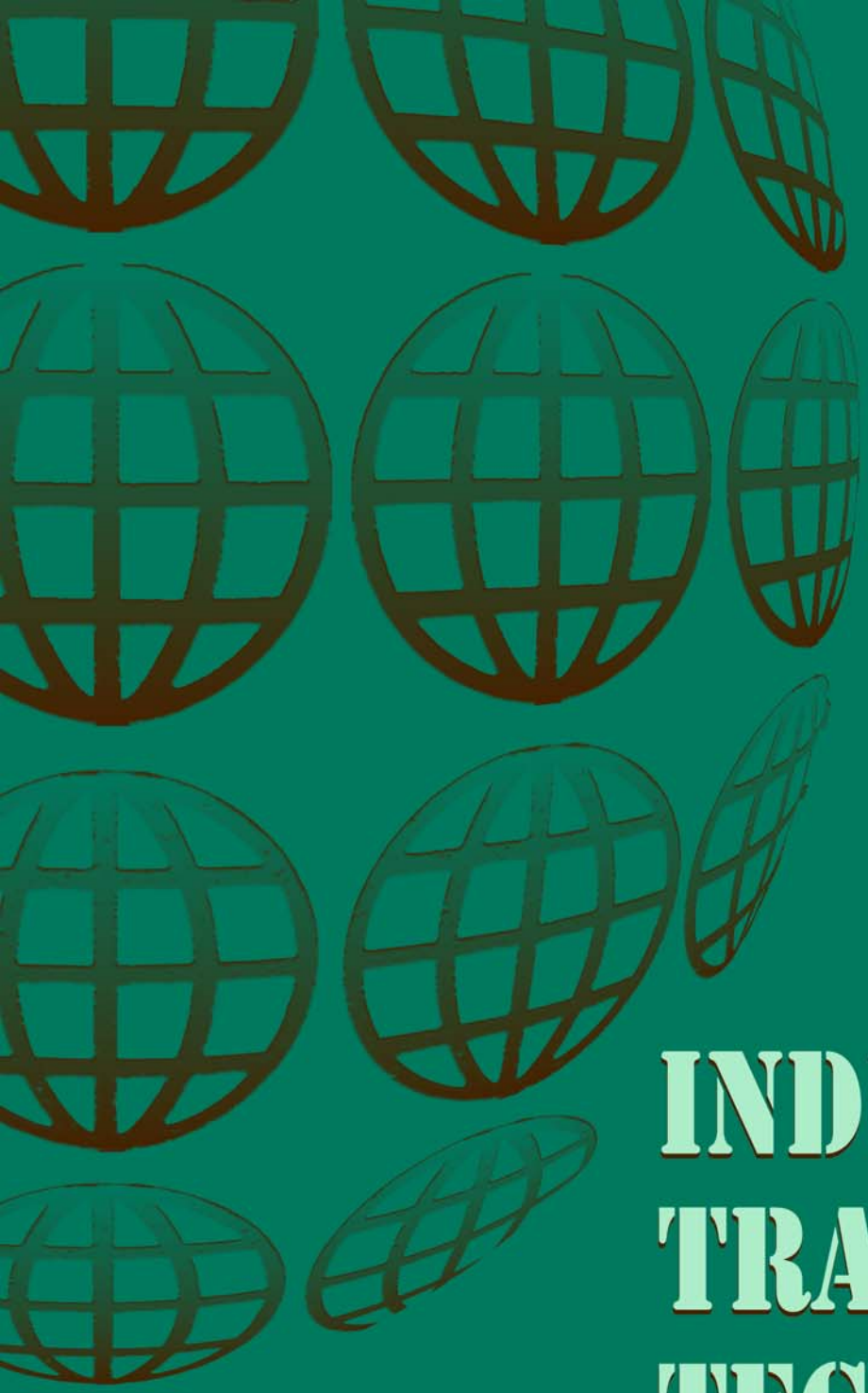

United States
International Trade Commission

INDUSTRY TRADE AND TECHNOLOGY REVIEW

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PREFACE

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U.S. Telecommunication Services: Industry and Trade Outlook

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U.S. telecommunication service firms, global leaders in terms of revenue, accounted for approximately 32 percent of global revenue in 2001. However, intense competition in the U.S. long-distance market has pushed down calling rates in recent years, thereby reducing revenues. The U.S. economic downturn has also reduced revenue growth for local telecommunication service providers and has led to slower growth in U.S. direct investment abroad in the telecommunications industry. Despite these trends, the most recent 2000 annual data recorded a significant decline in the U.S. trade deficit for telecommunication services, largely due to a reduction in international accounting rates, which are fees used to settle traffic imbalances between international telecommunication carriers. Seven countries and regions have submitted negotiating proposals to the World Trade Organization (WTO) aimed at further liberalizing global trade in telecommunication services. This article assesses trade and investment flows of global telecommunication firms, reviews the current state of the U.S. industry, and reports on the progress of telecommunication services negotiations in the WTO.

Telecommunication services trade encompasses basic[2] and value-added[3] services, both of which can be provided across national borders and through foreign-based affiliates. Cross-border trade, which predominantly involves the placement of a call in the home market and the termination of the call in a foreign market, is the dominant mode of trade. Cross-border trade data are essentially a product of the accounting rate system fashioned by European carriers in the latter half of the nineteenth century. Under this system, telecommunication carriers bilaterally negotiate fees (accounting rates) for carrying international traffic, measured in calling minutes. Each carrier's portion of the accounting rate is referred to as the settlement rate, which in almost all cases is equal to one-half of the negotiated accounting rate. As bilateral imbalances in international calling traffic occur, the carrier whose outbound calling minutes exceed its inbound calling minutes makes a net settlement payment to its foreign counterpart. The net settlement payment is essentially calculated by multiplying the settlement rate by the number of imbalanced calling minutes.[4] Net settlement payments are recorded as imports on the balance of payments, whereas net settlement receipts are recorded as exports.

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[1] The views expressed in this article are the author's. They are not the views of the U.S. International Trade Commission (USITC) as a whole or any of the individual Commissioners.

[2] Basic services entail the transmission of voice and data without change in form or content.

[3] Value-added services include services such as electronic mail, electronic data interchange, electronic funds transfer, enhanced facsimile, and on-line database access.

[4] Settlement payments may also reflect surcharges that some countries impose on collect and country-direct calls.

Cross-border trade data also reflect private leased channel services and support services, which appear to account for approximately 15 percent of cross-border transactions in telecommunication services; net settlement payments appear to account for the remaining 85 percent.[5] Affiliate transactions are increasing in importance as foreign countries continue to privatize state-owned monopolies and liberalize foreign ownership restrictions, thereby creating more opportunities for overseas participation by foreign carriers. Affiliate transactions data primarily reflect the payment of network access fees by wireline and wireless telecommunication services providers, and capacity leasing fees charged to resellers and other telecommunication services providers.

Trade and Investment Trends

Cross-Border Trade[6]

In 2000, U.S. exports of telecommunication services totaled $3.8 billion, while U.S. imports totaled $5.4 billion, resulting in a $1.5-billion deficit (figure 1). Exports increased by 2.9 percent in 2000, generally in line with the 3.7-percent average annual growth recorded during 1995-99. In contrast, U.S. imports declined by 18.8 percent in 2000, significantly faster than the 2.5-percent average annual decrease recorded during 1995-99. Because imports declined significantly, while exports rose slightly, the telecommunication services trade deficit declined by 47.2 percent in 2000.[7]

Despite a 78.6-percent total increase in U.S. billed international minutes during 1995-99, net U.S. settlement payments declined from an all-time high of $5.7 billion in 1996 to $4.6 billion in 1999.[8] The decline in net settlement payments, and the resulting decline in U.S. imports of telecommunication services, is largely attributable to a reduction in settlement rates, which the Federal Communications Commission moved to lower with its 1997 Benchmark Order. The order established a 5-year time frame during which settlement rates would be reduced to $0.15 per minute for upper-income countries, $0.19 per minute for middle-income countries, and $0.23 per minute for lower-income countries.[9] During the first 4 years of the staged reductions, which commenced January 1, 1998, the average settlement rate declined from $0.27 per minute to approximately $0.16 per minute.[10]

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[5] U.S. Department of Commerce (USDOC), Bureau of Economic Analysis (BEA), *Survey of Current Business*, Oct. 1997, p. 100.

[6] Cross-border telecommunication services trade data reflect the most recent 2000 annual data. Such data are estimated and published by the USDOC, BEA.

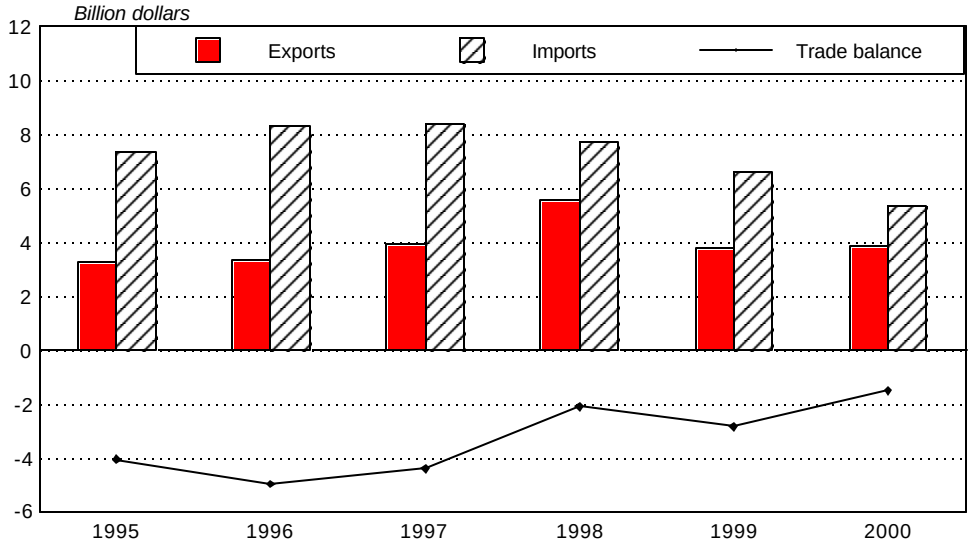
[7] U.S. billed minutes includes all minutes billed by U.S. carriers, and include most calls that originate in the United States. Federal Communications Commission (FCC), *Trends in the International Telecommunications Industry*, Apr. 3, 2001, found at Internet address *http://www.fcc.gov/Bureaus/Common_Carrier/Reports/FCC-State_Link/Intl/itrnd00.pdf*, retrieved, Dec. 11, 2001.

[8] Ibid.

[9] FCC, *Benchmark Order*, 12 FCC Rcd 19,806 (1997).

[10] USITC staff estimate based on FCC, *IMTS Accounting Rates of the United States, 1985-2001*, Dec. 1, 2001, found at Internet address *http://www.fcc.gov/ib/td/pf/account.html,* retrieved Dec. 11, 2001.

Figure 1
Telecommunication services: U.S. cross-border exports, imports, and trade balance, 1995-2000



Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business,* Oct. 2001, found at Internet address *http://www.bea.doc.gov/bea/di/1001serv/cross-oct.htm*.

Mexico, Canada, the United Kingdom, Japan, and Australia were the top five export markets for U.S. telecommunication services in 2000 (figure 2). U.S. exports to Mexico increased by 62 percent to $491 million, while exports to the United Kingdom, previously the top U.S. export market, declined by 153 percent to $271 million. The large decrease in exports to the United Kingdom is the result of an overall decline in call volumes from the United Kingdom, which may be attributable, in part, to increased use of alternative communication media, such as e-mail.[11] In part as a result of this decline, Canada became the second-largest U.S. export market. In 2000, U.S. telecommunication service receipts from Canadian firms totaled $352 million, representing an increase of approximately 45 percent over 1999. Japan remained the fourth-largest U.S. export market, with U.S. telecommunication services exports of $253 million in 2000. Australia replaced Brazil as the fifth-largest U.S. export market, as exports to Australia increased by 125 percent, while exports to Brazil declined by 9.5 percent. Increased telecommunication receipts from Australia may be attributable, in part, to increased telecommunications traffic as a result of the 2000 Summer Olympic Games. Mexico remains the top U.S. import market for telecommunication services. U.S. imports from Mexico totaled $1.1 billion in 2000, representing an increase of nearly 40 percent from $794 million in 1999. This large increase indicates that growth in U.S. call volumes to Mexico continued to outweigh settlement rate declines.[12]

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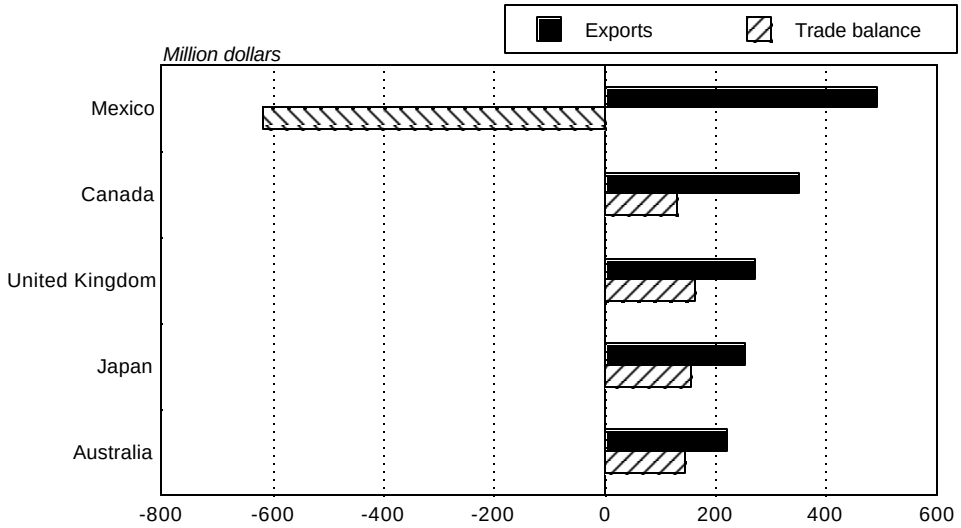
[11] UK billed minutes to the United States totaled 949 million in 2000, representing a decline of 15 percent from 1.15 billion in 1999. FCC, *Trends in the International Telecommunications Industry;* and FCC representative, telephone interview with USITC staff, Washington, DC, Dec. 12, 2001.

[12] Mexican billed minutes increased at an average annual rate of 7.69 percent during 1995-99. FCC, *Trends in the International Telecommunications Industry*. Former Mexican telecommunication services monopoly Telmex recently reached an agreement with U.S.-based WorldCom, Inc. that would progressively lower settlement rates to $0.10 per minute in 2003 from

(continued...)

Figure 2
Telecommunication services: U.S. cross-border exports and trade balance, by major trading partners, 2000



Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Oct. 2001, found at Internet address *http://www.bea.doc.gov/bea/di/1001serv/cross-oct.htm*.

Foreign Direct Investment and Affiliate Transactions

U.S. telecommunication service providers' direct investment position abroad totaled $15.9 billion in 2000, representing a 2.7-percent increase over 1999. This increase was significantly lower than the 16-percent average annual increase recorded during 1995-99. The slower 2000 increase corresponds with the beginning of the slowdown in telecommunication mergers and acquisitions discussed below. Foreign direct investment in the U.S. telecommunication service industry increased by 8.6 percent to $27.7 billion in 2000, in contrast to the average annual growth rate of almost 50 percent recorded during 1996-99.[13] Inbound foreign direct investment growth reflects several large telecommunication mergers in recent years, including Deutsche Telecom's $24-billion acquisition of Voicestream Wireless in May 2000 and British-based Vodafone Group's $65.9-billion acquisition of San Francisco-based Airtouch Communications in September 1999.

[12] (...continued)
$0.19 per minute in 2001. Such a reduction would likely result in a decrease in U.S. settlement payments to Mexico and a corresponding decline in U.S. imports of telecommunication services from Mexico. *Inside U.S. Trade*, "USTR Backs Off U.S. WTO Threat In Wake of Telecom Company Deal," June 1, 2001.

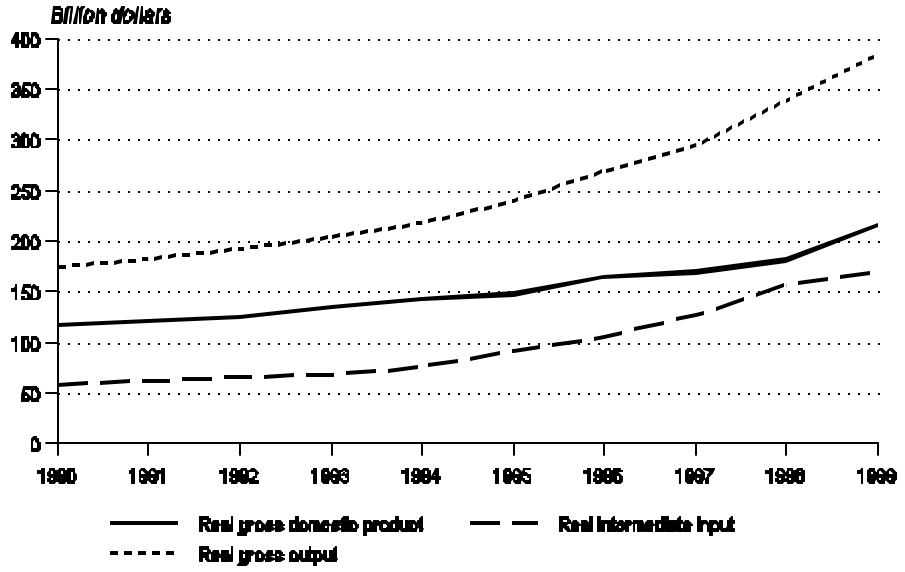
[13] Data for 1995 are not available.

Industry Overview

U.S. Output

The U.S. telecommunication service industry experienced 9.1-percent average annual growth in real gross output during 1990-99, to $385 billion. The increase in demand drove 12.7-percent average annual growth in intermediate inputs during the 1990s (figure 3). Significant intermediate inputs include communication services from second parties; maintenance and repair construction; legal, engineering, architectural, and related services; other business and professional services; audio, video, and other communication equipment; and electronic components and accessories. Intermediate inputs that grew most rapidly during 1992-97 in terms of producer prices were audio, video, and other communication equipment, and electronic components and accessories, which increased at average annual rates of 14.9 percent and 15.1 percent, respectively, in real terms.[14] Such inputs have contributed to telecommunication network expansion. For example, the number of main telephone lines in the United States increased at an average annual rate of approximately

Figure 3
Telephone and telegraph services: Real gross domestic product, real gross output, and real intermediate input, 1990-99



Source: Compiled by the Commission.

[14] The McGraw-Hills Companies and USDOC, International Trade Administration (ITA), "Telecommunications Services, Economic and Trade Trends," in *U.S. Industry & Trade Outlook, 2000* (Washington, DC: McGraw-Hill, 2000), p. 30-2; and Organization for Economic Cooperation and Development (OECD), "OECD Economic Surveys - United States," found at Internet address *http://www.lexis-nexis.com/*, retrieved Oct. 12, 2000.

5 percent during 1992-99, totaling 183.5 million in 1999.[15] Additionally, U.S. telecommunication firms' investment in Internet network infrastructure, wireless network digital technology, and local loop infrastructure totaled $88 billion in 1999, representing an increase of 34 percent over 1998.[16]

Competitive Environment

In 2001, U.S. telecommunication service providers generated revenues of approximately $293 billion, representing approximately 32 percent of global revenues.[17] Almost 90 percent of wireline service revenues in the United States are controlled by seven large companies - AT&T Corp., WorldCom, Inc.,[18] Sprint FON Group, and four Regional Bell Operating Companies (RBOCs).[19] In the United States, there are nearly 1,300 local telephone service companies.[20] Approximately 150 firms offer long-distance services over network facilities that they own or partly own, and another 350 companies resell local services using leased lines. More than 300 competitive local exchange carriers (CLECs) provide local and, increasingly, long-distance, international, and Internet services in urban areas.[21]

In the United States, incumbent wireline telecommunication firms increasingly face competitive pressure both from alternative communication media, such as e-mail and wireless technology, and from other industry players. In the long-distance voice service market, incumbent firms have experienced a decrease in overall call volumes and a reduction in service prices. For example, AT&T reported that its long-distance calling volumes decreased by approximately 5 percent during 2001, compared to the previous year.[22] Simultaneously, Sprint, AT&T, and WorldCom reduced long-distance calling rates from 10 cents per minute to between 5 and 7 cents per minute.[23] Call volumes lost to market entrants and alternative communication media, together with service price reductions, resulted in an overall reduction in AT&T's and WorldCom's total 2000 revenues, which declined by approximately 5.4 percent and 10.0 percent, respectively.[24]

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[15] International Telecommunications Union (ITU), *World Telecommunication Indicators, 1999* (Geneva: ITU, Oct. 1999), p. A-11; and ITU, *World Telecommunication Indicators, 1994* (Geneva: ITU, Mar. 1994), p. A-3.

[16] OECD, *Communications Outlook* (Paris: OECD, 2001), p. 76.

[17] ITU, *World Telecommunication Indicators, 2000/2001* (Geneva: ITU, Mar. 2001), p. 55.

[18] WorldCom announced in June 2002 that it would downwardly restate earnings by approximately $3.8 billion. The company has since filed for bankruptcy protection.

[19] The four remaining RBOCs are Verizon, BellSouth, SBC Communications, and Qwest.

[20] Standard & Poor's, *Telecommunications: Wireline*, Industry Survey, May 31, 2001.

[21] The McGraw-Hill Companies and USDOC, ITA, "Telecommunications Services, Economic and Trade Trends," *U.S. Industry and Trade Outlook, 1999* (New York, NY: McGraw-Hill, 1999), p. 30-5. CLECs include cellular/PCS providers, Internet Service Providers, cable television providers, and interexchange providers. CLECs build or rebuild their own local networks or they lease portions of local networks from incumbent local providers. Recent industry consolidation and financial difficulties may have reduced the total number of CLECs.

[22] AT&T Group, *Company 10K report*, found at Internet address *http://www.sec.gov*, retrieved July 22, 2002.

[23] Standard & Poor's, *Telecommunications: Wireline*, p. 1.

[24] AT&T Group, *Company 10K report*; and WorldCom, *Company 10K report*, Mar. 13, 2002, found at Internet address *http://www.sec.gov*, retrieved July 22, 2002.

The RBOCs continued to gain increased revenues in 2000, despite the beginning of an economic slowdown in the U.S. telecommunications market. In 2000, the four RBOCs recorded revenues of $158.8 billion, a cumulative increase of 31 percent over 1999 levels.[25] RBOCs stand to gain incremental revenue by providing long-distance services in addition to their traditional local services. The Telecommunication Act of 1996 (Telecom Act) enables RBOCs to sell long-distance services provided that they open their local markets to competition. RBOC's long-distance revenue is expected to increase to $14 billion in 2003 from $1 billion in 2000.[26] To date, SBC Communications and Verizon have achieved regulatory approval to provide long-distance services in their service markets.[27] Despite potentially higher revenues from long-distance service offerings, RBOCs overall revenue growth began to slow in 2001, largely as a result of the U.S. economic downturn. For example, Verizon recorded revenue growth of 3.8 percent in 2001, compared with previous estimates of 5 to 6 percent.[28] Similarly, the U.S. economic slowdown has had a large negative impact on the CLECs, which depend, in part, on capital markets to fund network construction.[29] Although CLEC revenues increased by 53 percent in the first half of 2000, many CLECs are beginning to struggle financially as funding sources disappear. In December 2001, for example, local telephone and data services provider McLeodUSA, an Iowa-based CLEC, announced that it would initiate a restructuring plan to reduce debt but may eventually be forced to seek bankruptcy protection.[30] Similarly, California-based NorthPoint Communications, a national CLEC, closed its network in April 2001, 3 months after entering bankruptcy proceedings.[31]

Demand for wireless telecommunication services in the United States remains strong. Total wireless subscribers increased to approximately 101 million in 2000, representing an increase of 29.4 percent over 1999.[32] This increase was slightly higher than the 24.5-percent average annual growth rate registered during 1995-2000. Although wireless subscriber growth is expected to plateau as wireless penetration rates reach saturation levels, revenue growth will likely continue as service providers upgrade their network infrastructures to utilize the next generation of wireless technologies. Such technology reportedly uses wireless spectrum capacity more efficiently, potentially doubling carriers' voice capacity.[33] Additionally, increased spectrum capacity enables the provision of new service offerings, such as voice

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[25] USITC staff estimates based on revenue data from company 10-K reports.

[26] Tim Greene, "The Long Road to Long Distance," *Network World,* June 29, 1998; and Glenn Bischoff, "The Long and Winding Road," *Telephony*, Apr. 23, 2001, p. 12.

[27] Although Qwest Communications provides long-distance services outside its regional market, it is still awaiting regulatory approval to provide long-distance services within its local service area, which encompasses 14 western states.

[28] Barbara Etzel, "Big is Better: Mergers are Coming to Troubled Telecom, with Regionals Leading the Way," *The Investment Dealers' Digest*, Nov. 19, 2001, found at Internet address *http://www.proquest.umi.com,* retrieved Dec. 5, 2001; and Verizon, *Company 10K report*, Mar. 20, 2002, retrieved July 22, 2002.

[29] Standard & Poor's, *Telecommunications: Wireline*, p. 2.

[30] Reuters Limited, "McLeodUSA to Restructure, Warns May File for Bankruptcy," Dec. 4, 2001, found at Internet address *http://www.totaltele.com,* retrieved Dec. 4, 2001.

[31] Reuters Limited, "Verizon to Maintain Links for NorthPoint DSL," Apr. 2, 2001, found at Internet address *http://www.totaltele.com,* retrieved Dec. 4, 2001.

[32] Standard & Poor's, *Telecommunications: Wireless*, Industry Survey, Nov. 1, 2001, p. 1.

[33] Ibid., p. 3.

portals and unified messaging,[34] which has the potential to appeal to new customers and contribute to revenue growth.[35]

Overall merger and acquisition (M&A) activity in the U.S. telecommunication market declined markedly in 2001 after several strong years. During the first half of 2001, U.S. telecommunication firms entered into M&A agreements worth $8.1 billion, compared to the $23.0 billion in M&A activity announced during the first quarter of 2000.[36] During 1998-2000, several large mergers were announced or completed as telecommunication firms sought to expand their service offerings. For example, AT&T spent $110 billion to acquire cable companies TCI and MediaOne during 1998 and 1999,[37] and Qwest Communications, previously a long-distance voice and data service provider, completed its $48-billion merger with US West in 2000, creating a company able to offer its customers Internet access, data, multimedia, and voice services over a 25,000-mile broadband fiber-optic network.[38] With demand for bundled data and voice services slow to develop, however, the pace and size of mergers and acquisitions in the U.S. telecommunications industry has decreased, as firms reevaluate their product markets and shift resources to focus on revenue-generating services. Industry analysts expect to see continuing consolidation in the CLEC market segment, however, as established telecommunication firms seek to improve product offerings and increase their market share by acquiring struggling CLECs or their assets.[39]

WTO Negotiating Proposals

The World Trade Organization's (WTO) Agreement on Basic Telecommunications entered into force on February 5, 1998. At the conclusion of negotiations in February 1997, 69 countries, accounting for approximately 90 percent of global telecommunication revenues, scheduled market liberalizing commitments.[40] To date, 89 countries have made commitments

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[34] Voice portals are voice-activated Internet sites that customers access using wireless phones. Such sites typically consist of a search engine, personalized web-pages, and e-mail services. Unified messaging, or integrated messaging, enables customers to access all of their personal communication media, such as voice mail, e-mail, and fax transmissions, from a single device, such as a wireless phone.

[35] Standard & Poor's, *Telecommunications: Wireless*, p. 4.

[36] Barbara Etzel, "Some 82% of Telecom Mergers Used No Bankers," *The Investment Dealers' Digest: IDD*, Mar. 26, 2001; and Barbara Etzel, "Telecom Recovery? Think 2002: Overcapacity, Too Much Debt and Hyper-Competition Could Keep the Industry Sidelined," *The Investment Dealers' Digest: IDD*, July 2, 2001; both found at Internet address *http://www.proquest.umi.com*, retrieved Dec. 4, 2001.

[37] Dave Lindorff, "The Next Wave," *The Investment Dealers' Digest*, New York, Oct. 4, 1999, found at Internet address *http://proquest.umi.com*, retrieved Nov. 8, 1999. AT&T has since moved to divest its interests in TCI and MediaOne in an effort to reduce its debt burden. Standard & Poor's, *Telecommunications: Wireline*, p. 3.

[38] Deborah Mendez-Wilson, "A New Qwest: Less Choice?" *Wireless Week*, July 3, 2000.

[39] Standard & Poor's, *Telecommunications: Wireline*, p. 6. In December 2001, AT&T announced that it may acquire fiber-optic networks and equipment from bankrupt communications companies. Reuters Limited, "AT&T Eyes Networks of Struggling Telcos," *Total Telecom*, Dec. 7, 2001.

[40] WTO, "Ruggiero congratulates governments on landmark telecommunications agreement," Press Release, Feb. 17, 1997, found at Internet address *http://www.wto.org/english/news_e/pres97_e/pr67_e.htm*, retrieved Dec. 12, 2001.

on at least 1 telecommunication subsector, and many other countries have further liberalized their markets on a unilateral basis.[41]

As of December 2001, Australia, Canada, Colombia, the European Union, Korea, Switzerland, and the United States had submitted negotiating proposals to the WTO for the current round of services negotiations.[42] In general, the negotiating proposals seek to encourage full commitments on telecommunication services, eliminate restrictions on market access and national treatment, accelerate the implementation of current commitments, and ensure domestic competition through pro-competitive regulation.[43] Some WTO members have suggested that telecommunication coverage should be expanded to incorporate certain technologicaldevelopments, such as Internet-based services.[44] Additionally, some developed countries propose the elimination of Normal Trade Relations exemptions related to accounting rates.[45] The U.S. proposal seeks to ensure a trade environment conducive to network construction and use, which would involve full commitments on basic telecommunication services, value-added services, services complementary to telecommunications,[46] and full commitments on all electronically delivered services.[47]

Outlook

Although demand for telecommunication services drove growth in intermediate inputs during the 1990s (which contributed to network expansion), strong competition, and the effects of the U.S. economic downturn have negatively impacted revenues of U.S. wireline firms. Strong subscriber growth in the U.S. wireless services market during 2000 is expected to plateau as wireless penetration rates reach saturation levels. Wireless revenue growth, however, likely will be sustained as new value-added services are introduced and network capacity is upgraded.

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[41] Office of the United States Trade Representative (USTR), *Annual Report, 1999*, p. 112, found at Internet address *http://www.ustr.gov/pdf/2000tpa_ii.pdf*, retrieved Dec. 13, 2001.

[42] WTO, "Communication from Australia: Negotiating Proposals on Telecommunication Services," S/CSS/W/17, Dec. 5, 2000; "Communication from Canada: Initial Negotiating Proposal on Telecommunication Services," S/CSS/W/53, Mar. 14, 2001; "Communication from Colombia: Telecommunication Services," S/CSS/W/119, Nov. 27, 2001; "Communication from the European Communities and their Member States," S/CSS/W/35, Dec. 22, 2000; "Communication from Korea: Negotiating Proposal for Telecommunication Services," S/CSS/W/83, Nov. 5, 2001; "Communication from Switzerland, GATS 2000: Telecommunications," S/CSS/W/72, Apr. 5, 2001; and "Communication from the United States: Market Access in Telecommunications and Complementary Services," S/CSS/W/30, Dec. 18, 2000; all found at Internet address *http://www.docsonline.wto.org*, retrieved Aug. 9, 2001.

[43] See, for example, WTO, "Communication from the European Communities." The implementation of procompetitive domestic regulation, where it does not already exist, would fulfill the requirements of the Reference Paper on Regulatory Principles, which is included as additional commitments in the schedules of signatories to the Basic Telecom Agreement.

[44] See, for example, WTO, "Communication from Switzerland;" and "Communication from Colombia."

[45] WTO, "Communication from the European Communities."

[46] Such services include distribution, computer services, express delivery, advertising, and certain financial services.

[47] WTO, "Communication from the United States."

Data communication services likely will drive development in the global telecommunication services industry. In the Asia-Pacific region, for example, growth in data traffic is expected to exceed the volume of voice traffic on telecommunication networks by 2005.[48] The volume of data traffic transmitted globally may already exceed the volume of voice traffic.[49] As demand for data communication services grows, broadband[50] subscriptions likely will increase because of greater Internet need for streaming media (which otherwise slows access).[51]

Foreign direct investment by U.S. firms slowed in 2000, reflecting a slowdown in international M&A activity by U.S. telecommunication firms. However, the U.S. cross-border trade deficit in telecommunication services improved as exports rose slightly and imports declined significantly, due to a decrease in net U.S. settlement payments. Continued liberalization of foreign telecommunication markets, encouraged by telecommunication services negotiations in the WTO, may further improve the U.S. telecommunication services trade deficit. This likely would provide incentives to find alternatives to the current accounting rate system that would moderate imbalances in settlement payments affecting trade balances.**#**

[48] Standard & Poor's, *Telecommunications: Wireline*.

[49] ITU, *World Telecommunication Development Report, 2002*, (Geneva: ITU, Mar. 2002), p. 68.

[50] Broadband is a transmission facility that enables Internet users to access the Internet at greater speeds.

[51] ITU, *World Telecommunication Development Report, 2002*, p. 68.

Mexico Versus China: Factors Affecting Export and Investment Competition

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The competition between Mexico and China in the United States and other key export markets is gaining increased attention. As Mexican exports to the United States fall and unemployment rises, the Mexican maquiladora industry, which assembles imported components into finished or intermediate goods (most of which is exported to the United States), continues to wait for a significant rebound in the U.S. market and renewed export growth for these operations. Rising concerns regarding Chinese competition also are evident; Mexico's Secretary of the Economy reportedly has alleged that Mexican manufacturers may be facing market-distorting practices[2] that have given rise to their complaints that Chinese products competing in Mexico and its key export markets could be benefitting from unfair trade.[3] Several Mexican industry sources also expressed concern about the Government's apparent indifference to the loss of relatively low-technology jobs in the maquiladora industry. This article briefly examines the competition between Mexican and Chinese manufactured goods in U.S. and other foreign markets, the product segments in which each country is a leading supplier, and the factors that influence the related investment decisions about location of manufacture.

Mexico was the second-largest supplier of imports to the United States in 2001; China ranked fourth. While U.S. imports from Mexico fell by 3.1 percent ($4.2 billion) in 2001 to $131 billion, imports from China rose by 2.5 percent ($2.5 billion) to $102 billion.[4] Although it may be tempting to attribute these import changes to plants moving from Mexico to China, this hypothesis does not hold up under scrutiny. In fact, falling petroleum prices chiefly accounted for the decrease in the value of U.S. imports of Mexican crude petroleum:

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[1] The views expressed in this article are those of the author. They are not the views of the U.S. International Trade Commission (USITC) as a whole or of any individual Commissioner.

[2] At a news conference in Mexico City on July 10, 2002, Economy Secretary Luis Ernesto Derbez reportedly raised concern about the transfer of assembly plants from Mexico to China and possible Chinese subsidies that may violate rules of the World Trade Organization (WTO). Ioan Grillo, "Mexico to File Complaint Against China at WTO," *The News* (Mexico City), July 11, 2002. According to USITC staff contact with Mr. Carlos Forcero, International Commercial Practices Group, Ministry of the Economy, Government of Mexico, on July 26, 2002, Mexico is undertaking a preliminary investigation to determine if direct or indirect subsidies are being used by China to lure firms away from Mexico.

