that such action will adversely affect domestic production and may cause U.S. producers to cease production and commit their equipment to other uses. GSP will adversely affect the ability of domestic producers to obtain reasonable profitability from the production of these products.

[Probable economic effects advice deleted]

Product: Ferrosilicon chromium

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
<u>Quantity (pounds)</u>				
Zimbabwe.....	6,630,732	1,116,838	2,916,603	6,469,062
Rep.Saf.....	2,172,493			6,046,467
Canada.....		40,389		2,975
Italy.....			70,098	
All other total..				
Total.....	8,803,225	1,157,227	2,986,701	12,518,504
GSP total....	6,630,732	1,116,838	2,916,603	6,469,062
<u>Percent</u>				
Zimbabwe.....	75.3	96.5	97.7	51.7
Rep.Saf.....	24.7	0.0	0.0	48.3
Canada.....	0.0	3.5	0.0	0.0
Italy.....	0.0	0.0	2.3	0.0
All other total..	0.0	0.0	0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	75.3	96.5	97.7	51.7

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

Product: Ferrosilicon chromium

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Zimbabwe.....	3,985	653	2,016	3,859
Rep.Saf.....	1,238			1,882
Canada.....		15		1
Italy.....			67	
All other total..				
Total.....	5,224	669	2,084	5,742
GSP total....	3,985	653	2,016	3,859
Percent				
Zimbabwe.....	76.3	97.6	96.8	67.2
Rep.Saf.....	23.7	0.0	0.0	32.8
Canada.....	0.0	2.4	0.0	0.0
Italy.....	0.0	0.0	3.2	0.0
All other total..	0.0	0.0	0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	76.3	97.6	96.8	67.2

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

SCH B no. 6072600

Product: FERROCHROM OVER 30% CHROMIUM

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (pounds)				
Canada.....	11,121,016	5,461,129	6,303,762	7,339,791
Mexico.....	1,069,410	384,081	609,742	1,170,109
Venez.....	10,670	10,522	133,018	1,114,710
Spain.....			1,179,636	820,833
FR Germ.....	5,123,543	562,195	10,069,436	470,815
Sweden.....		42,680		287,279
Argent.....	10,414			158,396
Iceland.....				83,671
Chile.....	85,694	101,677	460,937	72,868
France.....				46,560
Taiwan	26,190	37,457	38,412	44,814
Malaysa.....	61,562	16,374	25,574	29,430
Peru.....		2,173	11,074	22,016
Colomb.....	11,640	23,496	45,008	15,132
All other total..	9,829,272	1,596,694	1,031,837	31,045
Total.....	27,349,411	8,238,478	19,908,436	11,707,469
GSP total....	1,390,515	2,065,531	1,334,640	2,630,385
Percent				
Canada.....	40.7	66.3	31.7	62.7
Mexico.....	3.9	4.7	3.1	10.0
Venez.....	0.0	0.1	0.7	9.5
Spain.....	0.0	0.0	5.9	7.0
FR Germ.....	18.7	6.8	50.6	4.0
Sweden.....	0.0	0.5	0.0	2.5
Argent.....	0.0	0.0	0.0	1.4
Iceland.....	0.0	0.0	0.0	0.7
Chile.....	0.3	1.2	2.3	0.6
France.....	0.0	0.0	0.0	0.4
Taiwan	0.1	0.5	0.2	0.4
Malaysa.....	0.2	0.2	0.1	0.3
Peru.....	0.0	0.0	0.1	0.2
Colomb.....	0.0	0.3	0.2	0.1
All other total..	35.9	19.4	5.2	0.3
Total.....	100.0	100.0	100.0	100.0
GSP total....	5.1	25.1	6.7	22.5

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

Product: FERROCHROM OVER 30% CHROMIUM

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	5,630	2,648	2,786	2,976
Venez.....	9	7	124	798
Mexico.....	741	241	404	627
FR Germ.....	1,200	445	2,939	297
Spain.....			322	221
Sweden.....		33		208
Argent.....	7			115
Iceland.....				77
Taiwan	33	45	44	51
Chile.....	29	36	202	37
France.....				32
Malaysa.....	40	11	17	17
Peru.....		1	13	15
U.King.....				14
All other total..	2,355	1,206	602	30
Total.....	10,050	4,677	7,457	5,522
GSP total....	935	1,515	851	1,677
Percent				
Canada.....	56.0	56.6	37.4	53.9
Venez.....	0.1	0.2	1.7	14.5
Mexico.....	7.4	5.2	5.4	11.4
FR Germ.....	11.9	9.5	39.4	5.4
Spain.....	0.0	0.0	4.3	4.0
Sweden.....	0.0	0.7	0.0	3.8
Argent.....	0.1	0.0	0.0	2.1
Iceland.....	0.0	0.0	0.0	1.4
Taiwan	0.3	1.0	0.6	0.9
Chile.....	0.3	0.8	2.7	0.7
France.....	0.0	0.0	0.0	0.6
Malaysa.....	0.4	0.2	0.2	0.3
Peru.....	0.0	0.0	0.2	0.3
All other total..	23.4	25.8	8.1	0.6
Total.....	100.0	100.0	100.0	100.0
GSP total....	9.3	32.4	11.4	30.4

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

Tube or Pipe Fittings (for example unions, coupling, elbows) of Malleable Cast Iron

I. Introduction

Col. 1 rate of duty: 6.2% ad val.

Type of action proposed (check one):

Addition of GSP:

Removal from GSP: X

Country graduation:

Competitive-need-limit waiver

Non-eligible GSP countries: Korea, Taiwan

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: Malleable iron pipe fittings, which are poured from molten grey iron, have gone through an annealing process giving them greater tensile strength and more ductility. End users use pipe fittings in piping systems to do three specific things: (1) change, divert, divide, or direct the flow of liquid gas or steam, (2) provide access for cleaning and branching, and (3) reduce or increase the diameter of the system. Malleable iron fittings are used where shock and vibration resistance is required and where fittings are subject to quick temperature changes. The principle uses of malleable iron pipe fittings are in gas lines, piping systems of oil refineries, and gas and water systems of building.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	6	6	6	5	-17
Total U.S. employment (employees).....	2,751	2,586	2,601	2,371	-14
U.S. shipments (thousand dollars).....	153,989	111,246	101,520	93,553	-39
U.S. exports (thousand dollars).....	38,712	31,916	15,719	14,791	-62
U.S. imports (thousand dollars).....	20,082	22,580	28,865	25,318	26
U.S. consumption (thousand dollars).....	135,359	101,910	114,666	104,080	-23
Import to consumption ratio (percent).....	15	22	25	24	-
Capacity utilization (percent).....	55	47	47	44	-

Comment: The following 5 firms produce malleable iron pipe fittings: Grinnell Corp., with headquarters in Exeter, NH, and a plant in Columbia, PA.; Stanley G. Flagg & Co., Inc., Stowe, PA; Stockham Valves & Fittings Co., Birmingham, AL; U-Brand Corp., Ashland, OH; and Ward Manufacturing Inc., Blossburg, PA. These firms accounted for 69 percent of apparent U.S. consumption of malleable iron pipe fittings in 1986. Each of these firms has been producing cast iron pipe fitting for at least 35 years and offers an essentially complete line of fittings.

1/ Probable effects advice for these products on the basis of the TSUS nomenclature is contained in the Digest for TSUS item No. 610.74.

Comment—Continued

According to a recent report on the U.S. Foundry Industry done by the U.S.I.T.C. (Competitive Assessment of the U.S. Foundry Industry, Investigation No. 332-176, U.S.I.T.C. Pub. 1582), competition is influenced by a variety of factors, the most important of which are labor costs, marketing capability, investment, technology, and government involvement. The U.S. industry indicates that its competitive edge largely stems from a reliable distribution system and responsive service capabilities. In addition, the United States is viewed as equal to or better than its foreign competitors in the application of production technology. Producers evaluated all of their principal competitors as having competitive advantages in lower labor cost and availability, as well as in most facets of government assistance — especially alleged subsidies and R&D funding.

The report states that U.S. producers indicate that foreign producers generally have the competitive advantage in the cost and availability of capital, (which affects the level of capital investment). The relatively lower level of investment in the United States has tended to restrict expanded use of computer technology and further improvements in labor-saving equipment; both (computer technology and labor-saving equipment) are especially important to U.S. producers whose operations are becoming more capital intensive in an effort to more effectively compete in their domestic and export markets.

Although production technology in the malleable-iron pipe fittings industry is rated the same in the United States as it is in Japan and India, domestic producers are believed to have the technological advantage compared with Taiwan and Korea by industry sources. State-of-the-art foundry techniques in the U.S. industry include automated molding and automated machining centers which minimize labor costs. However, the industry believes that it has still not reached the level of capital-intensive required in order to more successfully challenge the developing nations that have rather significant cost advantages due to cheaper labor costs and the absence of environmental, safety, and labor benefit costs.

The domestic industry has a competitive advantage in all facets of marketing structure compared with Taiwan, Japan, India, and Korea. Marketing by U.S. producers is accomplished by their own sales forces through distributors and directly to end users. Foreign producers also sell to distributors, or in the case of large foreign manufacturers, through their wholly owned subsidiaries in the United States. A unique ability of U.S. producers is their ability to provide products on short notice to their customers in domestic markets. This is made possible by the large inventories they carry.

U.S. cast-iron pipe and tube fittings producers allege that foreign producers have a competitive advantage in government subsidies which are designed to facilitate their exports. The countries that were cited as benefiting from subsidies were Japan, Taiwan, India, and Korea.

HS item No.
7307.19.90—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousands of dollars)				
Total.....	25,318	100	-	24
Imports from GSP countries:				
Total.....	13,235	52	100	13
Thailand.....	5,614	22	42	5
Taiwan.....	2,907	11	22	3
South Korea.....	1,702	7	13	2
Brazil.....	890	4	7	1

Note.—The countries shown in the table include the top four GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Thailand for all digest products

Ranking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

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

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

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

Quality compared with:

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

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

HS item No.
7307.19.90—Con.

Comment: Both production and production capacity of malleable pipe fitting in Thailand have been increasing in recent years. From 1985 to 1986 production of malleable iron pipe fittings increased by 66 percent. Capacity to produce malleable pipe fittings increased by 14 percent during 1984-86. In 1986 capacity utilization stood at 70 percent indicating that production could be expanded significantly. Thailand, which has significant non-U.S. sales, has been facing severe competition from Japan and Taiwan in third country markets and as a result has shifted exports to the United States.

In the United States, pipe fittings used for a given application generally must meet standards established by the American Society for Testing and Materials (ASTM) and the American National Standards Institute (ANSI). Any imports that expect to compete in the U.S. market must also meet these standards, so there is generally uniformity in product quality. Despite the fact that malleable iron pipe fittings from Thailand are generally less expensive than U.S. produced fittings, many purchasers will buy the U.S. fittings. Important considerations for buying decisions, other than price and quality, are the reliability of the supplier, the ability a supplier to have prompt delivery, and warranty or service terms. Other factors include whether the supplier is a traditional or alternate source of supply, the availability of a complete product line, and transport costs. Generally U.S. producers of malleable iron pipe fittings rank favorably when all of the considerations are taken into account. The main reasons why U.S. produced fittings are chosen over Thai fittings are because domestic sources are generally a more reliable source of supply, and provide support personnel; in addition distributors', purchase decision are influenced by the need to be consistent with the Buy American policies of some customers.

Competitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1986..... 3

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

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

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

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

Quality compared with:

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

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

HS item No.
7307.19.90—Con.

Comment: Taiwan's exports of malleable iron fittings to the United States account for about 20 percent of its total malleable iron pipe fitting exports. Other significant export markets include Japan, Hong Kong, and Saudi Arabia. Exports to countries other than the United States account for approximately 75 percent of total Taiwan shipments of malleable pipe fittings. In 1986 the capacity utilization rate was nearly 80 percent; although production has recently declined however, due to an influx of imports and pollution control regulations by the Taiwan government. Over the long run the industry plans significant capacity expansion. The reasons why a U.S. consumer would be willing to pay more for domestic malleable iron pipe fittings than Taiwan fittings are the same as for Thailand. An additional factor is the type of purchaser involved. Pipe fittings are purchased by two distinct groups, distributors and end users. Distributors are basically "middle-men" who are far more concerned with price than end users. End users are primarily concerned more with non-price factors like reliability of supply and prompt delivery.

Competitiveness of Korea for all digest products

Ranking as a U.S. import supplier, 1986..... 4

Price sensitivity:

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 ____

Price sensitivity of import supply..... High X Moderate ____ Low ____

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

Price sensitivity of U.S. demand..... High X Moderate ____ Low ____

Price level compared with:

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

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

Quality compared with:

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

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

Comment: There are two large producers of malleable iron pipe fittings in Korea who export significant amounts of the product to the United States. Specific production, capacity and market data are confidential. The fact that the USITC ruled affirmatively in an antidumping investigation against Korea in 1986 (USITC Investigation No. 731-TA-279 (Final)) indicates a likelihood that capacity could be expanded and that underselling of the U.S. product has occurred. Another indication of South Korea's ability to expand capacity are their capital expenditures, the majority of which are allocated to malleable iron facilities. The reasons why a U.S. consumer would be willing to pay more for domestic malleable pipe fittings than Korean produced malleable pipe fittings are the same as for Thailand and Taiwan. Purchasers often give preference to distributors or producers who offer complete product lines, in their buying decisions.

HS item No.
7307.19.90—Con.

V. Position of interested parties

Petitioner.—The American Pipe Fittings Association Iron Pipe Fittings and Unions Product group (APFA). The petitioner feels that recent import trends, price information obtained by the ITC, and unit value import data indicates GSP imports, especially those from Thailand, Mexico, and Brazil, are competitive with imports from other foreign sources and U.S. produced fittings. GSP imports are likely to continue to increase as importers of fittings from producers in countries subject to high dumping duties shift to sources in GSP countries. Therefore the petitioner feels that malleable iron pipe fittings should be removed from GSP treatment.

Support.—In addition to the APFA member firms, U-Brand Corporation of Ashland Ohio supports the petition.

Oppose.—Tupy American Foundry Corporation opposes the withdrawal of GSP treatment for malleable cast iron pipe fittings from Brazil. The company feels that the International Trade Commission (ITC) should advise the U.S. Trade Representative that (i) the continuation of GSP treatment for malleable cast-iron pipe fittings imported from Brazil would have no economic effect on U.S. producers of pipe fittings, but (ii) the removal of GSP treatment for malleable cast-iron pipe fittings imported from Brazil would have adverse economic effects on U.S. purchasers and consumers of this Brazilian merchandise.

- CIFUNSA, a Mexican producer of malleable iron pipe fittings, opposes the withdrawal of GSP treatment for pipe fittings from Mexico. The company feels that the withdrawal of GSP benefits from malleable cast iron fittings produced in Mexico will have a very detrimental effect on CIFUNSA's continued ability to export pipe fittings to the U.S. market, but a negligible impact on the U.S. producers.

- Three Thai manufacturers of malleable iron pipe fittings, Siam Fittings Co., Ltd., Thai Malleable Iron and Steel Co., Ltd. and BIS Pipe Fittings Industry Co., Ltd., as well as the following U.S. importers of pipe fittings from Thailand; Calsak Corp., of Los Angeles, CA, Mundo Corp., of San Francisco, CA, Barnett Brass and Copper, of Jacksonville, FL., and Norca Corp., of Raleigh, NC, all oppose the withdrawal of GSP treatment for malleable iron pipe fittings from Thailand. These companies feel that the withdrawal of GSP treatment for malleable iron pipe fittings from all countries would hurt U.S. consumers because without alternative import sources, the U.S. pipe fittings producers would have an effective oligopoly resulting in higher prices, limited selection, and poor service to U.S. consumers of malleable iron pipe fittings.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

HS number: 73071990

Product: Cast fittings of iron or steel other tha

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Japan.....	11,784	11,272	9,747	10,467
Thailand.....	313	777	3,184	5,614
Taiwan.....	4,241	5,710	7,722	2,907
Kor.Rep.....	759	1,565	5,048	1,702
Brazil.....	408	794	488	890
India.....	577	985	827	845
U King.....	501	498	584	638
Mexico.....		25	19	414
Singapr.....		106	127	356
Israel.....	43	51	5	325
France.....	259	10	333	264
FR Germ.....	270	79	376	234
China.P.....	4	116	85	227
Venez.....				162
All other total..	918	586	314	268
Total.....	20,082	22,580	28,865	25,318
GSP total....	6,956	10,396	17,450	13,235
Percent				
Japan.....	58.7	49.9	33.8	41.3
Thailand.....	1.6	3.4	11.0	22.2
Taiwan.....	21.1	25.3	26.8	11.5
Kor.Rep.....	3.8	6.9	17.5	6.7
Brazil.....	2.0	3.5	1.7	3.5
India.....	2.9	4.4	2.9	3.3
U King.....	2.5	2.2	2.0	2.5
Mexico.....	0.0	0.1	0.1	1.6
Singapr.....	0.0	0.5	0.4	1.4
Israel.....	0.2	0.2	0.0	1.3
France.....	1.3	0.0	1.2	1.0
FR Germ.....	1.3	0.4	1.3	0.9
China.P.....	0.0	0.5	0.3	0.9
All other total..	4.6	2.6	1.1	1.1
Total.....	100.0	100.0	100.0	100.0
GSP total....	34.6	46.0	60.5	52.3

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

HS number: 73071900

Product: Cast fittings of iron or steel other tha ..

U.S. exports of domestic merchandise, by principal markets 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Quantity (pounds)				
Canada.....	7,132,884	4,273,705	4,618,749	4,336,503
Mexico.....	3,067,869	1,602,033	531,020	558,155
Panama.....	78,089	13,880	7,368	554,065
S.Arab.....	3,530,795	2,573,499	144,864	267,196
Chile.....	180,747	17,329	158,581	166,917
Arab Em.....	36,701	223,263	767	140,218
Guatmal.....	45,884	52,573	187,166	124,536
Japan.....	21,331	244,241	123,809	120,033
Kor Rep.....	57,862	447,972	133,742	114,644
Venez.....	792,467	75,395	125,457	98,519
Trinid.....	115,326	47,393	104,980	95,007
Taiwan	152,508	2,306,844	16,925	75,974
U King.....	59,477	50,000	59,077	66,993
Kuwait.....	33,864	14,518	5,710	58,269
All other total..	4,695,348	2,259,777	2,062,960	613,039
Total.....	20,001,152	14,202,422	8,281,175	7,390,068
GSP total....	7,542,154	6,302,699	3,202,716	2,233,484
Percent				
Canada.....	35.7	30.1	55.8	58.7
Mexico.....	15.3	11.3	6.4	7.6
Panama.....	0.4	0.1	0.1	7.5
S.Arab.....	17.7	18.1	1.7	3.6
Chile.....	0.9	0.1	1.9	2.3
Arab Em.....	0.2	1.6	0.0	1.9
Guatmal.....	0.2	0.4	2.3	1.7
Japan.....	0.1	1.7	1.5	1.6
Kor Rep.....	0.3	3.2	1.6	1.6
Venez.....	4.0	0.5	1.5	1.3
Trinid.....	0.6	0.3	1.3	1.3
Taiwan	0.8	16.2	0.2	1.0
U King.....	0.3	0.4	0.7	0.9
Kuwait.....	0.2	0.1	0.1	0.8
All other total..	23.5	15.9	24.9	8.3
Total.....	100.0	100.0	100.0	100.0
GSP total....	37.7	44.4	38.7	30.2

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

HS number: 73071900

Product: Cast fittings of iron or steel other tha ..

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	11,479	7,246	7,541	5,746
Mexico.....	7,282	4,605	1,561	1,631
India.....	25	57	304	894
S.Arab.....	6,085	4,716	427	816
Kor Rep.....	164	835	740	797
Chile.....	351	77	389	469
U King.....	400	265	250	436
Trinid.....	200	163	179	375
Japan.....	74	762	274	332
Panama.....	136	31	23	318
Venez.....	1,748	186	342	272
Taiwan	363	5,549	64	232
Arab Em.....	116	436	9	224
Kuwait.....	65	39	28	191
All other total..	10,216	6,940	3,581	2,051
Total.....	38,712	31,916	15,719	14,791
GSP total....	17,072	16,300	6,601	6,305
Percent				
Canada.....	29.7	22.7	48.0	38.9
Mexico.....	18.8	14.4	9.9	11.0
India.....	0.1	0.2	1.9	6.0
S.Arab.....	15.7	14.8	2.7	5.5
Kor Rep.....	0.4	2.6	4.7	5.4
Chile.....	0.9	0.2	2.5	3.2
U King.....	1.0	0.8	1.6	3.0
Trinid.....	0.5	0.5	1.1	2.5
Japan.....	0.2	2.4	1.7	2.2
Panama.....	0.4	0.1	0.1	2.2
Venez.....	4.5	0.6	2.2	1.8
Taiwan	0.9	17.4	0.4	1.6
Arab Em.....	0.3	1.4	0.1	1.5
Kuwait.....	0.2	0.1	0.2	1.3
All other total..	26.4	21.7	22.8	13.9
Total.....	100.0	100.0	100.0	100.0
GSP total....	44.1	51.1	42.0	42.6

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

HS item No.
7312.10.50 1/

Certain Stranded Wire of Stainless Steel

I. Introduction

Col. 1 rate of duty: 5.7%

Type of action proposed (check one):

Addition of GSP:

Removal from GSP:

Country graduation: X (countries—Korea)

Competitive-need-limit waiver

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: Certain stranded wire of stainless steel consist of cables and strands fitted with fittings or made up into articles. Their principal usage is in aircraft, automobiles and trucks, industrial machinery and marine applications.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	*15	*15	*13	*12	-20
Total U.S. employment (thousand employees).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	
U.S. shipments (thousand dollars).....	**2,244	**1,400	**1,336	**1,132	-50
U.S. exports (thousand dollars).....	**559	**276	**282	**330	-41
U.S. imports (thousand dollars) <u>2/</u>	**1,034	**1,278	**1,647	**2,368	129
U.S. consumption (thousand dollars).....	**2,819	**2,402	**2,701	**3,170	12
Import to consumption ratio (percent).....	37	53	61	75	103
Capacity utilization (nearest 10 percent).....	**70	**54	**62	**47	-33

Comment: U.S. shipments are down 50 percent while imports increased 129 percent between 1981 and 1986. The strength of the U.S. industry has declined over the period. Domestic production and capacity utilization have decreased, facilities have been were shut down, and the number of production workers has decreased. The U.S. industry's strength is in its quick response time to orders, long standing customer relations and the technical services offered. Imports offered a price advantage over the domestic products.

1/ Probable effects advice for these or closely related products on the basis of the TSUSA nomenclature is contained in the Digest for TSUSA item No. 642.2010.

2/ Less than 500.

3/ Estimated to represent 10 percent of U.S. shipments of GSP Digest TSUS item No. 642.2010, based on industry sources and based on data for 1987.

4/ Estimated to represent 10 percent of TSUS item 642.2010.

5/ Estimated to represent 10 percent of TSUS item 642.2010 (Please see footnote 4/ to GSP Digest TSUS item No. 642.2010.

HS item No.
7312.10.50—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (1,000 of pounds) 1/				
Total.....	1,847	100	-	73
Imports from GSP countries:				
Total.....	649	35	100	26
Taiwan.....	172	9	27	7
Singapore.....	90	5	14	4
Korea.....	214	12	33	8
Yugoslavia.....	37	2	6	1
Value (thousand dollars) 1/				
Total.....	2,368	100	-	75
Imports from GSP countries:				
Total.....	801	34	100	25
Taiwan.....	316	13	39	10
Singapore.....	188	8	23	6
Korea.....	127	5	16	4
Yugoslavia.....	28	1	3	1

Note.—The countries shown in the table include the top four GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Korea for all digest products

Ranking as a U.S. import supplier, 1986..... 6

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

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

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

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

Quality compared with:

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

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

Comment: Although imports are generally priced lower than domestic products, U.S. producers maintain an advantage in shorter delivery time and technical services.

1/ Quantities and values for HS item 7312.10.50 is estimated to comprise 10 percent or more of TSUSA item 642.2010—certain stranded wire of stainless steel.

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

HS item No.
7312.10.50—Con.

V. Position of interested parties

Petitioner.—The Committee of Domestic Steel Wire Rope and Specialty Steel Manufacturers, (the "Committee") request that HS item 7312.10.50 imported from Korea be removed from duty free treatment under the GSP.

The Committee's request is based on the contention that; (1) the stranded wire of stainless steel wire rope industry is no longer a developing industry in Korea; (2) HS item 7312.10.50 may be used to circumvent the Voluntary Restraint Arrangement (which limit certain steel imports); and (3) stainless steel wire rope is import sensitive. Steel wire rope (TSUS item 642.14 and 642.16) was removed from GSP eligibility in 1981. To make that decision all inclusive the industry argues that it is essential to remove GSP treatment for all wire ropes including those imported under item 7312.10.50.

Opposition.—The Korean Trade Center (Center) opposes the removal of TSUSA item 642.2010 from duty-free treatment under the Generalized System of Preferences (GSP).

The Center's opposition is based on the contention that, (1) the manufacturers of fittings are small companies with old facilities and are separate entities from the steel wire rope makers, (2) the granting or withdrawal of GSP status is governed by the Title V of the Trade Act of 1974 and Voluntary Restraint Agreements do not enter into the issue, and (3) since the fitting accessory industry is a developing industry the import sensitivity is not a justifiable issue.

[Probable economic effects advice deleted]

HS number: 7312.10.50 1/

Product: Certain stranded wire of stainless steel

U.S. imports for consumption, by principal sources, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity 1,000 pounds) 2/				
Japan.....	1,720	1,655	2,364	2,065
Canada.....	3,875	4,214	5,744	6,740
FR. Germ.....	766	940	1,874	6,697
Taiwan.....	1,065	1,348	2,343	2,868
Singapore.....	282	180	1,673	1,495
Kor. Rep.....	260	319	1,388	3,578
Peru.....			120	1,400
France.....	48	52	99	394
Mexico.....		235	65	80
United Kingdom.....	296	4,997	145	325
Italy.....	88	172	293	379
Belgium.....	4	44	38	1,101
Netherlands.....	66	371	4	542
Yugoslavia.....				622
All other total.....	433	319	871	2,502
Total.....	8,903	14,846	17,021	30,788
GSP total.....	1,916	2,307	5,893	10,817
Percent				
Japan.....	19.3	11.2	13.9	6.7
Canada.....	43.5	28.4	33.8	21.9
FR. Germ.....	8.6	6.3	11.0	21.8
Taiwan.....	12.0	9.1	13.8	9.3
Singapore.....	3.3	1.2	9.8	4.9
Kor. Rep.....	2.9	2.2	8.2	11.6
Peru.....			.0.7	4.6
France.....	0.5	0.4	0.6	1.3
Mexico.....		1.6	0.4	0.3
United Kingdom.....	3.3	33.7	0.9	1.1
Italy.....	1.1	1.2	1.73	1.2
Belgium.....	0.1	0.3	0.2	3.6
Netherlands.....	0.8	2.5	0.1	1.8
Yugoslavia.....	0.0	0.0	0.0	2.0
All other total.....	4.9	2.6	5.1	8.1
Total.....	100.0	100.0	100.0	100.0
GSP total.....	21.5	15.5	5.1	35.1

1/ HS item 7312.10.50 is a closely related product to TSUS item 642.2010, which came into existence on January 1, 1987 and did not exist before that date.

2/ Quantities represent 100 percent of U.S. imports of TSUS item 642.2000--strands, ropes, cables, and cordage, fitted with fittings or made up into articles. TSUS item 642.2010 is estimated to comprise 60 percent or more of TSUS item 642.2000. HS item 7312.10.50 is estimated to comprise 10 percent of TSUS item 642.2010.

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

HS number: 7312.10.50 1/

Product: Certain stranded wire of stainless steel

U.S. imports for consumption, by principal sources, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars) 2/				
Japan.....	4,510	4,924	7,201	7,559
Canada.....	3,751	4,545	5,411	6,938
FR. Germ.....	3,749	2,655	4,125	6,481
Taiwan.....	1,320	1,574	3,858	5,270
Singapore.....	1,038	316	3,156	3,047
Kor. Rep.....	124	259	786	2,132
Peru.....			991	1,064
France.....	197	199	230	911
Mexico.....		59	295	655
United Kingdom.....	716	5,369	616	641
Italy.....	368	342	416	603
Belgium and Luxembourg...	16	19	33	577
Netherlands.....	205	255	11	534
Yugoslavia.....				466
All other total.....	960	783	12	24
Total.....	16,959	21,302	27,460	39,347
GSP total.....	3,081	2,731	8,694	13,358
Percent				
Japan.....	26.6	23.1	26.2	19.2
Canada.....	22.1	21.3	19.7	17.6
FR. Germ.....	22.1	12.5	15.0	16.4
Taiwan.....	7.8	7.4	14.0	13.4
Singapore.....	6.1	1.5	11.5	7.7
Kor. Rep.....	0.7	1.2	2.9	5.4
Peru.....	0.0	0.0	0.3	2.7
France.....	1.2	0.9	0.8	2.3
Mexico.....	0.0	0.3	1.1	1.7
United Kingdom.....	4.2	25.2	2.2	1.6
Italy.....	2.2	1.6	1.5	1.5
Belgium and Luxembourg...	0.1	0.1	0.1	1.5
Netherlands.....	1.2	1.2	0.0	1.4
Yugoslavia.....				1.3
All other total.....	5.7	3.7	4.5	6.3
Total.....	100.0	100.0	100.0	100.0
GSP total.....	18.2	12.8	31.7	34.0

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

HS number: 7312.1050 1/

Product: Certain stranded wire of stainless steel

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (1,000 pounds)				
Canada.....	754	260	523	590
Mexico.....	211	79	75	161
Japan.....	87	40	59	173
Singapore.....	6	12	111	435
West Germany.....	15	2	1	20
United Kingdom.....	40	35	15	89
Costa Rica.....	1	0	78	147
Australia.....	185	14	23	18
Guyana.....	0	37	8	57
Taiwan.....	45	18	47	7
Italy.....	9	0	72	54
Saudi Arabia.....	423	287	79	19
Israel.....	14	4	15	41
Denmark.....	21	35	2	13
All other total.....	1,811	547	546	239
Total.....	3,191	1,330	1,657	2,063
GSP total.....	1,116	519	746	961
Percent				
Canada.....	23.6	19.6	31.6	28.6
Mexico.....	6.6	5.9	4.5	7.8
Japan.....	2.7	3.0	3.7	8.4
Singapore.....	0.2	0.9	6.7	21.1
West Germany.....	0.5	0.2	0.1	1.0
United Kingdom.....	1.3	2.6	0.9	4.3
Costa Rica.....	0.1	0	4.7	7.1
Australia.....	5.8	1.1	1.4	0.9
Guyana.....	0.0	2.8	5.0	2.8
Taiwan.....	1.4	1.4	2.8	0.3
Italy.....	0.3	0	4.4	2.6
Saudi Arabia.....	13.3	21.6	4.8	0.9
Israel.....	0.4	0.3	0.9	2.0
Denmark.....	0.7	2.6	0.1	-0.6
All other total.....	56.8	41.1	33.0	-11.6
Total.....	100.0	100.0	100.0	100.0
GSP total.....	35.0	39.0	45.0	46.6

1/ HS item 7312.10.50 is a closely related product to TSUS item 642.20.10, which came into existence on January 1, 1987 and did not exist before that date.

2/ Quantities are for U.S. exports, of Sch. B item 642.2000--strands, ropes, cables, and cordage, fitted with fittings, or made up into articles.

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

HS number: 7312.1050 1/

Product: Certain stranded wire of stainless steel

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (1,000 pounds)				
Canada.....	1,875	1,217	1,620	1,768
Mexico.....	460	385	400	724
Japan.....	338	144	245	537
Singapore.....	48	50	106	474
West Germany.....	102	236	138	322
United Kingdom.....	220	265	65	298
Costa Rica.....	3	8	108	264
Australia.....	249	51	115	98
Guyana.....	0	36	25	85
Taiwan.....	116	66	462	76
Italy.....	50	5	66	65
Saudi Arabia.....	816	752	254	51
Israel.....	53	10	29	46
Denmark.....	96	182	30	42
All other total.....	4,901	1,216	1,044	653
Total.....	9,327	4,613	4,707	5,503
GSP total.....	2,240	1,356	1,869	2,043
Percent				
Canada.....	20.1	26.4	34.4	32.1
Mexico.....	4.9	8.4	8.5	13.2
Japan.....	3.6	3.1	5.2	11.4
Singapore.....	0.5	1.1	2.3	8.6
West Germany.....	1.1	5.1	2.9	6.8
United Kingdom.....	2.4	5.8	1.4	6.3
Costa Rica.....	0.1	0.2	2.3	5.6
Australia.....	2.7	1.1	2.4	1.8
Guyana.....	0	2.2	0.5	1.5
Taiwan.....	1.3	1.4	9.8	1.4
Italy.....	0.5	0.1	1.4	1.2
Saudi Arabia.....	8.8	16.1	5.4	0.9
Israel.....	0.6	0.2	0.6	0.8
Denmark.....	1.0	4.0	-0.6	-0.7
All other total.....	52.6	26.4	22.2	11.9
Total.....	100.0	100.0	100.0	100.0
GSP total.....	24.0	29.4	39.7	37.1

1/ HS item 7312.10.50 is a closely related product to TSUS item 642.2010, which came into existence on January 1, 1987, and did not exist before that date.

