

**PRODUCTION SHARING: U.S. IMPORTS UNDER
HARMONIZED TARIFF SCHEDULE SUBHEADINGS
9802.00.60 AND 9802.00.80, 1986—1989**



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PREFACE

On May 22, 1989, on its own motion and in accordance with section 332(b) of the Tariff Act of 1930 (19 U.S.C. 1332(b)), the U.S. International Trade Commission authorized continuation of Investigation No. 332-237 (originally instituted on August 19, 1986) to present and analyze statistical data on imports under Harmonized Tariff Schedule (HTS) subheadings 9802.00.60 (metal of U.S. origin processed in a foreign location and returned for further U.S. processing) and 9802.00.80 (goods containing U.S.-made components) for 1986-89. The current report presents historical import data (1970-89) under these HTS subheadings and evaluates the most current 4-year period (1986-89) on a sector-by-sector and commodity-specific basis.

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EXECUTIVE SUMMARY

In this annual report, the Commission conveys the findings of its investigation of recent developments in trade under subheadings 9802.00.60 and 9802.00.80 of the Harmonized Tariff Schedule of the United States (HTS) and analyzes trends in imports by commodity groups and sources during 1986-89. Subheading 9802.00.60 sets forth tariff treatment for certain metal of U.S. origin processed in a foreign location and returned to the United States for further processing; subheading 9802.00.80 provides tariff treatment for eligible imported goods that contain U.S.-made components.¹ The use of these tariff provisions is an integral activity for companies involved in production sharing. This study also examines the use of similar "outward processing" provisions in the European Community (EC) by European firms engaged in production sharing. The principal findings and conclusions of the Commission's investigation are summarized below.

- During 1986-89, U.S. imports under both subheadings 9802.00.60 and 9802.00.80 doubled to \$74.2 billion, expanding at a faster pace than total U.S. imports, which rose by 27 percent to \$468 billion, as shown in table A. The combined imports under subheadings 9802.00.60 and 9802.00.80 accounted for 16 percent of total U.S. imports in 1989 compared with 10 percent in 1986. The principal supplying countries were Canada, Japan, and Mexico, which collectively accounted for 75 percent of total imports under these provisions in 1989.

Table A
U.S. Imports under HTS subheadings 9802.00.60 and 9802.00.80 and total imports, 1986 and 1989

Subheading	1986	1989	Change, 1989 from 1986	Share of total imports under
				9802.00.60 and 9802.00.80, 1989
Million dollars			Percent	
Imports under subheading 9802.00.60:				
Dutiable ¹	157	444	183	1
Nondutiable ¹	308	697	126	1
Total	466	1,141	145	2
Imports under subheading 9802.00.80:				
Dutiable ²	30,059	54,111	80	73
Nondutiable ²	5,972	18,921	217	26
Total	36,031	73,032	103	98
Imports under subheading 9802.00.60 and 9802.00.80:				
Dutiable ³	30,216	54,555	81	74
Nondutiable	6,281	19,618	212	26
Total	36,497	74,173	103	100
Grand total U.S. imports	368,657	468,012	27	—

¹ The dutiable portion of imports under subheading 9802.00.60 is the value added to the imported product by processing in the foreign country. The nondutiable portion is the value of the U.S.-origin metal less the value added resulting from foreign processing.

² The dutiable portion of imports under subheading 9802.00.80 is the total value of the imported product less the value of the U.S.-made components. The nondutiable portion is the value of U.S.-made components contained in the imported product.

³ For products entered under subheading 9802.00.60 and 9802.00.80 solely to avoid the Customs user fee, the rate of duty applied to the "dutiable" (or foreign value added) portion is zero because the MFN rate of duty for the product is "Free."

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

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

¹ Throughout this report, the term "U.S. content" will be used interchangeably with "U.S.-origin content," "nondutiable" imports, "U.S.-made components," "U.S.-origin metal," and "duty-free value."

- *The extension of the Customs user fee, first imposed in 1986, continues to motivate many importers of goods covered by subheadings for which the col. 1 rate of duty is free to claim eligibility under HTS subheadings 9802.00.60 and 9802.00.80 to avoid the fee—the U.S. content of articles imported under subheadings 9802.00.60 and 9802.00.80 of the HTS is exempt from the fee. Before the user fee was imposed, there had been no incentive for importers to use these provisions even though they had been eligible. Products so imported, in response to the user fee, accounted for 78 percent of the 103 percent rise in imports under subheadings 9802.00.60 and 9802.00.80 between 1986 and 1989.*

Subtracting imports with an unconditionally “free” most-favored-nation rate of duty from official statistics reveals what the trend in imports under HTS subheadings 9802.00.60 and 9802.00.80 would have been if the user fee had not been imposed.² In 1989, imports of products with a free rate of duty under HTS subheadings 9802.00.60 and 9802.00.80 totaled \$29.5 billion, or 40 percent of total imports under subheadings 9802.00.60 and 9802.00.80, down slightly from 41 percent of such imports in 1988. Subtracting imports for which the col. 1 rate of duty is free, total imports under subheading 9802.00.80 (the foreign assembly tariff provision) would have risen just 18 percent between 1986 and 1989, from \$36 billion to \$42.4 billion, instead of climbing 103 percent to \$73 billion. Furthermore, imports under the foreign assembly provision would have increased by only 3.5 percent from \$42.4 billion to \$43.9 billion between 1988 and 1989 were it not for the user fee (figure 2-1). In addition, Canada would not have replaced Japan as the leading source of such imports, but would have had only a 5 percent, instead of a 35 percent, share of total 9802.00.80 imports. The principal products that were free of duty but were still entered under the assembly provision apparently to avoid the user fee were motor vehicles and parts thereof from Canada (duty-free under the Automotive Products Trade Act of 1965 (APTA)), semiconductors (most became free of duty in 1985) (pp. 2-6 and 2-7), and internal combustion engines and parts.

- *Imports under subheading 9802.00.80 alone (imports containing U.S.-made components) increased by 103 percent during 1986-89, to \$73 billion in 1989, and represented 98 percent of the combined imports under HTS subheadings 9802.00.60 and 9802.00.80 in that year, as well as 96 percent of the duty-free content of both provisions.*

Motor vehicles accounted for 61 percent of the total value of HTS subheading 9802.00.80 imports in 1989. Other important products imported under the foreign assembly provision in 1989 were semiconductors (7 percent of the total); motor-vehicle parts and rail locomotives and cars (6 percent); internal combustion engines (4 percent); and office machines and parts (3 percent). Of these, semiconductors accounted for the fastest growth in such imports during 1986-89, increasing 771 percent from \$0.5 billion to \$4.8 billion. The growth in subheading 9802.00.80 imports in part reflected a general increase in overall imports of these articles, but more importantly indicated a continuing reaction by importers to the Customs user fee (pp. 2-1 and 2-2).

- *Canada, Mexico, and Malaysia together supplied \$15 billion, or 80 percent, of the duty-free content of U.S. imports under subheading 9802.00.80 in 1989.*

Based on duty-free content (the value of the U.S.-made components), the top imports from Mexico under HTS subheading 9802.00.80 in 1989 were electrical conductors (such as wire harnesses), motor vehicles, parts of motor vehicles, television receivers, articles for making and breaking electrical circuits, motors and generators, and office machines and parts (pp. B-48 to B-50). The fastest growing segment of Mexico's maquiladora industry has been suppliers of parts and subassemblies to the U.S. automobile industry. Import levels of apparel from Mexico, on the other hand, have been stagnant as U.S. apparel producers have chosen to expand sewing operations in the Caribbean rather than in Mexico because labor costs are even lower in the Caribbean. Motor vehicles also dominated imports from Canada, reflecting the decision by importers, chiefly U.S. automobile manufacturers, to claim eligibility under subheading 9802.00.80 for imports of motor vehicles and parts that could alternatively enter free of duty under the APTA (pp. B-42 to B-44). Semiconductors were the principal articles imported from Malaysia under subheading 9802.00.80 in 1989 (pp. B-66 to B-68).

² See ch. 2 for a more detailed discussion of the Customs user fee.

- *Subheading 9802.00.60 imports (U.S. metal articles processed abroad and returned for further processing) increased by 145 percent during the period, to \$1.1 billion in 1989 (pp. B-21 to B-22). Most of the increase in imports under subheading 9802.00.60 was due to importers of already duty-free products declaring eligibility for entry under subheading 9802.00.60 apparently to bypass the Customs user fee.*

The value of U.S.-origin metal contained in subheading 9802.00.60 imports was \$697 million in 1989, representing 61 percent of the total value of imports under the metal processing tariff provision. Aluminum, specifically wrought sheet for making cans, was the most significant product imported under subheading 9802.00.60 during 1986-89 in terms of value of the U.S.-origin metal. However, wrought aluminum's share of the nondutiable content of 9802.00.60 imports dropped from 57 percent in 1986 to 34 percent in 1989. In contrast, the share of the nondutiable content of such imports accounted for by aircraft and spacecraft parts and articles for making or breaking electrical circuits (chiefly printed circuit boards) each escalated from less than 0.1 percent in 1986 to 14 percent in 1989, (table B-6).

- *Canada, Mexico, and Japan accounted for \$635 million, or 91 percent, of the total duty-free content of U.S. imports under subheading 9802.00.60 in 1989.*

Aluminum sheet for making cans, parts of civil aircraft, and printed circuit boards were the principal imports supplied under the metal processing provision from Canada in terms of both total value and duty-free content; wrought aluminum was the principal commodity shipped from Japan; and steel sheets and strips were the leading products entering under subheading 9802.00.60 from Mexico (pp. B-24 to B-26).

- *The industries producing apparel and electronic components used a higher percentage of U.S.-made components in their foreign assembly facilities than other industries (table 1-2). Although motor vehicles imported under subheading 9802.00.80 comprised the largest share of such imports, they had a relatively low proportion of U.S.-origin content. Since the rates of duty applicable to apparel are generally much higher than for most other articles, the duty savings from use of subheading 9802.00.80 is more significant for that group of industries than for other industries.*

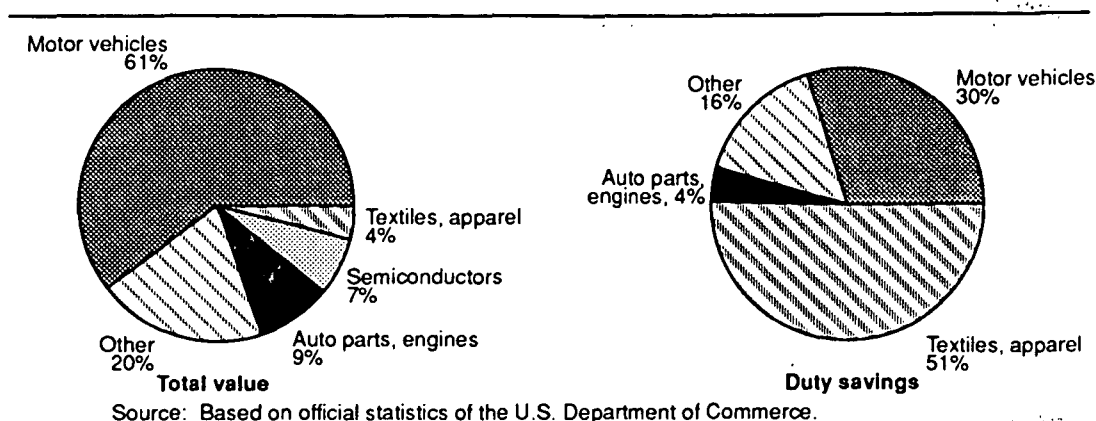
Dividing all U.S. industries into 22 categories, the industries with the highest ratio of the value of U.S.-made components to total value of imports under subheading 9802.00.80 in 1989 were agricultural and forest products, chiefly disposable paper garments (68 percent); body-supporting garments (67 percent); trousers, slacks, and shorts (64 percent); other textiles and apparel (62 percent); shirts and blouses (59 percent); other electrical articles (57 percent); motors, generators, and transformers (55 percent); and semiconductors (54 percent) (table 1-2). Most of these products are imported from U.S.-owned or contracted assembly or sewing facilities in Mexico and the Caribbean. On the other hand, U.S.-made components accounted for only 17 percent of the value of motor vehicles imported under subheading 9802.00.80. Manufacturers in Japan, West Germany, and Sweden supplied almost half (47 percent) of the imports. Because the trade-weighted-average rate of duty on apparel was 15.2 percent ad valorem in 1989, compared with 1.9 percent for all other products imported under subheading 9802.00.80, apparel accounted for 51 percent of the duty savings accrued from the use of that tariff provision despite accounting for only 4 percent of the total trade under the provision (p. 6-1). In contrast, because the rate of duty on semiconductors was zero in 1989, semiconductors accounted for none of the duty savings despite providing 7 percent of the total trade under the production sharing assembly provision. In contrast, because the rate of duty on semiconductors was zero in 1989, semiconductors accounted for none of the duty savings despite providing 7 percent of total trade under the production sharing provision (fig. A).

- *Imports under subheading 9802.00.80 from less developed countries (LDCs) doubled during 1986-89 in terms of both total value and value of U.S.-made components contained in subheading 9802.00.80 imports. The share of subheading 9802.00.80 imports accounted for by LDCs increased from 28 percent to 30 percent in terms of total value, but dropped from 77 percent to 51 percent in U.S. content as imports of motor vehicles from Canada inflated the share of total imports from developed countries accounted for by U.S. content.*

Imports of motor vehicles and parts from Canada, which apparently entered under subheading 9802.00.80 in 1989 to avoid the user fee, accounted for \$19.6 billion (76 percent) of the \$25.6 billion expansion in such imports from developed countries during 1986-89.

Figure A

U.S. imports under HTS subheading 9802.00.80: Shares of total value and duty savings, by selected industries, 1989



U.S.-made components accounted for only 1 percent of the collective value of motor vehicle imports in 1989 under subheading 9802.00.80 from Japan, West Germany, and Sweden compared with 34 percent from Canada.

Subheading 9802.00.80 imports from Mexico, the largest less-developed country (LDC) supplier of imports under that category, climbed by 85 percent in total value during 1986-89 (from \$6.4 billion to \$11.8 billion) and 79 percent in U.S.-made content (from \$3.3 billion to \$6.0 billion). The total value of subheading 9802.00.80 imports from other LDCs grew by 155 percent, and the duty-free content of such imports from other LDC's increased by 189 percent. Much of these increases can be attributed to a substantial rise in imports of motor vehicles from Korea, office machines and parts from Singapore, semiconductors from Malaysia, and apparel from Caribbean countries during 1986-88. However, this rise leveled off between 1988 and 1989 because of a \$1.3 billion decline in motor vehicle imports from Korea. In 1989, U.S.-made components made up 51 percent of subheading 9802.00.80 imports from Mexico, but only 37 percent of such imports from other LDCs (table 1-7, table B-4). The strong growth in the volume of imports from Mexico under subheading 9802.00.80, reflects the expansion in the use of Mexico's maquiladora industry by U.S. producers during 1986-89. Peso devaluations during 1986-87 resulted in lower average hourly earnings by manufacturing workers in Mexico than in competing assembly locations, such as Taiwan, Korea, and Singapore, as measured in U.S. dollars (table 1-6).

- *The potential exists for apparel imports under subheading 9802.00.80 to continue to increase substantially during the beginning of the 1990s as a result of actions by the United States to liberalize quotas on such imports from the major suppliers.*

Within the last few years, the United States has introduced special quota programs for Caribbean countries and Mexico that grant them greater access to the U.S. market for apparel and made-up textiles assembled from fabric that has been both produced and cut in the United States. The "special access program" for Caribbean countries establishes guaranteed access levels (GALs) for goods made of such fabric that are separate from, and usually higher than, quotas on nonqualifying products. This program permits Caribbean countries virtually unlimited market access for qualifying goods since the GALs may be increased on request by the exporting country. Imports under the Caribbean program in 1987, the first full year of this so-called 807-A plan, totaled \$79 million and then rose to \$384 million in 1989. Under the "special regime" for Mexico, products of both U.S. and foreign fabrics are combined under the same quota, but a major portion of the quotas is set aside for goods of U.S.-made and U.S.-cut fabric.

- *U.S. imports from Caribbean Basin Economic Recovery Act (CBERA) designated countries comprised a minor but expanding share of total U.S. imports under subheading 9802.00.80.*

U.S. imports under subheading 9802.00.80 from CBERA designated countries almost doubled from \$874 million in 1986 to \$1.6 billion in 1989. The loss of GSP status for

Taiwan, Hong Kong, Singapore, and Korea in 1989 and the rising wage rates in those countries have induced a growing number of U.S. companies to move their electronic and other types of manufacturing from the Far East to the Caribbean. The passage of the Customs and Trade Act of 1990, which establishes duty-free treatment for goods (except textile and apparel articles or petroleum products) that contain U.S. content and are assembled or processed in CBERA designated countries, could further boost use of production sharing operations in these countries.

- *U.S. imports under subheading 9802.00.80 accounted for 44 percent of Mexico's exports to the United States in 1989 and 29 percent of Canada's exports, compared with only 18 percent for Japan, 10 percent for Korea, and 4 percent for Taiwan.*

The significance of the maquiladora program in generating exports from Mexico is even more striking if the sectors for which foreign assembly does not apply (agricultural, petrochemical, and steel) are subtracted from the analysis. In doing so, exports from the maquiladora industry (which accounts for almost all U.S. imports under subheading 9802.00.80 from Mexico) accounted for 78 percent of Mexican exports to the United States. A similar analysis for Canada shows the importance of proximity in the use of U.S.-made components, as subheading 9802.00.80 trade accounted for 62 percent of Canada's exports to the United States. By contrast, subheading 9802.00.80 is less significant to distant Asian suppliers; this tariff provision (after discounting for agriculture, petrochemicals, and steel) accounted for only 21 percent of Japan's exports to the United States in 1989, 12 percent of Korea's, and 6 percent of Taiwan's.

- *European Community customs laws contain production sharing provisions similar to those provided in HTS subheading 9802.00.80. These provisions, known as "outward processing relief arrangements," allow EC goods to be temporarily exported from the customs territory of the EC for additional processing or assembly.*

During 1985-88, EC imports after outward processing rose by 24 percent to \$5.3 billion (table 9-1). This amount was a little over 7 percent of the level of corresponding U.S. imports under subheading 9802.00.80 in 1988. West Germany and France were the principal users of outward processing arrangements in 1988, together accounting for two-thirds of EC imports under such provisions (table 9-5). Over 45 percent of EC imports after outward processing in 1988 were accounted for by textiles, apparel, and footwear (table 9-2). Semiconductors and office machines were the next most important individual categories of products imported under EC production-sharing provisions in 1988.

EC production sharing was concentrated in Yugoslavia and other Eastern European countries, which accounted for 42 percent of total EC imports after outward processing (table 9-9). North African countries, such as Tunisia, were also an increasingly important source of production-sharing imports in the EC. Certain EC firms, especially those in the textiles and apparel industry, have been seeking low cost labor to remain competitive and have been guided, as have U.S. firms, to locate a large number of their foreign processing and assembly operations close to their own markets.

Both United States and European importers of products from developed countries take advantage of subheading 9802.00.80 and outward processing provisions to reduce their tariff obligations on goods that contain U.S.-made or European-made components, respectively. Developed countries accounted for 70 percent of total U.S. imports under 9802.00.80 in 1988 and 50 percent of EC imports after outward processing in 1988, with the United States supplying 19 percent of total European imports after outward processing.

Chapter 1

Introduction

Purpose of the Study

In the study, the Commission presents and analyzes official statistical data on imports entered under subheadings 9802.00.60 and 9802.00.80 of chapter 98 (special classification provisions) of the Harmonized Tariff Schedule of the United States (HTS). Trends in such imports during 1986-89 are noted and the use of these tariff provisions is monitored.¹ Subheading 9802.00.60 sets forth tariff treatment for certain metal of U.S. origin processed in a foreign location and returned to the United States for further processing. Duty is applied on the value added by the foreign processing. Subheading 9802.00.80 provides tariff treatment for eligible imported goods that contain U.S.-made components. Duty is applied on the value of the imported product minus the value of the U.S.-made components.

¹ The conversion of the Tariff Schedules of the United States (TSUS) to the HTS resulted in the replacement of the former production sharing provisions, TSUS items 806.30 and 807.00, by HTS subheadings 9802.00.60 and 9802.00.80, respectively. The converted schedule became effective Jan. 1, 1989, pursuant to sec. 1217 of the Omnibus Trade and Competitiveness Act of 1988 and to Pres. Proc. 5911. Imports entered under TSUS items 806.30 and 807.00 before implementation of the HTS are reported in this study in terms of the HTS nomenclature.

These tariff provisions have the effect of encouraging the use of U.S.-origin metal in foreign metal processing operations and U.S.-made components in foreign assembly facilities. The principal use is by U.S. manufacturers with subsidiaries in Canada and Mexico. The tariff provisions benefit these firms by reducing their tariff obligations. Canada accounted for 45 percent of the total nondutiable content of imports entered under these tariff provisions in 1989, whereas Mexico topped the list of leading suppliers in terms of the share of total value of imports under these provisions accounted for by U.S.-made components or U.S.-origin metal (table 1-1).

The metal processing provision—subheading 9802.00.60—was initiated in 1953 in the House of Representatives to provide tariff relief to manufacturers in Michigan who, because of local capacity constraints, had to use metal processing facilities in Ontario. The Senate Finance Committee expanded the eligibility from Canada to all countries before the proposed legislation became law in 1954. The Customs practice of not applying duty to the value of U.S.-made components contained in imported articles has its origin in a 1954 Customs Court decision. The language of the current provision was adopted as part of the tariff schedules in 1963. Further explanation of these provisions is provided in appendix A, "Explanation of and Background to HTS Subheadings 9802.00.60 and 9802.00.80."

The study also includes two special chapters. The first of these, "Impact of the Customs User Fee on the

Table 1-1
HTS subheadings 9802.00.60 and 9802.00.80: Principal suppliers ranked by ratio of duty-free value to total value, 1989

Country	Ratio of U.S. content to total	Country share of total U.S. content	Leading products (percent of total from country)		
			1	2	3
	Percent	Percent			
Mexico	51	32	Motor vehicles (15)	Electrical conductors (11)	Television receivers (10)
Malaysia	45	3	Semiconductors (96)	Miscellaneous electrical products (1)	Articles for making and breaking electrical circuits (1)
Canada	34	45	Motor vehicles (73)	Motor-vehicle parts (7)	Internal combustion engines, piston-type (5)
Korea	29	3	Semiconductors (40)	Motor vehicles (37)	Footwear (11)
Singapore	25	2	Semiconductors (44)	Office machines and parts (38)	Electric household appliances (5)
Taiwan	25	1	Semiconductors (35)	Office machines and parts (16)	Footwear (10)
United Kingdom ..	11	1	Motor vehicles (65)	Nonmilitary airplanes (20)	Photographic equipment and supplies (6)
Japan	3	2	Motor vehicles (94)	Office machines and parts (1)	Motor-vehicle parts (1)
West Germany ...	2	(¹)	Motor vehicles (90)	Internal combustion engines, piston-type (8)	Pulp and paper machinery (¹)
Sweden	2	(¹)	Motor vehicles (93)	Nonmilitary airplanes (4)	Mechanical shovels, coal-cutters etc. (2)

¹ Less than 0.5 percent.

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

Use of Subheadings 9802.00.60 and 9802.00.80," analyzes the effect of the fee established in December 1986 on imports under these HTS subheadings. The second, "Production Sharing in the European Community," presents and analyzes production-sharing activities of the European Community (EC). Production sharing encompasses a number of activities whereby certain aspects of production of an article take place in different countries. The use of HTS subheadings 9802.00.60 and 9802.00.80 by U.S. importers and of "outward processing" provisions by EC importers is an integral part of production sharing.

This study emphasizes the significance of the duty-free portion (U.S.-origin content) of imports under subheadings 9802.00.60 and 9802.00.80, as opposed to the dutiable portion. The reduction of tariff obligation through duty-free treatment of the U.S.-origin content provides the major incentive to use these tariff provisions. Also, since 1986, avoidance of the Customs user fee has emerged as an additional impetus for using these tariff provisions. Chapters 3 through 8 describe trade in specific products; within each chapter, the analyses are presented in rank order according to duty-free content of imports under subheadings 9802.00.60 and 9802.00.80.

Reports previously published by the Commission on imports under subheadings 9802.00.60 and 9802.00.80² provide statistics for 1966 through 1988. This report contains statistics on total imports and on imports under subheadings 9802.00.60 and 9802.00.80 by principal sources and commodity groupings for 1986 through 1989.³

² Previous studies by the U.S. International Trade Commission include *Economic Factors Affecting the Use of Items 807.00 and 806.30 of the Tariff Schedules of the United States: Report to the President on Investigation No. 332-61 Under Section 332 of the Tariff Act of 1930*, USITC Publication 339, September 1970; two unpublished reports, both entitled "Background Materials on Articles Assembled and Fabricated Abroad, Items 806.30 and 807.00 of the Tariff Schedules of the United States," Mar. 22, 1976, and July 9, 1976, respectively; *Import Trends in TSUS Items 806.30 and 807.00*, USITC Publication 1029, January 1980; *Imports Under Items 806.30 and 807.00 of the Tariff Schedules of the United States, 1977-80*, USITC Publication 1170, July 1981; *Imports Under Items 806.30 and 807.00 of the Tariff Schedules of the United States, 1979-82*, USITC Publication 1467, January 1984; *Imports Under Items 806.30 and 807.00 of the Tariff Schedules of the United States, 1980-83*, USITC Publication 1688, April 1985; *Imports Under Items 806.30 and 807.00 of the Tariff Schedules of the United States, 1981-84*, USITC Publication 1867, June 1986; *Imports Under Items 806.30 and 807.00 of the Tariff Schedules of the United States, 1982-85*, USITC Publication 1920, December 1986; *The Use and Economic Impact of TSUS Items 806.30 and 807.00*, USITC Publication 2053, January 1988; *Imports Under Items 806.30 and 807.00 of the Tariff Schedules of the United States, 1984-87*, USITC Publication 2144, December 1988; and *Production Sharing: U.S. Imports Under Harmonized Tariff Schedule Subheadings 9802.00.60 and 9802.00.80, 1985-1988*, USITC Publication 2243, December 1989.

³ App. B contains statistical tables showing imports under HTS subheadings 9802.00.60 and 9802.00.80 during 1970-89. It also indicates modifications that were made by the Commission to official statistics from the U.S. Department of Commerce.

Trends In Imports Under HTS Subheadings 9802.00.60 and 9802.00.80

Firms have several incentives for using production sharing and/or the provisions of subheadings 9802.00.60 and 9802.00.80: (1) to improve the price competitiveness of products by shifting labor-intensive assembly operations to low-wage-rate countries; (2) to reduce the cost of cross-border transfers of both in-process materials and final goods; (3) to allow companies to rationalize⁴ production involving establishments in the United States and foreign countries; (4) to escape stringent environmental regulations; (5) to allow foreign companies that use U.S.-made components to reduce the price (or increase the profitability) of their goods in the U.S. market; (6) to penetrate foreign markets; and (7) to avoid the Customs user fee that was established in December 1986.⁵

Two of these incentives have strongly influenced recent trends in imports under HTS subheadings 9802.00.60 and 9802.00.80: the declining wage rates (incentive 1, above) in Mexico and the Customs user fee (incentive 7, above). The depreciation of the peso led to a decline in average hourly U.S. dollar-valued earnings for Mexican manufacturing workers, from US\$1.26 in 1984 to US\$0.95 in 1987, a 25-percent reduction over the period, and contributed to an increase in the use of HTS subheading 9802.00.80 for imports from that country. In addition, as analyzed in chapter 2 of this report, the establishment of the Customs user fee, in December 1986, motivated many firms that were importing articles with a free rate of duty to claim eligibility under subheadings 9802.00.60 and 9802.00.80 to avoid the fee.

By 1988, however, the peso had stabilized relative to the U.S. dollar and importers had adjusted to the user fee, leading to a flat trend in imports during 1987-89 after the surge in 1986-87. Were it not for a sharp drop in imports of motor vehicles from Korea, growth in imports of dutiable products⁶ under 9802.00.80 would have equaled the 7-percent rise in total imports in 1989 over 1988.