[3] Don Michie, President, NAFTA Ventures, El Paso, TX, reported that at least five companies in the El Paso/Juarez region have been told by representatives in China that their raw materials will be provided free of charge if their companies relocate to China. Telephone interview by USITC staff, Aug. 14, 2002.

[4] See *Shifts in U.S. Merchandise Trade 2001*, USITC publication 3525, July 2002, table 2-2. The inventory build-up in 2000 for computer hardware, telecommunications equipment, and certain other electronic products also led to production and trade cutbacks in 2001.

$1.9 billion in 2001. This decrease accounted for nearly one-half of the total decline in imports from Mexico. Much of the increase in U.S. imports from China and remaining decrease from Mexico can be attributed to the machinery sector (in which imports from Mexico dropped by $686 million and imports from China rose by $878 million), and to the textiles and apparel sector (in which imports from Mexico dropped by $640 million and imports from China rose by $414 million).[5]

Within the machinery sector, these data did not indicate a shift in competitiveness away from Mexico towards China. The largest machinery sector decreases in U.S. imports from Mexico in 2001 were of wiring harnesses for motor vehicles ($347 million) and of transformers ($297 million). As with Mexico, imports of transformers from China also fell in 2001, by a similar $216 million. Rather than a shift to China, the 8-percent decline in imports of wiring harnesses from Mexico largely reflects the 10-percent decrease in U.S. production of automobiles and trucks in 2001.

As for increased imports of machinery from China, the sector category in which imports grew by the largest amount in 2001 was household appliances, with a $410-million (17-percent) rise to $2.8 billion. However, there was no shift of production from Mexico to China inasmuch as imports of household appliances from Mexico grew by $320 million (21 percent) to $1.8 billion. Producers with assembly plants in both Mexico and China benefitted from relatively low interest rates in the United States, which led to increased home purchases and household improvements, including new appliances. U.S. producers' shipments of household appliances rose by $902 million (4 percent) in 2001 to $24.3 billion.[6]

However, in the textile and apparel sector, there appears to be evidence of a shift in sourcing from Mexico to China. According to Nora Ambriz, Executive Director of the National Textile Chamber, 200 textile and apparel plants closed in Mexico in 2001, putting 60,000 employees out of work.[7] That does not translate to companies shifting production to China. Rather, customers of companies that produce apparel in Mexico are increasingly buying cheaper apparel made in China and in other low labor-cost countries, or are losing their share of the U.S. apparel market to companies that import from such countries. The 10.1-percent decrease in textiles and apparel production in Mexico in 2001 compares with just a 2.2-percent reduction in U.S. producers' shipments of apparel and other textile products in the United States.[8] This decline also reflects recent weaker demand in the United States for products made in Mexico that was exacerbated by the September 11 attacks and recession.

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[5] Because unit prices of goods imported from China may be lower than those imported from Mexico in some sectors, shifts may be understated for imports in quantity terms from China versus those from Mexico.

[6] U.S. Census Bureau, "Table 1. Value of Manufacturers' Shipments for Industry Groups," in *Manufacturers' Shipments, Inventories, and Orders December 2001*, Feb. 5, 2002.

[7] "Special Report: Maquiladora Industry Struggles as Government Shifts Focus," *Mexico Watch*, vol. 8, No. 7, July 1, 2002, p. 9.

[8] U.S. Census Bureau, "Table 1. Value of Manufacturers' Shipments for Industry Groups," in *Manufacturers' Shipments, Inventories, and Orders December 2001*, Feb. 5, 2002.

Indicators of Competitiveness

An indication of the relative competitive position in 2001 of raw materials and manufactured goods from Mexico and China in the U.S., the European Union (EU), and Japanese markets is provided in tables 1-7 (see annex at end of article). The following conclusions can be drawn from the data presented in these tables—

- Mexico can compete more effectively with China in the U.S. market, than in the EU or Japanese markets[9] (compare tables 1-3 with tables 4-7).[10]

- The leading manufactured products for which Mexico is a more important supplier than China in the U.S. market are motor vehicles, various auto parts and components, and televisions (tables 1 and 3).

- China's leading manufactured products in all three markets are sewn goods (apparel, footwear, luggage, and dolls), computer equipment, and furniture (tables 2 and 3).

- Mexico experiences significant competition with China in the U.S. market for computer equipment, apparel, consumer electronics (except televisions), telephone apparatus, household appliances, and electrical transformers (table 3).[11]

Mexico's Leading Products in the U.S. Market

Mexico's competitive advantages over China are its proximity to the United States, North American Free-Trade Agreement (NAFTA) rules of origin, low labor costs relative to total costs for key products (e.g., certain computer equipment), and quota- and duty-free treatment for apparel in the U.S. market. Table 1 shows that the leading manufactured products for which Mexico had a competitive advantage relative to China in the U.S. market in 2001 were motor vehicles and parts; televisions and video monitors; radio and television broadcasting equipment; and measuring, testing, and controlling instruments.

Mexico is the sixth-largest motor vehicle producer in the world. Finished vehicle exports to the United States amounted to $21.3 billion in 2001, compared with $0.9 million for China (table 1 and appendix B, table B-13). The Mexican passenger vehicle industry is highly integrated with that of the United States, largely as a result of NAFTA, and is composed entirely of subsidiaries of foreign manufacturers that determine the local product mix and local production levels as part of their regional, and even global, vehicle manufacturing

[9] Mexico has a free-trade agreement with the EU that entered into force on July 1, 2000; the extent to which this agreement may or has begun to impact Mexico-EU trade for 2001 (table 4) is uncertain and would vary among Harmonized System categories. Mexico is also negotiating a free-trade agreement with Japan.

[10] U.S. imports from Mexico in 2001 exceeded imports from China by 27 percent. However, EU imports from China were more than 7 times greater than imports from Mexico, and Japanese imports from China were 72 times greater than imports from Mexico.

[11] Likewise, despite being able to export qualifying products free of duty to its North American Free Trade Agreement (NAFTA) partners, Mexico may be losing its competitiveness to China in computers, telecommunications equipment, and other products that enter free of duty under the Information Technology Agreement.

strategies.[12] The rationalization of motor vehicle production in the NAFTA region has led automakers to focus their Mexican operations primarily on small car and light truck production for the entire North American market. A high percentage of Mexican passenger vehicle production is for export, mostly to the United States.

Because of its strategic geographic location, level of manufacturing competence, and existing automotive manufacturing infrastructure, Mexico has been chosen as the lead North American assembly site for numerous key new vehicle programs. The Mexican industry has demonstrated significant improvements in labor productivity, product quality, and competitiveness; vehicle quality is reportedly on par with vehicles built in the United States or Canada; and some industry observers report that despite extensive reliance on manual labor, many Mexican plants have better labor productivity than comparable U.S. and Canadian plants.[13]

Mexico is also a significant producer of auto parts, and accounted for 28 percent ($14.5 billion) of U.S. imports in 2001. By comparison, auto parts imports from China accounted for just 2 percent ($1.3 billion) of U.S. imports in 2001. Many U.S. and foreign auto parts producers have established facilities in Mexico in response to automaker preferences for local suppliers. Some of these auto parts manufacturers have multiple facilities in Mexico that supply local vehicle assembly plants as well as produce for export to vehicle assembly operations in the United States.[14] Delphi, for example, manufactures auto parts in 47 plants in Mexico and is the largest private-sector employer there, with nearly 50,000 employees in maquiladora operations. Yazaki Corp., a Japan-based auto parts producer specializing in wiring harnesses, is the second-largest employer under the Maquiladora Program, with 27,500 workers at 28 plants.

Mexico is the leading supplier of television receivers and video monitors to the United States, accounting for 59 percent ($5.1 billion) of U.S. imports in 2001. China accounted for just 3 percent ($263 million) (appendix B, tables B-3, B-6, and B-13). The principal U.S. producers began to shift the assembly of televison receivers to Mexico in 1968,[15] taking advantage of lower labor costs there to be more price competitive with imports from Japan.[16] Sony was the first foreign television producer to invest in the United States, building a factory near San Diego in 1972. Other Japanese companies soon followed, with several buying existing U.S. producers.

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[12] Companies producing cars and light trucks in Mexico in 2001 included DaimlerChrysler, Ford, General Motors, Nissan, Honda, BMW, and Volkswagen. Of these, only Volkswagen does not assemble vehicles in the United States.

[13] Brian Corbett, Drew Winter, and Katherine Zachary, "Ay Caramba! Mexico is Heading into the Automotive Big Leagues," *Ward's Auto World*, May 2000, p. 50.

[14] For more information about the motor vehicle industry in Mexico, see Deborah McNay and Laura Polly, "Mexico's Emergence as a Global Automotive Production Center Drives Trade and Investment," *Industry Trade and Technology Review*, USITC publication 3363, Oct. 2000, pp. 19-33.

[15] Earlier in the 1960s, RCA had opened a picture tube plant in Mexico City to supply television receiver producers in South America.

[16] These leading U.S. television producers established assembly plants in Ciudad Juarez and Reynosa. In 1974, Kentucky-based Magnavox was purchased by Philips of the Netherlands; Indiana-based RCA was purchased from General Electric by Thomson of France in 1988; and Illinois/Missouri-based Zenith was purchased by LG Electronics of Korea in 1995.

Within a few years, Sony, Mastsushita, Hitachi, JVC, Sanyo, and Sharp established television receiver assembly plants in the Tijuana area.[17] Sharply reduced labor costs in Mexico after the devaluation of the peso in 1983 encouraged many of these companies to shift more of their production to Mexico. Relatively high U.S. tariffs on television receivers and picture tubes, and the requirement under the NAFTA rules of origin that televisions from Mexico must have a North American-made picture tube to qualify for duty-free treatment under NAFTA, led four Japanese companies to invest in picture tube production facilities in the United States and two Korean companies to build picture tube plants in Mexico.[18]

Given the substantial investment in North America for picture tube and television glass production, and the 15-percent ad valorem average rate of duty on such non-NAFTA-origin products entered into the U.S. market, North American companies are reluctant to transfer production of picture tubes and sets out of the region. So far, the only operations of these companies to be moved involve the assembly of computer monitors;[19] reasons include Normal Trade Relations duty-free treatment by signatory countries of the Information Technology Agreement, excellent supplier networks in Asia, and consolidation of manufacturing facilities stemming from the significant downturn in technology industries.

China's Leading Products in the U.S. Market

China's competitive advantage over Mexico in certain sectors stems from significantly lower compensation for manufacturing workers and, more recently, a well-developed supplier base for most industries. Also, some foreign companies invest in China, hoping eventually to sell their resulting products to the Chinese domestic market. While waiting for the market in China to develop, the bulk of products made there must be exported.

Manufactured products for which China is a leading supplier to the U.S. market (and Mexico is not) include sewn products, such as footwear, apparel, luggage, and dolls, and other labor-intensive, relatively low-technology articles such as toys, games, sporting goods, lighting fittings, furniture, cameras, and air-conditioning equipment (table 2). Within these product categories, imports from China tend to be less sophisticated or entry-level articles with the exceptions of apparel and footwear.

For leading products imported from China, assembly in Mexico has not been a serious option. Historically, U.S. producers experienced intense competition from low-wage

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[17] Sharp's plant is in Rosarito, south of Tijuana. Further, initial investments in North America by some of these companies were motivated in part by concern that the United States might restrict imports of televisions from Japan.

[18] For more information about the television industry in Mexico, see John Kitzmiller, "Cross-Border Manufacturing in Selected Industries: Television Receivers and Parts," in *Production Sharing: Use of U.S. Components and Materials in Foreign Assembly Operations, 1995-1998*, USITC publication 3265, Dec. 1999, p. 3-13.

[19] For example, Royal Philips Electronics (Philips) recently announced plans to transfer computer monitor production from Juarez, Mexico, to an existing facility in China. Philips, "Philips to Relocate Its Mexican Monitor Production," press information, June 28, 2002, found at *http://www.newscenter.philips.com*, retrieved July 25, 2002.

locations in Asia (e.g., Hong Kong, Korea, and Taiwan).[20] Also, these locations offered an educated labor pool, well-developed seaport and customs infrastructure, tax incentives, and export processing zones that permitted duty-free entry of imported components. Even with the Maquiladora Program, Mexico could not compete with the Asian "Tigers."

By the time the devaluation of the peso in 1983 made Mexican labor costs competitive with those of the Asian Tigers, multiple segments of U.S. industries were dominated by imports from the Tigers.[21] Many companies were faced with the choice of supplementing their higher-value added U.S. production with imports from Asia or losing market share. Some stopped producing altogether and became brand-name marketers, licensing the use of their name and designs to producers in the Tigers rather than setting up competing assembly plants in Asia.

Mexico became more competitive with imports from the Tigers in the mid-to-late 1980s because of efforts by the administrations of Presidents Miguel de la Madrid and Salinas de Gortari to reduce trade barriers, attract foreign investment, modernize the industrial base and national infrastructure, and join the General Agreement on Tariffs and Trade (GATT). Lower labor costs because of the devalued peso were also very important. At the same time, it was becoming increasingly difficult to find workers in Taiwan, Hong Kong, and Korea who were willing to sit at sewing machines or stand at assembly lines with limited opportunity for job advancement. Many companies in Taiwan and Hong Kong began shifting their most labor-intensive assembly operations to China in the 1980s. As a result, assembly of those products in Mexico was not an option.

Because sewing operations are very labor-intensive, China is the world's dominant supplier of labor-intensive sewn products and accounted for 88 percent of U.S. imports of dolls in 2001; 64 percent of footwear; and 51 percent of luggage,[22] handbags, and flatgoods (table 2). Italy and Spain are competitive in the latter two categories, basing their positions in the U.S. market on reputations for high quality. The ratio of labor to total production costs also is quite high for toys and games, giving China a competitive advantage over most other sources.[23] Production processes for these articles involves metal stamping, plastic molding, and/or cutting paper, and then snapping and/or gluing parts together. Packaging for toys and

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[20] Hong Kong had a surplus of inexpensive labor in the 1960s as millions of Chinese emigrated to escape Mao Zedong's Cultural Revolution. Hong Kong became a leading global producer of toys, apparel, and electronic articles. Reforms in China under Premier Deng Xiaoping in the 1980s led manufacturers in Hong Kong to shift production to neighboring Guangdong Province. Clay Chandler, "Hong Kong Success Lies Buried in the Past: Mainland Competitors Undermine City's Economy," *The Washington Post*, June 28, 2002, p. E1.

[21] Especially U.S. industry segments making athletic footwear, soft-sided luggage, handbags, billfolds, toys, dolls, baseballs, sports gloves, exercise equipment, tennis rackets, golf club heads, knocked-down furniture, folding chairs, Christmas lighting, ballasts for fluorescent lights, cameras, and electric fans.

[22] Denver-based Samsonite is the only significant producer of luggage in Mexico. However, its maquiladora operation in Nogales only makes relatively capital-intensive hard-sided luggage, whereas the company's more labor-intensive soft-sided luggage is made by suppliers in Taiwan and China.

[23] Mattel, the largest producer of toys and dolls in the world, is the only significant exporter of toys in Mexico. Toys made in Mexico tend to be larger than the toys the company makes in China, such as plastic ride-on toys or plastic playground equipment. Transportation costs become an important factor in deciding where to make such toys, giving Mexico a competitive advantage.

games is also labor-intensive, often costing more than the actual production of the toy or game.

Head-to-Head Competition

The principal competition between Mexico and China for foreign investment dollars (and job creation–or job maintenance in the case of Mexico) lies in the production of apparel; computer equipment; telephone equipment; household appliances; and electrical assemblies, such as transformers (table 3). As noted, there is both anecdotal and statistical evidence that Mexico is losing jobs to China in the apparel sector, even if manufacturers may not be "shifting" production to China, per se. Although existing data indicate that China has a dominating competitive advantage in the sewn products industries, the question is how Mexico can compete in the U.S. market with China in the apparel sector? The answer is clear: preferential market access under NAFTA, competitively priced labor in key products, proximity to suppliers and markets in the United States, and U.S. import quotas.

Under NAFTA, duties on most apparel imported from Mexico were phased out by 1999. By contrast, the average rate of duty on apparel from China is about 17 percent ad valorem. Production in Mexico became even more attractive for U.S. apparel companies with the 50-percent devaluation of the peso during December 1994-January 1995. More recently, a number of U.S. and other foreign textile producers established integrated factories in Mexico, making thread from Mexican-grown cotton or Mexican-origin petrochemicals, and then producing yarn, fabric, apparel, and other textile articles.[24] At the same time, Mexican labor compensation in manufacturing rose by 25 percent in U.S. dollar terms during 1999-2001. Higher labor costs in Mexico combined with a weak market for apparel in the United States led some of the U.S.-owned integrated textile mills to close and lay off thousands of workers. Hundreds of Mexican-owned factories that supplied apparel to U.S. brand-name marketers closed as their customers switched to lower-cost suppliers in Asia.[25]

Quotas have limited the growth of imports of apparel from China into the U.S. market, effectively preserving a share of the U.S. market for other countries, such as Mexico. However, the WTO Agreement on Textiles and Clothing (ATC)[26] calls for the gradual and complete elimination of import quotas on textiles and apparel established by the United States and other importing countries under the Multifiber Arrangement (MFA) and predecessor arrangements by January 1, 2005. Although potential changes could occur in the global pattern of trade resulting from the final completion of the quota phase-out required by the ATC, this matter is not within the scope of this article.

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[24] See Laura Rodriguez, "Cross-Border Manufacturing in Selected Industries: Apparel," in U.S. International Trade Commission, *Production Sharing: Use of Components and Materials in Foreign Assembly Operations, 1995-98*, USITC publication 3265, Dec. 1999, p. 3-19; and "Apparel Market: New U.S. Legislation Places CBERA Countries on a More Equal Competitive Basis with Mexico, in *Industry Trade and Technology Review*, USITC publication 3335, July 2000, p. 21.

[25] According to Nora Ambriz, Executive Director of the National Textile Chamber, Mexico's textile and apparel industry has been hurt by rising costs of electricity, transport, and labor, and the unwillingness of banks to provide financing for textile companies. See "China Textile Exports Hit Mexico Hard," *The News* (Mexico City), June 14, 2002.

[26] The ATC, which entered into force with the WTO agreements in 1995, created special interim rules to govern trade in textiles and apparel among WTO members for 10 years.

U.S. producers of telephone and computer equipment were under intense competitive pressure in 2001. As global markets for each shrank, U.S. producers' shipments of computers and storage devices fell by $24.3 billion (22 percent) to $86.7 billion, and shipments of non-defense-related communications equipment dropped by $32.2 billion (29 percent) to $78.8 billion.[27] At the same time, U.S. imports of computers, peripherals, and parts decreased by $15.8 billion (18 percent) to $74.5 billion and imports of telephone and telegraph apparatus declined by $5.0 billion (15 percent) to $27.2 billion.[28]

These two industry segments, experiencing like competitive conditions, reacted similarly with regard to the pressure to reduce costs. The use of contract manufacturers and rationalization of production is important in both sectors. One contract manufacturer, Celestica, purchased the production assets of Lucent Technologies in Monterrey and supplies customers with telephone switching equipment and related components.[29] Motorola manufactures one type of cell phone (used primarily in Latin America) in Chihuahua, Mexico, and another type in China.[30] Hewlett Packard (HP), which makes computer equipment in Guadalajara for markets throughout North and South America (but has plants in China as well), focused its production in Mexico on those products for which the company determined that Mexico had an advantage in total costs of production.[31]

According to an HP official, relative labor costs comprise a smaller portion of the total cost of production for certain computer equipment than for certain telephone equipment, creating less pressure on producers of certain types of computer equipment to shift production to China.[32] That conclusion is supported by trade data. In 2001, U.S. imports of computers, peripherals, and parts from Mexico increased by $1.3 billion (15 percent) to $10.4 billion, whereas imports from China declined by $122 million (1 percent) to $10.5 billion. However, for telephone and telegraph apparatus, imports from Mexico fell by $251 million (5 percent) to $4.4 billion, whereas imports from China rose by $280 million (10 percent) to $3.2 billion (table 3).

For the remaining products where imports from both Mexico and China are both competitive in the U.S. market, the data do not support concern over a shift from Mexico to China, at least not in 2001. In that year, U.S. imports decreased from both Mexico and China especially for electrical transformers, static convertors, and inductors. As already noted, imports of household appliances increased from both Mexico and China.

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[27] U.S. Census Bureau, "Table 1. Value of Manufacturers' Shipments for Industry Groups."

[28] USITC, *Shifts in U.S. Merchandise Trade 2001*, table C-9.

[29] Marcela Nuñez, Marketing Manager, Celestica, Monterrey, Mexico, telephone interview by USITC staff, Aug. 14, 2002.

[30] Rosie Molina, Materials Manager, Motorola, Chihuahua, Mexico, telephone interview by USITC staff, Aug. 5, 2002.

[31] Roberto Martinez, Supplier Development Manager, Hewlett Packard, "New and Increasing Areas of Capability Within the Mexican Supply Chain," at Mexcon 2002: Maximizing the Cost Cutting Opportunities of Manufacturing and Assembling in Mexico, San Diego, CA, Mar. 19, 2002, sponsored by the Institute for International Research.

[32] Ibid.

Factors Influencing Plant Location

The preceding analysis is not intended to downplay the prospect of plants leaving Mexico for China. Rather, it has attempted to identify the sectors most "at risk." An assessment of U.S. import data suggests that Mexico lost market share and that China gained market share in the apparel and telephone-apparatus sectors in 2001. Although future plant closings in Mexico cannot be predicted, several factors have been identified that industry representatives indicate are important in deciding where to locate operations. For example, one industry official directly involved in assessing factors affecting plant location decisions has identified the key competitive advantages of Mexico and China as follows:

Competitive factor	Mexico	China
Labor costs		X
Electricity costs[1]		X
Supplier base[2]		X
Transportation costs and transit time	X	
Skilled labor/productivity	X	
International telecommunication costs	X	
Technology transfer	X	
Manufacturing/management flexibility	X	
Protection of intellectual property	X	
Transparency in regulation/administration	X	
Free-trade agreements	X	

[1] The reasons for relatively high electricity costs in Mexico are discussed in a related article in this issue, "Production-Sharing Update: Developments in 2001."

[2] The greater diversity of component suppliers in China compared with Mexico has been cited as a factor that companies making electronic products and electrical items (such as computer monitors, transformers, and car audio systems) considered in deciding to move production to China.

Source: Farouk Salim, Business Development Director, GE International Mexico, presentation based on a GE study comparing manufacturing costs in China, Mexico, India, and Hungary at Mexcon 2002: Maximizing the Cost-Cutting Opportunities of Manufacturing and Assembling in Mexico, San Diego, CA, Mar. 19, 2002, sponsored by the Institute for International Research.

In 1999 (latest year available), foreign investment in Mexico has been most prevalent in manufacturing sectors, especially motor vehicles and other types of machinery (annex table-8). The United States accounted for over one-half of foreign direct investment into Mexico in 1999 (annex table 9). Among members of the Organization for Economic Cooperation and Development (OECD), the United States, Japan, Canada, Spain, Sweden, and Switzerland invested more in Mexico than in China in 1999; in contrast, the Netherlands, Germany, and Korea invested more in China (annex table 10). When more recent investment data become available, are they likely to show a shift in investment toward China? According to independent analysis for GE International by Farouk Salim, Mexico is the better place to invest for companies manufacturing products that are higher up the "value-added chain;" that is, for the more technology- or capital-intensive products.

Until the recent announcement by Economy Secretary Derbez concerning alleged Chinese subsidies to foreign investors,[33] the Fox administration reportedly had not responded to pleas for assistance. The apparel producers say that they have been forced out of business because the strong peso made it impossible for them to compete with China for U.S. customers. The

[33] For more information, see "Mexico May Lodge WTO Complaint Against China, Economy Minister Says," *Bureau of National Affairs*, July 12, 2002.

philosophy of the Fox administration, according to *Mexico Watch*,[34] had been to "remain watchful, but laissez-faire" as companies depending on low-cost labor, such as apparel manufacturers, left Mexico and were replaced by companies that would help Mexico "evolve toward higher-tech, higher-value-added, and . . . higher-paid industry."[35] According to industry sources, the Fox administration apparently became concerned as statistics indicated that unemployment among former maquiladora workers continued to escalate in the first quarter of 2002 despite the reported recovery in the U.S. market. In the first half of 2002, a series of announcements were made by certain producers of electronic products (including computer monitors, ink jet printers, television set-top boxes, and car audio systems) that they were closing or scaling back facilities in Mexico and transferring production to Asia. These developments apparently convinced the Fox administration that more than lower-skilled jobs (particularly apparel sewing operations) were leaving Mexico and the administration needed to act, leading to the Derbez announcement.[36]

Mexico Watch recently expressed its support for the vision of moving production in Mexico up the value-added chain,[37] and suggested that the Government adopt policies or make administrative changes that would encourage existing maquiladoras to remain in Mexico while attracting new investment in higher value-added products, such as high-definition televisions and aircraft parts. *Mexico Watch* recommended the following:

- To collaborate with the Mexican Congress to create a more permanent (i.e., predictable) maquiladora tax regime, including exemption from the permanent establishment tax for foreign companies that use maquiladora assembly services;

- To streamline and make more transparent administrative procedures for the Sectoral Promotion (Prosec) Program and establish a minimum time period that imported components will remain free of duty (or eligible for reduced duties) under the program;

- To follow fiscal and monetary policies that keep the peso from becoming overvalued; and

- To work more closely with the Mexican Congress for reforms in the electricity and natural-gas sectors that would permit greater foreign participation and more investment in related infrastructure.

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[34] *Mexico Watch* is produced monthly by Orbis Publications, L.L.C. (Washington, DC) to provide intelligence on the economy, business, and politics in Mexico.

[35] "Special Report: Maquiladora Industry Struggles as Government Shifts Focus," *Mexico Watch*, vol. 8, No. 7., July 1, 2002, p. 8.

[36] Although data from Mexico's National Institute of Statistics, Geography, and Information Sciences show that maquiladora employment dropped by 250,000 between Jan. 2001 and Mar. 2002, Bernardo Escudero, President of the Maquiladora Association in Juarez, Mexico, attributed most of the layoffs to the sluggish performance of the U.S. economy and a much smaller portion to plants leaving Mexico for China in search of lower labor costs. Vic Kolenc, "Maquiladoras Losing Jobs to Cheaper Asian Labor," *El Paso Times*, July 14, 2002.

[37] "Special Report: Maquiladora Industry," p. 6.

Outlook

A series of informal meetings between Fox administration officials and representatives of the three major political parties is reportedly scheduled to take place in July and August 2002. These meetings will offer the prospect that the next session of the Mexican Congress, which begins in September 2002, could result in measures to address issues of importance to foreign investors, such as relatively high electricity costs.[38] The recent (April-June 2002) 10-percent devaluation of the Mexican peso against the U.S. dollar and the dollar slide against the euro presents another opportunity. The devaluations make products assembled in Mexico more cost competitive in the U.S. market, as compared with imports from other regions. However, that benefit will be overshadowed if demand in the United States for manufactured goods is slow to rebound.

The years 2001 and 2002 mark China's entry into a critical phase of economic reforms associated with its WTO accession last December. According to one observer,[39] China's action raised (1) prospects for more open markets and for more accountable governance but also (2) concerns about exacerbated unemployment and financial instability. Moreover, the upcoming Party Congress later this year offers the prospects of a "new" generation of leaders. Although China has numerous advantages to continued attraction of foreign direct investment,[40] its economy is still heavily reliant on massive government spending. To sustain growth of its partially reformed economy, reformers still confront rising public debts, technically insolvent state-owned banks, loss-making state enterprises, extensive state pension liabilities, stagnating rural incomes, unemployment, disparities in regional development, and developing legal and commercial frameworks.[41]

Reform efforts affecting competition between Mexico and China for trade and investment will likely be watched closely by potential investors seeking favorable investment opportunities in these countries.

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[38] The reasons for the relatively high electricity costs in Mexico and the Mexican Government's efforts to reduce disincentives to foreign direct investment in its energy sector are discussed in the following article, "Production-Sharing Update: Developments in 2001," in this publication

[39] James Miles, "A Dragon Out of Puff, A Survey of China," *The Economist*, June 15, 2002, pp. 3-5.

[40] For example, China has an advantage over Mexico of relatively lower electricity costs (see tabulation of competitive factors in this article). However, an industry observer notes that current surplus generating capacity could eventually turn to a shortage as China's economy and electricity demand continue to grow, but foreign and private investment may shun further investments as provincial governments have reportedly reneged on contracts to pay foreign investors who built generating plants. Moreover, initial reform efforts in the electric power sector are occurring at the same time as the planning for the upcoming Party Congress with anticipated prospects of leadership changes. "Electricity in China, Power Politics," *The Economist*, June 8, 2002, pp. 59-60..

[41] Miles, "A Dragon Out of Puff;" and various other articles from *The Economist*, *The Far Eastern Economic Review*, and other publications. See also U.S.-China Security Review Commission, "Trade and Investment," "China and the World Trade Organization," and "China's Growth as a Regional Economic Power," *Report to Congress of the U.S.-China Secruity Review Commission– The National Security Implications of the Economic Relationship Between the United States and China* (Washington, DC: U.S.-China Security Review Commission, July 2002).

Annex

Table 1
Leading U.S. imports from Mexico in 2001, by industry/commodity (I/C) groups for which China was not a leading supplier

I/C group	U.S. imports from Mexico	Share of total imports from Mexico	Share of total U.S. imports of I/C group
	Million dollars	*Percent*	
Motor vehicles	21,327	17	17
Crude petroleum	7,957	6	16
Television receivers and video monitors	5,071	4	59
Certain motor-vehicle parts	4,582	4	19
Wiring harnesses for motor vehicles	3,824	3	82
Radio and television broadcasting equipment	3,157	3	52
Measuring, testing, and controlling instruments	2,573	2	22
Internal combustion piston engines, other than for aircraft	2,403	2	18
Seats for motor vehicles and aircraft	2,130	2	66
Electric motors, generators, and related equipment	1,898	2	25
Fresh, chilled, or frozen vegetables	1,770	1	67
Circuit apparatus not exceeding 1000V	1,683	1	32
Medical goods	1,533	1	14
All other	70,601	54	([1])
Total	130,509	100	12

[1] Not applicable.

Source: Compiled by U.S. International Trade Commission (USITC) staff from official statistics of the U.S. Department of Commerce.

Table 2
Leading U.S. imports from China in 2001, by industry/commodity (I/C) groups for which Mexico was not a leading supplier

I/C group	U.S. imports from China	Share of total imports from China	Share of total U.S. imports of I/C group
	Million dollars	*Percent*	
Footwear	9,767	10	64
Toys	6,410	6	81
Furniture	4,608	5	21
Miscellaneous manufactured goods	2,889	3	31
Miscellaneous plastic products	2,777	3	22
Lamps and lighting fittings	2,459	2	59
Luggage, handbags, and flat goods	2,208	2	51
Sporting goods	1,710	2	47
Games	1,518	2	27
Dolls	1,073	1	88
Air-conditioning equipment and parts	1,036	1	17
Photographic cameras and equipment	919	1	26
Miscellaneous textile products	905	1	28
All Other	63,790	62	([1])
Total	102,069	100	9

[1] Not applicable.

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

Table 3
Leading articles for which both Mexico and China were important suppliers of U.S. imports in 2001, by industry/commodity (I/C) groups

I/C group	Mexico U.S. imports	Mexico Share of total imports from Mexico	China U.S. imports	China Share of total imports from China	Combined share of total U.S. imports of I/C group
	Million dollars	*Percent*	*Million dollars*	*Percent*	
Computers, peripherals, and parts	10,365	8	10,548	10	28
Apparel	8,129	7	8,912	9	27
Consumer electronics (except televisions)	2,813	2	6,229	6	44
Telephone and telegraph apparatus	4,390	4	3,222	3	28
Household appliances, including commercial applications	1,839	1	2,845	3	56
Miscellaneous products of base metal	1,345	1	1,435	1	39
Electrical transformers, static converters, and inductors	1,503	1	926	1	47
All Other	100,125	77	67,952	67	([1])
Total	130,509	100	102,069	100	21

[1] Not applicable.

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

Table 4
Leading exports from Mexico to the European Union (EU) in 2001, by selected Harmonized System (HS) categories

HS no.	HS categories	EU imports from Mexico	Share of total exports from Mexico to the EU
		Million dollars	*Percent*
27	Petroleum and mineral fuels	1,206	23
87	Motor vehicles and bicycles	676	13
29	Organic chemicals	349	7
8471	Computers and related equipment	304	6
8473	Parts for computers and other office machines	256	5
8407	Spark-ignition internal combustion engines	201	4
8409	Parts for internal combustion engines	152	3
90	Optical, photographic, and medical goods; measuring instruments	145	3
22	Beverages	116	2
72	Iron and steel products	104	2
39	Plastics and articles thereof	88	2
30	Pharmaceutical products	83	2
9503	Toys and puzzles	79	1
71	Pearls, precious metals and stones, jewelry, silverware	78	1
7	Vegetables	69	1
8517	Telecommunications equipment	63	1
8411	Turbojets, gas turbines, and parts	49	1
8544	Wiring harnesses for motor vehicles and other insulated wire and cable	48	1
9	Spices, coffee, and tea	46	1
37	Photographic or cinematographic goods	44	1
	All other	1,188	22
	Total	5,344	100

Source: Compiled by USITC staff from "World Trade Atlas: Mexico Edition, December 2001."

Table 5
Leading exports from China to the European Union (EU) in 2001, by selected Harmonized System (HS) categories

HS no.	HS categories	EU imports from China	Share of total exports from China to the EU
		Million dollars	*Percent*
8471	Computers and related equipment	3,511	9
62	Woven apparel	1,864	5
42	Leather articles; saddlery; luggage, handbags, and flat goods	1,579	4
29	Organic chemicals	1,309	3
94	Furniture and bedding	1,277	3
90	Optical, photographic, and medical goods; measuring instruments	1,264	3
39	Plastics and articles thereof	1,221	3
73	Iron and steel products	1,218	3
8525	Radio and TV transmission equipment; video and digital cameras	1,179	3
64	Footwear	1,085	3
61	Knit apparel	993	2
8473	Parts for computers and other office machines	971	2
89	Ships and boats	938	2
9503	Toys and puzzles	787	2
8527	Radio broadcast receivers	773	2
8516	Heating appliances (stoves, coffee makers, hair dryers)	714	2
8517	Telecommunications equipment	711	2
63	Miscellaneous textile articles	585	1
82	Tools and cutlery of base metal	585	1
8508	Electro-mechanical hand tools	571	1
	All other	17,830	44
	Total	40,965	100

Source: Compiled by USITC staff from "World Trade Atlas: China Edition, December 2001."

Table 6
Leading exports from Mexico to Japan in 2001, by selected Harmonized System (HS) categories

HS no.	HS categories	Japanese imports from Mexico	Share of total exports from Mexico to Japan
		Million dollars	*Percent*
27	Petroleum and mineral fuels	131	21
8471	Computers and related equipment	45	7
71	Pearls, precious metals and stones, jewelry, silverware	44	7
87	Motor vehicles and bicycles	43	7
26	Ores, slag, ash	35	6
8503	Electric motors and generators	23	4
25	Salt; sulfur; earths, stone; plastering materials, lime, and cement	23	4
8519	Turntables, record players, and cassette players	21	3
90	Optical, photographic, and related medical goods; measuring instruments	17	3
8	Edible fruit and nuts	16	3
72	Iron and steel products	15	2
16	Preparations of meat, fish, crustaceans, or other aquatic invertebrates	15	2
3	Fish and seafood	13	2
21	Miscellaneous food	13	2
8414	Air or vacuum pumps, compressors, and fans	12	2
2	Meat	10	2
22	Beverages	10	2
32	Tanning or dyeing extracts; dyes, pigments, and other coloring elements; paints, varnishes, putty; inks	10	2
8407	Motor vehicle engines, internal combustion	9	1
8542	Integrated circuits	7	1
	All other	111	18
	Total	623	100

Source: Compiled by USITC staff from "World Trade Atlas: Mexico Edition, December 2001."