2/ Values are for U.S. exports, of Sch. B item 642.2000-strands, ropes, cables, and cordage, fitted with fittings or made up into articles.

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

Certain Stranded Wire of Iron or Steel

I. Introduction

Col. 1 rate of duty: 5.7%

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: X (Countries— Korea)

Competitive-need-limit waiver _____

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No _____.

Description and uses: Certain stranded wire of iron and steel consists of slings, strands, ropes, cables and cordage of wire, fitted with fittings of made up into articles. They are used in oil and gas drilling, elevators, industrial hoists and cranes, maritime industry and general construction.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	*12	*12	*11	*9	-25
Total U.S. employment (thousand employees).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	
U.S. shipments (thousand dollars) <u>3/</u>	**15,708	**9,800	**9,353	**7,925	-50
U.S. exports (thousand dollars) <u>4/</u>	**3,917	**1,938	**1,977	**2,311	-41
U.S. imports (thousand dollars) <u>5/</u>	**7,241	**8,947	**11,532	**16,526	128
U.S. consumption (thousand dollars).....	**19,032	**16,809	**18,908	**22,140	16
Import to consumption ratio (percent).....	38	53	61	75	97
Capacity utilization (nearest 10 percent).....	**65	**50	**57	**40	-38

Comment: U.S. shipments are down 50 percent while imports increased 128 percent between 1981 and 1986. The relative strength of the U.S. industry has declined over the period. Domestic production and capacity utilization have decreased, facilities have been shut down and the number of production workers have decreased. The U.S. industry's strength is in its quick response time to orders, long standing customer relations and the technical services offered. Imports offered a price advantage over the domestic product.

1/ Probable effects advice for these or closely related products on the basis of the TSUSA nomenclature is contained in the Digest for TSUSA item No. 642.2010.

2/ Less than 500.

3/ Estimated to represent 70 percent of U.S. shipments of GSP Digest TSUS item No. 642.2010, based on industry sources and based on data for 1987.

4/ Estimated to represent 70 percent of TSUS item 642.2010.

5/ Estimated to represent 70 percent of TSUS item 642.2010 (please see footnote 4/ to GSP Digest No. 642.2010.)

HS item No.
7312.10.70—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (1,000 of pounds) 1/				
Total.....	12,931	100	-	73
Imports from GSP countries:				
Total.....	4,543	35	100	26
Taiwan.....	1,205	9	27	7
Singapore.....	628	5	14	4
Korea.....	1,503	12	33	8
Yugoslavia.....	261	2	6	1
Value (thousands) 1/				
Total.....	16,526	100	-	75
Imports from GSP countries:				
Total.....	5,610	34	100	25
Taiwan.....	2,219	13	40	10
Singapore.....	1,322	8	24	6
Korea.....	895	5	5	4
Yugoslavia.....	196	1	3	1

Note.—The countries shown in the table include the top four GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Korea for all digest products

Ranking as a U.S. import supplier, 1986..... 6

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

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

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

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

Quality compared with:

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

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

Comment: Although imports are generally priced lower than domestic products, U.S. producers maintain an advantage in shorter delivery time and technical services.

1/ Quantities and values for HS item 7312.10.70 is estimated to comprise 70 percent or more of TSUSA item 642.2010—ropes, cables, and cordage fitted with fittings.

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

HS item No.
7312.10.70—Con.

V. Position of interested parties

Petitioner.—The Committee of Domestic Steel Wire Rope and Specialty Steel Manufacturers, (the "Committee") request that HS item 7312.10.70 imported from Korea be removed from duty free treatment under the GSP.

The Committee's request is based on the contention that; (1) the stranded wire iron and steel wire rope industry is no longer a developing industry in Korea; (2) HS item 7312.10.70 may be used to circumvent the Voluntary Restraint Arrangement (which limit certain steel imports); and (3) iron or steel wire rope is import sensitive. Steel wire rope (TSUS item 642.14 and 642.16) was removed from GSP eligibility in 1981. To make that decision all inclusive the industry argues that it is essential to remove GSP treatment for all wire ropes including those under item 7312.10.70.

Opposition.—The Korean Trade Center (Center) opposes the removal of TSUSA item 642.2010 from duty-free treatment under the Generalized System of Preferences (GSP).

The Center's opposition is based on the contention that, (1) the manufacturers of fittings are small companies with old facilities and are separate entities from the steel wire rope makers, (2) the granting or withdrawal of GSP status is governed by the Title V of the Trade Act of 1974 and Voluntary Restraint Agreements do not enter into the issue, and (3) since the fitting accessory industry is a developing industry the import sensitivity is not a justifiable issue.

[Probable economic effects advice deleted]

HS number: 7312.10.70 1/

Product: Certain stranded wire of iron or steel

U.S. imports for consumption, by principal sources, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
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Japan.....	1,720	1,655	2,364	2,065
Canada.....	3,875	4,214	5,744	6,740
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Singapore.....	282	180	1,673	1,495
Kor. Rep.....	260	319	1,388	3,578
Peru.....			120	1,400
France.....	48	52	99	394
Mexico.....		235	65	80
United Kingdom.....	296	4,997	145	325
Italy.....	88	172	293	379
Belgium.....	4	44	38	1,101
Netherlands.....	66	371	4	542
Yugoslavia.....				622
All other total.....	433	319	871	2,502
Total.....	8,903	14,846	17,021	30,788
GSP total.....	1,916	2,307	5,893	10,817
Percent				
Japan.....	19.3	11.2	13.9	6.7
Canada.....	43.5	28.4	33.8	21.9
FR. Germ.....	8.6	6.3	11.0	21.8
Taiwan.....	12.0	9.1	13.8	9.3
Singapore.....	3.3	1.2	9.8	4.9
Kor. Rep.....	2.9	2.2	8.2	11.6
Peru.....			0.7	4.6
France.....	0.5	0.4	0.6	1.3
Mexico.....		1.6	0.4	0.3
United Kingdom.....	3.3	33.7	0.9	1.1
Italy.....	1.1	1.2	1.73	1.2
Belgium.....	0.1	0.3	0.2	3.6
Netherlands.....	0.8	2.5	0.1	1.8
Yugoslavia.....	0.0	0.0	0.0	2.0
All other total.....	4.9	2.6	5.1	8.1
Total.....	100.0	100.0	100.0	100.0
GSP total.....	21.5	15.5	5.1	35.1

1/ HS item 7312.10.70 is a closely related product to TSUS item 642.2010, which came into existence on January 1, 1987 and did not exist before that date.

2/ Quantities are for U.S. imports of TSUS item 642.2000--strands, ropes, cables, and cordage, fitted with fittings or made up into articles. TSUS item 642.2010 is estimated to comprise 60 percent or more of TSUS item 642.2000. HS item 7312.10.70 is estimated to comprise 10 percent of TSUS item 642.2010.

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

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Source	1981	1983	1985	1986
Value (1,000 dollars) 2/				
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Taiwan.....	1,320	1,574	3,858	5,270
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United Kingdom.....	716	5,369	616	641
Italy.....	368	342	416	603
Belgium and Luxembourg...	16	19	33	577
Netherlands.....	205	255	11	534
Yugoslavia.....				466
All other total.....	960	783	12	24
Total.....	16,959	21,302	27,460	39,347
GSP total.....	3,081	2,731	8,694	13,358
Percent				
Japan.....	26.6	23.1	26.2	19.2
Canada.....	22.1	21.3	19.7	17.6
FR. Germ.....	22.1	12.5	15.0	16.4
Taiwan.....	7.8	7.4	14.0	13.4
Singapore.....	6.1	1.5	11.5	7.7
Kor. Rep.....	0.7	1.2	2.9	5.4
Peru.....	0.0	0.0	0.3	2.7
France.....	1.2	0.9	0.8	2.3
Mexico.....	0.0	0.3	1.1	1.7
United Kingdom.....	4.2	25.2	2.2	1.6
Italy.....	2.2	1.6	1.5	1.5
Belgium and Luxembourg...	0.1	0.1	0.1	1.5
Netherlands.....	1.2	1.2	0.0	1.4
Yugoslavia.....				1.3
All other total.....	5.7	3.7	4.5	6.3
Total.....	100.0	100.0	100.0	100.0
GSP total.....	18.2	12.8	31.7	34.0

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United Kingdom.....	1.3	2.6	0.9	4.3
Costa Rica.....	0.1	0	4.7	7.1
Australia.....	5.8	1.1	1.4	0.9
Guyana.....	0.0	2.8	5.0	2.8
Taiwan.....	1.4	1.4	2.8	0.3
Italy.....	0.3	0	4.4	2.6
Saudi Arabia.....	13.3	21.6	4.8	0.9
Israel.....	0.4	0.3	0.9	2.0
Denmark.....	0.7	2.6	0.1	-0.6
All other total.....	56.8	41.1	33.0	-11.6
Total.....	100.0	100.0	100.0	100.0
GSP total.....	35.0	39.0	45.0	46.6

1/ HS item 7312.10.70 is a closely related product to TSUS item 642.20.10, which came into existence on January 1, 1987 and did not exist before that date.

2/ Quantities are for U.S. exports, of Sch. B item 642.2000--strands, ropes, cables, and cordage, fitted with fittings, or made up into articles.

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Source	1981	1983	1985	1986
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Australia.....	249	51	115	98
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Taiwan.....	116	66	462	76
Italy.....	50	5	66	65
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All other total.....	4,901	1,216	1,044	653
Total.....	9,327	4,613	4,707	5,503
GSP total.....	2,240	1,356	1,869	2,043
Percent				
Canada.....	20.1	26.4	34.4	32.1
Mexico.....	4.9	8.4	8.5	13.2
Japan.....	3.6	3.1	5.2	11.4
Singapore.....	0.5	1.1	2.3	8.6
West Germany.....	1.1	5.1	2.9	6.8
United Kingdom.....	2.4	5.8	1.4	6.3
Costa Rica.....	0.1	0.2	2.3	5.6
Australia.....	2.7	1.1	2.4	1.8
Guyana.....	0	2.2	0.5	1.5
Taiwan.....	1.3	1.4	9.8	1.4
Italy.....	0.5	0.1	1.4	1.2
Saudi Arabia.....	8.8	16.1	5.4	0.9
Israel.....	0.6	0.2	0.6	0.8
Denmark.....	1.0	4.0	-0.6	-0.7
All other total.....	52.6	26.4	22.2	11.9
Total.....	100.0	100.0	100.0	100.0
GSP total.....	24.0	29.4	39.7	37.1

1/ HS item 7312.10.70 is a closely related product to TSUS item 642.2010, which came into existence on January 1, 1987, and did not exist before that date.

2/ Values are for U.S. exports, of Sch. B item 642.2000-strands, ropes, cables, and cordage, fitted with fittings or made up into articles.

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

Expanded Metal of Base Metal

I. Introduction

Col. 1 rate of duty: 3.8% ad valorem

Type of action proposed (check one):

Addition of GSP:

Removal from GSP:

Country graduation: X (Countries— Mexico, Korea)

Competitive-need-limit waiver

Non-eligible GSP countries: None.

Current competitive-need-limit waivers: None.

Current "sufficiently competitive" designation: None.

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: Expanded metal is a net-like product which is formed from metal plates or sheets that are perforated by automatic metal-cutting dies. Expanded metal is made in a variety of sizes and thicknesses and used for partitions, machine guards, shelving, satellite antennas, walkways, lawn furniture, and in numerous other applications.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	*15	*15	*16	*14	-7
Total U.S. employment (thousand employees).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
U.S. shipments (thousand dollars).....	<u>3/</u>		80,217	64,372	<u>3/</u>
U.S. exports (thousand dollars) <u>2/</u>	4,535	3,073	1,550	1,004	-78
U.S. imports (thousand dollars).....	1,324	1,563	2,810	3,950	198
U.S. consumption (thousand dollars).....	<u>3/</u>	<u>3/</u>	81,377	67,318	<u>3/</u>
Import to consumption ratio (percent).....	<u>3/</u>	<u>3/</u>	3	6	<u>3/</u>
Capacity utilization (nearest 10 percent).....	<u>3/</u>	<u>3/</u>	*50	*45	<u>3/</u>

Comment: The domestic expanded metal industry, although relatively small, has sought to improve its competitiveness amid increasing import competition largely through changes of ownership and the acquisition of assets. Imports from Mexico and Korea (the principal GSP supplying countries) increased significantly during 1981-86, reportedly due to advantages in price and offers of more favorable purchasing terms. Although there are no distinct differences in the methods used to distribute imported expanded metal (or that which is produced domestically) in the U.S. market, U.S. producers generally have advantages in shorter delivery time, product availability, and historical supplier relationship.

1/ Probable effects advice for these or closely related products on the basis of the TSUS nomenclature is contained in the digests for TSUS item No. 652.80.

2/ Less than 500.

3/ Not available.

HS item No.
7314.50.00 —Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousands)				
Total.....	3,950	100	-	6
Imports from GSP countries:				
Total.....	951	24	100	1
Mexico.....	711	18	75	1
Korea.....	122	3	13	1/
Venezuela.....	86	2	9	1/
Taiwan.....	31	1	3	1/

Note.—The countries shown in the table include the top four GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Mexico for all digest products

Ranking as a U.S. import supplier, 1986..... 3

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... 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: Imports of expanded metal from Mexico are general priced lower than imports from developed countries and expanded metal produced in the United States. There are no major quality differences with respect to imports from Mexico, the United States, and other countries. In many instances, the purchaser in the U.S. market will pay a higher price for domestically produced expanded metal because of product warranties and other services rendered by the U.S. producer.

/ Less than 0.5 percent.

HS item No.
7314.50.00 —Con.

Competitiveness of Korea for all digest products

Ranking as a U.S. import supplier, 1986..... 5

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

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

Price sensitivity of U.S. demand..... 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: Imports of expanded metal from Korea are generally priced lower than imports from developed countries and expanded metal produced in the United States. There are no major quality differences with respect to imports from Korea, the United States, and other countries. In the U.S. market, the purchaser will sometimes pay a higher price for domestically produced expanded metal because of product warranties and other services rendered by the U.S. producer.

HS item No.
7314.50.00 —Con.

V. Position of interested parties

Petitioner.—The Expanded Metal Fair Trade Coalition (EMFTC) has requested that Mexico and Korea, which the Coalition maintains are two relatively advanced GSP supplying countries, should be graduated from the Generalized System of Preferences. According to EMFTC, Mexico and Korea have exhibited an ability to compete very effectively in the U.S. market at a time when the number of U.S. firms is declining, profitability is low or negative, and prices are weakening.

Support.— Congressman James A. Traficant, Jr., of Ohio and Senator David L. Boren of Oklahoma have expressed support for the petition filed by EMFTC. In addition, Mr. Rock Logiodice, President of Central Expanded Metal Inc., requests that normal tariffs be reimposed on expanded metal from Mexico and Korea.

Opposition.—Maintaining that imports from Korea have an insignificant place in the U.S. market and have no impact on market conditions in the U.S. industry, Dong Sung Steel Ind. Co., Ltd., opposes the petition to graduate Korea from GSP eligibility with respect to expanded metal of base metal.

Counsel for Larmina Desplegada, S.A., asserts that removal of Mexico from GSP eligibility will not provide any appreciable benefit or have any impact upon the domestic expanded metal industry.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

HS number: 73145000

Product: Expanded metal of iron or steel

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	537	515	1,114	1,590
Japan.....	454	419	857	636
Mexico.....			54	569
U King.....	45	97	118	151
Kor.Rep.....	19			97
Venez.....		8	52	69
Taiwan.....	1		30	25
Italy.....			15	11
FR Germ.....		41		9
Brazil.....			2	
India.....			2	
Denmark.....		1		
All other total..		164		
Total.....	1,059	1,251	2,248	3,160
GSP total....	21	9	142	761
Percent				
Canada.....	50.7	41.2	49.5	50.3
Japan.....	42.9	33.5	38.1	20.1
Mexico.....	0.0	0.0	2.4	18.0
U King.....	4.3	7.8	5.3	4.8
Kor.Rep.....	1.9	0.0	0.0	3.1
Venez.....	0.0	0.7	2.3	2.2
Taiwan.....	0.1	0.0	1.4	0.8
Italy.....	0.0	0.1	0.7	0.4
FR Germ.....	0.1	3.3	0.0	0.3
Brazil.....	0.0	0.0	0.1	0.0
India.....	0.0	0.0	0.1	0.0
Denmark.....	0.0	0.1	0.0	0.0
All other total..	0.0	13.1	0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	2.0	0.7	6.3	24.1

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

Product: Expanded metal of iron or steel

U.S. exports of domestic merchandise, by principal markets 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Quantity (square feet)				
Panama.....	6,211	176		91,574
Trinid.....	20,562	9,610	8,624	90,573
Canada.....	863,255	325,938	291,424	85,830
U King.....	24,202	21,118	146,635	56,490
Dom Rep.....	5,408	9,193		47,693
Kor Rep.....	142	7,212		38,361
Mexico.....	67,916	8,072	40,144	24,502
Japan.....	9,114	4,570	9,054	16,045
Indnsia.....		240		14,572
Italy.....	15,399		2,672	11,836
Phil R.....	490	3,850	3,484	7,358
France.....		328	4,315	5,232
Guatmal.....	4,630		1,465	4,800
Colomb.....	13,920	93,272	497	3,580
All other total..	1,253,223	853,570	272,188	26,455
Total.....	2,284,472	1,337,149	780,502	524,901
GSP total....	908,930	484,797	148,244	344,495
Percent				
Panama.....	0.3	0.0	0.0	17.4
Trinid.....	0.9	0.7	1.1	17.3
Canada.....	37.8	24.4	37.3	16.4
U King.....	1.1	1.6	18.8	10.8
Dom Rep.....	0.2	0.7	0.0	9.1
Kor Rep.....	0.0	0.5	0.0	7.3
Mexico.....	3.0	0.6	5.1	4.7
Japan.....	0.4	0.3	1.2	3.1
Indnsia.....	0.0	0.0	0.0	2.8
Italy.....	0.7	0.0	0.3	2.3
Phil R.....	0.0	0.3	0.4	1.4
France.....	0.0	0.0	0.6	1.0
Guatmal.....	0.2	0.0	0.2	0.9
Colomb.....	0.6	7.0	0.1	0.7
All other total..	54.9	63.8	34.9	5.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	39.8	36.3	19.0	65.6

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

Product: Expanded metal of iron or steel

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	1,146	486	370	123
U King.....	55	54	214	111
Trinid.....	58	61	6	88
Kor Rep.....	1	34		87
Mexico.....	109	20	28	67
Japan.....	49	30	25	48
Panama.....	15			39
Indnsia.....		2		36
France.....		4	30	30
Italy.....	30		17	29
Dom. Rep.....	1	5		21
Phil R.....	5	4	10	18
FR Germ.....	585	126	31	11
Ireland.....	3		100	10
All other total..	1,565	1,626	403	77
Total.....	3,628	2,458	1,240	803
GSP total....	1,332	605	173	422
Percent				
Canada.....	31.6	19.8	29.9	15.4
U King.....	1.5	2.2	17.3	13.9
Trinid.....	1.6	2.5	0.6	11.0
Kor Rep.....	0.0	1.4	0.0	10.9
Mexico.....	3.0	0.8	2.3	8.4
Japan.....	1.4	1.2	2.1	6.0
Panama.....	0.4	0.0	0.0	4.9
Indnsia.....	0.0	0.1	0.0	4.6
France.....	0.0	0.2	2.5	3.8
Italy.....	0.8	0.0	1.4	3.7
Dom. Rep.....	0.0	0.2	0.0	2.7
Phil R.....	0.1	0.2	0.9	2.3
FR Germ.....	16.1	5.1	2.5	1.4
Ireland.....	0.1	0.0	8.1	1.3
All other total..	43.2	66.2	32.5	9.7
Total.....	100.0	100.0	100.0	100.0
GSP total....	36.7	24.6	14.0	52.6

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

**PRESIDENT'S LIST OF ARTICLES
WHICH MAY BE DESIGNATED OR
MODIFIED AS ELIGIBLE ARTICLES
FOR PURPOSES OF THE
U.S. GENERALIZED SYSTEM
OF PREFERENCES**

**Report to the President on
Investigation Nos. TA-503(a)-15
and 332-249**

HS-BASED DIGESTS

VOLUME V

USTIC PUBLICATION 2041

NOVEMBER 1987

United States International Trade Commission / Washington, DC 20436



UNITED STATES INTERNATIONAL TRADE COMMISSION

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Washington, DC 20436

HS item No.
7414.90.00 1/

Expanded Metal of Copper

I. Introduction

Col. 1 rate of duty: 3.8% ad valorem

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: X (Countries— Mexico, Korea,)

Competitive-need-limit waiver _____

Non-eligible GSP countries: None.

Current competitive-need-limit waivers: None.

Current "sufficiently competitive" designation: None.

U.S. production on Jan. 3, 1985? Yes X No _____.

Description and uses: Expanded metal of copper is a net-like product which is formed from plates or sheets that are perforated by automatic metal-cutting dies. These copper products, which are not as widely used as those of iron and steel, are used in electric power stations (because of its conductivity qualification) and other highly technical applications.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>
Total U.S. employment (thousand employees).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>
U.S. shipments (thousand dollars).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>
U.S. exports (thousand dollars) <u>2/</u>	2,872	2,065	1,394	1,365	-52
U.S. imports (thousand dollars).....	2,518	1,746	3,176	3,571	42
U.S. consumption (thousand dollars).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>
Import to consumption ratio (percent).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>
Capacity utilization (nearest 10 percent).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>

Comment: The domestic industry producing expanded metal of copper is significantly smaller than the industry producing expanded metal of iron or steel. Although imports from Mexico and Korea increased during 1981-86, they reportedly represented only a minor portion of the U.S. market.

1/ Probable effects advice for these or closely related products on the basis of the TSUS nomenclature is contained in the digests for TSUS item No. 652.80.

2/ Not available.

HS item No.
7414.90.00 —Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousands)				
Total.....	3,571	100	-	1/
Imports from GSP countries:				
Total.....	708	20	100	1/
Taiwan.....	438	12	62	1/
Mexico.....	143	4	20	1/
Korea.....	100	3	14	1/
China.....	31	1	4	1/

Note.—The countries shown in the table include the top four GSP suppliers in 1986 and any additional countries proposed for "graduation" or "waiver."

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Mexico for all digest products

Ranking as a U.S. import supplier, 1986..... 3

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... 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: Imports of expanded metal from Mexico are general priced lower than imports from developed countries and expanded metal produced in the United States. There are no major quality differences with respect to imports from Mexico, the United States, and other countries. In many instances, the purchaser in the U.S. market will pay a higher price for domestically produced expanded metal because of product warranties and other services rendered by the U.S. producer.

1/ Not available.

HS item No.
7414.90.00 —Con.

Competitiveness of Korea for all digest products

Ranking as a U.S. import supplier, 1986..... 5

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

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

Price sensitivity of U.S. demand..... 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: Imports of expanded metal from Korea are generally priced lower than imports from developed countries and expanded metal produced in the United States. There are no major quality differences with respect to imports from Korea, the United States, and other countries. In the U.S. market, the purchaser will sometimes pay a higher price for domestically produced expanded metal because of product warranties and other services rendered by the U.S. producer.

HS item No.
7414.90.00 —Con.

V. Position of interested parties

Petitioner.—The Expanded Metal Fair Trade Coalition (EMFTC) has requested that Mexico and Korea, which the coalition maintains are two relatively advanced GSP supplying countries, should be graduated from the Generalized System of Preferences. According to EMFTC, Mexico and Korea have exhibited an ability to compete very effectively in the U.S. market at a time when the number of U.S. firms is declining, profitability is low or negative, and prices are weakening.

Support.— Congressman James A. Traficant, Jr., of Ohio and Senator David L. Boren of Oklahoma have expressed support for the petition filed by EMFTC. In addition, Mr. Rock Logiodice, President of Central Expanded Metal Inc., requests that normal tariffs be reimposed on expanded metal from Mexico and Korea.

Opposition.—Maintaining that imports from Korea have an insignificant place in the U.S. market and have no impact on market conditions in the U.S. industry, Dong Sung Steel Ind. Co., Ltd., opposes the petition to graduate Korea from GSP eligibility with respect to expanded metal of base metals.

Counsel for Larmina Desplegada, S.A., asserts that removal of Mexico from GSP eligibility will not provide any appreciable benefit or have any impact upon the domestic expanded metal industry.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

HS number: 74149000

Product: Cloth, grill and netting of copper wire,

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
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Value (1,000 dollars)

Japan.....	1,660	1,150	1,531	1,188
FR Germ.....	398	312	571	544
France.....	2		202	530
Taiwan.....	21	39	371	438
Canada.....	142	132	281	407
Mexico.....		5	13	143
Kor. Rep.....	4		25	100
U King.....	20	31	55	54
Nethlds.....	5	7	15	33
Switzld.....	13	14	31	32
China.P.....	228	3		31
Belgium.....			5	25
Venez.....		2	13	17
Hg Kong.....				5
All other total..	18	45	57	17

Total.....	2,518	1,746	3,176	3,571
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GSP total....	32	47	429	708
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Percent

Japan.....	66.0	65.9	48.2	33.3
FR Germ.....	15.8	17.9	18.0	15.2
France.....	0.1	0.0	6.4	14.9
Taiwan.....	0.9	2.2	11.7	12.3
Canada.....	5.6	7.6	8.9	11.4
Mexico.....	0.0	0.3	0.4	4.0
Kor. Rep.....	0.2	0.0	0.8	2.8
U King.....	0.8	1.8	1.8	1.5
Nethlds.....	0.2	0.4	0.5	0.9
Switzld.....	0.5	0.8	1.0	0.9
China.P.....	9.1	0.2	0.0	0.9
Belgium.....	0.0	0.0	0.2	0.7
Venez.....	0.0	0.1	0.4	0.5
All other total..	0.8	2.6	1.8	0.5

Total.....	100.0	100.0	100.0	100.0
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GSP total....	1.3	2.7	13.5	19.8
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Source: Estimated from official statistics of the U.S. Department of Commerce

HS number: 74149000

9

HS item No.
7414.90.00

Product: Cloth, grill and netting of copper wire,

U.S. exports of domestic merchandise, by principal markets 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Quantity (square feet)				
U.King.....	246,959	99,183	38,779	213,166
Canada.....	370,150	335,819	234,059	162,761
Nethlds.....	1,364	3,068	9,278	131,834
Kuwait.....	661	3,832	168	74,283
Mexico.....	338,349	70,862	48,267	67,835
Bahamas.....	67,754	54,185	48,210	66,481
Taiwan	11,313	58,459	286,694	64,594
Italy.....	25,939	45,843	106,358	42,890
Kor Rep.....	2,838	7,994	185,436	41,691
Portugl.....			42	39,489
Thailnd.....	1,402	7,370	12,253	34,866
Panama.....	25,785	5,644	1,978	24,430
Venez.....	56,892	12,283	1,459	23,825
Somalia.....		11,357		21,106
All other total..	957,151	674,590	285,371	155,318
Total.....	2,106,557	1,390,489	1,258,352	1,164,569
GSP total....	939,059	497,595	747,877	447,853

Percent				
U.King.....	11.7	7.1	3.1	18.3
Canada.....	17.6	24.2	18.6	14.0
Nethlds.....	0.1	0.2	0.7	11.3
Kuwait.....	0.0	0.3	0.0	6.4
Mexico.....	16.1	5.1	3.8	5.8
Bahamas.....	3.2	3.9	3.8	5.7
Taiwan	0.5	4.2	22.8	5.5
Italy.....	1.2	3.3	8.5	3.7
Kor Rep.....	0.1	0.6	14.7	3.6
Portugl.....	0.0	0.0	0.0	3.4
Thailnd.....	0.1	0.5	1.0	3.0
Panama.....	1.2	0.4	0.2	2.1
Venez.....	2.7	0.9	0.1	2.0
Somalia.....	0.0	0.8	0.0	1.8
All other total..	45.4	48.5	22.7	13.3
Total.....	100.0	100.0	100.0	100.0
GSP total....	44.6	35.8	59.4	38.5

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

HS number: 74149000

7414.90.00

Product: Cloth, grill and netting of copper wire,

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	508	382	237	191
Mexico.....	315	215	172	129
U King.....	144	83	51	101
Kor Rep.....	19	89	35	99
Kuwait.....		9		83
Nethlds.....	6	17	24	74
Bahamas.....	52	49	48	71
Portugl.....				53
Taiwan	66	67	118	50
Venez.....	131	25	9	32
Denmark.....	3	8	5	32
Phil R.....	35	26	23	31
France.....	20	31	41	30
Italy.....	32	50	158	25
All other total..	1,534	1,009	465	356
Total.....	2,872	2,065	1,394	1,365
GSP total....	1,211	854	624	656
Percent				
Canada.....	17.7	18.5	17.1	14.0
Mexico.....	11.0	10.4	12.4	9.5
U King.....	5.0	4.0	3.7	7.5
Kor Rep.....	0.7	4.3	2.6	7.3
Kuwait.....	0.0	0.5	0.0	6.1
Nethlds.....	0.2	0.9	1.7	5.5
Bahamas.....	1.8	2.4	3.5	5.3
Portugl.....	0.0	0.0	0.0	3.9
Taiwan	2.3	3.3	8.5	3.7
Venez.....	4.6	1.2	0.7	2.4
Denmark.....	0.1	0.4	0.4	2.4
Phil R.....	1.2	1.3	1.7	2.3
France.....	0.7	1.5	3.0	2.2
Italy.....	1.1	2.4	11.4	1.9
All other total..	53.4	48.9	33.4	26.1
Total.....	100.0	100.0	100.0	100.0
GSP total....	42.2	41.4	44.8	48.1

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

HS item No.
7604.10.30 1/ 2/

Bars and Rods of Aluminum

I. Introduction

Col. 1 rate of duty: 2.6%

Type of action proposed (check one):

Addition of GSP:

Removal from GSP:

Country graduation: X (Countries—Argentina, Brazil, Mexico, Taiwan
Venezuela, 3/ Yugoslavia)

Competitive-need-limit waiver

Non-eligible GSP countries: Venezuela.

Current competitive-need-limit waivers: None.

Current "sufficiently competitive" designation: None.

U.S. production on Jan. 3, 1985? Yes X No .

Description and uses: The particular aluminum bars and rods covered in this digest, classified in SIC 3355, Aluminum Rolling and Drawing, N.E.C., are limited to those having a round cross section, both alloy and unalloyed, and are generally intermediate products in the manufacture of wire and cable and non-electrical products such as fencing.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms) <u>4/</u> ..	**22	**22	**18	**18	-18
Total U.S. employment (thousand employees).....	<u>5/</u>	<u>5/</u>	<u>5/</u>	<u>5/</u>	-
U.S. shipments (thousand dollars).....	<u>5/</u>	<u>5/</u>	<u>5/</u>	<u>5/</u>	-
U.S. exports (thousand dollars).....	52,231	17,883	14,556	11,134	-79
U.S. imports (thousand dollars).....	49,395	20,818	73,005	71,767	45
U.S. consumption (thousand dollars).....	<u>5/</u>	<u>5/</u>	<u>5/</u>	<u>5/</u>	-
Import to consumption ratio (percent).....	<u>5/</u>	<u>5/</u>	<u>5/</u>	<u>5/</u>	-
Capacity utilization (nearest 10 percent).....	<u>5/</u>	<u>5/</u>	**60	**60	-

1/ Probable effects advice for these or closely related products on the basis of the TSUS nomenclature is contained in the Digest for TSUS item No. 618.15.

2/ The other item covered by this digest is HS item 7604.29.30.

3/ Advice is requested on the probable economic effect of redesignation of Venezuela as eligible under the GSP.

4/ These figures represent the number of plants.

5/ Not available.

HS item No.
7604.10.30—Con.

Comment: Fewer than 18 plants manufactured bar and rods in the United States in 1985. Most aluminum bar and rod is produced for captive consumption and manufactured into wire and cable. Price is the principal purchasing factor when determining to buy rod from domestic or foreign sources when sold on the open market, providing customer specifications have been met. The principal end market, electrical cable, is relatively mature since the United States has attained a high level of national electrification. The price is directly affected by the cost of primary aluminum, which represents over 85 percent of the cost of bar and rod. For this reason, low-cost energy companies or countries have a cost advantage in bar and rod production. Electrical conductor redraw rod was recently the subject of countervailing duty and antidumping investigations, with the USITC issuing affirmative preliminary determinations against imports from Venezuela.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousands)				
Total.....	71,767	100	-	-
Imports from GSP countries:				
Total.....	61,349	85	100	-
Venezuela.....	53,099	74	87	-
Argentina.....	3,826	5	6	-
Yugoslavia.....	2,771	4	5	-
Brazil.....	910	1	1	1/
Taiwan.....	688	1	1	1/
Mexico.....	10	1/	1/	1/

1/ Less than 0.5 percent.

Note.—The countries shown in the table include the top four GSP suppliers in 1986 and any additional countries proposed for "graduation" or "waiver."