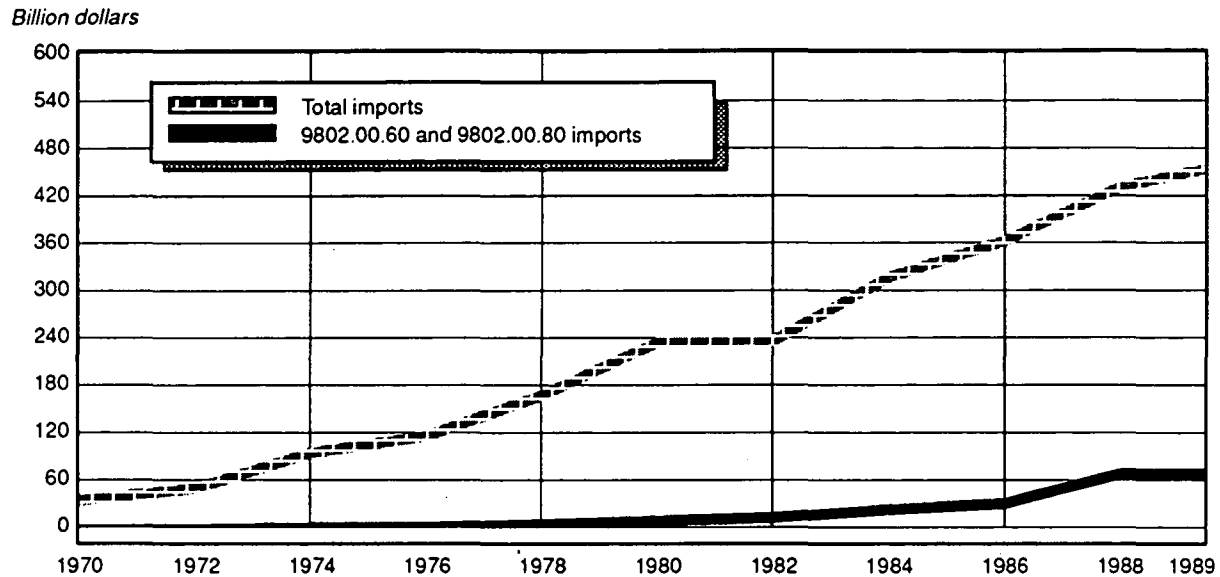
The share of the value of total U.S. imports accounted for by the imports under examination rose from 10 percent in 1986 to 16 percent in 1989 (table A, p. xxii, figs. 1-1 and 1-2). The combined value jumped from \$36.5 billion in 1986 to \$73.7 billion in

⁴ Companies "rationalize" production by consolidating the manufacture of a particular product or component to a limited number of locations. Plants that may have diversified products become specialized in the production of fewer goods. This can lead to greater efficiency and economies of scale. It also involves interdependency between plants and requires coordination of production planning. Rationalization of production across international boundaries is increasingly a common practice for multinational corporations.

⁵ The user fee does not apply to the *nondutiable portion* of U.S. imports under subheadings 9802.00.60 and 9802.00.80 or imports under the other subheadings of chapter 98 of the HTS. See ch. 2 for a discussion of the user fee.

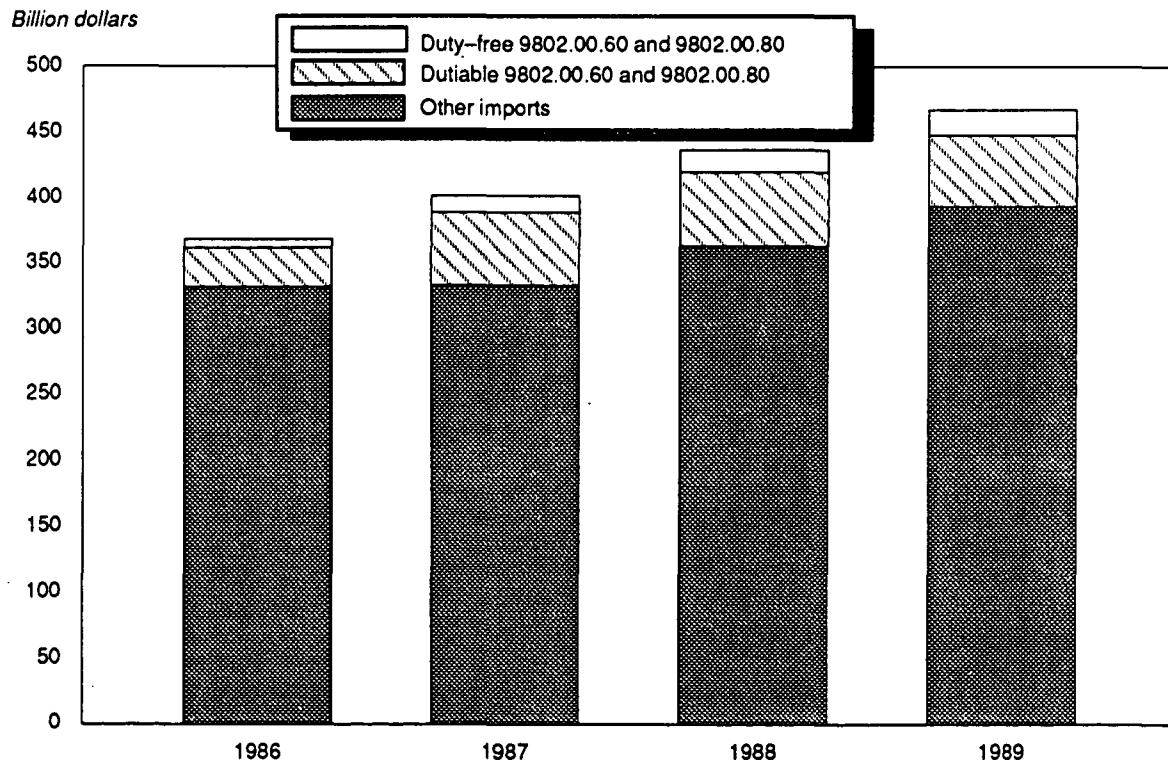
⁶ Articles with a duty higher than "free."

Figure 1-1
Trends of total U.S. Imports and imports under 9802.00.60 and 9802.00.80, 1970-89



Source: Based on official statistics of the U.S. Department of Commerce.

Figure 1-2
Subheadings 9802.00.60 and 9802.00.80: Dutiable and duty-free imports compared with other U.S. imports for consumption, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

1988 and \$74.2 billion in 1989 (table B-1). Imports under these provisions doubled between 1986 and 1987, as importers reacted to the Customs user fee and as use of assembly facilities in Mexico grew.

Imports under subheading 9802.00.80 are much greater than those under subheading 9802.00.60, accounting for over 98 percent of the combined total value in 1989 and 96 percent of the duty-free content of imports under both provisions (app. B, table B-1). The duty-free value (U.S.-origin content) of the combined imports under subheadings 9802.00.60 and 9802.00.80 was 26 percent of the total value of imports under these provisions in 1989, up from 17 percent in 1986 (table A). Although there were increases in the U.S. content of imports under 9802.00.80 for most product categories, much of the increase in the share accounted for by the duty-free portion of imports is attributable to the escalation of the duty-free value of subheading 9802.00.80 imports of motor vehicles from only \$930 million in 1986 to \$7.5 billion in 1989. The corresponding ratio of duty-free value to total value of subheading 9802.00.80 imports of motor vehicles more than quadrupled, from 4 percent to 17 percent during the same period (table 1-2).⁷

As shown in the following tabulation, in billions of dollars, imports under subheadings 9802.00.60 and 9802.00.80 from both developed and less developed countries (LDCs) more than doubled during 1986-89, with imports from LDCs rising from \$10.3 billion to \$21.8 billion during 1986-89 (also see tables B-2 and B-4).

	1986	1989
Developed countries	26.2	52.4
LDCs	10.3	21.8
Total	36.5	74.2
<i>Percent of total</i>		
Developed countries	72	71
LDCs	28	29
Total	100	100

In turn, the share of total subheadings 9802.00.60/80 imports accounted for by LDCs increased slightly from 28 percent in 1986 to 29 percent in 1989. Most of this increase is attributable to growing imports under 9802.00.80 of electronic goods and auto parts from Mexico; semiconductors from Korea,

⁷ See ch. 3 for a description of import trends under subheading 9802.00.80 for motor vehicles and other transportation equipment. Use of subheading 9802.00.80 by U.S. auto manufacturers with plants in Canada increased sharply after imposition of the user fee. Since the U.S.-origin content of motor vehicles from Canada is much higher than the U.S. content of motor vehicles from Japan and other major foreign motor vehicle suppliers, the ratio of duty-free content to total value of subheading 9802.00.80 imports of motor vehicles increased as Canada's share of such imports rose during 1986-89.

Malaysia, and Singapore; and apparel from the Caribbean. Conversely, the share of imports under the metal processing and assembly provisions from developed countries dropped slightly from 72 percent in 1986 to 71 percent in 1989. The value of imports under subheadings 9802.00.60 and 9802.00.80 from developed countries doubled from \$26.2 billion in 1986 to \$52.4 billion in 1989.

A \$17.8 billion increase in subheading 9802.00.80 imports of motor vehicles from Canada (all of which entered free of ordinary customs duty under the Automotive Products Trade Act of 1965 (APTA) but were also entered under HTS 9802.00.80 because of the user fee) accounted for 48 percent of the \$37.0 billion increase in total 9802.00.80 imports during 1986-89; a \$4.4 billion growth in subheading 9802.00.80 imports of motor vehicles from Japan, Mexico, and Sweden accounted for 12 percent of the increase. In terms of duty-free content, imports under subheadings 9802.00.60 and 9802.00.80 from LDCs more than doubled during 1986-89, but their share of the U.S. content of total imports under these provisions dropped from 74 percent to 50 percent (fig. 1-3).

Since subheading 9802.00.80 accounts for over 98 percent of the combined total imports under these provisions, the rest of this chapter discusses specific trends under subheading 9802.00.80 during 1986-89. A discussion of trends under subheading 9802.00.60 can be found in chapter 8.

Trends In Imports Under Subheading 9802.00.80

U.S. imports under HTS subheading 9802.00.80 climbed 103 percent during 1986-89, from \$36 billion to \$73 billion, far exceeding the rate of growth for total U.S. imports, which rose by 27 percent (table 1-3). Most of this increase occurred between 1986 and 1987 when subheading 9802.00.80 imports almost doubled. The dramatic surge in subheading 9802.00.80 imports during that year (predominantly motor vehicles and parts from Canada and semiconductors from Malaysia—fig. 1-4) can be attributed primarily to the establishment of a U.S. Customs user fee in late 1986, from which the U.S.-content of such imports entering under subheadings in chapter 98 of the HTS is exempt. To avoid the fee, many importers of duty-free goods claimed eligibility under subheading 9802.00.80, which caused these imports to increase and consequently the ratio of subheading 9802.00.80 imports to total imports to jump from 10 percent in 1986 to 17 percent in 1987 and 1988. However, the ratio of subheading 9802.00.80 imports to total imports dropped slightly to 16 percent in 1989 (table 1-4). The U.S.-origin content of subheading 9802.00.80 imports more than tripled during 1986-89, rising to \$18.9 billion. The ratio of the U.S. content to total value of imports under

Table 1-2
U.S. imports under HTS subheading 9802.00.80, total and duty free, by industry groups, 1986 and 1989

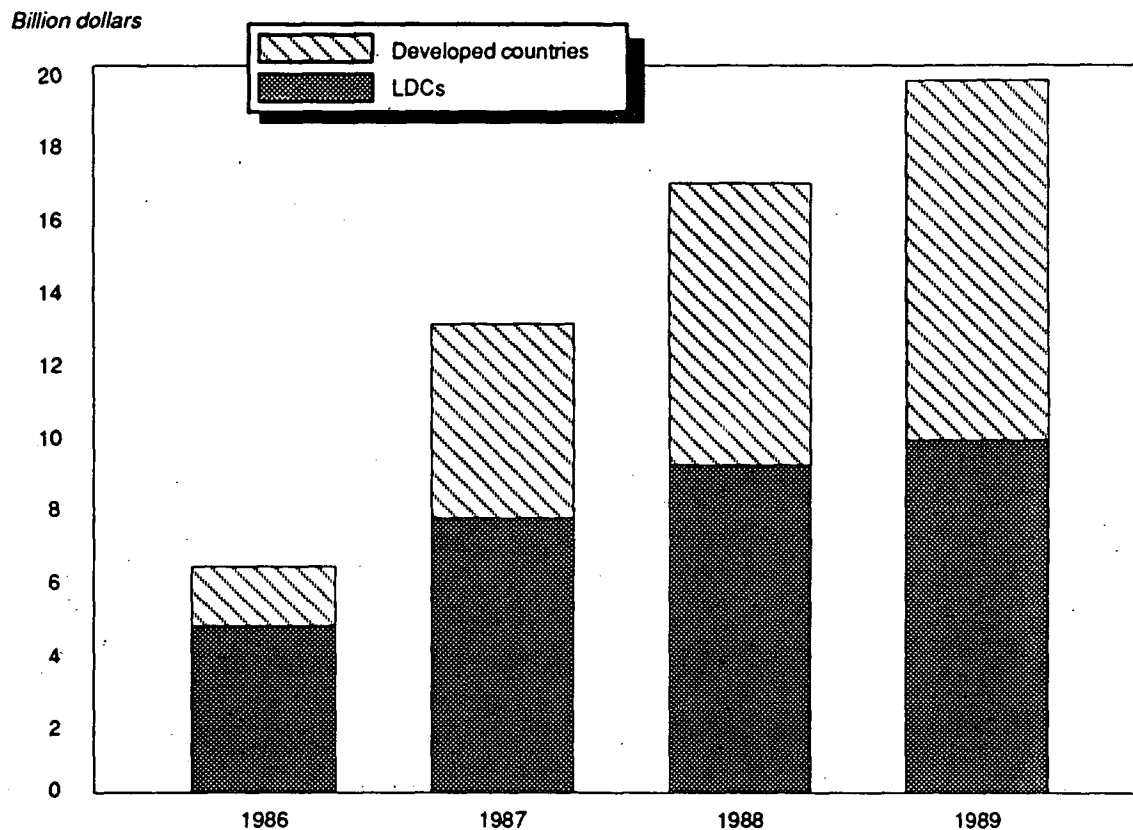
Industry group	Duty-free value		Change, 1989 from 1986	Average annual change, 1989 from 1986	Share of total 1989	Ratio of duty-free value to total value		Total value		Change, 1989 from 1986	Average annual change, 1989 from 1986	Share of total 1989
	1986	1989				1986	1989	1986	1989			
	1,000 dollars					Percent		1,000 dollars					Percent
Agricultural and forest products	101,925	156,263	53	15	1	59	68	171,446	230,598	34	10	(¹)
Shirts and blouses	122,882	231,394	88	23	1	52	59	235,045	393,315	67	19	1
Trousers, slacks, and shorts	232,387	499,657	114	29	3	72	64	323,847	776,466	140	34	1
Body-supporting garments	105,465	171,806	63	18	1	66	67	158,937	255,627	61	17	(¹)
Footwear	73,740	90,458	23	7	(¹)	43	18	173,380	499,584	188	42	1
Other textiles and apparel	371,788	517,529	39	12	3	68	62	542,393	831,572	53	15	1
Chemicals, coal, petroleum, natural gas, and related products	41,061	54,075	32	10	(¹)	62	48	66,008	111,530	69	19	(¹)
Minerals and metals	109,804	168,865	54	15	1	42	41	259,331	411,646	59	17	1
Internal combustion engines and parts	244,076	316,664	30	9	2	23	12	1,076,992	2,581,791	140	34	4
Office machines and parts	148,243	470,711	218	47	2	24	25	624,590	1,861,481	198	44	3
Motors, generators, transformers, and related equipment	238,401	358,177	50	15	2	48	55	494,284	653,656	32	10	1
Television apparatus and parts, other than cameras and picture tubes	204,444	347,968	70	19	2	22	23	928,169	1,517,424	63	18	2
Radio and telephone equipment and parts	215,612	246,782	14	5	1	32	24	678,795	1,024,176	51	15	1
Tape recorders, record players, and related equipment	120,397	18,613	-84	-46	(¹)	31	11	385,470	170,899	-56	-24	(¹)
Semiconductors	292,794	2,588,245	784	107	14	54	54	545,461	4,753,277	771	106	7
Other electrical articles	1,169,541	1,772,566	52	15	9	58	57	2,016,045	3,106,182	54	15	4
Motor vehicles, including automobile trucks and truck tractors, motor buses, and passenger automobiles	929,741	7,532,368	710	101	40	4	17	23,397,928	44,231,079	89	24	61
Motor-vehicle parts, industrial vehicles, non-self-propelled vehicles, motorcycles, rail locomotives, and rolling stock	344,831	1,416,195	311	60	7	28	34	1,225,020	4,176,364	241	51	6
Other machinery and equipment	500,637	1,122,025	124	31	6	27	32	1,828,812	3,522,851	93	24	5
Scientific instruments and apparatus	160,716	345,862	115	29	2	57	50	281,692	684,889	143	34	1
Furniture, mattresses, and pillows	36,151	180,077	398	71	1	22	33	160,932	553,632	244	51	1
Other miscellaneous manufactures	207,450	314,951	52	15	2	45	46	456,823	683,742	50	14	1
Total	5,972,084	18,921,252	217	47	100	17	26	36,031,399	73,031,783	103	27	100

¹ Less than 0.5 percent.

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

Figure 1-3

U.S. Imports under subheadings 9802.00.60 and 9802.00.80: Duty-free portion accounted for by developed and less developed countries, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

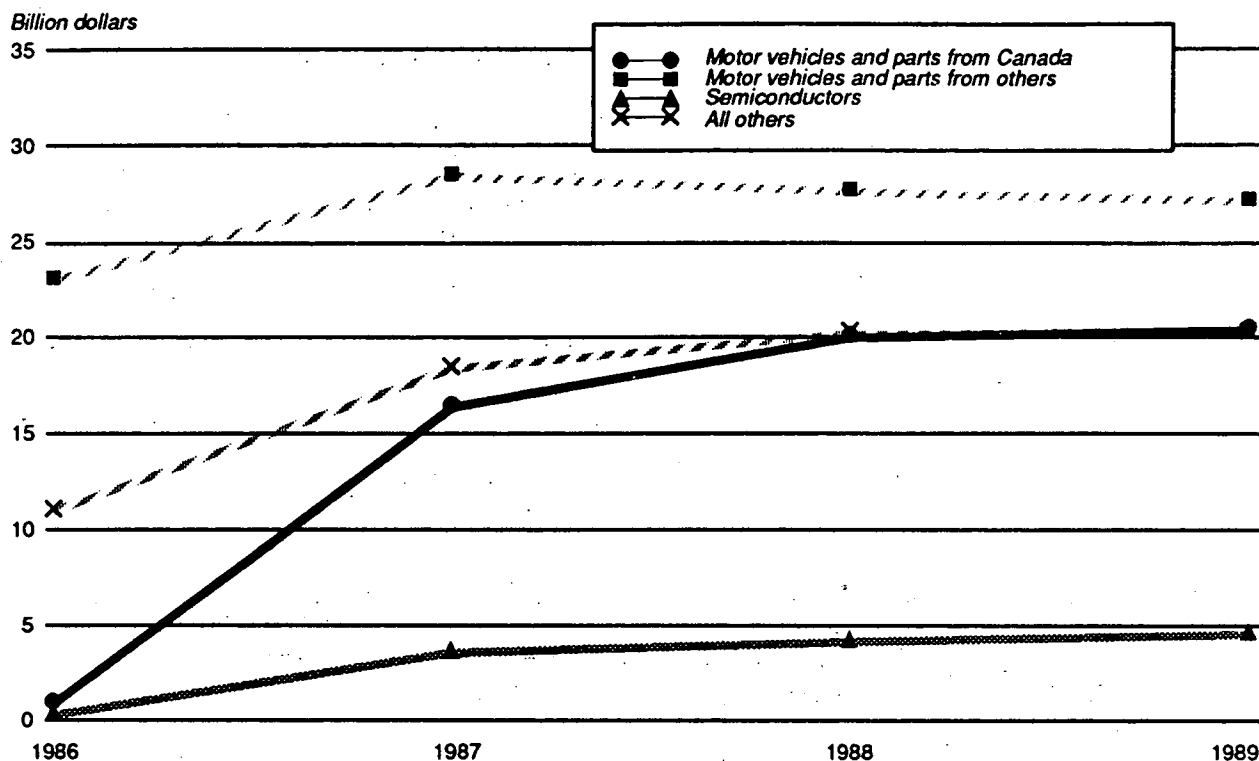
Table 1-3

HTS subheading 9802.00.80: U.S. imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

<i>Year</i>	<i>Total imports</i>	<i>9802.00.80 imports</i>	<i>Duty-free value of 9802.00.80 imports</i>
<i>Value (million dollars)</i>			
1986	368,657	36,031	5,972
1987	402,066	67,595	12,527
1988	437,140	72,803	16,354
1989	468,012	73,032	18,921
<i>Change (percent)</i>			
1989 from 1986	27	103	217
Average annual 1989 from 1986	8	27	47

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

Figure 1-4
U.S. Imports under subheading 9802.00.80: Motor vehicles and parts and semiconductors, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

Table 1-4
HTS subheading 9802.00.80: Nominal and effective rates of duty under HTS subheading 9802.00.80 and duty savings, 1986-89

Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
			Percent		Million dollars
1986	10	17	4.3	3.6	257
1987	17	19	2.6	2.1	326
1988	17	22	2.5	1.9	409
1989	16	26	2.4	1.8	454

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

subheading 9802.00.80 rose from 17 percent to 26 percent during the same period. Total duty savings for 9802.00.80 imports jumped from \$257 million in 1986 to \$454 million in 1989 (table 1-4, fig. 1-5).

Principal products

Much of the increase in imports under subheading 9802.00.80 in terms of U.S.-origin content can be attributed to a jump in imports of motor vehicles during 1986-89, from \$930 million to \$7.5 billion in response to the user fee. Of this increase, \$6.2 billion, or 94 percent, came from subheading 9802.00.80 imports of motor vehicles from Canada.

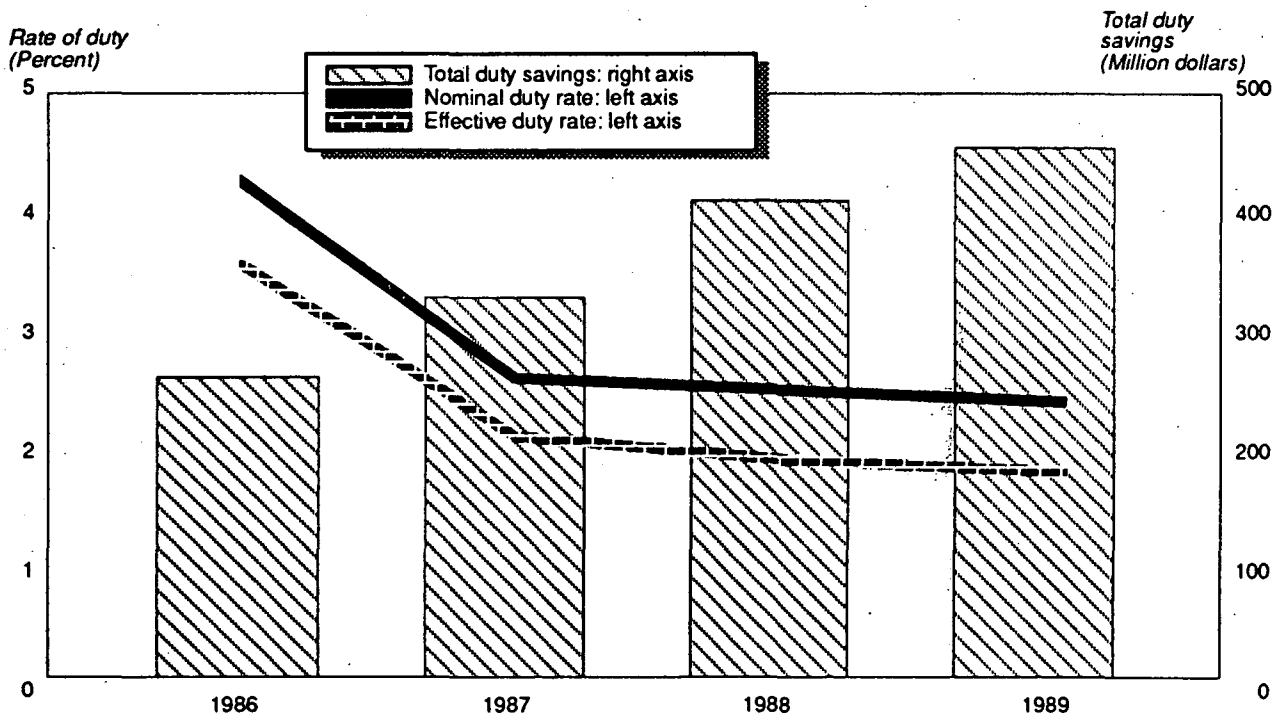
Increases in the duty-free value of 9802.00.80 imports of several other commodity groups also contributed to the rise in the ratio of duty-free content to total value of imports under subheading 9802.00.80 during 1986-89; namely, the duty-free value of imports of semiconductors rose from \$293 million to \$2.6 billion, that of motor-vehicle parts and rail locomotives and cars climbed from \$345 million to \$1.4 billion, and the duty-free value of 9802.00.80 imports of other machin-

ery and equipment doubled from \$501 million to \$1.1 billion (table 1-2).

The value of U.S.-made components contained in imports under 9802.00.80 rose by 16 percent in 1989 over 1988, from \$16.4 billion to \$18.9 billion. The chief contributors to this rise were motor vehicles, motor-vehicle parts, apparel, semiconductors, rail locomotives and cars, television receivers, and electrical conductors, as shown in the following tabulation (in millions of dollars):

Product	1988	1989	Increase in 1989 over 1988
Motor vehicles . . .	5,839	7,533	1,694
Motor-vehicle parts	922	1,156	234
Apparel	1,312	1,511	199
Semiconductors . . .	2,396	2,588	192
Rail locomotives and cars	85	261	175
Television receivers	189	311	122
Electrical conductors	748	854	106
All other	4,863	4,708	155
Total	16,354	18,921	2,567

Figure 1-5
HTS subheading 9802.00.80: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

Almost all of the increase in the U.S.-content of motor vehicles, semiconductors, and rail locomotives and cars came from Canada; nearly all of the increase for motor-vehicle parts, television receivers, and electrical conductors came from Mexico; and the growth in apparel came from the Dominican Republic and other Caribbean countries. Motor vehicles accounted for 40 percent of the U.S. content of imports under subheading 9802.00.80 in 1989; semiconductors, 14 percent; other electrical articles, 9 percent; motor-vehicle parts, 7 percent; and other machinery and equipment, 6 percent.

Principal sources

Canada and Mexico were the leading suppliers of subheading 9802.00.80 imports in 1989 in terms of U.S. content, accounting for 45 percent and 32 percent of the total, respectively. Malaysia was a distant third, accounting for 3 percent (table 1-5, fig. 1-6). Canada's share of duty-free HTS subheading 9802.00.80 imports expanded substantially during 1986-89, from 14 percent to 45 percent. However, the sharp rise in the value of the duty-free portion of subheading 9802.00.80 imports from Canada does not indicate an increase in the use of U.S.-made components in Canadian manufacturing operations. Instead, it shows that to avoid the Customs user fee, U.S. importers claimed subheading 9802.00.80 eligibility for duty-free articles from Canada that contain U.S.-made parts.⁸ In 1989, of the duty-free content of subheading 9802.00.80 imports from Canada, 76 percent was accounted for by motor vehicles (\$6.4 billion), all of which already qualified for duty-free treatment under

the APTA; 7 percent was accounted for by semiconductors (\$574 million); and 6 percent was accounted for by motor-vehicle parts (\$495 million) (table B-20).

Although Mexico's share of total U.S. content contained in 9802.00.80 imports dropped from 56 percent in 1986 to 32 percent in 1989, Mexico continues to be an attractive location for subheading 9802.00.80 activity because of low labor costs and proximity to the United States. Mexico's attractiveness relative to other countries as an assembly location for U.S. producers was reinforced by an increase in wage rates in competing countries such as Taiwan, Korea, Hong Kong, and Singapore. In 1989, earnings in Mexico were 35 percent below those in Korea, 17 percent below those in Hong Kong, 34 percent below those in Taiwan, and 25 percent below those in Singapore (table 1-6). Based on duty-free content, the top imports under subheading 9802.00.80 from Mexico in 1989 were electrical conductors (chiefly ignition wiring sets for motor vehicles), accounting for 13 percent (\$795 million); motor vehicles, 12 percent (\$705 million); and motor-vehicle parts, 10 percent (\$613 million) (table B-22).

As the third largest supplier of subheading 9802.00.80 imports based on duty-free content, Malaysia supplied \$596 million in imports, up sharply from \$85 million in 1986. Semiconductors, most of which have a free MFN rate of duty, accounted for 98 percent

⁸ See ch. 2 for an analysis of the impact of the user fee on the use of the foreign assembly provision. The principal reasons why articles from Canada enter the United States free of duty are (1) the articles have an MFN rate of "free," (2) the articles are free under the United States-Canada Free-Trade Agreement, (3) the APTA, and (4) the Agreement on Civil Aircraft.