Table 7
Leading exports from China to Japan in 2001, by selected Harmonized System (HS) categories

HS no.	HS categories	Japanese imports from China	Share of total exports from China to Japan
		Million dollars	*Percent*
62	Woven apparel	6,908	15
61	Knit apparel	4,560	10
27	Petroleum and mineral fuels	2,008	4
8471	Computers and related equipment	1,485	3
16	Preparations of meat, fish, crustaceans, or other aquatic invertebrates	1,449	3
90	Optical, photographic, and medical goods; measuring instruments	1,352	3
63	Miscellaneous textile articles	1,163	3
64	Footwear	1,010	2
8529	Parts for radio and television transmission and receiving	1,002	2
3	Fish and seafood	965	2
94	Furniture and bedding	954	2
7	Vegetables	901	2
42	Leather articles; saddlery; luggage, handbags, and flat goods	895	2
44	Wood	823	2
73	Iron and steel products	725	2
8504	Transformers, static converters, and inductors; power supplies for computers	701	2
8522	Parts and accessories for turntables, tape recorders, and VCRs	675	1
87	Motor vehicles and bicycles	673	1
39	Plastics and articles thereof	669	1
8528	Television	653	1
	All other	15,507	34
	Total	45,078	100

Source: Compiled by USITC staff from "World Trade Atlas: China Edition, December 2001."

Table 8
Foreign direct investment in Mexico in 1999, by industrial sector

(*Million U.S. dollars*)

Industrial sector	Inflow	Cumulative stock ("Inward position")
Manufacturing:		
Vehicles and other transportation equipment	2,098	8,435
Metal and mechanical products	1,808	4,343
Food products	1,041	8,329
Petroleum, chemical, rubber, and plastic products	994	8,290
Office machinery, computers, radio, TV and communications equipment	921	1,527
Textile and wood activities	503	1,832
Subtotal (manufacturing)	8,081	35,065
Services:		
Trade and repairs	899	4,880
Real estate and business activities	858	5,595
Financial activities	334	4,425
Hotels and restaurants	267	2,286
Transport and communications	146	1,557
Electricity, gas, and water	138	69
Construction	110	372
Other services	181	457
Subtotal (services)	2,931	19,641
Mining and quarrying	108	777
Agriculture and fishing	77	327
Unallocated	674	-
Total	11,869	55,810

Source: Organization for Economic Cooperation and Development (OECD), *International Direct Investment Yearbook 2000*, (Paris: OECD, 2001).

Table 9
Foreign direct investment (FDI) inflow in Mexico in 1999

Source of investment	Value	Share of total FDI inflow
	Million U.S. dollars	*Percent*
United States	6,515	54.9
Japan	1,227	10.3
Netherlands	895	7.5
Germany	781	6.6
Canada	602	5.1
Spain	404	3.4
Denmark	174	1.5
France	158	1.3
Sweden	113	1.0
Switzerland	99	0.8
Singapore	66	0.6
Italy	48	0.4
Korea	44	0.4
All other and unallocated	743	6.2
Total	11,869	100.0

Source: Organization for Economic Cooperation and Development (OECD), *International Direct Investment Yearbook 2000*, (Paris: OECD, 2001).

Table 10
Foreign direct investment (FDI) outflows to Mexico and China in 1999, by selected Organization for Economic Cooperation and Development (OECD) members

Source of investment	Mexico	China
	Value	
United States *(million U.S. dollars)*	5,355	1,207
Japan *(million yen)*	165,500	83,800
Netherlands *(million guilders)*	498	608
Germany[1] *(million deutschemarks)*	5,514	6,081
Canada[1] *(million Canadian dollars)*	2,824	420
Spain *(million pesetas)*	158,732	4,326
Sweden *(million Swedish krona)*	535	240
Switzerland[1] *(million Swiss francs)*	2,761	1,319
Korea[1] *(million U.S. dollars*)	191	4,135
	Share of investor's FDI (*Percent*)	
United States	3.9	0.9
Japan	2.2	1.1
Netherlands	0.6	0.7
Germany	0.9	1.0
Canada	1.1	0.2
Spain	2.9	0.1
Sweden	0.4	0.2
Switzerland	1.1	0.5
Korea	0.9	18.4

[1] Outward position.

Source: OECD, *International Direct Investment Yearbook 2000*, (Paris: OECD, 2001).

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Production-Sharing Update: Developments in 2001

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Investment in production-sharing operations (that use U.S.-made components in foreign assembly plants) has become an integral part of global efforts to reduce manufacturing costs and has contributed to the accelerated pace of cross-border integration of manufacturing in North America and the Caribbean Basin. Trade legislation implementing the African Growth and Opportunity Act (AGOA) and the Caribbean Basin Trade Partnership Act (CBTPA) in 2000 also had the effect of encouraging additional production-sharing investments. Qualifying apparel made from U.S.-formed fabric and/or yarn imported from eligible African and Caribbean Basin countries is reported under newly created headings 9819 (AGOA) and 9820 (CBTPA) of the Harmonized Tariff Schedule (HTS) of the United States. Other imports that incorporate U.S. content can enter the United States free of duty or at reduced duties under HTS subheadings 9802.00.60-9802.00.90. This article highlights developments in 2001 imports under the production-sharing provisions and cross-border integration of manufacturing in North America and the Caribbean Basin.

Production sharing is an important aspect of globalization. Also known as cross-border manufacturing networks, production sharing occurs when the processes used to manufacture a good are conducted in more than one country. Such rationalization of production allows companies to reduce costs or to improve response time, thereby becoming more competitive, increasing profits, or both.

Major North American production-sharing trade flows include the export of machinery, components, and materials from the United States and the import of assembled motor vehicles and auto parts from Canada and Mexico; apparel from the Caribbean Basin and Mexico; and televisions, computer hardware, and telecommunications equipment from Mexico. In addition, several global electronics companies assemble semiconductors in East Asia from wafers fabricated in the United States. Although a growing number of vehicles imported into the United States from Asia and Europe contain specialized U.S.-made parts, such parts remain a small share of the total value of these vehicles.

Manufacturers in Europe also use production sharing ("outward processing") to reduce their costs, establishing assembly plants in Central European countries such as the Czech Republic, Hungary, Poland, and Slovenia. Similarly, companies in Japan, Korea, and Taiwan use duty waiver or refund (drawback) provisions, and lower labor costs, at special economic zones in China and export processing zones in Indonesia, Malaysia, the Philippines, and Thailand to rationalize the production of labor-intensive articles.

[1] The views expressed in this article are the author's. They are not the views of the U.S. International Trade Commission (USITC) as a whole or of any individual Commissioner.

Highlights of 2001 include—

- U.S. production-sharing trade likely decreased in 2001 as total U.S. international trade contracted by 6.2 percent to $1.8 trillion. U.S. trade with its chief production-sharing partners, Canada and Mexico, fell by 6.0 percent for each in 2001;[2] trade with Caribbean Basin countries decreased by 4.9 percent. U.S. imports under the production-sharing provisions of HTS headings 9802, 9819, and 9820 dropped by 8.0 percent, from $71.4 billion to $65.6 billion, and accounted for 5.8 percent of total U.S. imports in 2001 (apparel section, tables 1and 2 and appendix B, table B-1).[3]

- A $5.4-billion (28-percent) reduction in imports from Mexico under these provisions accounted for most of this decrease (table B-1) as a growing share of U.S. imports from Mexico entered free of duty under the North American Free Trade Agreement (NAFTA) or was eligible to enter free of duty under Uruguay Round tariff reductions.[4] Further, the slowdown in the U.S. economy in 2001, reflected by a 5.9-percent decrease in U.S. manufacturers' shipments,[5] reduced demand by U.S. producers for assembly services in Mexico.

- Mexico still accounted for nearly one-half ($6.9 billion) of the $14.2 billion of U.S. content contained in imports under the production-sharing provisions of HTS heading 9802 in 2001[6] (table B-2), despite a 33-percent decrease in 2001. One-third of this

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[2] See appendix A, table A-5, for data on trade between the United States, Canada, and Mexico through March 2002. Each issue of this publication provides analysis on quarterly developments in U.S. trade with its North American Free Trade Agreement (NAFTA) partners.

[3] Two new production-sharing headings (HTS 9819 and HTS 9820, respectively) were created with the entry into force in October 2000 of AGOA and CBTPA. Both tariff headings have subheadings that permit the duty-free entry of apparel made in eligible countries of sub-Saharan Africa and the Caribbean Basin from U.S.-origin fabric of U.S.-origin yarn, with the fabric cut locally or in the United States, with the latter having undergone a process in the beneficiary country that disqualifies the apparel from entry under heading 9802.

In addition, subheadings of HTS 9820 permit duty-free entry of limited quantities of apparel made from fabric produced in CBTPA beneficiary countries from yarn formed in the United States. Imports under the production-sharing provisions of HTS headings 9819 and 9820 in 2001 are shown in tables 1 and 2. Data reflecting imports under those provisions have not been incorporated into data shown in the appendix B tables (imports under HTS subheadings 9802.00.60-9802.00.90) because entries of apparel under HTS headings 9819 and 9820 are not required to provide information on the value of the U.S.-origin fabric, yarns, or fasteners incorporated into such apparel.

[4] When articles are eligible for duty-free entry under other provisions, there is little incentive to complete the documents required to declare eligibility for reduced duties under the production-sharing provisions.

[5] U.S. Census Bureau, "Table 1. Value of Manufacturers' Shipments for Industry Groups," in *Manufacturers' Shipments, Inventories, and Orders December 2001*, Feb. 5, 2002.

[6] Official statistics of the Government of Mexico, referenced in this article and included in appendix C, provide a more comprehensive measure of Mexico's use of U.S. components in production-sharing operations. Official U.S. statistics, however, are increasingly unable to quantify the magnitude and scope of production-sharing activity because a significant and growing portion of imports from production-sharing operations does not enter under heading 9802 provisions because the goods are eligible for duty-free treatment under other agreements or tariff-preference programs. Examples are goods entering duty-free from Mexico and Canada under

(continued...)

duty-free, U.S.-origin content from Mexico was incorporated into apparel; electronic products accounted for 26 percent; machinery and equipment, 16 percent; and motor vehicles and parts, 15 percent (table B-6).

- Caribbean Basin countries accounted for 29 percent of U.S. content ($4.1 billion, table B-16) contained in imports under the production-sharing provisions of HTS heading 9802 in 2001,[7] and the Philippines, Malaysia, and Korea together accounted for 7 percent ($1.1 billion, table B-2). Apparel accounted for 90 percent of the value of the U.S. content of imports under the production-sharing provisions of HTS heading 9802 from Caribbean Basin countries, whereas semiconductor devices accounted for 88 percent of such imports from the three Asian countries.[8]

- Official statistics of the Government of Mexico's Economy Ministry provide a more comprehensive measure of U.S.-Mexico production-sharing trade in machinery, electronic products, and transportation equipment. Those statistics indicate that Mexico's imports of components and other inputs from the United States for use in these assembly plants fell by $13.6 billion (17 percent) to $65.4 billion in 2001, nearly the same level as 1999 (appendix C, table C-4), and represented 58 percent of Mexico's total imports from the United States in 2001 (table C-2).[9]

- Mexico's exports to the United States from assembly plants operating under the Maquiladora and PITEX Programs[10] fell by $5.5 billion (4.3 percent) in 2001 to $121.3 billion (table C-7), or 86 percent of Mexico's total exports to the United States (table C-5). Electronic products classified in HS chapter 85 (including telecommunications equipment and semiconductors) accounted for most of the decrease in exports from assembly plants to the United States, falling by $4.6 billion

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[6] (...continued)
NAFTA, or from other countries under the Generalized System of Preferences, the Andean Trade Preference Act, or the CBTPA (articles other than apparel); or products for which most U.S. normal trade relations duties have been eliminated, such as computers and semiconductors.

[7] For dutiable articles imported from countries that (1) are not subject to free-trade agreements with the United States and (2) do not receive tariff preferences from the United States, data on imports under HTS chapter 98 production-sharing provisions (9802.00.60-9802.00.90) provide reliable information on the value of U.S.-made components incorporated in the foreign assembly of such articles.

[8] Data on imports under the production-sharing tariff provisions of HTS heading 9802, by country of origin and commodity group, are available from the USITC Internet-based interactive tariff and trade database (official statistics of the U.S. Department of Commerce), the DataWeb (*http://dataweb.usitc.gov*). Data in this article that are not shown in appendices B and C of this publication are based on data found on the DataWeb.

[9] Statistical tables covering year 2001 trade under Mexico's production-sharing provisions are provided in appendix C.

[10] Companies in Mexico can operate under the Maquiladora Program or PITEX (Program for Temporary Importation to Manufacture Exported Products), or both, as long as the manufacturing projects are different. Until Jan. 1, 2001, companies registered under these programs were allowed to import components, materials, and machinery free of duty provided they were used in the assembly or manufacture of goods for export markets. For a discussion of changes to these programs pursuant to Article 303 of NAFTA, see Ralph Watkins, "Production-Sharing Update: Developments in 2000," *Industry Trade and Technology Review*, USITC Publication 3443, July 2001, pp. 11-23.

(10 percent) to $41.3 billion. Exports of apparel declined by $690 million (8 percent) to $8.0 billion.

- The sluggish U.S. economy in 2001 provides only part of the explanation for decreased Maquiladora and PITEX exports to the United States in 2001. Other factors have more significant implications for the future of the assembly industry in Mexico. Rising energy and labor[11] costs in Mexico, combined with increased business taxes, have led many companies to shift their sourcing to Asia.[12] According to the National Maquiladora Association and Mexico's National Institute of Statistics, Geography, and Information, the maquiladora industry lost a net of 483 plants and 250,000 workers between January 2001 and March 2002.[13]

- Mexico reportedly needs to invest over $50 billion over the next 10 years to expand power-generation capacity to meet demand which is expected to grow by 6.3 percent annually.[14] Further, over 10 percent of the electricity carried on the national distribution network is lost due to aging power lines. A shortage of generating capacity, the high cost of imported natural gas to fuel new generating plants, and an inefficient distribution network have combined to drive up energy costs to manufacturers in Mexico, further discouraging new investment in the maquiladora sector and leading some existing participants to seek alternative locations for assembly services.[15]

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[11] Rising labor costs in Mexico reflected both the continuing shift towards higher-skilled manufacturing jobs and the appreciation of the Mexican peso versus the U.S. dollar. Labor costs in Mexico rose by 7 percent in peso terms in 2001 compared with 2000. Meanwhile, between the end of 2000 and the end of 2001, the value of the peso rose by 5.4 percent in dollar terms (from 10.36 cents to 10.92 cents). When the value of the peso reached 11.12 cents on Apr. 1, 2002, the Banco de Mexico relaxed its monetary policy and by the end of June 2002, the value of the peso dropped by 10.1 percent to 10.0 cents. This devaluation is expected to boost foreign investment in the manufacturing/assembly sector in Mexico in 2002. See "Quarterly Economic Forecast," *Mexico Watch*, vol. 8, no. 7, July 1, 2002, p. 1ff.

[12] Rising crime rates in Mexico, especially kidnappings, reportedly have factored into some decisions to shift assembly operations from Mexico to Asia. "Crime in Mexico: Critical Threat," *The Economist*, June 15, 2002, p. 36.

[13] Mary Jordan, "Mexican Workers Pay for Success: With Labor Costs Rising, Factories Depart for Asia," *The Washington Post*, June 20, 2002, p. A1.

[14] "Electricity Reform and Concerns," *Business Mexico*, June 2002, p. 12. According to Marcelo Paramo, former General Counsel to Mexico's Electricity Regulatory Commission (CRE), Mexico will need to invest $59 billion in power-generation infrastructure by 2009 to meet expected demand. Marcelo Paramo, "Energy Sector Sovereignty Vs. Economic Development - Mexico," *Business News Americas*, July 3, 2002.

[15] Without energy reforms that would reassure the safety of their investments, foreign energy companies are disinclined to help Mexico develop its Burgos natural-gas fields. Instead, Mexico is forced to import high-priced natural gas from the United States (valued at $300 million in 2001) to operate its new co-generation power plants. Natural-gas shortages have led to electricity blackouts, which have in turn idled dozens of manufacturing operations. "Pemex Courts Foreign Investment in Natural Gas, but Firms Are Wary of Legal Minefield," *Mexico Watch*, vol. 8. no. 7, July 1, 2002, p. 4.

- Average hourly labor compensation costs in Mexico rose by 15 percent relative to compensation in the United States in 2001, and by 25 percent during 1998-2001.[16] Companies under pressure to reduce costs to remain competitive in the U.S. market have had to re-evaluate their Mexican operations. Products with a relatively high labor content, long production runs, few style changes, and long lead times were most susceptible to relocation (or loss of market share) to lower labor-cost countries in Asia. Examples of such products include electronic components, telephone equipment, and small appliances and motors.[17]

- For certain products, there was no (or very little) drop-off in exports under the Maquiladora and PITEX Programs in 2001. These products included motor vehicles and parts; computer hardware; television and radio equipment; major household appliances; and measuring, testing, and controlling instruments (table C-1). To varying degrees, the following factors encouraged continued production in Mexico in 2001 rather than shifting to Asia: (1) production startups require a substantial investment in capital equipment; (2) a significant investment has been made in developing an experienced and skilled workforce at existing operations; (3) Mexico's lower transportation costs to the U.S. market and shorter lead times are important for some products; (4) for products with frequent style changes, Mexico's more flexible production processes and workforce are key; and (5) Mexico's proximity to U.S. operations allows closer monitoring of production processes.

- Companies registered under the Maquiladora Program tend to be concentrated along the U.S.-Mexico border and are more likely involved in the assembly of highly labor-intensive electronic products and apparel. PITEX companies are more likely to manufacture products for markets in both Mexico and the United States (such as motor vehicles, computer hardware, and major household appliances), locate closer to the interior of Mexico, and make more use of Mexican-origin content.

- Production processes for goods made in PITEX companies tend to be more highly automated than processes for articles assembled in maquiladoras. Because the cost of labor is a higher share of total production costs for maquiladoras, these companies are more affected by rising labor costs than PITEX companies in terms of their ability to compete with imports from Asia.

- The Fox administration has made electricity reform a priority. A Presidential decree on May 24, 2001, modified the Public Electricity Service Law allowing independent power producers (IPPs)[18] to sell a greater portion of their surplus capacity to the state-owned utility, Comision Federal de Electricidad (CFE).[19] In April 2002, however,

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[16] For a discussion of the effects of the strong peso on labor costs and investment in Mexico and the reasons for the continuing strength of the peso, see Deborah Riner, "Relentless Strength: What's Going on with the Peso?" *Mexico Business*, June 2002, p. 46.

[17] See the preceding article in this report, "Mexico Versus China: Factors Affecting Export and Investment Competition."

[18] IPPs are multinational firms that build and operate co-generation plants, selling most electricity to industrial customers that are not connected with the federally owned grid.

[19] Prior to the decree, IPPs could sell up to 20 megawatts of electricity to CFE. The Fox decree extended the limit to 50 percent of the total capacity for companies that generated electricity for

(continued...)

Mexico's Supreme Court ruled that the Presidential decree was unconstitutional and that electricity reform must come from the Mexican Congress. The Court also suggested that the 1992 law permitting private companies to produce electricity to satisfy public needs may be unconstitutional and that the CFE may be required to expropriate all foreign-owned power plants within 240 days at an estimated cost of $10 billion.[20]

- The Mexican Supreme Court decision had an immediate chilling effect on foreign investment in power-generation facilities. The Fox administration and Mexico's two largest political parties had developed proposals for electricity reform by June 2002 that would expand the role of foreign investment in power generation (including transmission, proposed by the Fox administration).[21] The concept of foreign involvement in any energy sector, however, remains very unpopular among the Mexican public.

- The apparent reluctance of the Mexican Congress in its past session (ending June 2002) to implement tax and electricity reforms has also discouraged new investment in Mexico. Instead of acting on the Fox administration's request to broaden the value-added tax (VAT) to cover food and medicine, the Congress passed a variety of business-related taxes.[22] Representatives of the maquiladora industry have claimed that these taxes will increase the industry's costs but revenue from the taxes will be insufficient to provide needed infrastructure improvements (highways, railroads, and electricity distribution). The Fox administration has indicated that it will attempt to persuade Mexico's Congress to pass a more comprehensive tax reform in 2003.[23]

- Some analysts anticipate that the cost of Court-mandated expropriations of foreign-owned power plants may accelerate the pace of negotiations that would lead to a constitutional amendment allowing greater foreign participation in Mexico's electricity sector.[24]

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[19] (...continued)
their own industrial uses (self-supply producers) and 100 percent for the co-generation plants, which are foreign-owned. See Jorge Jimenez, "Mexican Legal and Regulatory Update," *North American Free Trade & Investment Report*, vol. 12, no. 8, Apr. 30, 2002. pp. 1f.

[20] "Whither the New Energy Investment? Electricity Lawsuit Exposes Risks in Current Investment Climate," *Mexico Watch*, vol. 8, no. 6, June 1, 2002, p.4f.

[21] See Joel Estudillo Rendon, "Little by Little, the Executive and Legislative Branches are Still Learning to Coexist," *Business Mexico*, June 2002, p. 20; and "PAN: Private Investment Not Privatization - Mexico," *Business News Americas*, July 2, 2002.

[22] For a discussion of the process leading to Mexico's 2002 tax reform, see Sam Quinones, "Tax Me if You Can," *Latin Trade*, June 2002, p. 30ff. For a summary of the changes in Mexico's new tax law, see Deloitte & Touche, "New Taxes: An Update," *Twin Plant News*, vol. 17, no. 11, June 2002, p. 20ff. For a discussion of the implications Mexico's 2002 tax reform, see "Assessing Mexico's Recent Tax Reform," *North American Free Trade & Investment Report*, vol. 12, no. 10, May 31, 2002, p. 1ff.

[23] John Nagel, "Mexico's New Tax Reform Push to Focus on VAT Changes, Official Says," *Bureau of National Affairs*, June 13, 2002, p. 12.

[24] "Whither the New Energy Investment? Electricity Lawsuit Exposes Risks in Current Investment Climate," *Mexico Watch*, vol. 8, no. 6, June 1, 2002, p. 4f.

- Other analysts indicate, however, that the Energy Secretariat reportedly is trying to persuade opposition Congressmen to support legislation that would encourage foreign investment in co-generation power plants that would sell electricity to both private customers and the CFE, but would fall short of the Fox administration goal of allowing all electricity from IPP-owned co-generation plants to be sold to CFE. Electricity reform reportedly will have a high priority when the Mexican Congress reconvenes in September.[25] Legislation encouraging foreign investment in power generation would eventually lower energy costs for companies operating under the Maquiladora and PITEX Programs.

Automotive Sector

- The leading suppliers of motor vehicles to the U.S. market in 2001 were Canada (32 percent, or $41.2 billion), Japan (26 percent, $33.0 billion), Mexico (17 percent, $21.3 billion), Germany (12 percent, $15.9 billion), and Korea (5 percent, $6.4 billion).[26] Traditionally, all motor vehicles from Canada and Mexico contain U.S.-made components. However, vehicles from both countries are eligible for duty-free entry to the United States under NAFTA and only 1.3 percent ($287 million) of U.S. imports of motor vehicles from Mexico in 2001 entered under the production-sharing provisions of HTS heading 9802 (table B-6). U.S.-origin components accounted for 52 percent ($146 million) of that value.

- Imports from Japan under the production-sharing provisions of HTS heading 9802, which accounted for 52 percent of total U.S. imports of motor vehicles from Japan in 2001 (table B-5), contained U.S. components comprising 2.4 percent ($412 million) of the value of these imports. Motor vehicle imports from Germany under the production-sharing provisions, which accounted for 56 percent of total vehicle imports from Germany (table B-7), contained a U.S. content share of 1.1 percent ($94 million). Motor vehicle imports from Korea under the production-sharing provisions, which accounted for 25 percent of total vehicle imports from Korea (table B-11), contained a U.S. content share of 1.4 percent ($22 million).

- All motor vehicle assembly plants in Mexico are registered under either PITEX or the Maquiladora Program.[27] Mexico's exports of motor vehicles to the United States from these production-sharing facilities rose by $83 million (0.4 percent) to $19.4 billion in 2001 (table C-1). Meanwhile, Mexico's exports of certain motor vehicle parts to the United States from such assembly plants decreased by $142 million (1.2 percent) to $11.8 billion. Together, vehicles and certain parts accounted for 26 percent of Mexico's production-sharing exports to the United States.

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[25] PRI Senator Manuel Bartlett, Chairman of the Mexican Senate's Commission on Constitutional Issues.

[26] Official statistics of the U.S. Department of Commerce.

[27] Parts and materials used in the assembly of vehicles to be sold in the domestic market in Mexico are imported under a separate "fiscal deposit" regime, which functions like a bonded warehouse, and are subject to Mexico's value-added tax. Machinery, however, can be used to manufacture vehicles for both the domestic and export markets and is imported under PITEX. PITEX accounted for 85 percent of Mexico's motor vehicles and parts exports (HTS chapter 87) to the United States in 2001; Maquiladora Program exports accounted for 14 percent (table C-5).

- The slight (1.4-percent) rise in U.S. imports of motor vehicles from Mexico in 2001 (based on statistics from the U.S. Department of Commerce) despite a 9.7-percent drop in the value of U.S. producers' shipments of automobiles and trucks that year[28] reflects sustained integration, interdependence, and rationalization of the U.S. and Mexican automotive industries.[29] Motor vehicle sales remained strong due in part to generous incentives offered by vehicle manufacturers in the last quarter of 2001.

Machinery and Electronic Products

- Mexico's imports of machinery and electronic products[30] from the United States in 2001 for use by production-sharing operations (Maquiladora and PITEX) amounted to $30.4 billion (table C-2).[31] Exports to the United States from these production-sharing operations amounted to $61.3 billion, or 98 percent of total exports of machinery and electronic products to the United States in 2001 (table C-5), indicating that nearly all U.S. imports of machinery and electronic products from Mexico in 2001 were associated with production-sharing assembly operations.

- Electronic products[32] accounted for $37.2 billion (29 percent) of U.S. imports from Mexico in 2001 (table B-6). Machinery[33] accounted for $14.8 billion (11 percent).[34]

- Production-sharing trade with Mexico in the electronic products sector remained stable in 2001, whereas U.S. producers shipments declined. There was only a 0.04 percent ($15-million) increase in U.S. imports of electronic products from Mexico in 2001 over 2000 as the soft U.S. economy flattened demand for assembly services in

[28] U.S. Census Bureau, "Table 1. Value of Manufacturers' Shipments for Industry Groups."

[29] For additional information, see Deborah McNay and Laura Polly, "Mexico's Emergence as a Global Automotive Production Center Drives Trade and Investment," *Industry Trade and Technology Review*, USITC publication 3363, Oct. 2000, p. 19, posted on USITC Internet server at *www.usitc.gov* ("Publications"). Mexico's production of automobiles and trucks decreased by 3.4 percent in 2001 to 1.9 billion vehicles. Exports of vehicles (to all markets) declined by 2.5 percent to 1.4 billion vehicles, or 75 percent of all vehicles produced in Mexico. Industry Canada, Aerospace and Automotive Branch, *Semi-Annual Automotive Circular: January to December 2001*, p. 29f.

[30] "Machinery and electronic products" discussed in this section encompass all products classified in Harmonized System chapters 84 and 85.

[31] Machinery and electronic products accounted for 46 percent of Mexico's production-sharing (Maquiladora and PITEX) imports from the United States in 2001 (table C-2) and 51 percent of Mexico's production-sharing exports to the United States (table C-5).

[32] Appendix B, table B-3, lists commodity groups classified as electronic products.

[33] Products defined as "machinery" for this article include those listed under machinery and equipment in table B-6 as well as wiring harnesses and pumps for motor vehicles.

[34] Mexico's total exports of machinery and electronic products to the United States, as reported by the Government of Mexico, were 20-percent larger than U.S. sector imports, as reported by the U.S. Department of Commerce. This was due, in part, because certain parts for transportation equipment (such as engines and wiring harnesses) are counted as machinery (HS chapter 84) for Mexico's exports, but as "automotive" products for U.S. imports in appendix B of this report.

Mexico.[35] By comparison, U.S. producers' shipments of computers and other electronic products fell by 14 percent in 2001 to $441 billion.[36]

- Imports of machinery from Mexico and U.S. shipments of machinery[37] contracted in 2001, with each falling by 4 percent. Imports from Mexico dropped by $687 million (USITC DataWeb and table B-6) while U.S. producers shipments decreased by $18 billion to $414 billion.[38]

- Many of the global leaders in the electronics industry have assembly plants in Mexico (or contract with companies that have assembly plants there) to supply the North American market with products requiring labor-intensive manufacturing processes. Electronic products assembly in Mexico relies almost exclusively on components from the United States and Asia. Assembly of televisions is clustered in the border cities of Tijuana, Mexicali, Ciudad Juarez, and Reynosa; computer-hardware assembly is centered in the interior city of Guadalajara; and production of telephone equipment is dispersed both along the border and in interior locations.

- Mexico's exports of machinery and electronic products to the United States from Maquiladora and PITEX plants fell by $3.1 billion (5 percent) in 2001 (HS chapters 84 and 85 in table C-5). As indicated by more detailed U.S. import data, the product categories most responsible for the decrease in these sector imports from Mexico in 2001 were components (semiconductors, capacitors, and resistors), transformers, wiring harnesses, and telephone equipment (USITC DataWeb and table B-6).

- Counter to this overall trend, Mexico's exports to the United States of computers and parts from Maquiladora and PITEX assembly plants grew by $1.5 billion (21 percent) to $8.7 billion (table C-1). U.S. computer equipment distributors increased their purchases from assembly plants in Mexico while sharply reducing their imports from Asia.[39]

- Mexico's production-sharing exports of major household appliances to the United States also rose in 2001, expanding by $314 million (69 percent) to $768 million (table C-1). Whirlpool closed its aging appliance plant in Canada, shifting production to the United States. In turn, Whirlpool consolidated an increasing share of its North American production of entry-level refrigerators, gas ranges, and washers and dryers

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[35] U.S. imports of electronic products from countries other than Mexico fell by 19 percent ($48 billion) in 2001 to $203 billion. Product categories leading the decrease in imports in this sector in 2001 were semiconductor devices (-$17.4 billion), computer hardware (-$15.8 billion), and telephone apparatus (-$5.0 billion). See Wm. Scott Baker, "Electronic Products," *Shifts in U.S. Merchandise Trade 2001*, USITC publication 3525, July 2002, chapter 12.

[36] U.S. Census Bureau, "Table 1. Value of Manufacturers' Shipments for Industry Groups."

[37] For this article, with regard to producers shipments, "machinery" consists of U.S. Census Bureau categories "Machinery" and "Electrical equipment, appliances, and components."

[38] U.S. Census Bureau, "Table 1. Value of Manufacturers' Shipments for Industry Groups."

[39] According to official statistics of the U.S. Department of Commerce, U.S. imports of computer hardware from Mexico rose by $1.3 billion (15 percent) in 2001 to $10.4 billion. (Compare table B-6 with table B-5 in *Industry Trade and Technology Review*, USITC Publication 3443, July 2001). By contrast, U.S. imports of computer hardware from all countries fell by $15.8 billion (18 percent) to $74.5 billion. See Baker, "Electronic Products."

to its Vitromatic subsidiary in Mexico.[40] Whirlpool appliances made in Monterrey and Celaya are also exported to markets in Central and South America.

- Assembly in Mexico remained an important alternative to importing from Asia in 2001. Some electronic products firms responded to the January 1, 2001, imposition of Mexican duties on non-North American-origin inputs[41] by shifting production to Asia. Others, however, had prepared for the deadline by switching to U.S. suppliers of components and materials, or by convincing non-North American suppliers to relocate to the United States or Mexico, or establish additional production facilities in North America.[42] Although nearly all electronic products exported to the United States from Mexico are assembled from imported components, predominantly from U.S.-made parts,[43] only a small portion of all electronic products imported into the United States from Asia contain U.S. components

- Canada is an important U.S. partner in production-sharing in electronic goods, mainly because of the proximity of markets and high level of overall economic integration between the United States and Canada. The most important electronic products involved in U.S.-Canadian production sharing are semiconductors, telecommunications equipment, and computer hardware. Typically, the United States exports unfinished semiconductors, printed circuit boards, electrical circuit apparatus, other electronic devices, and parts for telecommunications equipment to Canada where they are assembled into finished articles, some of which returns to the United States incorporated into finished semiconductors,[44] telecommunications equipment, computer hardware, motor vehicles, and aircraft.

Apparel

- U.S. imports of apparel under the production-sharing provisions of HTS headings 9802, 9819, and 9820[45] fell by $831 million (6.3 percent) in 2001 to $12.3 billion

[40] Joel Millan, "Grupo Vitro Will Sell Unit to Whirlpool for $540 Million," *Wall Street Journal*, Feb 29, 2002, p. A9.

[41] As of Jan. 1, 2001, pursuant to NAFTA Article 303, machinery and components imported from outside North America for Mexican assembly plants were no longer eligible for duty drawback if the assembled products are exported to the United States or Canada.

[42] Despite the shift in some production of electronic products from Mexico to China in 2001, U.S. imports from each country were virtually unchanged in 2001 compared with 2000, as imports from Mexico increased by $15 million to $37.2 billion and imports from China declined by $357 million to $27.2 billion. Mexico became the leading supplier of U.S. imports of electronic products in 2001 with a 16-percent share. Imports from Japan fell by $14.2 billion to $35.7 billion and its share of U.S. imports in this sector fell from 18 percent to 16 percent. China's share accounted for 12 percent. See Baker, "Electronic Products," for more details in 2001.

[43] The United States was by far the leading supplier of components, materials, and machinery imported into Mexico under the Maquiladora and PITEX Programs, accounting for 74 percent ($65.4 billion) of the total in 2001, followed by Japan (6 percent), Korea (3 percent), and Germany (3 percent); see appendix C, table C-4.

[44] IBM fabricates semiconductor chips in facilities in the United States and performs final assembly in Bromont, Quebec.

[45] Some of the provisions under HTS headings 9819 and 9820 do not include production-sharing activities with U.S. firms. Apparel imports under these provisions that do not involve

(continued...)

(tables 1, 2, and B-3). All other imports of apparel increased, by $424 million (0.8 percent) to $51.7 billion, and the share of total apparel imports accounted for by imports under the production-sharing provisions only dropped from 20 percent to 19 percent. Caribbean Basin countries,[46] China, and Mexico were the leading suppliers of apparel to the United States in 2001, with Caribbean Basin countries and Mexico accounting for 95 percent of U.S. imports under all of the production-sharing provisions (see "Imports under production-sharing provisions," table 3).

- U.S.-made components contained in apparel imported under HTS subheadings 9802.00.80 and 9802.00.90 decreased by $1.6 billion (21 percent) in 2001 to $6.0 billion (table B-3), largely attributable to (1) duty-free entry of apparel imports from Mexico under NAFTA rather than entry under production-sharing provisions,[47] and (2) the establishment of integrated textile mills in Mexico and the Caribbean Basin that resulted in greater use of regional fabric made from North American yarn by apparel producers in these regions rather their use of U.S.-cut fabric.[48] Since production of apparel for export from factories in Mexico and Caribbean Basin Economic Recovery Act (CBERA) countries is tied directly to U.S. consumer demand, shrinking demand for apparel in the U.S. market during 2001 also triggered cuts in textiles and apparel export production from Mexico and CBERA countries.