HS item No.
7604.10.30—Con.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Venezuela for all digest products

Ranking as a U.S. import supplier, 1986..... 1

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

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

Price sensitivity of U.S. demand..... 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: Information collected in the course of the USITC's aforementioned investigations indicate that Venezuela plans wire and rod capacity expansions of 60,000 metric tons per year by Sural to be completed in 3 years. Primary aluminum capacity expansion will likely contribute to increased rod production since Venezuelan rod producers have had trouble purchasing as much aluminum as they would like from Venezuelan smelters. Current capacity utilization is [* * *] percent. Venezuela's longer-term plan includes additional fabricating capacity for basic forms such as bar, rod, and extrusion billet, with primary export markets being the United States, Europe, and Asia. [* * *.]

Competitiveness of Argentina for all digest products

Ranking as a U.S. import supplier, 1986..... 3

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

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

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

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

Quality compared with:

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

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

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Competitiveness of Yugoslavia for all digest products

Ranking as a U.S. import supplier, 1986..... 4

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... 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: Imports from Yugoslavia have reportedly been driven by the fluctuating needs of the country for hard currencies.

Competitiveness of Brazil for all digest products

Ranking as a U.S. import supplier, 1986..... 8

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... 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

HS item No.
7604.10.30—Con.

Competitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1986..... 12

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

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

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

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

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

Quality compared with:

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

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

Competitiveness of Mexico for all digest products

Ranking as a U.S. import supplier, 1986..... -

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

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

Price sensitivity of U.S. demand..... 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

HS item No.
7604.10.30—Con.

V. Position of interested parties

Petitioner.—Southwire Company (Carrollton, GA) claims that GSP imports of aluminum rod are adversely affecting the U.S. industry and that the specified countries are highly competitive in the U.S. market, no longer justifying the granting of GSP treatment.

Opposition.—Camara Argentina de la Industria del Alumino y Metales Afines, an Argentine association including producers of aluminum rod, states that the U.S. aluminum rod and bar industry is not adversely affected by GSP imports from Argentina (which account for 5 percent of total imports) and that the Argentine industry would be adversely impacted by the loss of GSP benefits through graduation.

Impol Aluminum Mill, a Yugoslavian rod and bar producer, opposes Yugoslavia's graduation for this item citing the low level of U.S. rod and bar imports from Yugoslavia (4 percent of total imports) and Yugoslavia's relatively poor economic development that warrants continued GSP status.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

Product: Bars and rods of aluminum, not alloyed,

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Venez.....	36,354	7,384	44,253	45,690
U King.....	50	631	1,879	4,088
Argent.....		818	1,838	2,988
Yugosl v.....	3,652	3,389	2,902	1,761
Belgium.....	680	1,194	2,106	1,643
Italy.....	950	956	840	634
France.....	583	206	859	555
Brazil.....		457	1,428	480
Japan.....	109	114	1,206	360
Canada.....	5	57	208	263
Spain.....			384	220
Taiwan.....			172	148
FR Germ.....	143	964	370	97
Antigua.....				24
All other total..	200	85	309	29
Total.....	42,729	16,262	58,759	58,987
GSP total....	40,007	12,049	50,766	51,107
Percent				
Venez.....	85.1	45.4	75.3	77.5
U King.....	0.1	3.9	3.2	6.9
Argent.....	0.0	5.0	3.1	5.1
Yugosl v.....	8.5	20.8	4.9	3.0
Belgium.....	1.6	7.3	3.6	2.8
Italy.....	2.2	5.9	1.4	1.1
France.....	1.4	1.3	1.5	0.9
Brazil.....	0.0	2.8	2.4	0.8
Japan.....	0.3	0.7	2.1	0.6
Canada.....	0.0	0.4	0.4	0.4
Spain.....	0.0	0.0	0.7	0.4
Taiwan.....	0.0	0.0	0.3	0.3
FR Germ.....	0.3	5.9	0.6	0.2
All other total..	0.5	0.5	0.5	0.1
Total.....	100.0	100.0	100.0	100.0
GSP total....	93.6	74.1	86.4	86.6

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

Product: Bars and rods of aluminum alloys, having

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Venez.....	4,544	1,664	9,610	7,409
Yugosl.....	1,576	1,667	1,482	1,010
Argent.....		193	311	838
Canada.....	11	100	387	653
U King.....	33	80	255	580
Taiwan.....			21	540
Spain.....			581	521
Brazil.....		90	278	430
Belgium.....	117	200	351	235
France.....	83	25	175	231
Japan.....	59	40	213	138
Italy.....	169	176	211	119
FR Germ.....	41	150	152	35
Sweden.....				19
All other total..	29	165	214	15
Total.....	6,666	4,556	14,246	12,780
GSP total....	6,125	3,615	11,864	10,242
Percent				
Venez.....	68.2	36.5	67.5	58.0
Yugosl.....	23.6	36.6	10.4	7.9
Argent.....	0.0	4.3	2.2	6.6
Canada.....	0.2	2.2	2.7	5.1
U King.....	0.5	1.8	1.8	4.5
Taiwan.....	0.0	0.0	0.2	4.2
Spain.....	0.0	0.0	4.1	4.1
Brazil.....	0.0	2.0	2.0	3.4
Belgium.....	1.8	4.4	2.5	1.8
France.....	1.3	0.6	1.2	1.8
Japan.....	0.9	0.9	1.5	1.1
Italy.....	2.5	3.9	1.5	0.9
FR Germ.....	0.6	3.3	1.1	0.3
All other total..	0.4	3.6	1.5	0.1
Total.....	100.0	100.0	100.0	100.0
GSP total....	91.9	79.3	83.3	80.1

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

Product: Bars and rods of aluminum, not alloyed,

U.S. exports of domestic merchandise, by principal markets 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Quantity (kilograms)				
Canada.....	1,185,324	1,520,655	1,599,525	1,281,935
Japan.....	2,248,035	682,128	137,947	608,624
Italy.....	324,210	430,888	418,277	547,144
Mexico.....	12,167,502	1,237,239	1,691,235	262,009
Cocos.I.....	1,062,058	332,302	264,379	223,405
U.King.....	636,405	193,994	282,547	173,218
Israel.....	1,509,750	1,583,897	526,064	164,691
Kor Rep.....	19,723	14,198	96,413	147,899
Thailnd.....	61,220	261,006	234,378	127,320
Salvadr.....	88,798	23,578	13,751	95,524
Nigeria.....	44,971		152	77,931
Phil R.....	2,641	90,916	502	48,723
FR Germ.....	93,720	54,922	88,983	48,053
Ghana.....	3,988		14,910	47,359
All other total..	2,547,986	743,919	666,784	266,933
Total.....	21,996,331	7,169,642	6,035,847	4,120,768
GSP total....	16,874,618	3,873,117	3,388,462	1,262,290
Percent				
Canada.....	5.4	21.2	26.5	31.1
Japan.....	10.2	9.5	2.3	14.8
Italy.....	1.5	6.0	6.9	13.3
Mexico.....	55.3	17.3	28.0	6.4
Cocos.I.....	4.8	4.6	4.4	5.4
U.King.....	2.9	2.7	4.7	4.2
Israel.....	6.9	22.1	8.7	4.0
Kor Rep.....	0.1	0.2	1.6	3.6
Thailnd.....	0.3	3.6	3.9	3.1
Salvadr.....	0.4	0.3	0.2	2.3
Nigeria.....	0.2	0.0	0.0	1.9
Phil R.....	0.0	1.3	0.0	1.2
FR Germ.....	0.4	0.8	1.5	1.2
Ghana.....	0.0	0.0	0.2	1.1
All other total..	11.6	10.4	11.0	6.5
Total.....	100.0	100.0	100.0	100.0
GSP total....	76.7	54.0	56.1	30.6

Source: Estimated from official statistics of the U.S. Department of Commerce

Product: Bars and rods of aluminum, not alloyed,

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	1,237	1,494	1,684	1,309
Japan.....	2,767	704	236	795
Italy.....	544	500	504	665
Mexico.....	11,007	1,088	1,424	289
Cocos I.....	1,546	407	320	267
U King.....	693	151	356	264
Kor Rep.....	30	18	74	232
Israel.....	2,517	1,962	658	226
Thailnd.....	69	373	350	183
Phil R.....	3	140	2	78
FR Germ.....	172	56	112	73
Salvadr.....	67	25	20	66
Nigeria.....	37			56
Taiwan	113	108	105	55
All other total..	3,106	1,119	927	435
Total.....	23,915	8,152	6,778	4,999
GSP total.....	17,506	4,593	3,662	1,624
Percent				
Canada.....	5.2	18.3	24.9	26.2
Japan.....	11.6	8.6	3.5	15.9
Italy.....	2.3	6.1	7.4	13.3
Mexico.....	46.0	13.3	21.0	5.8
Cocos I.....	6.5	5.0	4.7	5.3
U King.....	2.9	1.9	5.3	5.3
Kor Rep.....	0.1	0.2	1.1	4.6
Israel.....	10.5	24.1	9.7	4.5
Thailnd.....	0.3	4.6	5.2	3.7
Phil R.....	0.0	1.7	0.0	1.6
FR Germ.....	0.7	0.7	1.7	1.5
Salvadr.....	0.3	0.3	0.3	1.3
Nigeria.....	0.2	0.0	0.0	1.1
Taiwan	0.5	1.3	1.6	1.1
All other total..	13.0	13.7	13.7	8.7
Total.....	100.0	100.0	100.0	100.0
GSP total.....	73.2	56.3	54.0	32.5

Source: Compiled from official statistics of the U.S. Department of Commerce

Product: Bars and rods of aluminum alloys, having

U.S. exports of domestic merchandise, by principal markets 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Quantity (kilograms)				
Canada.....	1,413,139	2,098,101	1,844,092	1,539,254
Japan.....	3,303,510	726,889	155,404	866,382
Italy.....	386,719	453,110	430,852	578,491
Mexico.....	13,272,743	1,452,988	1,856,552	345,897
U.King.....	771,839	285,281	316,303	239,041
Cocos.I.....	1,259,803	337,050	270,202	227,409
Kor Rep.....	23,225	22,206	108,133	215,359
Israel.....	1,618,255	1,659,545	529,334	178,413
Thailnd.....	82,647	313,537	236,329	127,549
Salvadr.....	89,114	35,462	13,751	95,524
Nigeria.....	44,971		229	77,931
FR Germ.....	123,185	87,681	99,584	55,460
Phil R.....	3,953	91,978	502	48,723
Ghana.....	5,944		16,133	47,657
All other total..	2,965,300	950,150	915,289	345,995

Total.....	25,364,347	8,513,978	6,792,689	4,989,085
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GSP total....	18,592,513	4,306,728	3,769,845	1,473,432
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Percent				
Canada.....	5.6	24.6	27.1	30.9
Japan.....	13.0	8.5	2.3	17.4
Italy.....	1.5	5.3	6.3	11.6
Mexico.....	52.3	17.1	27.3	6.9
U.King.....	3.0	3.4	4.7	4.8
Cocos.I.....	5.0	4.0	4.0	4.6
Kor Rep.....	0.1	0.3	1.6	4.3
Israel.....	6.4	19.5	7.8	3.6
Thailnd.....	0.3	3.7	3.5	2.6
Salvadr.....	0.4	0.4	0.2	1.9
Nigeria.....	0.2	0.0	0.0	1.6
FR Germ.....	0.5	1.0	1.5	1.1
Phil R.....	0.0	1.1	0.0	1.0
Ghana.....	0.0	0.0	0.2	1.0
All other total..	11.7	11.2	13.5	6.9

Total.....	100.0	100.0	100.0	100.0
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GSP total....	73.3	50.6	55.5	29.5
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Source: Estimated from official statistics of the U.S. Department of Commerce

Product: Bars and rods of aluminum alloys, having

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	1,463	2,036	1,905	1,548
Japan.....	4,057	800	268	1,111
Italy.....	690	535	540	755
Mexico.....	12,217	1,299	1,596	373
U King.....	847	219	428	371
Kor Rep.....	34	29	91	338
Cocos I.....	1,925	419	335	277
Israel.....	2,694	2,091	664	252
Thailnd.....	96	457	356	183
FR Germ.....	229	90	131	87
Phil R.....	5	142	2	78
Taiwan	149	117	153	78
Salvadr.....	67	38	20	66
France.....	237	20	5	58
All other total..	3,607	1,432	1,278	555
Total.....	28,326	9,731	7,778	6,135
GSP total....	19,798	5,198	4,177	1,928

Percent				
Canada.....	5.2	20.9	24.5	25.2
Japan.....	14.3	8.2	3.4	18.1
Italy.....	2.4	5.5	6.9	12.3
Mexico.....	43.1	13.4	20.5	6.1
U King.....	3.0	2.3	5.5	6.1
Kor Rep.....	0.1	0.3	1.2	5.5
Cocos I.....	6.8	4.3	4.3	4.5
Israel.....	9.5	21.5	8.5	4.1
Thailnd.....	0.3	4.7	4.6	3.0
FR Germ.....	0.8	0.9	1.7	1.4
Phil R.....	0.0	1.5	0.0	1.3
Taiwan	0.5	1.2	2.0	1.3
Salvadr.....	0.2	0.4	0.3	1.1
France.....	0.8	0.2	0.1	1.0
All other total..	12.7	14.7	16.4	9.1
Total.....	100.0	100.0	100.0	100.0
GSP total....	69.9	53.4	53.7	31.4

Source: Compiled from official statistics of the U.S. Department of Commerce

Aluminum Wire

I. Introduction

Col. 1 rate of duty: 2.6% (7605.11.00 and 7605.21.00); 4.2% (7605.19.00 and 7605.29.00)

Type of action proposed (check one):

Addition of GSP:

Removal from GSP:

Country graduation: X (Argentina, Brazil, Korea, Taiwan, Venezuela 3/)

Competitive-need-limit waiver

Non-eligible GSP countries: Venezuela (7605.11.00 and 7605.21.00)

Current competitive-need-limit waivers: None.

Current "sufficiently competitive" designation: None.

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: Aluminum wire, classified in SIC 3355, Aluminum Rolling and Drawing, N.E.C.'s, used for mechanical purposes (fencing or screw machine stock) or electrical purposes (transmission cables). The wire is drawn from aluminum rod or bar into a square, round, rectangular, hexagonal, or octagonal shape, with a diameter less than 0.375 inch.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms) 4/..	**69	**69	**61	**61	-12
Total U.S. employment (thousand employees).....	5/	5/	5/	5/	-
U.S. shipments (thousand dollars).....	5/	5/	5/	5/	-
U.S. exports (thousand dollars).....	23,428	8,444	9,466	11,086	-53
U.S. imports (thousand dollars).....	8,040	5,545	15,354	17,144	113
U.S. consumption (thousand dollars).....	5/	5/	5/	5/	-
Import to consumption ratio (percent).....	5/	5/	5/	5/	-
Capacity utilization (nearest 10 percent).....	5/	5/	5/	5/	-

Comment: Fewer than **61 plants produced bare wire in 1986. Wire is an intermediate product in the manufacture of transmission cable, fencing, screws, and so forth. Wire is a product made to specific customer requirements on a contract basis, not generally manufactured and sold on a free market basis. When sold on the merchant market, price is the principal competitive factor between domestic and foreign sources within wire types (mechanical or electrical). Most wire is for captive consumption for the manufacture of the aforementioned items. Wire facilities are often located in proximity to rod/bar facilities due to the integral nature of their production processes. The major integrated aluminum producers have traditionally dominated the market, but several of these producers have closed or have announced plans to close electrical wire (and cable) facilities due to the low valued-added nature of the product and plans to emphasize production of higher value products.

1/ Probable effects advice for these or closely related products on the basis of the TSUS nomenclature is contained in the Digest for TSUS item No. 618.20.

2/ Other HS items included in this digest are 7605.19.00, 7605.21.00, and 7605.29.00.

3/ Advice is requested on the probable economic effect of redesignation of Venezuela as eligible under the GSP on HS items 7605.11.00 and 7605.21.00.

4/ These figures represent the number of plants.

5/ Not available.

HS item No.
7605.11.00--Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousands)				
Total.....	8,799	100	-	-
Imports from GSP countries:				
Total.....	1,106	13	100	-
Yugoslavia.....	773	9	70	-
Venezuela.....	265	3	24	-
Taiwan.....	59	1	5	1/
Korea.....	3	1/	1/	1/
Argentina.....	-	0	0	0
Brazil.....	-	0	0	0

Note.—The countries shown in the table include the top four GSP suppliers in 1986 and any additional countries proposed for "graduation" or "waiver."

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Venezuela for all digest products

Ranking as a U.S. import supplier, 1986..... 7

Price sensitivity:

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 ____

Price sensitivity of import supply..... High X Moderate ____ Low ____

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No ____

Price sensitivity of U.S. demand..... 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: Information collected in the course of the USITC's countervailing and antidumping investigations on electrical conductor rod from Venezuela indicate that Venezuela plans wire and rod capacity expansions of 60,000 metric tons per year by Sural to be completed in 3 years. [* * *.]

1/ Less than 0.5 percent.

HS item No.
7605.11.00-Con.

Competitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1986..... 13

Price sensitivity:

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 ____
Price sensitivity of import supply..... High X Moderate ____ Low ____
Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No ____
Price sensitivity of U.S. demand..... High X Moderate ____ Low ____

Price level compared with:

U.S. products..... Above ____ Equivalent X Below ____
Other foreign products..... Above ____ Equivalent X Below ____

Quality compared with:

U.S. products..... Above ____ Equivalent X Below ____
Other foreign products..... Above ____ Equivalent X Below ____

Competitiveness of Argentina for all digest products

Ranking as a U.S. import supplier, 1986..... -

Price sensitivity:

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 ____
Price sensitivity of import supply..... High X Moderate ____ Low ____
Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No ____
Price sensitivity of U.S. demand..... 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: Three Argentine wire producers account for about 49 percent of wire and cable capacity. There were no imports of aluminum wire from Argentina in 1986.

HS item No.
7605.11.00—Con.

Competitiveness of Brazil for all digest products

Ranking as a U.S. import supplier, 1986..... -

Price sensitivity:

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 ____
Price sensitivity of import supply..... High X Moderate ____ Low ____
Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No ____
Price sensitivity of U.S. demand..... 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: There were no imports of aluminum wire from Brazil in 1986. The three principal Brazilian producers of wire accounted for 57 percent of wire and cable capacity.

Competitiveness of Korea for all digest products

Ranking as a U.S. import supplier, 1986..... -

Price sensitivity:

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 ____
Price sensitivity of import supply..... High X Moderate ____ Low ____
Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No ____
Price sensitivity of U.S. demand..... 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: There were no imports of aluminum wire from Brazil in 1986. The three principal Brazilian producers of wire accounted for 57 percent of wire and cable capacity.

HS item No.
7605.11.00--Con.

V. Position of interested parties

Petitioner.--Southwire Company (Carrollton, GA) included aluminum wire in the petition to prevent any diversion of aluminum rod production to wire production if GSP treatment was withdrawn from those countries being considered for graduation.

Opposition.--Camara Argentina de la Industria del Alumino y Metales Afines, an Argentine association including producers of aluminum wire, states that the U.S. aluminum wire industry is not adversely affected by GSP imports from Argentina (of which there were none in 1986) and that the Argentine industry would be adversely impacted by the loss of GSP benefits through graduation.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

HS number: 76051100

13

HS item No.
7605.11.00--Con.

Product: Aluminum wire, not alloyed

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Venez.....	2,272	458	2,728	2,822
U King.....	2	39	116	253
Argent.....		50	114	184
Yugoslvs.....	221	202	175	104
Belgium.....	42	74	130	102
Italy.....	59	58	52	39
France.....	36	12	53	33
Brazil.....		28	88	27
Japan.....	6	6	75	21
Canada.....		2	10	12
Spain.....			20	10
FR Germ.....	8	60	22	5
Taiwan.....			10	5
Antigua.....				1
All other total..	12	4	18	1
Total.....	2,662	999	3,616	3,626
GSP total....	2,493	739	3,127	3,146
Percent				
Venez.....	85.3	45.9	75.5	77.8
U King.....	0.1	4.0	3.2	7.0
Argent.....	0.0	5.0	3.2	5.1
Yugoslvs.....	8.3	20.2	4.8	2.9
Belgium.....	1.6	7.4	3.6	2.8
Italy.....	2.2	5.9	1.4	1.1
France.....	1.4	1.3	1.5	0.9
Brazil.....	0.0	2.8	2.4	0.7
Japan.....	0.2	0.7	2.1	0.6
Canada.....	0.0	0.3	0.3	0.3
Spain.....	0.0	0.0	0.6	0.3
FR Germ.....	0.3	6.1	0.6	0.2
Taiwan.....	0.0	0.0	0.3	0.2
All other total..	0.5	0.4	0.5	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	93.7	74.0	86.5	86.8

Source: Estimated from official statistics of the U.S. Department of Commerce

Product: Aluminum wire, not alloyed

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	48	428	559	999
U King.....	3	86	256	548
Yugosl.	59	24	102	195
FR Germ.....	21	63	60	131
Japan.....	515	181	109	125
Venez.....			440	68
France.....	10	60	192	66
Belgium.....		8	80	53
Israel.....			9	37
Taiwan.....		1		14
Italy.....			2	8
Spain.....			3	1
Kor.Rep.....			3	
Hg Kong.....		1		
All other total..	10	3	148	1
Total.....	671	860	1,968	2,254
GSP total....	70	26	692	319
Percent				
Canada.....	7.3	49.7	28.4	44.3
U King.....	0.5	10.1	13.0	24.3
Yugosl.	8.9	2.8	5.2	8.7
FR Germ.....	3.3	7.4	3.1	5.8
Japan.....	76.8	21.1	5.5	5.6
Venez.....	0.0	0.0	22.3	3.1
France.....	1.6	7.1	9.8	3.0
Belgium.....	0.0	1.0	4.1	2.4
Israel.....	0.0	0.0	0.5	1.7
Taiwan.....	0.1	0.2	0.0	0.7
Italy.....	0.0	0.0	0.1	0.4
Spain.....	0.0	0.0	0.2	0.0
Kor.Rep.....	0.0	0.0	0.2	0.0
Hg Kong.....	0.0	0.1	0.0	0.0
All other total..	1.6	0.5	7.5	0.1
Total.....	100.0	100.0	100.0	100.0
GSP total....	10.5	3.1	35.2	14.2

Source: Estimated from official statistics of the U.S. Department of Commerce

HS number: 76052100

15

HS item No.
7605.11.00--Con.

Product: Wire of aluminum alloys.

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Venez.....	2,272	458	2,728	2,822
U King.....	2	39	116	253
Argent.....		50	114	184
Yugosl.....	221	202	175	104
Belgium.....	42	74	130	102
Italy.....	59	58	52	39
France.....	36	12	53	33
Brazil.....		28	88	27
Japan.....	6	6	75	21
Canada.....		2	10	12
Spain.....			20	10
FR Germ.....	8	60	22	5
Taiwan.....			10	5
Antigua.....				1
All other total..	12	4	18	1
Total.....	2,662	999	3,616	3,626
GSP total....	2,493	739	3,127	3,146
Percent				
Venez.....	85.3	45.9	75.5	77.8
U King.....	0.1	4.0	3.2	7.0
Argent.....	0.0	5.0	3.2	5.1
Yugosl.....	8.3	20.2	4.8	2.9
Belgium.....	1.6	7.4	3.6	2.8
Italy.....	2.2	5.9	1.4	1.1
France.....	1.4	1.3	1.5	0.9
Brazil.....	0.0	2.8	2.4	0.7
Japan.....	0.2	0.7	2.1	0.6
Canada.....	0.0	0.3	0.3	0.3
Spain.....	0.0	0.0	0.6	0.3
FR Germ.....	0.3	6.1	0.6	0.2
Taiwan.....	0.0	0.0	0.3	0.2
All other total..	0.5	0.4	0.5	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	93.7	74.0	86.5	86.8

Source: Estimated from official statistics of the U.S. Department of Commerce

Product: Wire of aluminum alloys.

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	146	1,286	1,678	3,015
U King.....	9	282	792	1,691
Israel.....			176	711
Yugosl.	179	72	306	619
FR Germ.....	69	235	188	483
Japan.....	1,575	576	359	402
Venez.....			1,320	249
France.....	31	182	613	208
Belgium.....		32	242	160
Taiwan.....	1	3		44
Italy.....			6	28
Spain.....			9	8
Hg Kong.....		3	1	8
Kor.Rep.....			10	2
All other total..	33	12	450	5
Total.....	2,045	2,687	6,154	7,638
GSP total....	212	79	2,230	1,637
Percent				
Canada.....	7.1	47.9	27.3	39.5
U King.....	0.5	10.5	12.9	22.1
Israel.....	0.0	0.0	2.9	9.3
Yugosl.	8.8	2.7	5.0	8.1
FR Germ.....	3.4	8.8	3.1	6.3
Japan.....	77.0	21.5	5.8	5.3
Venez.....	0.0	0.0	21.4	3.3
France.....	1.6	6.8	10.0	2.7
Belgium.....	0.0	1.2	3.9	2.1
Taiwan.....	0.1	0.1	0.0	0.6
Italy.....	0.0	0.0	0.1	0.4
Spain.....	0.0	0.0	0.2	0.1
Hg Kong.....	0.0	0.1	0.0	0.1
Kor.Rep.....	0.0	0.0	0.2	0.0
All other total..	1.6	0.5	7.3	0.1
Total.....	100.0	100.0	100.0	100.0
GSP total....	10.4	3.0	36.2	21.4

Source: Estimated from official statistics of the U.S. Department of Commerce

HS number: 76051100

17

HS item No.

7605.11.00--Con.

Product: Aluminum wire, not alloyed.

U.S. exports of domestic merchandise, by principal markets 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Quantity (kilograms)				
Canada.....	1,574,015	879,814	929,640	1,184,632
Mexico.....	2,767,204	167,861	568,750	590,507
Haiti.....	2,447	48,630	32,930	289,169
Iran.....				201,079
FR Germ.....	135,342	59,650	29,502	80,372
Kor Rep.....	286,747	15,235	227,513	58,725
Taiwan	136,466	30,968	12,409	47,462
Argent.....	18,030	1,672	27,827	46,327
Hondura.....	3,262	7,154	12,421	42,647
U.King.....	157,446	37,403	32,282	42,469
Cocos.I.....	69,381	21,298	27,158	40,030
Panama.....	8,531	3,107	52,336	38,915
Nethlds.....	97,296	31,827	20,800	38,702
Ecuador.....	29,668	51,302	45,426	37,380
All other total..	4,546,031	1,408,189	1,322,723	471,604
Total.....	9,831,866	2,764,110	3,341,717	3,210,020
GSP total....	6,216,120	857,581	1,530,812	1,522,463

Percent				
Canada.....	16.0	31.8	27.8	36.9
Mexico.....	28.1	6.1	17.0	18.4
Haiti.....	0.0	1.8	1.0	9.0
Iran.....	0.0	0.0	0.0	6.3
FR Germ.....	1.4	2.2	0.9	2.5
Kor Rep.....	2.9	0.6	6.8	1.8
Taiwan	1.4	1.1	0.4	1.5
Argent.....	0.2	0.1	0.8	1.4
Hondura.....	0.0	0.3	0.4	1.3
U.King.....	1.6	1.4	1.0	1.3
Cocos.I.....	0.7	0.8	0.8	1.2
Panama.....	0.1	0.1	1.6	1.2
Nethlds.....	1.0	1.2	0.6	1.2
Ecuador.....	0.3	1.9	1.4	1.2
All other total..	46.2	50.9	39.6	14.7
Total.....	100.0	100.0	100.0	100.0
GSP total....	63.2	31.0	45.8	47.4

Source: Estimated from official statistics of the U.S. Department of Commerce

HS number: 76051100

HS item No.
7605.11.00--Con.

Product: Aluminum wire, not alloyed

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	2,116	1,156	1,069	1,751
Mexico.....	2,938	230	837	967
Haiti.....	5	62	36	273
U King.....	289	105	62	193
Nethlds.....	90	146	142	171
FR Germ.....	183	77	91	150
Hg Kong.....	120	230	155	143
Iran.....				142
Argent.....	38	7	56	134
Phil R.....	253	141	48	128
Kor Rep.....	254	31	69	123
Malaysa.....	68	16	90	112
Venez.....	270	40	109	93
Cocos I.....	136	54	55	90
All other total..	4,948	1,921	1,907	1,067
Total.....	11,714	4,222	4,733	5,543
GSP total....	7,023	1,578	2,479	2,781
Percent				
Canada.....	18.1	27.4	22.6	31.6
Mexico.....	25.1	5.5	17.7	17.5
Haiti.....	0.0	1.5	0.8	4.9
U King.....	2.5	2.5	1.3	3.5
Nethlds.....	0.8	3.5	3.0	3.1
FR Germ.....	1.6	1.8	1.9	2.7
Hg Kong.....	1.0	5.5	3.3	2.6
Iran.....	0.0	0.0	0.0	2.6
Argent.....	0.3	0.2	1.2	2.4
Phil R.....	2.2	3.4	1.0	2.3
Kor Rep.....	2.2	0.7	1.5	2.2
Malaysa.....	0.6	0.4	1.9	2.0
Venez.....	2.3	1.0	2.3	1.7
Cocos I.....	1.2	1.3	1.2	1.6
All other total..	42.2	45.5	40.3	19.3
Total.....	100.0	100.0	100.0	100.0
GSP total....	60.0	37.4	52.4	50.2

Source: Compiled from official statistics of the U.S. Department of Commerce

Product: Wire of aluminum alloys

U.S. exports of domestic merchandise, by principal markets 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Quantity (kilograms)				
Canada.....	1,574,015	879,814	929,640	1,184,632
Mexico.....	2,767,204	167,861	568,750	590,507
Haiti.....	2,447	48,630	32,930	289,169
Iran.....				201,079
FR Germ.....	135,342	59,650	29,502	80,372
Kor Rep.....	286,747	15,235	227,513	58,725
Taiwan	136,466	30,968	12,409	47,462
Argent.....	18,030	1,672	27,827	46,327
Hondura.....	3,262	7,154	12,421	42,647
U.King.....	157,446	37,403	32,282	42,469
Cocos.I.....	69,381	21,298	27,158	40,030
Panama.....	8,531	3,107	52,336	38,915
Nethlds.....	97,296	31,827	20,800	38,702
Ecuador.....	29,668	51,302	45,426	37,380
All other total..	4,546,031	1,408,189	1,322,723	471,604
Total.....	9,831,866	2,764,110	3,341,717	3,210,020
GSP total....	6,216,120	857,581	1,530,812	1,522,463

Percent				
Canada.....	16.0	31.8	27.8	36.9
Mexico.....	28.1	6.1	17.0	18.4
Haiti.....	0.0	1.8	1.0	9.0
Iran.....	0.0	0.0	0.0	6.3
FR Germ.....	1.4	2.2	0.9	2.5
Kor Rep.....	2.9	0.6	6.8	1.8
Taiwan	1.4	1.1	0.4	1.5
Argent.....	0.2	0.1	0.8	1.4
Hondura.....	0.0	0.3	0.4	1.3
U.King.....	1.6	1.4	1.0	1.3
Cocos.I.....	0.7	0.8	0.8	1.2
Panama.....	0.1	0.1	1.6	1.2
Nethlds.....	1.0	1.2	0.6	1.2
Ecuador.....	0.3	1.9	1.4	1.2
All other total..	46.2	50.9	39.6	14.7
Total.....	100.0	100.0	100.0	100.0
GSP total....	63.2	31.0	45.8	47.4

Source: Estimated from official statistics of the U.S. Department of Commerce

Product: Wire of aluminum alloys

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	2,116	1,156	1,069	1,751
Mexico.....	2,938	230	837	967
Haiti.....	5	62	36	273
U King.....	289	105	62	193
Nethlds.....	90	146	142	171
FR Germ.....	183	77	91	150
Hg Kong.....	120	230	155	143
Iran.....				142
Argent.....	38	7	56	134
Phil R.....	253	141	48	128
Kor Rep.....	254	31	69	123
Malaysa.....	68	16	90	112
Venez.....	270	40	109	93
Cocos I.....	136	54	55	90
All other total..	4,948	1,921	1,907	1,067
Total.....	11,714	4,222	4,733	5,543
GSP total....	7,023	1,578	2,479	2,781
Percent				
Canada.....	18.1	27.4	22.6	31.6
Mexico.....	25.1	5.5	17.7	17.5
Haiti.....	0.0	1.5	0.8	4.9
U King.....	2.5	2.5	1.3	3.5
Nethlds.....	0.8	3.5	3.0	3.1
FR Germ.....	1.6	1.8	1.9	2.7
Hg Kong.....	1.0	5.5	3.3	2.6
Iran.....	0.0	0.0	0.0	2.6
Argent.....	0.3	0.2	1.2	2.4
Phil R.....	2.2	3.4	1.0	2.3
Kor Rep.....	2.2	0.7	1.5	2.2
Malaysa.....	0.6	0.4	1.9	2.0
Venez.....	2.3	1.0	2.3	1.7
Cocos I.....	1.2	1.3	1.2	1.6
All other total..	42.2	45.5	40.3	19.3
Total.....	100.0	100.0	100.0	100.0
GSP total....	60.0	37.4	52.4	50.2

Source: Compiled from official statistics of the U.S. Department of Commerce

Uninsulated Stranded Aluminum Wire with Steel or Non-Steel Core

I. Introduction

Col. 1 rate of duty: 4.9% (7614.10.50); 5.7% (7614.90.50)

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: X (Countries— Argentina, Brazil, Venezuela)

Competitive-need-limit waiver _____

Non-eligible GSP countries: None.

Current competitive-need-limit waivers: None.