Table 1-5
HTS subheading 9802.00.80: Duty-free value of U.S. imports for consumption, by principal sources, 1986-89

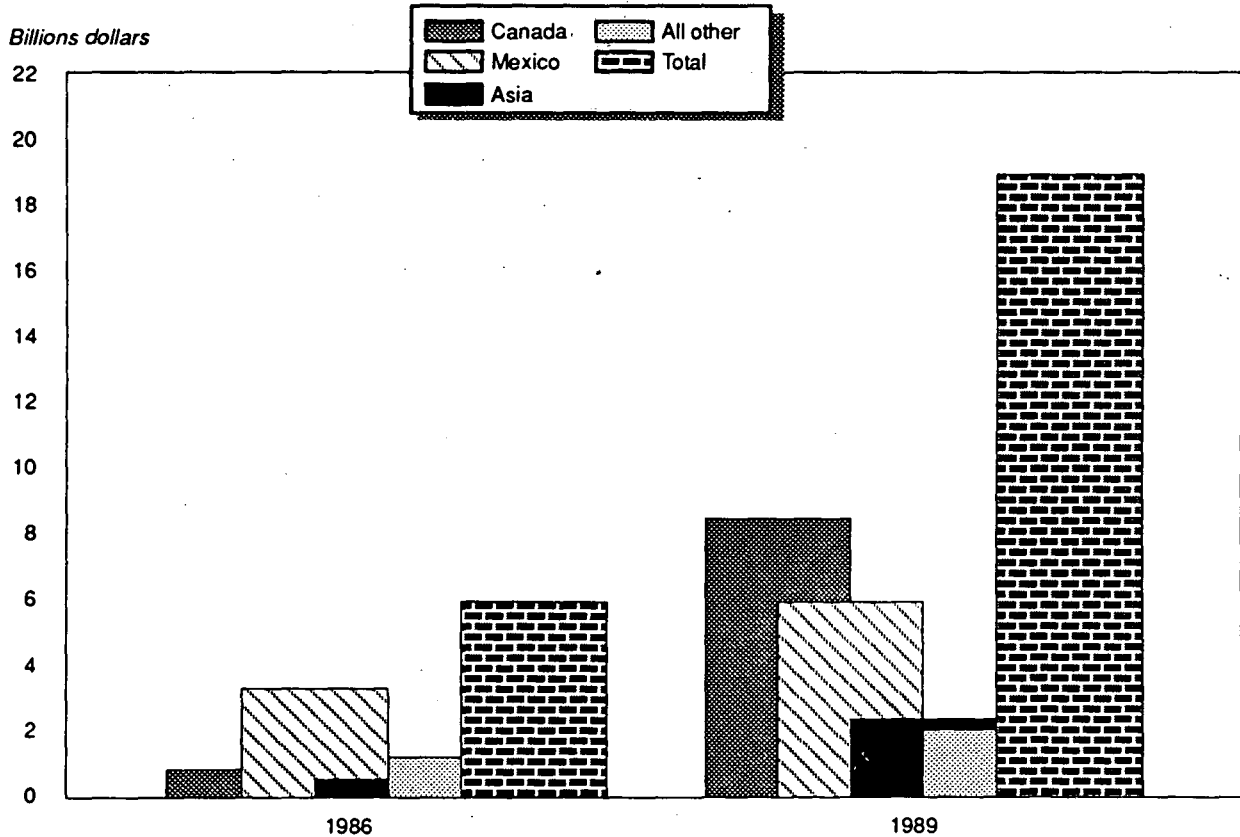
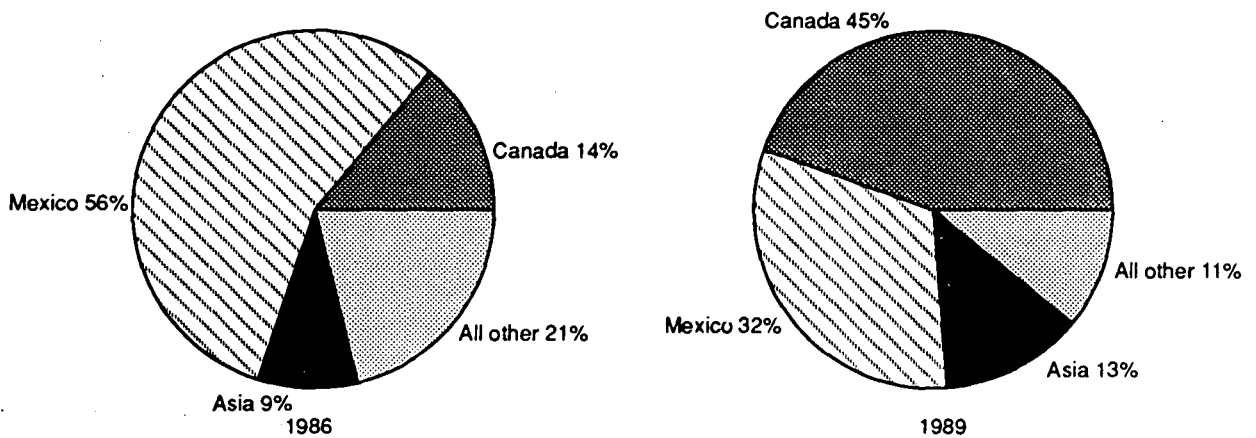
Source	1986	1987	1988	1989	Change in value of duty- free content, 1989 from 1986	Share of total duty-free value	
						1986	1989
	Million dollars				Percent	Percent	
Canada	853	3,783	6,518	8,478	894	14	45
Mexico	3,332	4,417	5,300	5,969	79	56	32
Malaysia	85	622	656	596	601	1	3
Korea	66	391	544	574	770	1	3
Dominican Republic ..	236	294	381	456	93	4	2
Japan	174	379	257	392	125	3	2
Singapore	72	386	442	342	375	1	2
Taiwan	91	234	239	260	186	2	1
Philippines	66	322	295	248	276	1	1
Costa Rica	92	97	140	188	104	2	1
All others	905	1,601	1,582	1,418	57	15	7
Total	5,972	12,527	16,354	18,921	217	100	100

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

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

Figure 1-6

HTS subheading 9802.00.80: U.S.-made components contained in imports from leading sources, by share of total and by value, 1986 and 1989



Source: Based on official statistics of the U.S. Department of Commerce.

Table 1-6
Average hourly compensation costs¹ for manufacturing employees in selected countries, 1986-89

Region/country	1986	1987	1988	1989	Change in 1989 from 1986 ²
In U.S. dollars					Percent
United	13.21	13.40	13.85	14.31	8
EC					
Denmark	11.08	14.56	15.86	15.16	37
Belgium	12.31	15.04	15.54	15.18	23
West Germany	13.29	16.91	18.11	17.58	32
Luxembourg	10.63	13.03	13.88	(³)	(⁴)
Ireland	7.81	9.08	9.74	9.42	21
United Kingdom	7.54	8.97	10.46	10.44	38
France	10.27	12.42	12.96	12.72	24
Spain	6.43	7.86	8.81	9.10	42
Greece	4.07	4.61	5.22	5.48	35
Netherlands	12.57	15.60	16.22	15.54	24
Italy	9.91	12.14	12.87	13.23	34
Portugal	2.08	2.51	2.67	2.77	33
Eastern Europe					
Yugoslavia	1.32	1.40	(³)	(³)	(⁴)
Hungary	0.78	0.83	(³)	(³)	(⁴)
North Africa					
Morocco ⁵	(³)	.52	.58	.60	(⁴)
Tunisia ⁶	.69	.74	.91	(³)	(⁴)
Asia					
Japan	9.31	10.83	12.80	12.63	36
Hong Kong	1.88	2.09	2.40	2.79	48
Korea	1.45	1.78	2.50	3.57	145
Singapore	2.23	2.31	2.67	3.09	39
Taiwan	1.73	2.26	2.82	3.53	104
Others					
Switzerland	13.76	17.08	17.98	16.70	21
Canada	11.00	11.95	13.53	14.72	34
Costa Rica	(³)	1.32	(³)	(³)	(⁴)
Mexico	1.50	1.57	1.99	2.32	55

¹ Hourly compensation is defined as (1) all payments made directly to the worker, before payroll deductions of any kind, and (2) employer social insurance expenditures.

² These changes are in terms of U.S. dollars. Because of the depreciation of the U.S. dollar against many European currencies during 1986-89, these figures overstate the increase in European earnings in terms of local currencies.

³ Not available.

⁴ Not applicable.

⁵ Estimated by the economic section of the Embassy of Morocco.

⁶ Estimated from data provided by the International Finance Corporation.

Source: Compiled by the U.S. International Trade Commission from statistics in the *1988 Yearbook of Labor Statistics*, International Labor Office, Geneva, 1988; *International Comparisons of Hourly Compensation Costs for Production Workers in Manufacturing, 1975, 1980 and 1982-89*, April 1990, U.S. Department of Labor; and information provided from foreign embassies in Washington, DC. Some exchange rates were ascertained from *International Financial Statistics*, International Monetary Fund, Washington, DC, June 1989.

(\$584 million) of articles imported under subheading 9802.00.80 from Malaysia in 1989 in terms of U.S. content (table B-28). The dramatic surge in duty-free subheading 9802.00.80 imports from Malaysia between 1986 and 1989 can be attributed to efforts by U.S. semiconductor manufacturers with assembly facilities in Malaysia to avoid the Customs user fee.

Duty savings

The apparel industry has by far the greatest incentives of any industry group to use the tariff advantages of subheading 9802.00.80 because high U.S. tariffs on imported apparel and the high proportion of the value of apparel from the Caribbean accounted for by

U.S.-origin content lead to the greatest amount of duty savings of any industry group. Of the 22 industry categories examined, except for agricultural and forest products, apparel industries tended to have the highest ratios of U.S. content to total value (table 1-1). For example, HTS subheading 9802.00.80 imports of body-supporting garments and trousers had among the highest ratios of U.S. content to total value (67 percent and 64 percent, respectively) in 1989, whereas tape recorders, record players, and related equipment; internal combustion engines and parts; and motor vehicles had the lowest ratios (11 percent, 12 percent, and 17 percent, respectively). The high U.S. content of apparel, combined with significantly higher duties on these

products, provided duty savings under subheading 9802.00.80 of \$230 million in 1989. Despite supplying only 4 percent of total imports under subheading 9802.00.80 in 1989, the apparel industry accrued 51 percent of the duty savings. Motor vehicles, on the other hand, accounted for 61 percent of total 9802.00.80 imports, but only 30 percent (\$135 million) of the duty savings.

Imports from LDCs

Imports from LDCs accounted for 30 percent of total subheading 9802.00.80 imports in 1989, up from 28 percent in 1986 (table B-4). The total value of subheading 9802.00.80 imports from LDCs increased from \$10.2 billion in 1986 to \$21.6 billion in 1989.

Mexico was the primary source of HTS subheading 9802.00.80 imports from LDCs in 1989, providing 54 percent of the imports from all LDCs, followed by Korea with 9 percent; Singapore and Malaysia each had shares of 6 percent. The major products imported from Mexico under subheading 9802.00.80 were motor vehicles, electrical conductors, and television receivers. Semiconductors accounted for most of subheading 9802.00.80 imports from Malaysia. Semiconductors and office machines were the leading products imported from Singapore. Semiconductors were the leading subheading 9802.00.80 import category from Korea, followed by motor vehicles. U.S.-made components accounted for 40 percent of the motor vehicle imports under subheading 9802.00.80 from Mexico, but only 4 percent of such imports from Korea.

Impact of the Customs and Trade Act of 1990 on U.S. imports from CBERA designated beneficiary countries

The enactment of the Customs and Trade Act of 1990 on August 20, 1990, is likely to promote further investment in the Caribbean by firms involved in high technology manufacture and to eventually decrease U.S. imports from this region entering under the foreign assembly provision of products other than textiles and apparel. Instead, these imports will obtain CBERA benefits because section 222 of the Customs and Trade Act of 1990 effectively established duty-free entry for the full value of goods (except textile articles, apparel articles, or petroleum or petroleum-derived products) assembled or processed in whole of fabricated components or in ingredients that are products of the United States and that are imported into the United States from CBERA designated countries, by treating the goods as having U.S. origin. The application of duty-free entry to the entire content of such goods will allow U.S. companies to enjoy even greater cost savings by eliminating tariffs and by avoiding the Customs user fee altogether. However, a shift in U.S. imports of goods

from CBERA designated beneficiary countries entering under the foreign assembly provision to those entering under CBERA is likely to be limited and grow gradually. CBERA duty-free imports comprised only a negligible 0.1 percent (\$331 million) share of total U.S. imports in 1989.

U.S. imports from countries designated as beneficiaries under the CBERA, principally the Dominican Republic, Costa Rica, Haiti, Jamaica, and Guatemala, together comprised a minor but expanding share of total U.S. imports under HTS subheading 9802.00.80. Such imports grew 80 percent during 1986-89, from \$874 million to \$1.6 billion. In 1989, CBERA designated countries supplied \$1.4 billion, or almost half (49 percent) of total U.S. imports of textiles, apparel, and footwear entering under HTS subheading 9802.00.80.

Although apparel has dominated U.S. imports under HTS subheading 9802.00.80 from the Caribbean, these countries have also been stepping up efforts to attract other types of industries involved in higher technology manufacture, such as the assembly of electronic components including switches, wire harnesses, transformers, television receivers, and plastic injection molding. The loss of GSP status for Taiwan, Hong Kong, Singapore, and Korea, in 1989, and the rising wage rates in those countries and in the rest of the Far East have been motivating some U.S. companies to move their electronic and other types of manufacturing operations from the Far East to the Caribbean nations. The Caribbean nations offer relatively low labor costs, large pools of available and skilled workers, tax incentives, and especially important, proximity to the large U.S. market.

Significance of 9802.00.80 Trade to Source Countries

The leading suppliers of subheading 9802.00.80 imports, in 1989, were Canada (\$25.7 billion), Japan (\$16.8 billion), and Mexico (\$11.8 billion) (table 1-7). However, Mexico, Sweden, and Canada had the largest ratios of 9802.00.80 imports to total imports. Imports under this provision accounted for 46 percent of total U.S. imports from Mexico in 1989, 38 percent of imports from Sweden, and 31 percent of imports from Canada (table 1-7).

The role of the maquiladora industry in exports of manufactured goods from Mexico becomes even more significant if the agricultural, petrochemical, and steel sectors are subtracted from the analysis. Without these sectors, to which foreign assembly provisions do not apply, imports under subheading 9802.00.80 accounted for 78 percent of total U.S. imports of \$14.5 billion from Mexico in 1989. This high proportion of total imports accounted for by imports under subheading 9802.00.80 can be attributed to the use by U.S. firms of maquiladora operations in Mexico, which take advan-

Table 1-7

HTS subheading 9802.00.80: Principal suppliers, total U.S. imports, 9802.00.80 imports, U.S. content of 9802.00.80 imports, share of total imports accounted for by 9802.00.80 imports, and share of 9802.00.80 imports accounted for by U.S. content, 1989

Source	Total U.S. imports	Total imports under HTS subheading 9802.00.80	U.S. content of 9802.00.80 imports	Share of total U.S. imports accounted for by 9802.00.80	Share of 9802.00.80 imports accounted for by U.S. content
	Million dollars			Percent	
Canada	87,988	25,726	8,478	29	33
Japan	91,842	16,838	392	18	2
Mexico	26,557	11,767	5,969	44	51
West Germany	24,774	3,933	65	16	2
Korea	19,567	1,978	574	10	29
Sweden	4,860	1,761	39	36	2
Singapore	8,886	1,377	342	16	25
United Kingdom	17,924	1,320	146	7	11
Malaysia	4,669	1,316	596	28	45
Taiwan	24,203	1,062	260	4	24
All others	156,742	5,954	2,060	4	35
Total	468,012	73,032	18,921	16	26

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

tage of low cost labor in assembly operations to improve their competitiveness. In 1989, subheading 9802.00.80 trade dominated Mexican exports to the United States in each of the following commodities: electrical articles (88 percent), motor vehicles (93 percent), television apparatus and parts (95 percent), and motor-vehicle parts (78 percent).

For Canada, as with Mexico, if agricultural, petrochemical, and steel sectors were excluded from analysis, subheading 9802.00.80 trade would have accounted for 62 percent of Canada's exports to the United States

in 1989 (\$25.5 billion of \$41 billion). This reflects the rationalization of production across the U.S.-Canada border. By contrast, with the same exclusions, imports under subheading 9802.00.80 would have accounted for 21 percent of total U.S. imports from Japan (\$17 billion of \$81 billion), 12 percent from Korea (\$2 billion of \$17.1 billion), and 6 percent from Taiwan (\$1.1 billion of \$18.8 billion).

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Chapter 2

Impact of the Customs User Fee on the Use of Subheadings 9802.00.60 and 9802.00.80

The overall use of U.S.-made components in foreign manufacturing and assembly operations cannot be measured solely by the level of duty-free content of imports under HTS subheadings 9802.00.60 and 9802.00.80. Until recently, importers of products that entered free of duty under various provisions, such as the Generalized System of Preferences (GSP), Caribbean Basin Economic Recovery Act (CBERA), APTA, Civil Aircraft Agreement, and U.S.-Israel Free-Trade Agreement,¹ or that had an unconditional, most-favored-nation (MFN) duty rate of "free," such as transistors, diodes, agricultural equipment, lift trucks, outboard marine motors, and most semiconductors, had no incentive to attempt to enter goods under subheadings 9802.00.60 or 9802.00.80. However, since December 1986, many importers of duty-free articles, except for those entered under the GSP and CBERA, have been entering these goods containing U.S.-origin parts or metal under subheadings 9802.00.60 and 9802.00.80 to avoid paying a user fee² established by the U.S. Congress. Consequently, for the duration of the user fee, the duty-free portion of imports under subheadings 9802.00.60 and 9802.00.80 will more closely represent full use of U.S.-origin components and metal in foreign manufacturing operations.

Effective December 1, 1986, U.S. Customs regulations were amended to reflect the ad valorem user fee for merchandise processing (see Treasury Decision 86-205) authorized by the Omnibus Budget Reconciliation Act of 1986 (sec. 8101 of Public Law 99-509). The amended regulations require that merchandise formally entered or withdrawn from warehouse for consumption be subject to an ad valorem fee based on the appraised customs value of the merchandise. This fee was 0.22 percent ad valorem between December 1986 and September 1987, and 0.17 percent ad valorem since October 1987, and is to be used to offset customs appropriations for salaries and expenses incurred in conducting commercial operations.³

There are several exceptions to the fee created by section 8101, however, including exemption from the fee for articles provided for in chapter 98 of the HTS.

¹ See app. C for a description of these provisions.

² This fee is also known as a merchandise processing fee.

³ From Oct. 1, 1987, through Sept. 30, 1990, the user fee was set at 0.17 percent ad valorem. This user fee was reauthorized by the Omnibus Budget Reconciliation Act of 1990. This Act extended the effective period for application of the fee through Sept. 30, 1995, and gave the Secretary of the Treasury authority to adjust the ad valorem rate of the fee to an amount not greater than 0.19 percent nor less than 0.15 percent.

(See 19 CFR 24.23(b)(1) (1987).) Section 8101 exempted both the dutiable and duty-free portions of articles provided for in subheadings 9802.00.60 and 9802.00.80 from this user fee. However, section 9501 of Public Law 100-203 (Omnibus Trade and Reconciliation Act of 1987) amended the user fee by removing the exemption from the fee for the dutiable portion of the value of imports under HTS subheadings 9802.00.60 and 9802.00.80 effective January 6, 1988.

Traditional imports under subheadings 9802.00.60 and 9802.00.80 combined grew from \$36.5 billion in 1986 to \$44.7 billion in 1989, or by 22 percent. However, the addition of \$29.5 billion in imports with a free rate of duty to escape the user fee raises the 1989 total to \$74.2 billion. This indicates a 103-percent rise in the use of these provisions in 1989 over those in 1986. However, products imported in response to the user fee accounted for 78 percent of the \$37.7 billion growth in total imports under 9802.00.60 and 9802.00.80 during 1986-89.⁴

Subheading 9802.00.80

In 1989, total imports under HTS subheading 9802.00.80 of products with an MFN free rate of duty⁵ or entering under the APTA, the Agreement on Civil Aircraft, or the United States-Canada Free-Trade Agreement totaled \$29.1 billion, 40 percent of total imports under subheading 9802.00.80. It is reasonable to conclude that these imports were entered under this subheading solely to avoid paying the user fee that would otherwise have been assessed on these imports. Before the user fee was imposed, almost no imports with a free rate of duty entered under the foreign assembly tariff provision. Were it not for imports entering under this subheading to avoid the user fee, imports under subheading 9802.00.80 would have risen just 22 percent between 1986 and 1989, from \$36 billion to \$43.9 billion, instead of climbing 103 percent to \$73.0 billion; total imports under 9802.00.80 would have accounted for 9 percent of overall imports in contrast to the 16 percent recorded in 1989.⁶

As shown in billions of dollars in the following tabulation and in figure 2-1, were it not for the user fee, total imports under subheading 9802.00.80 would have increased by 3.5 percent from \$42.4 billion to \$43.9 billion between 1988 and 1989 instead of rising 0.3 percent from \$72.8 billion to \$73.0 billion.

⁴ The purpose of drawing the distinction between "traditional" imports under the production sharing provisions and "free rate" imports is to explain the sharp rise in imports under the provisions in 1987-89 over 1986. This growth should not be interpreted as a change in manufacturing processes or locations or as an indication of a loss of revenue to the U.S. Treasury.

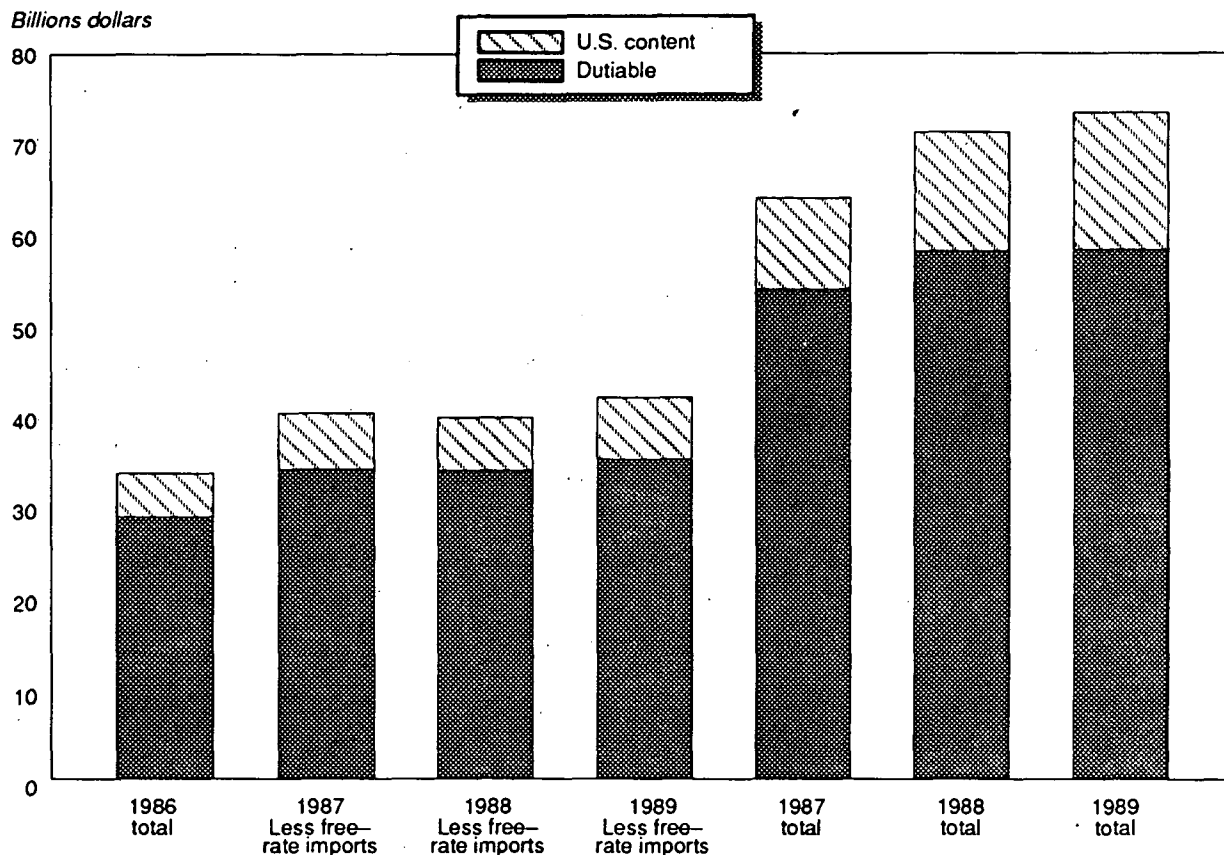
⁵ International agreements bind the rates of duty on these products at free. The rates of duty cannot be increased without violating these agreements.

⁶ Subtracting "free" imports from official statistics reveals what the trend in imports under subheading 9802.00.80 would have been if the user fee had not been imposed.

<i>Imports under 9802.00.80</i>	<i>1986, total</i>	<i>1988, less free- rate imports</i>	<i>1989, less free- rate imports</i>	<i>1988, total</i>	<i>1989, total</i>
Dutiable content	\$30.1	\$35.0	\$35.2	\$56.4	\$54.1
U.S.-origin content	6.0	7.4	8.7	16.4	18.9
Total	36.0	42.4	43.9	72.8	73.0

Figure 2-1

U.S. imports under HTS subheading 9802.00.80, total and duty-free 1986-89, and discounting free rate imports, 1987-89



Source: Based on official statistics of the U.S. Department of Commerce.

The principal reason for slow growth in the use of subheading 9802.00.80 (after subtracting free-rate imports) in 1989, compared with a 7-percent rise in total U.S. imports from the world, was a drop in imports of motor vehicles from Korea under 9802.00.80 from \$2.0 billion in 1988 to \$0.7 billion in 1989. This 64 percent decline reflected a 38-percent drop in the number of cars exported from Korea in 1989, from 565,000 cars in 1988 to 347,000 in 1989.⁷ These statistics indicate the relative weakness of Korean automobiles in both U.S. and world markets as world consumption of auto-

mobiles grew by 4 percent. But for the drop in imports of motor vehicles from Korea in 1989, the growth in imports under 9802.00.80 (discounting "free rate" imports) would have matched the 7-percent rise in U.S. imports from the world.

APTA imports under subheading 9802.00.80 totaled \$21.7 billion in 1989, accounting for 75 percent of "free-rate" imports (articles with an unconditionally free rate of duty (under chapters 1-97) that enter under subheading 9802.00.80) (tables 2-1 and 2-2). Duty-free semiconductors totaled \$4.6 billion, 16 percent of the total; imports under the Agreement on Civil Air

⁷ Mercedes-Benz Annual Report 1989.

craft amounted to \$1 billion and accounted for 4 percent of the total. "Free" imports accounted for 42 percent of 1989 imports of motor vehicles under subheading 9802.00.80; 98 percent of the semiconductors; 44 percent of the motor-vehicle parts, industrial vehicles, and rolling stock; 64 percent of the internal combustion engines; and 47 percent of the office machines and parts.

Subtracting the "free" imports from official statistics, imports of motor vehicles would have risen 10 percent during 1986-89 instead of 89 percent; semiconductors would have fallen by 80 percent instead of rising by 771 percent; motor-vehicle parts, industrial vehicles and rolling stock would have grown 92 percent instead of 241 percent; and internal combustion engines would have dropped 13 percent instead of climbing 140 percent (table 2-2).

In terms of U.S.-origin content, imports of products with an unconditionally free rate of duty totaled \$10.2 billion in 1989, 54 percent of the value of all U.S.-made components contained in U.S. imports under subheading 9802.00.80. The U.S.-origin content of "free" imports accounted for 35 percent of subheading 9802.00.80 imports in 1989 compared with 20 percent for other imports under subheading 9802.00.80. Were it not for the user fee, the U.S.-origin content of imports under subheading 9802.00.80 would have increased just 46 percent between 1986 and 1989, from

\$6 billion to \$8.7 billion, instead of more than tripling to \$18.9 billion (table 2-2).

The U.S. content of APTA imports (\$6.8 billion) constituted 36 percent of the nondutiable portion of total 9802.00.80 imports in 1989 (tables 1-1 and 2-1). U.S.-made components in semiconductors (\$2.6 billion) accounted for 14 percent of the total, those in civil aircraft (\$305 million), 2 percent. "Free" imports accounted for 84 percent of the U.S.-origin content of imports of motor vehicles entered under subheading 9802.00.80 in 1989; 98 percent of the semiconductors; 33 percent of motor-vehicle parts, industrial vehicles, and rolling stock; 35 percent of internal combustion engines; 55 percent of office machines and parts; and 35 percent of miscellaneous machinery and equipment (figure 2-2).

If the user fee had not been imposed, imports of motor vehicles under subheading 9802.00.80, in terms of U.S. content, would have grown by 34 percent from \$930 million to \$1.2 billion during 1986-89, instead of escalating to \$7.5 billion; semiconductors would have fallen 84 percent instead of jumping nearly eight-fold; motor-vehicle parts, industrial vehicles, and rolling stock would have nearly tripled instead of more than quadrupling; internal combustion engines would have dropped by 16 percent instead of growing by 30 percent; office machines and parts would have

Table 2-1
Articles with a free MFN rate of duty: U.S. imports under HTS subheading 9802.00.80, by industry groups, 1989

Industry group	Total value	U.S. content	Foreign value added	Ratio of U.S. content to total	Ratio of group to total U.S. content
	Million dollars			Percent	
Motor vehicles, including automobile trucks and truck tractors, motor buses, passenger automobiles, special-purpose motor vehicles, and snowmobiles	18,416	6,290	12,126	34	62
Semiconductors	4,646	2,540	2,106	55	25
Motor-vehicle parts, industrial vehicles, nonself-propelled vehicles, motorcycles, rail locomotives, and rolling stock	1,824	463	1,361	25	5
Other machinery and equipment	1,177	393	784	33	4
Office machines and parts	881	259	622	29	3
Internal combustion engines and parts	1,647	112	1,535	7	1
Furniture, mattresses, and pillows	218	95	123	44	1
Agricultural and forest products	16	14	2	86	(1)
Other electrical articles	50	12	38	24	(1)
Scientific instruments and apparatus	46	7	39	14	(1)
Minerals and metals	81	5	76	7	(1)
Radio and telephone equipment and parts	47	2	45	4	(1)
Chemicals, coal, petroleum, natural gas, and related products	2	1	1	51	(1)
Motors, generators, transformers, and related equipment	2	1	1	45	(1)
Other miscellaneous manufactures	41	2	38	5	(1)
Total	29,094	10,195	18,899	35	100
Special categories:					
APTA	21,709	6,809	14,900	31	67
Civil aircraft	1,033	305	728	30	3

¹ Less than 0.5 percent.