- Apparel accounted for 84 percent ($1.1billion) of the total duty savings achieved by importing goods under the production-sharing provisions in 2001 (table B-18).

- Most apparel imported from Mexico and the Caribbean Basin is sewn from U.S.-origin fabric whereas apparel imported from Asia is not. Total imports of apparel from Mexico decreased by $602 million (7 percent) in 2001 to $8.1 billion (table B-6) whereas apparel imported from the Caribbean Basin edged downward by $94 million (1 percent) to $9.6 billion (table B-15). Together, Mexico and the Caribbean Basin supplied 28 percent of U.S. imports of apparel by value in 2001.

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[45] (...continued)
production sharing are identified in table 1 as "Other AGOA preferences"and in table 2 as "Other CBTPA preferences."

[46] Defined as those Caribbean and Central American countries designated by the President as eligible for preferential treatment under the CBTPA.

[47] For apparel imported from Mexico to qualify for duty-free entry under HTS heading 9802.00.90, U.S.-origin fabric used in the manufacture must be cut in the United States. Apparel made from U.S.-origin fabric that is cut in Mexico is not eligible for entry under the production-sharing provisions but generally would be eligible for duty-free entry under NAFTA. To qualify for reduced duties under HTS heading 9802.00.80, imported apparel (from any source) must be made from fabric cut in the United States although that fabric can be of non-U.S. origin.

[48] Several U.S. and Asian textile firms are benefitting from NAFTA provisions allowing duty-free, quota-free entry into the United States of apparel sewn in Mexico from fabric made in North America from North American yarn. These firms have established vertically integrated production operations in Mexico to make such fabric for customers with sewing operations in Mexico. Further, some firms are offering "full-package" options to apparel distributors and retailers, in which the mills use their own fabric to produce or outsource production of garments to customer specifications. These integrated mills, for the most part, produce cotton denim jeans and shirts, although some more recent operations use petrochemicals of Mexican origin to produce manmade fibers for use in the production of polyester/cotton-blend fabrics for apparel.

Table 1
U.S. imports of apparel from African Growth and Opportunity Act (AGOA)-eligible countries in 2000 and 2001

(*1,000 dollars*)

	2001						
	Production sharing						
	AGOA						
Country[1]	9802.00.80.42[2]	9819.11.03 9819.11.06[3]	Other 9802.00.80[4]	Other AGOA preferences[5]	Other	Total	2000
Mauritius	87	1,767	583	36,914	198,843	238,194	244,703
Lesotho	52	0	0	129,190	85,571	214,813	140,053
Madagascar	0	0	9	92,049	85,935	177,993	109,863
South Africa	0	229	157	28,849	144,577	173,812	141,738
Kenya	0	0	0	51,673	12,911	64,584	43,895
Swaziland	0	0	0	8,195	39,761	47,956	31,852
Malawi	0	0	0	4,695	6,523	11,218	7,325
Botswana	0	0	0	0	2,450	2,450	7,897
Other	0	0	0	163	599	762	385
Total	139	1,996	749	351,728	577,170	931,782	727,711

[1] Ghana and Senegal were added to the list of countries designated by the President as eligible for benefits under AGOA effective Mar. 20 and Apr. 23, 2002, respectively. See *Federal Register* notices 67FR14761 and 67FR21794.

[2] HTS subheading 9802.00.80.42 provides duty-free entry for apparel assembled in AGOA countries from fabrics made and cut in the United States of U.S. yarns.

[3] Includes apparel imported from AGOA countries free of duty under six HTS subheadings, as follows: (1) 9819.11.03--apparel assembled in such countries from fabrics formed and cut in the United States of U.S. yarns that would otherwise have qualified for entry under subheading 9802.00.80.42 but for the fact that the apparel, after assembly, underwent further processing (e.g., embroidery or stone-washing); (2) 9819.11.06--apparel assembled from fabrics formed in the United States but cut in AGOA countries, and sewn together with U.S. thread; (3) 9819.11.09--limited quantities of apparel knit to shape in an AGOA country from U.S. yarns, and knit apparel cut and assembled in AGOA countries from fabrics formed in such countries of U.S. yarns or from fabrics formed in such countries or the United States of U.S. yarns; (4) 9819.11.12--limited quantities of apparel made in lesser developed AGOA countries from fabric formed in such countries from U.S. yarns; (5) 9819.11.15–cashmere sweaters knit-to-shape in the United States, or AGOA countries, or both; and (6) 9819.11.18--wool sweaters knit-to-shape in AGOA countries from fabrics made of worsted wool fabric of 18.5 microns or fewer formed in the United States from U.S. yarns, and sewn together with U.S. thread.

[4] Includes apparel entered under HTS subheading 9802.00.80.66. This subheading provides a duty exemption for U.S. components returned to the United States in the form of finished goods. In general, the duty is assessed on the value added offshore. The fabric for making the apparel components can be of either U.S. or foreign origin as long as the fabric is cut in the United States and exported ready for assembly.

[5] Includes apparel imported from AGOA countries free of duty under two HTS subheadings, as follows: (1) 9819.11.24--apparel assembled from fabrics or yarn designated by the President as not available in commercial quantities in the United States; and (2) 9819.11.27--certified handloomed, handmade, and folklore articles.

Source: Compiled from official statistics of the U.S. Department of Commerce, Office of Textiles and Apparel. The data cover apparel that was subject to the former Multifiber Arrangement (superceded by the WTO Agreement on Textiles and Clothing), which accounted for 97 percent of total U.S. apparel imports from AGOA countries in 2001.

Table 2
U.S. imports of apparel from Caribbean Basin Trade Partnership Act (CBTPA)-eligible countries in 2000 and 2001

(*1,000 dollars*)

	2001						
	Production sharing						
	CBTPA						
Country	9802.00.80.44[1]	9820.11.03-9820.11.18[2]	Other 9802.00.80[3]	Other CBTPA preferences[4]	Other	Total	2000
Honduras	921,579	537,078	533,888	1,499	349,547	2,343,591	2,416,180
Dom. Rep.	944,014	581,844	540,149	8,925	176,713	2,251,645	2,442,924
El Salvador	559,272	371,813	454,164	3,468	223,012	1,611,729	1,600,362
Guatemala	137,712	278,681	359,176	3,039	825,370	1,603,978	1,486,134
Costa Rica	325,583	76,142	320,738	5,101	21,122	748,686	825,521
Nicaragua	42,229	37,661	26,993	24	267,433	374,340	337,253
Haiti	112,663	31,008	61,728	0	10,972	216,371	258,036
Jamaica	107,673	3,177	59,955	0	10,709	181,514	268,190
Other	16,017	2,043	14,376	17	8,525	40,978	45,598
Total	3,166,742	1,919,447	2,371,167	22,073	1,893,403	9,372,832	9,680,198

[1] HTS subheading 9802.00.80.44 provides duty-free entry for apparel assembled in CBTPA countries from fabrics made and cut in the United States of U.S. yarns.

[2] Includes apparel imported from CBTPA countries free of duty under six HTS subheadings, as follows: (1) 9820.11.03--apparel assembled in such countries from fabrics formed and cut in the United States of U.S. yarns that would otherwise have qualified for entry under subheading 9802.00.80.44 but for the fact that the apparel, after assembly, underwent further processing (e.g., embroidery or stone-washing); (2) 9820.11.06--apparel assembled from fabrics formed in the United States but cut in CBTPA countries, and sewn together with U.S. thread; (3) 9820.11.09--limited quantities of apparel knit to shape (except socks) in a CBTPA country from U.S. yarns, and knit apparel (except outerwear T-shirts) cut and assembled in CBTPA countries from fabrics formed in such countries of U.S. yarns or from fabrics formed in such countries or the United States of U.S. yarns; (4) 9820.11.12--limited quantities of outerwear T-shirts made in CBTPA countries from fabric formed in such countries from U.S. yarns; (5) 9820.11.15--brassieres both cut and sewn or otherwise assembled in the United States, or CBTPA countries, or both, but subject to a 75-percent aggregate U.S. fabric components content requirement; and (6) 9820.11.18--knit apparel (except outerwear T-shirts) cut and assembled in CBTPA countries from fabrics formed in the United States from U.S. yarns, and sewn together with U.S. thread.

[3] Includes apparel entered under HTS subheadings 9802.00.80.15 and 9802.00.80.66. The latter provides a duty exemption for U.S. components returned to the United States in the form of finished goods. In general, the duty is assessed on the value added offshore. The fabric for making the apparel components can be of either U.S. or foreign origin as long as the fabric is cut in the United States and exported ready for assembly. Subheading 9802.00.80.15 implements a 1986 “special access program” for CBTPA countries, under which apparel assembled from U.S.-formed and -cut fabric is still subject to duty on the value added offshore, but enters under preferential quotas known as guaranteed access levels (GALs).

[4] Includes apparel imported from CBTPA countries free of duty under three HTS subheadings, as follows: (1) 9820.11.24--apparel assembled from fibers, yarns, or fabrics deemed to be in “short supply” in the United States, as identified in annex 401 of NAFTA; (2) 9820.11.27--apparel assembled from fabrics or yarn designated by the President as not available in commercial quantities in the United States; and (3) 9820.11.30--certified handloomed, handmade, and folklore articles.

Source: Compiled from official statistics of the U.S. Department of Commerce, Office of Textiles and Apparel. The data cover apparel subject to the former Multifiber Arrangement (superceded by the WTO Agreement on Textiles and Clothing), which accounted for 97 percent of total U.S. apparel imports from CBTPA countries in 2001.

Table 3
U.S. imports of apparel from leading sources, total and under production-sharing provisions, 2001

Source	Imports under production-sharing provisions[1]	Other imports[2]	Total imports	Production-sharing part of total
	Million dollars			*Percent*
Caribbean Basin (CBTPA-eligible)	7,596	2,012	9,608	79.1
China	108	8,804	8,912	1.2
Mexico	4,029	4,100	8,129	49.6
Sub-Saharan Africa (AGOA-eligible)	2	930	932	0.2
Other countries	521	35,893	36,414	1.4
Total	12,256	51,739	63,995	19.2

[1] Includes U.S. imports of apparel made from fabric subject to the former Multifiber Arrangement (MFA, superceded by the WTO Agreement on Textiles and Clothing–ATC) and containing U.S. content qualifying for import under production-sharing provisions 9802, as well as apparel imports from CBTPA-eligible countries entered under provisions 9820.11.03-9820.11.18 and from AGOA-eligible countries entered under provisions 9819.11.03-9819.11.06.

[2] Includes U.S. imports of apparel that do not contain qualifying U.S. content for import under production-sharing provisions, as well as imports of apparel made from fabric that is not subject to MFA quotas being phased out under the ATC.

Source: Compiled from official statistics of the U.S. Department of Commerce, Office of Textiles and Apparel (AGOA and CBTPA production-sharing imports, Tables 1 and 2 in this article) and U.S. Census Bureau (Appendix B in this report, tables B-3, B-6, B-13, and B-15).

- Imports from China, which grew by 5 percent in 2001 to $8.9 billion, accounted for 14 percent of total U.S. apparel imports (tables B-3, B-13, and the USITC DataWeb). With a 15-percent increase in average hourly compensation (measured in U.S. dollars) in Mexico in 2001, many apparel marketers in the United States reportedly shifted their source of supply from Mexico to Asia, especially China. Within the Caribbean Basin region, some companies are shifting their sewing operations to Haiti to maintain their U.S. market share in competition with apparel imported from Asia. Haiti has the lowest labor costs in the Western Hemisphere. Haiti, nevertheless, remains a minor supplier of apparel to the United States, accounting for only 2 percent of total U.S. imports of apparel from Caribbean Basin countries in 2001 (table 2).

- Apparel containing U.S.-origin parts and imported under the production-sharing provisions of HTS chapter 98 accounted for 79 percent of apparel imported into the United States from the Caribbean Basin in 2001 (up from 74 percent in 2000),[49] 50 percent from Mexico[50] (down from 58 percent in 2000), and 1 percent from China (table 3). The pattern of trade has begun to change since implementation of the CBTPA in October 2000.[51] Enacted as Title II of the Trade and Development Act of

[49] The Dominican Republic (table B-10) and Honduras (table B-12) each supplied about one-quarter of total U.S. apparel imports from Caribbean Basin countries (table B-15) in 2001. While apparel imports from these two countries decreased by 3 percent in 2001 to $4.7 billion, the share of total apparel imports from these countries accounted for by U.S.-cut fabric dropped from 52 percent in 2000 to 42 percent in 2001.

[50] This share of apparel imports from Mexico accounts for U.S.-origin parts that include fasteners and only fabric cut in the United States but not U.S. fabric cut in Mexico.

[51] The CBTPA provides for duty-free and quota-free treatment for imports of qualifying textile and apparel articles from CBERA beneficiary countries during a transition period beginning on

(continued...)

2000, the CBTPA, among other things, grants duty-free and quota-free entry to imports of qualifying apparel articles assembled in CBERA countries from fabrics made in the United States of U.S. yarns, whether the fabrics were cut to shape in the United States or in CBERA countries.[52] Similar to the shift in trade with Mexico, uncut U.S. fabrics are now being sent to the CBERA countries for cutting and assembly into qualifying garments, as evidenced by the fact that U.S. exports of apparel (mainly garment parts) to the CBERA countries fell by 26 percent in 2001, whereas U.S. fabric exports to the region rose by 105 percent.

- The slowdown in the U.S. economy during 2001 tempered the expected benefits of the CBTPA. Rather than spurring new trade flows, the legislation, at least initially, appeared to primarily cause a shift in trade from the traditional production-sharing provisions to the new duty-free and quota-free preference categories, thereby generating significant duty savings for U.S. firms importing apparel from the region.[53] Another factor that may have inhibited U.S. importers, retailers, and consumers from achieving the full benefits of the CBTPA are "unresolved implementation and technical issues" associated with the language of the legislation.[54]

- Central American countries supplied 69 percent ($6.7 billion) of total U.S. imports from CBTPA-eligible countries in 2001(table 2). Honduras was the leading CBTPA supplier, accounting for 25 percent of the group total in 2001, followed by the Dominican Republic (24 percent), El Salvador and Guatemala (17 percent for each), and Costa Rica (8 percent).

- Among the top-10 CBTPA suppliers, U.S. imports of apparel rose in 2001 only from Guatemala (by $118 million, or 8 percent) and Nicaragua (by $37 million, or 11 percent) (table 2). Both countries have been recipients of significant investments from textile manufacturers in Korea and Taiwan.[55] Significantly, apparel incorporating U.S. fabric accounted for only 29 percent of U.S. apparel imports from Nicaragua in 2001 and 48 percent from Guatemala. By contrast, apparel made from U.S. fabric

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[51] (...continued)
October 1, 2000, and ending on the earlier of September 30, 2008, or on the date on which the Free Trade Area of the Americas or a comparable free-trade agreement between the United States and CBERA countries enters into force.

[52] If the fabrics are cut to shape in CBERA countries, the garments must be sewn with U.S. thread.

[53] The American Apparel and Footwear Association (AAFTA) cited a decline of $100 million in duties paid on imports of apparel, headwear, and footwear during the first half of 2001, compared with the same period in 2000. Office of the United States Trade Representative, *Fourth Report to Congress on the Operation of the Caribbean Basin Economic Recovery Act,* Dec. 31, 2001, p. 58.

[54] Ibid.

[55] Korean firms moved their apparel operations to Guatemala due to voluntary export restraint limits on their own garment exports to the United States under the former Multifiber Arrangement. USITC staff fieldwork in Guatemala, June 18, 2001; Taiwan has a strong presence in Nicaragua and has taken advantage of low wages, tax incentives, and geographical location, chiefly to produce textile goods for export to the United States. Klaus Blume, "Taiwan is a big supporter of Central America for a price," June 1, 2001, found at http://www.thenewsmexico.com; Further, Taiwanese producers of denim and jeans (Roo Hsing and Nien Hsing) are investing in new facilities in Nicaragua. "Taiwanese groups to expand Central American facilities," July 2, 2002, found at http:// www.emergingtextiles.com.

accounted for 97 percent of U.S. apparel imports from the Costa Rica, 95 percent from Haiti, 94 percent from Jamaica, 92 percent from the Dominican Republic, 86 percent from El Salvador, and 85 percent from Honduras.

- In total, over three-fourths of the apparel imported from CBTPA-eligible countries in 2001 was sewn from U.S. fabric. Apparel assembled from wholly formed U.S. fabric (of U.S. yarn) cut in the United States (duty-free under CBTPA) accounted for 33 percent of U.S. imports of apparel from the Caribbean Basin region in 2001 (table 2). Apparel sewn from third-country fabric that was cut in the United States (or fabric formed in the United States from third-country yarn and cut in the United States)[56] accounted for 24 percent. Apparel sewn from U.S.-formed fabric (of U.S. yarn) cut in a CBTPA country, or apparel that was made in a CBTPA country from U.S. yarn (duty-free under CBTPA), accounted for 20 percent.

- Apparel made from fabric or yarn that was not of U.S. origin accounted for only 0.4 percent ($22 million) of apparel imports from Caribbean Basin countries entering duty-free under CBTPA (table 2). Virtually all of that value was accounted for by imports qualifying under the "short supply" arrangement.[57]

- By contrast, apparel made from third-country fabric ($352 million) accounted for 99 percent of apparel imports under AGOA (table 1). Apparel made from U.S.-cut fabric accounted for only 0.1 percent of total apparel imports from AGOA-eligible sub-Saharan African countries in 2001 (table 1). Apparel made from U.S.-formed fabric (of U.S. yarn) cut in AGOA countries accounted for 0.2 percent. Apparel entering the United States duty-free under AGOA ($355 million) accounted for 38 percent of total apparel imports from AGOA countries in 2001.

- Mauritius accounted for 85 percent ($2.4 million) of U.S. production-sharing imports of apparel from AGOA-eligible countries in 2001, and South Africa, for 13 percent ($386,000) (table 1). Nonetheless, apparel made from U.S.-origin fabric accounted for only 1 percent of total U.S. apparel imports from Mauritius in 2001 and 0.2 percent of apparel imports from South Africa.

- Mauritius was the leading supplier of U.S. imports of apparel from AGOA-eligible countries, accounting for 26 percent of the group total in 2001, followed by Lesotho (23 percent), and Madagascar and South Africa (19 percent for each) (table 1). Lesotho was the leading beneficiary of the AGOA, furnishing 36 percent ($129 million) of total U.S. imports of apparel under that program, followed by Madagascar (26 percent) and Kenya (15 percent).■

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[56] The value of the U.S.-origin cut fabric pieces and U.S.-origin fasteners is not subject to U.S. duties.

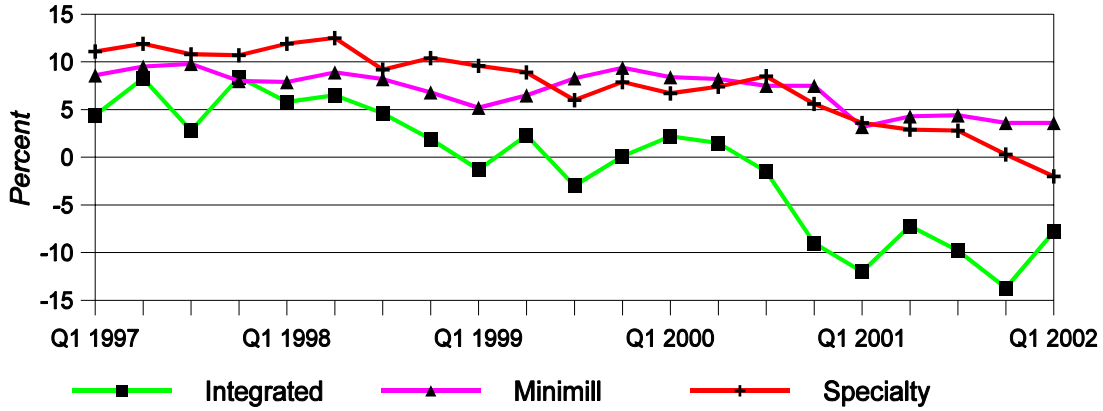
[57] The Trade and Development Act of 2000 authorized the President to proclaim additional preferential treatment for apparel made in AGOA and CBTPA beneficiary countries if the President determines that certain fabrics or yarn cannot be supplied by the domestic industry in commercial quantities in a timely manner, i.e., are in short supply. Additional information on apparel imports in short supply is provided at www.usitc.gov/332s/shortsup/shortsupintro.htm.

APPENDIX A
Key Performance Indicators of Selected Industries and Regions[1]

[1] The data and views presented for the following indicators are compiled from the industry sources noted and are those of the authors. They are not the views of the United States International Trade Commission as a whole or of any individual Commissioner. Nothing contained in this information based on published sources should be construed to indicate how the Commission would find in an investigation conducted under any statutory authority.

STEEL

Figure A-1
Declining sales led to losses for specialty producers while increasing prices kept minimills profitable and reduced losses for integrated producers during first quarter 2002



[1]Operating income as a percent of sales. Integrated group contains 5 firms. Minimill group contains 8 firms. Specialty group contains 4 firms.

Source: Individual company financial statements.

- Minimills and integrated producers benefitted from higher prices during first quarter 2002, primarily resulting from reductions in supply of both domestic and imported product. Tariffs as high as 30 percent, to be phased out over a 3-year period, were imposed on March 20, 2002. Details of the U.S. safeguards, including exclusions, are available on the Office of the U.S. Trade Representative website: *http://www.ustr.gov/sectors/industry/steel201/background.htm*
- On May 30, 2002 Birmingham Steel Corporation announced it had reached a definitive agreement to sell substantially all of its assets to Nucor Corporation for $615 million in cash. Birmingham plans to operate under chapter 11 bankruptcy protection until the transaction closes. See *http://www.birminghamsteel.com*
- On June 12, 2002 the New York Stock Exchange suspended trading of Bethlehem Steel Corporation's common stock, which is presently being quoted on the OTC Bulletin Board. Operating under chapter 11 bankruptcy protection since October 15, 2001, Bethlehem reported a net loss of $97 million for first quarter 2002, about one-half of its reported $196 million loss for fourth quarter 2001. See *http://www.bethsteel.com/newsroom*
- On June 17, 2002 Nucor Corporation announced an agreement to purchase substantially all of the assets of Qualitech Steel SBQ LLC for $37 million. The agreement has not been finalized. Nucor is in discussions with Mitsubishi Corporation concerning an equity participation in the venture. See: *http://www.nucor.com*

Table A-1
Semifinished imports increased significantly as exports declined during first quarter 2002 compared with fourth quarter 2001

Item	Q4 2001	Percentage change, Q1 2002 from Q4 2001[1]	Q1 2002	Percentage change, Q1 2002 from Q1 2001[1]
Producers' shipments *(1,000 short tons)*	23,282	2.8	23,938	-3.0
Finished imports *(1,000 short tons)*	6,157	-5.0	5,850	8.3
Ingots, blooms, billets, and slabs *(1,000 short tons)*	1,826	30.0	2,373	63.0
Exports *(1,000 short tons)*	1,526	-3.5	1,472	-10.8
Apparent supply, finished *(1,000 short tons)*	27,913	1.4	28,317	-0.4
Ratio of finished imports to apparent supply *(percent)*	22.1	[2]-1.4	20.7	[2]1.7

[1] Based on unrounded numbers.
[2] Percentage point change.
Note.–Because of rounding, figures may not add to the totals shown.

Source: American Iron and Steel Institute.

STEEL

Table A-2
March 2002 service center shipments increased by 32 percent from December 2001, but first quarter 2002 shipments were still almost 12 percent lower than first quarter 2001

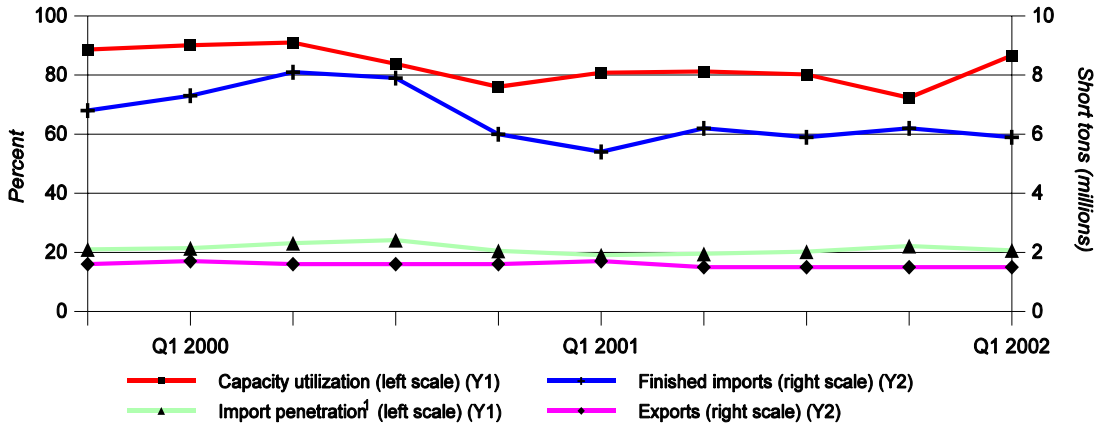
Item	Dec. 2001	Mar. 2002	Percentage change, Mar. 2002 from Dec. 2001[1]	Q1 2001	Q1 2002	Percentage change, Q1 2002 from Q1 2001[1]
Shipments *(1,000 short tons)*	1,600	2,111	32.0	7,112	6,279	-11.7
Ending inventories *(1,000 short tons)* . .	7,556	7,152	-5.3	8,032	7,152	-11.0
Inventories on hand *(months)*	4.0	3.2	([2])	3.6	3.2	([2])

[1] Based on unrounded numbers.
[2] Not applicable.

Source: Metals Service Center Institute.

- According to the Metals Service Center Institute, U.S. service centers shipped almost 6.3 million tons of finished steel products during first quarter 2002, an increase of 39 percent from the fourth quarter 2001 level of 4.5 million tons. First quarter 2002 shipments remained almost 12 percent below the 7.1 million tons shipped during first quarter 2001 (table A-2). See *http://www.ssci.org*
- The American Institute for International Steel import market survey (June 2002) predicts domestic shortages of semi-finished, hot-rolled, cold-rolled, and corrosion-resistant sheet, but a moderate oversupply of structural steel products during the next 1 to 3 months. See *http://www.aiis.org*
- On June 24, 2002 the Dispute Settlement Body of the World Trade Organization agreed that all challenges to U.S. safeguard measures will be evaluated by a single panel. The United States maintains that its safeguards are fully consistent with WTO agreements. See *http://www.wto.org*
- Domestic capacity utilization reached its highest quarterly level since third quarter 2000 (Figure A-2). American Iron & Steel Institute data show that both domestic production and capacity utilization increased steadily during first quarter 2002. See *http://www.steel.org*

Figure A-2
Steel mill products, all grades: Capacity utilization rose to highest level in almost 2 years during first quarter 2002



[1] Finished import share of apparent open market supply.

Source: American Iron and Steel Institute.

AUTOMOBILES

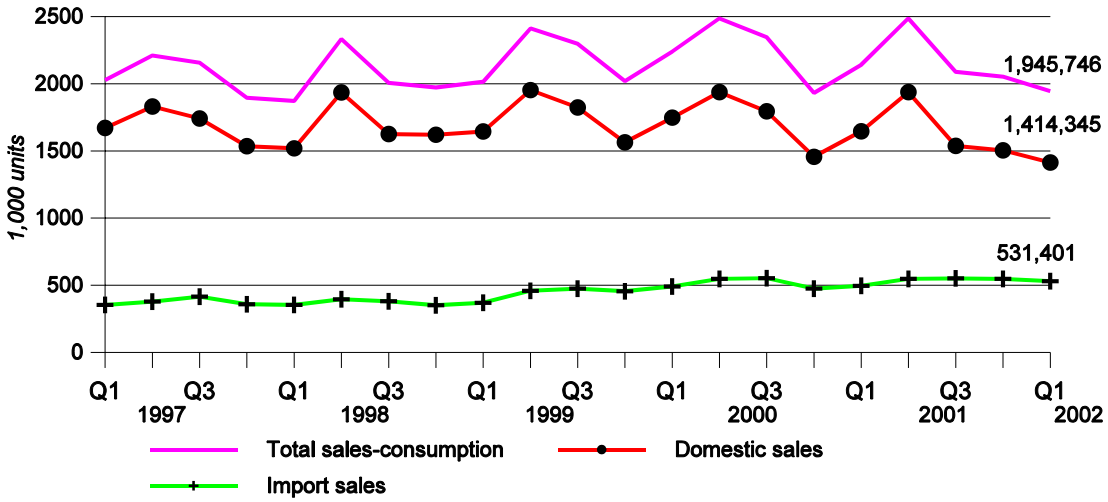
Table A-3
U.S. sales of new automobiles, domestic and imported, and share of U.S. market accounted for by sales of total imports and Japanese imports, by specified periods, January 2001-March 2002

Item	Oct.-Dec. 2001	Jan.-Mar. 2002	Percentage change: Jan.-Mar. 2002 from Oct.-Dec. 2001	Percentage change: Jan.-Mar. 2002 from Jan.-Mar. 2001
U.S. sales of domestic autos (*1,000 units*)[1]	1,505	1,414	-6.1	-14.4
U.S. sales of imported autos (*1,000 units*)[2]	548	531	-3.0	8.5
Total U.S. sales (*1,000 units*)[1, 2]	2,053	1,946	-5.2	-9.2
Ratio of U.S. sales of imported autos to total U.S. sales (*percent*)[1, 2]	26.7	27.3	2.4	19.4
U.S. sales of Japanese imports as a share of the total U.S. market (*percent*)[1, 2]	11.9	11.6	-0.0	18.0

[1] Domestic automobile sales include U.S.-, Canadian-, and Mexican-built automobiles sold in the United States.
[2] Imports do not include automobiles imported from Canada and Mexico.

Source: Compiled from data obtained from *Automotive News*.

Figure A-3
U.S. sales of new passenger automobiles decline in first quarter 2002; imports as a percentage of total U.S. sales gain significantly compared to first quarter 2001

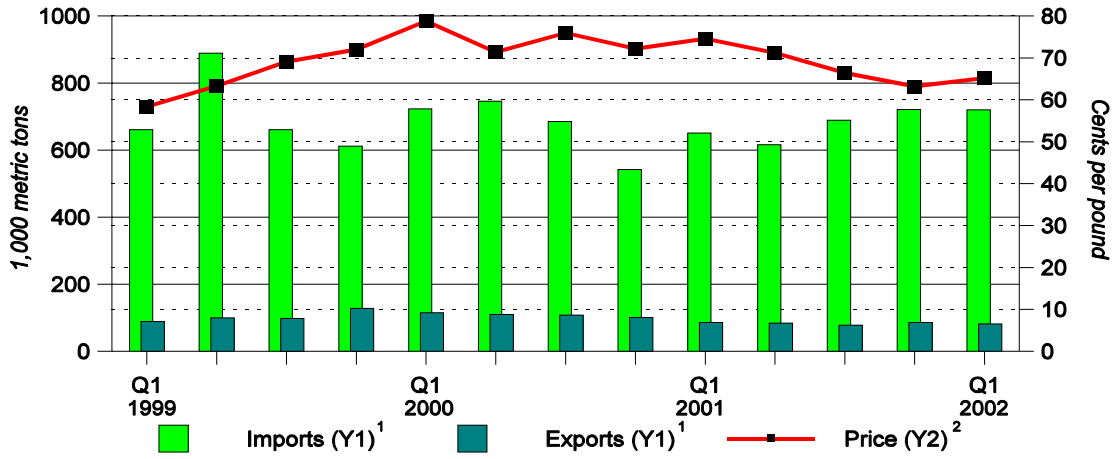


Note.–Domestic automobile sales include U.S.-, Canadian-, and Mexican-built automobiles sold in the United States; these same units are not included in import sales.

Source: *Automotive News*; prepared by the Office of Industries.

UNWROUGHT ALUMINUM[1]

Figure A-4
Imports leveled off in the first quarter 2002 after a fluctuating increase since fourth quarter 2000



[1] Crude forms (metals and alloys) for consumption.
[2] Quarterly average of the monthly U.S. market price of primary aluminum ingots.

Source: Complied by USITC staff based on data obtained from the U.S. Geological Survey.

- Despite only a modest rise in the price of aluminum, U.S. producers have restarted two idled operations in the Pacific Northwest and have made capital investments for more cost-efficient production in anticipation of additional restarts by the end of 2002. Industry expectations of improving economic conditions leading to a sustained increase in prices have fueled these developments.
- The prospects for the Pacific Northwest smelters may also improve if certain components of the recently passed Senate energy bill (S. 517) are adopted when House (H.R. 4) and Senate bills are reconciled in conference. The Senate legislation includes provisions such as hydro re-licensing, electricity transmission and access improvements, and a new greenhouse gas emissions registry for trading credits which would benefit the aluminum industry. The House and Senate will need to approve a final conference report agreement before the final bill is sent to the President for signature.

Table A-4
Aluminum prices increased during first quarter 2002 despite inventories in LME warehouses at their highest levels since the first quarter 1995

				Percentage change	
Item	Q1 2001	Q4 2001	Q1 2002	Q1 2002 from Q1 2001	Q1 2002 from Q4 2001
Primary production (*1,000 metric tons*)	708	627	627	-11.4	0.0
Secondary recovery (*1,000 metric tons*)	790r	769r	771	-2.4	0.3
Imports (*1,000 metric tons*)	651	721	720	10.6	-0.1
Import penetration (*percent*)[1]	31.6	35.5	35.4	[2]3.8	[2]-0.1
Exports (*1,000 metric tons*)	86	86	82	-4.7	-4.9
Average nominal price (*cents/lb*)	74.6	63.2	65.2	-12.7	3.0
LME inventory level (*1,000 metric tons*)	474	821	1,029	117.1	20.2

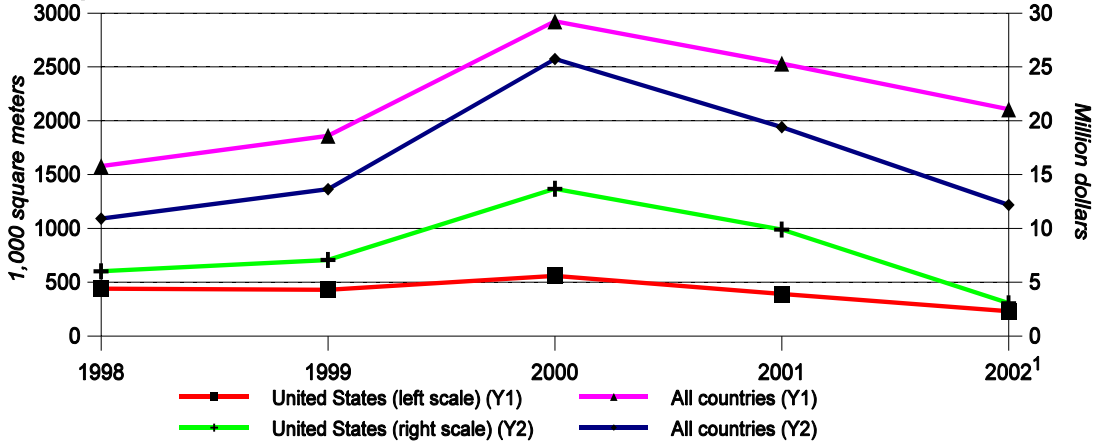
[1] Calculations based on unrounded data
[2] Percentage point change
Note.–Revised data indicated by "r."

Sources: Compiled from data obtained from U.S. Geological Survey and World Bureau of Metal Statistics.

[1] Product coverage includes only unwrought aluminum and certain aluminum alloys for improved data comparability.