Current "sufficiently competitive" designation: None.

U.S. production on Jan. 3, 1985? Yes X No _____.

Description and uses: The wires and cables included in this digest, classified in SIC 3355, Aluminum Rolling and Drawing, N.E.C., are used for electrical transmission purposes. Wires are stranded around a core wire (generally of steel or aluminum) to manufacture cable. The wire/cable is manufactured to certain specifications for corrosion resistance, strength-to-weight ratios, and sag characteristics, for example. The cables covered by this digest are fitted with fittings or made up into articles.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	**8	**8	**8	**8	0
Total U.S. employment (thousand employees).....	<u>3/</u>	<u>3/</u>	<u>3/</u>	<u>3/</u>	-
U.S. shipments (thousand dollars).....	<u>4/</u>	<u>4/</u>	<u>4/</u>	<u>4/</u>	-
U.S. exports (thousand dollars).....	39,688	20,622	4,826	3,169	-92
U.S. imports (thousand dollars).....	1,024	2,767	5,477	6,412	526
U.S. consumption (thousand dollars).....	<u>4/</u>	<u>4/</u>	<u>4/</u>	<u>4/</u>	-
Import to consumption ratio (percent).....	<u>4/</u>	<u>4/</u>	<u>4/</u>	<u>4/</u>	-
Capacity utilization (nearest 10 percent).....	<u>4/</u>	<u>4/</u>	<u>4/</u>	<u>4/</u>	-

Comment: Fewer than **8 firms manufacture stranded aluminum wire and cable with fittings, believed to be a small portion of the overall cable market since most cable is delivered on reels (covered in the Digest for TSUS item 688.20). The U.S. market for these products has experienced a level of maturity resulting from the nearly complete electrification of this country. A major market segment is now replacement wire and cable, made to utilities' and other electricity users' specifications, with price the most significant competitive factor between domestic and foreign sources once specifications have been met. The industry is believed to be dominated by several major integrated aluminum producers; however, several of these firms have closed or indicated intentions to close or sell their electrical product plants (which includes cable) due to low product prices compared to production costs.

1/ Probable effects advice for these or closely related products on the basis of the TSUS nomenclature is contained in the Digest for TSUS item No. 688.20.

2/ The other item included in this digest is 7614.90.50.

3/ Less than 500.

4/ Not available.

HS item No.
7614.10.50—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousands)				
Total.....	6,412	100	-	-
Imports from GSP countries:				
Total.....	3,385	53	100	-
Venezuela.....	1,954	30	58	-
Korea.....	685	11	20	1/
Taiwan.....	310	5	9	1/
Singapore.....	153	2	5	1/
Brazil.....	129	2	4	1/
Argentina.....	12	1/	1/	1/

1/ Less than 0.5 percent.

Note.—The countries shown in the table include the top four GSP suppliers in 1986 and any additional countries proposed for "graduation" or "waiver."

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Venezuela for all digest products

Ranking as a U.S. import supplier, 1986..... 1

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... 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: [* * *]

HS item No.
7614.10.50—Con.

Competitiveness of Argentina for all digest products

Ranking as a U.S. import supplier, 1986..... -

Price sensitivity:

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 ____

Price sensitivity of import supply..... High X Moderate ____ Low ____

Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No ____

Price sensitivity of U.S. demand..... 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: Three wire and cable manufacturers account for nearly 50 percent of Argentine production capacity.

Competitiveness of Brazil for all digest products

Ranking as a U.S. import supplier, 1986..... **12

Price sensitivity:

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 ____

Price sensitivity of import supply..... High X Moderate ____ Low ____

Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No ____

Price sensitivity of U.S. demand..... 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: Three Brazilian firms, one in joint ownership with a U.S. firm, account for 57 percent of Brazilian wire and cable production capacity.

HS item No.
7614.10.50—Con.

V. Position of interested parties

Petitioner.—Southwire Company (Carrollton, GA) seeks graduation of these countries from GSP for stranded aluminum wire and cable, citing Argentina and Brazil's rapid development as aluminum cable and wire exporters, and Venezuela's current status as a principal wire/cable producer and primary U.S. import source.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

Product: Stranded wire, cables and the like

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Venez.....			656	1,466
Kor.Rep.....			319	410
Spain.....			555	352
U King.....	15	14		213
Japan.....	1	107	168	211
Brazil.....			269	86
Belgium.....				73
FR Germ.....	1	172	93	22
Norway.....				19
Taiwan.....		12	16	18
Canada.....	10	615	313	9
Switzld.....			9	3
Italy.....			8	3
Singapr.....				1
All other total..	4	319	255	2
Total.....	33	1,243	2,666	2,894
GSP total....		322	1,334	1,983

Percent				
Venez.....	0.0	0.0	24.6	50.7
Kor.Rep.....	0.0	0.0	12.0	14.2
Spain.....	0.0	0.0	20.8	12.2
U King.....	46.6	1.2	0.0	7.4
Japan.....	4.6	8.7	6.3	7.3
Brazil.....	0.0	0.0	10.1	3.0
Belgium.....	0.0	0.0	0.0	2.5
FR Germ.....	3.2	13.9	3.5	0.8
Norway.....	0.0	0.0	0.0	0.7
Taiwan.....	0.0	1.0	0.6	0.6
Canada.....	32.8	49.5	11.7	0.3
Switzld.....	0.0	0.0	0.3	0.1
Italy.....	0.6	0.1	0.3	0.1
All other total..	12.2	25.7	9.6	0.1
Total.....	100.0	100.0	100.0	100.0
GSP total....	0.6	25.9	50.1	68.5

Source: Estimated from official statistics of the U.S. Department of Commerce

Product: Stranded wire, cables and the like

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Japan.....	263	290	747	511
Venez.....	2		218	489
Italy.....	21	17	101	452
Canada.....	193	438	386	360
FR Germ.....	188	193	242	338
Taiwan.....	125	83	265	292
Kor.Rep.....	6	12	172	275
Singapr.....	64	15	157	152
Spain.....			187	130
U King.....	51	290	35	103
Belgium.....	1		1	53
Peru.....			4	53
France.....	12	10	42	45
Brazil.....	15	18	103	43
All other total..	45	151	145	217
Total.....	991	1,524	2,811	3,518
GSP total....	226	251	972	1,402
Percent				
Japan.....	26.6	19.1	26.6	14.5
Venez.....	0.2	0.0	7.8	13.9
Italy.....	2.1	1.1	3.6	12.9
Canada.....	19.6	28.7	13.7	10.2
FR Germ.....	19.0	12.7	8.6	9.6
Taiwan.....	12.7	5.5	9.4	8.3
Kor.Rep.....	0.6	0.8	6.1	7.8
Singapr.....	6.5	1.0	5.6	4.3
Spain.....	0.0	0.0	6.7	3.7
U King.....	5.2	19.1	1.2	2.9
Belgium.....	0.1	0.1	0.1	1.5
Peru.....	0.0	0.0	0.2	1.5
France.....	1.2	0.7	1.5	1.3
Brazil.....	1.5	1.2	3.7	1.2
All other total..	4.6	10.0	5.2	6.2
Total.....	100.0	100.0	100.0	100.0
GSP total....	22.9	16.5	34.6	39.9

Source: Estimated from official statistics of the U.S. Department of Commerce

HS number: 76141050

11

HS item No.
7614.10.50--Con.

Product: Stranded wire, cables and the like

U.S. exports of domestic merchandise, by principal markets 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Quantity (kilograms)				
Canada.....	52,890	328,105	72,586	125,244
Mexico.....	1,130,089	2,092	13,323	24,906
Turk Is.....		280		17,526
Kor Rep.....		948	21,902	16,176
Surinam.....	13,384	9,076	6,088	6,242
Jamaica.....	133,512	4,951	9,625	5,648
Haiti.....		65,686	834	4,447
Salvadr.....				3,571
France.....	8,278	1,867	10,336	2,786
Oman.....				2,599
Panama.....	968	1,123		2,438
Liberia.....	31,558	21,384		2,400
Colomb.....	666,367			2,343
Ghana.....	274		100	1,508
All other total..	12,027,510	6,733,466	1,005,909	9,961
Total.....	14,064,829	7,168,977	1,140,703	227,795
GSP total....	5,512,834	3,116,118	91,931	97,575
Percent				
Canada.....	0.4	4.6	6.4	55.0
Mexico.....	8.0	0.0	1.2	10.9
Turk Is.....	0.0	0.0	0.0	7.7
Kor Rep.....	0.0	0.0	1.9	7.1
Surinam.....	0.1	0.1	0.5	2.7
Jamaica.....	0.9	0.1	0.8	2.5
Haiti.....	0.0	0.9	0.1	2.0
Salvadr.....	0.0	0.0	0.0	1.6
France.....	0.1	0.0	0.9	1.2
Oman.....	0.0	0.0	0.0	1.1
Panama.....	0.0	0.0	0.0	1.1
Liberia.....	0.2	0.3	0.0	1.1
Colomb.....	4.7	0.0	0.0	1.0
Ghana.....	0.0	0.0	0.0	0.7
All other total..	85.5	93.9	88.2	4.4
Total.....	100.0	100.0	100.0	100.0
GSP total....	39.2	43.5	8.1	42.8

Source: Estimated from official statistics of the U.S. Department of Commerce

HS number: 76141050

HS item No.
7614.1050--Con.

Product: Stranded wire, cables and the like

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	64	495	113	190
Mexico.....	1,035	5	32	53
Kor Rep.....		2	37	34
Turk Is.....				21
Oman.....				12
Surinam.....	13	21	9	8
Jamaica.....	165	11	9	7
Haiti.....		74	1	6
Norway.....	1			6
B Virgn.....		1	4	5
France.....	11	2	16	4
Colomb.....	685			4
Salvadr.....				4
India.....	22		2	3
All other total..	12,385	6,897	954	27
Total.....	14,383	7,511	1,177	387
GSP total....	5,697	2,628	149	181
Percent				
Canada.....	0.4	6.6	9.6	49.0
Mexico.....	7.2	0.1	2.7	13.7
Kor Rep.....	0.0	0.0	3.1	9.0
Turk Is.....	0.0	0.0	0.0	5.4
Oman.....	0.0	0.0	0.0	3.2
Surinam.....	0.1	0.3	0.8	2.0
Jamaica.....	1.1	0.2	0.8	1.8
Haiti.....	0.0	1.0	0.1	1.8
Norway.....	0.0	0.0	0.0	1.6
B Virgn.....	0.0	0.0	0.4	1.3
France.....	0.1	0.0	1.3	1.3
Colomb.....	4.8	0.0	0.0	1.1
Salvadr.....	0.0	0.0	0.0	1.0
India.....	0.2	0.0	0.2	1.0
All other total..	86.1	91.8	81.0	6.9
Total.....	100.0	100.0	100.0	100.0
GSP total....	39.6	35.0	12.7	46.7

Source: Compiled from official statistics of the U.S. Department of Commerce

Product: Stranded wire, cables and the like

U.S. exports of domestic merchandise, by principal markets 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Quantity (kilograms)				
Canada.....	380,923	595,960	318,170	424,057
Singapr.....	3,160	5,780	44,272	174,034
Mexico.....	1,779,358	34,588	49,900	101,918
Japan.....	46,510	22,305	24,140	69,402
C Rica.....	1,125		31,574	58,747
Kor Rep.....	6,166	4,017	33,607	38,108
U.King.....	19,830	15,184	6,724	35,497
Turk Is.....		736		26,290
Guyana.....		14,634	3,252	22,852
Italy.....	5,698	5	28,818	21,628
F Guian.....	3,674	3,966	4,584	19,433
Israel.....	10,069	1,405	7,306	18,006
Austria.....	37	602		16,599
FR Germ.....	10,654	11,452	11,602	12,447
All other total..	20,106,341	10,574,988	1,810,059	127,732
Total.....	22,373,545	11,285,622	2,374,008	1,166,750
GSP total....	8,790,118	4,888,616	445,516	538,456

Percent				
Canada.....	1.7	5.3	13.4	36.3
Singapr.....	0.0	0.1	1.9	14.9
Mexico.....	8.0	0.3	2.1	8.7
Japan.....	0.2	0.2	1.0	5.9
C Rica.....	0.0	0.0	1.3	5.0
Kor Rep.....	0.0	0.0	1.4	3.3
U.King.....	0.1	0.1	0.3	3.0
Turk Is.....	0.0	0.0	0.0	2.3
Guyana.....	0.0	0.1	0.1	2.0
Italy.....	0.0	0.0	1.2	1.9
F Guian.....	0.0	0.0	0.2	1.7
Israel.....	0.0	0.0	0.3	1.5
Austria.....	0.0	0.0	0.0	1.4
FR Germ.....	0.0	0.1	0.5	1.1
All other total..	89.9	93.7	76.2	10.9
Total.....	100.0	100.0	100.0	100.0
GSP total....	39.3	43.3	18.8	46.2

Source: Estimated from official statistics of the U.S. Department of Commerce

Product: Stranded wire, cables and the like

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	846	1,229	817	991
Mexico.....	1,737	162	208	369
Japan.....	164	67	98	215
Singapr.....	20	21	42	189
FR Germ.....	50	99	55	130
U King.....	101	110	27	119
Kor Rep.....	29	16	63	111
C Rica.....	3		44	106
Cocos I.....	104	12	47	40
Guyana.....		14	10	34
Taiwan	46	27	184	33
Turk Is.....		1		31
F Guian.....	6	5	5	28
Italy.....	24	1	26	26
All other total..	22,169	11,341	2,018	354
Total.....	25,305	13,111	3,649	2,782
GSP total....	9,542	4,505	1,021	1,130
Percent				
Canada.....	3.3	9.4	22.4	35.6
Mexico.....	6.9	1.2	5.7	13.3
Japan.....	0.7	0.5	2.7	7.7
Singapr.....	0.1	0.2	1.2	6.8
FR Germ.....	0.2	0.8	1.5	4.7
U King.....	0.4	0.8	0.7	4.3
Kor Rep.....	0.1	0.1	1.7	4.0
C Rica.....	0.0	0.0	1.2	3.8
Cocos I.....	0.4	0.1	1.3	1.5
Guyana.....	0.0	0.1	0.3	1.2
Taiwan	0.2	0.2	5.1	1.2
Turk Is.....	0.0	0.0	0.0	1.1
F Guian.....	0.0	0.0	0.2	1.0
Italy.....	0.1	0.0	0.7	1.0
All other total..	87.6	86.5	55.3	12.7
Total.....	100.0	100.0	100.0	100.0
GSP total....	37.7	34.4	28.0	40.6

Source: Compiled from official statistics of the U.S. Department of Commerce

HS item No.
7616.90.00(pt.)

Aluminum Luggage Frames

I. Introduction

Col. 1 rate of duty: 5.7%

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: _____

Competitive-need-limit waiver X (Countries— Taiwan)

Non-eligible GSP countries: Taiwan

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: Aluminum luggage frames are the skeletons of luggage, providing its shape and supporting the textiles, locks, plywood, and so forth used to manufacture prices of luggage. The aluminum frame is extruded and bent to the desired shape.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	2/	2/	2/	2/	-
Total U.S. employment (thousand employees).....	2/	2/	2/	2/	-
U.S. shipments (thousand dollars).....	2/	2/	2/	2/	-
U.S. exports (thousand dollars).....	3/	3/	3/	3/	-
U.S. imports (thousand dollars).....	3/	3/	3/	3/	-
U.S. consumption (thousand dollars).....	2/	2/	2/	2/	-
Import to consumption ratio (percent).....	2/	2/	2/	2/	-
Capacity utilization (nearest 10 percent).....	2/	2/	2/	2/	-

Comment: There are believed to be fewer than 5 companies that manufacture aluminum luggage frames in addition to a wide variety of other aluminum extrusions. Such frames are manufactured to exact customer specifications, often involving extrusion of the frame by an aluminum extruder and its bending and ancillary operations completed by a different facility. [* * *] It should be noted that the decline of the U.S. luggage industry and its movement offshore has adversely impacted aluminum frame producers.

1/ Probable effects advice for these or closely related products on the basis of the TSUS nomenclature is contained in the Digest for TSUS item No. 657.40(pt.).

2/ Not available.

3/ Aggregate data for HS item 7616.90.00(pt.), miscellaneous aluminum articles, n.s.p.f., are provided in attached tables. Import and export data specific to aluminum luggage frames are not available.

HS item No.
7616.90.00(pt.)—Con.

III. GSP import situation, 1986

Aggregate data for HS item 7616.90.00(pt.), miscellaneous aluminum articles, n.s.p.f., are provided in attached tables. Import and export data specific to aluminum luggage frames are not available.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1986..... 3

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... High Moderate X Low

Price level compared with:

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

Quality compared with:

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

HS item No.
7616.90.00(pt.)—Con.

V. Position of interested parties

Petitioner.—Skyway Luggage Company (Seattle, WA) requests a waiver for Taiwan applicable to aluminum luggage frames (part of item 7616.90.00) to obtain the lowest possible cost for the frames to remain competitive in the U.S. luggage market. The company alleges that [* * *.]

[Probable economic effects advice deleted]

Product: Articles of aluminum

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
FR.Germ.....	6,853	10,586	16,145	28,103
Canada.....	24,891	19,997	27,725	27,750
Taiwan.....	3,618	8,062	21,477	27,447
Mexico.....	5,354	4,125	8,444	14,883
Japan.....	13,723	3,581	8,082	9,054
U King.....	2,411	1,876	4,166	7,256
Kor.Rep.....	520	688	2,966	5,019
France.....	1,565	1,097	4,572	4,816
Brazil.....	192	999	8,116	4,488
Ireland.....	48	333	3,420	4,215
Hg Kong.....	897	897	1,110	3,239
Italy.....	1,649	2,252	2,198	2,791
Israel.....	458	633	1,432	2,309
Nethlds.....	479	718	1,287	2,073
All other total..	4,531	4,927	10,588	14,199
Total.....	67,195	60,780	121,736	157,647
GSP total....	11,388	15,806	47,229	63,294
Percent				
FR.Germ.....	10.2	17.4	13.3	17.8
Canada.....	37.0	32.9	22.8	17.6
Taiwan.....	5.4	13.3	17.6	17.4
Mexico.....	8.0	6.8	6.9	9.4
Japan.....	20.4	5.9	6.6	5.7
U King.....	3.6	3.1	3.4	4.6
Kor.Rep.....	0.8	1.1	2.4	3.2
France.....	2.3	1.8	3.8	3.1
Brazil.....	0.3	1.6	6.7	2.8
Ireland.....	0.1	0.5	2.8	2.7
Hg Kong.....	1.3	1.5	0.9	2.1
Italy.....	2.5	3.7	1.8	1.8
Israel.....	0.7	1.0	1.2	1.5
Nethlds.....	0.7	1.2	1.1	1.3
All other total..	6.7	8.1	8.7	9.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	16.9	26.0	38.8	40.1

Source: Estimated from official statistics of the U.S. Department of Commerce

Product: Articles of aluminum.

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	108,620	119,007	145,652	127,201
Mexico.....	26,809	28,034	18,463	19,456
U King.....	17,470	11,040	13,653	13,657
FR Germ.....	6,871	9,188	10,162	12,039
Japan.....	6,911	5,547	6,654	7,326
Kor Rep.....	2,271	3,767	3,920	6,110
Singapr.....	2,265	4,143	4,965	6,083
Cocos I.....	2,372	1,518	2,757	5,549
Belgium.....	2,039	1,875	3,189	5,167
Sweden.....	1,623	1,705	2,101	4,886
France.....	7,379	4,298	6,858	4,883
Italy.....	13,375	12,087	4,985	4,686
Israel.....	3,409	3,045	4,713	4,427
S.Arab.....	25,477	11,649	3,867	3,502
All other total..	66,356	54,793	43,245	44,022
Total.....	293,257	271,703	275,193	269,003
GSP total....	84,823	83,406	65,915	72,942
Percent				
Canada.....	37.0	43.8	52.9	47.3
Mexico.....	9.1	10.3	6.7	7.2
U King.....	6.0	4.1	5.0	5.1
FR Germ.....	2.3	3.4	3.7	4.5
Japan.....	2.4	2.0	2.4	2.7
Kor Rep.....	0.8	1.4	1.4	2.3
Singapr.....	0.8	1.5	1.8	2.3
Cocos I.....	0.8	0.6	1.0	2.1
Belgium.....	0.7	0.7	1.2	1.9
Sweden.....	0.6	0.6	0.8	1.8
France.....	2.5	1.6	2.5	1.8
Italy.....	4.6	4.4	1.8	1.7
Israel.....	1.2	1.1	1.7	1.6
S.Arab.....	8.7	4.3	1.4	1.3
All other total..	22.6	20.2	15.7	16.4
Total.....	100.0	100.0	100.0	100.0
GSP total....	28.9	30.7	24.0	27.1

Source: Compiled from official statistics of the U.S. Department of Commerce

HS item No.
8501.52.40 1/

AC Polyphase Motors, Rated at 1HP or More, but not Over 20 HP

I. Introduction

Col. 1 rate of duty: 3.7%

Type of action proposed (check one):

Addition of GSP:

Removal from GSP:

Country graduation: X (Countries— Taiwan, Korea)

Competitive-need-limit waiver

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No .

Description and uses: An AC motor is an electromechanical device which converts alternating electrical current (current which alternates from a maximum positive voltage to zero and then to an equal but opposite negative voltage) into mechanical energy. This mechanical energy, or torque, on the shaft of the motor can be used to power a variety of devices including compressors, pumps, machine tools, fans, and blowers. Polyphase motors are wound for operation on two or three phase alternating current. As standard household current is single phase, these motors are used primarily in industrial applications.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	35	33	32	31	-11
Total U.S. employment (thousand employees).....	*4.5	*3.6	*3.7	*3.6	~20
U.S. shipments (thousand dollars).....	337,200	243,100	282,800	*255,000	~24
U.S. exports (thousand dollars).....	15,664	9,643	9,854	9,237	-41
U.S. imports (thousand dollars).....	20,975	16,334	25,465	29,309	40
U.S. consumption (thousand dollars).....	342,511	249,791	298,411	*275,072	~20
Import to consumption ratio (percent).....	6	7	9	*11	-
Capacity utilization (nearest 10 percent).....	*90	*70	*60	*60	-

Comment: Four U.S. producers of these motors account for about 50 percent of U.S. production. These four firms generally produce a complete line of motors in the 1-20 horsepower range. The remaining U.S. producers tend to specialize in selected motor sizes and regions of the nationwide market. The U.S. industry has experienced a significant underutilization of capacity since 1982, when U.S. production of these motors peaked. As a result of this situation, the U.S. industry has undergone considerable consolidation in recent years. The imports of low-price motors, and products containing these motors, from low-wage rate offshore

1/ Probable effects advice for these or closely related products on the basis of the TSUSA nomenclature is contained in the Digest for TSUSA item No. 682.4130.

Comment—Continued

locations is expected to continue to exacerbate this industry condition in the near future. The three principal groups of U.S. purchasers of electric motors are electric motor manufacturers, distributors and wholesalers, and original equipment manufacturers (OEM's). U.S. motor manufacturers purchase motors from U.S. or foreign sources to fill gaps in their product lines or to eliminate motors in their production mix which are unprofitable. Manufacturers typically have these motors produced to their specifications and then sell them under their name brands. Delivery is usually the major non-price consideration in their purchase decisions. U.S. distributors/wholesalers of electric motors currently number about 12,000 firms. These firms typically stock and service several lines of domestically-or foreign-produced motors which are commonly requested by various end users for replacement, but also provide a quick and convenient source of supply to small and medium sized OEM's. Brand name loyalty is an important non-price consideration in sales to this group, but reliability and timeliness of delivery are also significant factors. The OEM market consists of over 100,000 establishments which manufacture equipment incorporating an electric motor. They include manufacturers of air conditioners, fans, blowers, pumps, machine tools, and construction and mining equipment. These users account for 50 and 60 percent of the quantity and value, respectively, of U.S. sales and are principally concerned with such non-price factors as the quality and durability of the motors that they purchase. Brand loyalty is rarely an important non-price consideration in these sales and the motor manufacturer that secures the sale are typically awarded a contract for an entire plant's requirements. Dependable delivery thus is an important factor in obtaining sales from these purchasers. Generally speaking, there are currently no discernable quality differences between motors produced in the United States and those produced in Taiwan or Korea. Most imported motors are currently sold either through the foreign producers' direct sales force or under contract to a U.S. motor manufacturer or OEM. Producers in Korea and Taiwan currently enjoy a significant cost advantage over their U.S. counterparts because of significantly lower labor costs and cost of raw materials, notably magnet wire and electrical grade steel sheet and strip.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (units)				
Total.....	342,549	100	-	*28
Imports from GSP countries:				
Total.....	208,978	61	100	*17
Taiwan.....	82,830	24	40	* 7
Mexico.....	109,474	32	52	*9
Korea.....	14,748	4	7	*1
Brazil.....	1,725	1	1	*1/
Value (thousands)				
Total.....	29,309	100	-	*11
Imports from GSP countries:				
Total.....	15,210	52	100	*6
Taiwan.....	7,984	27	52	*3
Mexico.....	5,631	19	37	*2
Korea.....	1,329	5	9	*1/
Brazil.....	253	1	2	*1/

1/ Less than 0.5 percent.

Note.—The countries shown in the table were the top four GSP suppliers in 1986.IV. Competitiveness profiles, GSP suppliersCompetitiveness of Taiwan for all digest productsRanking as a U.S. import supplier, 1986..... 1

Price sensitivity:

Can production in the country be easily expanded or
contracted in the short term?..... Yes X No Does the country have significant export
markets besides the United States?..... Yes X No Could exports from the country be readily
redistributed among its foreign export markets?..... Yes No XPrice sensitivity of import supply..... High Moderate X Low Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No Price sensitivity of U.S. demand..... High Moderate X Low

Price level compared with:

U.S. products..... Above Equivalent Below XOther foreign products..... Above Equivalent Below X

Quality compared with:

U.S. products..... Above Equivalent X Below Other foreign products..... Above Equivalent X Below

Comment: The price advantage of producers in Taiwan is offset in selected motor lines by U.S. brand loyalty, the responsiveness of U.S. product delivery, and a desire of U.S. purchasers to secure dependable alternative sources of supply.

HS item No.
8501.52.40—Con.

Competitiveness of Korea for all digest products

Ranking as a U.S. import supplier, 1986..... 6

Price sensitivity:

Can production in the country be easily expanded or
contracted in the short term?..... Yes X No

Does the country have significant export
markets besides the United States?..... Yes No X

Could exports from the country be readily
redistributed among its foreign export markets?..... Yes X No

Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

U.S. products..... Above Equivalent Below X

Other foreign products..... Above Equivalent Below X

Quality compared with:

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

Comment: U.S. imports from Korea are currently limited by constraints on Korean production capacity and by a lack of U.S. brand loyalty and marketing networks for Korean products.

V. Position of interested parties

Petitioner.—The National Electrical Manufacturers Association (NEMA) represents U.S. firms which account for approximately 75 percent of total U.S. production of AC polyphase motors rated between 1 and 20 horsepower. NEMA believes that imports from Korea and Taiwan should not be accorded duty-free GSP beneficiary status by virtue of the fact that producers in these countries have established themselves as formidable competitors in the U.S. market. NEMA argues that imports from these two sources have displayed steady and rapid growth, and that the average price of these products is approximately 25 percent below comparable domestic merchandise. NEMA also argues that production capacity in both countries is sizeable and growing. According to the association, the markets for these products in Korea and Taiwan are virtually inaccessible to U.S. producers by reason of significant foreign tariff and nontariff barriers. The association also contends that the low unit value of imports, particularly those entered since 1983, has forced U.S. manufacturers to lower their prices. This has reportedly resulted in reduced industry profitability, layoffs, and idled facilities.

Opposition.—The law firm representing Hyosung Industries Co., Ltd. (Hyosung) of Seoul, Korea, submitted a written statement on behalf of its client. Hyosung is a Korean manufacturer of AC polyphase motors. The statement argued that Korea should not be removed from GSP eligibility status as per the petitioner's (NEMA's) request because imports of the subject motors from Korea to date are minuscule. The brief further contended that imported Korean motors were not competitive with domestic products and that the Korean industry was literally in the infancy stage of its development. The statement concluded that Korea's removal from duty-free GSP beneficiary status would result in no beneficial impact on the U.S. industry.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

Product: AC motors nesi, multi-phase, of an output of from 1 to 20 HP

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Taiwan.....	1,113	1,429	4,703	6,391
Mexico.....	3,225	3,608	2,811	4,510
FR.Germ.....	1,384	764	2,479	4,332
Canada.....	615	2,928	3,130	2,751
Sweden.....	345	469	724	1,580
Kor.Rep.....		5	1,539	1,062
Japan.....	6,756	2,216	3,080	976
Poland.....	21	192	230	502
U King.....	649	293	318	363
Switzld.....	259	145	98	325
Brazil.....		256	428	203
Italy.....	44	102	274	166
Denmark.....	65	33	28	104
France.....	178	51	449	60
All other total..	2,118	569	79	121
Total.....	16,778	13,069	20,378	23,453
GSP total....	6,330	5,715	9,495	12,176
Percent				
Taiwan.....	6.6	10.9	23.1	27.3
Mexico.....	19.2	27.6	13.8	19.2
FR.Germ.....	8.2	5.9	12.2	18.5
Canada.....	3.7	22.4	15.4	11.7
Sweden.....	2.1	3.6	3.6	6.7
Kor.Rep.....	0.0	0.0	7.6	4.5
Japan.....	40.3	17.0	15.1	4.2
Poland.....	0.1	1.5	1.1	2.1
U King.....	3.9	2.2	1.6	1.6
Switzld.....	1.5	1.1	0.5	1.4
Brazil.....	0.0	2.0	2.1	0.9
Italy.....	0.3	0.8	1.3	0.7
Denmark.....	0.4	0.3	0.1	0.4
France.....	1.1	0.4	2.2	0.3
All other total..	12.6	4.4	0.4	0.5
Total.....	100.0	100.0	100.0	100.0
GSP total....	37.7	43.7	46.6	51.9

Source: Estimated from official statistics of the U.S. Department of Commerce

Product: AC motors nesi, multi-phase, of an output of from 1 to 20 HP

U.S. exports of domestic merchandise, by principal markets 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Quantity (units)				
Canada.....	142,320	103,206	76,725	74,473
Brazil.....	266	21	1,604	9,863
Mexico.....	6,398	2,083	2,697	7,215
Venez.....	14,089	4,110	11,499	5,649
U.King.....	15,771	3,843	1,973	2,446
Kuwait.....	178	576	780	1,518
S.Arab.....	7,965	2,416	2,651	1,339
Japan.....	854	583	5,283	1,338
Israel.....	8	88	363	1,051
Kor Rep.....	136	42	308	864
Switzld.....	500	1,185	74	649
FR Germ.....	1,198	400	1,374	627
Argent.....	1,549	1,270	218	519
Phil R.....	631	599	121	449
All other total..	13,594	9,842	8,674	5,333
Total.....	205,457	130,264	114,344	113,333
GSP total....	32,143	14,281	22,070	28,562

Percent				
Canada.....	69.3	79.2	67.1	65.7
Brazil.....	0.1	0.0	1.4	8.7
Mexico.....	3.1	1.6	2.4	6.4
Venez.....	6.9	3.2	10.1	5.0
U.King.....	7.7	3.0	1.7	2.2
Kuwait.....	0.1	0.4	0.7	1.3
S.Arab.....	3.9	1.9	2.3	1.2
Japan.....	0.4	0.4	4.6	1.2
Israel.....	0.0	0.1	0.3	0.9
Kor Rep.....	0.1	0.0	0.3	0.8
Switzld.....	0.2	0.9	0.1	0.6
FR Germ.....	0.6	0.3	1.2	0.6
Argent.....	0.8	1.0	0.2	0.5
Phil R.....	0.3	0.5	0.1	0.4
All other total..	6.6	7.6	7.6	4.7
Total.....	100.0	100.0	100.0	100.0
GSP total....	15.6	11.0	19.3	25.2

Source: Estimated from official statistics of the U.S. Department of Commerce

Product: AC motors nesi, multi-phase, of an output of from 1 to 20 HP

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	2,627	1,656	1,497	1,374
Brazil.....	12	1	86	377
Mexico.....	387	86	105	368
Venez.....	523	218	593	316
U King.....	707	189	116	150
Israel.....	2	19	112	142
Kor Rep.....	22	20	85	80
FR Germ.....	54	68	163	68
Phil R.....	104	118	39	59
Nethlds.....	87	7	59	46
S.Arab.....	483	100	98	44
Italy.....	27	17	6	43
Singapr.....	12	20	227	42
Kuwait.....	11	19	28	41
All other total..	1,240	1,357	723	548
Total.....	6,304	3,904	3,943	3,706
GSP total....	1,839	1,112	1,616	1,682
Percent				
Canada.....	41.7	42.4	38.0	37.1
Brazil.....	0.2	0.0	2.2	10.2
Mexico.....	6.2	2.2	2.7	9.9
Venez.....	8.3	5.6	15.1	8.5
U King.....	11.2	4.9	2.9	4.1
Israel.....	0.0	0.5	2.8	3.9
Kor Rep.....	0.4	0.5	2.2	2.2
FR Germ.....	0.9	1.7	4.2	1.8
Phil R.....	1.7	3.0	1.0	1.6
Nethlds.....	1.4	0.2	1.5	1.3
S.Arab.....	7.7	2.6	2.5	1.2
Italy.....	0.4	0.5	0.2	1.2
Singapr.....	0.2	0.5	5.8	1.1
Kuwait.....	0.2	0.5	0.7	1.1
All other total..	19.7	34.8	18.3	14.8
Total.....	100.0	100.0	100.0	100.0
GSP total....	29.2	28.5	41.0	45.4

Source: Compiled from official statistics of the U.S. Department of Commerce

AC Motors Rated at 200HP

I. Introduction

Col. 1 rate of duty: 4.2%

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: X (Countries— Taiwan, Korea)

Competitive-need-limit waiver _____

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No _____.