² Less than \$500,000.

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

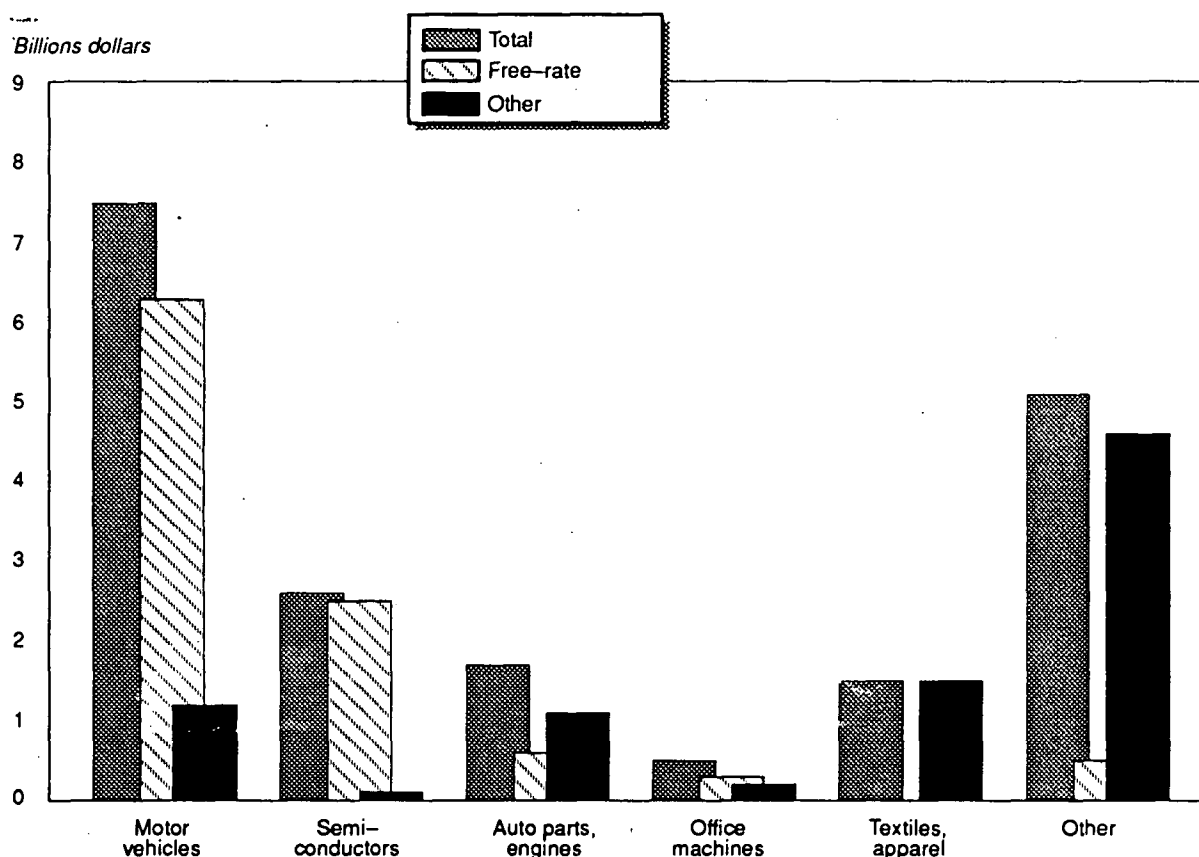
Table 2-2
U.S. imports under HTS subheading 9802.00.80, total and duty free, discounting for free rate imports, by industry groups 1986 and 1989

Industry group	Duty-free value			Change, 1989 from 1986	Total value			Change, 1989 from 1986		
	1989		1989							
	1986	Total	Less free rate imports	Total	Less free rate imports	1986	Total	Less free rate imports	Total	Less free rate imports
Agricultural and forest products	102	156	142	53	51	172	231	215	34	25
Shirts and blouses	123	231	231	89	89	235	393	393	67	67
Trousers, slacks, and shorts	232	500	500	116	116	324	776	776	140	140
Body-supporting garments	105	172	172	64	64	159	256	256	61	61
Footwear	74	90	90	22	22	173	500	500	189	189
Other textiles and apparel	372	518	518	40	40	542	832	832	54	54
Chemicals, coal, petroleum, natural gas, and related products	41	54	53	32	29	66	112	110	70	67
Minerals and metals	110	169	164	55	50	259	412	331	59	28
Internal combustion engines and parts	244	317	205	30	-16	1,077	2,582	935	140	-13
Office machines and parts	148	471	212	218	43	625	1,861	980	198	57
Motors, generators, transformers, and related equipment	238	358	357	50	50	494	654	652	32	32
Television apparatus and parts, other than cameras and picture tubes	204	348	348	71	71	928	1,517	1,517	63	63
Radio and telephone equipment and parts	216	247	245	14	13	679	1,024	977	51	44
Tape recorders, record players, and related equipment	120	19	19	-84	-84	385	171	171	-56	-56
Semiconductors	293	2,588	48	783	-84	545	4,753	107	771	-80
Other electrical articles	1,170	1,773	1,761	52	51	2,016	3,106	3,056	54	52
Motor vehicles, including automobile trucks and truck tractors, motor buses, passenger automobiles	930	7,532	1,242	710	34	23,398	44,231	25,815	89	10
Motor-vehicle parts, industrial vehicles, nonself-propelled vehicles, motorcycles, rail locomotives, and rolling stock	345	1,416	953	310	176	1,225	4,176	2,352	241	92
Other machinery and equipment	501	1,122	729	124	46	1,829	3,523	2,346	93	28
Scientific instruments and apparatus	161	346	339	115	111	282	685	639	143	127
Furniture, mattresses, and pillows	36	180	85	400	136	161	554	336	244	109
Other miscellaneous manufactures	207	315	314	52	52	457	684	681	50	49
Total	5,972	18,921	8,726	217	46	36,031	73,032	43,938	103	22

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

Figure 2-2

U.S. Imports under subheading 9802.00.80: "Free-rate" and other, by value of U.S.-made components and by selected industries, 1989



Source: Based on official statistics of the U.S. Department of Commerce.

risen 43 percent instead of more than tripling; and miscellaneous machinery and equipment would have risen 46 percent instead of 124 percent (table 2-2).

Canada was the dominant supplier of "free" imports under subheading 9802.00.80 in 1989, accounting for 80 percent (\$23.4 billion) of the total value and 76 percent (\$7.7 billion) of the U.S.-origin content (tables 1-3 and 2-3). Malaysia was the second leading supplier, providing 4 percent (\$1.2 billion) in terms of total value, and 6 percent (\$565 million) in terms of U.S. content. "Free" imports accounted for 91 percent of both the U.S.-origin content and total subheading 9802.00.80 imports from Canada in 1989. These imports accounted for 73 percent of total subheading 9802.00.80 imports from Singapore and 95 percent of the U.S.-origin content of subheading 9802.00.80 imports from Malaysia. APTA accounted for 93 percent of the "free" imports under 9802.00.80 from Canada; civil aircraft and parts made up 97 percent of such imports from France; and semiconductors accounted for 99.6 percent of these imports from Ma-

laysia, 93 percent from Korea, and 60 percent from Singapore.

Were it not for the user fee, total imports under subheading 9802.00.80 from Canada would likely have dropped from \$2.9 billion in 1986 to \$2.3 billion in 1989, instead of soaring to \$25.7 billion; Canada's share of total imports under subheading 9802.00.80 would have been 5 percent instead of 35 percent; Japan's share would have been 38 percent instead of 23 percent. Canada's share of the U.S.-origin content of imports under subheading 9802.00.80 would have been 9 percent instead of 45 percent; Mexico's share would have risen from 32 to 65 percent.

Subheading 9802.00.60

"Free-rate" imports entered under subheading 9802.00.60 totaled \$388 million in 1989, 34 percent of total imports under subheading 9802.00.60 (table 2-4). Were it not for the user fee, imports under subheading 9802.00.60 would have increased by 62 percent during 1986-89, from \$466 million to \$754 million, instead of more than doubling to

Table 2-3
Articles with a free MFN rate of duty: U.S. Imports under HTS subheading 9802.00.80, by countries of assembly, 1989

Country	Total value	U.S. content	Foreign value added	Ratio of U.S. content to total	Ratio of group to total U.S. content
	Million dollars			Percent	
Canada	23,409	7,715	15,694	33	76
Malaysia	1,217	565	652	46	6
Korea	833	489	344	59	5
Mexico	556	305	251	55	3
Singapore	1,005	288	717	29	3
Philippines	416	204	212	49	2
Taiwan	382	169	213	44	2
Thailand	215	124	91	58	1
United Kingdom	349	94	255	27	1
Hong Kong	143	76	67	53	1
All others	569	166	403	29	2
Total	29,094	10,195	18,899	35	100

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

Table 2-4
Articles with a free rate of duty: U.S. Imports under HTS subheading 9802.00.60, by industry groups, 1989

Industry group	Total value	U.S. content	Foreign value added	Ratio of U.S. content to total	Ratio of group to total U.S. content
	Million dollars			Percent	
Other machinery and equipment	370.3	111.9	258.4	30	93
Internal combustion engines and parts	12.8	6.1	6.7	47	5
Semiconductors	1.9	1.0	.9	54	1
Office machines and parts . . . . .	.4	.3	.1	66	(1)
Motor-vehicle parts, industrial vehicles, nonself-propelled vehicles, motorcycles, rail locomotives, and rolling stock	1.3	.4	.9	31	(1)
Minerals and metals . . . . .	.5	.4	.1	69	(1)
Agricultural and forest products . . . . .	.1	(2)	(2)	47	(1)
Total	387.3	120.1	267.1	31	100
Special categories:					
APTA	6.4	3.0	3.4	46	3
Parts for civil aircraft . . . . .	.8	.5	.3	60	(1)

¹ Less than 0.5 percent.

² Less than \$50,000.

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

\$1.1 billion (table 2-5). In terms of U.S.-origin metal, "free" imports under subheading 9802.00.60 totaled \$120 million, 17 percent of the nondutiable value of all subheading 9802.00.60 imports.

Without the user fee, the nondutiable content of 9802.00.60 imports would have expanded by 87 percent during 1986-89, from \$308 million to \$577 million. The nondutiable content of "free" imports comprised 31 percent of these subheading 9802.00.60 imports in 1989, compared with 77 percent for traditional imports under the provision.

Canada was by far the leading supplier of "free" imports under subheading 9802.00.60 in 1989, accounting for 99 percent (\$382 million) of the total value and 97 percent (\$117 million) of nondutiable

content (table 2-6). The next two leading suppliers, Taiwan and Mexico, together accounted for only 1 percent (\$3 million) in terms of total value and 2 percent (\$2 million) in terms of the value of the U.S.-origin metal. The United Kingdom supplied all U.S. imports of aircraft parts that entered free of duty under both the Agreement on Civil Aircraft and subheading 9802.00.60 in 1989.

"Free" imports accounted for 47 percent of total subheading 9802.00.60 imports from Canada in 1989 and 26 percent of the nondutiable content. By comparison, "free" imports accounted for only 0.8 percent of total subheading 9802.00.60 imports from Mexico; there were no "free-rate" imports under 9802.00.60 from Japan.

Table 2-5

U.S. imports under HTS subheading 9802.00.60, total and duty free, discounting for free rate imports, by industry groups, 1986 and 1989

Industry group	Duty-free value			Change, 1989 from 1986		Total value			Change, 1989 from 1986	
	1989					1989				
	1986	Total	Less free rate imports	Total	Less free rate imports	1986	Total	Less free rate imports	Total	Less free rate imports
	Million dollars			Percent		Million dollars			Percent	
Agricultural and forest products	(¹)	0	0	-100	-100	(¹)	0	0	-100	-100
Textiles, apparel, and footwear	(¹)	0	0	-100	-100	(¹)	0	0	-100	-100
Chemicals, coal, petroleum, natural gas, and related products	5.8	11.7	11.7	101	102	9.9	18.8	18.8	91	90
Minerals and metals	276.8	364.8	364.4	32	32	412.5	469.3	468.8	14	14
Internal combustion engines and parts	1.0	13.6	7.5	1,304	650	1.2	24.3	11.5	2,006	856
Office machines and parts	.1	.3	0	164	-100	.3	.4	0	47	-100
Motors, generators, transformers, and related equipment	6.7	13.9	13.9	107	107	9.4	18.1	18.1	93	93
Radio and telephone equipment and parts	.3	(¹)	(¹)	-94	-93	.5	.1	.1	-85	-80
Semiconductors	.1	1.3	.3	1,141	200	.1	2.5	.6	1,656	500
Other electrical articles	5.2	98.2	98.2	1,785	1,796	8.3	137.8	137.8	1,564	1,560
Motor-vehicle parts, industrial vehicles, nonself-propelled vehicles, motorcycles, rail locomotives, and rolling stock	1.6	14.2	4.1	810	762	2.0	19.5	18.2	871	810
Other machinery and equipment	9.6	120.4	8.5	1,154	-11	19.5	384.4	14.1	1,870	-28
Miscellaneous manufactures	1.2	58.6	58.6	4,956	4,783	1.9	66.1	66.1	3,427	3,379
Total	308.4	697.1	577.1	126	87	465.5	1,141.3	754.1	145	62

¹ Less than \$50,000.

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

Table 2-6
Articles with a free rate of duty: U.S. imports under HTS subheading 9802.00.60, by countries of processing, 1989

<i>Country</i>	<i>Total value</i>	<i>U.S. content</i>	<i>Foreign value added</i>	<i>Ratio of U.S. content to total</i>	<i>Ratio of group to total U.S. content</i>
	<i>Million dollars</i>			<i>Percent</i>	
Canada	382.3	116.9	265.4	31	97
Mexico	1.5	1.3	.2	86	1
Taiwan	1.8	1.0	.8	54	1
United Kingdom .....	.8	.5	.3	60	(¹)
All others	1.4	.3	1.1	21	(¹)
Total	387.8	120.0	267.8	31	100

¹ Less than 0.5 percent.

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

Chapter 3

Imports Under HTS

Subheading 9802.00.80:

Transportation Equipment

Transportation equipment consists largely of motor vehicles and parts thereof, nonmilitary aircraft, internal combustion engines, and rail locomotives and rolling stock. U.S. imports of these goods rose from \$85 billion in 1986 to \$93 billion in 1989, representing an increase of 9 percent (table 3-1). U.S. imports of these products entered under subheading 9802.00.80 doubled during the period, increasing from \$26 billion in 1986 to \$52 billion in 1989. U.S. imports of motor vehicles under subheading 9802.00.80 contributed largely to this increase, rising 89 percent to \$44 billion during the period. The value of the U.S.-made components in subheading 9802.00.80 imports rose rapidly during the period, from \$1.6 billion to \$9.7 billion, an increase of 509 percent. Beginning in December 1986, APTA and other duty-free products were entered under subheading 9802.00.80 presumably to avoid the Customs user fee. In 1989, motor vehicles and motor-vehicle parts accounted for 90 percent of the U.S. content of total imports of transportation equipment under 9802.00.80, 4 percent more than in 1988. Motor

vehicles were the single largest imported product, accounting for 78 percent of total U.S. content in 1989. The ratio of subheading 9802.00.80 imports to total imports increased from 31 percent in 1986 to 57 percent in 1987; it remained at 57 percent through 1989 (table 3-2). The share of subheading 9802.00.80 imports accounted for by U.S.-made components increased steadily during 1986-89, rising from 6 percent in 1986 to 18 percent in 1989.

The nominal trade-weighted average rate of duty on imports of transportation equipment dropped from 3.2 percent ad valorem in 1986 to 1.7 percent in 1989 (table 3-2). The effective duty rate applicable to 9802.00.80 imports decreased from 3.0 percent to 1.4 percent ad valorem. Total duty savings resulting from the use of subheading 9802.00.80 increased from \$51 million in 1986 to \$164 million in 1989 (figure 3-1).

Canada was the largest foreign supplier of imports of transportation equipment under 9802.00.80 in terms of U.S. content during the period. Canada's share of the U.S. content of subheading 9802.00.80 imports rose from 24 percent in 1986 to 76 percent in 1989 (table 3-3). Mexico was the next largest supplier, accounting for 15 percent of the value of U.S.-made components returning in assembled products in 1989, down from 44

Table 3-1
Transportation equipment: U.S. Imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
<i>Value (million dollars)</i>			
1986	85,130	26,006	1,593
1987	89,407	50,688	5,206
1988	92,446	53,061	7,831
1989	92,575	52,416	9,695
<i>Change (percent)</i>			
1989 from 1986	9	102	509
Average annual 1989 from 1986	3	26	83

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

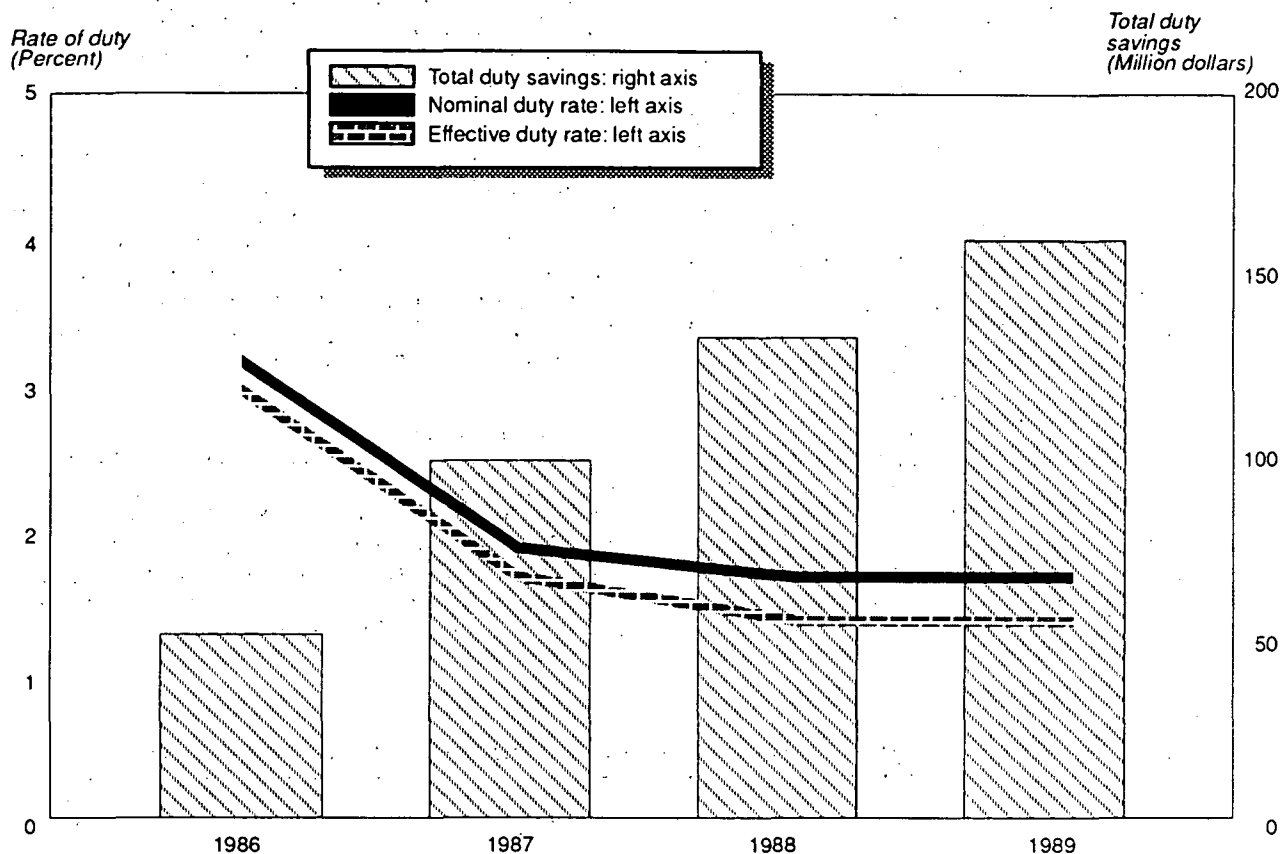
Table 3-2
Transportation equipment: Nominal and effective rates of duty under HTS subheading 9802.00.80 and duty savings, 1986-89

Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
Percent					Million dollars
1986	31	6	3.2	3.0	51
1987	57	10	1.9	1.7	99
1988	57	15	1.7	1.4	133
1989	57	18	1.7	1.4	164

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

Figure 3-1

Transportation equipment: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

Table 3-3

Transportation equipment: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty- free content, 1989 from 1986	Share of total duty-free value	
						1986	1989
Million dollars					Percent	Percent	
Canada	380	2,996	5,679	7,416	1,851	24	76
Mexico	701	1,001	1,272	1,477	111	44	15
Japan	100	318	162	256	157	6	3
France	67	252	201	94	41	4	1
United Kingdom	28	222	172	94	232	2	1
Brazil	132	59	79	59	-55	8	1
West Germany	86	109	80	56	-35	5	1
Italy	24	42	11	54	123	2	2
All others	75	207	175	189	147	5	2
Total	1,593	5,206	7,831	9,695	509	100	100

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

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

percent in 1986. Although Mexico's share of subheading 9802.00.80 trade, measured in terms of U.S.-origin content, dropped sharply during 1986-89, this decline did not indicate a decrease in such activity in Mexico. Rather, it reflected a surge in subheading 9802.00.80 imports from Canada as importers claimed eligibility under this provision for many products with a free rate of duty under APTA apparently to avoid the Customs user fee.

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Motor Vehicles

Total U.S. imports of motor vehicles increased 2 percent during 1986-89, to \$59.4 billion. The value of subheading 9802.00.80 imports of motor vehicles rose dramatically during this period, from \$23.4 billion in 1986 to \$44.2 billion in 1989 (table 3-4).

The APTA allows most motor vehicles and original-equipment motor-vehicle parts imported from Canada to enter the United States free of duty. APTA imports that were also declared eligible for tariff treatment under subheading 9802.00.80 jumped from practically zero in 1986 to \$18.3 billion in 1989. APTA imports entering under subheading 9802.00.80 increased dramatically in 1987 because companies en-

tered APTA products under HTS subheading 9802.00.80 to avoid the Customs user fee that was established in December 1986. Because of the surge in APTA imports entering under subheading 9802.00.80, the ratio of the value of subheading 9802.00.80 imports to the value of total imports of motor vehicles subsequently almost doubled during 1986-89 to 74 percent (table 3-5).

Although the ratio of U.S. content to total value of subheading 9802.00.80 imports for motor vehicles was relatively small compared with other commodities, such as apparel, the ratio of U.S.-made components to total value increased steadily to 17 percent in 1989 for a total of \$7.5 billion.

Reflecting the use of subheading 9802.00.80 by importers of duty-free motor vehicles from Canada, the nominal trade-weighted average rate of duty fell from 3.2 percent to 1.8 percent ad valorem during 1986-89. Similarly, the effective rate of duty applicable to 9802.00.80 imports decreased from 3.1 percent in 1986 to 1.5 percent ad valorem in 1989. However, the total duty savings accelerated from \$30 million to \$135 million during the period, as shown in table 3-5 and figure 3-2, reflecting the additional volume of imports and the increased use of U.S.-made auto parts in foreign-assembled vehicles.

Table 3-4
Motor vehicles: U.S. imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
Value (million dollars)			
1986	58,417	23,398	930
1987	60,977	41,761	3,362
1988	60,228	44,056	5,839
1989	59,404	44,231	7,532
Change (percent)			
1989 from 1986	2	89	710
Average annual 1989 from 1986	1	24	101

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

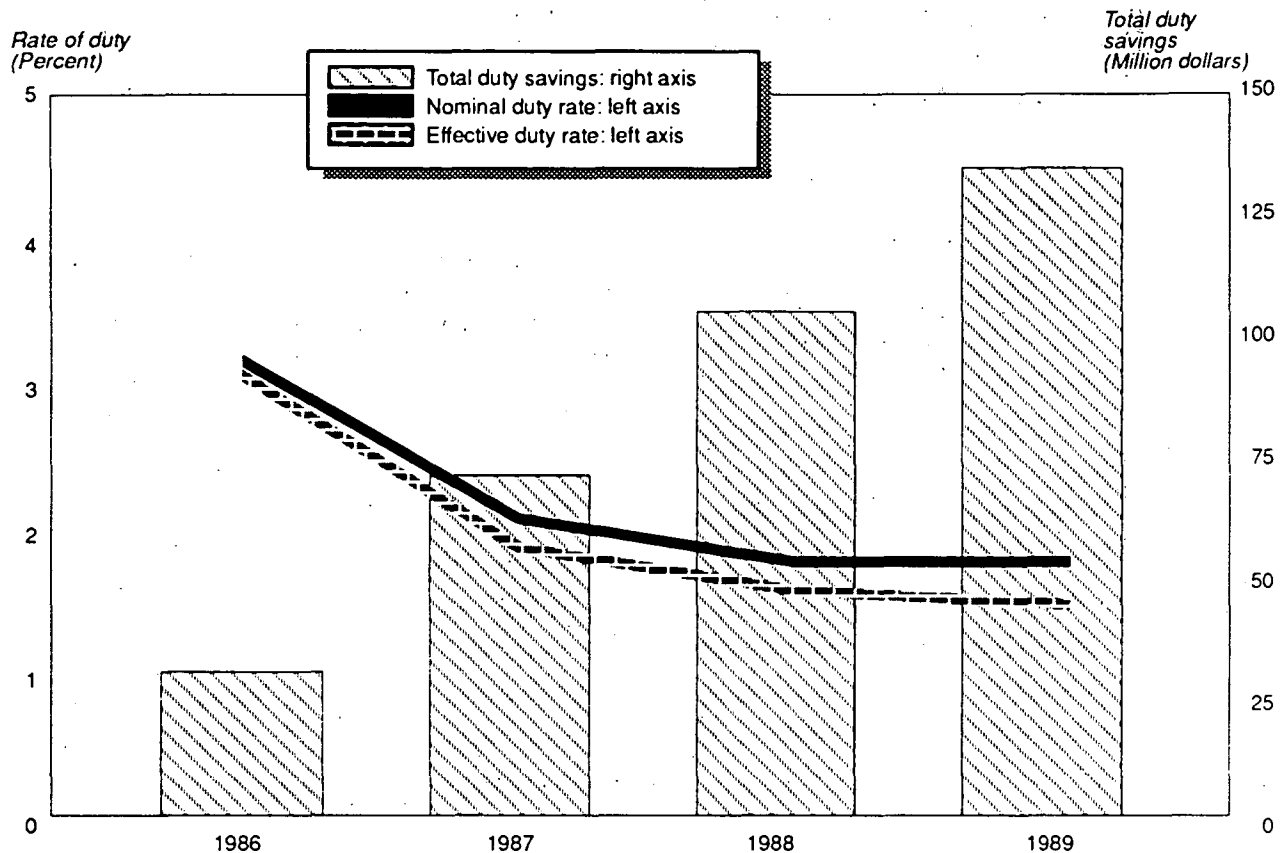
Table 3-5
Motor vehicles: Nominal and effective rates of duty under HTS subheading 9802.00.80 and duty savings, 1986-89

Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
Percent					Million dollars
1986	40	4	3.2	3.1	30
1987	68	8	2.1	1.9	71
1988	73	13	1.8	1.6	105
1989	74	17	1.8	1.5	135

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

Figure 3-2

Motor vehicles: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

The principal motor vehicles covered here are new and used automobiles, automobile trucks and truck tractors, buses, snowmobiles, golf carts, all-terrain vehicles, fire engines, and special-purpose vehicles such as mobile cranes, cement trucks, and mobile oil rigs. Automobiles accounted for 67 percent of the value of motor-vehicle imports under subheading 9802.00.80 in 1989, with automobile trucks and special-purpose vehicles accounting for most of the remaining 33 percent.

The principal sources of imports of motor vehicles under HTS subheading 9802.00.80 throughout 1986-89, most of which were new automobiles, were Canada, Mexico, and Japan. Imports from these three countries accounted for 97 percent of the U.S.-origin content of motor vehicles entered under subheading 9802.00.80 and 82 percent of the total value (including foreign-made components and foreign value added by labor) of subheading 9802.00.80 imports in 1989. Mexico accounted for only 4 percent of total subheading 9802.00.80 imports of motor vehicles in 1989, but 9 percent of the U.S. content.