FLAT GLASS

Figure A-5
Japanese imports continue to decline in 2002



[1] Data for 2002 include Jan.-Apr. (Latest available data).

Source: Average monthly Japanese imports of flat glass compiled from "World Trade Atlas: Japan" at *http://www.globaltradeatlas.com* on June 20, 2002, which uses official statistics provided by the Government of Japan.

Background

- The U.S.-Japanese agreement on Japanese market access for imports of flat glass sought to increase access and sales of foreign flat glass in Japan through such means as increased adoption of nondiscriminatory standards and expanded promotion of safety and insulating glass. The agreement covered the 1995-99 period and expired on December 31, 1999.[1]

- The Japanese economy has slowed in 2001 along with demand for imported flat glass. The average monthly quantity of Japanese imports from all countries decreased by 13 percent during 2001 to 2.5 million square meters, while the average monthly value of such imports decreased by 25 percent to $19.4 million. Imports from the United States decreased by 30 percent to 392,000 square meters and by 28 percent to $9.9 million, respectively, and the U.S. share of the market declined.

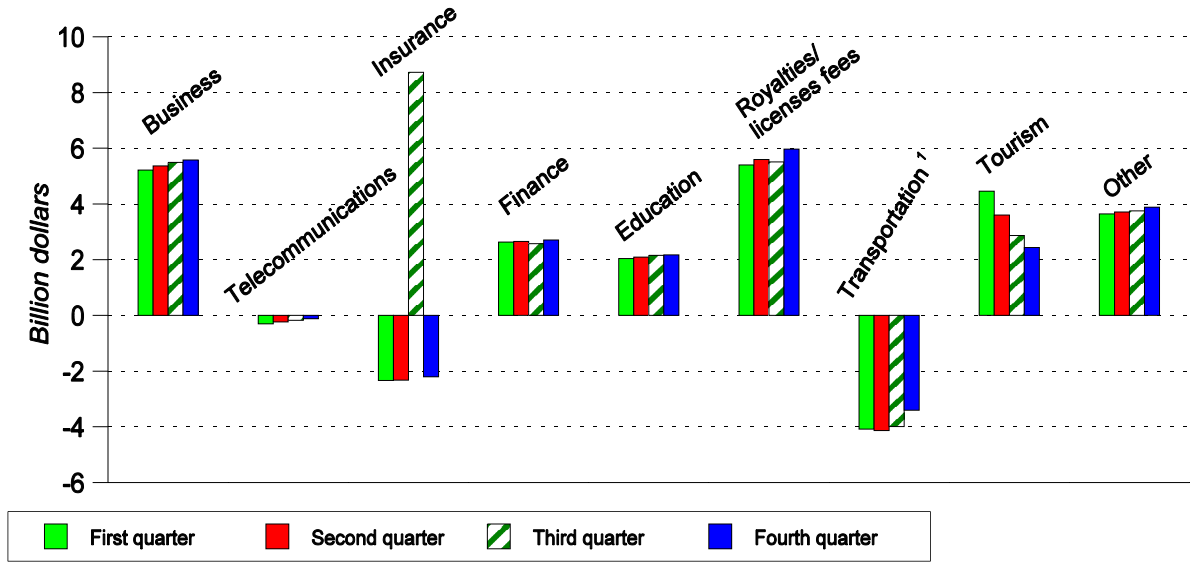
Current

- Japanese demand for imported flat glass has continued to decline in 2002. The average monthly quantity of Japanese imports from all countries decreased by 17 percent during 2001 to 2.1 million square meters, while the average monthly value of such imports decreased by 37 percent to $12.2 million. However, imports from the United States decreased by 41 percent to 232,000 square meters and by 69 percent to $3.1 million, respectively, and the U.S. share of the market has declined in terms of quantity; imports from the United States lost market share to imports from Thailand, Korea, and Taiwan during this period.

[1] Office of the U.S. Trade Representative (USTR), *The President's 1999 Annual Report on the Trade Agreements Program*, p. 227, downloaded from *http://www.ustr.gov/reports/tpa/2000/index.html* on Mar. 3, 2000.

SERVICES

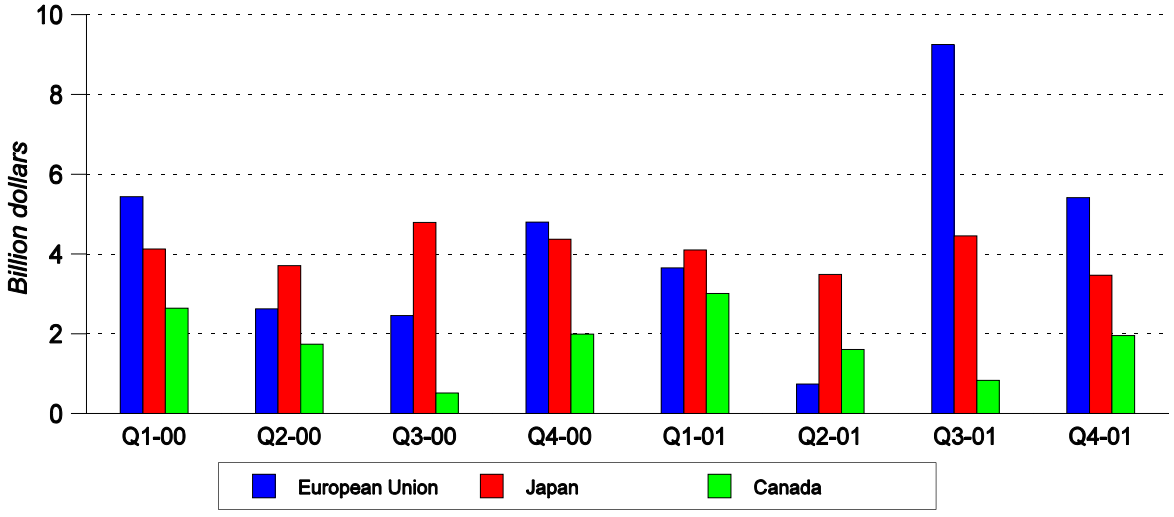
Figure A-6
Balance on U.S. service trade accounts, by quarters, 2001



[1] Includes port fees.

Source: Bureau of Economic Analysis, *Survey of Current Business*, Apr. 2002, p. 61.

Figure A-7
Surpluses on cross-border U.S. services transactions with selected trading partners, by quarter, 2000-2001[1]



[1] Private-sector transactions only; military shipments and other public-sector transactions have been excluded.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Apr. 2002, pp. 68-71; Jan. 2002, pp. 52-57; Oct. 2001, pp. 79-91; July 2001, pp. 74-77; and Apr. 2001, pp. 62-67.

NORTH AMERICAN TRADE HIGHLIGHTS

U.S. trade with its North American partners is highlighted in table A-5. The following is a summary of key developments during the first quarter 2002.

- Comparing the downward trend in U.S. international trade for first quarter 2002 with first quarter 2001 suggests a contrast with early indications of a modest 2.8-percent recovery in U.S. GDP[1] during the comparable periods. Although consumption of U.S. imports from Canada and Mexico fell by 12 percent (to $50.6 billion) and 5 percent (to $31.1 billion), respectively, in a quarter-to-quarter 2002/2001 comparison, imports from the rest of the world also decreased by 13 percent (to $177.4 billion).

- Several factors appear to explain reduced U.S. imports from both North American trading partners and other suppliers while U.S. GDP showed modest growth: (1) both U.S. producers and importers responded to U.S. consumer demand by selling down inventories;[2] (2) U.S. manufacturers' shipments fell by 5.9 percent comparing the first quarters 2002/2001,[3] leading to decreased demand for imported industrial inputs, such as construction equipment, industrial machinery, metal-working machinery, electronic components, electrical equipment, steel, petroleum, and basic chemicals; and (3) slack industrial demand contributed to lower prices for imported petroleum products on a quarter-to-quarter basis for 2002/2001.

- The decline in import value from Canada in first quarter 2002 was led by a significant decrease in petroleum and electrical energy. Other major import sectors incurring decreases during the period include motor-vehicles, electronics, and machinery and equipment. Canada's economy is highly dependent on the United States, which purchased 85 percent of all goods exported from Canada in 2001 and 65 percent of all goods produced in Canada's manufacturing sector.

- The reduced value of petroleum products also accounted for much of the decrease in imports from Mexico during January-March 2002. Contraction in the assembly of intermediate goods and apparel also contributed to the decrease. Rising labor and energy costs, and a strong peso, have made products assembled in Mexico's maquiladora industry less competitive with U.S. imports from China.

- Similar to the pattern of U.S. imports, the quarter-to-quarter 2002/2001 declines in U.S. exports to Canada and Mexico were smaller than the decrease to all other trading partners. While exports to Canada and Mexico fell by 9 percent (to $34.0 billion) and 15 percent (to $20.2 billion), respectively, exports to the rest of the world dropped by 17 percent (to $97.8 billion).

- Reduced U.S. exports to Canada and Mexico reflect the cross-border integration of manufacturing in North America and dampened demand by these industrial customers of U.S. companies. A significant share of U.S. exports to each country is accounted for by intermediate goods incorporated into further processed goods that are exported to the United States and third-country markets.

- Electronic and electrical equipment were the leading products incurring significant declines in U.S. exports to Canada in the first quarter of 2002, followed by motor-vehicles parts, electrical energy, aircraft engines and parts, and petroleum products.[4] Leading the decrease in U.S. exports to Mexico were electrical and electronic machinery and equipment; motor vehicles and parts; and miscellaneous plastics, resins, and polymers primarily destined for the automotive industry.[5]

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[1] The increase in GDP is based on seasonally adjusted current dollars reported in official statistics of the U.S. Department of Commerce.

[2] The Dismal Scientist, "GDP, Analysis," found at *http://www.economy.com/dismal/dsp/release,* retrieved June 13, 2002.

[3] "Value of Manufacturers' Shipments for Industry Groups," in U.S. Census Bureau, *Manufacturers' Shipments, Inventories, and Orders: March 2002,* May 2, 2002, table 1.

[4] The Canadian economy reportedly grew 1.5 percent in first quarter 2002 largely due to a surge in the housing market resulting from record low long-term interest rates and robust consumer spending. Continued improvement in Canada's economic growth, which is now projected to grow at approximately 3 percent for all of 2002, is expected to increase demand for U.S. exports of household appliances, furnishings, recreational equipment, and motor vehicles.

[5] The Mexican economy reportedly fell by 0.25 percent on a seasonally adjusted basis comparing first quarter of 2002 with fourth quarter of 2001, and at an annual rate of -2.0 percent. Mexico's GDP contracted by 0.3 percent in 2001 after growing by 6.9 percent in 2000. Some analysts predict that the Mexican economy will not recover until there is sustained growth in the U.S. economy, especially among manufacturing sectors. "Economic Summary," *Mexico Watch,* vol. 8, no. 6, June 1, 2002, p. 1.

NORTH AMERICAN TRADE

Table A-5
North American trade, 1997-2001, January-March 2001, and January-March 2002

Item	1997	1998	1999	2000	2001	January-March 2001	January-March 2002	Percent change 2001/02
	----------Value *(million dollars)*----------							
U.S.-Mexico trade:								
Total imports from Mexico	85,005	93,017	109,018	134,734	130,509	32,664	31,056	-5
U.S. imports under NAFTA								
Total value	62,837	68,326	71,317	83,995	81,162	19,976	19,559	-2
Percent of total imports	74	73	65	62	62	61	63	--
Total exports to Mexico	68,393	75,369	81,381	100,442	90,537	23,775	20,184	-15
U.S. merchandise trade balance with Mexico[1]	-16,612	-17,648	-27,637	-34,292	-39,971	-8,890	-10,873	-22
U.S. -Canada trade:								
Total imports from Canada	167,881	174,685	198,242	229,060	216,836	57,170	50,610	-12
U.S. imports under NAFTA								
Total value	88,949	111,675	115,715	123,052	113,179	28,993	27,301	-6
Percent of total imports	53	64	58	54	52	51	54	--
Total exports to Canada	134,794	137,768	145,731	155,601	144,621	37,472	34,031	-9
U.S. merchandise trade balance with Canada[2]	-33,087	-36,918	-52,511	-73,459	-72,215	-19,699	-16,579	16

[1] The negative (-) symbol indicates a loss or trade deficit. The $34.3 billion deficit in U.S. merchandise trade with Mexico in 2000 was partially offset by a $2.9 billion U.S. surplus in bilateral services trade (latest available services trade data for Mexico).

[2] The $72.2 billion deficit in U.S. merchandise trade with Canada in 2001 was partially offset by a $7.3 billion U.S. surplus in bilateral services trade.

Source: Compiled by USITC staff from official statistics of the U.S. Department of Commerce. Statistics on U.S. services trade with Canada and Mexico are based on preliminary data provided in U.S. Department of Commerce, Bureau of Economic Analysis, "U.S. International Transactions Accounts Data," tables 10 and 10a, found at *http://www.BEA.DOC.GOV/BEA/International/BP_web/list.CFM?ANON=92.*

APPENDIX B
Statistical Tables (B-1 to B-19) for U.S. Imports Under the Production-Sharing Provisions of HTS Heading 9802 (HTS 9802.00.60, 9802.00.80, and 9802.00.90)

Table B-1
U.S. imports for consumption, total and under the production-sharing provisions of HTS heading 9802,[1] by principal suppliers (based on the value of U.S. components in the assembled imports in 2001), 1998-2001
(*Million dollars*)

Country	1998	1999	2000	2001
		Total imports		
Mexico	93,017	109,018	134,734	130,509
Dominican Republic	4,445	4,278	4,378	4,187
Honduras	2,544	2,712	3,091	3,131
Japan	121,313	130,951	145,742	126,139
El Salvador	1,436	1,603	1,925	1,882
Costa Rica	2,742	3,954	3,555	2,912
Philippines	11,875	12,379	13,943	11,307
Malaysia	18,817	21,391	25,447	22,228
China	70,815	81,522	99,581	102,069
Korea	23,701	31,152	39,829	34,917
All other	556,942	618,475	733,113	693,353
Total	907,647	1,017,435	1,205,339	1,132,635
		Production-sharing imports under HTS Chapter 98		
Mexico	27,162	25,875	19,430	13,995
Dominican Republic	2,806	2,789	2,727	2,085
Honduras	1,604	1,882	1,890	1,531
Japan	12,363	15,058	17,851	18,177
El Salvador	1,023	1,186	1,315	1,048
Costa Rica	845	832	893	882
Philippines	2,254	2,331	2,099	1,288
Malaysia	1,831	2,109	1,639	602
China	1,477	1,612	1,242	1,387
Korea	1,601	2,002	1,378	1,940
All other	21,102	22,649	20,889	20,774
Total	74,068	78,327	71,354	63,709
		U.S. content of imports under HTS Chapter 98		
Mexico	14,484	13,928	10,271	6,898
Dominican Republic	1,766	1,791	1,700	1,294
Honduras	1,142	1,329	1,300	1,056
Japan	506	576	543	729
El Salvador	592	704	774	614
Costa Rica	552	548	577	569
Philippines	1,129	1,137	933	537
Malaysia	915	998	885	310
China	232	272	252	224
Korea	786	1,042	753	204
All other	3,109	3,034	2,551	1,719
Total	25,213	25,358	20,539	14,153

[1] See tables 1 and 2 in “Production-Sharing Update: Developments in 2001" in this report for U.S. imports under the new production-sharing provisions of HTS headings 9819 and 9820 in 2001.

Note.–Calculations based on unrounded data.

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

Table B-2
U.S. imports for consumption under the production-sharing provisions (PSP) of HTS heading 9802: Total imports, imports under HTS PSP, and U.S. content, by principal sources, 2000-01

Source	2000					
	Total imports	Imports under HTS PSP	U.S. content	Total imports	Imports under HTS PSP	U.S. content
	Million dollars			*Percentage*		
Japan	145,742	17,851	543	12.1	25.0	2.6
Germany	58,349	9,849	137	4.8	13.8	0.7
Sweden	9,570	2,080	42	0.8	2.9	0.2
United Kingdom	42,843	1,870	213	3.6	2.6	1.0
Belgium	9,844	1,066	28	0.8	1.5	0.1
Netherlands	9,679	788	38	0.8	1.1	0.2
France	29,435	540	30	2.4	0.8	0.1
Canada	229,060	483	232	19.0	0.7	1.1
Austria	3,118	137	7	0.3	0.2	(1)
Italy	24,794	125	27	2.1	0.2	0.1
Ireland	16,375	87	19	1.4	0.1	0.1
Spain	5,674	37	6	0.5	0.1	(1)
All other	32,847	52	14	2.7	0.1	0.1
Total, developed countries	617,330	34,964	1,336	51.2	49.0	6.5
Mexico	134,734	19,430	10,271	11.2	27.2	50.0
Dominican Republic	4,378	2,727	1,700	0.4	3.8	8.3
Philippines	13,943	2,099	933	1.2	2.9	4.5
Honduras	3,091	1,890	1,300	0.3	2.6	6.3
Malaysia	25,447	1,639	885	2.1	2.3	4.3
Korea	39,829	1,378	753	3.3	1.9	3.7
El Salvador	1,925	1,315	774	0.2	1.8	3.8
China	99,581	1,242	252	8.3	1.7	1.2
Costa Rica	3,555	893	577	0.3	1.3	2.8
Taiwan	40,384	882	395	3.4	1.2	1.9
Guatemala	2,603	672	242	0.2	0.9	1.2
Thailand	16,301	396	224	1.4	0.6	1.1
Hong Kong	11,349	253	98	0.9	0.4	0.5
Jamaica	631	240	194	0.1	0.3	0.9
Haiti	297	239	177	(1)	0.3	0.9
Colombia	6,681	237	130	0.6	0.3	0.6
Singapore	19,108	235	95	1.6	0.3	0.5
Indonesia	10,322	190	50	0.9	0.3	0.2
Nicaragua	597	96	62	(1)	0.1	0.3
India	10,680	65	13	0.9	0.1	0.1
All other	142,573	271	77	11.8	0.4	0.4
Total, less developed countries	588,009	36,390	19,203	48.8	51.0	93.5
Grand total	1,205,339	71,354	20,539	100.0	100.0	100.0

See note(s) at end of table.

Table B-2—*Continued*

U.S. imports for consumption under the production-sharing provisions (PSP) of HTS heading 9802: Total imports, imports under HTS PSP, and U.S. content, by principal sources, 2000-01

Source	2001					
	Total imports	Imports under HTS PSP	U.S. content	Total imports	Imports under HTS PSP	U.S. content
	Million dollars			*Percentage*		
Japan	126,139	18,177	729	11.1	28.5	5.2
Germany	58,939	9,652	177	5.2	15.1	1.2
United Kingdom	41,118	2,630	186	3.6	4.1	1.3
Sweden	8,793	2,171	27	0.8	3.4	0.2
Belgium	10,039	1,216	26	0.9	1.9	0.2
Austria	3,904	631	10	0.3	1.0	0.1
France	30,024	616	47	2.7	1.0	0.3
Netherlands	9,449	499	21	0.8	0.8	0.1
Canada	216,836	346	132	19.1	0.5	0.9
Italy	23,707	122	32	2.1	0.2	0.2
Ireland	18,599	82	16	1.6	0.1	0.1
Australia	6,333	43	11	0.6	0.1	0.1
All other	31,400	66	12	2.8	0.1	0.1
Total, developed countries	585,279	36,251	1,426	51.7	56.9	10.1
Mexico	130,509	13,995	6,898	11.5	22.0	48.7
Dominican Republic	4,187	2,085	1,294	0.4	3.3	9.1
Korea	34,917	1,940	204	3.1	3.0	1.4
Honduras	3,131	1,531	1,056	0.3	2.4	7.5
China	102,069	1,387	224	9.0	2.2	1.6
Philippines	11,307	1,288	537	1.0	2.0	3.8
El Salvador	1,882	1,048	614	0.2	1.6	4.3
Costa Rica	2,912	882	569	0.3	1.4	4.0
Malaysia	22,228	602	310	2.0	0.9	2.2
Guatemala	2,589	512	170	0.2	0.8	1.2
Taiwan	33,262	427	174	2.9	0.7	1.2
Thailand	14,672	237	93	1.3	0.4	0.7
Indonesia	9,931	218	29	0.9	0.3	0.2
Haiti	263	191	138	(1)	0.3	1.0
Colombia	5,623	186	86	0.5	0.3	0.6
Jamaica	442	175	135	(1)	0.3	1.0
Singapore	14,899	113	38	1.3	0.2	0.3
Hong Kong	9,571	101	14	0.8	0.2	0.1
Brazil	14,415	95	3	1.3	0.1	(1)
Nicaragua	603	75	52	0.1	0.1	0.4
All other	127,944	372	92	11.3	0.6	0.7
Total, less developed countries	547,356	27,458	12,727	48.3	43.1	89.9
Grand total	1,132,635	63,709	14,153	100.0	100.0	100.0

[1] Less than 0.5 percent.

Note.–Calculations based on unrounded data.

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

Table B-3
U.S. imports for consumption under the production-sharing provisions (PSP) of HTS heading 9802, by commodity groups, 2000-01

(1,000 dollars)

Commodity group	2000			2001		
	Total imports	Imports under HTS PSP	U.S. content	Total imports	Imports under HTS PSP	U.S. content
Agricultural products:	52,159,252	2,363	1,328	52,598,671	4,200	1,417
Forest products:	38,195,200	113,954	62,591	36,678,288	59,139	33,458
Chemicals, coal, petroleum, natural gas, and related products:						
Fabricated plastic and rubber products	19,710,555	175,393	94,535	19,192,438	167,989	86,988
Other energy and chemical products	198,234,618	67,896	27,854	193,598,300	29,483	13,684
Total	217,945,173	243,289	122,389	212,790,739	197,472	100,672
Textiles, apparel, and footwear:						
Textiles and textile products (except apparel)	16,506,771	341,337	199,539	15,950,737	357,167	202,127
Apparel	64,402,070	13,087,307	7,625,432	63,995,084	10,334,711	5,999,445
Footwear and parts	14,855,644	1,057,857	181,772	15,249,351	1,473,581	190,510
Total	95,764,485	14,486,500	8,006,744	95,195,172	12,165,459	6,392,083
Minerals and metals:						
Steel mill products	15,025,667	14,035	8,642	11,630,045	15,400	11,604
Copper and related products	4,881,251	10,186	5,028	4,296,294	6,373	1,060
Aluminum mill products	2,673,840	12,039	8,802	2,304,878	1,659	1,116
Builders' hardware	1,973,491	87,119	61,884	1,948,333	90,052	57,043
Other metal products	70,460,872	436,203	240,125	63,667,821	378,866	181,494
Total	95,015,120	559,583	324,481	83,847,370	492,350	252,317
Miscellaneous manufactures:						
Luggage, handbags and flat goods	4,380,678	104,561	59,144	4,309,464	82,046	36,759
Jewelry	6,355,339	38,478	24,275	6,188,230	55,726	30,594
Furniture	15,158,720	7,354	4,658	14,839,061	8,568	2,672
Lamps and lighting fixtures	4,496,319	91,937	59,901	4,147,923	22,990	11,122
Other miscellaneous manufactured articles	33,722,709	218,358	54,985	33,851,159	181,428	45,035
Total	64,113,764	460,688	202,962	63,335,837	350,758	126,182
Machinery and equipment:						
Air conditioning equipment	6,332,404	193,328	144,487	6,081,163	120,157	82,433
Household appliances, including commercial applications	7,688,558	404,895	216,983	8,355,680	328,810	179,001
Centrifuges, filtering and purifying equipment, and pumps for liquids	3,819,207	56,590	36,140	4,075,712	41,991	29,480
Semiconductor equipment, robots, and other equipment	5,167,056	988	328	4,388,756	2,177	1,120
Taps, cocks, valves, and similar devices	5,021,412	272,094	203,429	4,809,036	218,442	152,341
Electric motors generators and related equipment	6,493,531	735,571	329,881	7,645,853	675,374	214,265
Electrical transformers static converters and inductors	6,156,394	613,046	267,148	5,133,864	308,367	116,471
Powered handtools and parts thereof	2,099,169	189,353	60,902	2,085,544	129,403	56,164
Flashlights and other similar electric lights light bulbs and fluorescent tubes; arc lights	1,579,021	126,454	91,832	1,785,292	101,917	64,253
Nonautomotive insulated electrical wire and related products	3,566,025	474,150	297,292	3,203,446	286,046	167,595
Miscellaneous machinery and equipment	35,375,436	680,635	182,009	31,681,614	727,098	201,096
Total	83,298,213	3,747,104	1,830,431	79,245,960	2,939,783	1,264,220

See note(s) at end of table.

Table B-3—*Continued*
U.S. imports for consumption under the production-sharing provisions (PSP) of HTS heading 9802, by commodity groups, 2000-01

(1,000 dollars)

Commodity group	2000 Total imports	2000 Imports under HTS PSP	2000 U.S. content	2001 Total imports	2001 Imports under HTS PSP	2001 U.S. content
Transportation equipment:						
Aircraft engines and gas turbines	10,938,713	89,941	54,009	13,547,537	531,197	378,204
Motors and engines, except internal combustion, aircraft, or electric	772,305	5,190	2,875	784,210	4,915	2,722
Internal combustion piston engines, other than for aircraft	15,532,217	759,134	110,533	13,656,985	644,576	45,574
Construction and mining equipment	5,643,382	61,883	8,014	5,259,909	48,313	6,360
Forklift trucks and similar industrial vehicles	1,668,181	6,480	237	1,423,103	0	0
Ball and rollers bearings	1,803,953	38,837	20,164	1,578,882	22,901	10,452
Certain motor-vehicle parts	25,134,507	1,840,643	932,296	24,134,966	1,405,132	606,081
Primary cells and batteries and electric storage batteries	2,656,371	550,770	118,785	2,342,208	273,458	59,570
Ignition starting, lighting, and other electrical equipment	3,076,269	134,561	71,142	3,051,970	123,649	63,315
Rail locomotive and rolling stock	1,827,789	84,892	12,700	1,356,923	94,766	12,069
Automobiles, trucks, buses, and bodies and chassis of the foregoing	129,553,448	32,490,478	1,328,772	127,243,762	34,990,185	909,341
Aircraft, spacecraft, and related equipment, except engines	18,019,229	87,723	28,052	21,027,368	113,104	38,413
Ships, tugs, pleasure boats, and similar vessels	1,223,163	251,428	47,775	1,410,518	324,222	63,143
Miscellaneous vehicles and transportation-related equipment	2,986,277	30,758	14,134	2,367,473	15,185	4,503
Motorcycles, mopeds, and parts	2,519,402	844	491	2,869,653	1,293	802
Total	223,355,206	36,433,564	2,749,978	222,055,466	38,592,896	2,200,548
Electronic products:						
Office machines	1,892,109	69,901	29,339	1,817,451	60,713	19,394
Telephone and telegraph apparatus	32,129,583	855,273	392,934	27,174,433	361,864	176,545
Optical fibers, optical fiber bundles and cables	1,399,392	63,285	29,441	1,243,546	40,216	15,656
Microphones, loudspeakers, audio amplifiers, and combinations thereof	21,974,062	413,624	93,509	19,524,702	269,816	75,910
Unrecorded magnetic tapes, discs, and other media	2,415,257	21,199	3,286	2,422,860	19,623	2,670
Records, tapes, compact discs, computer software, and other recorded media	1,389,038	150	26	1,259,475	107	24
Radio navigational aid, radar, and remote control apparatus	1,702,123	52,858	17,612	1,796,476	31,579	10,651
Television receivers, video monitors, and combinations including television receivers	7,712,539	932,447	322,121	8,614,655	695,090	155,328
Television picture tubes and other cathode-ray tubes	633,893	46,042	13,772	612,030	98,510	54,538
Television apparatus (except receivers and monitors), including cameras camcorders and cable apparatus	7,177,718	156,408	51,641	6,066,057	49,273	27,030
Electric sound and visual signaling apparatus	2,333,574	53,322	7,686	1,968,189	43,258	9,381
Special-purpose tubes	213,269	0	0	271,236	3	0
Electrical and electronic articles, apparatus, and parts not elsewhere provided for	16,977,352	1,897,651	1,017,634	13,691,870	1,389,869	707,973
Electrical capacitors and resistors	4,177,220	376,760	263,262	2,332,684	79,802	34,388

See note(s) at end of table.

Table B-3—*Continued*
U.S. imports for consumption under the production-sharing provisions (PSP) of HTS heading 9802, by commodity groups, 2000-01

(1,000 dollars)

Commodity group	2000 Total imports	2000 Imports under HTS PSP	2000 U.S. content	2001 Total imports	2001 Imports under HTS PSP	2001 U.S. content
Electric products—*Continued*						
Semiconductor devices	47,447,721	6,530,884	3,531,378	30,015,936	2,776,279	1,466,819
Computer hardware	90,383,614	939,653	235,562	74,547,236	874,928	77,883
Photographic cameras and equipment	5,299,350	4,347	221	3,559,864	4,385	728
Photographic supplies	2,204,795	79,209	39,007	1,856,468	54,109	26,930
Medical goods	9,178,395	771,921	364,814	10,868,869	693,997	326,272
Optical goods	5,881,366	137,155	29,181	4,957,266	18,693	7,202
Drawing and mathematical calculating and measuring instruments	234,079	1,237	721	207,466	474	243
Watches	3,354,010	145,116	41,050	2,956,838	73,505	32,742
Measuring, testing, controlling and analyzing instruments	11,743,132	495,167	298,265	11,805,855	493,834	285,025
Total	277,853,591	14,043,610	6,782,462	229,571,461	8,129,927	3,513,330
Seats, wiring, and pumps for vehicles:						
Seats for motor vehicles and aircraft	3,208,646	283,586	45,508	3,238,876	26,996	18,284
Wiring harnesses for motor vehicles	5,131,893	950,089	402,504	4,684,352	729,203	245,683
Pumps for motor vehicles	862,864	29,859	7,622	788,396	20,900	4,448
Total	9,203,403	1,263,535	455,634	8,711,623	777,099	268,415
Special provisions:	48,435,611	0	0	48,604,752	97	64
Grand total	1,205,339,019	71,354,189	20,539,001	1,132,635,340	63,709,180	14,152,706

Note.–Calculations based on unrounded data.

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

Table B-4
U.S. imports for consumption under the production-sharing provisions of HTS heading 9802, by principal sources, 2001

Source	Total value: Value	Total value: Percentage of total	Duty-free value: Value	Duty-free value: Percentage of total
	Million dollars		*Million dollars*	
Grand total	63,709	100.0	14,153	100.0
Top 10 sources	54,855	86.1	11,330	80.1
Japan	18,177	28.5	729	5.2
Mexico	13,995	22.0	6,898	48.7
Germany	9,652	15.1	177	1.2
United Kingdom	2,630	4.1	186	1.3
Sweden	2,171	3.4	27	0.2
Dominican Rep	2,085	3.3	1,294	9.1
Korea	1,940	3.0	204	1.4
Honduras	1,531	2.4	1,056	7.5
China	1,387	2.2	224	1.6
Philippines	1,288	2.0	537	3.8
All other	8,854	13.9	2,822	19.9

Note.–Calculations based on unrounded data.

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

Table B-5
Japan: U.S. imports for consumption, total and under the production-sharing provisions (PSP) of HTS heading 9802, by commodity groups, 2001

(1,000 dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Agricultural products:	440,519	57	23
Forest products:	542,433	0	0
Chemicals, coal, petroleum, natural gas, and related products:			
Fabricated plastic and rubber products	2,000,564	28	7
Other energy and chemical products	6,906,473	6	5
Total	8,907,038	34	12
Textiles, apparel, and footwear:			
Textiles and textile products (except apparel)	535,933	153	73
Apparel	174,185	17	(1)
Footwear and parts	1,457	0	0
Total	711,575	170	74
Minerals and metals:			
Steel mill products	1,154,258	0	0
Copper and related products	184,463	1,146	412
Aluminum mill products	83,124	0	0
Builders' hardware	31,681	0	0
Other metal products	3,180,664	3,190	909
Total	4,634,190	4,336	1,320
Miscellaneous manufactures:			
Luggage, handbags and flat goods	6,662	0	0
Jewelry	40,678	45	13
Furniture	41,877	8	5
Lamps and lighting fixtures	47,542	0	0
Other miscellaneous manufactured articles	4,468,927	3,969	98
Total	4,605,686	4,021	116
Machinery and equipment:			
Air conditioning equipment	789,271	0	0
Household appliances, including commercial applications	181,520	0	0
Centrifuges, filtering and purifying equipment, and pumps for liquids	456,873	0	0
Semiconductor equipment, robots, and other equipment	2,607,954	84	38
Taps, cocks, valves, and similar devices	646,085	3,711	872
Electric motors generators and related equipment	1,587,567	86,021	5,970
Electrical transformers static converters and inductors	404,956	48	8
Powered handtools and parts thereof	281,822	268	36
Flashlights and other similar electric lights light bulbs and fluorescent tubes; arc lights	203,620	0	0
Nonautomotive insulated electrical wire and related products	149,186	2	(1)
Miscellaneous machinery and equipment	6,750,518	176,443	14,740
Total	14,059,370	266,577	21,665
Transportation equipment:			
Aircraft engines and gas turbines	901,543	305,293	249,398
Motors and engines, except internal combustion, aircraft, or electric	141,064	0	0
Internal combustion piston engines, other than for aircraft	4,752,436	29,661	4,961
Construction and mining equipment	1,211,740	47,925	6,259
Forklift trucks and similar industrial vehicles	277,125	0	0
Ball and rollers bearings	496,527	0	0
Certain motor-vehicle parts	5,192,235	37,808	196
Primary cells and batteries and electric storage batteries	858,929	146,628	12,583
Ignition starting, lighting, and other electrical equipment	824,718	0	0

See note(s) at end of table.

Table B-5—*Continued*
Japan: U.S. imports for consumption, total and under the production-sharing provisions (PSP) of HTS heading 9802, by commodity groups, 2001

(1,000 dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Transportation equipment—*Continued*			
Rail locomotive and rolling stock	160,699	3,297	1,285
Automobiles, trucks, buses, and bodies and chassis of the foregoing	33,019,392	17,257,006	412,284
Aircraft, spacecraft, and related equipment, except engines	1,397,713	0	0
Ships, tugs, pleasure boats, and similar vessels	39,959	0	0
Miscellaneous vehicles and transportation-related equipment	740,378	0	0
Motorcycles, mopeds, and parts	2,203,654	234	213
Total	52,218,110	17,827,853	687,179
Electronic products:			
Office machines	175,544	0	0
Telephone and telegraph apparatus	2,487,540	270	127
Optical fibers, optical fiber bundles and cables	203,108	112	73
Microphones, loudspeakers, audio amplifiers, and combinations thereof	4,165,120	0	0
Unrecorded magnetic tapes, discs, and other media	963,289	157	7
Records, tapes, compact discs, computer software, and other recorded media	105,920	0	0
Radio navigational aid, radar, and remote control apparatus	182,616	0	0
Television receivers, video monitors, and combinations including television receivers	1,280,211	0	0
Television picture tubes and other cathode-ray tubes	159,417	76	68
Television apparatus (except receivers and monitors), including cameras camcorders and cable apparatus	551,624	0	0
Electric sound and visual signaling apparatus	383,153	0	0
Special-purpose tubes	51,207	0	0
Electrical and electronic articles, apparatus, and parts not elsewhere provided for	2,037,901	394	184
Electrical capacitors and resistors	760,843	0	0
Semiconductor devices	4,531,008	52,795	15,047
Computer hardware	10,200,012	14,148	2,263
Photographic cameras and equipment	1,325,016	147	2
Photographic supplies	699,739	0	0
Medical goods	1,279,149	30	14
Optical goods	1,224,928	12	3
Drawing and mathematical calculating and measuring instruments	55,188	0	0
Watches	736,297	4	(1)
Measuring, testing, controlling and analyzing instruments	2,117,071	5,942	836
Total	35,675,901	74,088	18,624
Seats, wiring, and pumps for vehicles:			
Seats for motor vehicles and aircraft	125,836	0	0
Wiring harnesses for motor vehicles	78,383	17	2
Pumps for motor vehicles	129,640	0	0
Total	333,859	17	2
Special provisions:	4,010,705	0	0
Grand total	126,139,387	18,177,153	729,014

[1] Less than $500.