Description and uses: An AC motor is an electromechanical device which converts alternating electrical current (current which alternates from a maximum positive voltage to zero and then to an equal but opposite negative voltage) into mechanical energy. This mechanical energy or torque, on the shaft of the motor can be used to power a variety of devices including compressors, pumps, machine tools, fans, and blowers. Polyphase motors are wound for operation on two or three phase alternating current. As standard household current is single phase, these motors are used primarily in industrial applications.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	18	*17	*15	14	-22
Total U.S. employment (thousand employees).....	*.5	*.4	*.3	*.3	*-40
U.S. shipments (thousand dollars).....	*38,320	*24,000	*27,000	*23,000	*-40
U.S. exports (thousand dollars).....	*2,790	*1,255	*1,980	*1,220	*-56
U.S. imports (thousand dollars).....	1,698	633	1,045	1,515	-11
U.S. consumption (thousand dollars).....	*37,228	*23,378	*26,065	*23,295	*-37
Import to consumption ratio (percent).....	*5	*3	*4	*7	-
Capacity utilization (nearest 10 percent).....	*90	*70	*60	*60	-

Comment: Four U.S. producers of these motors account for slightly more than 50 percent of U.S. production. The U.S. industry has experienced a significant underutilization of capacity since 1981, when U.S. production of these motors peaked. As a result of this situation, the U.S. industry has undergone considerable consolidation in recent years. Imports of low-price motors and products in which these motors are incorporated are expected to continue to exacerbate this situation in the near future.

1/ Probable effects advice for these or closely related products on the basis of the TSUSA nomenclature is contained in the Digest for TSUSA item No. 682.5010.

Comment—Continued

The three principal groups of U.S. purchasers of electric motors are electric motor manufacturers, distributors and wholesalers, and original equipment manufacturers (OEM's). U.S. motor manufacturers purchase motors from U.S. or foreign sources to fill gaps in their product lines or to eliminate motors in their production mix which are unprofitable. Manufacturers typically have these motors produced to their specifications and then sell them under their name brands. Delivery is usually the major non-price consideration in their purchase decisions. U.S. distributors/wholesalers of electric motors currently number about 12,000 firms. These establishments typically stock and service several lines of domestically-or foreign-produced motors which are commonly requested by various end users for replacement but also provide a quick and convenient source of supply to small and medium sized OEM's. Brand name loyalty is an important non-price consideration in sales to this group, but reliability and timeliness of delivery are also significant non-price factors. The OEM market consists of over 100,000 establishments which manufacture equipment incorporating an electric motor. They include manufacturers of air conditioners, fans, blowers, pumps, machine tools, and construction and mining equipment. These users account for 50 and 60 percent of the quantity and value, respectively, of U.S. sales and are principally concerned with such non-price factors as quality and durability of the motors that they purchase. Brand loyalty is rarely an important non-price consideration in these sales and the motor manufacturer that secures the sale is typically awarded a contract for an entire plant's requirements. Dependable delivery thus is an important non-price factor in obtaining sales from these purchasers. Generally speaking, there are currently no discernable quality differences between motors produced in the United States and those produced in Taiwan or Korea. Most imported motors are currently sold either through the foreign producers' direct sales force or under contract to a U.S. motor manufacturer or OEM. Producers in Korea and Taiwan currently enjoy a significant cost advantage over their U.S. counterparts because of significantly lower labor costs and cost of raw materials, notably magnet wire and electrical grade steel sheet and strip.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (units)				
Total.....	437	100	-	1/
Imports from GSP countries:				
Total.....	190	43	100	1/
Taiwan.....	110	25	58	1/
Brazil.....	37	8	19	1/
Korea.....	37	8	19	1/
Mexico.....	4	1	2	1/
Value (thousands)				
Total.....	1,515	100	-	*7
Imports from GSP countries:				
Total.....	538	36	100	*2
Taiwan.....	301	20	56	*1
Brazil.....	124	8	23	*.5
Korea.....	86	6	16	* 2/
Mexico.....	23	2	4	* 2/

1/ Not available.

2/ Less than 0.5 percent.

Note.—The countries shown in the table were the top four GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliersCompetitiveness of Taiwan for all digest productsRanking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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 XCould exports from the country be readily
redistributed among its foreign export markets?..... Yes X No Price sensitivity of import supply..... High Moderate X Low Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

U.S. products..... Above Equivalent Below XOther foreign products..... Above Equivalent Below X

Quality compared with:

U.S. products..... Above Equivalent X Below Other foreign products..... Above Equivalent X Below

Comment: The price advantage of producers in Taiwan in this motor size is deflated by a lack of U.S. brand loyalty for their motors, the generally longer response to customer's orders, and the U.S. purchaser's desire to establish a number of sources of supply.

HS item No.
8501.53.60—Con.

Competitiveness of Korea for all digest products

Ranking as a U.S. import supplier, 1986..... 7

Price sensitivity:

Can production in the country be easily expanded or
contracted in the short term?..... Yes X No

Does the country have significant export
markets besides the United States?..... Yes No X

Could exports from the country be readily
redistributed among its foreign export markets?..... Yes X No

Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

U.S. products..... Above Equivalent Below X

Other foreign products..... Above Equivalent Below X

Quality compared with:

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

Comment: U.S. imports from Korea are currently limited by the constrained production capacities of Korea's emerging domestic industry. In addition, Korean suppliers do not have the knowledge of the U.S. market, well established supplier relationships, and base of marketing operations of their U.S. counterparts.

V. Position of interested parties

Petitioner.—The National Electrical Manufacturers Association (NEMA) represents U.S. firms which account for approximately 85 percent of total U.S. production of AC polyphase motors rated at 200 horsepower, NEMA believes that imports from Korea and Taiwan should not be accorded duty-free GSP beneficiary status by virtue of the fact that producers in these countries have established themselves as formidable competitors in the U.S. market. NEMA argues that imports from these two sources have displayed steady and rapid growth, and that the average price of these products is approximately 25 percent below comparable domestic merchandise. NEMA also argues that production capacity in both countries is sizeable and growing. According to the association, the markets for these products in Korea and Taiwan are virtually inaccessible to U.S. producers by reason of significant foreign tariff and nontariff barriers. The association also contends that the low unit value of imports, particularly those entered since 1983, has forced U.S. manufacturers to lower their prices. This has reportedly resulted in reduced industry profitability, layoffs, and idled facilities.

Opposition.—The law firm representing Hyosung Industries Co., Ltd. (Hyosung) of Seoul, Korea, submitted a written statement on behalf of its client. Hyosung is a Korean manufacturer of AC polyphase motors. The statement argued that Korea should not be removed from GSP eligibility status as per the petitioner's (NEMA) request because imports of the subject motors from Korea to date were minuscule. The brief further contended that imported Korean motors were not competitive with domestic products and that the Korean industry was literally in the infancy stage of development. The statement concluded that Korea's removal from duty-free GSP beneficiary status would result in no beneficial impact on the U.S. industry.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

HS number: 85015360

Product: AC motors, nesi, multi-phase, 149.2 kW output

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....			127	406
Taiwan.....			253	301
Japan.....			336	300
U King.....			132	132
Brazil.....			159	124
Italy.....				103
Kor.Rep.....				86
Mexico.....				23
FR.Germ.....			34	20
Poland.....				12
France.....			1	2
Romania.....				2
All other total..				
Total.....			1,046	1,518
GSP total....			413	538
Percent				
Canada.....	0.0	0.0	12.2	26.8
Taiwan.....	0.0	0.0	24.3	19.9
Japan.....	0.0	0.0	32.2	19.8
U King.....	0.0	0.0	12.6	8.7
Brazil.....	0.0	0.0	15.3	8.2
Italy.....	0.0	0.0	0.0	6.8
Kor.Rep.....	0.0	0.0	0.0	5.7
Mexico.....	0.0	0.0	0.0	1.6
FR.Germ.....	0.0	0.0	3.3	1.4
Poland.....	0.0	0.0	0.0	0.9
France.....	0.0	0.0	0.1	0.2
Romania.....	0.0	0.0	0.0	0.2
All other total..	0.0	0.0	0.0	0.0
Total.....	0.0	0.0	100.0	100.0
GSP total....	0.0	0.0	39.5	35.5

Source: Estimated from official statistics of the U.S. Department of Commerce

AC Motors, Rated Over 200HP, but not Over 500 HP

I. Introduction

Col. 1 rate of duty: 4.2%

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: X (Countries— Taiwan, Korea)

Competitive-need-limit waiver _____

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: An AC motor is an electromechanical device which converts alternating electrical current (current which alternates from a maximum positive voltage to zero and then to an equal but opposite negative voltage) into mechanical energy. This mechanical energy, or torque, on the shaft of the motor can be used to power a variety of devices including compressors, pumps, machine tools, fans, and blowers. Polyphase motors are wound for operation on two or three phase alternating current. As standard household current is single phase, these motors are used primarily in industrial applications.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	15	15	11	10	-33
Total U.S. employment (thousand employees).....	*.9	*.8	*.7	*.6	*-33
U.S. shipments (thousand dollars).....	99,988	68,490	61,239	*46,500	-*53
U.S. exports (thousand dollars).....	7,638	4,045	3,610	3,512	-54
U.S. imports (thousand dollars).....	4,329	2,190	4,301	4,307	-.5
U.S. consumption (thousand dollars).....	96,679	66,635	61,930	*47,295	-*51
Import to consumption ratio (percent).....	4	3	7	9	-
Capacity utilization (nearest 10 percent).....	*90	*70	*60	*60	-

Comment: Four U.S. producers of these motors account for about 50 percent of U.S. production. These four firms generally produce a complete line of motors in the 201-500 horsepower range. The remaining U.S. producers tend to specialize in selected motor sizes and regions of the nationwide market. The U.S. industry has experienced a significant underutilization of capacity since 1982, when U.S. production of these motors peaked. As a result of this situation, the U.S. industry has undergone considerable consolidation in recent years. The imports of low-price motors from low-wage rate offshore locations is expected to continue to exacerbate this industry condition in the near future. The three principal groups of U.S. purchasers of electric motors are electric motor manufacturers, distributors and wholesalers, and original equipment manufacturers (OEM's). U.S. motor manufacturers purchase

Comment—Continued

motors from U.S. or foreign sources to fill gaps in their product lines or to eliminate motors in their production mix which are unprofitable. Manufacturers typically have these motors produced to their specifications and then sell them under their own name brands. Delivery is the major non-price consideration in their purchase decisions. U.S. distributors/wholesalers of electric motors currently number about 12,000 firms. These establishments typically stock and service several lines of domestically—or foreign-produced motors which are commonly requested by various end users for replacement but they also provide a quick and convenient source of supply to small and medium sized OEM's. Brand name loyalty is an important non-price consideration in sales to this group, but reliability and timeliness of delivery are also significant non-price factors. The OEM market consists of over 100,000 establishments which manufacture equipment incorporating an electric motor. They include manufacturers of air conditioners, fans, blowers, pumps, machine tools, and construction and mining equipment. These users account for 50 and 60 percent of the quantity and value, respectively, of U.S. sales and are principally concerned with such non-price factors as the quality and durability of the motors that they purchase. Brand loyalty is rarely an important non-price consideration in these sales and the motor manufacturer which secures the sale is typically awarded a contract for an entire plant's requirements. Dependable delivery thus is an important non-price factor in obtaining sales from these purchasers. Generally speaking, there are currently no discernable quality differences between motors produced in the United States and those produced in Taiwan or Korea. Most imported motors are currently sold either through the foreign producers' direct sales force or under contract to a U.S. motor manufacturer or OEM. Producers in Korea and Taiwan currently enjoy a significant cost advantage over their U.S. counterparts because of significantly lower labor costs and cost of raw materials, notably magnet wire and electrical grade steel sheet and strip.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (units)				
Total.....	470	100	—	*10
Imports from GSP countries:				
Total.....	181	39	100	*4
Taiwan.....	138	29	76	*3
Brazil.....	25	5	14	*.5
Korea.....	15	3	8	1/
Mexico.....	3	1	2	1/
Value (thousands)				
Total.....	4,307	100	—	*9
Imports from GSP countries:				
Total.....	875	20	100	*2
Taiwan.....	650	15	74	*1
Brazil.....	171	4	20	*1/
Korea.....	41	1	5	*1/
Mexico.....	12	—	1	*1/

1/ Less than 0.5 percent.

Note.—The countries shown in the table were the top four GSP suppliers in 1986.

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IV. Competitiveness profiles, GSP suppliers

Competitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1986..... 3

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

U.S. products..... Above Equivalent Below X

Other foreign products..... Above Equivalent Below X

Quality compared with:

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

Comment: U.S. consumers are willing to pay higher prices for U.S.-produced motors because of U.S. brand loyalty, the dependability and timeliness of U.S. suppliers' deliveries, and because of long established relationships with U.S. suppliers .

Competitiveness of Korea for all digest products

Ranking as a U.S. import supplier, 1986..... 7

Price sensitivity:

Can production in the country be easily expanded or
contracted in the short term?..... Yes X No

Does the country have significant export
markets besides the United States?..... Yes No X

Could exports from the country be readily
redistributed among its foreign export markets?..... Yes X No

Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... 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: Korean imports are currently constrained by domestic production capacity. Korean producers also do not produce the full line of motors available from U.S. suppliers and suffer from a lack of U.S. brand recognition and loyalty and an extensive U.S. marketing network.

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V. Position of interested parties

Petitioner.---The National Electrical Manufacturers Association (NEMA) represents U.S. firms which account for approximately 85 percent of total U.S. production of AC polyphase motors rated over 200 but not over 500 horsepower, NEMA believes that imports from Korea and Taiwan should not be accorded duty-free GSP beneficiary status by virtue of the fact that producers in these countries have established themselves as formidable competitors in the U.S. market. NEMA argues that imports from these two sources have displayed steady and rapid growth, and that the average price of these products is approximately 25 percent below comparable domestic merchandise. NEMA also contends that production capacity in both countries is sizeable and growing. According to the association, the markets for these products in Korea and Taiwan are virtually inaccessible to U.S. producers by reason of significant foreign tariff and nontariff barriers. The association also contends that the low unit value of imports, particularly those entered since 1983, has forced U.S. manufacturers to lower their prices. This has reportedly resulted in reduced industry profitability, layoffs, and idled facilities.

Opposition.---The law firm representing Hyosung Industries Co., Ltd. (Hyosung) of Seoul, Korea, submitted a written statement on behalf of its client. Hyosung is a Korean manufacturer of AC polyphase motors. The statement argued that Korea should not be removed from GSP eligibility status as per the petitioner's (NEMA) request because imports of the subject motors from Korea to date are minuscule. The brief further contended that imported Korean motors were not competitive with domestic products and that the Korean industry was literally in the infancy stage of its development. The statement concluded that Korea's removal from duty-free GSP beneficiary status would result in no beneficial impact on the U.S. industry.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

HS number: 85015380

Product: AC motors nesi, multi-phase, of an output of 201 to 500 HP

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	831	864	3,886	4,158
Japan.....	9,869	3,237	5,373	2,313
Taiwan.....	57	239	630	708
FR Germ.....	2,492	2,103	313	581
Austria.....	268		45	578
Sweden.....	201	135	1,150	413
Brazil.....		465	636	311
U King.....	1,132	474	358	153
Italy.....	5	16	26	42
Kor. Rep.....				41
Mexico.....	117	1	3	21
France.....	13	8	44	15
Hg Kong.....				6
Poland.....				5
All other total..	220	51	2	
Total.....	15,210	7,598	12,470	9,351
GSP total....	273	706	1,269	1,089
Percent				
Canada.....	5.5	11.4	31.2	44.5
Japan.....	64.9	42.6	43.1	24.7
Taiwan.....	0.4	3.1	5.1	7.6
FR Germ.....	16.4	27.7	2.5	6.2
Austria.....	1.8	0.0	0.4	6.2
Sweden.....	1.3	1.8	9.2	4.4
Brazil.....	0.0	6.1	5.1	3.3
U King.....	7.4	6.2	2.9	1.6
Italy.....	0.0	0.2	0.2	0.5
Kor. Rep.....	0.0	0.0	0.0	0.4
Mexico.....	0.8	0.0	0.0	0.2
France.....	0.1	0.1	0.4	0.2
Hg Kong.....	0.0	0.0	0.0	0.1
All other total..	1.5	0.7	0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	1.8	9.3	10.2	11.7

Source: Estimated from official statistics of the U.S. Department of Commerce

Product: MOTORS AC, 201 TO 500 HP

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity (units)				
Canada.....	235	124	246	162
Venez.....	35	124	45	108
Colomb.....	97	17		36
Rep Saf.....		1		24
Mexico.....	121	30	31	19
FR Germ.....				18
Italy.....				17
Japan.....			5	17
S.Arab.....	65	60	26	14
Chile.....	25			11
Nethlds.....				10
Spain.....			1	10
France.....			8	8
U.King.....	23	51		8
All other total..	311	209	114	62
Total.....	912	616	476	524
GSP total....	544	302	143	235
Percent				
Canada.....	25.8	20.1	51.7	30.9
Venez.....	3.8	20.1	9.4	20.6
Colomb.....	10.6	2.8	0.0	6.9
Rep Saf.....	0.0	0.0	0.0	4.6
Mexico.....	13.3	4.9	6.5	3.6
FR Germ.....	0.0	0.0	0.0	3.4
Italy.....	0.0	0.0	0.0	3.2
Japan.....	0.0	0.0	1.1	3.2
S.Arab.....	7.1	9.7	5.5	2.7
Chile.....	2.7	0.0	0.0	2.1
Nethlds.....	0.0	0.0	0.0	1.9
Spain.....	0.0	0.0	0.0	1.9
France.....	0.0	0.0	1.6	1.5
U.King.....	2.5	8.3	0.0	1.5
All other total..	34.1	33.9	23.9	12.0
Total.....	100.0	100.0	100.0	100.0
GSP total....	59.7	49.1	30.0	44.8

Source: Compiled from official statistics of the U.S. Department of Commerce

Product: MOTORS AC, 201 TO 500 HP

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	1,517	852	1,686	1,206
Venez.....	295	569	444	515
Chile.....	157			255
Spain.....			66	194
Japan.....			102	174
Sudan.....				152
Mexico.....	1,139	648	201	105
Colomb.....	456	120		104
S Arab.....	540	219	231	101
Brazil.....		147		81
Italy.....				80
U.King.....	224	318		61
Rep Saf.....		60		59
Bolivia.....				59
All other total..	3,310	1,112	880	366
Total.....	7,638	4,045	3,610	3,512
GSP total....	4,980	2,111	1,203	1,581

Percent				
Canada.....	19.9	21.1	46.7	34.3
Venez.....	3.9	14.1	12.3	14.7
Chile.....	2.1	0.2	0.1	7.3
Spain.....	0.0	0.4	1.8	5.5
Japan.....	0.1	1.0	2.8	5.0
Sudan.....	0.0	0.0	0.0	4.3
Mexico.....	14.9	16.0	5.6	3.0
Colomb.....	6.0	3.0	0.6	2.9
S Arab.....	7.1	5.4	6.4	2.9
Brazil.....	0.4	3.6	0.0	2.3
Italy.....	0.2	0.7	0.5	2.3
U.King.....	2.9	7.9	0.9	1.7
Rep Saf.....	0.5	1.5	0.0	1.6
Bolivia.....	0.0	0.0	1.0	1.5
All other total..	42.2	25.2	21.3	10.8
Total.....	100.0	100.0	100.0	100.0
GSP total....	65.2	52.2	33.1	45.0

Source: Compiled from official statistics of the U.S. Department of Commerce

HS item No.
8525.20.50 1/

Cordless Handset Telephones

I. Introduction

Col. 1 rate of duty: 6%

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: _____

Competitive-need-limit waiver X (Countries—Korea)

Non-eligible GSP countries: Korea, Taiwan

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes _____ No X _____.

Description and uses: Cordless handset telephones are telephones whose base is connected to a traditional land-line telephone network, but whose handset is connected to the base by radio signals. This allows the user to place or receive calls away from the base unit, but typically within a limited radius of 300-500 feet.

II. U.S. market profile 2/

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....					
Total U.S. employment (thousand employees).....					
U.S. shipments (thousand dollars).....					
U.S. exports (thousand dollars).....					
U.S. imports (thousand dollars).....	*73,989	368,807	165,990	221,824	*200
U.S. consumption (thousand dollars).....	73,989	368,807	165,990	221,824	200
Import to consumption ratio (percent).....	100	100	100	100	-
Capacity utilization (nearest 10 percent).....					-

Comment: There are no U.S. producers of these articles and imports account for 100 percent of domestic consumption. In general, sales of cordless handset telephones are dependent on price and brand name recognition.

1/ Probable effects advice for these products on the basis of the TSUS nomenclature is contained in the Digest for TSUS item No. 685.25.

2/ There is no U.S. production of these articles.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (units)				
Total.....	5,377,999	100	-	100
Imports from GSP countries:				
Total.....	4,729,782	88	100	88
Taiwan.....	1,955,163	36	41	36
Hong Kong.....	1,462,206	27	31	27
Korea.....	1,194,792	22	25	22
Singapore.....	55,066	1	1	1
Value (thousands)				
Total.....	221,824	100	-	100
Imports from GSP countries:				
Total.....	181,621	82	100	82
Taiwan.....	82,724	37	46	37
Hong Kong.....	54,279	24	30	24
Korea.....	38,907	18	21	18
Singapore.....	3,364	2	2	2

Note.—The countries shown in the table include the top four GSP suppliers in 1986 and any additional countries proposed for "graduation" or "waiver."

IV. Competitiveness profiles, GSP suppliersCompetitiveness of Korea for all digest products

Ranking as a U.S. import supplier, 1986..... 4

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with: 1/

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent X Below

Quality compared with: 1/

U.S. products..... Above Equivalent Below

Other foreign products..... Above Equivalent X Below

1/ There is no U.S. production of these articles.

HS item No.
8525.20.50—Con.

V. Position of interested parties

Petitioner.—The petitioner, a major U.S. importer and distributor of Korean cordless handset telephones, has asked for a waiver of competitive-need limits on imports. The petitioner's position is that Korea has lost significant U.S. market share since GSP eligibility was removed, and that since there is no U.S. production of these articles, restoring GSP eligibility would foster increased economic cooperation between the United States and Korea.

Support.—In support of the petitioner, Senator Kit Bond of Missouri, states that granting a waiver will likely increase employment in the two U.S. companies that import and market Korean-made cordless handset telephones. In addition, Senator Bond understands that a waiver was not granted sooner to induce Korea to change some of its international trade practices. However, he feels that the U.S. would benefit more by eliminating GSP status on products that are produced in the United States.

[Probable economic effects advice deleted]

HS number: 85252050

Product: Cordless handset telephones

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981 1/	1983	1985	1986
Value (1,000 dollars)				
Taiwan.....	123,020		71,807	82,724
Hg Kong.....	70,823		40,744	54,278
Japan.....	74,430		36,887	39,937
Kor. Rep.....	100,348		15,756	38,906
Singapr.....	3		199	3,364
China.P.....			7	1,347
Malaysa.....				574
Tunisia.....				270
Cambod.....				238
Indnsia.....			39	88
Israel.....			3	66
U King.....	69		46	13
Canada.....	19		410	7
France.....			15	4
All other total..	91		71	1
Total.....	73,989	368,807	165,990	221,823
GSP total....		294,233	128,585	180,273

Percent				
Taiwan.....	33.4		43.3	37.3
Hg Kong.....	19.2		24.5	24.5
Japan.....	20.2		22.2	18.0
Kor. Rep.....	27.2		9.5	17.5
Singapr.....	0.0		0.1	1.5
China.P.....	0.0		0.0	0.6
Malaysa.....	0.0		0.0	0.3
Tunisia.....	0.0		0.0	0.1
Cambod.....	0.0		0.0	0.1
Indnsia.....	0.0		0.0	0.0
Israel.....	0.0		0.0	0.0
U King.....	0.0		0.0	0.0
Canada.....	0.0		0.2	0.0
France.....	0.0		0.0	0.0
All other total..	0.0		0.0	0.0
Total.....	100.0	100.0	100.0	100.0
GSP total....		79.8	77.5	81.3

Source: Estimated from official statistics of the U.S. Department of Commerce

1/ Data on individual countries and country groupings are not available No specific annotation existed in 1981 so data for the total are estimated

Cellular Radiotelephones, Parts and Subassemblies

I. Introduction

Col. 1 rate of duty: 6 %

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: X (Countries--Hong Kong, Taiwan, Korea)

Competitive-need-limit waiver _____

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No _____.

Description and uses: Cellular radiotelephones are wireless electronic communications devices which are designed largely for motor-vehicle installation. These devices provide the motor-vehicle operator or passenger with a connection to a traditional wireline telephone, or other cellular radiotelephone, by means of a cellular transceiving system distributed throughout a specific geographic area. A cellular radiotelephone consists of a transceiver and a control unit. The transceiver provides the operator with the capability of receiving or sending a message and the control unit provides the operator with the means to speak or dial. For operation, the transceiver is connected to a special antenna and to the control unit. Certain cellular radiotelephones are designed for removal from the motor vehicle and may be operated in a transportable mode. These portable cellular radiotelephones are smaller in size than regular devices and are powered by a plug-in battery pack. In addition, there are small, hand-held portable cellular radiotelephones which are designed to be carried in a briefcase or purse.

II. U.S. market profile

Item	1981 1/	1983 1/	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	-	-	*9	*9	-
Total U.S. employment (thousand employees).....	-	-	[***]	[***]	-
U.S. shipments (thousand dollars).....	-	-	[***]	[***]	-
U.S. exports (thousand dollars).....	-	-	[***]	[***]	-
U.S. imports (thousand dollars).....	-	-	[***]	[***]	-
U.S. consumption (thousand dollars).....	-	-	[***]	[***]	-
Import to consumption ratio (percent).....	-	-	[***]	[***]	-
Capacity utilization (nearest 10 percent).....	-	-	[***]	[***]	-

1/ The nationwide use of cellular radiotelephones was approved by the Federal Communications Commission (FCC) in October 1983, after the system was tested in three metropolitan locations. Production and sale of cellular radiotelephones in commercial quantities began after the FCC approval.

1/ Probable effects advice for these or closely related products on the basis of the TSUS nomenclature is contained in the Digest for TSUS item No. 685.28

HS item No.
8525.20.60--Con.

Comment: The principal U.S. producer of cellular radiotelephone equipment also assisted in developing the system; therefore, it has extensive knowledge of the technical specifications and operation of the U.S. cellular network. Other U.S. producers of cellular radiotelephone equipment also produce land mobile communications equipment and have substantial experience in the development and manufacture of radio communications apparatus. These factors contribute to the advantage U.S. producers have in developing cellular technology. U.S. producers are recognized as having superior products in terms of features and quality compared with products of GSP countries. Quality, price, and features, in that order, are the principal characteristics influencing the purchase decision.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousands)				
Total.....	145,747	100	-	***]
Imports from GSP countries:				
Total.....	49,163	34	100	***]
Korea.....	25,802	18	52	***]
Hong Kong.....	16,437	11	33	***]
Israel.....	3,047	2	6	***]
Kenya.....	1,596	1	3	1/
Taiwan.....	1,559	1	3	1/

Note.—The countries shown in the table include the top four GSP suppliers in 1986 and any additional countries proposed for "graduation" or "waiver."

1/ Less than 0.5 percent.

HS item No.
8525.20.60—Con.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Korea for all digest products

Ranking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

U.S. products..... Above Equivalent Below X

Other foreign products..... Above X Equivalent Below

Quality compared with:

U.S. products..... Above Equivalent Below X

Other foreign products..... Above Equivalent X Below

Comment: A large share of U.S. imports of cellular radiotelephones from Korea are manufactured by a joint venture formed between a large, nation-wide manufacturer/retailer of consumer electronic products and components and a Finnish producer. Such units serve the lower end of the U.S. market and lack the wide range of features available on U.S.-produced units. All cellular radiotelephones manufacturers in Korea have obtained technical assistance from foreign producers, and the technical licenses given to Korean producers are generally restricted to the production of cellular radiotelephones for the Korean domestic market.

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Competitiveness of Hong Kong for all digest products

Ranking as a U.S. import supplier, 1986..... 3

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... 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: A substantial portion of cellular radiotelephone imports from Hong Kong come from a joint venture between a Canadian manufacturer of cellular radiotelephones and a Hong Kong firm. These imports generally serve the lower end of the U.S. market.

Competitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1986..... 10

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... 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

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8525.20.60--Con.

V. Position of interested parties

Petitioner.--Motorola, Inc. of Schaumburg, IL has petitioned the USTR requesting that GSP eligibility be removed for cellular radiotelephones classified in HS item 8525.20.60 and imported from Korea, Hong Kong, Singapore, and Taiwan. Motorola contends that the level of imports of cellular radiotelephones from these countries and their manufacturing capabilities indicate that these countries are not "underdeveloped" as defined within the intent of the original legislation creating the GSP.

Opposition.--Hyundai Electronics Industries Co., Ltd, of Korea submitted a brief in opposition to Motorola's petition. Hyundai indicated in its brief that the Korean industry was neither technologically advanced nor internationally competitive and that it still requires technical assistance from foreign firms. Further, Korean exports of cellular radiotelephone equipment to the United States under the GSP accounted for only 5 percent of total U.S. imports of these products in 1986. Hyundai also stated that as Motorola has sold the only cellular radiotelephone cell site transceiver in use in Korea, it is inequitable for Motorola to be able to sell into Korea and then petition the USTR for removal of GSP eligibility for Korea's exports of cellular radiotelephone equipment to the United States.

Opposition.--The Government of Hong Kong also submitted a statement in opposition to Motorola's petition. The statement indicated that Hong Kong's cellular radiotelephone products were not competitive and that its share of U.S. imports of cellular radiotelephones (HS item 8525.20.60.40) had declined by 35 percent between the first half of 1986 and the corresponding period in 1987. (Hong Kong's share of all imports of cellular radiotelephone equipment actually fell by 21 percent comparing the two periods.) Hong Kong's exports of cellular radiotelephone equipment to the United States in 1986 accounted for only about 4 percent of apparent U.S. consumption the statement said, and such a small level of imports could not be injuring Motorola. Further, the statement noted that Motorola was a partner in the operation of the Hong Kong cellular radiotelephone system.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

HS number: 85252060

Product: Transmission apparatus

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Japan.....			42,461	67,059
Kor.Rep.....			11,144	25,802
Hg Kong.....			2,173	16,437
Sweden.....			629	12,364
Finland.....			2,007	5,697
Canada.....			25,359	5,508
U King.....			627	4,253
Israel.....			7	3,047
Kenya.....				1,596
Taiwan.....			925	1,559
Mexico.....			170	659
France.....			2,158	577
Switzld.....			54	350
FR Germ.....			251	249
All other total..			1,641	581
Total.....			89,612	145,747
GSP total....			14,488	49,163
Percent				
Japan.....	0.0	0.0	47.4	46.0
Kor.Rep.....	0.0	0.0	12.4	17.7
Hg Kong.....	0.0	0.0	2.4	11.3
Sweden.....	0.0	0.0	0.7	8.5
Finland.....	0.0	0.0	2.2	3.9
Canada.....	0.0	0.0	28.3	3.8
U King.....	0.0	0.0	0.7	2.9
Israel.....	0.0	0.0	0.0	2.1
Kenya.....	0.0	0.0	0.0	1.1
Taiwan.....	0.0	0.0	1.0	1.1
Mexico.....	0.0	0.0	0.2	0.5
France.....	0.0	0.0	2.4	0.4
Switzld.....	0.0	0.0	0.1	0.2
FR Germ.....	0.0	0.0	0.3	0.2
All other total..	0.0	0.0	1.8	0.4
Total.....	0.0	0.0	100.0	100.0
GSP total....	0.0	0.0	16.2	33.7

Source: Estimated from official statistics of the U.S. Department of Commerce

Brakes and Parts for Vehicles Other Than
Tractors for Agricultural Use

I. Introduction

Col. 1 rate of duty: 3.1%

Type of action proposed (check one):

Addition of GSP:

Removal from GSP:

Country graduation:

Competitive-need-limit waiver X (Country--Mexico)

Non-eligible GSP countries: Mexico, Brazil, Taiwan, and Korea

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No .