The value of the U.S.-origin content in subheading 9802.00.80 imports of motor vehicles from Canada rose dramatically during the period, from only \$234 million in 1986 to \$6.4 billion in 1989, as shown in table 3-6. Reflecting the impact of the Customs user fee, Canada's share of the U.S.-origin content of imports under subheading 9802.00.80 also escalated from 25 percent of the total in 1986 to 85 percent of the total in 1989, making Canada the largest supplier of subheading 9802.00.80 imports in terms of U.S.-origin content. APTA imports accounted for 97 percent of the U.S. content of all imports of motor vehicles from Canada in 1989 entering under subheading 9802.00.80.

Canada was the leading source of imports of motor vehicles under subheading 9802.00.80 in 1989, supplying 42 percent of the total, or \$19 billion, up from only \$925 million in 1986. Imports under the APTA accounted for 98 percent of the 1989 total from Canada. Japan, the second largest source of subheading 9802.00.80 imports in 1989, accounted for 36 percent of total imports, or \$16 billion, compared with \$13 billion in 1986. Imports from West Germany under subheading 9802.00.80 dropped from \$5.8 billion in

Table 3-6

Motor vehicles: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty- free content, 1989 from 1986	Share of total duty-free value	
						1986	1989
	Million dollars				Percent	Percent	
Canada	234	2,319	4,895	6,424	2,651	25	85
Mexico	370	576	615	705	91	40	9
Japan	85	244	137	223	161	9	3
Brazil	117	32	53	47	-60	13	1
Italy ⁽¹⁾		2	2	41	2,060,700	(2)	1
All others	124	189	137	92	-26	13	1
Total	930	3,362	5,839	7,532	710	100	100

¹ Less than \$500,000.

² Less than 0.5 percent.

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

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

1985 to \$3.5 billion in 1989, and accounted for 8 percent of total imports. U.S.-made parts accounted for 34 percent of the value of imports of motor vehicles from Canada under this provision in 1989 and 40 percent from Mexico, but only 1.4 percent of such imports from Japan, 0.6 percent from West Germany, and 1.1 percent from Sweden (tables B-20-23, and B-25). Imports from Canada and Mexico are from subsidiaries of U.S. producers whereas most imports from Asia and Europe are from competitors of the "Big Three" U.S. auto producers.

The principal motor-vehicle parts that qualify for duty-free treatment under subheading 9802.00.80 are headlights, wheels, glass, fabric, tires, engine parts, catalytic converters, and batteries. Most of these articles are installed on automobiles and lightweight pickup trucks from Japan, on automobiles exported from West Germany and Sweden, and on special-purpose vehicles exported from Mexico and Canada.

Foreign manufacturers use U.S.-produced components for several reasons. Patent constraints may make it more economical and convenient for a foreign motor-vehicle manufacturer to purchase certain components from a U.S. manufacturer. U.S. laws and regulations sometimes require that a certain component be installed on motor vehicles sold in the United States to meet safety or environmental requirements. In some cases, it is also less expensive to purchase U.S. components than to establish production facilities in the producing country. Finally, foreign governments may encourage the purchase of U.S.-produced components in order to reduce trade frictions with the United States.

To illustrate contrasting philosophies, an official of a Swedish automobile manufacturer informed USITC staff that the company uses the same sources for parts regardless of the vehicles' final markets.¹ Officials of

a German car producer, on the other hand, stated that the company uses U.S.-made parts only on vehicles it exports to the United States.²

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Motor-Vehicle Parts, Miscellaneous Motor Vehicles, and Non-Self-Propelled Vehicles

U.S. imports of goods contained in this commodity grouping rose 21 percent from \$13.7 billion in 1986 to \$16.6 billion in 1989 (table 3-7). Certain motor-vehicle parts, including transmissions, shock absorbers, brakes, and other miscellaneous parts, such as clutches, catalytic converters, u-joints, and transaxles, accounted for 79 percent of total imports of the subject products in 1989.

The value of total imports, exclusive of those entering free of duty under the APTA, increased to \$10.9 billion in 1989. The APTA is limited to certain motor vehicles and motor-vehicle parts imported from Canada for use as original equipment. APTA-covered imports under HTS subheading 9802.00.80 declined slightly during 1988-89, largely because companies began to utilize the U.S.-Canada Free-Trade Agreement as an alternative to APTA imports.

Chiefly as a result of the surge in APTA-9802 imports in 1987, the ratio of the value of subheading 9802.00.80 imports to the value of all imports included in this grouping jumped from 7 percent to 22 percent during 1986-89, as shown in table 3-8.

² Interview by USITC staff with officials of a German motor vehicle producer in Munich, West Germany, July 1990.

¹ Interview by USITC staff with an official of a Swedish motor vehicle producer at its U.S. subsidiary in Detroit, Michigan, September 1986. That subsidiary is responsible for purchasing U.S.-made components for the company's worldwide auto production.

Table 3-7
Motor-vehicle parts, miscellaneous motor vehicles, and non-self-propelled vehicles: U.S. Imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
Value (million dollars)			
1986	13,735	893	220
1987	14,565	3,415	656
1988	16,728	3,921	922
1989	16,587	3,672	1,156
Change (percent)			
1989 from 1986	21	311	426
Average annual 1989 from 1986	6	60	74

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

Table 3-8
Motor-vehicle parts, miscellaneous motor vehicles, and non-self-propelled vehicles: Nominal and effective rates of duty under HTS subheading 9802.00.80 and duty savings, 1986-89

Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
Percent					Million dollars
1986	7	25	2.7	2.0	6
1987	23	19	0.8	0.6	5
1988	23	24	1.2	0.9	11
1989	22	31	1.3	0.9	15

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

The U.S. content of subheading 9802.00.80 imports rose to \$1.2 billion in 1989, as shown in table 3-7. The ratio of U.S. content to total value of subheading 9802.00.80 imports covered in this grouping increased from 25 percent in 1986 to 31 percent in 1989 (table 3-8).

In 1989, Mexico recorded the highest share, 63 percent, of the value of U.S.-made components contained in imports under subheading 9802.00.80 to total subheading 9802.00.80 value. In contrast, U.S.-made components accounted for \$495 million, or just 26 percent of the total value of 9802.00.80 imports from Canada in 1989, although it was by far the leading supplier. The U.S.-content of imports from Japan and France accounted for only 2 and 3 percent, respectively.

While Canada was the leading foreign supplier of these products to the United States during the period, the ratio of U.S. imports from Canada to total U.S. imports fell from nearly 50 percent in 1986 to 41 percent in 1989. U.S. imports from Japan, the second leading U.S. supplier, increased steadily to \$6.6 billion during 1986-89. U.S. imports from Korea increased from \$30 million in 1986 to \$186 million in 1989, or to 1 percent of imports.

Both the nominal trade-weighted average and effective rates of duty applicable to subheading

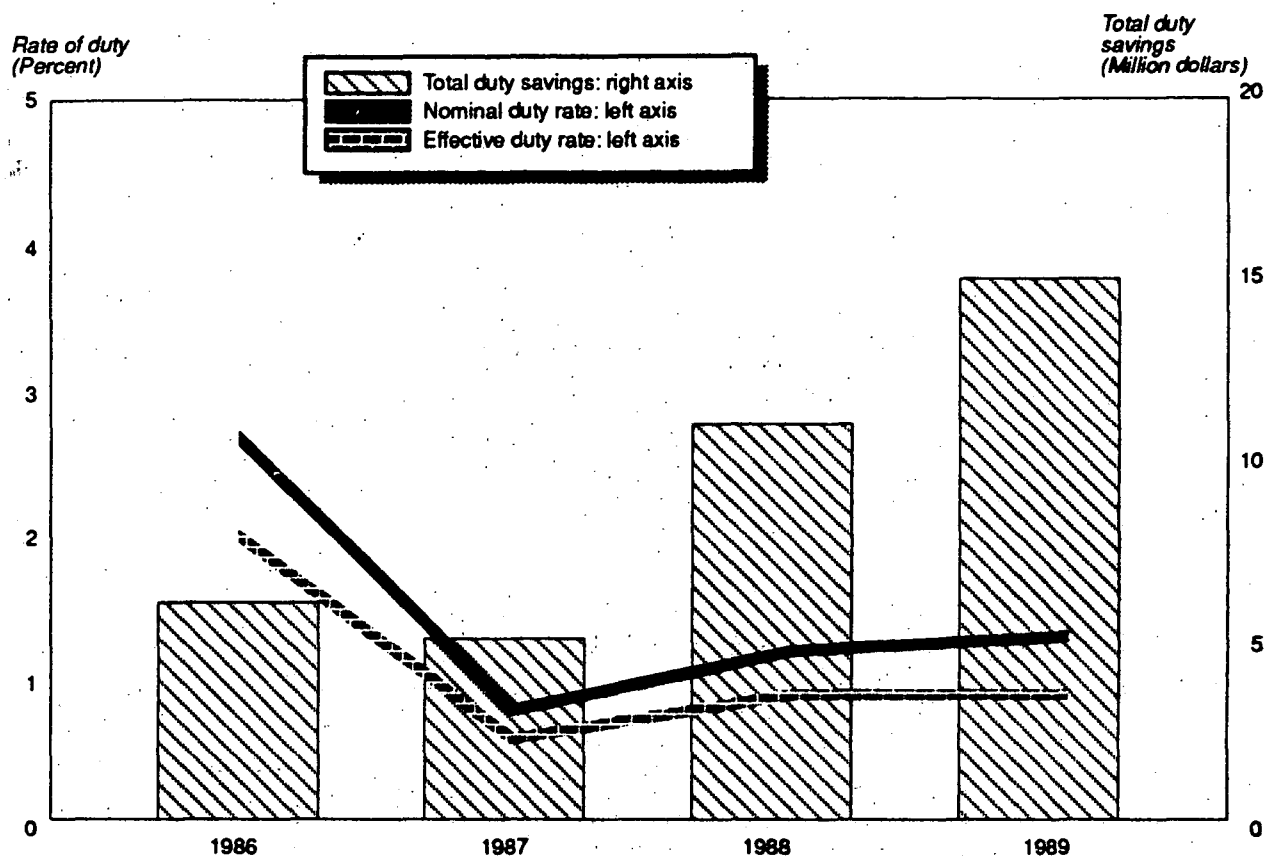
9802.00.80 imports in this grouping declined in 1989 to 1.3 percent and 0.9 percent, respectively (table 3-8). The total duty savings as a result of the use of HTS subheading 9802.00.80 increased from \$6 million in 1986 to \$15 million in 1989 (table 3-8 and figure 3-3).

Mexico was the leading supplier of motor-vehicle parts and industrial vehicles in terms of U.S. content of imports under subheading 9802.00.80 in 1989, accounting for 53 percent of the total (table 3-9). Most of these imports were from U.S. companies with maquiladora operations for the assembly of auto parts. These assembly facilities are concentrated in Nuevo Laredo and Ciudad Juarez. The value of the U.S. content of these imports from Mexico grew 351 percent in 1989 compared with those in 1986, from \$136 million to \$613 million. However, because of the declaration of the eligibility of APTA imports under subheading 9802.00.80 in order to avoid the Customs user fee, imports from Canada jumped from \$46 million in 1986 to \$495 million in 1989. During 1986-89, Canada's share of the U.S. content of total imports of the covered products under subheading 9802.00.80 jumped from 21 percent to 43 percent, whereas Mexico's share dropped from 62 percent to 53 percent.

Contact Adam Topolansky at 205-3394

Figure 3-3

Motor-vehicle parts: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

Table 3-9

Motor-vehicle parts, miscellaneous motor vehicles, and non-self-propelled vehicles: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty- free content, 1989 from 1986	Share of total duty-free value	
	Million dollars				Percent	1986	1989
Mexico	136	174	412	613	351	62	53
Canada	46	430	458	495	980	21	43
Italy	(¹)	16	8	12	2,661	(²)	1
France	12	9	13	10	-19	5	1
Brazil	7	3	10	10	49	3	1
All others	19	23	21	16	-15	9	1
Total	220	656	922	1,156	426	100	100

¹ Less than \$500,000.² Less than 0.5 percent.

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

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

Nonmilitary Airplanes, Parts of Aircraft and Spacecraft, and Parachutes, Including Parts

United States imports of nonmilitary airplanes, parts of aircraft and spacecraft, and parachutes, including parts, increased 34 percent during 1986-89, from \$4.3 billion to \$5.7 billion (table 3-10). Imports of these articles under HTS subheading 9802.00.80 soared from \$145 million in 1986 to \$1.2 billion in 1989. The ratio of such imports to total imports rose irregularly, from 3 percent in 1986 to 20 percent in 1989 (table 3-11). Since these articles enter duty free under the Civil Aircraft Agreement, most of the surge in subheading 9802.00.80 imports occurred between 1986 and 1987 because importers sought to avoid the Customs user fee rather than to reduce U.S. duty obligations.

The U.S.-origin content of subheading 9802.00.80 imports rose from \$39 million in 1986 to \$384 million in 1989 (table 3-10). However, the ratio of duty-free

content to total imports under subheading 9802.00.80 rose less dramatically, from 27 percent to 33 percent (table 3-11). There are no duties on these articles and, consequently, no duty savings.

Canada was the leading supplier of these articles in 1989. The value of total imports of these products from Canada rose from \$1.22 billion to \$1.24 billion during 1986-89. Total subheading 9802.00.80 imports rose from \$145 million in 1986 to \$1.16 billion in 1989 (table 3-10). The value of the U.S. content of 9802.00.80 imports from Canada rose over 2,200 percent during 1986-89, from \$6 million to \$154 million. Canada was the leading supplier of U.S.-made components contained in imports under subheading 9802.00.80, accounting for 40 percent of the total in 1989 (compared with 16 percent in 1986), followed by the United Kingdom and France with 20 percent each in 1989 (table 3-12).

Contact Peder Anderson at 205-3388

Table 3-10
Nonmilitary airplanes, parts of aircraft and spacecraft, and parachutes, including parts: U.S. imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
Value (million dollars)			
1986	4,291	145	39
1987	4,393	1,732	477
1988	5,104	1,616	504
1989	5,746	1,163	384
Change (percent)			
1989 from 1986	34	700	887
Average annual 1989 from 1986	10	100	114

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

Table 3-11
Nonmilitary airplanes, parts of aircraft and spacecraft, and parachutes, including parts: Nominal and effective rates of duty under HTS subheading 9802.00.80 and duty savings, 1986-89

Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
Percent					Million dollars
1986	3	27	0.0	0.0	0
1987	39	28	0.0	0.0	0
1988	32	31	0.0	0.0	0
1989	20	33	0.0	0.0	0

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

Table 3-12

Nonmilitary airplanes, parts of aircraft and spacecraft, and parachutes, including parts: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty- free content, 1989 from 1986	Share of total duty-free value	
						1986	1989
	Million dollars				Percent	Percent	
Canada	6	110	139	154	2,281	16	40
France	30	97	168	79	160	77	20
United Kingdom	2	187	149	75	4,173	4	20
Israel	0	0	0	26	(1)	0	7
Sweden	0	64	26	19	(1)	0	5
Netherlands	0	0	0	18	(1)	0	5
Mexico	1	3	6	13	1,380	3	3
All others	0	16	15	(2)	(1)	0	(3)
Total	39	477	504	384	877	100	100

¹ Not applicable.

² Less than \$500,000.

³ Less than 0.5 percent.

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

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

Rail Locomotives and Rolling Stock

The articles covered here are rail locomotives, self-propelled railcars used for urban and intercity transit, non-self-propelled railcars for either passengers or freight, railroad-service vehicles, and parts for locomotives and non-self-propelled rolling stock. The value of U.S. imports rose by 68 percent during 1986-89, increasing erratically to \$791 million (table 3-13). During the period, imports of these articles under subheading 9802.00.80 also increased erratically to \$504 million in 1989. The ratio of imports under subheading 9802.00.80 to total imports dropped from 70 percent in 1986 to 64 percent in 1989 (table 3-14). The majority of total imports of self-propelled rail vehicles enter the United States under subheading 9802.00.80 because provisions of the Surface Transportation Act of 1978 stipulate that cars purchased with Federal grants should consist of at least 50 percent U.S.-made materials.

The ratio of the value of duty-free content to total value of subheading 9802.00.80 imports rose from 38 percent to 52 percent during the period. The value of such imports more than doubled from \$125 million in 1986 to \$261 million in 1989. The nominal trade-weighted average and effective rates of duty applicable to subheading 9802.00.80 imports declined irregularly to 4 percent and 1.9 percent, respectively, during the period. Total duty savings rose from \$6 million in 1986 to \$10 million in 1989 (table 3-14 and fig. 3-4).

During 1986-89, Canada was the leading foreign supplier in the U.S. market, including 83 percent of imports under the foreign assembly provision. Japan and France, being a distant second and third source, accounted for 12 percent and 5 percent, respectively, of total subheading 9802.00.80 imports during the period. To a large extent, the trends in import volumes and shares held by competing suppliers reflect the timing of purchases of new railcars by major mass transit systems, the suppliers they contract with, and the terms for

Table 3-13

Rail locomotives and rolling stock: U.S. imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
	Value (million dollars)		
1986	472	332	125
1987	586	458	173
1988	442	286	85
1989	791	504	261
	Change (percent)		
1989 from 1986	68	52	108
Average annual 1989 from 1986	19	15	28

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

Table 3-14

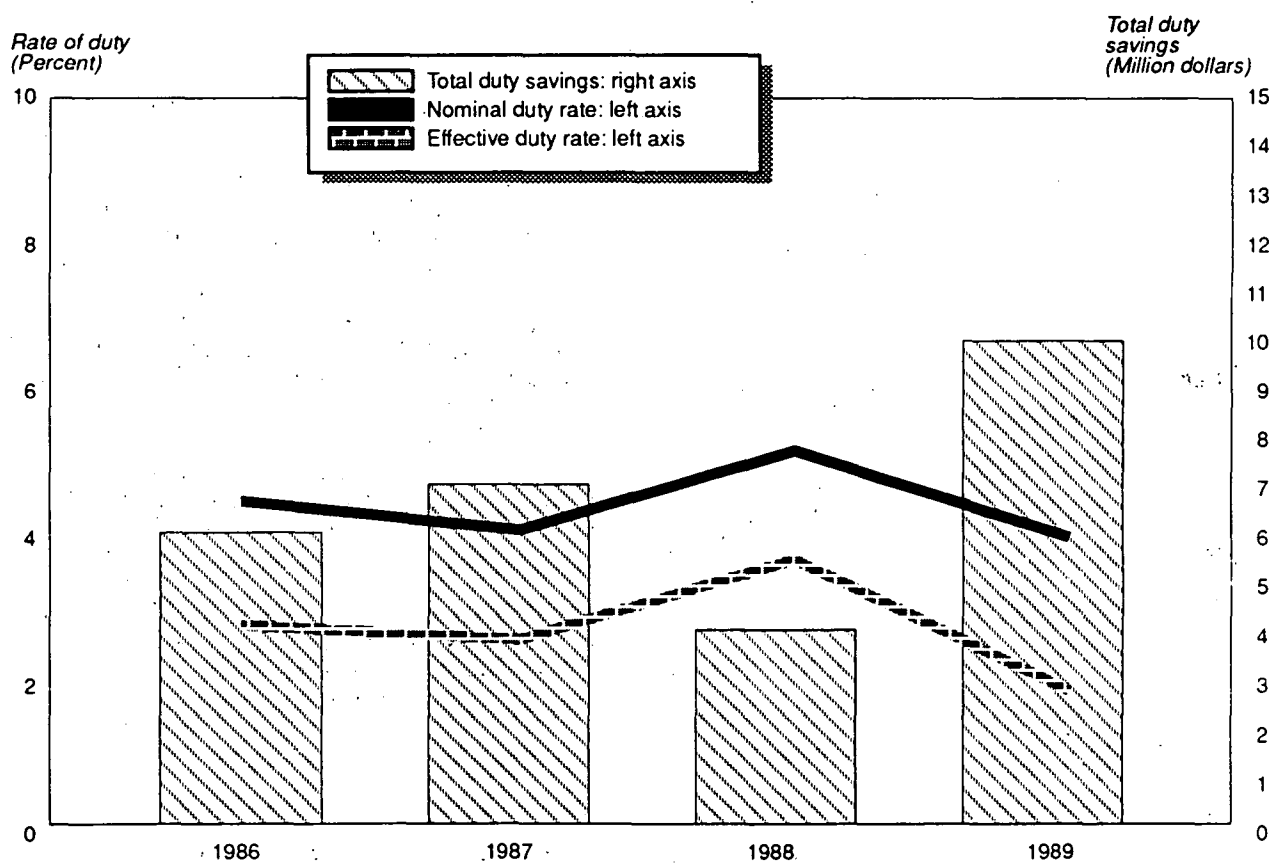
Rail locomotives and rolling stock: Nominal and effective rates of duty under HTS subheading 9802.00.80 and duty savings, 1986-89

Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
			Percent		Million dollars
1986	70	38	4.5	2.8	6
1987	78	38	4.1	2.6	7
1988	65	30	5.2	3.7	4
1989	64	52	4.0	1.9	10

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

Figure 3-4

Rail locomotives and rolling stock: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

the delivery schedules in the contracts. Canada, Japan, and France are major competitors in the international markets for subway and other mass transit railcars. Table 3-15 shows the recent success of the principal Canadian exporter in the U.S. market as Canada's share of subheading 9802.00.80 imports, in terms of U.S. content, rose from 60 percent to 90 percent during 1986-89. The principal Canadian firm initiates production in Quebec and completes the assembly of the railcars a relatively

short distance away in Vermont.

Except for certain axles, axle bars, and wheels, imports of rail locomotives and rolling stock are eligible for duty-free entry under the GSP. However, as a share of total U.S. consumption, GSP imports were insignificant during 1986-89, totaling less than 1 percent.

Contact Kathleen Lahey at 205-3409

Table 3-15

Rail locomotives and rolling stock: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty- free content, 1989 from 1986	Share of total duty-free value	
	Million dollars				Percent	1986	1989
Canada	75	73	55	233	212	60	90
Japan	12	55	12	20	70	10	8
France	19	19	14	4	-79	15	2
Korea	0	0	1	3	(¹)	(²)	(²)
All others	19	26	4	(³)	-99	15	(¹)
Total	125	173	85	261	108	100	100

¹ Less than 0.5 percent.

² Not applicable.

³ Less than \$500,000.

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

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

Internal Combustion, Piston-Type Engines, and Parts

U.S. imports under subheadings covered by this commodity grouping increased 16 percent to \$5.5 billion during 1986-89 (table 3-16). The rise in imports was primarily attributed to increased sales of new automobiles in the United States. Imports entered under HTS subheading 9802.00.80 more than doubled during 1986-89, rising to \$2.3 billion in 1989. The surge in these imports since 1986 occurred because firms that had been importing motor-vehicle engines free of duty under the APTA chose also to declare eligibility under subheading 9802.00.80 to avoid the Customs user fee. The value of U.S.-made components contained in imports of these articles under subheading

9802.00.80 increased 10 percent during 1986-89, from \$234 million to \$257 million.

The nominal trade-weighted average rate of duty for the commodities in this group declined from 3.1 percent in 1986 to 1.4 percent in 1989 (table 3-17). The effective rate of duty applicable to subheading 9802.00.80 imports declined from 2.4 percent in 1986 to 1.2 percent in 1989. The portion of total imports accounted for by subheading 9802.00.80 imports doubled in 1987 over 1986, from 22 percent to 44 percent, and dropped back slightly in 1988 and 1989. The share of subheading 9802.00.80 imports accounted for by U.S.-made components dropped from 22 percent to 11 percent during 1986-89. However, the total duty savings through the use of the subheading 9802.00.80 provision averaged \$5.5 million annually during 1986-89 (figure 3-5).

Table 3-16

Internal combustion, piston-type engines, and parts: U.S. Imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
Value (million dollars)			
1986	4,746	1,050	234
1987	5,369	2,383	324
1988	6,185	2,565	375
1989	5,527	2,346	257
Change (percent)			
1989 from 1986	16	123	10
Average annual 1989 from 1986	5	31	3

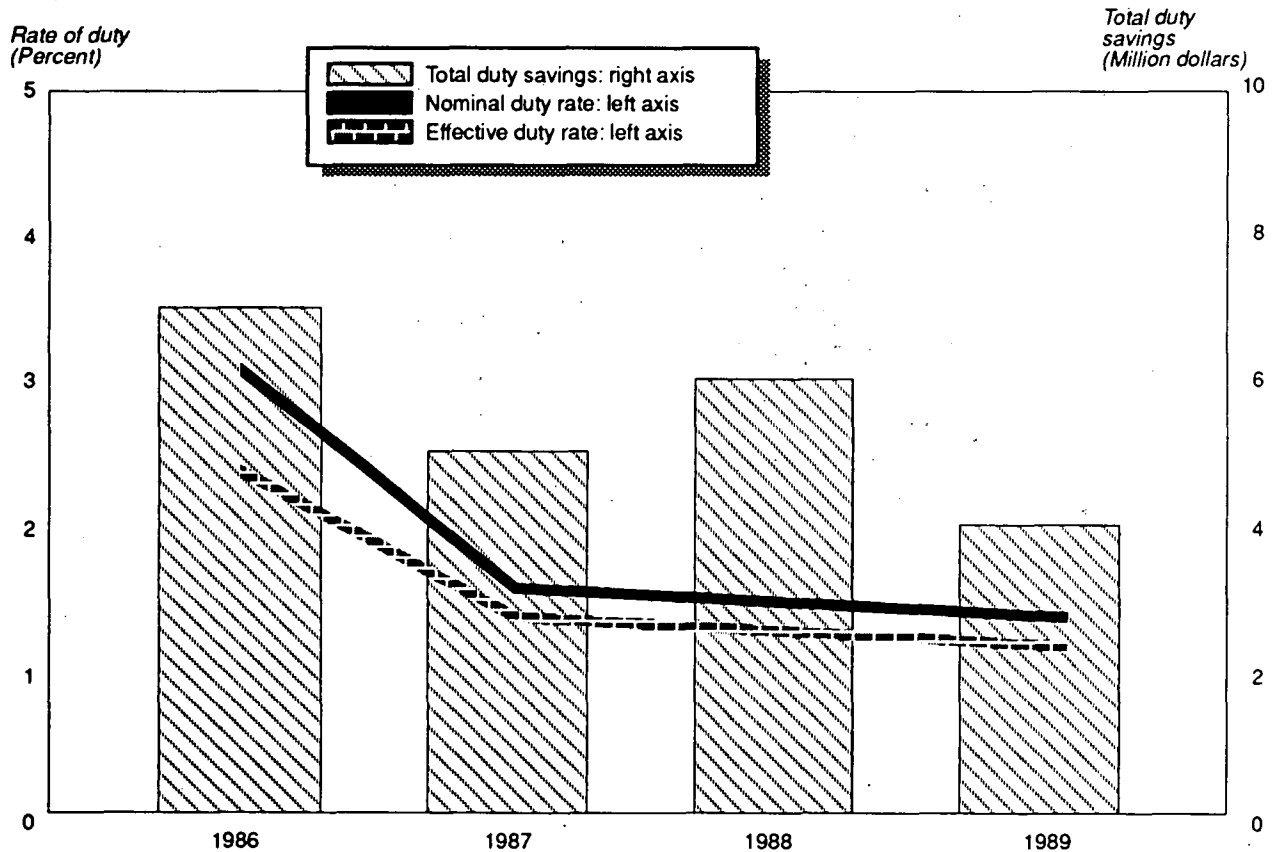
Source: Compiled by the U.S. International Trade Commission from official statistics of the U.S. Department of Commerce.

Table 3-17
Internal combustion, piston-type engines, and parts: Nominal and effective rates of duty under HTS subheading 9802.00.80 and duty savings, 1986-89

Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings Million dollars
			Nominal	Effective	
			Percent		
1986	22	22	3.1	2.4	7
1987	44	14	1.6	1.4	5
1988	41	15	1.5	1.3	6
1989	42	11	1.4	1.2	4

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

Figure 3-5
Internal combustion, piston-type engines, and parts: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

Canada was the leading supplier of imports of piston-type internal combustion engines entered under subheading 9802.00.80 in 1989, accounting for \$1.5 billion, or 62 percent of the total. However, U.S.-made components accounted for only 6 percent of the imports from Canada. Mexico was the largest

supplier of subheading 9802.00.80 imports in terms of the value of U.S.-made components contained therein, accounting for \$115 million, or 45 percent, of the total in 1989 (table 3-18). Canada and West Germany followed with shares of 31 percent and 14 percent, respectively.

Table 3-18

Internal combustion, piston-type engines, and parts: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in	Share of total	
					value of duty-free content, 1989 from 1986	duty-free value	
						1986	1989
	Million dollars				Percent	Percent	
Mexico	181	220	199	115	-37	78	45
Canada	13	36	103	80	534	5	31
West Germany	18	34	39	35	97	8	14
Austria	0	0	6	12	(¹)	0	5
Japan	(²)	3	5	8	9,301	(³)	3
Brazil	9	21	16	2	-72	4	1
Belgium	6	4	3	2	-73	3	1
Hong Kong	3	2	3	1	-52	1	1
All others	5	5	1	1	-71	2	1
Total	234	324	375	257	10	100	100

¹ Not applicable.