Note.–Calculations based on unrounded data.

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

Table B-6
Mexico: U.S. imports for consumption under NAFTA and the production-sharing provisions (PSP) of HTS heading 9802, by commodity groups, 2001

(1,000 dollars)

Commodity group	Total	NAFTA	Total HTS PSP	U.S. content under HTS PSP
Agricultural products:	6,157,036	4,713,113	1,332	737
Forest products:	999,386	654,490	54,885	31,535
Chemicals, coal, petroleum, natural gas, and related products:				
Fabricated plastic and rubber products	1,375,423	1,229,948	132,175	74,093
Other energy and chemical products	11,115,739	9,392,786	14,318	8,417
Total	12,491,162	10,622,734	146,493	82,510
Textiles, apparel, and footwear:				
Textiles and textile products (except apparel)	1,811,715	1,716,576	214,350	146,744
Apparel	8,128,843	5,602,134	4,028,984	2,276,137
Footwear and parts	311,704	251,295	81,597	63,625
Total	10,252,261	7,570,005	4,324,931	2,486,506
Minerals and metals:				
Steel mill products	917,252	793,677	436	294
Copper and related products	737,813	530,277	3,978	446
Aluminum mill products	39,701	39,468	47	20
Builders' hardware	500,144	441,965	89,707	56,980
Other metal products	4,333,266	2,670,309	310,164	155,349
Total	6,528,177	4,475,696	404,332	213,090
Miscellaneous manufactures:				
Luggage, handbags and flat goods	104,687	70,674	62,580	31,818
Jewelry	188,399	176,351	15,656	3,583
Furniture	922,879	4,145	8,006	2,420
Lamps and lighting fixtures	694,439	679,090	21,665	10,704
Other miscellaneous manufactured articles	1,254,470	495,413	68,544	18,850
Total	3,164,874	1,425,674	176,451	67,374
Machinery and equipment:				
Air conditioning equipment	1,159,956	642,121	118,706	81,904
Household appliances, including commercial applications	1,839,011	548,106	286,083	175,589
Centrifuges, filtering and purifying equipment, and pumps for liquids	411,219	0	32,327	24,917
Semiconductor equipment, robots, and other equipment	4,779	7	283	87
Taps, cocks, valves, and similar devices	1,139,966	957,655	212,909	150,518
Electric motors generators and related equipment	1,898,350	1,749,125	355,332	172,813
Electrical transformers static converters and inductors	1,502,789	1,051,266	258,800	101,708
Powered handtools and parts thereof	351,187	32,576	104,571	53,042
Flashlights and other similar electric lights light bulbs and fluorescent tubes; arc lights	249,845	204,715	99,346	63,677
Nonautomotive insulated electrical wire and related products	1,201,889	983,029	282,162	165,293
Miscellaneous machinery and equipment	1,061,383	292,637	415,025	142,905
Total	10,820,373	6,461,237	2,165,544	1,132,455
Transportation equipment:				
Aircraft engines and gas turbines	174,319	112,995	77,043	58,638
Motors and engines, except internal combustion, aircraft, or electric	14,769	0	4,889	2,705
Internal combustion piston engines, other than for aircraft	2,403,414	2,049,556	33,586	11,943
Construction and mining equipment	392,328	0	378	98
Forklift trucks and similar industrial vehicles	58,469	0	0	0
Ball and rollers bearings	71,426	69,303	20,855	9,968
Certain motor-vehicle parts	4,582,448	4,213,657	835,545	575,505
Primary cells and batteries and electric storage batteries	514,066	375,307	108,567	40,221
Ignition starting, lighting, and other electrical equipment	935,776	733,299	114,268	60,751

See note(s) at end of table.

Table B-6—*Continued*
Mexico: U.S. imports for consumption under NAFTA and the production-sharing provisions (PSP) of HTS heading 9802, by commodity groups, 2001

(1,000 dollars)

Commodity group	Total	NAFTA	Total HTS PSP	U.S. content under HTS PSP
Transportation equipment—*Continued*				
Rail locomotive and rolling stock	273,580	87,291	120	([1])
Automobiles, trucks, buses, and bodies and chassis of the foregoing	21,326,997	21,244,487	283,698	146,485
Aircraft, spacecraft, and related equipment, except engines	52,661	351	10,658	7,303
Ships, tugs, pleasure boats, and similar vessels	3,794	1,261	5	5
Miscellaneous vehicles and transportation-related equipment	253,195	15,166	0	0
Motorcycles, mopeds, and parts	21,533	0	1,059	589
Total	31,078,778	28,902,673	1,490,670	914,211
Electronic products:				
Office machines	206,382	59,028	52,517	18,084
Telephone and telegraph apparatus	4,390,408	4,547	340,666	170,661
Optical fibers, optical fiber bundles and cables	94,573	18,793	37,283	13,625
Microphones, loudspeakers, audio amplifiers, and combinations thereof	2,813,411	1,526,467	259,832	72,950
Unrecorded magnetic tapes, discs, and other media	192,536	0	19,262	2,652
Records, tapes, compact discs, computer software, and other recorded media	73,448	12,390	2	1
Radio navigational aid, radar, and remote control apparatus	434,603	108,901	27,612	7,669
Television receivers, video monitors, and combinations including television receivers	5,071,428	4,428,616	672,353	141,614
Television picture tubes and other cathode-ray tubes	350,016	244,233	97,947	54,227
Television apparatus (except receivers and monitors), including cameras camcorders and cable apparatus	3,157,346	1,370,020	34,918	19,291
Electric sound and visual signaling apparatus	268,866	200,363	42,068	9,053
Special-purpose tubes	3,118	2,237	0	0
Electrical and electronic articles, apparatus, and parts not elsewhere provided for	3,347,054	2,414,165	1,083,671	550,923
Electrical capacitors and resistors	547,147	3,696	67,405	27,222
Semiconductor devices	1,072,309	0	200,563	93,312
Computer hardware	10,364,917	0	816,126	58,937
Photographic cameras and equipment	348,047	17,604	4,169	670
Photographic supplies	206,159	200,281	0	0
Medical goods	1,532,773	96,495	476,296	220,128
Optical goods	106,994	102,761	5,873	3,923
Drawing and mathematical calculating and measuring instruments	3,650	3,428	271	125
Watches	60,634	60,223	47,143	31,175
Measuring, testing, controlling and analyzing instruments	2,575,611	1,544,575	433,673	265,390
Total	37,221,430	12,418,823	4,719,649	1,761,631
Seats, wiring, and pumps for vehicles:				
Seats for motor vehicles and aircraft	2,130,453	0	26,958	18,257
Wiring harnesses for motor vehicles	3,824,036	3,633,891	480,148	188,095
Pumps for motor vehicles	144,311	95,361	3,284	1,315
Total	6,098,801	3,729,253	510,390	207,667
Special provisions:	5,696,654	188,787	0	0
Grand total	130,508,931	81,162,486	13,994,677	6,897,716

[1]Less than $500.

Note.–Calculations based on unrouded data.

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

Table B-7
Germany: U.S. imports for consumption, total and under the production-sharing provisions (PSP) of HTS heading 9802, by commodity groups, 2001

(1,000 dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Agricultural products:	800,338	0	0
Forest products:	906,405	0	0
Chemicals, coal, petroleum, natural gas, and related products:			
Fabricated plastic and rubber products	889,155	522	184
Other energy and chemical products	7,357,366	0	0
Total	8,246,521	522	184
Textiles, apparel, and footwear:			
Textiles and textile products (except apparel)	406,151	0	0
Apparel	74,491	0	0
Footwear and parts	75,527	55	13
Total	556,168	55	13
Minerals and metals:			
Steel mill products	965,624	30	19
Copper and related products	206,313	3	2
Aluminum mill products	308,780	0	0
Builders' hardware	81,926	0	0
Other metal products	2,161,216	20,267	8,279
Total	3,723,858	20,300	8,300
Miscellaneous manufactures:			
Luggage, handbags and flat goods	8,182	0	0
Jewelry	42,692	12	7
Furniture	167,072	0	0
Lamps and lighting fixtures	53,228	0	0
Other miscellaneous manufactured articles	760,175	0	0
Total	1,031,349	12	7
Machinery and equipment:			
Air conditioning equipment	325,368	6	1
Household appliances, including commercial applications	426,757	9,205	1,517
Centrifuges, filtering and purifying equipment, and pumps for liquids	646,052	569	108
Semiconductor equipment, robots, and other equipment	411,197	625	104
Taps, cocks, valves, and similar devices	454,148	0	0
Electric motors generators and related equipment	734,711	18,312	4,303
Electrical transformers static converters and inductors	205,534	0	0
Powered handtools and parts thereof	165,645	14	12
Flashlights and other similar electric lights light bulbs and fluorescent tubes; arc lights	115,014	0	0
Nonautomotive insulated electrical wire and related products	83,577	7	(1)
Miscellaneous machinery and equipment	5,917,377	22,117	2,635
Total	9,485,380	50,854	8,680
Transportation equipment:			
Aircraft engines and gas turbines	1,478,721	72,767	35,178
Motors and engines, except internal combustion, aircraft, or electric	145,260	0	0
Internal combustion piston engines, other than for aircraft	1,379,684	577,768	27,881
Construction and mining equipment	576,561	0	0
Forklift trucks and similar industrial vehicles	111,848	0	0
Ball and rollers bearings	135,549	0	0
Certain motor-vehicle parts	1,078,877	477	19
Primary cells and batteries and electric storage batteries	38,660	0	0
Ignition starting, lighting, and other electrical equipment	165,591	0	0

See note(s) at end of table.

Table B-7—*Continued*
Germany: U.S. imports for consumption, total and under the production-sharing provisions (PSP) of HTS heading 9802, by commodity groups, 2001

(1,000 dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Transportation equipment—*Continued*			
Rail locomotive and rolling stock	54,898	0	0
Automobiles, trucks, buses, and bodies and chassis of the foregoing	15,852,251	8,915,195	93,702
Aircraft, spacecraft, and related equipment, except engines	2,611,844	11	7
Ships, tugs, pleasure boats, and similar vessels	13,476	0	0
Miscellaneous vehicles and transportation-related equipment	168,944	0	0
Motorcycles, mopeds, and parts	112,485	0	0
Total	23,924,648	9,566,219	156,788
Electronic products:			
Office machines	74,736	0	0
Telephone and telegraph apparatus	358,043	0	0
Optical fibers, optical fiber bundles and cables	120,263	0	0
Microphones, loudspeakers, audio amplifiers, and combinations thereof	114,873	0	0
Unrecorded magnetic tapes, discs, and other media	81,257	0	0
Records, tapes, compact discs, computer software, and other recorded media	80,208	0	0
Radio navigational aid, radar, and remote control apparatus	58,827	0	0
Television receivers, video monitors, and combinations including television receivers	13,301	483	291
Television picture tubes and other cathode-ray tubes	10,180	0	0
Television apparatus (except receivers and monitors), including cameras camcorders and cable apparatus	31,487	0	0
Electric sound and visual signaling apparatus	43,146	0	0
Special-purpose tubes	64,479	0	0
Electrical and electronic articles, apparatus, and parts not elsewhere provided for	913,683	1,791	1,155
Electrical capacitors and resistors	53,496	0	0
Semiconductor devices	862,456	473	79
Computer hardware	603,183	316	147
Photographic cameras and equipment	100,056	8	6
Photographic supplies	103,794	53	29
Medical goods	1,598,658	602	523
Optical goods	372,059	8,747	345
Drawing and mathematical calculating and measuring instruments	9,285	0	0
Watches	43,183	29	3
Measuring, testing, controlling and analyzing instruments	1,531,539	1,063	213
Total	7,242,194	13,565	2,792
Seats, wiring, and pumps for vehicles:			
Seats for motor vehicles and aircraft	75,711	0	0
Wiring harnesses for motor vehicles	17,553	0	0
Pumps for motor vehicles	136,129	0	0
Total	229,394	0	0
Special provisions:	2,792,274	2	([1])
Grand total	58,938,529	9,651,529	176,764

[1] Less than $500.

Note.–Calculations based on unrounded data.

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

Table B-8
United Kingdom: U.S. imports for consumption, total and under the production-sharing provisions (PSP) of HTS heading 9802, by commodity groups, 2001

(1,000 dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Agricultural products:	1,206,947	0	0
Forest products:	804,884	0	0
Chemicals, coal, petroleum, natural gas, and related products:			
Fabricated plastic and rubber products	658,627	201	40
Other energy and chemical products	10,106,022	234	179
Total	10,764,650	436	219
Textiles, apparel, and footwear:			
Textiles and textile products (except apparel)	368,649	109	56
Apparel	284,620	119	98
Footwear and parts	150,943	0	0
Total	804,212	228	154
Minerals and metals:			
Steel mill products	352,968	11	6
Copper and related products	62,453	0	0
Aluminum mill products	68,365	0	0
Builders' hardware	21,684	0	0
Other metal products	2,440,128	3,265	2,047
Total	2,945,599	3,276	2,052
Miscellaneous manufactures:			
Luggage, handbags and flat goods	7,703	0	0
Jewelry	55,139	0	0
Furniture	188,280	0	0
Lamps and lighting fixtures	18,881	0	0
Other miscellaneous manufactured articles	1,394,758	108	77
Total	1,664,761	108	77
Machinery and equipment:			
Air conditioning equipment	184,250	83	48
Household appliances, including commercial applications	72,812	2	1
Centrifuges, filtering and purifying equipment, and pumps for liquids	250,426	3,357	226
Semiconductor equipment, robots, and other equipment	255,204	0	0
Taps, cocks, valves, and similar devices	239,135	0	0
Electric motors generators and related equipment	449,227	61,037	3,680
Electrical transformers static converters and inductors	119,630	14	7
Powered handtools and parts thereof	68,088	0	0
Flashlights and other similar electric lights light bulbs and fluorescent tubes; arc lights	30,636	432	67
Nonautomotive insulated electrical wire and related products	41,353	234	(1)
Miscellaneous machinery and equipment	1,633,984	10,103	1,464
Total	3,344,746	75,262	5,493
Transportation equipment:			
Aircraft engines and gas turbines	3,614,211	1,049	842
Motors and engines, except internal combustion, aircraft, or electric	87,895	0	0
Internal combustion piston engines, other than for aircraft	585,415	445	12
Construction and mining equipment	540,456	0	0
Forklift trucks and similar industrial vehicles	213,936	0	0
Ball and rollers bearings	60,296	0	0
Certain motor-vehicle parts	389,571	121	43
Primary cells and batteries and electric storage batteries	37,604	4	2
Ignition starting, lighting, and other electrical equipment	81,520	64	10

See note(s) at end of table.

Table B-8—*Continued*
United Kingdom: U.S. imports for consumption, total and under the production-sharing provisions (PSP) of HTS heading 9802, by commodity groups, 2001

(1,000 dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Transportation equipment—*Continued*			
Rail locomotive and rolling stock	10,969	0	0
Automobiles, trucks, buses, and bodies and chassis of the foregoing	2,728,437	2,443,571	157,214
Aircraft, spacecraft, and related equipment, except engines	1,262,690	240	168
Ships, tugs, pleasure boats, and similar vessels	139,097	73,174	6,870
Miscellaneous vehicles and transportation-related equipment	23,902	6,820	1,215
Motorcycles, mopeds, and parts	61,418	0	0
Total	9,837,417	2,525,489	166,376
Electronic products:			
Office machines	73,364	0	0
Telephone and telegraph apparatus	583,120	82	68
Optical fibers, optical fiber bundles and cables	68,138	0	0
Microphones, loudspeakers, audio amplifiers, and combinations thereof	127,746	2,218	1,276
Unrecorded magnetic tapes, discs, and other media	18,899	0	0
Records, tapes, compact discs, computer software, and other recorded media	110,202	0	0
Radio navigational aid, radar, and remote control apparatus	234,749	240	208
Television receivers, video monitors, and combinations including television receivers	12,416	20	19
Television picture tubes and other cathode-ray tubes	10,094	18	18
Television apparatus (except receivers and monitors), including cameras camcorders and cable apparatus	115,121	67	19
Electric sound and visual signaling apparatus	37,621	0	0
Special-purpose tubes	30,036	0	0
Electrical and electronic articles, apparatus, and parts not elsewhere provided for	516,057	961	439
Electrical capacitors and resistors	65,320	0	0
Semiconductor devices	289,168	78	77
Computer hardware	1,539,178	288	287
Photographic cameras and equipment	52,806	11	8
Photographic supplies	83,228	15,197	8,129
Medical goods	347,133	0	0
Optical goods	182,281	38	37
Drawing and mathematical calculating and measuring instruments	8,421	0	0
Watches	14,022	0	0
Measuring, testing, controlling and analyzing instruments	1,286,157	91	53
Total	5,805,276	19,308	10,638
Seats, wiring, and pumps for vehicles:			
Seats for motor vehicles and aircraft	65,194	0	0
Wiring harnesses for motor vehicles	13,265	1,430	661
Pumps for motor vehicles	55,186	4,227	620
Total	133,645	5,657	1,281
Special provisions:	3,806,339	36	30
Grand total	41,118,475	2,629,800	186,320

[1] Less than $500.

Note.–Calculations based on unrounded data.

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

Table B-9
Sweden: U.S. imports for consumption, total and under the production-sharing provisions (PSP) of HTS heading 9802, by commodity groups, 2001

(1,000 dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Agricultural products:	359,226	0	0
Forest products:	281,395	0	0
Chemicals, coal, petroleum, natural gas, and related products:			
Fabricated plastic and rubber products	95,342	0	0
Other energy and chemical products	1,185,876	0	0
Total	1,281,218	0	0
Textiles, apparel, and footwear:			
Textiles and textile products (except apparel)	29,832	0	0
Apparel	17,865	0	0
Footwear and parts	1,405	0	0
Total	49,101	0	0
Minerals and metals:			
Steel mill products	246,413	0	0
Copper and related products	31,662	0	0
Aluminum mill products	31,229	0	0
Builders' hardware	8,526	0	0
Other metal products	331,900	0	0
Total	649,729	0	0
Miscellaneous manufactures:			
Luggage, handbags and flat goods	288	0	0
Jewelry	228	0	0
Furniture	73,399	0	0
Lamps and lighting fixtures	4,177	0	0
Other miscellaneous manufactured articles	56,354	577	100
Total	134,445	577	100
Machinery and equipment:			
Air conditioning equipment	17,536	0	0
Household appliances, including commercial applications	154,914	0	0
Centrifuges, filtering and purifying equipment, and pumps for liquids	123,334	0	0
Semiconductor equipment, robots, and other equipment	42,938	0	0
Taps, cocks, valves, and similar devices	36,503	0	0
Electric motors generators and related equipment	51,788	0	0
Electrical transformers static converters and inductors	19,340	0	0
Powered handtools and parts thereof	122,188	0	0
Flashlights and other similar electric lights light bulbs and fluorescent tubes; arc lights	2,796	0	0
Nonautomotive insulated electrical wire and related products	21,522	0	0
Miscellaneous machinery and equipment	583,546	0	0
Total	1,176,407	0	0
Transportation equipment:			
Aircraft engines and gas turbines	182,296	0	0
Motors and engines, except internal combustion, aircraft, or electric	28,659	0	0
Internal combustion piston engines, other than for aircraft	99,738	0	0
Construction and mining equipment	217,996	0	0
Forklift trucks and similar industrial vehicles	29,664	0	0
Ball and rollers bearings	22,696	0	0
Certain motor-vehicle parts	98,021	1,693	1,031
Primary cells and batteries and electric storage batteries	10,245	0	0
Ignition starting, lighting, and other electrical equipment	5,755	0	0

See note(s) at end of table.

Table B-9—*Continued*
Sweden: U.S. imports for consumption, total and under the production-sharing provisions (PSP) of HTS heading 9802, by commodity groups, 2001

(1,000 dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Transportation equipment—*Continued*			
Rail locomotive and rolling stock	10,237	0	0
Automobiles, trucks, buses, and bodies and chassis of the foregoing	2,191,264	2,168,292	25,413
Aircraft, spacecraft, and related equipment, except engines	34,841	0	0
Ships, tugs, pleasure boats, and similar vessels	13,027	0	0
Miscellaneous vehicles and transportation-related equipment	13,436	0	0
Motorcycles, mopeds, and parts	3,343	0	0
Total	2,961,217	2,169,985	26,444
Electronic products:			
Office machines	18,952	0	0
Telephone and telegraph apparatus	652,076	0	0
Optical fibers, optical fiber bundles and cables	2,413	0	0
Microphones, loudspeakers, audio amplifiers, and combinations thereof	6,299	0	0
Unrecorded magnetic tapes, discs, and other media	79	0	0
Records, tapes, compact discs, computer software, and other recorded media	13,248	0	0
Radio navigational aid, radar, and remote control apparatus	17,243	0	0
Television receivers, video monitors, and combinations including television receivers	185	0	0
Television picture tubes and other cathode-ray tubes	0	0	0
Television apparatus (except receivers and monitors), including cameras camcorders and cable apparatus	133,720	0	0
Electric sound and visual signaling apparatus	2,536	0	0
Special-purpose tubes	8	0	0
Electrical and electronic articles, apparatus, and parts not elsewhere provided for	118,053	0	0
Electrical capacitors and resistors	6,724	0	0
Semiconductor devices	32,176	0	0
Computer hardware	52,657	0	0
Photographic cameras and equipment	15,475	29	28
Photographic supplies	204	0	0
Medical goods	139,756	0	0
Optical goods	11,853	0	0
Drawing and mathematical calculating and measuring instruments	7,543	0	0
Watches	676	0	0
Measuring, testing, controlling and analyzing instruments	175,804	0	0
Total	1,407,681	29	28
Seats, wiring, and pumps for vehicles:			
Seats for motor vehicles and aircraft	4,718	0	0
Wiring harnesses for motor vehicles	840	0	0
Pumps for motor vehicles	3,199	0	0
Total	8,757	0	0
Special provisions:	483,336	0	0
Grand total	8,792,512	2,170,591	26,572

Note.–Calculations based on unrounded data.

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

Table B-10
Dominican Republic: U.S. imports for consumption, total and under the production-sharing provisions (PSP) of HTS heading 9802, by commodity groups, 2001

(1,000 dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Agricultural products:	446,102	0	0
Forest products:	7,979	554	341
Chemicals, coal, petroleum, natural gas, and related products:			
Fabricated plastic and rubber products	56,548	17,775	4,906
Other energy and chemical products	28,270	856	579
Total	84,818	18,631	5,485
Textiles, apparel, and footwear:			
Textiles and textile products (except apparel)	50,828	42,242	25,689
Apparel	2,286,019	1,508,311	944,511
Footwear and parts	193,114	82,257	58,384
Total	2,529,961	1,632,810	1,028,584
Minerals and metals:			
Steel mill products	2,645	0	0
Copper and related products	2,958	5	1
Aluminum mill products	191	0	0
Builders' hardware	15,330	0	0
Other metal products	94,234	4,454	3,364
Total	115,357	4,460	3,365
Miscellaneous manufactures:			
Luggage, handbags and flat goods	22,607	4,303	1,855
Jewelry	172,968	27,454	21,481
Furniture	5,813	0	0
Lamps and lighting fixtures	73	0	0
Other miscellaneous manufactured articles	16,658	5,708	3,730
Total	218,119	37,465	27,066
Machinery and equipment:			
Air conditioning equipment	139	118	103
Household appliances, including commercial applications	1,655	0	0
Centrifuges, filtering and purifying equipment, and pumps for liquids	8	0	0
Semiconductor equipment, robots, and other equipment	41	24	(1)
Taps, cocks, valves, and similar devices	3	0	0
Electric motors generators and related equipment	9,815	9,668	3,201
Electrical transformers static converters and inductors	45,475	5,823	2,670
Powered handtools and parts thereof	50	33	17
Flashlights and other similar electric lights light bulbs and fluorescent tubes; arc lights	0	0	0
Nonautomotive insulated electrical wire and related products	4,176	1,303	919
Miscellaneous machinery and equipment	2,144	826	690
Total	63,506	17,794	7,601
Transportation equipment:			
Aircraft engines and gas turbines	0	0	0
Motors and engines, except internal combustion, aircraft, or electric	0	0	0
Internal combustion piston engines, other than for aircraft	17	0	0
Construction and mining equipment	17	0	0
Forklift trucks and similar industrial vehicles	0	0	0
Ball and rollers bearings	0	0	0
Certain motor-vehicle parts	3,398	3,197	3,029
Primary cells and batteries and electric storage batteries	3,710	3,557	1,586
Ignition starting, lighting, and other electrical equipment	15,213	0	0

See note(s) at end of table.

Table B-10—*Continued*
Dominican Republic: U.S. imports for consumption, total and under the production-sharing provisions (PSP) of HTS heading 9802, by commodity groups, 2001

(1,000 dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Transportation equipment—*Continued*			
Rail locomotive and rolling stock	0	0	0
Automobiles, trucks, buses, and bodies and chassis of the foregoing	0	0	0
Aircraft, spacecraft, and related equipment, except engines	6	0	0
Ships, tugs, pleasure boats, and similar vessels	8	0	0
Miscellaneous vehicles and transportation-related equipment	2	0	0
Motorcycles, mopeds, and parts	10	0	0
Total	22,381	6,754	4,616
Electronic products:			
Office machines	0	0	0
Telephone and telegraph apparatus	306	24	8
Optical fibers, optical fiber bundles and cables	12	0	0
Microphones, loudspeakers, audio amplifiers, and combinations thereof	13	0	0
Unrecorded magnetic tapes, discs, and other media	4	0	0
Records, tapes, compact discs, computer software, and other recorded media	40	0	0
Radio navigational aid, radar, and remote control apparatus	2,597	2,597	2,106
Television receivers, video monitors, and combinations including television receivers	0	0	0
Television picture tubes and other cathode-ray tubes	0	0	0
Television apparatus (except receivers and monitors), including cameras camcorders and cable apparatus	19	17	7
Electric sound and visual signaling apparatus	33,960	0	0
Special-purpose tubes	0	0	0
Electrical and electronic articles, apparatus, and parts not elsewhere provided for	174,353	142,057	104,481
Electrical capacitors and resistors	4,361	3,453	2,090
Semiconductor devices	7,440	561	319
Computer hardware	999	40	4
Photographic cameras and equipment	17	0	0
Photographic supplies	3	0	0
Medical goods	351,098	206,908	101,919
Optical goods	3,428	3,359	2,571
Drawing and mathematical calculating and measuring instruments	2	0	0
Watches	3	0	0
Measuring, testing, controlling and analyzing instruments	8,392	7,280	2,930
Total	587,047	366,295	216,436
Seats, wiring, and pumps for vehicles:			
Seats for motor vehicles and aircraft	9	7	6
Wiring harnesses for motor vehicles	97	85	45
Pumps for motor vehicles	5	0	0
Total	111	92	51
Special provisions:	111,762	0	0
Grand total	4,187,143	2,084,856	1,293,543

[1] Less than $500.

Note.–Calculations based on unrounded data.

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

Table B-11
Korea: U.S. imports for consumption, total and under the production-sharing provisions (PSP) of HTS heading 9802, by commodity groups, 2001

(1,000 dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Agricultural products:	229,867	0	0
Forest products:	348,323	0	0
Chemicals, coal, petroleum, natural gas, and related products:			
Fabricated plastic and rubber products	692,566	0	0
Other energy and chemical products	1,218,293	0	0
Total	1,910,860	0	0
Textiles, apparel, and footwear:			
Textiles and textile products (except apparel)	951,424	1,045	80
Apparel	2,364,268	12,717	803
Footwear and parts	103,297	16,954	646
Total	3,418,989	30,716	1,529
Minerals and metals:			
Steel mill products	779,352	0	0
Copper and related products	39,527	0	0
Aluminum mill products	21,142	0	0
Builders' hardware	28,987	0	0
Other metal products	898,495	1,843	40
Total	1,767,503	1,843	40
Miscellaneous manufactures:			
Luggage, handbags and flat goods	104,498	496	27
Jewelry	242,900	2,088	1,337
Furniture	59,458	0	0
Lamps and lighting fixtures	20,373	0	0
Other miscellaneous manufactured articles	545,485	12,444	1,906
Total	972,714	15,027	3,271
Machinery and equipment:			
Air conditioning equipment	413,907	0	0
Household appliances, including commercial applications	611,193	8	1
Centrifuges, filtering and purifying equipment, and pumps for liquids	39,038	2,809	2,363
Semiconductor equipment, robots, and other equipment	13,403	20	(1)
Taps, cocks, valves, and similar devices	116,429	0	0
Electric motors generators and related equipment	171,165	0	0
Electrical transformers static converters and inductors	115,146	0	0
Powered handtools and parts thereof	5,065	0	0
Flashlights and other similar electric lights light bulbs and fluorescent tubes; arc lights	78,613	1,048	259
Nonautomotive insulated electrical wire and related products	32,720	0	0
Miscellaneous machinery and equipment	668,854	5,066	992
Total	2,265,533	8,952	3,614
Transportation equipment:			
Aircraft engines and gas turbines	226,051	0	0
Motors and engines, except internal combustion, aircraft, or electric	18,377	0	0
Internal combustion piston engines, other than for aircraft	73,573	849	298
Construction and mining equipment	156,341	0	0
Forklift trucks and similar industrial vehicles	103,460	0	0
Ball and rollers bearings	33,382	0	0
Certain motor-vehicle parts	339,100	22,647	12,478
Primary cells and batteries and electric storage batteries	35,743	0	0
Ignition starting, lighting, and other electrical equipment	130,516	1,535	263

See note(s) at end of table.

Table B-11—*Continued*
Korea: U.S. imports for consumption, total and under the production-sharing provisions (PSP) of HTS heading 9802, by commodity groups, 2001

(1,000 dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Transportation equipment—*Continued*			
Rail locomotive and rolling stock	8,354	0	0
Automobiles, trucks, buses, and bodies and chassis of the foregoing	6,369,425	1,575,797	21,838
Aircraft, spacecraft, and related equipment, except engines	188,218	0	0
Ships, tugs, pleasure boats, and similar vessels	79,759	0	0
Miscellaneous vehicles and transportation-related equipment	37,841	0	0
Motorcycles, mopeds, and parts	21,479	0	0
Total	7,821,620	1,600,828	34,876
Electronic products:			
Office machines	27,093	0	0
Telephone and telegraph apparatus	4,526,723	8,390	686
Optical fibers, optical fiber bundles and cables	217,268	0	0
Microphones, loudspeakers, audio amplifiers, and combinations thereof	1,123,994	50	14
Unrecorded magnetic tapes, discs, and other media	189,918	155	7
Records, tapes, compact discs, computer software, and other recorded media	39,453	0	0
Radio navigational aid, radar, and remote control apparatus	21,619	0	0
Television receivers, video monitors, and combinations including television receivers	239,761	20,223	11,996
Television picture tubes and other cathode-ray tubes	7,778	0	0
Television apparatus (except receivers and monitors), including cameras camcorders and cable apparatus	99,493	35	17
Electric sound and visual signaling apparatus	63,866	0	0
Special-purpose tubes	3,196	0	0
Electrical and electronic articles, apparatus, and parts not elsewhere provided for	312,009	553	223
Electrical capacitors and resistors	44,586	0	0
Semiconductor devices	3,501,529	226,144	136,886
Computer hardware	4,622,075	12,240	7,888
Photographic cameras and equipment	32,042	0	0
Photographic supplies	30,400	0	0
Medical goods	90,984	0	0
Optical goods	139,492	0	0
Drawing and mathematical calculating and measuring instruments	9,208	25	2
Watches	10,296	0	0
Measuring, testing, controlling and analyzing instruments	55,999	1,875	485
Total	15,408,783	269,691	158,205
Seats, wiring, and pumps for vehicles:			
Seats for motor vehicles and aircraft	11,105	0	0
Wiring harnesses for motor vehicles	3,487	0	0
Pumps for motor vehicles	16,370	13,380	2,508
Total	30,961	13,380	2,508
Special provisions:	742,033	0	0
Grand total	34,917,187	1,940,438	204,042

[1] Less than $500.

Note.–Calculations based on unrounded data

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

Table B-12
Honduras: U.S. imports for consumption, total and under the production-sharing provisions (PSP) of HTS heading 9802, by commodity groups, 2001

(1,000 dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Agricultural products:	412,997	0	0
Forest products:	22,739	0	0
Chemicals, coal, petroleum, natural gas, and related products:			
Fabricated plastic and rubber products	6,220	177	134
Other energy and chemical products	1,549	0	0
Total	7,770	177	134
Textiles, apparel, and footwear:			
Textiles and textile products (except apparel)	5,432	1,533	1,053
Apparel	2,437,505	1,485,469	1,039,210
Footwear and parts	13	5	4
Total	2,442,950	1,487,007	1,040,267
Minerals and metals:			
Steel mill products	766	0	0
Copper and related products	1,191	0	0
Aluminum mill products	3	0	0
Builders' hardware	7	0	0
Other metal products	59,124	0	0
Total	61,090	0	0
Miscellaneous manufactures:			
Luggage, handbags and flat goods	16	15	6
Jewelry	49	0	0
Furniture	42,419	0	0
Lamps and lighting fixtures	38	0	0
Other miscellaneous manufactured articles	18,386	333	300
Total	60,908	348	306
Machinery and equipment:			
Air conditioning equipment	232	0	0
Household appliances, including commercial applications	17	0	0
Centrifuges, filtering and purifying equipment, and pumps for liquids	46	0	0
Semiconductor equipment, robots, and other equipment	0	0	0
Taps, cocks, valves, and similar devices	52	0	0
Electric motors generators and related equipment	16	0	0
Electrical transformers static converters and inductors	368	0	0
Powered handtools and parts thereof	0	0	0
Flashlights and other similar electric lights light bulbs and fluorescent tubes; arc lights	0	0	0
Nonautomotive insulated electrical wire and related products	48	2	1
Miscellaneous machinery and equipment	269	0	0
Total	1,049	2	1
Transportation equipment:			
Aircraft engines and gas turbines	5	0	0
Motors and engines, except internal combustion, aircraft, or electric	25	0	0
Internal combustion piston engines, other than for aircraft	265	0	0
Construction and mining equipment	130	0	0
Forklift trucks and similar industrial vehicles	28	0	0
Ball and rollers bearings	0	0	0
Certain motor-vehicle parts	5,420	0	0
Primary cells and batteries and electric storage batteries	527	0	0
Ignition starting, lighting, and other electrical equipment	39	0	0

See note(s) at end of table.