Description and uses: The brakes and parts classified here form the braking system for motor vehicles other than agricultural tractors. Motor vehicle brake systems require a rotating and a nonrotating unit. The rotating unit consists of brake drums or rotors (discs) and the nonrotating unit consists of brake pads, calipers, brake shoes, cylinders, and other small parts. As the rotating surface meets the stationary braking unit, friction develops and creates the controlled force necessary to slow and/or stop the motor vehicle.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	**80	**80	**80	**80	0
Total U.S. employment (thousand employees).....	**9.9	**9.9	**9.9	**9.9	0
U.S. production (thousand dollars)...	*1,282,256	*1,386,540	*1,726,601	*1,702,823	*33
U.S. exports (thousand dollars).....	505,626	439,938	563,598	450,160	-11
U.S. imports (thousand dollars).....	170,071	238,529	399,851	482,329	184
U.S. consumption (thousand dollars)..	*946,701	*1,185,131	*1,562,854	*1,734,992	*83
Import to consumption ratio (percent).....	*18	*20	*26	*28	-
Capacity utilization (nearest 10 percent).....	*50	*50	*60	*60	-

Comment: There are approximately 80 U.S. manufacturers of brakes and brake parts. Of these, about 15 U.S. firms are known to be producers of brake drums and rotors in their domestic foundries. Production of these foundry products accounted for [***] percent of the production of all iron castings made by these firms during 1981-86. The four largest producers accounted for nearly [***] percent of U.S. production in 1986. One of the two largest producers is [* * *] and the other is [* * *]

1/ Probable effects advice for these or closely related products on the basis of the TSUSA nomenclature is contained in the Digest for TSUSA item No. 692.3262 and 692.3264.

]. The remaining firms generally produced for the other original equipment manufacturers (OEMs), mainly U.S. automakers. The other approximate **65 U.S. firms which produce the brake parts are primarily engaged in foundry, stamping, or forging operations. It is estimated that only about [***] percent of the total production of these firms is dedicated to brake parts. U.S. demand for brakes and brake parts increased during 1981-86 due to the recovery of the U.S. auto industry and to a growing aftermarket for auto parts. The foremost non-price factors in product selection for the OEMs appear to be quality and delivery. However, in the aftermarket, procurement is more price sensitive and there is less brand loyalty because brakes and brake parts produced by domestic and foreign firms are virtually interchangeable.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousand dollars)				
Total.....	482,329	100	-	28
Imports from GSP countries:				
Total.....	110,225	23	100	6
Brazil.....	56,819	12	52	3
Mexico.....	40,122	8	36	2
Taiwan.....	5,330	1	5	1/
Korea.....	3,176	1	3	1/

1/ Less than 0.5 percent.

Note.--The countries shown in the table were the top four GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Mexico for all digest products

Ranking as a U.S. import supplier, 1986..... 5

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

U.S. products..... Above Equivalent Below X

Other foreign products..... Above Equivalent X Below

Quality compared with:

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

Comment: The U.S. purchaser bases his choice on price, quality, and on-time delivery. Quality appears to be the most important non-price factor in the decision for original

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equipment manufacturers. U.S. consumers are also willing to pay more for the U.S. product, in general, because of proven prompt and reliable delivery.

V. Position of interested parties

Petitioner.--The petitioner, Cifunsa, S.A., a Mexican firm located in Saltillo, Coahuila, requests a waiver of the competitive-need limitations on brakes and parts from Mexico. Cifunsa is primarily a foundry operation producing various cast metal products of malleable, ductile, and gray iron to make brake parts, i.e., drums, cylinders, and calipers, which are largely sold to U.S. automobile manufacturers, such as Chrysler, Ford, and General Motors both in the United States and Mexico. These items are classified under TSUSA items 692.3262 and 692.3264. The petitioner believes that these products should receive GSP treatment as they were removed from GSP status in 1980 when Mexico exceeded the competitive-need limitations for TSUS item 692.32, which includes 13 different categories of automobile parts. Petitioner believes that the removal of these products from GSP was not the result of imports of brakes, calipers, and cylinders exceeding the competitive-need limitations, but was due to other products classified under the same five digit TSUS number that exceeded the limitations.

Cifunsa also states that Mexico should not have to pay the same tariff as Canada, Sweden, Norway, Denmark, the United Kingdom, France, West Germany, Austria, Switzerland, Japan, Australia, and South Africa, but rather should receive GSP status along with Argentina, Yugoslavia, Israel, Korea, and Taiwan. (Currently, Taiwan and Korea are no longer GSP beneficiaries for these items.)

Opposition: The ITT Parts Supply Division of the ITT Corporation, located in Troy, Michigan, is opposed to Cifunsa, S.A.'s petition for a waiver of duties for its exports of brakes and brake parts to the United States. The company points out that imports of brakes and brake parts from Mexico increased from \$5.2 million in 1982 to \$40.1 million in 1986 (a 671-percent increase) and therefore believes that there is no justification for waiving the U.S. tariff. The company further contends that consideration should be given to increasing the tariff on brakes and brake parts imported from Mexico.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

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Product: Brakes and Parts for Vehicles Other Than Tractors for Agricultural Use

U.S. imports for consumption, by principal sources, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	81,728	123,050	165,396	177,730
Japan.....	25,263	31,521	57,023	83,009
Brazil.....	10,473	13,252	41,871	56,819
FR. Germany.....	19,913	22,617	38,853	53,710
Mexico.....	3,966	14,812	39,929	40,122
United Kingdom.....	4,684	7,946	18,537	19,037
France.....	1,500	1,741	2,892	11,047
Australia.....	2,609	8,523	12,708	10,666
Italy.....	3,830	4,270	7,077	6,902
Taiwan.....	104	525	1,534	5,330
Korea	650	1,489	2,028	3,176
Argentina.....	0	1,698	2,461	2,496
Sweden.....	264	828	1,569	2,060
Spain.....	407	1,213	1,666	1,678
All other.....	14,680	5,044	6,307	8,546
Total.....	170,071	238,529	399,851	482,328
GSP total.....	28,429	34,653	90,730	110,225
Percent				
Canada.....	48.1	51.6	41.4	36.8
Japan.....	14.9	13.2	14.3	12.2
Brazil.....	6.2	5.6	10.5	11.8
FR. Germany.....	11.7	9.5	9.7	11.1
Mexico.....	2.3	6.2	10.0	8.3
United Kingdom.....	2.8	3.3	4.6	3.9
France.....	1.0	0.7	0.7	2.3
Australia.....	1.5	3.6	3.2	2.2
Italy.....	2.3	1.8	1.8	1.4
Taiwan.....	0.1	0.2	0.4	1.1
Korea Rep.....	0.4	0.6	0.5	0.7
Argentina.....	0	0.7	0.6	0.5
Sweden.....	0.2	0.3	0.4	0.4
Spain.....	0.2	0.5	0.4	0.3
All other.....	6.8	2.1	1.6	1.8
Total.....	100.0	100.0	100.0	100.0
GSP total.....	16.7	14.5	22.7	22.9

Source: Compiled from official statistics of the U.S. Department of Commerce.

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HS number: 8708.39.00

Product: Brakes and Parts for Vehicles Other Than Tractors for Agricultural Use

U.S. exports for consumption, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	206,002	266,810	360,958	289,667
Mexico.....	87,719	11,275	28,231	27,002
Venezuela.....	39,896	14,777	55,055	25,698
S. Arab.....	22,571	20,989	14,448	17,547
FR. Germany.....	8,744	6,189	10,841	10,013
Japan.....	4,875	5,783	5,741	9,425
Colombia.....	6,832	8,840	4,671	5,974
Brazil.....	1,695	1,505	4,459	5,941
Australia.....	9,832	7,818	8,813	5,831
Kuwait.....	6,989	3,463	3,717	5,338
United Kingdom.....	8,866	9,575	6,833	5,322
Peru.....	5,238	1,199	791	3,748
France.....	7,084	9,263	2,765	3,468
Israel.....	6,284	5,006	19,836	2,841
All other.....	82,999	67,446	36,439	32,345
Total.....	505,626	439,938	563,598	450,160
GSP total.....	187,539	75,537	118,659	97,841
Percent				
Canada.....	40.7	60.6	64.0	64.3
Mexico.....	17.4	2.6	5.0	6.0
Venezuela.....	7.9	3.4	9.8	5.7
S. Arab.....	4.5	4.8	2.6	3.9
FR. Germany.....	1.7	1.4	1.9	2.2
Japan.....	1.0	1.3	1.0	2.1
Colombia.....	1.4	2.0	0.8	1.3
Brazil.....	0.3	0.3	0.8	1.3
Australia.....	1.9	1.8	1.6	1.3
Kuwait.....	1.4	0.8	0.7	1.2
United Kingdom.....	1.8	2.2	1.2	1.2
Peru.....	1.0	0.3	0.1	0.8
France.....	1.4	2.1	0.5	0.8
Israel.....	0.8	1.1	3.5	0.6
All other.....	16.4	15.3	6.5	7.2
Total.....	100.0	100.0	100.0	100.0
GSP total.....	37.1	17.2	21.1	21.7

Source: Compiled from official statistics of the U.S. Department of Commerce.

Brake Drums and Rotors

I. Introduction

Col. 1 rate of duty: 3.1%
 Type of action proposed (check one):
 Addition of GSP: _____
 Removal from GSP: _____
 Country graduation: _____
 Competitive-need-limit waiver X (Country—Mexico)
 Non-eligible GSP countries: Mexico, Brazil, Korea, and Taiwan
 Current competitive-need-limit waivers: None
 Current "sufficiently competitive" designation: None
 U.S. production on Jan. 3, 1985? Yes X No _____.

Description and uses: Brake drums and rotors form part of a motor-vehicle's braking system. Brakes consist of a rotating and a nonrotating unit. Brake drums or brake rotors (discs) form the rotating unit and the nonrotating unit consists of brake pads, calipers, and other parts. As the rotating surface meets the stationary braking system, friction develops and creates the controlled force necessary to slow and/or stop the motor vehicle.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms)..	15	15	15	15	0
Total U.S. employment (thousand employees)..	*2.6	*2.6	*2.6	*2.6	0
U.S. production(thousand dollars).....	*320,566	*346,640	*431,651	*425,723	*33
U.S. exports (thousand dollars).....	50,058	70,456	144,262	123,515	147
U.S. imports (thousand dollars).....	*37,415	*52,476	*87,967	106,933	*186
U.S. consumption (thousand dollars).....	*307,923	*328,660	*375,356	*409,141	*33
Import to consumption ratio (percent).....	*12	*16	*23	*26	-
Capacity utilization (nearest 10 percent)...	*50	*50	*60	*60	-

Comment: There are 15 U.S. firms known to be producing brake drums and rotors in their domestic foundries. Production of these foundry products accounted for [***] percent of the production of all iron castings made by these firms during 1981-86. The four largest producers accounted for nearly [***] percent of U.S. production in 1986. One of the two largest producers is [* * *] and the other is [* * *]

]. The remaining firms generally produce for other original equipment manufacturers (OEMs), mainly U.S. automakers. U.S. demand for these products increased during 1981-86 due to the recovery of the domestic auto industry and a growing aftermarket for auto parts. The foremost non-price factors in product selection for OEMs appear to be quality and delivery. However, in the aftermarket, procurement is more price sensitive and there is less brand loyalty because brake drums and rotors produced by domestic and foreign firms are virtually interchangeable.

1/ Probable effects advice for these or closely related products on the basis of the TSUSA nomenclature is contained in the Digest for TSUSA item No. 692.3262.

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III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousand dollars)				
Total.....	106,933	100	-	26
Imports from GSP countries:				
Total.....	33,504	31	100	8
Mexico.....	16,526	16	49	4
Brazil.....	10,334	10	31	3
Taiwan.....	4,077	4	12	1
Argentina.....	1,112	1	3	1/

1/ Less than 0.5 percent.

Note.—The countries shown in the table were the top four GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Mexico for all digest products

Ranking as a U.S. import supplier, 1986..... 3

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

U.S. products..... Above Equivalent Below X

Other foreign products..... Above Equivalent X Below

Quality compared with:

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

Comment: A purchaser bases his choice on price, quality, and on-time delivery. Quality appears to be the most important non-price factor in the decision for original equipment manufacturers. U.S. consumers are willing to pay more for the U.S. product, in general, because of proven prompt and reliable delivery.

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V. Position of interested parties

Petitioner.—The petitioner, Cifunsa, S.A., a Mexican firm located in Saltillo, Coahuila, requests a waiver of the competitive-need limitations on brakes and parts from Mexico. Cifunsa is primarily a foundry operation producing various cast metal products of malleable, ductile, and gray iron to make brake parts, i.e., drums, cylinders, and calipers, which are largely sold to U.S. automobile manufacturers, such as Chrysler, Ford, and General Motors both in the United States and Mexico. These items are classified under TSUSA items 692.3262 and 692.3264. The petitioner believes that these products should receive GSP treatment as they were removed from GSP status in 1980 when Mexico exceeded the competitive-need limitations for TSUS item 692.32, which includes 13 different categories of automobile parts. Petitioner believes that the removal of these products from GSP was not the result of imports of brakes, calipers, and cylinders exceeding the competitive-need limitations, but was due to other products classified under the same five digit TSUS number that exceeded the limitations.

Cifunsa also states that Mexico should not have to pay the same tariff as Canada, Sweden, Norway, Denmark, the United Kingdom, France, West Germany, Austria, Switzerland, Japan, Australia, and South Africa, but rather should receive GSP status along with Argentina, Yugoslavia, Israel, Korea, and Taiwan. (Currently, Taiwan and Korea are no longer GSP beneficiaries for these items.)

Opposition: The ITT Parts Supply Division of the ITT Corporation, located in Troy, Michigan, is opposed to Cifunsa, S.A.'s petition for a waiver of duties for its exports of brake drums and rotors to the United States. The company points out that imports of brake parts from Mexico increased from \$5.2 million in 1982 to \$40.1 million in 1986 (a 671-percent increase) and therefore believes that there is no justification for waiving the U.S. tariff. The company further contends that consideration should be given to increasing the tariff on brake parts imported from Mexico.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

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HS number: 8708.39.50.10

Product: Brake drums and rotors

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....				34,101
Japan.....				16,919
Mexico.....				16,526
Germany.....				12,615
Brazil.....				10,334
Italy.....				4,238
Taiwan.....				4,077
United Kingdom.....	Not available <u>1/</u>			2,631
France.....				1,738
Argentina.....				1,111
Korea.....				629
Australia.....				403
Spain.....				314
Venezuela.....				238
All other total.....				1,059
Total.....	2/ 37,415	2/ 52,476	2/ 87,967	106,932
GSP total.....	1/	1/	1/	33,504
Percent				
Canada.....				31.9
Japan.....				15.8
Mexico.....				15.5
Germany.....				11.8
Brazil.....				9.7
Italy.....				4.0
Taiwan.....	Not available <u>1/</u>			3.8
United Kingdom.....				2.5
France.....				1.6
Argentina.....				1.0
Korea.....				0.6
Australia.....				0.4
Spain.....				0.3
All other total.....				1.0
Total.....	100.0	100.0	100.0	100.0
GSP total.....	1/	1/	1/	31.3

1/ Country detail is not available because prior to 1986, brake drums and rotors were not separately classified.

2/ Estimated by the staff of the U.S. International Trade Commission.

Source: Compiled from official statistics of the U.S. Department of Commerce.

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Product: Brake drums and rotors

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985,
and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	35,938	61,924	134,588	112,547
Brazil.....	71	222	1,076	2,402
Japan.....	600	1,296	973	1,834
Venezuela.....	2,459	782	1,862	1,056
Australia.....	799	247	402	898
United Kingdom.....	624	470	407	542
Mexico.....	2,205	356	959	539
Sweden.....	202	186	234	454
S. Arab.....	258	1,286	507	388
Colombia.....	233	65	15	327
Turkey.....	—	153	455	217
Iran.....	—	617	10	210
Netherlands.....	208	13	40	166
Taiwan.....	289	114	44	163
All other.....	6,171	2,725	2,690	1,772
Total.....	50,058	70,456	144,262	123,515
GSP total.....	6,385	4,461	5,450	5,999
Percent				
Canada.....	71.9	87.9	93.3	91.1
Brazil.....	0.1	0.3	0.7	1.9
Japan.....	1.2	1.8	0.7	1.5
Venezuela.....	4.9	1.1	1.3	0.9
Australia.....	0.4	0.4	0.3	0.7
United Kingdom.....	1.3	0.7	0.3	0.4
Mexico.....	4.4	0.5	0.7	0.4
Sweden.....	0.4	0.3	0.2	0.4
S. Arab.....	0.5	1.8	0.4	0.3
Colombia.....	0.5	0.1	1/	0.3
Turkey.....	—	0.2	0.3	0.2
Iran.....	—	0.9	1/	0.2
Netherlands.....	1.6	1/	1/	0.1
Taiwan.....	0.6	0.2	1/	0.1
All other.....	12.3	3.9	1.9	1.4
Total.....	100.0	100.0	100.0	100.0
GSP total.....	12.8	6.3	3.8	4.9

1/ Less than 0.05 percent.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Other Vehicle Brake Parts

I. Introduction

Col. 1 rate of duty: 3.1%

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: _____

Competitive-need-limit waiver X (Country--Mexico)

Non-eligible GSP countries: Mexico, Brazil, Korea, and Taiwan

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No _____.

Description and uses: The brake parts classified here are used in the braking systems of motor vehicles and include, among other things, calipers, cylinders, pads, brake shoes, and bushings. All of these parts working together form the stationary unit of the brake system. The stationary unit converts the force applied on the vehicles' brake pedal into mechanical pressure on the rotating portion of the brake system which in turn causes the motor-vehicle to slow and/or stop.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	**65	**65	**65	**65	0
Total U.S. employment (thousand employees).....	**7.3	**7.3	**7.3	**7.3	0
U.S. production (thousand dollars)...	*961,690	*1,039,900	*1,294,950	*1,277,100	*33
U.S. exports (thousand dollars).....	455,568	369,483	419,336	326,645	-28
U.S. imports (thousand dollars).....	*132,656	*186,053	*311,884	*375,396	*183
U.S. consumption (thousand dollars)...	*638,778	*856,470	*1,187,498	*1,325,851	*108
Import to consumption ratio (percent).....	*21	*22	*26	*28	-
Capacity utilization (nearest 10 percent).....	*50	*50	*60	*60	-

Comment: There are currently about 65 U.S. producers of brake parts. These firms are primarily engaged in foundry, stamping, or forging operations. Some of these firms perform machining operations on the brake parts. It is estimated that about [***] percent of the total production of all the aforementioned firms is dedicated to brake parts. U.S. demand for these parts increased during 1981-86 due to the recovery of the U.S. auto industry and to a growing aftermarket for auto parts. The principal first line U.S. consumers of these products are original equipment manufacturers (OEMs), e.g., the U.S. automakers, and distributors of brake parts to the U.S. replacement or aftermarket. The foremost non-price

1/ Probable effects advice for these or closely related products on the basis of the TSUSA nomenclature is contained in the Digest for TSUSA item No. 692.3264.

HS item No.
8708.39.50.50—Con.

factors in product selection for the OEMs appear to be quality and delivery. However, in the aftermarket, procurement is more price sensitive and there is less brand loyalty because brake parts produced by domestic and foreign firms are virtually interchangeable.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousand dollars)				
Total.....	375,396	100	-	28
Imports from GSP countries:				
Total.....	76,721	20	100	6
Brazil.....	46,485	12	61	4
Mexico.....	23,596	6	31	2
Korea.....	2,547	1	3	1/
Argentina.....	1,384	1/	2	1/

1/ Less than 0.5 percent.

Note.—The countries shown in the table were the top four GSP suppliers in 1986.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Mexico for all digest products

Ranking as a U.S. import supplier, 1986..... 5

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

U.S. products..... Above Equivalent Below X

Other foreign products..... Above Equivalent X Below

Quality compared with:

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

Comment: A purchaser bases his choice on price, quality, and on-time delivery. Quality appears to be the most important non-price factor in the decision for original equipment manufacturers. U.S. consumers are willing to pay more for the U.S. product, in general, because of proven prompt and reliable delivery.

HS item No.
8708.39.50.50--Con.

V. Position of interested parties

Petitioner.--The petitioner, Cifunsa, S.A., a Mexican firm located in Saltillo, Coahuila, requests a waiver of the competitive-need limitations on brakes and parts from Mexico. Cifunsa is primarily a foundry operation producing various cast metal products of malleable, ductile, and gray iron to make brake parts, i.e., drums, cylinders, and calipers, which are largely sold to U.S. automobile manufacturers, such as Chrysler, Ford, and General Motors both in the United States and Mexico. These items are classified under TSUSA items 692.3262 and 692.3264. The petitioner believes that these products should receive GSP treatment as they were removed from GSP status in 1980 when Mexico exceeded the competitive-need limitations for TSUS item 692.32, which includes 13 different categories of automobile parts. Petitioner believes that the removal of these products from GSP was not the result of imports of brakes, calipers, and cylinders exceeding the competitive-need limitations, but was due to other products classified under the same five digit TSUS number that exceeded the limitations.

Cifunsa also states that Mexico should not have to pay the same tariff as Canada, Sweden, Norway, Denmark, the United Kingdom, France, West Germany, Austria, Switzerland, Japan, Australia, and South Africa, but rather should receive GSP status along with Argentina, Yugoslavia, Israel, Korea, and Taiwan. (Currently, Taiwan and Korea are no longer GSP beneficiaries for these items.)

Opposition: The ITI Parts Supply Division of the ITI Corporation, located in Troy, Michigan, is opposed to Cifunsa, S.A.'s petition for a waiver of duties for its exports of brake parts to the United States. The company points out that imports of brake parts from Mexico increased from \$5.2 million in 1982 to \$40.1 million in 1986 (a 671-percent increase) and therefore believes that there is no justification for waiving the U.S. tariff. The company further contends that consideration should be given to increasing the tariff on brake parts imported from Mexico.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

HS item No.
8708.39.50.50—Con.

HS number: 8708.39.50.50

Product: Other vehicle brake parts

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....				143,629
Japan.....				66,088
Brazil.....				46,485
Germany.....				41,094
Mexico.....				23,597
United Kingdom.....				16,404
Australia.....				10,262
France.....		Not available 1/		9,308
Italy.....				2,663
Korea.....				2,547
Portugal.....				2,324
Denmark.....				2,196
Sweden.....				1,959
Argentina.....				1,383
All other total.....				5,458
Total.....	2/ 132,656	2/ 186,053	2/ 311,884	375,396
GSP total.....	1/	1/	1/	76,721
Percent				
Canada.....				38.3
Japan.....				17.6
Brazil.....				12.4
Germany.....				10.9
Mexico.....				6.3
United Kingdom.....				4.4
Australia.....		Not available 1/		2.7
France.....				2.5
Italy.....				0.7
Korea.....				0.7
Portugal.....				0.6
Denmark.....				0.6
Sweden.....				0.5
All other total.....				1.5
Total.....	100.0	100.0	100.0	100.0
GSP total.....	1/	1/	1/	20.4

1/ Country detail is not available because prior to 1986, other vehicle brake parts were not separately classified.

2/ Estimated by the staff of the U.S. International Trade Commission.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Sch B no. 6922928

Product: Other vehicle brake parts

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985,
and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	170,064	204,886	226,370	177,120
Mexico.....	85,514	10,919	27,272	26,463
Venezuela.....	37,437	13,996	53,193	24,641
S. Arab.....	22,213	19,702	13,941	17,159
FR. Germany.....	8,536	6,102	10,806	9,926
Japan.....	4,275	4,487	4,767	7,591
Colombia.....	6,598	8,776	4,656	5,648
Kuwait.....	6,100	3,183	3,361	5,188
Australia.....	9,033	7,571	8,412	4,933
United Kingdom.....	8,242	9,105	6,426	4,780
Peru.....	5,055	1,174	781	3,678
Brazil.....	1,624	1,283	3,383	3,539
France.....	6,996	9,142	2,759	3,409
Israel.....	9,711	4,718	19,817	2,815
All other.....	74,170	64,438	33,392	29,755
Total.....	455,568	369,483	419,336	326,645
GSP total.....	226,270	96,383	143,893	105,136
Percent				
Canada.....	37.3	55.5	54.0	54.2
Mexico.....	18.8	3.0	6.5	8.1
Venezuela.....	8.2	3.8	12.7	7.5
S. Arab.....	4.9	5.3	3.3	5.3
FR Germany.....	1.9	1.7	2.6	3.0
Japan.....	0.9	1.2	1.1	2.3
Colombia.....	1.4	2.4	1.1	1.7
Kuwait.....	1.3	0.9	0.8	1.6
Australia.....	2.0	2.0	2.0	1.5
United Kingdom.....	1.8	2.5	1.5	1.5
Peru.....	1.1	0.3	0.2	1.1
Brazil.....	0.4	0.3	0.8	1.1
France.....	1.5	2.5	0.7	1.0
Israel.....	2.1	1.3	4.7	0.9
All other.....	16.3	17.4	8.0	9.1
Total.....	100.0	100.0	100.0	100.0
GSP total.....	49.7	26.1	34.3	33.2

Source: Compiled from official statistics of the U.S. Department of Commerce.

HS item No.
9502.10.30.60 1/

Dolls (except stuffed), over 33 centimeters in height

I. Introduction

Col. 1 rate of duty: 12% ad val

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP:

Country graduation:

Competitive-need-limit waiver

Non-eligible GSP countries: Hong Kong

Current competitive-need-limit waivers: Not applicable

Current "sufficiently competitive" designation: Not applicable

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: The dolls covered in this digest include both dolls used as children's toys and collectible dolls. Most of the larger dolls are baby dolls, large fashion dolls, and since 1986, electronically augmented dolls that either respond in some manner to the child or feature movements and/or facial features synchronized with a sound producing device that allows the doll to talk or make other sounds.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	**75	**75	**75	**75	**0
Total U.S. employment (thousand employees).....	<u> 2/ </u>	<u> 2/ </u>	<u> 2/ </u>	<u> 2/ </u>	-
U.S. shipments (thousand dollars).....	**58,000	**61,000	**45,000	**52,000	-10
U.S. exports (thousand dollars).....	1,135	579	978	1,424	25
U.S. imports (thousand dollars).....	20,294	29,591	15,384	48,322	138
U.S. consumption (thousand dollars).....	**77,159	**90,012	**59,406	**98,898	28
Import to consumption ratio (percent).....	26	33	26	49	-
Capacity utilization (nearest 10 percent).....	**70	**70	**70	**70	-

Comment: Domestic shipments as reported in the market profile include the value of imported parts. U.S. production of dolls is concentrated in the larger dolls, particularly baby dolls for use as children's toys, and imports are most often the smaller dolls, larger fashion dolls, and electronically augmented dolls (those that can respond to the child by "high tech" means such as computer chips or tape recorders that are mechanically synchronized to certain body or facial movements). It should be noted that the petition is concerned only with electronically augmented dolls over 13 inches in height that have movements synchronized with a sound producing device such as a tape recorder. There is no U.S. production of this type of doll.

1/ Probable effects advice for these or closely related products on the basis of the TSUSA nomenclature is contained in the Digest for TSUSA item No. 737.2415.

2/ Not available.

HS item No.
9502.10.30.60—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
<hr/>				
Quantity (thousands)				
<hr/>				
Total.....	8,651	100	-	<u>1/</u>
Imports from GSP countries:				
Total.....	6,210	72	100	<u>1/</u>
Hong Kong.....	4,368	50	70	<u>1/</u>
Taiwan.....	1,615	19	26	<u>1/</u>
Korea.....	202	2	3	<u>1/</u>
Mauritius.....	1	<u>2/</u>	<u>2/</u>	<u>1/</u>
<hr/>				
Value (thousands)				
<hr/>				
Total.....	48,322	100	-	49
Imports from GSP countries:				
Total.....	36,519	76	100	37
Hong Kong.....	30,918	64	85	31
Taiwan.....	4,982	10	14	5
Korea.....	504	1	1	1
Mauritius.....	21	<u>2/</u>	<u>2/</u>	<u>2/</u>

Note.—The countries shown in the table include the top four GSP suppliers in 1986.

1/ Data are not available to compute consumption on a quantity basis.

2/ Not available.

HS item No.
9502.10.30.60—Con.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Hong Kong for all digest products

Ranking as a U.S. import supplier, 1986..... 1

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes No X

Price sensitivity of U.S. demand..... High Moderate X Low

Price level compared with:

U.S. products..... Above Equivalent Below X

Other foreign products..... Above Equivalent X Below

Quality compared with:

U.S. products..... Above Equivalent X Below

Other foreign products..... Above Equivalent X Below

Comment: Hong Kong is the world's largest producer of dolls and the only source of the special synchronized dolls that were the specific object of the petition. It is the site of considerable foreign investment in doll production facilities, particularly by U.S. toy companies. Except for sound-synchronized dolls, imports from Hong Kong generally tend to occupy a smaller range of sizes than U.S. dolls.

Competitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1986..... 3

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... 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: Taiwan is a major producer of inexpensive dolls ranging closer to the minimum size of this category, including fashion dolls and action figures (a euphemism for dolls sold for boys).

HS item No.
9502.10.30.60--Con.

Competitiveness of Korea for all digest products

Ranking as a U.S. import supplier, 1986..... 7

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... 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: Although a far smaller supplier than Hong Kong, Korea is also the site of some U.S. toy investment in large fashion doll production.

V. Position of interested parties

Petitioner.--The petitioner, Playmates Toys, Inc., supports GSP treatment for imports of dolls over 13 inches in height that have movements synchronized to an internal sound device such as a tape recorder on the grounds that there is no domestic production of these products. Furthermore, GSP treatment for these dolls would give these imports the same tariff treatment accorded to the similarly equipped toy animals that they believe to be their dolls' chief competition in the U.S. market. It should be noted, however, that imports from Hong Kong, which is the only source of sound-synchronized dolls, would exceed the 50 percent competitive-need limit and would not be eligible for GSP under this item, thus voiding the intent of the petition.

[Probable economic effects advice deleted]

HS item No.
9502.10.30.60—Con.

HS number: 9502.10.30.60

Product: Dolls (except stuffed), over 33 centimeters in height

U.S. imports for consumption, by principal sources, 1981, 1983, 1985 and 1986

Source	1981	1983	1985	1986
Quantity				
Hong Kong.....	3,312,530	4,295,769	3,440,206	4,367,806
China.....	22,200	26,274	490,098	1,920,734
Taiwan.....	2,873,049	2,209,447	1,168,549	1,614,574
Spain.....	123,019	482,926	233,954	388,194
West Germany.....	20,074	81,215	37,407	39,286
Japan.....	105,469	189,977	74,438	29,275
Korea.....	612,371	192,814	284,956	202,460
Italy.....	26,045	51,718	14,369	31,476
United Kingdom.....	20,488	21,791	15,485	7,250
Switzerland.....	231	28	15,360	13,263
Canada.....	5,392	4,065	12,182	3,802
France.....	5,182	4,813	850	1,499
Mauritius.....	0	0	0	7,392
Malaysia.....	0	82	0	588
All other total.....	1,659,473	2,085,733	81,118	23,084
Total.....	8,785,523	9,646,652	5,868,972	8,650,683
GSP total.....	8,388,373	8,748,921	4,961,019	6,210,383
Percent				
Hong Kong.....	37.7	44.5	58.6	50.5
China.....	0.3	0.3	8.4	22.2
Taiwan.....	32.7	22.9	19.9	18.7
Spain.....	1.4	5.0	4.0	4.5
West Germany.....	0.2	0.8	0.6	0.5
Japan.....	1.2	2.0	1.3	0.3
Korea.....	7.0	2.0	4.9	2.3
Italy.....	0.3	0.5	0.2	0.4
United Kingdom.....	0.2	0.2	0.3	0.1
Switzerland.....	1/	1/	0.3	0.2
Canada.....	0.1	1/	0.2	1/
France.....	0.1	1/	1/	1/
Mauritius.....	0	0	0	0.1
Malaysia.....	0	1/	0	1/
All other total.....	18.9	21.6	1.4	0.3
Total.....	100.0	100.0	100.0	100.0
GSP total.....	95.5	90.7	84.5	71.8

Note: Compiled from official statistics of the U.S. Department of Commerce.

1/ Less than 0.05 percent.

HS item No.
9502.10.30.60--Con.

HS number: 9502103060

Product: Dolls (except stuffed), over 33 centimeters in height

U.S. imports for consumption, by principal sources, 1981, 1983, 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Hong Kong.....	6,672	7,268	6,900	30,918
China.....	17	28	1,636	6,631
Taiwan.....	3,739	6,773	3,032	4,982
Spain.....	357	1,118	1,293	3,248
West Germany.....	277	731	463	775
Japan.....	1,140	701	473	601
Korea.....	648	581	836	504
Italy.....	219	307	97	230
United Kingdom.....	319	377	304	157
Switzerland.....	6	2	12	71
Canada.....	19	34	64	23
France.....	89	126	28	23
Mauritius.....	0	0	0	21
Malaysia.....	0	1/	0	21
All other total.....	6,789	11,543	247	119
Total.....	20,294	29,591	15,384	48,322
GSP total.....	17,577	25,979	10,914	36,519
Percent				
Hong Kong.....	32.9	24.6	44.8	64.0
China.....	0.1	0.1	10.6	13.7
Taiwan.....	18.4	22.9	19.7	10.3
Spain.....	1.8	3.8	8.4	6.7
West Germany.....	1.4	2.5	3.0	1.6
Japan.....	5.6	2.4	3.1	1.2
Korea.....	3.2	2.0	5.4	1.0
Italy.....	1.1	1.0	0.6	0.5
United Kingdom.....	1.6	1.3	2.0	0.3
Switzerland.....	2/	2/	0.1	0.1
Canada.....	0.1	0.1	0.4	2/
France.....	0.4	0.4	0.2	2/
Mauritius.....	0	0	0	2/
Malaysia.....	0	2/	0	2/
All other total.....	33.5	39.0	1.6	0.3
Total.....	100.0	100.0	100.0	100.0
GSP total.....	86.6	87.8	70.9	75.6

Note: Compiled from official statistics of the U.S. Department of Commerce.