² Less than \$500,000.

³ Less than 0.5 percent.

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

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

The production of piston-type internal combustion engines and parts in Mexico and Canada is largely controlled by U.S.-owned auto manufacturers. The majority of these engines are destined for auto assembly plants in the United States. U.S. auto manufacturers use production sharing in their efforts to rationalize production and reduce labor costs.

Commodities in this group are eligible for duty-free entry under the APTA, GSP, CBERA, and the U.S.-Israel Free-Trade Agreement. Imports under the APTA totaled \$1.8 billion during 1989. Imports under the GSP remained constant at approximately \$19 million per year during the period. The volume of imports under other trade preference provisions was minimal.

Contact Mary Murphy at 205-3401

Internal Combustion, Nonpiston-Type Engines, and Parts

U.S. imports of nonpiston-type, internal combustion engines and parts increased 33 percent during 1986-89, from \$2.9 billion to \$3.9 billion. A significant portion of these engines were designed for aircraft and enter free of duty under the Agreement on Civil Aircraft. U.S. imports of nonpiston internal combustion engines and parts under HTS subheading 9802.00.80 jumped from \$27 million in 1986 to \$732 million in 1987, but then declined to \$236 million in 1989 (table 3-19). Until imposition of the Customs user fee in December 1986, there was no incentive to use subheading 9802.00.80; in 1986, less than 1 percent of total imports entered under subheading 9802.00.80 (table 3-20). In 1987, however, one-quarter of these engines were entered under subheading 9802.00.80 to

avoid the new fee. The duty-free content of imports under subheading 9802.00.80 rose from \$10 million in 1986 to \$155 million in 1987, then dropped to \$60 million in 1989. During the period, the ratio of U.S. content to total imports under subheading 9802.00.80 fell irregularly from 37 percent to 25 percent.

The nominal trade-weighted average and effective rates of duty applicable to subheading 9802.00.80 imports of these products decreased from 3.7 percent and 2.3 percent to 0.3 percent and 0.2 percent, respectively, during 1986-89. Total duty savings fell from \$0.4 million in 1986 to \$0.2 million in 1989 (table 3-20 and figure 3-6).

Canada and Mexico were the largest suppliers of imports of nonpiston-type internal combustion engines and parts entered under subheading 9802.00.80 in 1989, totaling \$194 million and \$39 million, respectively, accounting for 82 percent and 17 percent of the total, respectively. In terms of U.S. content, Canada and Mexico were also the top suppliers, together accounting for 98 percent of the total (table 3-21). U.S.-made components comprised 81 percent of the value of imports under 9802.00.80 from Mexico but only 14 percent of imports from Canada.

Commodities in this group are eligible for duty-free entry under the GSP, CBERA, and the United States-Israel Free-Trade Area Implementation Act of 1985. The level of imports under these trade preferences, however, was minimal. Imports of these commodities under the Civil Aircraft Agreement accounted for approximately 72 percent of total imports in 1989.

Contact Peder Andersen at 205-3388

Table 3-19

Internal combustion, nonpiston-type engines, and parts: U.S. imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
<i>Value (million dollars)</i>			
1986	2,949	27	10
1987	2,897	732	155
1988	3,046	391	52
1989	3,935	236	60
<i>Change (percent)</i>			
1989 from 1986	33	761	483
Average annual 1989 from 1986	10	105	80

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

Table 3-20

Internal combustion, nonpiston-type engines, and parts: Nominal and effective rates of duty under HTS subheading 9802.00.80 and duty savings, 1986-89

Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
Percent					Million dollars
1986	1	37	3.7	2.3	0.4
1987	25	21	0.3	0.2	0.5
1988	13	13	0.3	0.3	0.2
1989	6	25	0.3	0.2	0.2

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

Table 3-21

Internal combustion, nonpiston-type engines, and parts: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

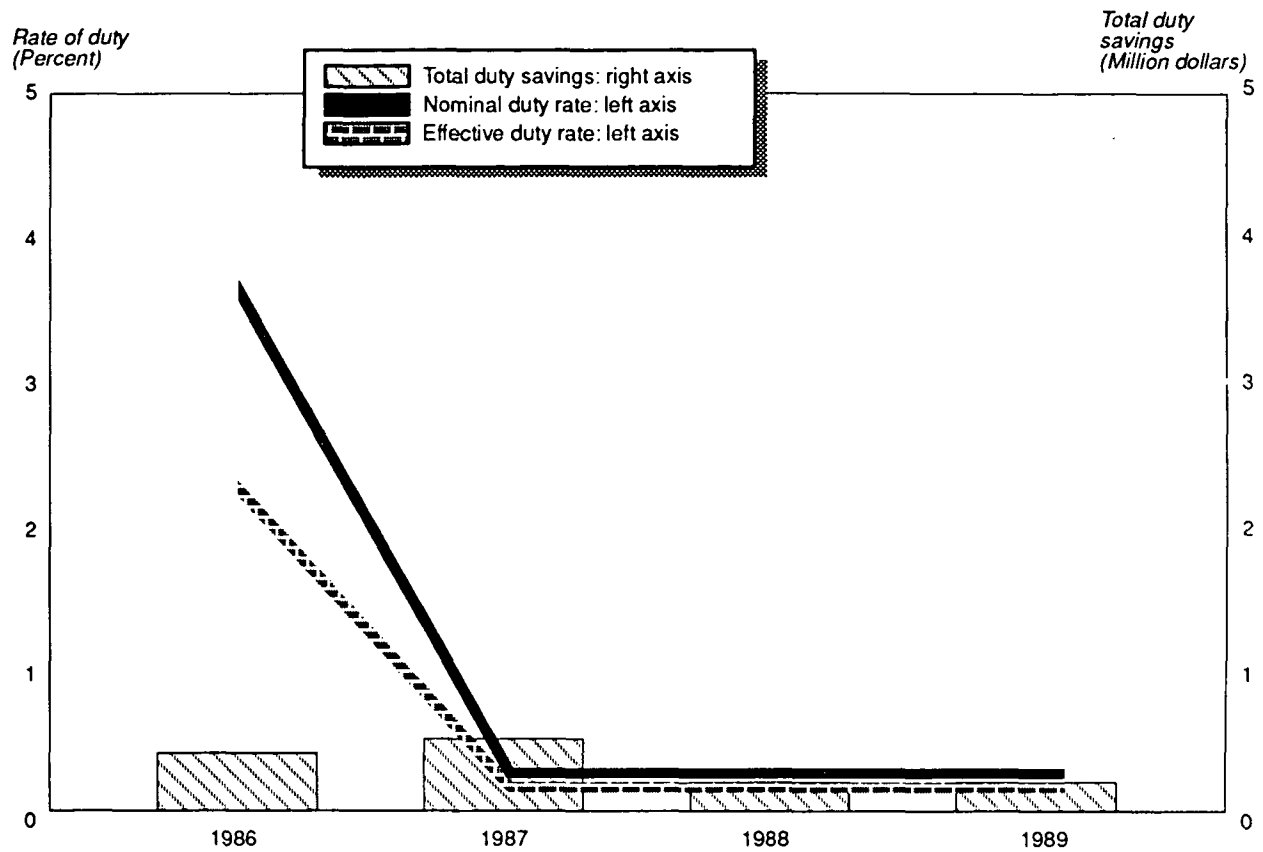
Source	1986	1987	1988	1989	Change in value of duty-free content, 1989 from 1986	Share of total duty-free value	
						1986	1989
<i>Million dollars</i>					<i>Percent</i>	<i>Percent</i>	
Mexico	4	13	21	32	747	36	53
Canada	2	23	25	27	997	24	46
United Kingdom	(¹)	6	3	1	1,179	1	1
All others	4	113	3	(¹)	-99	-39	(²)
Total	10	155	52	60	483	100	100

¹ Less than \$500,000.² Less than 0.5 percent.

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

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

Figure 3-6
Internal combustion, nonpiston-type engines, and parts: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

Chapter 4

Imports Under HTS Subheading 9802.00.80: Electronic Technology Equipment

United States imports of electronic technology equipment rose by 46 percent during 1986–1989, increasing from \$47.7 billion to \$69.7 billion (table 4–1). Japan, Canada, and the European Community were the major sources of U.S. imports of this equipment during the period. Imports of such equipment under HTS subheading 9802.00.80 rose by 153 percent during the period, increasing from \$4.3 billion to \$11.0 billion. The duty-free content of these imports under 9802.00.80 rose by 179 percent during 1986–1989, increasing from \$1.6 billion to \$4.6 billion.

The trade-weighted nominal rate of duty on electronic technology equipment declined irregularly from 4.2 percent ad valorem in 1986 to 1.5 percent in 1989 (table 4–2 and fig. 4–1). The effective duty rate applicable to 9802 imports showed a similar decline, decreasing from 2.6 percent to 0.9 percent. The total duty savings, or subsidy, decreased from \$69.4 million in 1986 to \$53.7 million in 1987, and then increased irregularly back to \$69.4 million in 1989 (figure 4–1).

Mexico accounted for 36 percent of the duty-free value of imports under subheading 9802.00.80 in 1989, down from its 59 percent share in 1986, primarily due to increasing shares taken by Malaysia and Korea. Canada maintained its second-place position, accounting for 15 percent of the duty-free value of imports under subheading 9802.00.80 in both 1986 and 1989 (table 4–3).

The principal electronic technology equipment imported in 1989 includes office machines, semiconductor devices, radio transmission and reception apparatus, television receivers and other consumer electronics products, and telephone and telegraph equipment. Together, these products accounted for 81 percent of total imports of electronic technology equipment in 1989.

U.S. firms have established plants in Mexico and other low-wage-rate countries to reduce labor costs associated with labor-intensive assembly operations. U.S. and foreign firms are increasingly using Mexico as a producer and assembler of technologically advanced electronic equipment intended for the U.S. market.

Contact John Kitzmiller at 205–3387

Table 4–1
Electronic technology equipment: U.S. Imports for consumption, total and under HTS subheading 9802.00.80, 1986–89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
<i>Value (million dollars)</i>			
1986	47,701	4,349	1,647
1987	54,816	9,647	3,938
1988	64,988	11,221	4,472
1989	69,677	11,018	4,590
<i>Change (percent)</i>			
1989 from 1986	46	153	179
Average annual 1989 from 1986	13	36	41

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

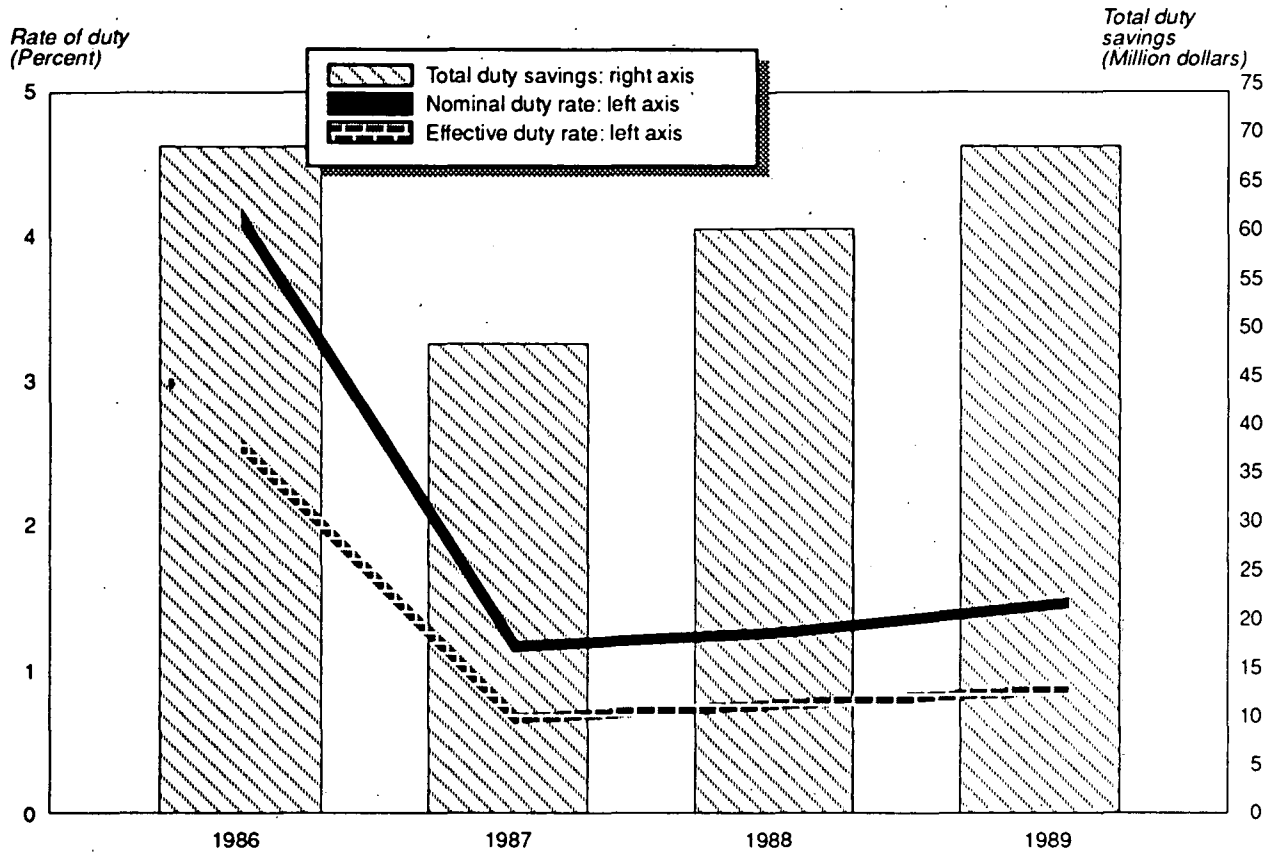
Table 4–2
Electronic technology equipment: Nominal and effective rates of duty under HTS subheading 9802.00.80 and duty savings, 1986–89

Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
Percent					Million dollars
1986	9	38	4.2	2.6	69.4
1987	18	41	1.2	0.7	53.7
1988	17	40	1.3	0.8	60.9
1989	16	42	1.5	0.9	69.4

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

Figure 4-1

Electronic technology equipment: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

Table 4-3

Electronic technology equipment: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty-free content, 1989 from 1986	Share of total duty-free value	
	Million dollars				Percent	1986	1989
Mexico	965	1,342	1,526	1,643	70	59	36
Canada	249	463	470	679	173	15	15
Malaysia	81	619	653	595	635	5	13
Korea	42	303	446	511	1,117	3	11
Singapore	64	381	438	319	398	4	7
Philippines	30	277	253	209	597	2	5
Taiwan	43	181	188	194	353	3	4
Thailand	8	149	172	124	1,450	(¹)	3
Japan	13	30	51	93	615	1	2
Hong Kong	35	70	131	83	137	2	2
All others	117	123	144	140	21	7	3
Total	1,647	3,938	4,472	4,590	179	100	100

¹ Less than 0.5 percent.

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

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

Semiconductors

U.S. imports of semiconductors more than doubled during 1986-89, rising from \$6.1 billion to \$12.3 billion (table 4-4). In response to the imposition of the Customs user fee at the end of 1986, imports of these products entered under HTS subheading 9802.00.80 surged from \$545 million in 1986 to \$3.7 billion in 1987, and continued to grow to \$4.7 billion in 1989—a more than seven-fold increase overall. The ratio of imports entered under subheading 9802.00.80 to total imports jumped from 9 percent in 1986 to 49 percent in 1987, then decreased to 39 percent in 1989 (table 4-5).

Following the trend in total imports under subheading 9802.00.80, and for the same reason, the U.S. content of semiconductor imports surged from \$293 million in 1986 to \$2.1 billion in 1987, then rose more gradually to \$2.6 billion in 1989. The low base of \$293 million in 1986 was primarily attributable to the elimination of duties in March 1985 on all products in the commodity group except for transistors and certain discrete devices. Following the elimination of duties on most semiconductors in 1985, the nominal trade-weighted rate of duty on these products fell from 4.2

percent ad valorem in 1986 to near zero during 1987-89; the effective 9802 rate of duty dropped from 1.9 percent in 1986 to near zero in 1987-89 (table 4-5). The total duty savings on such articles entered under subheading 9802.00.80 dropped from \$12.4 million in 1986 to \$600,000 annually during 1987-89, as shown in table 4-5 and figure 4-2.

Semiconductors include integrated circuits, transistors, diodes, rectifiers, and other discrete solid-state devices. These are produced as chips and dice that are wire bonded into packages, encapsulated, and tested. Wire bonding and encapsulation are labor-intensive operations. U.S. producers of semiconductors have chips and dice wire bonded in lead frames and encapsulated in low-wage-rate countries to reduce production costs; the products are then reimported under subheading 9802.00.80.

Japan was the largest source of total imports of semiconductors during 1986-89, followed by Korea and Malaysia. Japan accounted for an average of 27 percent of annual semiconductor imports during the period. However, the value of the U.S.-content of imports of semiconductors from Japan entered under subheading 9802.00.80 was insignificant. Malaysia

Table 4-4
Semiconductors: U.S. imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
<i>Value (million dollars)</i>			
1986	6,071	545	293
1987	7,755	3,781	2,133
1988	10,958	4,360	2,396
1989	12,318	4,753	2,588
<i>Change (percent)</i>			
1989 from 1986	103	772	784
Average annual 1989 from 1986	27	106	107

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

Table 4-5
Semiconductors: Nominal and effective rates of duty under HTS subheading 9802.00.80 and duty savings, 1986-89

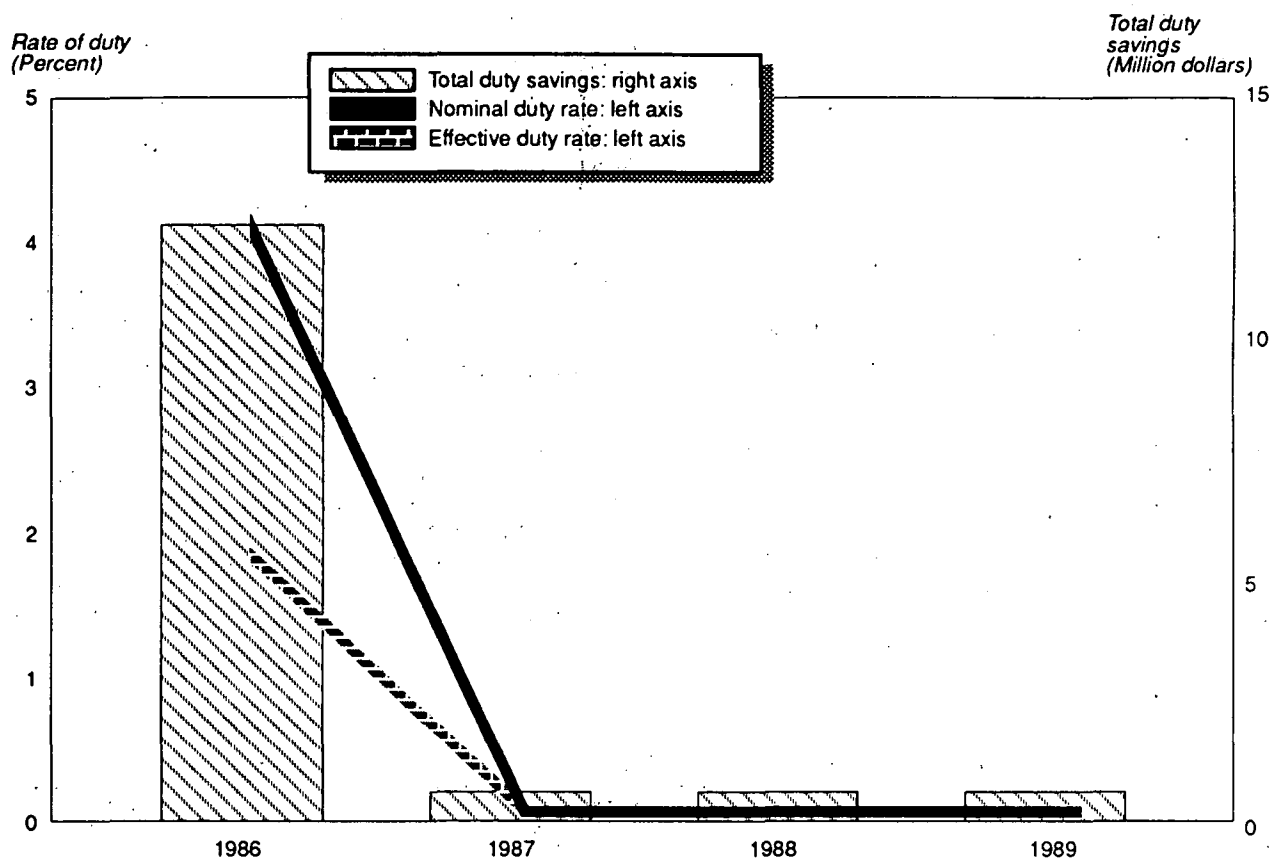
Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
Percent					Million dollars
1986	9	54	4.2	1.9	12.4
1987	49	56	(1)	(1)	.6
1988	40	55	(1)	(1)	.6
1989	39	54	(1)	(1)	.6

¹ Less than 0.05 percent.

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

Figure 4-2

Semiconductors: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

was the largest source of duty-free content of subheading 9802.00.80 imports during 1986-89 (table 4-6). In 1989, Malaysia accounted for 23 percent of total U.S. content in imports under 9802.00.80. Canada and Korea were also important in incorporating U.S. content in 1989, together accounting for 40 percent of total U.S. content in imports under 9802.00.80. Whereas the value of the U.S.-content of imports under subheading 9802.00.80 from Malaysia fell by 7 percent from 1988 to 1989, the corresponding value from Korea rose by 19 percent. Ar-

ticles with an MFN "free" rate of duty accounted for virtually all imports of semiconductors under subheading 9802.00.80 in 1989.

The elimination of the duty on imports for most semiconductors in early 1985 removed the incentive for entering these articles under GSP. Consequently, trade in these products under the GSP is negligible.

Contact Andrew Malison at 205-3391

Table 4-6

Semiconductors: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty- free content, 1989 from 1986	Share of total duty-free value	
	Million dollars				Percent	1986	1989
Malaysia	49	595	626	584	1,092	17	23
Canada	103	252	324	574	457	35	22
Korea	29	283	397	471	1,524	10	18
Singapore	14	223	229	220	1,471	5	8
Philippines	20	267	248	206	930	7	8
Taiwan	22	138	150	174	691	8	7
Mexico	39	178	157	163	318	13	6
Thailand	7	149	152	122	1,643	2	5
Hong Kong	6	29	75	48	700	2	2
All others	4	19	38	28	600	1	1
Total	293	2,133	2,396	2,588	784	100	100

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

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

Articles for Making and Breaking Electrical Circuits

U.S. imports of articles for making and breaking electrical circuits increased by 73 percent during 1986-89, from \$2.3 billion to \$4.0 billion (table 4-7). Imports of these articles entered under HTS subheading 9802.00.80 increased at a faster rate than overall imports and more than doubled during the period, reaching \$932 million in 1989. The ratio of subheading 9802.00.80 imports to total imports was stable, averaging 21 percent during 1986-89 (table 4-8). The ratio of U.S.-origin content to total imports under subheading 9802.00.80 declined during the same period, falling from 64 percent in 1986 to 57 percent in 1989. The duty-free content of imports entered under subheading 9802.00.80 increased by 81 percent to \$528 million during 1986-89. The nominal trade-

weighted rate of duty on imports of these articles decreased irregularly, from 5.4 percent to 5.2 percent. However, the effective rate of duty on 9802 imports averaged about 2 percent. Even so, because of the increased volume of imports, the total duty savings, or subsidy, resulting from imports entering under subheading 9802.00.80 rose from \$16 million in 1986 to \$28 million in 1989 (table 4-8 and figure 4-3).

The articles covered here include principally circuit breakers, electrical switches, connectors, printed circuit boards, industrial controls, and other electronic and electrical devices, as well as enclosures and parts for these devices. Unfinished parts of these articles are exported primarily to developing countries for labor-intensive assembly operations. Low wage rates in these countries reduce the overall production costs of the completed articles, which are returned to the United States as subheading 9802.00.80 imports.

Table 4-7

Articles for making and breaking electrical circuits: U.S. imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
	Value (million dollars)		
1986	2,334	456	291
1987	2,992	589	355
1988	3,814	759	453
1989	4,041	932	528
	Change (percent)		
	1989 from 1986	1989 from 1986	1989 from 1986
1989 from 1986	73	104	81
Average annual 1989 from 1986	20	27	22

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

Table 4-8

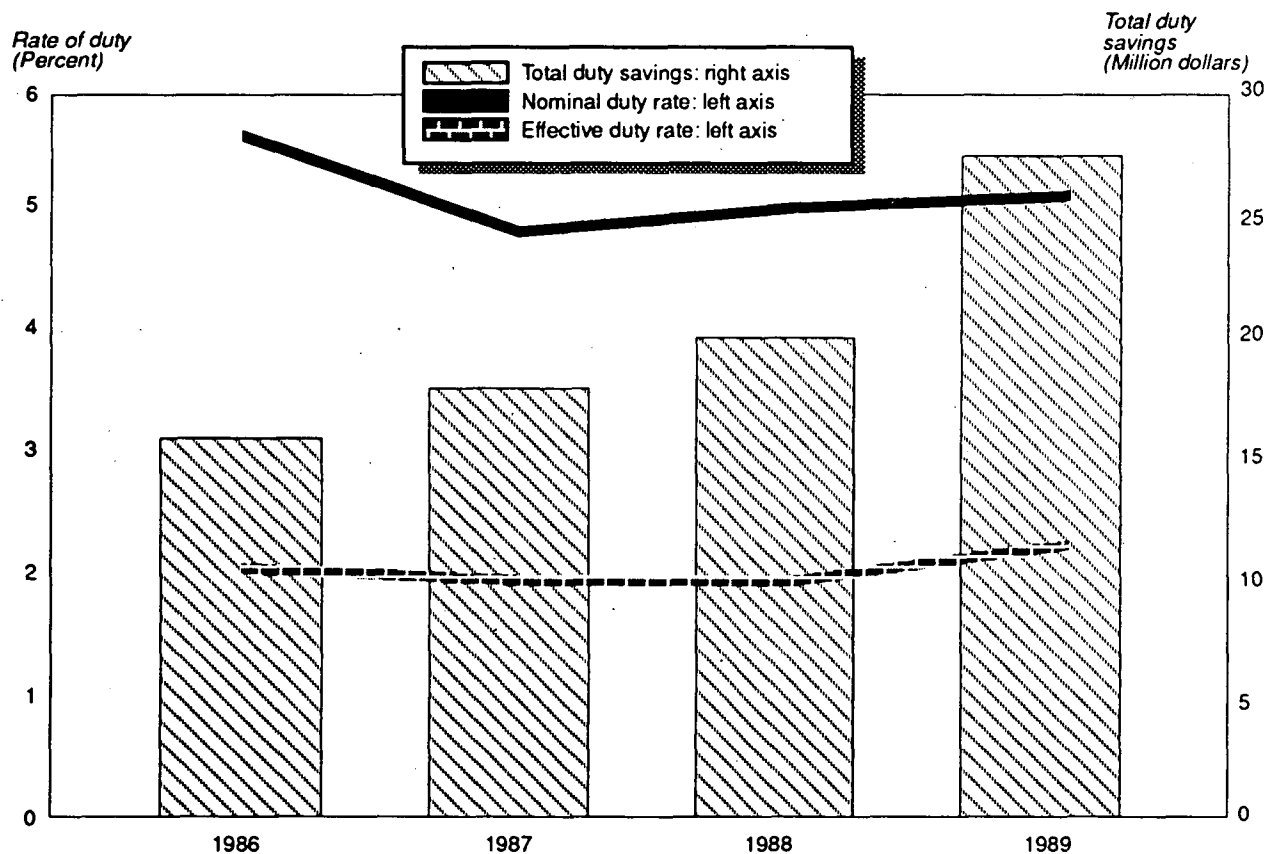
Articles for making and breaking electrical circuits: Nominal and effective rates of duty under subheading 9802.00.80 and duty savings, 1986-89

Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
Percent					Million dollars
1986	20	64	5.4	2.0	15.7
1987	20	60	5.0	2.0	17.8
1988	20	60	4.4	1.8	19.9
1989	23	57	5.2	2.3	27.5

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

Figure 4-3

Articles for making and breaking electrical circuits: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

Mexico was the largest source of imports of articles for making and breaking electrical circuits entered under subheading 9802.00.80 during 1986-89, supplying an average of 83 percent of the total during the period, in terms of U.S.-origin content (table 4-9). The next three largest suppliers, the Dominican Republic, Canada, and Haiti, accounted for a combined share that averaged 11 percent during the period. The largest suppliers of total U.S. imports of these articles in 1989 were Japan, Mexico, and Canada.

Imports of articles for making and breaking electrical circuits are eligible for duty-free entry under the GSP. Imports under the GSP totaled \$1.0 billion in 1989. Mexico was ineligible for GSP benefits during the period, having exceeded the competitive-need limitations.