Table B-12—*Continued*
Honduras: U.S. imports for consumption, total and under the production-sharing provisions (PSP) of HTS heading 9802, by commodity groups, 2001

(1,000 dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Transportation equipment—*Continued*			
Rail locomotive and rolling stock	0	0	0
Automobiles, trucks, buses, and bodies and chassis of the foregoing	0	0	0
Aircraft, spacecraft, and related equipment, except engines	918	0	0
Ships, tugs, pleasure boats, and similar vessels	0	0	0
Miscellaneous vehicles and transportation-related equipment	0	0	0
Motorcycles, mopeds, and parts	64	0	0
Total	7,421	0	0
Electronic products:			
Office machines	0	0	0
Telephone and telegraph apparatus	8	0	0
Optical fibers, optical fiber bundles and cables	0	0	0
Microphones, loudspeakers, audio amplifiers, and combinations thereof	29	0	0
Unrecorded magnetic tapes, discs, and other media	0	0	0
Records, tapes, compact discs, computer software, and other recorded media	16	0	0
Radio navigational aid, radar, and remote control apparatus	0	0	0
Television receivers, video monitors, and combinations including television receivers	0	0	0
Television picture tubes and other cathode-ray tubes	0	0	0
Television apparatus (except receivers and monitors), including cameras camcorders and cable apparatus	0	0	0
Electric sound and visual signaling apparatus	71	0	0
Special-purpose tubes	0	0	0
Electrical and electronic articles, apparatus, and parts not elsewhere provided for	5,880	0	0
Electrical capacitors and resistors	0	0	0
Semiconductor devices	0	0	0
Computer hardware	62	0	0
Photographic cameras and equipment	21	0	0
Photographic supplies	0	0	0
Medical goods	232	9	9
Optical goods	0	0	0
Drawing and mathematical calculating and measuring instruments	0	0	0
Watches	0	0	0
Measuring, testing, controlling and analyzing instruments	7	0	0
Total	6,326	9	9
Seats, wiring, and pumps for vehicles:			
Seats for motor vehicles and aircraft	25	0	0
Wiring harnesses for motor vehicles	46,143	43,292	15,346
Pumps for motor vehicles	110	0	0
Total	46,278	43,292	15,346
Special provisions:	61,478	0	0
Grand total	3,131,004	1,530,834	1,056,063

Note.–Calculations based on unrounded data.

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

Table B-13
China: U.S. imports for consumption, total and under the production-sharing provisions (PSP) of HTS heading 9802, by commodity groups, 2001

(1,000 dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Agricultural products:	1,489,392	832	205
Forest products:	2,167,557	1,814	245
Chemicals, coal, petroleum, natural gas, and related products:			
Fabricated plastic and rubber products	3,199,792	2,182	759
Other energy and chemical products	2,538,581	350	174
Total	5,738,373	2,532	933
Textiles, apparel, and footwear:			
Textiles and textile products (except apparel)	2,212,022	14,538	2,247
Apparel	8,912,016	108,451	51,996
Footwear and parts	9,766,942	937,140	49,107
Total	20,890,980	1,060,129	103,350
Minerals and metals:			
Steel mill products	285,186	67	39
Copper and related products	102,512	0	0
Aluminum mill products	17,163	0	0
Builders' hardware	422,415	193	18
Other metal products	6,423,197	11,653	2,464
Total	7,250,473	11,913	2,522
Miscellaneous manufactures:			
Luggage, handbags and flat goods	2,208,483	8,318	1,714
Jewelry	771,254	1,811	518
Furniture	4,608,332	231	16
Lamps and lighting fixtures	2,458,887	164	12
Other miscellaneous manufactured articles	15,571,287	33,016	6,488
Total	25,618,243	43,539	8,748
Machinery and equipment:			
Air conditioning equipment	1,036,243	8	3
Household appliances, including commercial applications	2,844,698	28,862	1,429
Centrifuges, filtering and purifying equipment, and pumps for liquids	208,007	536	350
Semiconductor equipment, robots, and other equipment	4,251	0	0
Taps, cocks, valves, and similar devices	341,352	14	5
Electric motors generators and related equipment	441,370	862	82
Electrical transformers static converters and inductors	925,764	22,873	5,555
Powered handtools and parts thereof	670,631	20,215	2,564
Flashlights and other similar electric lights light bulbs and fluorescent tubes; arc lights	541,441	71	34
Nonautomotive insulated electrical wire and related products	609,302	97	79
Miscellaneous machinery and equipment	877,807	973	287
Total	8,500,865	74,511	10,390
Transportation equipment:			
Aircraft engines and gas turbines	65,279	1,000	750
Motors and engines, except internal combustion, aircraft, or electric	5,942	0	0
Internal combustion piston engines, other than for aircraft	79,262	0	0
Construction and mining equipment	71,269	0	0
Forklift trucks and similar industrial vehicles	31,944	0	0
Ball and rollers bearings	152,024	848	157
Certain motor-vehicle parts	565,236	14,451	5,043
Primary cells and batteries and electric storage batteries	325,761	4,991	1,181
Ignition starting, lighting, and other electrical equipment	110,238	479	40

See note(s) at end of table.

Table B-13—*Continued*
China: U.S. imports for consumption, total and under the production-sharing provisions (PSP) of HTS heading 9802, by commodity groups, 2001

(1,000 dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Transportation equipment—*Continued*			
Rail locomotive and rolling stock	45,339	0	0
Automobiles, trucks, buses, and bodies and chassis of the foregoing	866	0	0
Aircraft, spacecraft, and related equipment, except engines	59,117	7	3
Ships, tugs, pleasure boats, and similar vessels	55,543	7,800	1,998
Miscellaneous vehicles and transportation-related equipment	170,170	0	0
Motorcycles, mopeds, and parts	37,660	0	0
Total	1,775,650	29,577	9,173
Electronic products:			
Office machines	628,142	26	7
Telephone and telegraph apparatus	3,222,257	2,117	512
Optical fibers, optical fiber bundles and cables	40,646	733	398
Microphones, loudspeakers, audio amplifiers, and combinations thereof	6,228,562	7,040	1,102
Unrecorded magnetic tapes, discs, and other media	135,906	0	0
Records, tapes, compact discs, computer software, and other recorded media	58,895	0	0
Radio navigational aid, radar, and remote control apparatus	50,174	119	99
Television receivers, video monitors, and combinations including television receivers	263,490	472	454
Television picture tubes and other cathode-ray tubes	9,302	461	219
Television apparatus (except receivers and monitors), including cameras camcorders and cable apparatus	306,894	12,074	7,126
Electric sound and visual signaling apparatus	348,456	923	158
Special-purpose tubes	3,260	0	0
Electrical and electronic articles, apparatus, and parts not elsewhere provided for	1,393,842	31,913	6,915
Electrical capacitors and resistors	53,666	2,935	2,077
Semiconductor devices	625,166	83,955	64,926
Computer hardware	10,547,572	3,077	991
Photographic cameras and equipment	919,441	0	0
Photographic supplies	10,521	0	0
Medical goods	458,619	99	6
Optical goods	733,152	41	25
Drawing and mathematical calculating and measuring instruments	41,984	0	0
Watches	599,331	279	76
Measuring, testing, controlling and analyzing instruments	551,902	2,729	698
Total	27,231,179	148,994	85,788
Seats, wiring, and pumps for vehicles:			
Seats for motor vehicles and aircraft	72,053	2	1
Wiring harnesses for motor vehicles	103,172	13,427	2,598
Pumps for motor vehicles	13,250	0	0
Total	188,475	13,429	2,599
Special provisions:	1,218,139	0	0
Grand total	102,069,326	1,387,270	223,953

Note.–Calculations based on unrounded data.

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

Table B-14
Philippines: U.S. imports for consumption, total and under the production-sharing provisions (PSP) of HTS heading 9802, by commodity groups, 2001

(1,000 dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Agricultural products:	569,988	0	0
Forest products:	92,946	69	2
Chemicals, coal, petroleum, natural gas, and related products:			
Fabricated plastic and rubber products	34,998	415	78
Other energy and chemical products	38,301	0	0
Total	73,299	415	78
Textiles, apparel, and footwear:			
Textiles and textile products (except apparel)	97,159	290	73
Apparel	1,950,494	41,121	2,490
Footwear and parts	11,739	40	3
Total	2,059,392	41,451	2,566
Minerals and metals:			
Steel mill products	985	0	0
Copper and related products	14,419	0	0
Aluminum mill products	0	0	0
Builders' hardware	515	0	0
Other metal products	143,578	3	3
Total	159,497	3	3
Miscellaneous manufactures:			
Luggage, handbags and flat goods	283,158	2,285	283
Jewelry	12,538	0	0
Furniture	237,631	0	0
Lamps and lighting fixtures	49,261	1,154	403
Other miscellaneous manufactured articles	88,431	263	140
Total	671,019	3,702	827
Machinery and equipment:			
Air conditioning equipment	9,118	0	0
Household appliances, including commercial applications	1,778	0	0
Centrifuges, filtering and purifying equipment, and pumps for liquids	4,795	60	48
Semiconductor equipment, robots, and other equipment	6,356	5	5
Taps, cocks, valves, and similar devices	7,799	0	0
Electric motors generators and related equipment	13,657	204	61
Electrical transformers static converters and inductors	46,685	0	0
Powered handtools and parts thereof	6	0	0
Flashlights and other similar electric lights light bulbs and fluorescent tubes; arc lights	8,774	0	0
Nonautomotive insulated electrical wire and related products	37,648	0	0
Miscellaneous machinery and equipment	7,592	0	0
Total	144,208	270	114
Transportation equipment:			
Aircraft engines and gas turbines	90	0	0
Motors and engines, except internal combustion, aircraft, or electric	507	0	0
Internal combustion piston engines, other than for aircraft	6,623	0	0
Construction and mining equipment	1,076	0	0
Forklift trucks and similar industrial vehicles	12	0	0
Ball and rollers bearings	2	0	0
Certain motor-vehicle parts	26,755	0	0
Primary cells and batteries and electric storage batteries	11,808	0	0
Ignition starting, lighting, and other electrical equipment	17,995	0	0

See note(s) at end of table.

Table B-14—*Continued*
Philippines: U.S. imports for consumption, total and under the production-sharing provisions (PSP) of HTS heading 9802, by commodity groups, 2001

(1,000 dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Transportation equipment—*Continued*			
Rail locomotive and rolling stock	37	0	0
Automobiles, trucks, buses, and bodies and chassis of the foregoing	24	0	0
Aircraft, spacecraft, and related equipment, except engines	26,338	2,086	1,049
Ships, tugs, pleasure boats, and similar vessels	256	0	0
Miscellaneous vehicles and transportation-related equipment	315	0	0
Motorcycles, mopeds, and parts	685	0	0
Total	92,521	2,086	1,049
Electronic products:			
Office machines	1,513	0	0
Telephone and telegraph apparatus	107,635	557	358
Optical fibers, optical fiber bundles and cables	184	0	0
Microphones, loudspeakers, audio amplifiers, and combinations thereof	107,865	4	3
Unrecorded magnetic tapes, discs, and other media	601	0	0
Records, tapes, compact discs, computer software, and other recorded media	4,350	0	0
Radio navigational aid, radar, and remote control apparatus	8,011	38	35
Television receivers, video monitors, and combinations including television receivers	11,621	0	0
Television picture tubes and other cathode-ray tubes	26	0	0
Television apparatus (except receivers and monitors), including cameras camcorders and cable apparatus	130,026	0	0
Electric sound and visual signaling apparatus	27,036	0	0
Special-purpose tubes	49	0	0
Electrical and electronic articles, apparatus, and parts not elsewhere provided for	129,516	2,899	1,528
Electrical capacitors and resistors	12,015	44	28
Semiconductor devices	3,512,707	1,060,114	495,789
Computer hardware	2,553,973	918	360
Photographic cameras and equipment	41,859	0	0
Photographic supplies	545	0	0
Medical goods	10,055	0	0
Optical goods	52,596	109	23
Drawing and mathematical calculating and measuring instruments	102	0	0
Watches	126,029	25,455	1,329
Measuring, testing, controlling and analyzing instruments	32,165	268	152
Total	6,870,479	1,090,406	499,604
Seats, wiring, and pumps for vehicles:			
Seats for motor vehicles and aircraft	161	0	0
Wiring harnesses for motor vehicles	288,219	149,145	32,260
Pumps for motor vehicles	11	0	0
Total	288,391	149,145	32,260
Special provisions:	285,457	0	0
Grand total	11,307,198	1,287,547	536,502

Note.–Calculations based on unrounded data.

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

Table B-15
CBERA: U.S. imports for consumption, total and under the production-sharing provisions (PSP) of HTS heading 9802, by commodity groups, 2001

(1,000 dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Agricultural products:	3,217,746	0	0
Forest products:	112,650	554	341
Chemicals, coal, petroleum, natural gas, and related products:			
Fabricated plastic and rubber products	165,902	25,261	10,685
Other energy and chemical products	3,835,287	856	579
Total	4,001,188	26,117	11,264
Textiles, apparel, and footwear:			
Textiles and textile products (except apparel)	120,312	60,827	39,448
Apparel	9,607,997	5,676,452	3,555,131
Footwear and parts	205,517	84,844	58,614
Total	9,933,826	5,822,123	3,653,193
Minerals and metals:			
Steel mill products	97,829	0	0
Copper and related products	12,945	5	1
Aluminum mill products	8,802	0	0
Builders' hardware	17,074	0	0
Other metal products	415,187	4,568	3,430
Total	551,838	4,574	3,432
Miscellaneous manufactures:			
Luggage, handbags and flat goods	53,803	4,853	2,072
Jewelry	218,290	27,454	21,481
Furniture	72,358	0	0
Lamps and lighting fixtures	2,077	0	0
Other miscellaneous manufactured articles	72,513	6,068	4,045
Total	419,041	38,375	27,597
Machinery and equipment:			
Air conditioning equipment	2,571	257	129
Household appliances, including commercial applications	56,614	261	73
Centrifuges, filtering and purifying equipment, and pumps for liquids	2,387	1,130	1,093
Semiconductor equipment, robots, and other equipment	4,346	1,081	831
Taps, cocks, valves, and similar devices	228	0	0
Electric motors generators and related equipment	17,871	11,927	4,291
Electrical transformers static converters and inductors	62,724	8,734	4,241
Powered handtools and parts thereof	88	33	17
Flashlights and other similar electric lights light bulbs and fluorescent tubes; arc lights	639	72	56
Nonautomotive insulated electrical wire and related products	17,038	2,958	1,792
Miscellaneous machinery and equipment	8,926	892	721
Total	173,432	27,347	13,244
Transportation equipment:			
Aircraft engines and gas turbines	851	0	0
Motors and engines, except internal combustion, aircraft, or electric	677	10	7
Internal combustion piston engines, other than for aircraft	2,278	0	0
Construction and mining equipment	1,479	0	0
Forklift trucks and similar industrial vehicles	43	0	0
Ball and rollers bearings	25	5	2
Certain motor-vehicle parts	9,717	3,200	3,032
Primary cells and batteries and electric storage batteries	18,057	3,995	1,850
Ignition starting, lighting, and other electrical equipment	20,751	63	49

See note(s) at end of table.

Table B-15—Continued
CBERA: U.S. imports for consumption, total and under the production-sharing provisions (PSP) of HTS heading 9802, by commodity groups, 2001

(1,000 dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Transportation equipment—*Continued*			
Rail locomotive and rolling stock	352	0	0
Automobiles, trucks, buses, and bodies and chassis of the foregoing	6	0	0
Aircraft, spacecraft, and related equipment, except engines	1,120	0	0
Ships, tugs, pleasure boats, and similar vessels	4,358	0	0
Miscellaneous vehicles and transportation-related equipment	30	0	0
Motorcycles, mopeds, and parts	91	0	0
Total	59,834	7,273	4,941
Electronic products:			
Office machines	22	0	0
Telephone and telegraph apparatus	24,605	45	26
Optical fibers, optical fiber bundles and cables	1,535	0	0
Microphones, loudspeakers, audio amplifiers, and combinations thereof	1,406	170	151
Unrecorded magnetic tapes, discs, and other media	86	0	0
Records, tapes, compact discs, computer software, and other recorded media	291	0	0
Radio navigational aid, radar, and remote control apparatus	2,664	2,602	2,109
Television receivers, video monitors, and combinations including television receivers	4,186	14	12
Television picture tubes and other cathode-ray tubes	0	0	0
Television apparatus (except receivers and monitors), including cameras camcorders and cable apparatus	4,799	2,035	479
Electric sound and visual signaling apparatus	34,090	41	32
Special-purpose tubes	2	0	0
Electrical and electronic articles, apparatus, and parts not elsewhere provided for	233,686	162,836	116,060
Electrical capacitors and resistors	85,510	5,262	3,017
Semiconductor devices	334,684	186,773	96,770
Computer hardware	111,868	1,351	797
Photographic cameras and equipment	412	6	3
Photographic supplies	111	0	0
Medical goods	648,648	208,286	102,766
Optical goods	4,412	3,359	2,571
Drawing and mathematical calculating and measuring instruments	181	0	0
Watches	810	67	42
Measuring, testing, controlling and analyzing instruments	16,303	9,079	4,133
Total	1,510,310	581,927	328,968
Seats, wiring, and pumps for vehicles:			
Seats for motor vehicles and aircraft	85	7	6
Wiring harnesses for motor vehicles	46,247	43,379	15,392
Pumps for motor vehicles	522	0	0
Total	46,855	43,386	15,399
Special provisions:	652,148	0	0
Grand total	20,678,868	6,551,677	4,058,378

Note.–Calculations based on unrounded data.

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

Table B-16
U.S. imports for consumption under HTS heading 9802.00.60, by country and commodity, 2001

(*1,000 dollars*)

Monitoring group	Mexico	France	Germany	Canada	Spain	All other	Total
Aircraft engines and gas turbines	43,406	72,773	0	102	0	358	116,640
Other metal products	987	0	20,175	5,752	0	3,822	30,735
Rail locomotive and rolling stock	0	0	0	0	30,305	0	30,305
Certain motor-vehicle parts	22,678	0	6	247	0	1,700	24,631
Internal combustion piston engines, other than for aircraft	0	0	21,682	49	0	0	21,730
All other	14,972	555	742	26,076	0	7,358	49,703
Total	82,043	73,328	42,605	32,225	30,305	13,238	273,744

Note.–Calculations based on unrounded data.

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

Table B-17
Mexico: U.S. imports for consumption under HTS heading 9802.00.90, by commodity, 2000 and 2001

(1,000 dollars)

Monitoring group	2000	2001
Textiles, apparel, and footwear:		
Textiles and textile products (except apparel)	35,440	28,299
Apparel	3,111,751	2,243,159
Footwear and parts	108	1
Miscellaneous manufactures:		
Luggage, handbags and flat goods	70,450	26,268
Other miscellaneous manufactured articles	0	2
Total	3,217,749	2,297,730

Note:–Calculations based on unrounded data.

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

Table B-18
Duty savings from use of the production-sharing provisions of HTS heading 9802, by monitoring group, 2001

Monitoring group	Total value	U.S. content	Percent dutiable	Nominal rate[1]	Effective rate[2]	Duty savings
	1,000 dollars		*Percent*			*1,000 dollars*
Agricultural products	4,200	1,417	66	4	3	58
Forest products	59,139	33,458	43	2	1	695
Fabricated plastic and rubber products	167,989	86,988	48	4	2	3,691
Other energy and chemical products	29,483	13,684	54	([3])	([3])	46
Textiles and textile products (except apparel)	357,167	202,127	43	5	2	10,277
Apparel	10,334,711	5,999,445	42	19	8	1,136,356
Footwear and parts	1,473,581	190,510	87	14	12	34,750
Steel mill products	15,400	11,604	25	2	([3])	206
Copper and related products	6,373	1,060	83	1	1	9
Aluminum mill products	1,659	1,116	33	3	1	35
Builders' hardware	90,052	57,043	37	5	2	2,545
Other metal products	378,866	181,494	52	4	2	7,725
Luggage, handbags and flat goods	82,046	36,759	55	17	10	5,914
Jewelry	55,726	30,594	45	5	2	1,929
Furniture	8,568	2,672	69	0	0	0
Lamps and lighting fixtures	22,990	11,122	52	6	3	654
Other miscellaneous manufactured articles	181,428	45,035	75	6	5	2,218
Air conditioning equipment	120,157	82,433	31	2	1	1,666
Household appliances, including commercial applications	328,810	179,001	46	2	1	2,271
Centrifuges, filtering and purifying equipment, and pumps for liquids	41,991	29,480	30	0	0	0
Semiconductor equipment, robots, and other equipment	2,177	1,120	49	0	0	0
Taps, cocks, valves, and similar devices	218,442	152,341	30	2	1	3,118
Electric motors generators and related equipment	675,374	214,265	68	3	2	7,357
Electrical transformers static converters and inductors	308,367	116,471	62	2	1	2,994
Powered handtools and parts thereof	129,403	56,164	57	1	([3])	94
Flashlights and other similar electric lights light bulbs and fluorescent tubes; arc lights	101,917	64,253	37	2	1	1,434
Nonautomotive insulated electrical wire and related products	286,046	167,595	41	2	1	3,909
Miscellaneous machinery and equipment	727,098	201,096	72	2	2	3,939
Aircraft engines and gas turbines	531,197	378,204	29	2	1	8,687
Motors and engines, except internal combustion, aircraft, or electric	4,915	2,722	45	0	0	0
Internal combustion piston engines, other than for aircraft	644,576	45,574	93	2	2	954
Construction and mining equipment	48,313	6,360	87	0	0	0
Ball and rollers bearings	22,901	10,452	54	7	3	890
Certain motor-vehicle parts	1,405,132	606,081	57	2	1	15,150
Primary cells and batteries and electric storage batteries	273,458	59,570	78	3	2	1,583

See note(s) at end of table.

Table B-18—*Continued*
Duty savings from use of the production-sharing provisions of HTS heading 9802, by monitoring group, 2001

Monitoring group	Total value	U.S. content	Percent dutiable	Nominal rate[1]	Effective rate[2]	Duty savings
	1,000 dollars		*Percent*			*1,000 dollars*
Ignition starting, lighting, and other electrical equipment	123,649	63,315	49	2	1	1,506
Rail locomotive and rolling stock	94,766	12,069	87	3	3	356
Automobiles, trucks, buses, and bodies and chassis of the foregoing	34,990,185	909,341	97	3	2	28,879
Aircraft, spacecraft, and related equipment, except engines	113,104	38,413	66	0	0	0
Ships, tugs, pleasure boats, and similar vessels	324,222	63,143	81	1	1	945
Miscellaneous vehicles and transportation-related equipment	15,185	4,503	70	([3])	([3])	8
Motorcycles, mopeds, and parts	1,293	802	38	0	0	0
Office machines	60,713	19,394	68	2	1	301
Telephone and telegraph apparatus	361,864	176,545	51	([3])	([3])	([4])
Optical fibers, optical fiber bundles and cables	40,216	15,656	61	1	([3])	377
Microphones, loudspeakers, audio amplifiers, and combinations thereof	269,816	75,910	72	4	3	3,581
Unrecorded magnetic tapes, discs, and other media	19,623	2,670	86	0	0	0
Records, tapes, compact discs, computer software, and other recorded media	107	24	78	0	0	0
Radio navigational aid, radar, and remote control apparatus	31,579	10,651	66	2	2	166
Television receivers, video monitors, and combinations including television receivers	695,090	155,328	78	4	3	7,036
Television picture tubes and other cathode-ray tubes	98,510	54,538	45	8	2	5,680
Television apparatus (except receivers and monitors), including cameras camcorders and cable apparatus	49,273	27,030	45	2	1	555
Electric sound and visual signaling apparatus	43,258	9,381	78	1	1	109
Special-purpose tubes	3	([4])	97	4	4	([4])
Electrical and electronic articles, apparatus, and parts not elsewhere provided for	1,389,869	707,973	49	2	1	14,817
Electrical capacitors and resistors	79,802	34,388	57	([3])	([3])	17
Semiconductor devices	2,776,279	1,466,819	47	0	0	0
Computer hardware	874,928	77,883	91	0	0	0
Photographic cameras and equipment	4,385	728	83	([3])	([3])	1
Photographic supplies	54,109	26,930	50	4	2	996
Medical goods	693,997	326,272	53	([3])	([3])	20
Optical goods	18,693	7,202	61	3	2	245
Drawing and mathematical calculating and measuring instruments	474	243	49	4	2	10

See note(s) at end of table.

Table B-18—*Continued*
Duty savings from use of the production-sharing provisions of HTS heading 9802, by monitoring group, 2001

Monitoring group	Total value	U.S. content	Percent dutiable	Nominal rate[1]	Effective rate[2]	Duty savings
	1,000 dollars		*Percent*			*1,000 dollars*
Watches	73,505	32,742	55	10	5	3,614
Measuring, testing, controlling and analyzing instruments	493,834	285,025	42	1	1	3,977
Seats for motor vehicles and aircraft	26,996	18,284	32	0	0	0
Wiring harnesses for motor vehicles	729,203	245,683	66	5	3	12,284
Pumps for motor vehicles	20,900	4,448	79	3	2	111
Special Provisions	97	64	34	0	0	0
Total	63,709,180	14,152,706	78	5	3	1,346,743

[1] Trade-weighted average rate of duty applicable to the products imported under HTS 9802.00.80 for each monitoring group. This is the rate that is applied to the dutiable portion of such imports.
[2] Trade-weighted average rate of duty after accounting for the duty-free U.S.-origin content of imports under provision 9802.00.80.
[3] Less than 0.5 percent.
[4] Less than $500.

Note.–Calculations based on unrounded data.

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

Table B-19
U.S. imports under the production-sharing provisions of HTS heading 9802 for all countries, by North American Industrial Classification (NAIC) code, 2000 and 2001

(*Million dollars*)

NAIC code	Description	2000 Total	2000 U.S. content	2001 Total	2001 U.S. content
11199	All other agricultural products	1	1	(1)	(1)
11251	Farmed fish & related products	0	0	(1)	(1)
11411	Fish, fresh/chilled/frozen & other marine products	0	0	1	(1)
21232	Sand/gravel/clay/refractory minerals	(1)	(1)	(1)	(1)
31134	Nonchocolate confectionery products	(1)	(1)	(1)	(1)
31142	Fruits & vegetables	(1)	(1)	2	(1)
31171	Seafood prods, prepared, canned & packaged	0	0	(1)	(1)
31182	Flour mixes, dough & pasta	(1)	(1)	0	0
31192	Coffee & tea	(1)	(1)	(1)	(1)
31199	Other foods, nesoi	(1)	(1)	0	0
31311	Fibers, yarns & threads	(1)	(1)	(1)	(1)
31321	Broadwoven fabrics	1	(1)	1	(1)
31322	Narrow fabrics	6	3	3	1
31323	Nonwoven fabrics	(1)	(1)	(1)	(1)
31324	Knit fabrics & lace	2	1	1	(1)
31331	Textile & fabric finishing mill products	(1)	(1)	(1)	(1)
31332	Coated fabrics	48	17	55	19
31411	Carpets & rugs	1	1	1	1
31412	Curtains & linens	51	33	50	32
31491	Textile bags & canvas	22	7	28	7
31499	All other textile products	109	65	100	60
31511	Hosiery & socks	425	376	402	353
31522	Men s/boys apparel	6,483	3,905	4,977	2,972
31523	Women s/girls apparel	5,609	2,964	4,522	2,387
31529	Other apparel	256	149	173	85
31599	Apparel accessories	312	232	267	207
31611	Leather & hide tanning	87	9	(1)	(1)
31621	Footwear	991	132	1,408	144
31699	Other leather products	162	107	139	82
32111	Sawmill & wood products	(1)	(1)	0	0
32121	Veneer, plywood & engineered wood products	(1)	(1)	(1)	(1)
32191	Millwork	(1)	(1)	1	(1)
32192	Wood containers & pallets	(1)	(1)	(1)	(1)
32199	All other wood products	1	1	(1)	(1)
32212	Paper mill products	(1)	(1)	0	0
32221	Paperboard containers	5	4	1	1
32222	Paper bags & coated & treated paper	10	4	10	4
32223	Stationery products	(1)	(1)	0	0
32229	Other converted paper products	23	13	32	17
32311	Print and stationery articles	73	38	11	6
32513	Synthetic dyes & pigments	0	0	(1)	(1)
32518	Other basic inorganic chemicals	(1)	(1)	(1)	(1)
32519	Other basic organic chemicals	4	3	(1)	(1)
32521	Resin & synthetic rubbers	(1)	(1)	(1)	(1)
32522	Artificial & synthetic fibers & filaments	0	0	(1)	(1)
32541	Pharmaceuticals & medicines	(1)	(1)	(1)	(1)
32551	Paints & coatings	0	0	(1)	(1)
32561	Soaps & cleaning compounds	1	(1)	1	(1)
32562	Perfumes, makeups & other toiletries	35	11	13	4
32591	Printing inks	(1)	(1)	0	0
32592	Explosives & accessories	8	4	9	6
32599	All other chemical products & preparations	79	39	54	27
32611	Plastics, films, sheets & bags	2	1	1	1
32612	Plastics pipes, pipe fittings & profile shapes	9	7	3	1
32616	Plastics bottles	12	3	15	3
32619	Other plastics products	100	55	104	54
32622	Rubber & plastics hoses & belting	24	17	22	19
32629	Other rubber products	14	4	13	3
32711	Pottery, ceramics & plumbing fixtures	78	12	93	14
32721	Glass & glass products	38	18	46	22
32791	Abrasive products	7	2	3	1
32799	All other nonmetallic mineral products	2	1	4	3
33111	Iron & steel & ferroalloy	19	11	18	14
33122	Rolling & drawing of purchased steel	5	1	1	(1)
33131	Alumina & aluminum & processing	10	8	2	1

See note(s) at end of table.

Table B-19—*Continued*
U.S. imports under the production-sharing provisions of HTS heading 9802 for all countries, by North American Industrial Classification (NAIC) code, 2000 and 2001

(*Million dollars*)

NAIC code	Description	2000 Total	2000 U.S. content	2001 Total	2001 U.S. content
33141	Nonferrous (exc aluminum) smelting & refining	1	1	(1)	(1)
33142	Copper rolling/drawing/extruding & alloying	1	(1)	(1)	(1)
33149	Other nonferrous roll/draw/extruding/alloying	56	44	25	11
33151	Ferrous metal foundries	1	1	2	1
33221	Cutlery & handtools	19	12	21	12
33231	Plate work & fabricated structural products	30	11	22	11
33232	Ornamental & architectural metal products	12	6	9	4
33241	Power boilers & heat exchangers	14	8	1	1
33242	Metal tanks (heavy gauge)	3	2	2	1
33243	Light gauge metal containers	2	1	0	0
33251	Hardware	180	137	153	108
33261	Springs & wire products	4	3	2	2
33272	Bolts/nuts/scrws/rivts/washrs & other turned prods	4	2	8	3
33291	Metal valves	285	213	222	154
33299	Other fabricated metal products	103	59	79	44
33311	Agricultural implements	73	45	65	45
33312	Construction machinery	255	66	241	74
33313	Mining & oil & gas field machinery	22	8	15	4
33321	Sawmill & woodworking machinery	1	(1)	12	3
33322	Plastics & rubber industry machinery	2	(1)	(1)	(1)
33329	Other industrial machinery	19	3	15	3
33331	Commercial & service industry machinery	211	57	81	26
33341	Hvac & commercial refrigeration equipment	86	46	67	35
33351	Metalworking machinery	195	43	146	37
33361	Engines, turbines & power transmsn equip	354	155	791	437
33391	Pumps & compressors	91	64	66	53
33392	Material handling equipment	31	8	28	9
33399	Other general purpose machinery	178	48	135	55
33411	Computer equipment	689	92	776	38
33421	Telephone apparatus	524	334	210	131
33422	Radio/tv broadcast & wireless communication equip	166	54	42	23
33429	Other communications equipment	79	3	59	2
33431	Audio & video equipment	1,271	409	906	227
33441	Semiconductors & other electronic components	8,836	4,637	3,969	1,982
33451	Navigational/measuring/medical/control instruments	751	371	630	344
33461	Magnetic & optical media	21	3	20	3
33511	Electric lamp bulbs & parts	126	91	102	64
33512	Lighting fixtures	92	60	23	11
33521	Small electrical appliances	316	177	237	137
33522	Major appliances	182	55	191	56
33531	Electrical equipment	1,687	799	1,324	545
33591	Batteries	531	108	264	54
33592	Communication & energy wires & cables	534	325	320	177
33593	Wiring devices	336	189	293	148
33599	Electrical equipment & components, nesoi	115	54	97	35
33611	Autos & light duty motor vehicles, incl chassis	31,064	680	34,359	711
33612	Heavy duty trucks & chassis	1,425	644	627	192
33621	Motor vehicle bodies & trailers	2	(1)	2	(1)
33631	Motor vehicle gasoline engines & engine parts	577	25	577	19
33632	Motor vehicle electrical & electronic equipment	1,081	471	850	307
33633	Motor vehicle steering & suspension parts	4	3	3	2
33634	Motor vehicle brake systems	63	42	35	24
33635	Motor vehicle transmission & power train parts	593	15	539	21
33636	Motor vehicle seating & interior trim	688	403	420	315
33637	Motor vehicle metal stampings	(1)	(1)	0	0
33639	Motor vehicle parts, nesoi	780	581	480	286
33641	Aerospace products & parts	95	31	121	42
33651	Railroad rolling stock	84	12	93	11

See note(s) at end of table.

Table B-19
U.S. imports under the production-sharing provisions of HTS heading 9802 for all countries, by North American Industrial Classification (NAIC) code, 2000 and 2001

(*Million dollars*)

NAIC code	Description	2000 Total	2000 U.S. content	2001 Total	2001 U.S. content
33661	Ships & boats	251	48	324	63
33699	Transportation equipment, nesoi	91	12	59	9
33712	Household & institutional furniture	3	1	10	3
33721	Office furniture (including fixtures)	4	3	(1)	(1)
33791	Mattresses	(1)	(1)	0	0
33792	Blinds & shades	23	15	47	31
33911	Medical equipment & supplies	695	395	702	365
33991	Jewelry & silverware	39	24	56	31
33992	Sporting & athletic goods	57	15	53	12
33993	Dolls, toys & games	13	4	11	2
33994	Office supplies (except paper)	9	7	3	2
33995	Signs	(1)	(1)	(1)	(1)
33999	Other manufactured commodities	101	42	79	37
91000	Waste and scrap	(1)	(1)	1	1
98000	Goods ret to ca (exp); us goods ret & reimps (imp)	0	0	(1)	(1)
99000	Special classification provisions, nesoi	(1)	(1)	(1)	(1)
	Total	71,354	20,539	63,709	14,153

[1]Less than $500,000.

Note.–Calculations based on unrounded data.

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

APPENDIX C
Selected Statistical Tables (C-1 to C-7) for Trade Under Mexico's Production-Sharing Provisions (Temporary Import Programs)

Table C-1
Mexico's exports to the United States[1] under Temporary Import Programs (TIP) (Maquiladora and Program for Temporary Importation to Manufacture Exported Products (PITEX), by leading product sectors, 1998-2001

Products sectors (HS range)	Exports under TIP				Total exports to the U.S. in 2001	TIP share of total exports to the U.S.
	1998	1999	2000	2001		
	Million dollars					*Percent*
Motor vehicles[2]	13,607	15,798	19,344	19,427	19,442	100
Certain motor-vehicle parts[3]	8,851	10,611	11,933	11,791	12,135	97
Apparel and other textile articles (61-63,65)	6,605	7,843	8,648	7,958	8,236	97
Color television receivers and parts (8528.12, 8529.90, 8540.11, 8504.91)	6,316	6,892	7,859	7,751	7,757	100
Radio transmission and reception apparatus (8525, 8527, and 8529 (pt))	3,929	5,324	7,749	7,724	7,788	99
Computers and components (8471)	3,769	5,701	7,186	8,679	8,783	99
Electrical circuit apparatus (8534, 8535, 8536, 8537, 8538)	2,786	3,358	4,898	4,234	4,340	98
Measuring, testing, and controlling instruments (9024, 9025, 9027, 9028, 9029, 9030, 9031, 9032, 9033 (pt))	1,080	1,314	1,588	1,833	1,875	98
Major household appliances (8418, 8422.11, 8422.19, 8450, 8451)	364	434	454	768	802	96
All other	41,644	47,749	57,134	51,129	69,215	74
Total	88,951	105,024	126,794	121,294	140,373	86

[1] Official Mexican statistics on Mexico's exports to the United States in 1998 were valued 10 percent larger than official U.S. statistics on U.S. imports from Mexico. Much of the difference in the reported trade levels can be attributed to maquiladora shipments to U.S. distribution centers that are later re-exported to global markets. Significant discrepancies between U.S. and Mexican data on an individual product basis can be caused by differences in classification.