1/ Less than \$500.

2/ Less than 0.05 percent.

HS item No. 9502.10.30.60 1/

HS item No.

9502.10.30.60--Con.

Product: DOLLS, except stuffed, over 33 centimeters in height

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
U.King.....	124	42	176	222
Canada.....	85	98	151	204
Mexico.....	423	11	63	195
FR Germ.....	98	9	24	142
Japan.....	48	38	39	117
Malaysa.....				109
Colomb.....	58	14	4	76
Cocos.I.....	16	17	38	76
Panama.....	6	8	28	33
France.....	14	55	33	31
Ecuador.....				25
Chile.....	22	5		24
Switzld.....	1	1		24
Rep Saf.....	5	2		20
All other total..	231	272	418	117
Total.....	1,135	579	978	1,424
GSP total....	733	253	391	624
Percent				
U.King.....	11.0	7.3	18.1	15.6
Canada.....	7.5	17.0	15.5	14.4
Mexico.....	37.3	2.0	6.5	13.7
FR Germ.....	8.7	1.6	2.5	10.0
Japan.....	4.2	6.6	4.0	8.3
Malaysa.....	0.0	0.1	0.0	7.7
Colomb.....	5.1	2.4	0.4	5.4
Cocos.I.....	1.5	3.1	4.0	5.4
Panama.....	0.5	1.5	2.9	2.4
France.....	1.3	9.7	3.4	2.2
Ecuador.....	0.0	0.0	0.0	1.8
Chile.....	2.0	0.9	0.0	1.7
Switzld.....	0.1	0.3	0.0	1.7
Rep Saf.....	0.5	0.5	0.0	1.4
All other total..	20.4	47.1	42.8	8.2
Total.....	100.0	100.0	100.0	100.0
GSP total....	64.5	43.7	40.0	43.8

1/ The Schedule B allocation for item 737.2020 is 50 percent.

Source: Compiled from official statistics of the U.S. Department of Commerce

HS item No.
9503.90.40 1/

Miscellaneous toys (not covered in HS numbers 9503.30-9303.90.20)

I. Introduction

Col. 1 rate of duty: 6.8% ad val

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: X (Korea, Taiwan 2/)

Competitive-need-limit waiver X (Mexico)

Non-eligible GSP countries 3/: Hong Kong, Mexico

Current competitive-need-limit waivers 4/: Unknown

Current "sufficiently competitive" designation: Unknown

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: This digest covers toy balloons, punchballs, and inflatable toy balls, miscellaneous non-motorized toys, and parts of toys.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).. Total U.S. employment (thousand employees).. U.S. shipments (thousand dollars)..... U.S. exports (thousand dollars)..... U.S. imports (thousand dollars)..... U.S. consumption (thousand dollars)..... Import to consumption ratio (percent)..... Capacity utilization (nearest 10 percent)...	**100-300 5/ **600,000 55,441 166,528 **711,087 **23 **70	**100-300 5/ **550,000 36,923 241,689 **754,766 **32 **70	**100-300 5/ **550,000 35,174 602,475 **1,117,301 **54 **70	**100-300 5/ **520,000 31,797 563,243 **1,051,446 **54 **70	**0 - **-13 -43 238 **48 - -

1/ Probable effects advice for these or closely related products on the basis of the TSUS nomenclature is contained in the Digests for TSUS item Nos. 737.07, 737.14, 737.16, 737.80, 737.93, 737.96, and 737.98. Note.—HS item 9503.90.40 may be divided into three separate categories as follows: 9503.90.50 (Inflatable toy balls, balloons, and punchballs), 9503.90.60 (other toys (except models), not having a spring mechanism), and 9503.90.70 (Other toys and parts of toys). Advice will be provided on HS item 9503.90.40 as a whole but will specifically cover individual proposed items as appropriate.

2/ The advice requested by USTR for Taiwan for this item is the effect of redesignation, not graduation. If the proposed breakouts are made, only imports from Taiwan under item 9503.90.50 will be subject to redesignation.

3/ If the proposed breakouts are made the following exclusions apply: 9503.90.50—Mexico and Taiwan (both subject to reduced competitive-need limits), 9503.9060—Hong Kong and Mexico (Mexico subject to reduced limits), 9503.9070—Hong Kong.

4/ If the proposed breakouts are made Korea, Macau, and Taiwan are granted competitive-need limit waivers for 9503.90.60.

5/ Not available.

HS item No.
9503.90.40--Con.

Comment: There are *10-15 U.S. producers of toy balloons, punchballs, and inflatable balls. U.S. production of the remaining toys in this digest is concentrated in larger toys, and in wooden and steel toys in general. Imports tend to supply smaller toys, plastic toys, and the latest fad-type toys such as the transforming toys. Except for balloon and inflatable toy producers (who generally form an industry apart from most other toy production), U.S. producers also make other toys and games, most import to some extent, and the larger firms also have investment in foreign production facilities.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousands)				
Total.....	563,243	100	-	54
Imports from GSP countries:				
Total.....	392,591	70	100	37
Hong Kong.....	149,210	27	38	14
Taiwan.....	92,069	16	23	9
Mexico.....	49,419	9	13	5
Macau.....	43,232	8	11	4
Korea.....	27,565	5	7	3

Note.--The countries shown in the table include the top four GSP suppliers in 1986 and any additional countries proposed for "graduation" or "waiver."

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Hong Kong for all digest products

Ranking as a U.S. import supplier, 1986..... 1

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... 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: Hong Kong remains the world's largest toy exporter and is the site of considerable foreign investment in toy production facilities.

HS item No.
9503.90.40--Con.

Competitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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 ____
Price sensitivity of import supply..... High ____ Moderate X Low ____
Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No ____
Price sensitivity of U.S. demand..... 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: Taiwan is a major producer and exporter of inexpensive, particularly plastic, toys. Taiwan is the world's largest supplier of inflatable toys made of plastic (except ballons).

Competitiveness of Mexico for all digest products

Ranking as a U.S. import supplier, 1986..... 4

Price sensitivity:

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 ____
Price sensitivity of import supply..... High ____ Moderate X Low ____
Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No ____
Price sensitivity of U.S. demand..... 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: Mexico is the site of significant U.S. investment in maquiladoras producing the toys covered in this digest (except inflatable toy balls and balloons). The world's largest producer of toy ballons and rubber punchballs is a native Mexican firm.

HS item No.
9503.90.40—Con.

Competitiveness of Korea for all digest products

Ranking as a U.S. import supplier, 1986..... 7

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... 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: Korea is far less important as a world supplier of these toys than as a supplier of other toys (particularly stuffed toys) not covered by this digest. However, Korea does have the capability to produce plastic toys, including inflatables.

V. Position of interested parties

Petitioner.—Kenner Parker Toys, Inc. and Mattel, Inc., are two major U.S. toy producers that operate maquiladoras in Mexico. Their petition is to grant a waiver of the competitive-need limits to imports from Mexico under HS item 9503.90.40. They state that imports of the plastic toys under this HS item compete with other imports (primarily those from Hong Kong, Japan, and Taiwan), not with U.S. products. Furthermore, the waiver would create a duty savings that would be passed through to consumers.

The Hedstrom Corporation.—The company would like the status quo maintained when the Harmonized System (HS) replaces the TSUS. Specifically, Hedstrom wants imports of balls classified under TSUS items 735.09 and 735.10 to remain ineligible for GSP treatment. Part of the trade under these items was allocated to HS item 9503.90.40 (to 9503.90.50 and 9503.90.60 if the breakout is made). Hedstrom asserts that Taiwan is a fully developed world producer of the balls covered by this digest and that any further competitive advantage granted Taiwan would cause significant harm to the U.S. industry.

Support.—Congressmen Bill Gradison and Guy Vander Jagt support the petition, stating that the Mexican operations use U.S. materials and parts, and that the waiver will enhance these products' competitiveness against imports from Japan, Hong Kong, and Taiwan.

American Imports, Inc., and Globos International, importers of latex toy balloons and metallized plastic balloons, respectively, support a waiver of the competitive-need limits for imports of toy balloons from Mexico.

[Probable economic effects advice deleted]

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HS item No.
9503.90.40--Con.

HS number: 9503.90.40

Product: Miscellaneous toys (not covered in HS numbers 9503.30-9503.90.20)

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Hong Kong.....	68,527	88,721	160,042	149,210
Taiwan.....	27,652	45,901	91,506	92,069
Japan.....	16,457	17,469	149,290	82,982
Mexico.....	5,765	18,561	41,023	49,419
Macao.....	3,891	18,439	42,877	43,232
China.....	455	1,539	16,933	38,364
Korea.....	15,748	11,023	26,409	27,565
West Germany.....	2,853	4,951	9,109	12,994
Singapore.....	3,064	6,575	10,881	11,668
Italy.....	1,495	4,150	6,703	10,318
Thailand.....	85	2,263	9,990	8,774
Canada.....	729	1,795	5,591	6,290
Malaysia.....	974	7,591	9,763	5,473
United Kingdom.....	8,804	2,767	3,407	4,248
All other total.....	10,027	9,944	18,951	20,637
Total.....	166,528	241,689	602,475	563,243
GSP total.....	132,030	203,253	399,354	392,591
Percent				
Hong Kong.....	41.2	36.7	26.6	26.5
Taiwan.....	16.6	19.0	15.2	16.3
Japan.....	9.9	7.2	24.8	14.7
Mexico.....	3.5	7.7	6.8	8.8
Macao.....	2.3	7.6	7.1	7.7
China.....	0.3	0.6	2.8	6.8
Korea.....	9.5	4.6	4.4	4.9
West Germany.....	1.7	2.0	1.5	2.3
Singapore.....	1.8	2.7	1.8	2.1
Italy.....	0.9	1.7	1.1	1.8
Thailand.....	0.1	0.9	1.7	1.6
Canada.....	0.4	0.7	0.9	1.1
Malaysia.....	0.6	3.1	1.6	1.0
United Kingdom.....	5.3	1.1	0.6	0.8
All other total.....	6.0	4.1	3.1	3.7
Total.....	100.0	100.0	100.0	100.0
GSP total.....	79.3	84.1	66.3	69.7

Source: Compiled from official statistics of the U.S. Department of Commerce.

HS item No.
9503.90.40--Con.

Sch B number: 9503.90.40

Product: Miscellaneous toys (not covered in HS numbers 9503.30-9503.90.20)

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Canada.....	11,144	10,475	8,290	6,775
Mexico.....	9,419	5,435	10,729	6,270
United Kingdom.....	6,798	3,873	3,967	4,137
Hong Kong.....	1,628	2,679	1,161	1,735
Japan.....	1,217	1,541	880	1,349
Australia.....	2,422	1,275	1,681	1,281
West Germany.....	1,263	531	530	1,197
Singapore.....	156	202	359	933
Panama.....	836	870	558	938
Saudi Arabia.....	584	1,237	1,195	720
Belgium and Luxembourg.....	2,364	786	552	672
Ecuador.....	489	98	582	480
Italy.....	433	469	352	400
France.....	1,236	483	158	383
All other total.....	15,452	6,969	4,180	4,527
World.....	55,441	36,923	35,174	31,797
Percent				
Canada.....	20.1	28.4	23.6	21.3
Mexico.....	17.0	14.7	30.5	19.7
United Kingdom.....	12.3	10.5	11.3	13.0
Hong Kong.....	2.9	7.3	3.3	5.5
Japan.....	2.2	4.2	2.5	4.2
Australia.....	4.4	3.5	4.8	4.0
West Germany.....	2.3	1.4	1.5	3.8
Singapore.....	0.3	0.5	1.0	2.9
Panama.....	1.5	2.4	1.6	2.9
Saudi Arabia.....	1.1	3.4	3.4	2.3
Belgium and Luxembourg.....	4.3	2.1	1.6	2.1
Ecuador.....	0.9	0.3	1.7	1.5
Italy.....	0.8	1.3	1.0	1.3
France.....	2.2	1.3	0.4	1.2
All other total.....	27.9	18.9	11.9	14.2
World.....	100.0	100.0	100.0	100.0

Source: Compiled from official statistics of the U.S. Department of Commerce.

HS item No.
9506.62.80 1/

Inflatable Balls, for Sports and Outdoor Games Except Footballs and Soccer Balls

I. Introduction

Col. 1 rate of duty: 4.8% ad val

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: X (Korea)

Country redesignation: X (Taiwan)

Competitive-need-limit waiver: X (Mexico)

Non-eligible GSP countries: Taiwan

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: These balls include all inflatable balls for sports except footballs and soccer balls. Basketballs accounted for 79 percent of the total value of U.S. imports of these balls in 1986; volleyballs, 15 percent; and other balls (chiefly inflatable balls for outdoor games), 6 percent.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	*8	*8	*7	7	-8
Total U.S. employment (thousand employees).....	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	-
U.S. shipments (thousand dollars).....	*42,000	*30,000	*20,000	*18,000	-57
U.S. exports (thousand dollars).....	2,337	1,443	639	717	-69
U.S. imports (thousand dollars).....	13,565	20,706	37,700	53,969	298
U.S. consumption (thousand dollars).....	53,228	49,263	57,061	71,252	34
Import to consumption ratio (percent).....	*25	*42	*66	*76	-
Capacity utilization (nearest 10 percent).....	*75	*55	*40	*35	-

Comment: There are seven U.S. manufacturers of inflatable balls for sports and outdoor games. All seven produce basketballs, volleyballs, and footballs; six of the seven manufacturer soccer balls. Four of the seven make inflatable balls for outdoor games. All U.S. producers of inflatable sports balls make their top-of-the-line balls in the United States; a few purchase their lower quality balls from contract suppliers in East Asia. Independent distributors, mass merchandisers, and large sporting goods chain stores import a significant volume of their requirements for inflatable sports balls. U.S. producers do not import balls for outdoor games to fill out their lines. Intense

1/ Probable effects advice for these or closely related products on the basis of the TSUS nomenclature is contained in the Digest for TSUS item No. 735.09

2/ Less than 500.

HS item No.
9506.62.80

price competition has increased reliance on lower-cost imports. This is reflected in the sharp rise in import penetration during 1981-86 and the corresponding drop in capacity utilization.

Taiwan exports basketballs and volleyballs chiefly to independent distributors and mass merchandisers whereas Korea supplies U.S. producers with low and mid-priced, chiefly non-leather basketballs and volleyballs. This is reflected in a comparison of the average unit value of these balls from Taiwan and Korea in 1986: basketballs from Taiwan were valued at \$2.12 each, volleyballs at \$1.51 each; basketballs from Korea were valued at \$8.95 each, volleyballs at \$4.14 each. Japan supplies the U.S. market with top-of-the-line volleyballs (average unit value \$8.31) that compete with the best balls made by U.S. producers.

Table A indicates that Taiwan has achieved its dominance as a supplier of these balls through low prices. However, the table also shows that there is a smaller market segment for these balls which is willing to pay much higher prices for better quality balls. U.S. producers tend to use manufacturing subsidiaries or contractors in Korea to supply their low-to-mid-priced balls. Mass merchandisers, on the other hand, emphasize the lowest price points and import from Taiwan.

Table A. Inflatable balls except footballs and soccer balls: Share of U.S. imports and average unit values by type and country of origin, 1986.

Type	Country of origin					Total
	Taiwan	Korea	Mexico	Japan	Other	
	Share of total imports (in percent)					
Basketballs.....	56	30	1	9	4	100
Volleyballs.....	22	28	2	47	1	100
Other.....	80	2	3	2	13	100
	Average unit value (in U.S. dollars)					
Basketballs.....	\$2.12	\$8.95	\$4.10	\$6.56	\$3.05	\$2.40
Volleyballs.....	1.51	4.14	3.04	8.31	1.80	1.88
Other.....	.50	1.11	.49	2.63	.91	.57

Source: Compiled from official statistics of the U.S. Department of Commerce by the U.S. International Trade Commission.

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III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousands)				
Total.....	53,969	100	-	76
Imports from GSP countries:				
Total.....	45,039	83	100	63
Taiwan.....	28,561	53	63	40
Korea.....	15,023	28	33	21
China.....	1,047	2	2	1
Haiti.....	860	2	2	1
Mexico.....	348	1	1	1/

Note.—The countries shown in the table include the top four GSP suppliers in 1986 and any additional countries proposed for "graduation" or "waiver."

1/ Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1986..... 1

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... 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: See U.S. market profile, including Table A.

HS item No.
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Competitiveness of Korea for all digest products

Ranking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

U.S. products..... Above Equivalent Below X

Other foreign products..... Above X Equivalent Below

Quality compared with:

U.S. products..... Above Equivalent Below X

Other foreign products..... Above X Equivalent Below

Comment: See U.S. market profile, including Table A.

Competitiveness of Mexico for all digest products

Ranking as a U.S. import supplier, 1986..... 6

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... 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: Imports from Mexico are chiefly tetherballs and inflatable balls for outdoor games. Mexico supplies an insignificant proportion of the U.S. market for balls covered by this digest.

HS item No.
9506.62.80--Con.

V. Position of interested parties

Petitioner.---The Hedstrom Corporation

The company would like the status quo maintained when the Harmonized System (HS) replaces the GSP. Specifically, Hedstrom wants both Korea and Taiwan to continue to be designated "sufficiently competitive" with respect to HS item 9506.62.80, inflatable balls for sports and outdoor games, except footballs and soccer balls, and HS item 9503.90.40, which includes inflatable toy balls. These balls are currently classified in TSUS item 735.09. Hedstrom wants Taiwan's current status as graduated from the GSP for TSUS item 735.09 to be continued for HS items 9506.62.80 and 9503.90.40. Hedstrom would like Korea to be graduated from the GSP for each of these HS items if it is determined to account for 25 percent or more of total imports under either item. Hedstrom asserts that both Taiwan and Korea are fully developed world producers of the balls covered by this digest and that any further competitive advantage granted either country would cause significant harm to the U.S. industry.

Kenner Parker Toys Inc. and Mattel Inc

These companies petitioned for a waiver of the competitive need limit for Mexico for HS item No. 9503.90.40. These companies make inflatable play balls in maquiladora operations in Mexico which they import under TSUSA item 735.09.90. Seventy percent of this TSUSA item is allocated to HS item No. 9503.90.40 and 30 percent to 9506.62.80. However, all of the toy balls will enter under HS item No. 9503.90.40.

[Probable economic effects advice deleted]

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TS number: 73509

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HS item No.

9506.62.80--Con.

Product: Inflatable balls nspf

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity				
Taiwan.....	7,852,022	13,189,625	23,571,801	30,595,736
Kor Rep.....	1,965,209	899,565	1,699,482	2,119,369
Japan.....	622,189	648,134	1,081,357	1,076,457
Mexico.....	574,766	570,854	618,667	794,562
China.P.....	52,978	544,159	763,369	781,500
Hg Kong.....	119,926	189,912	38,968	463,347
Canada.....	5,960	105,036	303,878	434,177
Brazil.....	243,675	156,907	216,400	240,960
FR Germ.....	1,069	3,231	132,013	142,793
Haiti.....			48,533	102,878
Switzld.....	7,865	415		39,850
Italy.....	349,543	421,762	367,511	31,139
Pakistn.....		1,944	2,250	13,164
France.....	24	960		6,889
All other total..	56,198	26,027	342,681	18,633
Total.....	11,851,424	16,758,531	29,186,910	36,861,454
GSP total....	10,808,373	15,023,778	26,437,733	34,332,316
Percent				
Taiwan.....	66.3	78.7	80.8	83.0
Kor Rep.....	16.6	5.4	5.8	5.7
Japan.....	5.2	3.9	3.7	2.9
Mexico.....	4.8	3.4	2.1	2.2
China.P.....	0.4	3.2	2.6	2.1
Hg Kong.....	1.0	1.1	0.1	1.3
Canada.....	0.1	0.6	1.0	1.2
Brazil.....	2.1	0.9	0.7	0.7
FR Germ.....	0.0	0.0	0.5	0.4
Haiti.....	0.0	0.0	0.2	0.3
Switzld.....	0.1	0.0	0.0	0.1
Italy.....	2.9	2.5	1.3	0.1
Pakistn.....	0.0	0.0	0.0	0.0
France.....	0.0	0.0	0.0	0.0
All other total..	0.5	0.2	1.2	0.1
Total.....	100.0	100.0	100.0	100.0
GSP total....	91.2	89.6	90.6	93.1

Source: Compiled from official statistics of the U.S. Department of Commerce

Product: Inflatable balls, excluding footballs an

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Taiwan.....	5,643	9,149	17,014	28,561
Kor. Rep.....	3,480	5,521	11,982	15,023
Japan.....	3,823	4,175	6,038	7,444
China. P.....	105	1,178	1,341	1,047
Haiti.....	1	1	392	860
Mexico.....	155	222	219	348
Hg. Kong.....	40	61	140	188
FR. Germ.....	13	24	95	141
Canada.....	4	31	85	114
Switzld.....	1	1		74
Italy.....	232	286	307	59
Brazil.....	27	23	31	27
Pakistn.....	3	8	4	23
U King.....	13	2	2	16
All other total..	19	18	44	37
Total.....	13,565	20,706	37,700	53,969
GSP total....	9,369	15,000	29,805	45,039
Percent				
Taiwan.....	41.6	44.2	45.1	52.9
Kor. Rep.....	25.7	26.7	31.8	27.8
Japan.....	28.2	20.2	16.0	13.8
China. P.....	0.8	5.7	3.6	1.9
Haiti.....	0.0	0.0	1.0	1.6
Mexico.....	1.1	1.1	0.6	0.6
Hg. Kong.....	0.3	0.3	0.4	0.3
FR. Germ.....	0.1	0.1	0.3	0.3
Canada.....	0.0	0.2	0.2	0.2
Switzld.....	0.0	0.0	0.0	0.1
Italy.....	1.7	1.4	0.8	0.1
Brazil.....	0.2	0.1	0.1	0.1
Pakistn.....	0.0	0.0	0.0	0.0
U King.....	0.1	0.0	0.0	0.0
All other total..	0.1	0.1	0.1	0.1
Total.....	100.0	100.0	100.0	100.0
GSP total....	69.1	72.4	79.1	83.5

Source: Estimated from official statistics of the U.S. Department of Commerce

HS number: 95066280

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HS item No.
9506.62.80—Con.

Product: Inflatable balls, excluding footballs an

U.S. exports of domestic merchandise, by principal markets 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Quantity				
Spain.....			6,170	27,167
Venez.....	6,082		3,941	18,027
FR Germ.....	4,520	7,856	10,512	10,580
Mexico.....	28,507	357	5,939	7,812
Kor Rep.....		18,581	185	7,131
Canada.....	16,174	10,017	5,657	6,718
Switzld.....	3,651	1,567	3,827	5,546
U.King.....	1,423	1,297	64	3,737
Thailnd.....	8,714	14,607	2,554	2,965
Phil R.....	41,257	7,434	3,564	2,385
Israel.....	1,172	1,201	4,743	1,420
Egypt.....	4,093	1,351		1,240
Salvadr.....	2,489	2,807	2,139	1,058
Panama.....	3,227		191	790
All other total..	107,396	68,630	27,164	2,362
Total.....	228,705	135,705	76,650	98,938
GSP total....	152,880	96,199	40,392	44,223
Percent				
Spain.....	0.0	0.0	8.0	27.5
Venez.....	2.7	0.0	5.1	18.2
FR Germ.....	2.0	5.8	13.7	10.7
Mexico.....	12.5	0.3	7.7	7.9
Kor Rep.....	0.0	13.7	0.2	7.2
Canada.....	7.1	7.4	7.4	6.8
Switzld.....	1.6	1.2	5.0	5.6
U.King.....	0.6	1.0	0.1	3.8
Thailnd.....	3.8	10.8	3.3	3.0
Phil R.....	18.0	5.5	4.6	2.4
Israel.....	0.5	0.9	6.2	1.4
Egypt.....	1.8	1.0	0.0	1.3
Salvadr.....	1.1	2.1	2.8	1.1
Panama.....	1.4	0.0	0.2	0.8
All other total..	47.0	50.6	35.4	2.4
Total.....	100.0	100.0	100.0	100.0
GSP total....	66.8	70.9	52.7	44.7

Source: Estimated from official statistics of the U.S. Department of Commerce

Product: Inflatable balls, excluding footballs an

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Venez.....	133		51	196
FR Germ.....	82	136	93	115
Canada.....	263	132	66	80
Mexico.....	148	3	28	55
Kor Rep.....		143	22	46
U.King.....	34	30	1	41
Switzld.....	30	12	16	33
Thailnd.....	74	115	21	28
Spain.....			29	20
Panama.....	14		5	16
Phil R.....	303	58	16	13
Hg Kong.....	73	41	25	11
Belgium.....	28	7	9	8
Singapr.....	186	151	48	8
All other total..	962	610	204	40
Total.....	2,337	1,443	639	717
GSP total....	1,388	946	343	407
-Percent				
Venez.....	5.7	0.0	8.1	27.4
FR Germ.....	3.5	9.5	14.6	16.2
Canada.....	11.3	9.1	10.4	11.3
Mexico.....	6.4	0.2	4.5	7.7
Kor Rep.....	0.0	10.0	3.5	6.4
U.King.....	1.5	2.1	0.3	5.8
Switzld.....	1.3	0.8	2.5	4.7
Thailnd.....	3.2	8.0	3.3	3.9
Spain.....	0.0	0.0	4.6	2.9
Panama.....	0.6	0.0	0.9	2.3
Phil R.....	13.0	4.1	2.6	1.8
Hg Kong.....	3.1	2.9	4.0	1.6
Belgium.....	1.2	0.5	1.4	1.2
Singapr.....	8.0	10.5	7.5	1.2
All other total..	41.2	42.3	31.9	5.6
Total.....	100.0	100.0	100.0	100.0
GSP total....	59.4	65.6	53.6	56.8

Source: Compiled from official statistics of the U.S. Department of Commerce

Noninflatable Hollow Balls

Not Over 19 Centimeters in Diameter, N.S.P.F.

I. Introduction

Col. 1 rate of duty: 7.8% ad val

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: X (Korea)

Country redesignation: X (Taiwan)

Competitive-need-limit waiver: X (Mexico)

Non-eligible GSP countries: Taiwan

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No _____.

Description and uses: Noninflatable hollow balls not over 19 cm. in diameter, n.s.p.f., are chiefly balls used for games and recreation by children and juveniles. They vary in size and design, the degree of labor required for production, and price. Tennis balls are the principal type of noninflatable hollow ball not covered by this digest. Toy balls are not included either.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	*5	*5	*5	*5	0
Total U.S. employment (thousand employees).....	*2/	*2/	*2/	*2/	2/
U.S. shipments (thousand dollars).....	*5,500	5,500	5,000	3,500	-36
U.S. exports (thousand dollars).....	*697	*518	*558	*308	-59
U.S. imports (thousand dollars).....	550	841	1,560	2,799	409
U.S. consumption (thousand dollars).....	5,353	5,823	6,002	5,991	11
Import to consumption ratio (percent).....	10	14	25	47	-
Capacity utilization (nearest 10 percent).....	80	80	70	50	-

Comment: The balls covered by this digest are chiefly inexpensive balls of plastic; the cheapest balls are from developed countries. These balls are mass produced in capital-intensive processes. Developing countries supply higher-quality balls which require more labor-intensive, detailed work. These better quality balls from developing countries command higher prices in the market. Producers in the United States furnish the market with balls encompassing the full spectrum of price levels. Growth in the U.S. market has been in the higher-quality, higher-priced segment and has resulted in greater penetration of the market by imports from Taiwan and Mexico.

1/ Probable effects advice for these or closely related products on the basis of the TSUS nomenclature is contained in the Digest for TSUS item No. 735.10.

HS item No.
9506.69.40—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousands)				
Total.....	2,799	100	-	47
Imports from GSP countries:				
Total.....	2,271	81	100	38
Taiwan.....	1,678	60	74	28
Mexico.....	312	11	14	5
Hong Kong.....	115	4	5	2
Israel.....	108	4	5	2
Korea.....	20	1	1	1/

Note.—The countries shown in the table include the top four GSP suppliers in 1986 and any additional countries proposed for "graduation" or "waiver."

1/ Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1986..... 1

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

U.S. products..... Above Equivalent X Below

Other foreign products..... Above X Equivalent Below

Quality compared with:

U.S. products..... Above Equivalent X Below

Other foreign products..... Above X Equivalent Below

Comment: The balls from Taiwan are of good quality. They compete directly with U.S.-made balls.

HS item No.
9506.69.40—Con.

Competitiveness of Mexico for all digest products

Ranking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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

Price sensitivity of import supply..... High Moderate X Low

Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes No X

Price sensitivity of U.S. demand..... High Moderate X Low

Price level compared with:

U.S. products..... Above X Equivalent Below

Other foreign products..... Above X Equivalent Below

Quality compared with:

U.S. products..... Above X Equivalent Below

Other foreign products..... Above X Equivalent Below

Comment: Approximately 90 percent of the balls from Mexico are made by a subsidiary of a U.S. producer that uses low-wage-rate labor in Mexico to reduce the cost of producing its most labor-intensive, best-quality balls.

Competitiveness of Korea for all digest products

Ranking as a U.S. import supplier, 1986..... 10

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... 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: Korea produces medium-quality balls. They are priced above imports from Europe but do not have the quality of balls made in Taiwan and Mexico, or by most U.S. producers.

HS item No.
9506.69.40—Con.

V. Position of interested parties

Petitioner.—The Hedstrom Corporation

The company would like the status quo maintained when the Harmonized System (HS) replaces the TSUS. Specifically, Hedstrom wants Taiwan to continue to be designated "sufficiently competitive" with respect to HS item 9506.69.40, noninflatable hollow balls not over 19 cm. in diameter, used for games or sports and HS item 9503.90.40, which includes noninflatable hollow balls not over 19 cm. in diameter used as toys. These balls are currently classified in TSUS item 735.10, with toy balls accounting for an estimated 25 percent of total imports. Hedstrom wants Taiwan's current status as graduated from the GSP for TSUS item 735.09 to be continued for HS items 9506.69.40 and 9503.90.40. Hedstrom asserts that Taiwan is a fully developed world producer of the balls covered by this digest and that any further competitive advantage granted Taiwan would cause significant harm to the U.S. industry.

Kenner Parker Toys Inc. and Mattel Inc

These companies petitioned for a waiver of the competitive need limit for Mexico for HS item No. 9503.90.40. These companies make a variety of plastic toys in maquiladora facilities in Mexico that will enter the United States under HS item No. 9503.90.40. TSUS item 735.10 has a 25 percent allocation to HS item No. 9503.90.40. The allocation of imports from Mexico under TSUS item 735.10 to HS item 9503.90.40 amounted to only \$104,000 in 1986. The only reference to such balls in the petition was in the listing of TSUS items allocated to HS item No. 9503.90.40.

[Probable economic effects advice deleted]

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[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

Product: Noninflatable hollow balls not over 19 c

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Taiwan.....	199	321	574	1,678
Mexico.....			348	312
Japan.....	23	32	59	120
Denmark.....	7	100	125	119
China.P.....	1	1	2	117
Hg.Kong.....	72	68	184	115
Israel.....	11	59	29	108
Austral.....	92	97	114	107
FR.Germ.....	35	57	13	29
Kor.Rep.....	26	29	6	20
U King.....	78	43	61	18
Brazil.....			6	18
Thailnd.....				14
Italy.....		2	1	12
All other total..		24	31	7

Total.....	550	841	1,560	2,799
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GSP total....	310	488	1,161	2,271
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Percent				
Taiwan.....	36.3	38.2	36.8	60.0
Mexico.....	0.0	0.0	22.4	11.1
Japan.....	4.3	3.8	3.8	4.3
Denmark.....	1.3	11.9	8.0	4.3
China.P.....	0.3	0.2	0.2	4.2
Hg.Kong.....	13.2	8.1	11.8	4.1
Israel.....	2.1	7.1	1.9	3.9
Austral.....	16.8	11.6	7.3	3.8
FR.Germ.....	6.5	6.9	0.9	1.0
Kor.Rep.....	4.9	3.5	0.4	0.7
U King.....	14.3	5.2	3.9	0.7
Brazil.....	0.0	0.1	0.4	0.6
Thailnd.....	0.0	0.1	0.1	0.5
Italy.....	0.0	0.3	0.1	0.5
All other total..	0.1	2.9	2.0	0.3

Total.....	100.0	100.0	100.0	100.0
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GSP total....	56.4	58.0	74.4	81.1
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Source: Estimated from official statistics of the U.S. Department of Commerce

Product: NONINFLATABLE BALLS NSPF

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Chile.....	53	3		69
Canada.....	155	233	63	53
U.King.....	34	63	26	29
FR Germ.....	13	28	3	28
Japan.....	23	21	30	24
Trinid.....		1		17
Panama.....	2	13	20	13
Italy.....	6	19	7	12
Colomb.....	1	2		10
Haiti.....	1	14	4	9
Mexico.....	10	5	6	6
Switzld.....	3			6
Bolivia.....				4
Dom.Rep.....			2	3
All other total..	390	110	391	17
Total.....	697	518	558	308
GSP total....	412	108	237	150

Percent				
Chile.....	7.7	0.7	0.0	22.6
Canada.....	22.3	45.1	11.4	17.5
U.King.....	5.0	12.2	4.7	9.4
FR Germ.....	1.9	5.5	0.7	9.2
Japan.....	3.4	4.2	5.5	8.0
Trinid.....	0.0	0.2	0.0	5.6
Panama.....	0.3	2.5	3.6	4.5
Italy.....	0.9	3.7	1.4	3.9
Colomb.....	0.2	0.4	0.1	3.4
Haiti.....	0.2	2.9	0.8	3.1
Mexico.....	1.5	1.0	1.2	2.2
Switzld.....	0.5	0.0	0.0	2.1
Bolivia.....	0.0	0.0	0.0	1.6
Dom.Rep.....	0.0	0.1	0.4	1.3
All other total..	56.0	21.4	70.1	5.7
Total.....	100.0	100.0	100.0	100.0
GSP total....	59.2	20.8	42.6	48.7

Source: Compiled from official statistics of the U.S. Department of Commerce

HS item No.
9506.69.60 1/

Balls, N.S.P.F.