Contact Andrew Malison at 205-3391

Office Machines and Parts

Imports of office machines and parts increased by 75 percent during 1986-89, increasing from \$14.7 billion to \$25.6 billion. Imports of these products entered under HTS subheading 9802.00.80 more than tripled in

1987 over 1986 in response to the imposition of the Customs user fee in late 1986 (table 4-10). Since then, the trend in imports under subheading 9802.00.80, both in terms of total value and U.S. content, has been irregular, as the growth in 1988 was more than offset by a decline in 1989. This irregularity may be due to changed product classifications resulting from the conversion from the Tariff Schedules of the United States to the Harmonized Tariff Schedule. The value of the U.S.-made components returned under subheading 9802.00.80 averaged 23 percent of the overall value of office machines and parts entered under subheading 9802.00.80 each year, reaching \$471 million in 1989.

Both the trade-weighted nominal and effective rates of duty for articles entered under this provision decreased during the period. For office machines and parts entered under subheading 9802.00.80 in 1986, the nominal and effective rates of duty were 4.0 percent and 3.1 percent, respectively (table 4-11). By 1989, these figures had decreased to a nominal rate of 1.0 percent and an effective rate of 0.7 percent. Total duty savings resulting from the use of subheading 9802.00.80 decreased from \$5.9 million to \$4.7 million during the period (figure 4-4).

Table 4-9

Articles for making and breaking electrical circuits: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty-free content, 1989 from 1986	Share of total duty-free value	
	Million dollars				Percent	1986	1989
						Percent	
Mexico	238	285	383	449	89	82	85
Dominican Republic ..	7	16	26	27	286	2	5
Canada	8	14	9	26	225	3	5
Haiti	18	13	9	7	-61	6	1
Taiwan	5	9	12	5	0	2	1
Malaysia	1	1	2	3	200	(¹)	1
All others	14	16	12	11	-21	5	2
Total	291	355	453	528	81	100	100

¹ Less than 0.5 percent.

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

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

Table 4-10

Office machines and parts: U.S. imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
	Value (million dollars)		
1986	14,652	625	148
1987	18,418	2,237	494
1988	22,559	2,605	557
1989	25,625	1,861	471
	Change (percent)		
1989 from 1986	75	198	218
Average annual 1989 from 1986	20	44	47

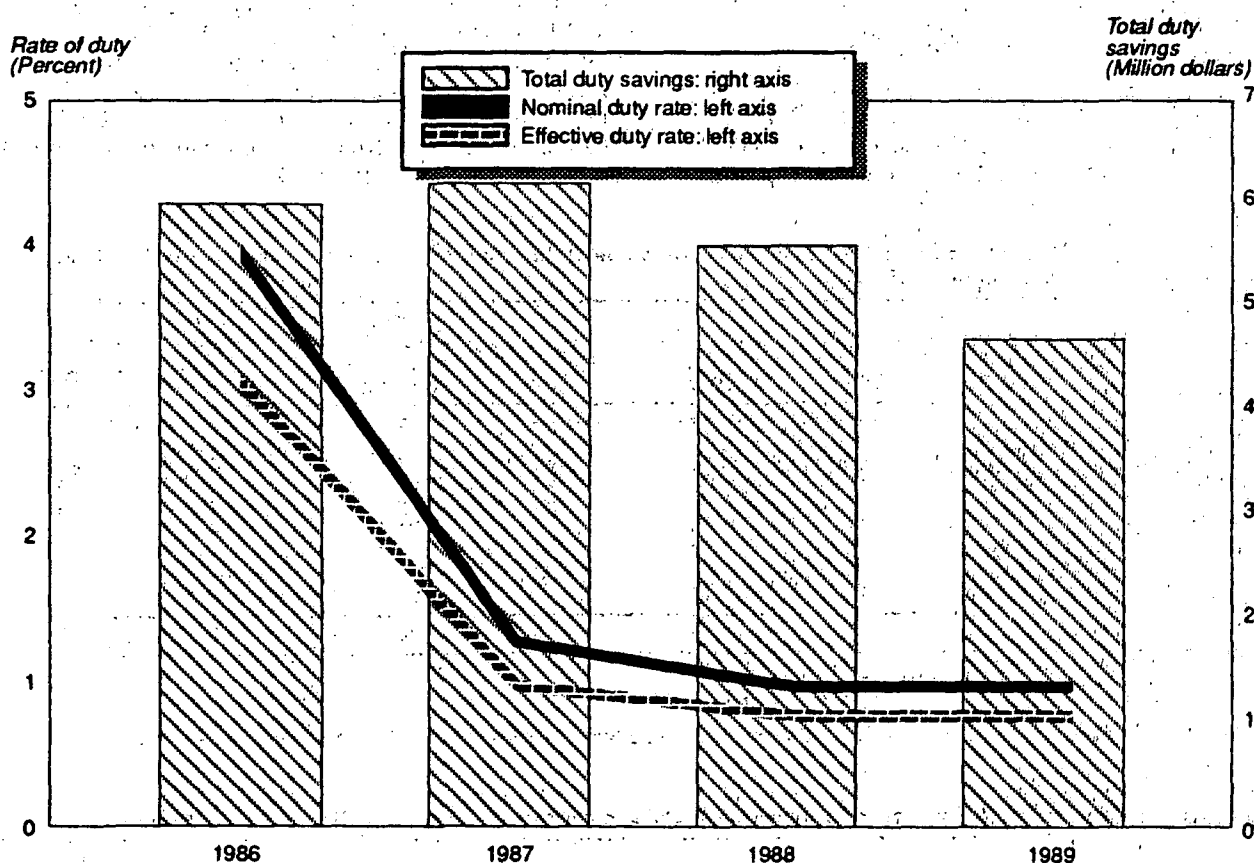
Source: Compiled by the U.S. International Trade Commission from official statistics of the U.S. Department of Commerce.

Table 4-11
Office machines and parts: Nominal and effective rates of duty under HTS subheading 9802.00.80 and duty savings, 1986-89

Year	9802.00.80. imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
			Percent		Million dollars
1986	4	24	4.0	3.1	5.9
1987	12	22	1.3	1.0	6.4
1988	12	21	1.0	0.8	5.6
1989	7	25	1.0	0.7	4.7

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

Figure 4-4
Office machines and parts: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

Except for 1986, when the provision of duty-free entry for automatic data processing (ADP) machine parts obviated the need for the use of HTS subheading 9802.00.80, nearly all significant suppliers displayed steady increases in the use of subheading 9802.00.80. Mexico replaced Singapore as the leading source of imports under subheading 9802.00.80 in 1989, in terms of

U.S. content, accounting for 37 percent of the total (table 4-12). While the share of duty-free content of subheading 9802.00.80 imports accounted for by Mexico rose from 25 percent in 1988 to 37 percent in 1989, Singapore's share dropped from 34 percent to 19 percent. This reflects the rapid development of maquiladora plants in the Mexican border zone as pro-

Table 4-12

Office machines and parts: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty- free content, 1989 from 1986	Share of total duty-free value	
						1986	1989
	Million dollars				Percent	Percent	
Mexico	14	124	137	173	1,136	9	37
Singapore	6	127	190	88	1,367	4	19
Japan	5	9	30	76	1,420	3	16
Canada	89	158	100	38	-57	60	8
Korea	1	11	24	32	3,100	1	7
Hong Kong	7	27	27	30	329	5	6
United Kingdom	6	2	3	8	33	4	2
Portugal	(1)	3	2	7	2,412	(2)	1
Taiwan	7	18	14	6	-14	5	1
All others	13	15	30	13	0	9	3
Total	148	494	557	471	218	100	100

¹ Less than \$500,000.² Less than 0.5 percent.

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

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

ducers/assemblers of technologically advanced electronic goods and escalating labor costs in Singapore relative to Mexico. U.S.-made components accounted for 36 percent of the value of subheading 9802.00.80 imports from Japan in 1989 and 20 percent from Canada (the third and fourth leading suppliers), compared with 41 percent for Mexico and only 17 percent for Singapore.

Subheading 9802.00.80 is used by office machine producers in their efforts to rationalize production. Most large U.S. producers have foreign subsidiaries with whom they exchange semifinished products; these products are then completed to meet the specific technical specifications of individual countries and markets. U.S. producers also use labor-intensive operations performed by low-wage assemblers in Singapore, Mexico, and Hong Kong to reduce production costs.

Contact William Fletcher at 205-3407

Television Receivers

U.S. imports of television receivers, principally color television receivers, rose irregularly from \$2.4 billion in 1986 to \$3.6 billion in 1989, representing an increase of 47 percent (table 4-13). In contrast, during the period, imports of these articles under HTS subheading 9802.00.80 more than tripled, climbing from \$449 million to \$1.4 billion. The duty-free value of imports under subheading 9802.00.80 also rose sharply during the period, increasing from \$86 million to \$311 million. The share of total imports accounted for by imports under subheading 9802.00.80 doubled during 1986-89, from 18 percent to 38 percent (table 4-14). The share of subheading 9802.00.80 imports accounted for by the value of the U.S.-made components also increased, from 19 percent to 23 percent.

Table 4-13

Television receivers: U.S. imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
	Value (million dollars)		
1986	2,443	449	86
1987	2,333	549	109
1988	2,071	859	190
1989	3,595	1,371	311
	Change (percent)		
1989 from 1986	47	205	263
Average annual 1989 from 1986	14	45	54

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

The trade-weighted nominal rate of duty on television receivers averaged 4.9 percent during the period, whereas the effective rate declined from 4.0 percent in 1986 to 3.6 percent in 1989 (table 4-14). The total duty savings associated with subheading 9802.00.80 operations rose each year during the period, increasing from \$4.2 million in 1986 to \$14.6 million in 1989 (table 4-14 and figure 4-5), reflecting both the rising volume of subheading 9802.00.80 imports and the increased use of U.S.-made components.

Mexico was the principal source of these imports under subheading 9802.00.80, followed by Canada and Taiwan. In 1989, Mexico accounted for 90 percent of imports under subheading 9802.00.80 and 95 percent of the duty-free content (table 4-15). U.S. firms (including U.S. subsidiaries of Japanese, French, and Dutch television producers) have established plants in Mexico to perform labor-intensive assembly operations, such as printed circuit board assembly and yoke windings. Representatives of U.S. television manufac-

turers insist that the use of assembly facilities in Mexico is essential for their companies to compete with "foreign" producers (televisions made in Asia) in the U.S. market. U.S.-made components accounted for 24 percent of the value of television receivers imported from Mexico under subheadings 9802.00.80 in 1989, 23 percent of imports from Canada, and 17 percent of imports from Japan. The principal suppliers of total U.S. imports of television receivers in 1989 were Mexico, Japan, Taiwan, Korea, Singapore, and Malaysia, together accounting for 91 percent of the total. Much of the 74-percent increase in imports of television receivers from Mexico in 1989 over 1988 can be attributed to decisions by Japanese manufacturers to supply more of the U.S. market from their Mexican assembly plants rather than exporting directly from Japan.

Contact John Kitzmiller at 205-3387

Table 4-14

Television receivers: Nominal and effective rates of duty under HTS subheading 9802.00.80 and duty savings, 1986-89

Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
Percent					Million dollars
1986	18	19	4.9	4.0	4.2
1987	24	20	4.9	3.9	5.4
1988	41	22	5.0	3.9	9.5
1989	38	23	4.7	3.6	14.6

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

Table 4-15

Television receivers: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty- free content, 1989 from 1986	Share of total duty-free value	
						1986	1989
	Million dollars				Percent	Percent	
Mexico	77	104	184	297	286	89	95
Canada	2	2	4	10	400	2	3
Japan	3	1	(1)	2	-33	3	1
All others	5	2	(1)	2	-60	6	1
Total	86	109	190	311	263	100	100

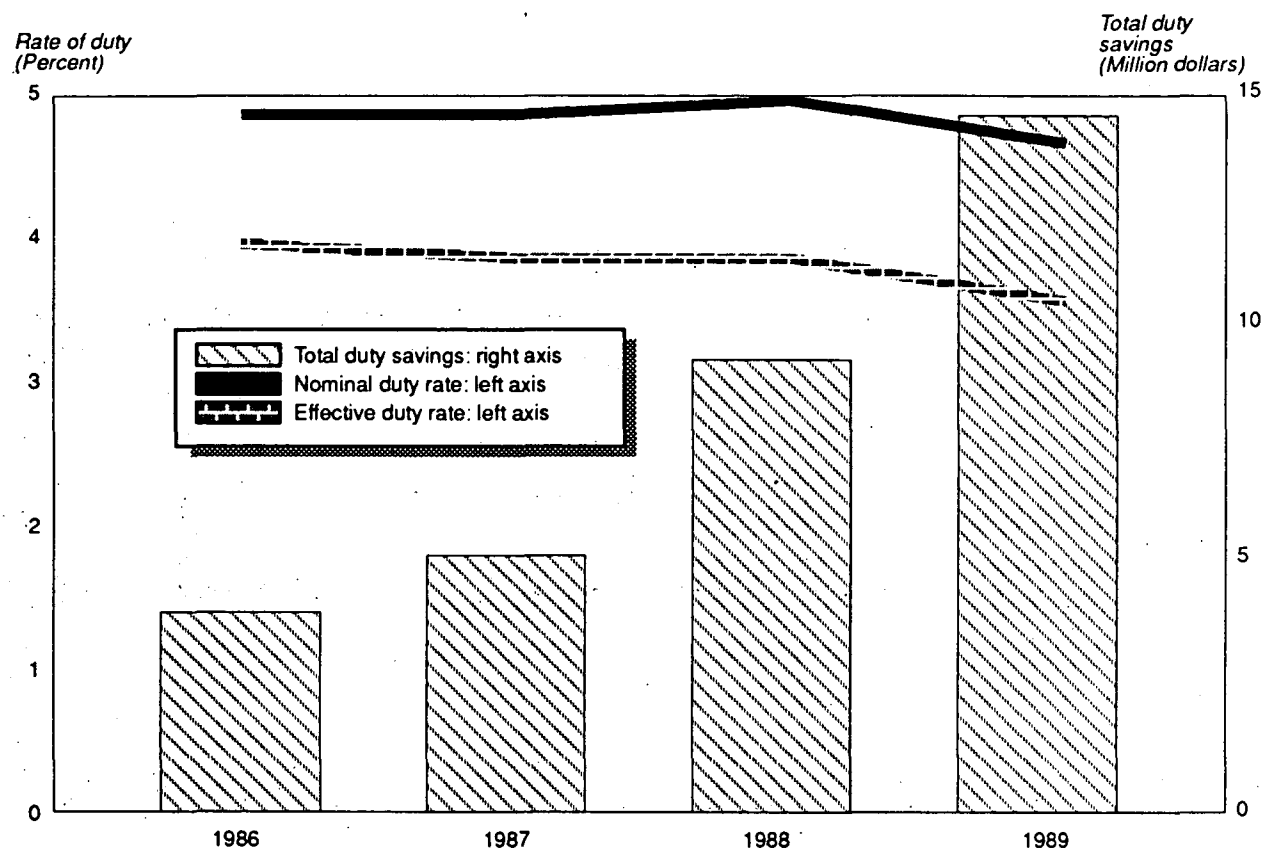
¹ Less than \$500,000.

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

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

Figure 4-5

Television receivers: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

Radio Receivers and Transceivers and Parts

U.S. imports of radio receivers and transceivers and parts rose 146 percent during 1986-89, increasing from \$2.3 billion to \$5.7 billion (table 4-16). Imports of these articles under HTS subheading 9802.00.80 rose by 57 percent during the period, increasing from \$449 million to \$704 million. The duty-free content of imports under subheading 9802.00.80 returned to \$143 million after falling in 1987 and 1988. The share of total imports accounted for by imports under subheading 9802.00.80 decreased irregularly from 19 percent in 1986 to 12 percent in 1989, and the U.S.-made component of these entries decreased from 32 percent in 1986 to 20 percent of the total value of subheading 9802.00.80 imports in 1989 (table 4-17).

The trade-weighted nominal rate of duty on radio receivers and transceivers declined during 1986-89, from 6.7 percent ad valorem to 4.9 percent (table 4-17). The effective duty rate on 9802.00.80 imports showed a similar reduction, decreasing from 4.6 percent to 3.9 percent ad valorem. However, the total

duty savings during the period decreased from \$9.6 million 1986 to \$7.0 million in 1989 (table 4-17 and figure 4-6).

Mexico was the principal source of imports under subheading 9802.00.80, in terms of duty-free content, followed distantly by Brazil. In 1989, Mexico accounted for 61 percent of total imports of these goods under subheading 9802.00.80 and 75 percent of the value of the U.S.-origin components (table 4-18). U.S. firms have established plants in Mexico and in other low-wage-rate countries to reduce labor costs associated with labor-intensive assembly operations. The principal suppliers of total U.S. imports of radio receivers and transceivers and parts are Japan, Korea, Singapore, China, and Taiwan. Radio receivers and transceivers and parts supplied by these countries accounted for 66 percent of total imports in 1989. U.S.-made components constituted 25 percent of the value of imports from Mexico under subheading 9802.00.80, compared with 16 percent for such imports from Brazil.

Contact John Kitzmiller at 205-3387

Table 4-16

Radio receivers and transceivers and parts: U.S. imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
	Value (million dollars)		
1986	2,309	449	143
1987	2,734	348	110
1988	3,072	292	91
1989	5,677	704	143
	Change (percent)		
1989 from 1986	146	57	(1)
Average annual 1989 from 1986	35	16	(1)

¹ Less than 0.5 percent.

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

Table 4-17

Radio receivers and transceivers and parts: Nominal and effective rates of duty under HTS subheading 9802.00.80 and duty savings, 1986-89

Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
Percent					Million dollars
1986	19	32	6.7	4.6	9.6
1987	13	32	6.3	4.3	7.0
1988	10	31	6.5	4.5	5.9
1989	12	20	4.9	3.9	7.0

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

Table 4-18

Radio receivers and transceivers and parts: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty-free content, 1989 from 1986	Share of total duty-free value	
						1986	1989
	Million dollars				Percent	Percent	
Mexico	74	62	59	108	46	52	75
Brazil	1	6	10	19	1,800	1	13
Canada	18	14	5	6	-67	13	4
Singapore	24	13	2	4	-83	17	3
Taiwan	1	1	2	3	200	1	2
Japan	(1)	(1)	(1)	2	547	(2)	1
Korea	1	(1)	(1)	1	6	1	1
All others	24	14	13	1	-96	(2)	1
Total	143	110	91	143	(2)	100	100

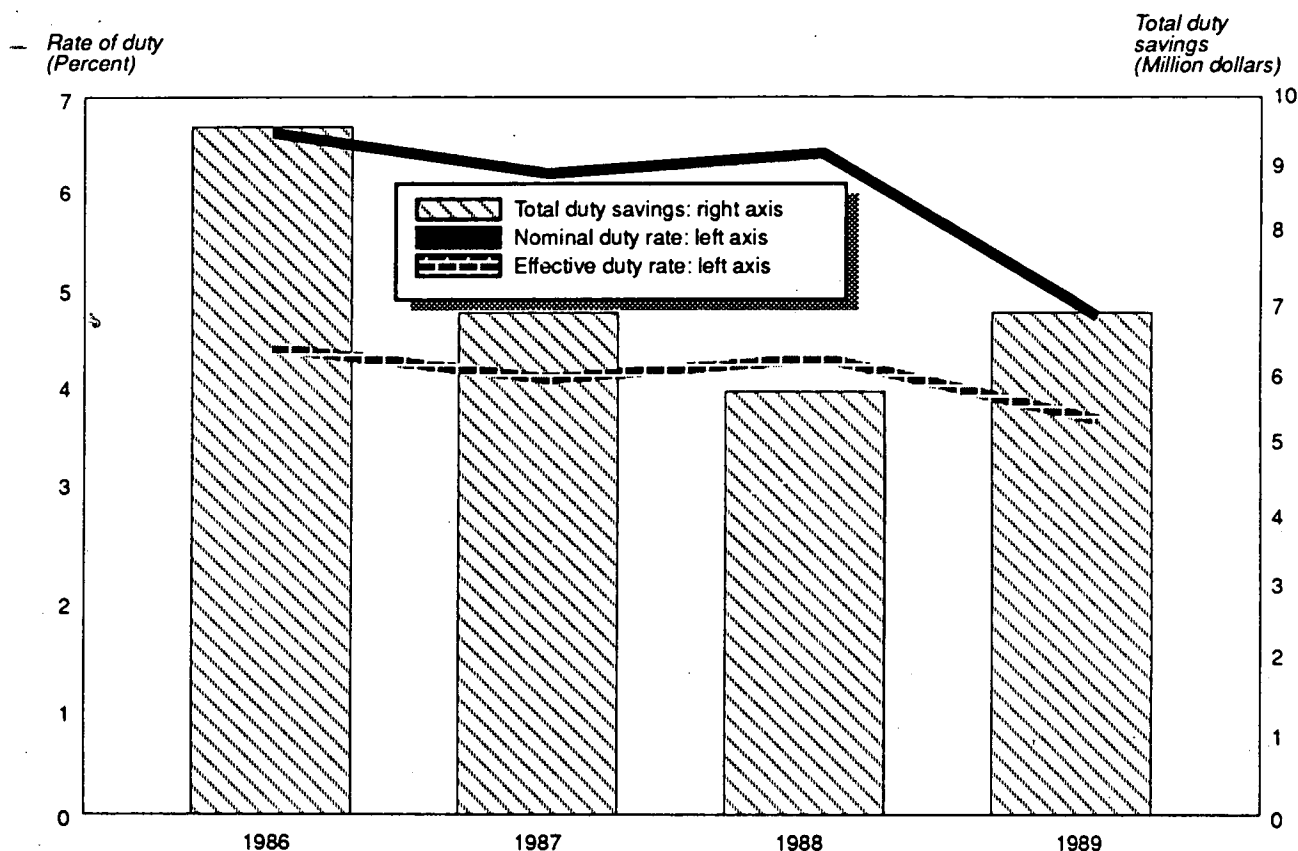
¹ Less than \$500,000.² Less than 0.5 percent.

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

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

Figure 4-6

Radio receivers and transceivers and parts: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

Electrical Capacitors

U.S. imports of electrical capacitors grew by 41 percent during 1986-89, from \$385 million to \$541 million (table 4-19). Imports of these components entered under HTS subheading 9802.00.80 increased by 9 percent, from \$153 million to \$168 million. The share of total U.S. imports accounted for by subheading 9802.00.80 imports fell from 40 percent to 31 percent during 1986-89 (table 4-20).

The duty-free content of imports entered under subheading 9802.00.80 grew by 13 percent during 1986-89, from \$101 million to \$114 million, whereas the ratio of U.S.-origin content to the total value of subheading 9802.00.80 imports was stable, averaging 68 percent annually during the period (table 4-20). The nominal trade-weighted rate of duty applied to imports of electrical capacitors remained at approximately

10 percent ad valorem during the period, and the effective rate on 9802 imports averaged 3.2 percent ad valorem annually. Total duty savings averaged \$11 million annually during the period (table 4-20 and figure 4-7).

Mexico was the dominant supplier of electrical capacitors under subheading 9802.00.80 during the period, accounting for 88 percent of the U.S.-origin content of total subheading 9802.00.80 imports in 1989 (table 4-21). El Salvador was the second leading supplier in 1989 with an 8 percent share, down from 11 percent in 1986. U.S. firms operate assembly plants in Mexico and other low-labor-cost countries to perform labor-intensive operations on U.S.-made components. U.S.-made components accounted for 66 percent of the value of subheading 9802.00.80 imports from Mexico in 1989.

Table 4-19

Electrical capacitors: U.S. imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
<i>Value (million dollars)</i>			
1986	385	153	101
1987	477	184	127
1988	558	166	115
1989	541	168	114
<i>Change (percent)</i>			
1989 from 1986	41	10	13
Average annual 1989 from 1986	12	3	4

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

Table 4-20

Electrical capacitors: Nominal and effective rates of duty under HTS subheading 9802.00.80 and duty savings, 1986-89

Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
Percent					Million dollars
1986	40	66	9.8	3.3	9.9
1987	39	69	9.8	3.0	12.4
1988	30	69	10.2	3.2	11.7
1989	31	68	9.8	3.2	11.2

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

Table 4-21

Electrical capacitors: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty-free content, 1989 from 1986	Share of total duty-free value	
	<i>Million dollars</i>				<i>Percent</i>	1986	1989
Mexico	79	106	99	101	28	78	88
El Salvador	11	11	9	9	(18)	11	8
Dominican Republic ..	2	6	6	5	150	2	4
All others	8	4	1	(1)	-95	8	(2)
Total	101	127	115	114	13	100	100

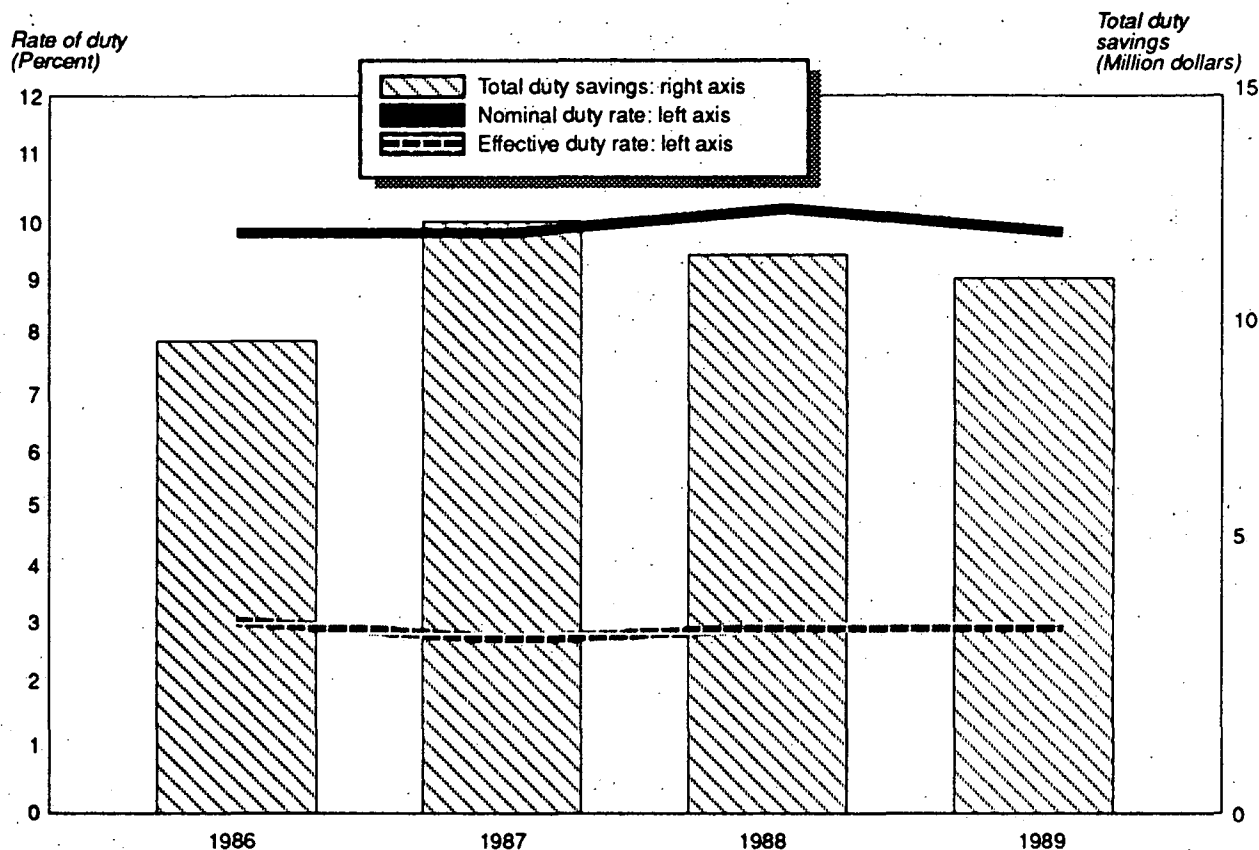
¹ Less than \$500,000.² Less than 0.5 percent.

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

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

Figure 4-7

Electrical capacitors: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

Electrical capacitors are eligible for duty-free entry under the CBERA and the APTA, and they also receive preferential treatment under the United States-Canada FTA. U.S. imports of electrical capacitors under the CBERA reached \$15 million in 1989. Eighty percent of these duty-free CBERA imports were supplied by El Salvador. U.S. duty-free imports of these products from Canada under the APTA totaled \$5 million in 1989, while an additional \$2 million worth of electrical capacitors were imported from Canada under the United States-Canada FTA at the preferential tariff rate of 6 percent ad valorem. Total U.S. imports of electrical capacitors qualifying for preferential entry status under the CBERA, the APTA, and the United States-Canada FTA reached \$23 million in 1989, representing 4 percent of total U.S. imports.

Contact Thomas A. Sherman at 205-3389

Telephone and Telegraph Apparatus

Imports of telephone and telegraph apparatus rose by 58 percent during 1986-89, increasing from \$2.6 billion to \$4.1 billion (table 4-22). Imports of these products entered under HTS subheading 9802.00.80 decreased by 11 percent, declining irregularly from \$195 million to \$174 million. During 1986-89, the growth in U.S. imports of telephone and telegraph apparatus represented an annual increase of 16 percent, whereas those entered under subheading 9802.00.80 represented an annual decrease of 4 percent. The duty-free content returned under subheading 9802.00.80 averaged 30 percent of the overall value of telephone and telegraph apparatus entered under 9802.00.80 each year, totaling \$52 million in 1989 (tables 4-22 and 4-23).