[2] Covers HS numbers 8701.20, 8702, 8703.22 to 8703.90, 8704.21 to 8704.90, 8706.00.03, 8706.00.05, 8706.00.15.20, 8707.10.00.20, 8707.90.50.20, 8707.90.50.40, and 8707.90.50.60.

[3] The products covered in the "certain motor-vehicle parts" sector include body stampings, engines and parts, bumpers, brakes and parts, gear boxes, axles, wheels, shock absorbers, radiators, exhaust systems, clutches, steering wheels, wiring harnesses, car seats and parts, and miscellaneous parts and accessories; these products include HS numbers 8407, 8408, 8409, 8544.30, 8708, 9401.20. In the tables in app. B, however, the category "certain motor-vehicle parts" does not include engines, wiring harnesses, or seats and parts.

Source: Compiled from "World Trade Atlas: Mexico Edition, December 2001," which used data provided by INEGI, the statistical agency of the Government of Mexico.

Table C-2
Mexico's imports (Maquiladora Program, Program for Temporary Importation to Manufacture Exported Products (PITEX), and other), from the United States in 2001

(*Million U.S. dollars*)

HS no.	HS categories	Mexico's imports from the United States: Maqui-ladora	PITEX	Other	Total	U.S. exports to Mexico: General
01	Live animals	0	0	158	158	146
02	Meat and edible offal	3	59	1,444	1,506	1,203
03	Fish and seafood	1	0	25	26	49
04	Dairy produce; eggs; honey; edible animal products	1	10	281	292	220
05	Other products of animal origin	6	1	90	97	194
06	Live trees & plants; cut flowers & ornamental foliage	3	0	28	31	25
07	Edible vegetables and certain roots and tubers	2	4	163	169	137
08	Edible fruit and nuts; peel of citrus fruit or melons	8	1	370	379	279
09	Coffee, tea, mate, and spices	0	1	16	17	18
10	Cereals	0	2	1,552	1,554	1,525
11	Milling products; malt; starches; inulin; wheat gluten	1	10	179	190	143
12	Oil seeds & oleaginous fruits; misc. grains, seeds, & fruits; industrial or medicinal plants; straw & fodder	1	1	1,006	1,008	946
13	Lac; gums; resins & other vegetable saps & extracts	1	2	31	34	39
14	Vegetable plaiting materials & veg. products, nesoi	0	0	1	1	1
15	Animal or vegetable fats, oils, & waxes; edible fats	1	4	278	283	274
16	Edible preparations of meat, fish, or seafood	0	0	133	133	90
17	Sugars and sugar confectionery	25	5	126	156	91
18	Cocoa and cocoa preparations	2	4	92	98	263
19	Preparations of cereals, flour, starch, or milk	1	1	178	180	116
20	Preparations of vegetables, fruit, nuts, parts of plants	5	1	200	206	140
21	Miscellaneous edible preparations	7	5	492	504	411
22	Beverages, spirits, and vinegar	1	2	140	143	164
23	Residues, waste of the food industries; animal feed	0	1	358	359	499
24	Tobacco and manufactured tobacco substitutes	0	0	3	3	11
25	Salt; sulfur; earths & stone; plaster, lime, and cement	28	33	115	176	127
26	Ores, slag and ash	2	35	19	56	107
27	Mineral fuels, oils, waxes; bituminous substances	37	188	3,752	3,977	3,295
28	Inorganic chemicals; compounds of precious metals, rare-earth metals, or radioactive elements or isotopes	35	247	336	618	475
29	Organic chemicals	53	557	1,351	1,961	1,861
30	Pharmaceutical products	69	18	288	375	354
31	Fertilizers	0	1	153	154	161
32	Tanning or dyeing extracts; tannins; dyes, pigments, other coloring matter; paints & varnishes; putty; inks	180	69	416	665	528
33	Essential oils; perfume; cosmetic/ toilet preparations	14	9	337	360	418
34	Soap; lubricating products; waxes; polishing/scouring products; candles; modeling pastes; dental plaster	36	14	226	276	208
35	Albumoidal substances; starches; glues; enzymes	58	33	133	224	182
36	Explosives; fireworks; matches; combustible prep	34	0	10	44	31
37	Photographic or cinematographic goods	27	172	252	451	455
38	Miscellaneous chemical products	283	137	766	1,186	735
39	Plastics and articles thereof	4,727	1,007	2,774	8,508	6,625

Table C-2—*Continued*
Mexico's imports (Maquiladora Program, Program for Temporary Importation to Manufacture Exported Products (PITEX), and other), from the United States in 2001

(*Million U.S. dollars*)

HS no.	HS categories	Mexico's imports from the United States: Maqui-ladora	PITEX	Other	Total	U.S. exports to Mexico: General
41	Raw hides and skins (other than furskins) and leather	284	87	178	549	361
42	Leather articles; saddlery; travel goods; handbags	159	32	20	211	73
43	Furskins and artificial fur; manufactures thereof	1	0	1	2	4
44	Wood and articles of wood; wood charcoal	234	57	208	499	404
45	Cork and articles of cork	2	0	2	4	3
46	Manufactures of straw; basketware and wickerwork	0	0	1	1	3
47	Wood pulp; waste and scrap paper and paperboard	0	17	429	446	401
48	Paper & paperboard; articles of pulp, paper, paperbd	1,269	370	1,197	2,836	2,324
49	Printed products, including books, newspapers, plans	164	18	261	443	333
50	Silk, including yarns and woven fabrics thereof	2	0	1	3	4
51	Wool & animal hair, yarns & woven fabrics thereof	18	30	5	53	30
52	Cotton, including yarns and woven fabrics thereof	580	170	584	1,334	1,227
53	Other vegetable textile fibers; yarns and fabrics of such vegetable fibers and paper	1	0	2	3	4
54	Manmade filaments, including yarns & woven fabrics	458	101	178	737	757
55	Manmade staple fibers, incl. yarns & woven fabrics	270	101	156	527	318
56	Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	246	55	72	373	257
57	Carpets and other textile floor coverings	45	64	42	151	94
58	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	409	75	29	513	280
59	Impregnated, coated, covered or laminated textile fabrics; textile articles suitable for industrial use	401	52	74	527	430
60	Knitted or crocheted fabrics	220	108	67	395	356
61	Knitted or crocheted apparel	1,226	207	139	1,572	1,184
62	Woven apparel	764	160	131	1,055	797
63	Other textile articles; needlecraft; used clothing	105	10	60	175	127
64	Footwear and parts	67	1	9	77	129
65	Headgear and parts	19	1	8	28	13
66	Umbrellas, walking sticks, whips, and riding crops	0	0	3	3	4
67	Articles of feathers and down; artificial flowers; articles of human hair	1	0	3	4	9
68	Articles of stone, plaster, cement, asbestos, or mica	64	17	110	191	139
69	Ceramic products	52	32	55	139	164
70	Glass and glassware	250	160	192	602	457
71	Natural or cultured pearls; precious or semiprecious stones; precious-metal and imitation jewelry; coin	198	17	337	552	507
72	Iron and steel	470	441	591	1,502	1,203
73	Articles of iron or steel	2,219	540	667	3,426	1,952
74	Copper and articles thereof	719	161	98	978	551
75	Nickel and articles thereof	25	35	9	69	63
76	Aluminum and articles thereof	754	150	581	1,485	1,017
78	Lead and articles thereof	14	9	4	27	25

Table C-2—*Continued*
Mexico's imports (Maquiladora Program, Program for Temporary Importation to Manufacture Exported Products (PITEX), and other), from the United States in 2001

(*Million U.S. dollars*)

HS no.	HS categories	Mexico's imports from the United States: Maquiladora	PITEX	Other	Total	U.S. exports to Mexico: General
80	Tin and articles thereof	10	4	11	25	15
81	Other articles of base metals; cermets & articles of	262	10	13	285	62
82	Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	63	24	413	500	325
83	Miscellaneous articles of base metal	646	335	186	1,167	841
84	Machinery and mechanical appliances, including nuclear reactors, boilers, computer hardware, & parts	3,312	3,865	8,943	16,120	14,610
85	Electrical machinery & equipment; sound recorders & reproducers; television equip.; parts & accessories	20,492	2,697	5,228	28,417	24,855
86	Railway locomotives, rolling stock, track fixtures and parts; traffic signaling equipment	73	106	52	231	243
87	Other vehicles, incl. automobiles, trucks, buses, parts	962	5,250	5,468	11,680	11,049
88	Aircraft, spacecraft, and parts thereof	7	8	130	145	691
89	Ships, boats and floating structures	0	1	35	36	37
90	Optical, photographic, cinematographic, measuring, checking, precision, or medical instruments, & parts	1,090	688	1,403	3,181	3,208
91	Clocks and watches and parts thereof	20	0	21	41	71
92	Musical instruments; parts and accessories thereof	12	1	9	22	21
93	Arms and ammunition; parts and accessories thereof	0	1	9	10	4
94	Furniture; bedding, mattresses, & cushions; lamps & lighting fittings; illuminated signs; prefab buildings	322	368	407	1,097	1,134
95	Toys, games & sports equip.; parts & accessories	100	33	128	261	316
96	Miscellaneous manufactured articles	168	25	99	292	183
97	Works of art, collectors' pieces and antiques	0	0	4	4	13
	Total	45,510	19,747	48,118	113,375	97,505
	Other	93	23	158	274	4,009
	Grand total	45,603	19,770	48,276	113,649	101,509

Source: Compiled from "World Trade Atlas: Mexico Edition, December 2001, " which used data provided by INEGI, the statistical agency of the Government of Mexico.

Table C-3
Mexico's imports (Maquiladora Program, Program for Temporary Importation to Manufacture Exported Products (PITEX), and other), from all countries except the United States in 2001

(*Million U.S. dollars*)

HS no.	HS categories	Maqui-ladora	PITEX	Other	Total
01	Live animals	0	1	59	60
02	Meat and edible offal	1	8	367	376
03	Fish and seafood	1	1	70	72
04	Dairy produce; eggs; honey; edible animal products	3	18	497	518
05	Other products of animal origin	1	1	17	19
06	Live trees & plants; cut flowers & ornamental foliage	1	0	15	16
07	Edible vegetables and certain roots and tubers	0	2	33	35
08	Edible fruit and nuts; peel of citrus fruit or melons	0	7	131	138
09	Coffee, tea, mate and spices	0	7	63	70
10	Cereals	0	1	173	174
11	Milling products; malt; starches; inulin; wheat gluten	1	0	34	35
12	Oil seeds & oleaginous fruits; misc. grains, seeds, & fruits; industrial or medicinal plants; straw & fodder	0	0	348	348
13	Lac; gums; resins & other vegetable saps & extracts	0	12	34	46
14	Vegetable plaiting materials & veg. products, nesoi	1	11	12	24
15	Animal or vegetable fats, oils, & waxes; edible fats	1	1	107	109
16	Edible preparations of meat, fish, or seafood	0	0	29	29
17	Sugars and sugar confectionery	0	0	41	41
18	Cocoa and cocoa preparations	0	0	69	69
19	Preparations of cereals, flour, starch, or milk	0	1	153	154
20	Preparations of vegetables, fruit, nuts, parts of plants	0	1	79	80
21	Miscellaneous edible preparations	0	7	58	65
22	Beverages, spirits, and vinegar	0	2	193	195
23	Residues, waste of the food industries; animal feed	0	0	45	45
24	Tobacco and manufactured tobacco substitutes	0	1	34	35
25	Salt; sulfur; earths & stone; plaster, lime, and cement	1	58	47	106
26	Ores, slag and ash	1	193	73	267
27	Mineral fuels, oils, waxes; bituminous substances	3	98	1,230	1,331
28	Inorganic chemicals; compounds of precious metals, rare-earth metals, or radioactive elements or isotopes	24	49	114	187
29	Organic chemicals	3	289	1,327	1,619
30	Pharmaceutical products	1	14	858	873
31	Fertilizers	0	3	242	245
32	Tanning or dyeing extracts; tannins; dyes, pigments, other coloring matter; paints & varnishes; putty; inks	28	18	243	289
33	Essential oils; perfume; cosmetic/ toilet preparations	1	6	357	364
34	Soap; lubricating products; waxes; polishing/scouring products; candles; modeling pastes; dental plaster	2	5	72	79
35	Albumoidal substances; starches; glues; enzymes	13	5	121	139
36	Explosives; fireworks; matches; combustible prep	14	2	12	28
37	Photographic or cinematographic goods	21	29	91	141
38	Miscellaneous chemical products	12	35	411	458
39	Plastics and articles thereof	398	172	848	1,418
40	Rubber and articles thereof	56	124	483	663
41	Raw hides and skins (other than furskins) and leather	139	56	66	261
42	Leather articles; saddlery; travel goods; handbags	31	3	137	171
43	Furskins and artificial fur; manufactures thereof	1	0	2	3
44	Wood and articles of wood; wood charcoal	24	33	277	334

Table C-3—*Continued*
Mexico's imports (Maquiladora Program, Program for Temporary Importation to Manufacture Exported Products (PITEX), and other), from all countries except the United States in 2001

(*Million U.S. dollars*)

HS no.	HS categories	Maqui-ladora	PITEX	Other	Total
45	Cork and articles of cork	0	1	5	6
46	Manufactures of straw; basketware and wickerwork	0	0	3	3
47	Wood pulp; waste and scrap paper and paperboard	0	1	58	59
48	Paper & paperboard; articles of pulp, paper, paperbd	69	16	426	511
49	Printed products, including books, newspapers, plans	21	2	292	315
50	Silk, including yarns and woven fabrics thereof	1	1	6	8
51	Wool & animal hair, yarns & woven fabrics thereof	7	40	49	96
52	Cotton, including yarns and woven fabrics thereof	57	50	71	178
53	Other vegetable textile fibers; yarns and fabrics of such vegetable fibers and paper	1	5	6	12
54	Manmade filaments, including yarns & woven fabrics	73	189	144	406
55	Manmade staple fibers, incl. yarns & woven fabrics	27	68	86	181
56	Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	6	8	34	48
57	Carpets and other textile floor coverings	0	3	16	19
58	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	19	16	29	64
59	Impregnated, coated, covered or laminated textile fabrics; textile articles suitable for industrial use	10	15	55	80
60	Knitted or crocheted fabrics	50	60	51	161
61	Knitted or crocheted apparel	27	20	256	303
62	Woven apparel	38	27	328	393
63	Other textile articles; needlecraft; used clothing	10	3	29	42
64	Footwear and parts	0	3	191	194
65	Headgear and parts	1	1	25	27
66	Umbrellas, walking sticks, whips, and riding crops	0	0	12	12
67	Articles of feathers and down; artificial flowers; articles of human hair	1	0	23	24
68	Articles of stone, plaster, cement, asbestos, or mica	5	9	60	74
69	Ceramic products	6	28	143	177
70	Glass and glassware	136	34	130	300
71	Natural or cultured pearls; precious or semiprecious stones; precious-metal and imitation jewelry; coin	65	5	213	283
72	Iron and steel	97	755	686	1,538
73	Articles of iron or steel	233	215	507	955
74	Copper and articles thereof	88	53	405	546
75	Nickel and articles thereof	13	3	16	32
76	Aluminum and articles thereof	41	136	251	428
78	Lead and articles thereof	3	1	10	14
79	Zinc and articles therof	3	0	8	11
80	Tin and articles thereof	2	0	3	5
81	Other articles of base metals; cermets & articles of	4	5	10	19
82	Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	5	13	291	309
83	Miscellaneous articles of base metal	44	126	142	312
84	Machinery and mechanical appliances, including nuclear reactors, boilers, computer hardware, & parts	1,725	2,709	6,779	11,213

Table C-3—*Continued*
Mexico's imports (Maquiladora Program, Program for Temporary Importation to Manufacture Exported Products (PITEX), and other), from all countries except the United States in 2001

(*Million U.S. dollars*)

HS no.	HS categories	Maqui-ladora	PITEX	Other	Total
85	Electrical machinery & equipment; sound recorders & reproducers; television equip.; parts & accessories	7,617	2,506	4,676	14,799
86	Railway locomotives, rolling stock, track fixtures and parts; traffic signaling equipment	37	3	12	52
87	Other vehicles, incl. automobiles, trucks, buses, parts	41	1,597	3,683	5,321
88	Aircraft, spacecraft, and parts thereof	0	8	56	64
89	Ships, boats and floating structures	0	9	17	26
90	Optical, photographic, cinematographic, measuring, checking, precision, or medical instruments, & parts	236	273	924	1,433
91	Clocks and watches and parts thereof	10	4	137	151
92	Musical instruments; parts and accessories thereof	1	0	40	41
93	Arms and ammunition; parts and accessories thereof	0	0	11	11
94	Furniture; bedding, mattresses, & cushions; lamps & lighting fittings; illuminated signs; prefab buildings	19	30	391	440
95	Toys, games & sports equip.; parts & accessories	48	7	395	450
96	Miscellaneous manufactured articles	15	5	140	160
97	Works of art, collectors' pieces and antiques	0	2	4	6
	Total	11,695	10,339	32,007	54,041
	Other	299	46	244	589
	Grand total	11,994	10,385	32,251	54,630

Source: Compiled from "World Trade Atlas: Mexico Edition, December 2001, " which used data provided by INEGI, the statistical agency of the Government of Mexico.

Table C-4
Total imports into Mexico under Temporary Import Programs (Maquiladora and Program for Temporary Importation to Manufacture Exported Products), by leading sources, 1998-2001

Source	1998	1999	2000	2001	Percentage of total in 2001
	Millions dollars				
United States	56,867	65,221	78,933	65,376	74
Japan	2,288	2,637	3,581	5,214	6
Korea, South	1,229	2,004	2,671	2,321	3
Taiwan	796	837	1,116	2,068	2
China	620	741	1,084	1,744	2
Malaysia	538	692	950	1,559	2
Canada	632	908	1,409	1,394	2
Singapore	287	317	341	812	1
Philippines	245	317	523	732	1
Thailand	263	239	344	416	0
All other	5,251	5,554	6,728	6,119	7
Total	69,016	79,467	97,680	87,755	100

[1] Less than 0.5 percent.

Source: Compiled from "World Trade Atlas: Mexico Edition, December 2001, " which used data provided by INEGI, the statistical agency of the Government of Mexico.

Table C-5
Mexico's exports (Maquiladora Program, Program for Temporary Importation to Manufacture Exported Products (PITEX), and other) to the United States in 2001

(*Million U. S. Dollars*)

HS no.	HS categories	Mexico's exports to the United States: Maquiladora	PITEX	Other	Total	U.S. imports from Mexico: General
01	Live animals	0	0	419	419	410
02	Meat and edible offal	0	47	152	199	16
03	Fish and seafood	15	265	247	527	457
04	Dairy produce; eggs; honey; edible animal products	0	3	8	11	13
05	Other products of animal origin	4	3	4	11	25
06	Live trees & plants; cut flowers & ornamental foliage	0	16	26	42	46
07	Edible vegetables and certain roots and tubers	50	1,183	1,034	2,267	1,790
08	Edible fruit and nuts; peel of citrus fruit or melons	0	316	383	699	735
09	Coffee, tea, mate and spices	0	51	116	167	182
10	Cereals	0	0	5	5	8
11	Milling products; malt; starches; inulin; wheat gluten	3	0	8	11	9
12	Oil seeds & oleaginous fruits; misc. grains, seeds, & fruits; industrial or medicinal plants; straw & fodder	0	4	41	45	28
13	Lac; gums; resins & other vegetable saps & extracts	0	8	9	17	23
14	Vegetable plaiting materials & veg. products, nesoi	0	1	15	16	24
15	Animal or vegetable fats, oils, & waxes; edible fats	2	1	24	27	27
16	Edible preparations of meat, fish, or seafood	12	25	38	75	48
17	Sugars and sugar confectionery	50	62	99	211	205
18	Cocoa and cocoa preparations	6	21	18	45	38
19	Preparations of cereals, flour, starch, or milk	13	46	120	179	181
20	Preparations of vegetables, fruit, nuts, parts of plants	37	54	153	244	286
21	Miscellaneous edible preparations	28	49	128	205	143
22	Beverages, spirits, and vinegar	38	912	434	1,384	1,396
23	Residues, waste of the food industries; animal feed	1	0	17	18	7
24	Tobacco and manufactured tobacco substitutes	0	9	17	26	15
25	Salt; sulfur; earths & stone; plaster, lime, and cement	0	6	178	184	165
26	Ores, slag and ash	0	27	26	53	35
27	Mineral fuels, oils, waxes; bituminous substances	0	386	9,176	9,562	10,213
28	Inorganic chemicals; compounds of precious metals, rare-earth metals, or radioactive elements or isotopes	35	114	78	227	236
29	Organic chemicals	5	161	124	290	313
30	Pharmaceutical products	118	26	39	183	108
31	Fertilizers	0	75	4	79	9
32	Tanning or dyeing extracts; tannins; dyes, pigments, other coloring matter; paints & varnishes; putty; inks	231	33	67	331	104
33	Essential oils; perfume; cosmetic/ toilet preparations	31	27	69	127	67
34	Soap; lubricating products; waxes; polishing/scouring products; candles; modeling pastes; dental plaster	17	46	232	295	238
35	Albumoidal substances; starches; glues; enzymes	2	2	13	17	12
36	Explosives; fireworks; matches; combustible prep	13	0	11	24	22
37	Photographic or cinematographic goods	11	230	6	247	208
38	Miscellaneous chemical products	61	70	72	203	220
39	Plastics and articles thereof	1,546	591	273	2,410	1,240

Table C-5—*Continued*
Mexico's exports (Maquiladora Program, Program for Temporary Importation to Manufacture Exported Products (PITEX), and other) to the United States in 2001

(*Million U.S. Dollars*)

HS no.	HS categories	Mexico's exports to the United States: Maqui-ladora	PITEX	Other	Total	U.S. imports from Mexico: General
40	Rubber and articles thereof	218	246	125	589	541
41	Raw hides and skins (other than furskins) and leather	134	43	34	211	68
42	Leather articles; saddlery; travel goods; handbags	135	48	24	207	166
43	Furskins and artificial fur; manufactures thereof	2	0	1	3	2
44	Wood and articles of wood; wood charcoal	188	88	100	376	314
45	Cork and articles of cork	2	0	3	5	1
46	Manufactures of straw; basketware and wickerwork	0	0	2	2	1
47	Wood pulp; waste and scrap paper and paperboard	24	1	3	28	4
48	Paper & paperboard; articles of pulp, paper, paperbd	396	177	203	776	520
49	Printed products, including books, newspapers, plans	156	6	40	202	159
50	Silk, including yarns and woven fabrics thereof	0	0	0	0	0
51	Wool & animal hair, yarns & woven fabrics thereof	18	12	19	49	45
52	Cotton, including yarns and woven fabrics thereof	60	54	92	206	170
53	Other vegetable textile fibers; yarns and fabrics of such vegetable fibers and paper	1	1	1	3	2
54	Manmade filaments, including yarns & woven fabrics	74	121	118	313	226
55	Manmade staple fibers, incl. yarns & woven fabrics	24	82	58	164	139
56	Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	40	60	26	126	132
57	Carpets and other textile floor coverings	13	8	7	28	15
58	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	74	3	19	96	39
59	Impregnated, coated, covered or laminated textile fabrics; textile articles suitable for industrial use	31	7	11	49	46
60	Knitted or crocheted fabrics	20	51	24	95	83
61	Knitted or crocheted apparel	2,117	840	84	3,041	3,356
62	Woven apparel	3,185	1,140	74	4,399	4,672
63	Other textile articles; needlecraft; used clothing	510	121	84	715	666
64	Footwear and parts	126	112	95	333	312
65	Headgear and parts	37	8	15	60	54
66	Umbrellas, walking sticks, whips, and riding crops	3	2	0	5	2
67	Articles of feathers and down; artificial flowers; articles of human hair	3	0	1	4	2
68	Articles of stone, plaster, cement, asbestos, or mica	161	45	153	359	286
69	Ceramic products	104	233	175	512	440
70	Glass and glassware	243	345	258	846	769
71	Natural or cultured pearls; precious or semiprecious stones; precious-metal and imitation jewelry; coin	267	100	307	674	489
72	Iron and steel	114	578	103	795	801
73	Articles of iron or steel	1,024	749	255	2,028	1,545
74	Copper and articles thereof	137	249	367	753	665
75	Nickel and articles thereof	5	3	0	8	6
76	Aluminum and articles thereof	265	80	94	439	319

Table C-5—*Continued*
Mexico's exports (Maquiladora Program, Program for Temporary Importation to Manufacture Exported Products (PITEX), and other) to the United States in 2001

(*Million U.S. dollars*)

HS no.	HS categories	Mexico's exports to the United States: Maquiladora	PITEX	Other	Total	U.S. imports from Mexico: General
78	Lead and articles thereof	0	6	1	7	8
79	Zinc and articles therof	11	100	40	151	177
80	Tin and articles thereof	0	1	1	2	2
81	Other articles of base metals; cermets & articles of	1	8	1	10	10
82	Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	558	126	24	708	239
83	Miscellaneous articles of base metal	1,001	206	76	1,283	814
84	Machinery and mechanical appliances, including nuclear reactors, boilers, computer hardware, & parts	12,226	7,858	705	20,789	18,217
85	Electrical machinery & equipment; sound recorders & reproducers; television equip.; parts & accessories	37,809	3,442	519	41,770	33,409
86	Railway locomotives, rolling stock, track fixtures and parts; traffic signaling equipment	336	163	16	515	274
87	Other vehicles, incl. automobiles, trucks, buses, parts	3,612	21,206	284	25,102	26,277
88	Aircraft, spacecraft, and parts thereof	39	258	66	363	53
89	Ships, boats and floating structures	2	3	3	8	1
90	Optical, photographic, cinematographic, measuring, checking, precision, or medical instruments, & parts	3,565	1,103	95	4,763	4,696
91	Clocks and watches and parts thereof	111	4	2	117	61
92	Musical instruments; parts and accessories thereof	73	0	1	74	67
93	Arms and ammunition; parts and accessories thereof	5	14	2	21	22
94	Furniture; bedding, mattresses, & cushions; lamps & lighting fittings; illuminated signs; prefab buildings	3,089	713	251	4,053	3,914
95	Toys, games & sports equip.; parts & accessories	520	80	19	619	779
96	Miscellaneous manufactured articles	250	73	44	367	285
97	Works of art, collectors' pieces and antiques	2	0	7	9	33
	Total	75,450	45,847	19,015	140,312	125,697
	Other	0	1	62	63	5,737
	Grand total	75,450	45,848	19,077	140,375	131,434

Source: Compiled from "World Trade Atlas: Mexico Edition, December 2001, " which used data provided by INEGI, the statistical agency of the Government of Mexico.

Table C-6
Mexico's exports (Maquiladora Program, Program for Temporary Importation to Manufacture Exported Products (PITEX), and other) to all countries except the United States in 2001

(Million U.S. dollars)

HS no.	HS categories	Maqui-ladora	PITEX	Other	Total
01	Live animals	0	0	1	1
02	Meat and edible offal	2	5	8	15
03	Fish and seafood	0	9	57	66
04	Dairy produce; eggs; honey; edible animal products	0	43	25	68
05	Other products of animal origin	0	0	1	1
06	Live trees & plants; cut flowers & ornamental foliage	0	1	9	10
07	Edible vegetables and certain roots and tubers	0	3	136	139
08	Edible fruit and nuts; peel of citrus fruit or melons	0	30	64	94
09	Coffee, tea, mate and spices	0	47	79	126
10	Cereals	0	0	77	77
11	Milling products; malt; starches; inulin; wheat gluten	0	1	15	16
12	Oil seeds & oleaginous fruits; misc. grains, seeds, & fruits; industrial or medicinal plants; straw & fodder	0	0	17	17
13	Lac; gums; resins & other vegetable saps & extracts	0	19	8	27
14	Vegetable plaiting materials & veg. products, nesoi	0	1	9	10
15	Animal or vegetable fats, oils, & waxes; edible fats	0	5	8	13
16	Edible preparations of meat, fish, or seafood	1	14	16	31
17	Sugars and sugar confectionery	1	31	32	64
18	Cocoa and cocoa preparations	0	4	3	7
19	Preparations of cereals, flour, starch, or milk	0	51	43	94
20	Preparations of vegetables, fruit, nuts, parts of plants	0	16	34	50
21	Miscellaneous edible preparations	2	43	103	148
22	Beverages, spirits, and vinegar	0	148	131	279
23	Residues, waste of the food industries; animal feed	0	0	16	16
24	Tobacco and manufactured tobacco substitutes	0	33	4	37
25	Salt; sulfur; earths & stone; plaster, lime, and cement	0	1	115	116
26	Ores, slag and ash	0	32	99	131
27	Mineral fuels, oils, waxes; bituminous substances	0	0	3,071	3,071
28	Inorganic chemicals; compounds of precious metals, rare-earth metals, or radioactive elements or isotopes	5	81	73	159
29	Organic chemicals	0	544	220	764
30	Pharmaceutical products	0	145	559	704
31	Fertilizers	0	15	11	26
32	Tanning or dyeing extracts; tannins; dyes, pigments, other coloring matter; paints & varnishes; putty; inks	5	183	60	248
33	Essential oils; perfume; cosmetic/ toilet preparations	1	22	326	349
34	Soap; lubricating products; waxes; polishing/scouring products; candles; modeling pastes; dental plaster	0	17	150	167
35	Albumoidal substances; starches; glues; enzymes	1	5	16	22
36	Explosives; fireworks; matches; combustible prep	0	0	4	4
37	Photographic or cinematographic goods	0	87	9	96
38	Miscellaneous chemical products	2	60	65	127
39	Plastics and articles thereof	19	236	279	534
40	Rubber and articles thereof	0	32	29	61
41	Raw hides and skins (other than furskins) and leather	11	26	8	45
42	Leather articles; saddlery; travel goods; handbags	7	1	7	15
43	Furskins and artificial fur; manufactures thereof	0	0	0	0
44	Wood and articles of wood; wood charcoal	0	3	11	14

Table C-6—*Continued*
Mexico's exports (Maquiladora Program, Program for Temporary Importation to Manufacture Exported products (PITEX), and other) to all countries except the United States in 2001

(*Million U.S. dollars*)

HS no.	HS categories	Maqui-ladora	PITEX	Other	Total
45	Cork and articles of cork	0	0	0	0
46	Manufactures of straw; basketware and wickerwork	0	0	0	0
47	Wood pulp; waste and scrap paper and paperboard	0	0	0	0
48	Paper & paperboard; articles of pulp, paper, paperbd	4	35	139	178
49	Printed products, including books, newspapers, plans	0	3	93	96
50	Silk, including yarns and woven fabrics thereof	0	0	0	0
51	Wool & animal hair, yarns & woven fabrics thereof	0	4	7	11
52	Cotton, including yarns and woven fabrics thereof	22	7	46	75
53	Other vegetable textile fibers; yarns and fabrics of such vegetable fibers and paper	0	0	0	0
54	Manmade filaments, including yarns & woven fabrics	0	67	57	124
55	Manmade staple fibers, incl. yarns & woven fabrics	0	62	73	135
56	Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	0	13	20	33
57	Carpets and other textile floor coverings	0	20	8	28
58	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	0	3	20	23
59	Impregnated, coated, covered or laminated textile fabrics; textile articles suitable for industrial use	0	5	30	35
60	Knitted or crocheted fabrics	0	5	2	7
61	Knitted or crocheted apparel	168	55	21	244
62	Woven apparel	81	39	27	147
63	Other textile articles; needlecraft; used clothing	0	10	13	23
64	Footwear and parts	0	3	20	23
65	Headgear and parts	0	0	3	3
66	Umbrellas, walking sticks, whips, and riding crops	0	0	0	0
67	Articles of feathers and down; artificial flowers; articles of human hair	0	0	0	0
68	Articles of stone, plaster, cement, asbestos, or mica	0	4	25	29
69	Ceramic products	0	17	37	54
70	Glass and glassware	1	52	63	116
71	Natural or cultured pearls; precious or semiprecious stones; precious-metal and imitation jewelry; coin	1	23	112	136
72	Iron and steel	1	180	31	212
73	Articles of iron or steel	3	161	104	268
74	Copper and articles thereof	0	12	28	40
75	Nickel and articles thereof	0	0	0	0
76	Aluminum and articles thereof	2	29	58	89
78	Lead and articles thereof	1	1	3	5
79	Zinc and articles therof	0	20	7	27
80	Tin and articles thereof	0	0	0	0
81	Other articles of base metals; cermets & articles of	0	5	0	5
82	Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	1	27	35	63
83	Miscellaneous articles of base metal	1	19	35	55
84	Machinery and mechanical appliances, including nuclear reactors, boilers, computer hardware, & parts	311	2,256	318	2,885

Table C-6—*Continued*
Mexico's exports (Maquiladora Program, Program for Temporary Importation to Manufacture Exported products (PITEX, and other) to all countries except the United States in 2001

(*Million U.S. Dollars*)

HS no.	HS categories	Maqui-ladora	PITEX	Other	Total
85	Electrical machinery & equipment; sound recorders & reproducers; television equip.; parts & accessories	540	650	296	1,486
86	Railway locomotives, rolling stock, track fixtures and parts; traffic signaling equipment	0	3	13	16
87	Other vehicles, incl. automobiles, trucks, buses, parts	29	2,681	105	2,815
88	Aircraft, spacecraft, and parts thereof	0	8	13	21
89	Ships, boats and floating structures	0	0	1	1
90	Optical, photographic, cinematographic, measuring, checking, precision, or medical instruments, & parts	25	183	54	262
91	Clocks and watches and parts thereof	0	7	2	9
92	Musical instruments; parts and accessories thereof	2	0	0	2
93	Arms and ammunition; parts and accessories thereof	0	0	1	1
94	Furniture; bedding, mattresses, & cushions; lamps & lighting fittings; illuminated signs; prefab buildings	6	42	53	101
95	Toys, games & sports equip.; parts & accessories	134	28	9	171
96	Miscellaneous manufactured articles	0	9	25	34
97	Works of art, collectors' pieces and antiques	0	0	1	1
	Total	1,390	8,742	8,016	18,148
	Other	0	1	25	26
	Grand total	1,390	8,743	8,041	18,174

Source: Compiled from "World Trade Atlas: Mexico Edition, December 2001, " which used data provided by INEGI, the statistical agency of the Government of Mexico.

Table C-7
Total exports from Mexico under Temporary Import Programs (Maquiladora and Program for Temporary Importation to Manufacture Exported Products), by leading markets, 1998-2001

Source	1998	1999	2000	2001	Percentage of total in 2001
	Million dollars				
United States	88,951	105,024	126,794	121,294	92
Netherlands	1,215	2,002	2,840	2,611	2
United Kingdom	179	336	349	425	([1])
Korea, South	368	436	524	416	([1])
Canada	53	120	154	263	([1])
Ireland	427	461	181	217	([1])
Cayman Islands	25	56	104	175	([1])
Honduras	59	102	133	128	([1])
Dominican Republic	39	73	121	96	([1])
Singapore	127	191	110	88	([1])
All other	6,076	6,013	5,941	5,716	4
Total	97,519	114,814	137,251	131,429	100

[1] Less than 0.5 percent.

Source: Compiled from "World Trade Atlas: Mexico Edition, December 2001, " which used data provided by INEGI, the statistical agency of the Government of Mexico.