I. Introduction

Col. 1 rate of duty: 4.9% ad val

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: X (Korea)

Country redesignation: X (Taiwan)

Competitive-need-limit waiver: X (Mexico)

Non-eligible GSP countries: Taiwan

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: Racquetballs, squash balls, and handballs account for the bulk of both producers' shipments and imports of balls not specially provided for. Toy balls, n.s.p.f., are not included in this digest.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	. *5	. *5	. *5	. *5	0
Total U.S. employment (thousand employees).....	*2/	2/	*2/	*2/	-
U.S. shipments (thousand dollars).....	*12,000	*12,000	*12,000	*6,000	-50
U.S. exports (thousand dollars).....	697	518	558	308	-56
U.S. imports (thousand dollars).....	2,642	3,870	4,821	15,041	469
U.S. consumption (thousand dollars).....	13,945	15,352	16,263	20,733	49
Import to consumption ratio (percent).....	19	25	30	73	-
Capacity utilization (nearest 10 percent).....	*80	*80	*80	40	-

Comment: The U.S. market for these balls expanded by 49 percent during 1981-86, reflecting heightened concern regarding physical fitness and the proliferation of racquet clubs. However, a sharp influx of low-priced balls from Taiwan led to a tripling of imports in 1986 over 1985 and producers' shipments declined by a half.

1/ Probable effects advice for these or closely related products on the basis of the HS nomenclature is contained in the Digest for TSUS item No. 735.12

2/ Less than 500.

HS item No.
9506.69.60—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Value (thousands)				
Total.....	15,041	100	—	73
Imports from GSP countries:				
Total.....	13,051	87	100	63
Taiwan.....	10,665	71	82	51
Korea.....	1,678	11	13	8
Hong Kong.....	524	4	4	3
Mexico.....	74	1	1	1/

Note.—The countries shown in the table include the top four GSP suppliers in 1986 and any additional countries proposed for "graduation" or "waiver."

1/ Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1986..... 1

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... 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: Taiwan supplies slightly lower quality racquetballs to the U.S. market than domestic producers and other foreign sources, but at significantly lower prices.

HS item No.
9506.69.60—Con.

Competitiveness of Korea for all digest products

Ranking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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
Price sensitivity of import supply..... High X Moderate Low
Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No
Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

U.S. products..... Above Equivalent Below X
Other foreign products..... Above X Equivalent Below

Quality compared with:

U.S. products..... Above Equivalent Below X
Other foreign products..... Above X Equivalent Below

Comment: Racquetballs from Korea sell in the middle price points.

Competitiveness of Mexico for all digest products

Ranking as a U.S. import supplier, 1986..... 12

Price sensitivity:

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
Price sensitivity of import supply..... High Moderate Low X
Can the U.S. purchaser easily shift among this
and other suppliers?..... Yes X No
Price sensitivity of U.S. demand..... High X Moderate Low

Price level compared with:

U.S. products..... Above Equivalent Below X
Other foreign products..... Above X Equivalent Below

Quality compared with:

U.S. products..... Above Equivalent Below X
Other foreign products..... Above X Equivalent Below

Comment: Mexico does not export racquetballs to the United States. It is not known if there is any production of these balls in Mexico.

HS item No.
9506.69.60--Con.

V. Position of interested parties

Petitioner.—Kenner Parker Toys Inc. and Mattel Inc

These companies petitioned for a waiver of the competitive-need limit for Mexico for HS item No. 9503.90.40. These companies make a variety of plastic toys in maquiladora facilities in Mexico that will enter the United States under HS item No. 9503.90.40. TSUSA item 735.1240 has a 10 percent allocation to HS item No. 9503.90.40. These are toy balls, n.s.p.f. There were no imports of such balls from Mexico during 1981-86. The only reference to such balls in the petition was in the listing of TSUS items allocated to TSUS item No. 9503.90.40.

The Hedstrom Corporation

The company has petitioned to continue the status for Taiwan as "graduated" with respect to balls currently classified in TSUS 735.12 when the Harmonized System (HS) is implemented. Ten percent of item 735.12 is allocated to HS item No. 9503.90.60 (toy or play balls, n.s.p.f.) and 90 percent (sports balls, n.s.p.f.) to TSUS item No. 9506.69.60. Hedstrom requests that Taiwan be graduated for each of these HS items. Hedstrom contends that imports far exceed U.S. production and that GSP eligibility for Taiwan with respect to these balls will seriously harm the remaining domestic industry.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

Product: Noninflatable balls, nesl

U.S. imports for consumption, by principal sources, 1981 1983 1985 and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Taiwan.....	1,553	2,033	2,675	10,665
Kor. Rep.....	211	329	292	1,678
Italy.....	293	489	690	1,005
Hg. Kong.....	210	512	436	524
Japan.....	178	253	151	205
Austral.....	3	11	85	180
China.P.....	2	11	18	176
FR. Germ.....	18	26	38	98
France.....	15	4	49	92
U King.....	24	50	76	91
Canada.....	32	45	86	81
Mexico.....	27	26	56	74
Thailnd.....				30
Phil R.....	22	10	30	22
All other total..	47	63	131	114
Total.....	2,642	3,870	4,821	15,041
GSP total....	2,056	2,946	3,579	13,051
Percent				
Taiwan.....	58.8	52.5	55.5	70.9
Kor. Rep.....	8.0	8.5	6.1	11.2
Italy.....	11.1	12.6	14.3	6.7
Hg. Kong.....	8.0	13.2	9.1	3.5
Japan.....	6.8	6.6	3.1	1.4
Austral.....	0.1	0.3	1.8	1.2
China.P.....	0.1	0.3	0.4	1.2
FR. Germ.....	0.7	0.7	0.8	0.7
France.....	0.6	0.1	1.0	0.6
U King.....	0.9	1.3	1.6	0.6
Canada.....	1.2	1.2	1.8	0.5
Mexico.....	1.0	0.7	1.2	0.5
Thailnd.....	0.0	0.0	0.0	0.2
Phil R.....	0.9	0.3	0.6	0.1
All other total..	1.8	1.7	2.7	0.8
Total.....	100.0	100.0	100.0	100.0
GSP total....	77.8	76.1	74.2	86.8

Source: Estimated from official statistics of the U.S. Department of Commerce

Product: NONINFLATABLE BALLS NSPF

U.S. exports of domestic merchandise, by principal markets, 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Chile.....	53	3		69
Canada.....	155	233	63	53
U.King.....	34	63	26	29
FR Germ.....	13	28	3	28
Japan.....	23	21	30	24
Trinid.....		1		17
Panama.....	2	13	20	13
Italy.....	6	19	7	12
Colomb.....	1	2		10
Haiti.....	1	14	4	9
Mexico.....	10	5	6	6
Switzld.....	3			6
Bolivia.....				4
Dom.Rep.....			2	3
All other total..	390	110	391	17
Total.....	697	518	558	308
GSP total....	412	108	237	150
Percent				
Chile.....	7.7	0.7	0.0	22.6
Canada.....	22.3	45.1	11.4	17.5
U.King.....	5.0	12.2	4.7	9.4
FR Germ.....	1.9	5.5	0.7	9.2
Japan.....	3.4	4.2	5.5	8.0
Trinid.....	0.0	0.2	0.0	5.6
Panama.....	0.3	2.5	3.6	4.5
Italy.....	0.9	3.7	1.4	3.9
Colomb.....	0.2	0.4	0.1	3.4
Haiti.....	0.2	2.9	0.8	3.1
Mexico.....	1.5	1.0	1.2	2.2
Switzld.....	0.5	0.0	0.0	2.1
Bolivia.....	0.0	0.0	0.0	1.6
Dom.Rep.....	0.0	0.1	0.4	1.3
All other total..	56.0	21.4	70.1	5.7
Total.....	100.0	100.0	100.0	100.0
GSP total....	59.2	20.8	42.6	48.7

Source: Compiled from official statistics of the U.S. Department of Commerce

HS item No.
9606.21.40 1/

Buttons of acrylic and/or polyester resins

I. Introduction

Col. 1 rate of duty: 0.4¢ per line/gross +6.4% ad val (1986 AVE 12%)

Type of action proposed (check one):

Addition of GSP: _____

Removal from GSP: _____

Country graduation: X (Taiwan)

Competitive-need-limit waiver: _____

Non-eligible GSP countries: _____

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No _____

Description and uses: Acrylic and polyester resin buttons are used to fasten and decorate shirts, blouses, skirts, dresses, sportswear, coats, and suits, among others.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	10	9	8	*6	-40
Total U.S. employment (thousand employees).....	*1	*1	*1	*1	0
U.S. shipments (thousand dollars).....	*56,000	*65,200	*70,000	*48,000	-14
U.S. exports (thousand dollars).....	3,168	4,904	6,104	5,332	68
U.S. imports (thousand dollars).....	4,511	4,459	5,107	6,725	49
U.S. consumption (thousand dollars).....	*57,343	*64,755	*69,003	*49,393	14
Import to consumption ratio (percent).....	8	7	7	14	-
Capacity utilization (nearest 10 percent).....	30	40	60	60	-

Comment: Until recently, the capital-intensive U.S. button industry enjoyed significant competitive advantages over foreign button manufacturers including lower raw material costs, proximity to the U.S. garment industry, and better quality and service. U.S. producers maintain a significant share of the market despite higher prices by 1) offering buttons of superior design; 2) leasing or loaning attaching machines to their customers and servicing the machines, thus saving their customers the expense of capital investment and maintenance; and 3) selling both speed of delivery and reliability of supply. The latter is especially important to customers who are advocates of the "just-in-time" school. However, industry sources report that these advantages have lost their importance and have not been able to prevent business closures and reductions in employment resulting from overall declining profitability in the U.S. button industry.

1/ Probable effects advice for these or closely related products on the basis of the TSUS nomenclature is contained in the Digest for TSUS item No. 745.32

HS item No.
9606.21.40—Con.

III. GSP import situation, 1986

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Quantity (thousands; gross)				
Total.....	9,396	100	—	—
Imports from GSP countries:				
Total.....	7,625	81	100	—
Taiwan.....	4,934	53	55	—
Thailand.....	1,596	17	21	—
Korea.....	607	6	8	—
Hong Kong.....	448	5	6	—
Value (thousands)				
Total.....	6,725	100	—	14
Imports from GSP countries:				
Total.....	3,244	48	100	7
Taiwan.....	1,615	24	50	3
Thailand.....	907	13	28	2
Hong Kong.....	368	5	11	1
Korea.....	286	4	9	1

Note.—The countries shown in the table include the top four GSP suppliers in 1986.

HS item No.
9606.21.40—Con.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... 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: Taiwan is a highly competitive supplier of acrylic and polyester buttons.

Taiwan's share of total U.S. imports of these buttons climbed from 2 percent to 53 percent during 1984-86, while the shares of Italy and Japan, previously the most important suppliers of these buttons, dropped from 38 percent to 10 percent and from 24 percent to 5 percent, respectively. Much of Taiwan's penetration of the U.S. market can be explained by reduction in the average unit value of imports of Taiwan-origin buttons from \$1.03 per gross to \$0.33 during 1984-86. Some U.S. button manufacturers also attribute the recent surge in Taiwan-origin buttons to Taiwan's ability to export acrylic and polyester resin buttons duty-free under the GSP since 1984. Since both Taiwanese and U.S. button manufacturers purchase their button manufacturing equipment from Italy, the bulk of the buttons produced in both these countries is of comparable quality in terms of the reliability of basic buttons. Therefore, it is not surprising that the price sensitivity of U.S. demand for and supply of imported buttons is high for simple plastic buttons. However, higher quality buttons, those with designs or a mixture of colors, require artisans. Italian producers have the best artisans followed by U.S. producers. This higher-priced segment of the world button market has not yet been penetrated by producers in Taiwan.

U.S. producers maintain a significant share of the market despite higher prices by (1) offering buttons of superior design; (2) leasing or loaning attaching machines to their customers and servicing the machines, thus saving their customers the expense of capital investment and maintenance; and (3) selling both speed of delivery and reliability of supply. The latter is especially important to customers who are advocates of the "just-in-time" school.

HS item No.
9606.21.40--Con.

V. Position of interested parties

Petitioner.--Cresthill Industries, Inc. is a domestic manufacturer of polyester buttons. The manufacture and sale of polyester buttons in the United States is highly competitive. Cresthill feels that the current duty-free treatment of imports of polyester buttons from Taiwan gives the Taiwanese an unfair competitive advantage which has enabled them to take a significant share of the U.S. button market, suppress prices, and undermine the profitability of the U.S. button industry.

Support.--Other major U.S. button manufacturers, including Emsig Manufacturing, American Trim, and Caldwell Button, have also asserted that the sharp rise in imported buttons from Taiwan has been the major cause of the recent decline of the U.S. button industry. U.S. producers cannot explain how manufacturers in both Taiwan and Thailand can offer acrylic and polyester resin buttons at prices that the domestic industry believes are below the cost of raw materials for those buttons.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

Product: Buttons, acrylic and/or polyester resins

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Quantity				
Taiwan.....	24,380	199,778	928,744	4,934,670
Thailand.....	751,596	655,545	1,223,607	1,596,388
Italy.....	1,784,931	1,481,040	963,848	934,428
Kor Rep.....		578		607,058
Japan.....	1,356,786	1,582,313	634,140	485,269
Hg. Kong.....	10,559	4,845	422,439	448,367
Spain.....	27,947	198,608	182,809	177,646
Switzld.....	28,435	27,717	37,454	53,615
Nethlds.....	68,748	57,909	35,260	40,289
U King.....	21,962	13,890	67,751	33,158
Phil.R.....	8,604	7,177		23,948
France.....	29,028	17,071	38,827	20,716
FR Germ.....	24,589	35,456	16,649	11,132
Niger.....			436	7,771
All other total..	27,135	279,697	82,843	21,622
Total.....	4,164,700	4,561,624	4,634,807	9,396,077
GSP total....	795,139	1,123,646	2,624,993	7,625,358
Percent				
Taiwan.....	0.6	4.4	20.0	52.5
Thailand.....	18.0	14.4	26.4	17.0
Italy.....	42.9	32.5	20.8	9.9
Kor Rep.....	0.0	0.0	0.0	6.5
Japan.....	32.6	34.7	13.7	5.2
Hg. Kong.....	0.3	0.1	9.1	4.8
Spain.....	0.7	4.4	3.9	1.9
Switzld.....	0.7	0.6	0.8	0.6
Nethlds.....	1.7	1.3	0.8	0.4
U King.....	0.5	0.3	1.5	0.4
Phil.R.....	0.2	0.2	0.0	0.3
France.....	0.7	0.4	0.8	0.2
FR Germ.....	0.6	0.8	0.4	0.1
Niger.....	0.0	0.0	0.0	0.1
All other total..	0.7	6.1	1.8	0.2
Total.....	100.0	100.0	100.0	100.0
GSP total....	19.1	24.6	56.6	81.2

Source: Compiled from official statistics of the U.S. Department of Commerce

Product: Buttons, acrylic and/or polyester resins

U.S. imports for consumption, by principal sources 1981, 1983, 1985, and 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Italy.....	1,950	1,641	1,684	1,774
Taiwan.....	28	70	404	1,615
Japan.....	1,718	1,664	964	969
Thailnd.....	257	383	853	907
Hg. Kong.....	11	12	542	368
Kor. Rep.....		1		286
Spain.....	23	112	186	217
Nethlds.....	183	159	120	145
U King.....	100	57	71	126
France.....	56	29	66	101
Switzld.....	40	48	63	63
FR Germ.....	64	94	38	45
Niger.....			1	30
Phil R.....	9	5		27
All other total..	65	177	110	48
Total.....	4,511	4,459	5,107	6,725
GSP total....	307	566	1,862	3,244
Percent				
Italy.....	43.2	36.8	33.0	26.4
Taiwan.....	0.6	1.6	7.9	24.0
Japan.....	38.1	37.3	18.9	14.4
Thailnd.....	5.7	8.6	16.7	13.5
Hg. Kong.....	0.3	0.3	10.6	5.5
Kor. Rep.....	0.0	0.0	0.0	4.3
Spain.....	0.5	2.5	3.7	3.2
Nethlds.....	4.1	3.6	2.4	2.2
U King.....	2.2	1.3	1.4	1.9
France.....	1.3	0.7	1.3	1.5
Switzld.....	0.9	1.1	1.2	0.9
FR Germ.....	1.4	2.1	0.7	0.7
Niger.....	0.0	0.0	0.0	0.5
Phil R.....	0.2	0.1	0.0	0.4
All other total..	1.5	4.0	2.2	0.7
Total.....	100.0	100.0	100.0	100.0
GSP total....	6.8	12.7	36.5	48.2

Source: Compiled from official statistics of the U.S. Department of Commerce

HS item No.
9606.21.40 1/—Con.

Sch. B no: 7450540

Product: Buttons, acrylic and/or polyester resin

U.S. exports of domestic merchandise by principal markets, 1981, 1983, 1985, 1986.

Source	1981	1983	1985	1986
Quantity (thousands; gross)				
Hong Kong.....	675	1,189	1,151	1,078
Taiwan.....	72	92	321	126
Mexico.....	38	40	545	851
Korea, South.....	44	67	101	87
Canada.....	299	410	441	172
Germany, West.....	1	3	51	81
Dominican Republic.....	78	74	127	157
Philippines.....	37	62	50	45
China.....	5	20	26	32
All other total.....	597	590	653	659
Total.....	1,845	2,548	3,467	3,287
Percent				
Hong Kong.....	37	47	33	33
Taiwan.....	10	4	9	4
Mexico.....	2	2	16	26
Korea, South.....	2	3	3	3
Canada.....	16	16	13	5
Germany, West.....	2/	2/	2	3
Dominican Republic.....	4	3	4	5
Philippines.....	2	2	1	1
China.....	2/	2/	2/	1
All other total.....	32	23	19	20
Total.....	100.0	100.0	100.0	100.0

Source: Compiled from official statistics of the U.S. Department of Commerce.

1/ The Schedule B allocation for item 740.0540 is 100 percent.

2/ Less than 0.5 percent.

HS item No.
9606.21.40 1/—Con.

Sch. B no: 7450540

Product: Button, acrylic and/or polyester resin

U.S. exports for consumption, by principal sources 1981, 1983, 1985, 1986.

Value (1,000 dollars)				
Source	1981	1983	1985	1986
Value (1,000 dollars)				
Hong Kong.....	1,341	2,380	2,609	2,449
Taiwan.....	166	191	729	432
Mexico.....	111	70	317	429
Korea, South.....	145	359	346	273
Canada.....	433	661	682	268
Germany, West.....	2	8	24	151
Dominican Republic.....	48	41	156	142
Philippines.....	98	281	163	117
China.....	11	71	85	95
Total other.....	814	843	993	976
Total.....	3,168	4,904	6,104	5,332
Percent				
Hong Kong.....	42	49	43	46
Taiwan.....	5	4	12	8
Mexico.....	4	2	5	8
Korea, South.....	5	7	6	5
Canada.....	14	14	11	5
Germany, West.....	<u>2</u> /	<u>2</u> /	<u>2</u> /	3
Dominican Republic.....	2	<u>2</u> /	3	3
Philippines.....	3	6	3	2
China.....	<u>2</u> /	1	1	2
Total other.....	26	17	16	18
Total.....	100.0	100.0	100.0	100.0

Source: Compiled from official statistics of the U.S. Department of Commerce.

1/ The Schedule B allocation for item 740.0540 is 100 percent.

2/ Less than 0.5 percent.

Ball-point Pens

I. Introduction

Col. 1 rate of duty: 0.8¢ ea. + 5.4% ad val (1986 AVE 11%)

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP:

Country graduation:

Competitive-need-limit waiver:

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No

Description and uses: This digest covers ballpoint pens. The writing point of a ballpoint pen has a small steel ball which rotates in a socket and inks itself by contact with an inner magazine of ink.

II. U.S. market profile

Item	1981	1983	1985	1986	Percentage change, 1986 versus 1981
Number of U.S. producers (number of firms).....	200	200	175	**175	-12
Total U.S. employment (thousand employees).....	**9	**9	**9	**9	0
U.S. shipments (thousand dollars).....	**356,400	*362,340	396,400	*432,000	21
U.S. exports (thousand dollars).....	52,010	29,547	21,781	19,932	-62
U.S. imports (thousand dollars).....	24,416	28,806	58,509	78,544	222
U.S. consumption (thousand dollars).....	**328,799	362,193	433,124	\$490,658	49
Import to consumption ratio (percent).....	7	8	14	*16	-
Capacity utilization (nearest 10 percent).....	80	90	80	*80	-

Comment: U.S. manufacturers of writing instruments, of which ballpoint pens comprise a substantial share, report that the industry has been able to recover from the adverse effects it experienced from the recession of the early 1980's. However, the U.S. market for writing instruments is highly competitive. U.S. producers face especially strong competition from Japanese producers who have succeeded in selling many low cost, high quality and innovative writing instruments to the United States. GSP imports generally fill the low-cost and lower quality sector of the market. During 1981-86, the average unit value of imports from Japan fell from \$0.30 to \$0.23, and the average unit value of imports from GSP countries dropped from \$0.43 to \$0.17, both of which contributed to the increased share of the U.S. market accounted for by imports.

1/ Probable effects advice for these or closely related products on the basis of the TSUS nomenclature is contained in the Digest for TSUSA item No. 760.0520

HS item No.
9608.10--Con.

111. GSP import situation, 1986 ^{1/}

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
(Quantity (1,000 pens))				
Total.....	343,619	100	-	70
Imports from GSP countries:				
Total.....	69,638	20	100	14
Taiwan.....	31,150	9	45	6
Hong Kong.....	12,442	4	18	3
Korea.....	6,941	2	10	1
Mexico.....	14,261	4	20	3
Value (thousands)				
Total.....	78,543	100	-	16
Imports from GSP countries:				
Total.....	11,854	15	100	2
Taiwan.....	6,585	8	56	1
Hong Kong.....	2,459	3	21	<u>2/</u>
Korea.....	1,106	1	9	<u>2/</u>
Mexico.....	993	1	8	<u>2/</u>

Note.—The countries shown in the table include the top four GSP suppliers in 1986.

^{1/} Thailand, the petitioner, is a minor supplier of these products. Imports of ballpoint pens from Thailand totalled less than 1/10 percent of all U.S. imports in 1986.

^{2/} Less than 0.5 percent.

HS item No.
9608.10—Con.

IV. Competitiveness profiles, GSP suppliers

Competitiveness of Taiwan for all digest products

Ranking as a U.S. import supplier, 1986..... 2

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... 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: U.S. imports of ballpoint pens from Taiwan are generally sold in the lower end of the market. The average unit value of imports from Taiwan was \$0.21 in 1986 compared with \$0.23 for imports from Japan.

Competitiveness of Hong Kong for all digest products

Ranking as a U.S. import supplier, 1986..... 5

Price sensitivity:

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

Price sensitivity of import supply..... High X Moderate Low

Can the U.S. purchaser easily shift among this

and other suppliers?..... Yes X No

Price sensitivity of U.S. demand..... 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: U.S. imports from Hong Kong are generally sold in the lower end of the market. The average unit value of imports from Hong Kong was \$0.20 in 1986 compared with \$0.23 for Japan.

HS item No.
9608.10—Con.

V. Position of interested parties

Petitioner.—Both the Government of Singapore and the Government of Thailand seek continuation of the GSP eligibility for items entering under TSUS item 688.42, other electrical articles, n.s.p.f. Among the articles which enter under TSUS 688.42 are writing instruments containing watch modules. A published concordance of TSUS numbers with HS numbers erroneously allocated a portion of item 688.42 to HS 9608.10. The principal TSUS number allocated to HS 9608.10 is 760.0520. Although the governments of Singapore and Thailand cite TSUSA item 760.0520 in their petition, they have only a passing interest in the GSP status for the item.

Support.—Russ Berrie & Co., Inc., Oakland, New Jersey, and an importer, supports the extension of GSP eligibility to ball-point pens. The company believes that U.S. producers of ballpoint pens are competitive in the world market and that the industry would not suffer significant injury. It states that duty savings would be passed on to customers, resulting in increased sales and employment.

[Probable economic effects advice deleted]

HS item No.
9608.10—Con.

HS number: 9608.10.00

Product: Ball-point pens

U.S. imports for consumption, by principal sources 1981, 1983, 1985, 1986

Source	1981	1983	1985	1986
Quantity (1,000 pens)				
Japan.....	42,670,976	74,663,873	184,798,340	218,497,000
Taiwan.....	3,301,457	4,850,329	18,091,540	31,149,946
West Germany.....	930,339	2,379,915	9,019,124	10,164,247
Italy.....	8,529,673	5,651,004	18,116,204	27,222,662
Hong Kong.....	8,454,061	11,012,631	9,049,728	12,442,007
France.....	4,084,621	3,656,928	3,403,924	4,844,204
Switzerland.....	57,545	48,484	948,689	2,360,389
Spain.....	236,501	1,621,762	2,601,565	5,989,873
Korea.....	1,222,955	2,002,576	3,535,191	6,941,252
Mexico.....	59,410	338,674	2,636,614	14,265,710
Denmark.....	2,323,368	1,622,360	1,715,684	1,744,494
Brazil.....	70,607	1,984	36,646	1,894,975
China.....	65,698	887,860	831,566	1,052,423
All other total.....	1,337,076	3,788,391	3,909,025	5,099,907
Total.....	73,344,280	112,526,771	258,693,840	343,669,089
GSP total.....	13,442,165	18,935,787	34,367,853	69,637,383
Percent				
Japan.....	58.2	66.3	71.4	63.6
Taiwan.....	4.5	4.3	7.0	9.1
West Germany.....	1.3	2.1	3.5	3.0
Italy.....	11.6	5.0	7.0	7.9
Hong Kong.....	11.5	9.8	3.5	3.6
France.....	5.6	3.2	1.3	1.4
Switzerland.....	0.1	0.0	0.4	0.7
United Kingdom.....				
Spain.....	0.3	1.4	1.0	1.7
Korea.....	1.7	1.8	1.4	2.0
Mexico.....	0.1	0.3	1.0	4.2
Denmark.....	3.2	1.4	0.7	0.5
Brazil.....	0.1	0.0	0.0	0.6
China.....	0.1	0.8	0.3	0.3
All other total.....	1.8	3.4	1.5	1.5
Total.....	100.0	100.0	100.0	100.0
GSP total.....	18.3	16.8	13.2	20.3

Source: Compiled from official statistics of the U.S. Department of Commerce.

HS item No.
9608.10—Con.

HS number: 9608.10.00

Product: Ball-point pens

U.S. imports for consumption, by principal sources 1981, 1983, 1985, 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Japan.....	12,641	17,285	38,236	49,501
Taiwan.....	1,993	1,706	4,051	6,585
West Germany.....	977	1,360	4,363	5,356
Italy.....	1,471	908	346	4,709
Hong Kong.....	3,262	2,868	682	2,459
France.....	1,947	1,041	24	1,741
Switzerland.....	72	79	156	1,594
Spain.....	142	382	85	1,111
Korea.....	374	372	156	1,106
Mexico.....	15	73	163	993
Denmark.....	762	522	85	631
Brazil.....	48		163	467
China.....	9	114	94	298
All other total.....	702	2,087	476	1,983
Total.....	24,415	28,806	59,509	78,543
GSP total.....	5,767	5,096	6,773	11,854
Percent				
Japan.....	51.8	60.0	65.4	63.0
Taiwan.....	8.2	5.9	6.9	8.4
West Germany.....	4.0	4.7	7.5	6.8
Italy.....	6.0	3.2	4.2	6.0
Hong Kong.....	13.4	10.0	2.8	3.1
France.....	8.0	3.6	2.2	2.2
Switzerland.....	0.3	0.3	1.1	2.0
Spain.....	0.6	1.3	0.8	1.4
Korea.....	1.5	1.3	1.1	1.4
Mexico.....	0.1	0.3	0.6	1.3
Denmark.....	3.1	1.8	1.0	0.8
Brazil.....	0.2	0.0	0.0	0.6
China.....	0.0	0.4	0.2	0.4
All other total.....	2.8	7.3	1.0	2.5
Total.....	100.0	100.0	100.0	100.0
GSP total.....	23.6	17.7	11.6	15.1

Source: Compiled from official statistics of the U.S. Department of Commerce.

HS item No.
9608.10—Con.

HS number: 9608.10.00

Product: Ball-point pens

U.S. exports of domestic merchandise, by principal markets 1981, 1983, 1985, 1986

Source	1981	1983	1985	1986
Quantity (1,000 pens)				
Canada.....	15,381,826	11,679,480	4,948,779	6,047,466
United Kingdom.....	3,173,658	4,058,300	4,050,122	2,706,051
Japan.....	3,916,225	2,896,517	1,834,290	1,882,904
Italy.....	1,270,165	1,196,141	28,208	1,219,361
West Germany.....	2,771,986	925,626	364,291	1,211,593
Cocos I.....	9,888,657	4,031,473	2,307,832	916,967
Panama.....	2,031,088	844,956	288,134	822,671
Hong Kong.....	1,856,571	1,560,001	1,453,045	691,522
Netherlands.....	2,080,886	1,555,090	1,202,031	478,209
France.....	1,477,799	537,586	337,333	436,395
Singapore.....	1,353,355	1,136,953	815,085	395,471
Republic South Africa.....	946,776	1,051,331	780,526	387,564
All other total.....	37,298,335	8,267,567	4,709,066	4,405,353
Total.....	83,447,327	39,745,021	23,118,742	21,561,527
GSP total.....	37,954,453	12,571,952	7,150,059	5,741,006
Percent				
Canada.....	18.2	29.4	21.4	28.6
United Kingdom.....	3.8	10.2	17.5	12.6
Japan.....	4.7	7.3	7.9	8.7
Italy.....	1.5	3.0	0.1	5.7
West Germany.....	3.3	2.3	1.6	5.6
Cocos I.....	11.9	10.1	10.0	4.3
Panama.....	2.4	2.1	1.2	3.8
Hong Kong.....	2.2	3.9	6.3	3.2
Netherlands.....	2.5	3.9	5.2	2.2
France.....	1.8	1.4	1.5	2.0
Singapore.....	1.6	2.9	3.5	1.8
Republic South Africa.....	1.1	2.6	3.4	1.8
All other total.....	44.7	20.8	20.4	20.4
Total.....	100.0	100.0	100.0	100.0
GSP total.....	45.5	31.6	30.9	26.6

Source: Compiled from official statistics of the U.S. Department of Commerce.

HS item No.
9608.10—Con.

HS number: 9608.10.00

Product: Ball-point pens

U.S. exports of domestic merchandise, by principal markets 1981, 1983, 1985, 1986

Source	1981	1983	1985	1986
Value (1,000 dollars)				
Japan.....	6,033	3,855	3,201	3,951
Canada.....	4,710	4,116	4,224	3,590
United Kingdom.....	2,334	1,969	3,294	2,477
Hong Kong.....	4,997	3,798	1,020	1,065
Cocos I.....	2,905	1,779	1,552	820
Singapore.....	2,196	2,090	733	699
Panama.....	1,621	654	423	652
West Germany.....	2,330	481	281	546
Italy.....	1,094	438	57	475
Netherlands.....	1,079	456	329	381
France.....	910	346	262	310
Republic South Africa.....	845	582	374	255
All other total.....	18,964	8,982	6,030	4,701
Total.....	52,018	29,546	21,780	19,922
GSP total.....	23,883	12,185	6,577	6,361
Percent				
Japan.....	11.6	13.0	14.7	19.8
Canada.....	9.1	13.9	19.4	18.0
United Kingdom.....	4.5	6.7	15.1	12.4
Hong Kong.....	9.6	12.9	4.7	5.3
Cocos I.....	5.6	6.0	7.1	4.1
Singapore.....	4.2	7.1	3.4	3.5
Panama.....	3.1	2.2	1.9	3.3
West Germany.....	4.5	1.6	1.3	2.7
Italy.....	2.1	1.5	0.3	2.4
Netherlands.....	2.1	1.5	1.5	1.9
France.....	1.8	1.2	1.2	1.6
Republic South Africa.....	1.6	2.0	1.7	1.3
All other total.....	36.5	30.4	27.7	23.6
Total.....	100.0	100.0	100.0	100.0
GSP total.....	55.4	41.2	30.2	31.9

Source: Compiled from official statistics of the U.S. Department of Commerce.