Table 4-22

Telephone and telegraph apparatus: U.S. imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
Value (million dollars)			
1986	2,623	195	63
1987	3,121	190	55
1988	3,763	210	60
1989	4,144	174	52
Change (percent)			
1989 from 1986	58	(11)	(16)
Average annual 1989 from 1986	16	(4)	(6)

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

Table 4-23

Telephone and telegraph apparatus: Nominal and effective rates of duty under HTS subheading 9802.00.80 and duty savings, 1986-89

Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
Percent					Million dollars
1986	7	32	7.7	5.2	4.9
1987	6	29	7.4	5.3	4.1
1988	6	29	7.6	5.4	4.6
1989	4	30	6.3	4.4	3.3

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

The trade-weighted nominal and effective rates of duty for articles entered under subheading 9802.00.80 dropped slightly during 1986-89, decreasing from 7.7 percent and 5.2 percent, respectively, in 1986, to 6.3 percent and 4.4 percent, respectively, in 1989. Total duty savings decreased from \$4.9 million to \$3.3 million during the period (table 4-23 and figure 4-8).

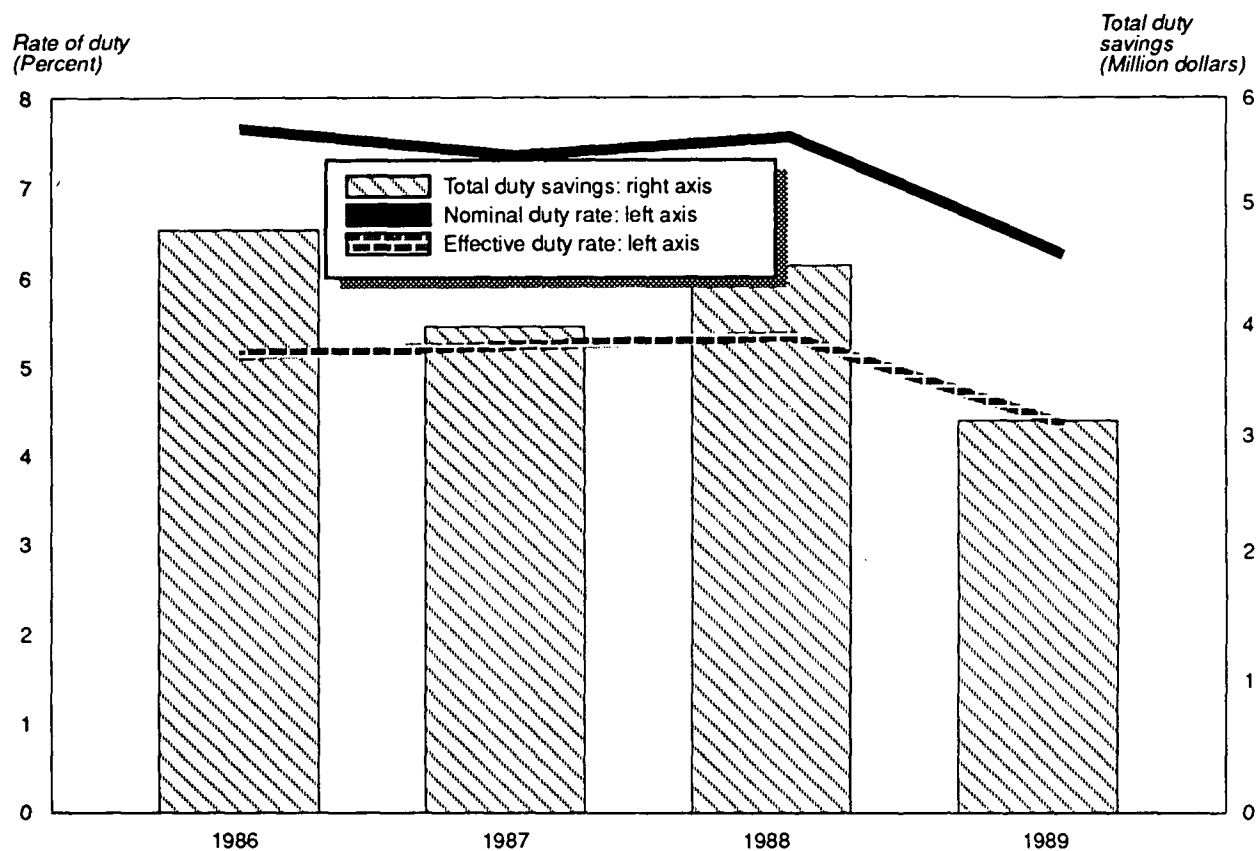
The principal sources of imports for telephone and telegraph apparatus under HTS subheading 9802.00.80 during 1986-89 were Mexico and Canada. Imports from these two countries comprised more than 80 percent of the total in 1989. The share of duty-free imports under subheading 9802.00.80 accounted for by Mexico rose from 67 percent to 68 percent during the

period, whereas Canada's share rose from 11 percent to 19 percent (table 4-24). U.S.-made components accounted for 52 percent of the value of subheading 9802.00.80 imports from Mexico in 1989 and 13 percent from Canada. A number of U.S. firms have established assembly operations in Mexico. The large percentage of subheading 9802.00.80 imports from Mexico indicates that U.S. producers are taking advantage of that country's low-cost labor. Imports from Canada under the same provision are largely attributable to Northern Telecom, the manufacturing arm of Bell Canada and the largest foreign-based producer of telephone apparatus in the United States.

Contact Scott Baker at 205-3386

Figure 4-8

Telephone and telegraph apparatus: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

Table 4-24

Telephone and telegraph apparatus: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty-free content, 1989 from 1986	Share of total duty-free value	
	Million dollars				Percent	1986	1989
Mexico	42	41	41	36	-14	67	68
Canada	7	7	10	10	43	11	19
Barbados	(¹)	(¹)	2	2	(²)	(³)	4
Taiwan	(¹)	(¹)	(¹)	1	1,582	(³)	2
Haiti	(¹)	(¹)	1	1	27,775	(³)	2
Korea	(¹)	1	1	1	321	(³)	2
China	1	3	2	1	-39	2	2
All others	13	3	3	1	-92	20	2
Total	63	55	60	52	-16	100	100

¹ Less than \$500,000.² Not meaningful.³ Less than 0.5 percent.

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

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

Chapter 5

Imports Under HTS Subheading 9802.00.80: Machinery

U.S. imports of machinery increased from \$28 billion in 1986 to about \$40 billion in 1989, or by 41 percent (table 5-1). The principal categories of machinery imported from production sharing operations are electrical conductors; motors and generators; electrical household appliances; construction equipment and mining equipment; transformers; taps, cocks, and valves; and equipment for lifting, handling, loading, and unloading. In 1989, these commodities accounted for \$13.6 billion, or about 34 percent, of total machinery imports. Total machinery imports under HTS subheading 9802.00.80 grew from \$2.8 billion in 1986 to \$4.2 billion in 1989, representing a 46 percent increase. The specific commodities described above accounted for \$3 billion, or 73 percent of those imports. The duty-free value of subheading 9802.00.80 imports totaled \$1.9 billion in 1989, an increase of 63 percent from 1986. The commodities specifically mentioned accounted for \$1.6 billion, approximately 81 percent of these duty-free imports.

In general, U.S. producers of machinery use subheading 9802.00.80 to import, from their subsidiaries, products that require labor-intensive assembly pro-

cesses. U.S. producers can improve price competitiveness by assembling such products in countries with relatively low labor costs.

The proportion of subheading 9802.00.80 imports to total machinery imports remained between 10 percent and 11 percent from 1986 to 1989 (table 5-2). The U.S.-origin content of such imports as a share of total subheading 9802.00.80 imports increased from 41 percent in 1986 to 46 percent in 1989. The nominal trade-weighted rate of duty in 1989 was 4.0 percent, while the effective rate of duty on 9802 imports was 2.2 percent. Total duty savings were approximately \$77 million in 1989, as opposed to \$50 million in 1986 (figure 5-1).

The primary source of duty-free machinery imports under subheading 9802.00.80 is Mexico, which accounted for 81 percent of such duty-free imports in 1989, an increase from 76 percent in 1986 (table 5-3). The second largest source of duty-free imports of machinery under subheading 9802.00.80 is Canada, which accounted for 12 percent of such duty-free imports in 1989, down from 14 percent in 1986. Other sources of machinery imports under subheading 9802.00.80 in 1989 included Japan, Taiwan, and the Philippines, all of which were relatively minor suppliers.

Contact Michael Hagey at 205-3392

Table 5-1
Machinery: U.S. imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
	Value (million dollars)		
1986	28,005	2,847	1,168
1987	31,518	3,319	1,420
1988	36,853	3,763	1,701
1989	39,505	4,165	1,906
	Change (percent)		
1989 from 1986	41	46	63
Average annual 1989 from 1986	12	14	18

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

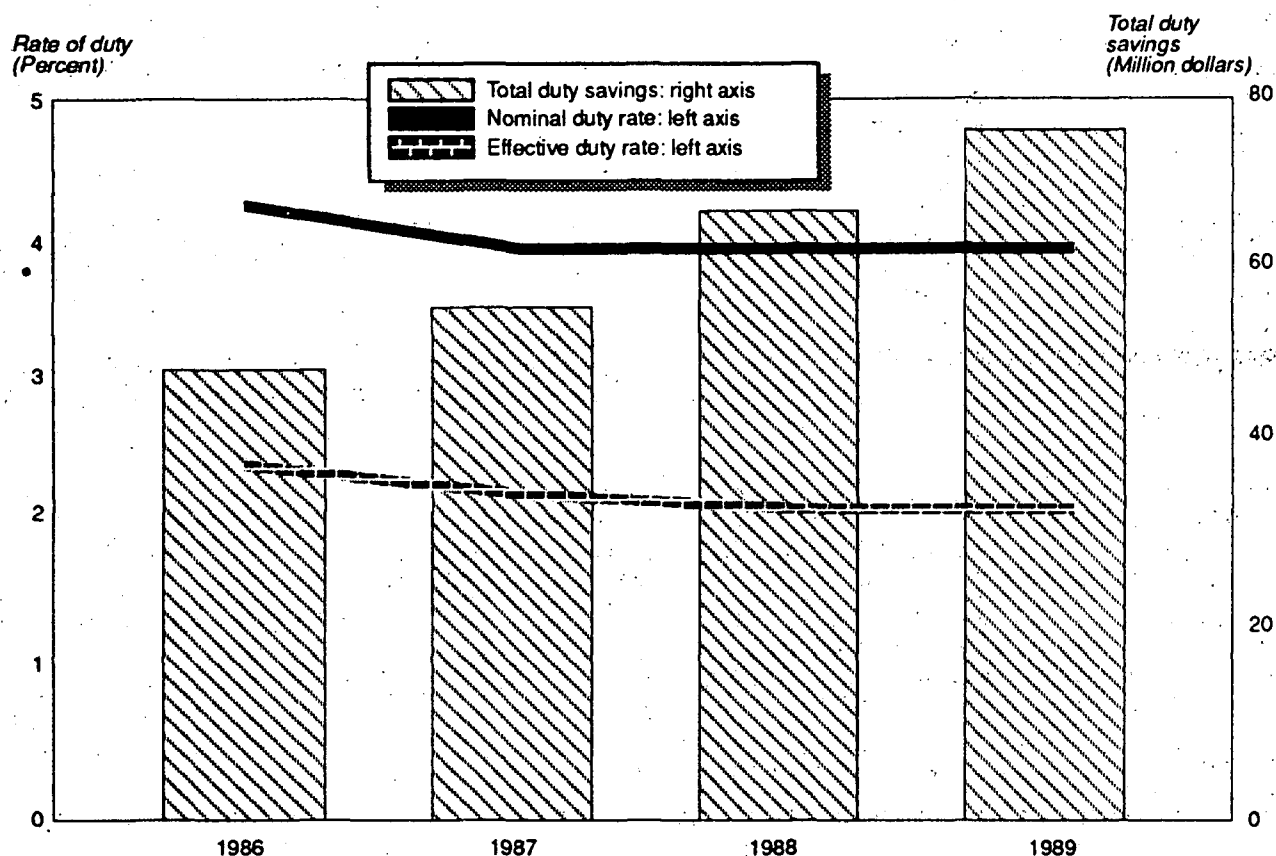
Table 5-2
Machinery: Nominal and effective rates of duty under HTS subheading 9802.00.80 and duty savings, 1986-89

Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
Percent					Million dollars
1986	10	41	4.3	2.5	50.2
1987	11	43	4.0	2.3	57.1
1988	10	45	4.0	2.2	67.7
1989	11	46	4.0	2.2	76.6

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

Figure 5-1

Machinery: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

Table 5-3

Machinery: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty- free content, 1989 from 1986	Share of total duty-free value	
	Million dollars				Percent	1986	1989
Mexico	883	1,127	1,409	1,537	74	76	81
Canada	165	187	183	232	41	14	12
Japan	27	21	37	35	31	2	2
Taiwan	26	19	15	35	35	2	2
Philippines	7	10	7	10	44	1	1
All others	61	56	50	56	-9	5	3
Total	1,168	1,420	1,701	1,906	63	100	100

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

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

Electrical Conductors

U.S. imports of electrical conductors increased 67 percent during 1986-89, from \$1.6 billion to \$2.6 billion, as shown in table 5-4. Concurrently, imports of these articles under HTS subheading 9802.00.80 rose by 70 percent to \$1.4 billion in 1989. The ratio of subheading 9802.00.80 imports to total imports was relatively stable during the period, averaging 51 percent annually. The duty-free content of subheading 9802.00.80 imports of electrical conductors increased 70 percent during 1986-89, from \$504 million to \$855 million. The ratio of duty-free content to total value of subheading 9802.00.80 imports was also relatively stable during the period, averaging 62 percent annually (table 5-5).

The nominal trade-weighted duty rate on these products averaged 5.1 percent ad valorem during 1986-89, and the effective rate of duty on imports of electrical conductors under subheading 9802.00.80 stayed at approximately 2 percent ad valorem. However, the significant increase in articles entered under subheading 9802.00.80 during 1986-89 resulted in a 68-percent rise in total duty savings, from \$26 million in 1986 to \$44 million in 1989 (table 5-5 and figure 5-2).

During 1986-89, total U.S. imports of electrical conductors from Mexico doubled, rising from \$717

million to \$1.44 billion. The share of total U.S. imports accounted for by Mexico, the leading foreign supplier, increased from 46 to 55 percent during the period. Mexico also accounted for 89 percent of the total value of subheading 9802.00.80 imports and 93 percent of the U.S.-origin content of imports under the provision in 1989, as shown in table 5-6.

A significant portion of subheading 9802.00.80 entries from Mexico during this period consisted of ignition wiring sets for motor vehicles. These products are principally electrical wiring harnesses, which interconnect the various electrical components (e.g., lights, power windows, wipers, fans, etc.) of motor vehicles, and which require a significant amount of manual labor to lay out, cut, and terminate (i.e., affix end connectors) insulated wire, and then wrap the bundled wires with electrical tape or other protective materials.

Miscellaneous electrical conductors with fittings were another important product grouping that made up a substantial portion of subheading 9802.00.80 trade from Mexico. These products consist primarily of power and communication input cords and cables for electrical and electronic apparatus. Typical subheading 9802.00.80 operations on these products involve the cutting of various gauges of bulk insulated wire to length and the application of assorted connectors to one or both ends of the cable.

Table 5-4
Electrical conductors: U.S. imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
Value (million dollars)			
1986	1,571	830	504
1987	1,909	972	603
1988	2,525	1,181	748
1989	2,621	1,415	855
Change (percent)			
1989 from 1986	67	70	70
Average annual 1989 from 1986	19	19	19

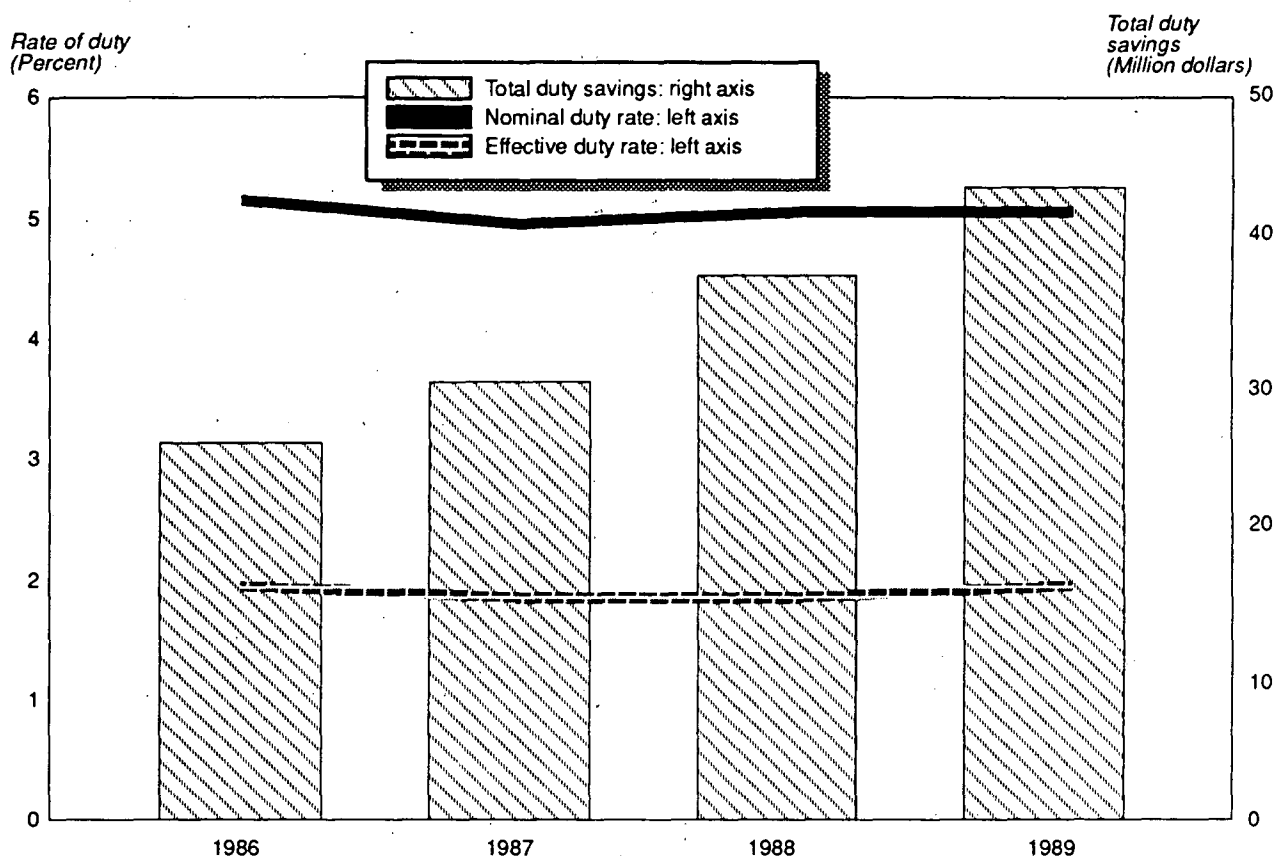
Source: Compiled by the U.S. International Trade Commission from official statistics of the U.S. Department of Commerce.

Table 5-5
Electrical conductors: Nominal and effective rates of duty under HTS subheading 9802.00.80 and duty savings, 1986-89

Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
Percent					Million dollars
1986	53	61	5.2	2.0	26.2
1987	51	62	5.0	1.9	30.4
1988	47	63	5.1	1.9	37.8
1989	54	60	5.1	2.0	43.9

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

Figure 5-2
Electrical conductors: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

Table 5-6
Electrical conductors: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty- free content, 1989 from 1986	Share of total duty-free value	
						1986	1989
	Million dollars				Percent	Percent	
Mexico	457	558	709	795	74	91	93
Taiwan	22	16	13	34	55	4	4
Canada	6	10	11	9	47	1	1
Haiti	7	3	3	5	-30	1	1
Philippines	6	10	7	5	-24	1	1
All others	5	6	6	6	27	1	1
Total	504	603	748	855	70	100	100

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

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

Taiwan was the only other significant source of subheading 9802.00.80 imports during the period, accounting for 8 percent and 4 percent of the total and duty-free value, respectively, of subheading 9802.00.80 imports in 1989. Such imports were consisted almost entirely of ignition wiring harnesses for motor vehicles. In 1989, U.S. imports of electrical conductors from Taiwan totaled \$305 million, virtually unchanged from the 1986 total of \$304 million.

During 1989, all electrical conductors were eligible for duty-free entry under the GSP. Mexico, having exceeded the GSP competitive-need limitations for certain articles in this product grouping, was the only beneficiary developing country not eligible for GSP duty-free entry during the period. Largely because of Mexico's ineligibility, imports under the GSP accounted for only 11 to 14 percent of the value of total U.S. imports of electrical conductors during 1986-89.

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Motors and Generators (Electric); and Miscellaneous Equipment Related to Motors, Generators, and Transformers

U.S. imports of electric motors, generators, and related equipment increased 29 percent during 1986-89,

from \$2.1 billion to \$2.7 billion (table 5-7). Imports of these articles under HTS subheading 9802.00.80 rose 17 percent, from \$449 million to \$527 million. The ratio of subheading 9802.00.80 imports to total imports of these products averaged 20 percent annually during the period, as shown in table 5-8.

During 1986-89, the duty-free content of subheading 9802.00.80 imports increased from \$220 million to \$287 million, or 31 percent. The ratio of duty-free imports to total imports under subheading 9802.00.80 increased from 49 percent annually during 1986-88 to 54 percent in 1989. The estimated duty savings resulting from subheading 9802.00.80 operations for these products increased 20 percent to \$10.6 million in 1989 (table 5-8 and figure 5-3).

Mexico was by far the leading source of subheading 9802.00.80 imports during 1986-89, as indicated in table 5-9. Mexico accounted for 87 percent of total subheading 9802.00.80 imports in 1989, and 96 percent of the U.S.-origin content. Canada and Hong Kong, the second and third leading sources, accounted for only 2 percent and 1 percent, respectively, of the U.S. content of subheading 9802.00.80 imports in 1989. Japan was the leading supplier of total imports of motors, generators, and related equipment throughout the period, accounting for 27 percent of U.S. imports in 1989.

Table 5-7

Motors and generators (electric); and miscellaneous equipment related to motors, generators, and transformers: U.S. imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
Value (million dollars)			
1986	2,125	449	220
1987	2,561	557	272
1988	3,351	639	314
1989	2,744	527	287
Change (percent)			
1989 from 1986	29	17	31
Average annual 1989 from 1986	9	5	9

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

Table 5-8

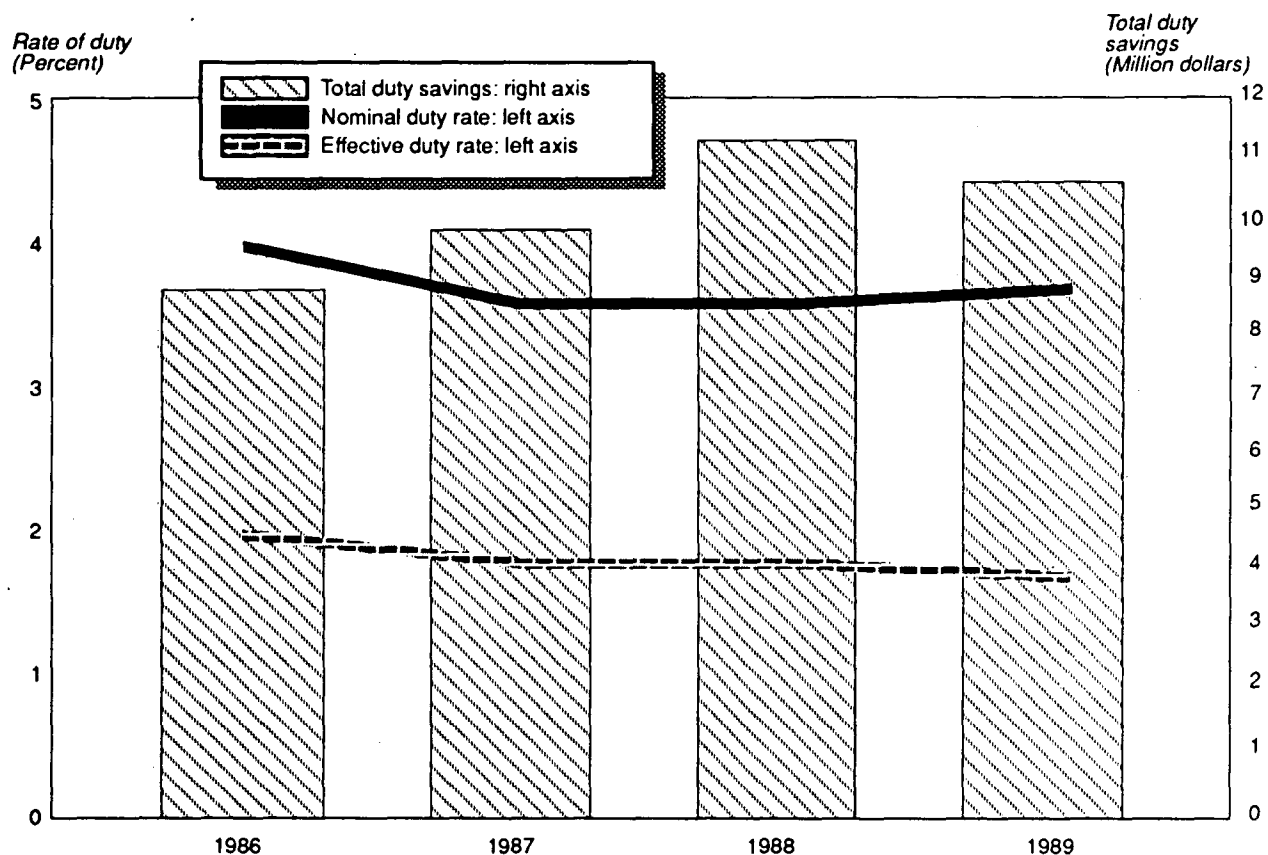
Motors and generators (electric); and miscellaneous equipment related to motors, generators, and transformers: Nominal and effective rates of duty under subheading 9802.00.80 and duty savings, 1986-89

Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
Percent					Million dollars
1986	21	49	4.0	2.0	8.8
1987	22	49	3.6	1.8	9.8
1988	19	49	3.6	1.8	11.3
1989	19	54	3.7	1.7	10.6

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

Figure 5-3

Motors and generators (electric); and miscellaneous equipment related to motors, generators, and transformers: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

Table 5-9

Motors and generators (electric); and miscellaneous equipment related to motors, generators, and transformers: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty-free content, 1989 from 1986	Share of total duty-free value	
	Million dollars				Percent	1986	1989
Mexico	200	254	296	275	37	91	96
Canada	5	4	7	6	17	2	2
Hong Kong	4	5	4	2	-53	2	1
All others	11	9	7	5	-52	5	2
Total	220	272	314	287	31	100	100

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

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

Subheading 9802.00.80 is used by U.S. producers of these electrical products in their efforts to rationalize the labor-intensive portion of their production operations in countries with low wage rates. Mexico is a particularly desirable low-cost location because of the availability of semiskilled workers, its proximity to the large markets of the western and southern United States, and good rail access to the north-central industrial belt. Canada is a significant supplier because major electrical producers in Canada are also subsidiaries of U.S. electrical firms.

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Electric Household Appliances

Total U.S. imports of electric household appliances remained at \$2 billion during 1986-89 (table 5-10). Imports of these articles under HTS subheading 9802.00.80 rose 79 percent during 1986-89, from \$179 million to \$320 million. The duty-free content of imports under HTS subheading 9802.00.80 more than doubled from \$56 million in 1986 to \$129 million in 1989, representing an average annual growth rate of 32 percent. The share of total imports accounted for by HTS subheading 9802.00.80 rose from 9 percent in 1986 to 15 percent in 1989 (table 5-11). The share of HTS subheading 9802.00.80 imports accounted for by

the value of the U.S.-made components rose from 31 percent in 1986 to an annual average of 41 percent during 1987-89.

The trade-weighted nominal rate of duty on electric household appliances entered under HTS subheading 9802.00.80 declined from 5.0 percent in 1986 to 4.0 percent ad valorem in 1989. Concurrently, the effective rate of duty on these articles declined from 3.5 percent in 1986 to 2.4 percent ad valorem in 1989 (table 5-11). The total duty savings rose each year during 1986-89, increasing from \$2.8 million to \$5.2 million (table 5-11 and figure 5-4).

Mexico was the primary source of imports under subheading 9802.00.80, followed by Canada and Singapore. Mexico accounted for 44 percent of all such imports and 87 percent of duty-free imports under HTS subheading 9802.00.80 in 1989, compared with 35 percent and 81 percent, respectively, in 1986 (table 5-12). U.S. household-appliance producers, as well as U.S. subsidiaries of Japanese producers, have established maquiladora assembly plants in Mexican border cities primarily to take advantage of low local labor costs. Japanese subsidiaries import parts and supplies through the port of San Diego for their factories in Tijuana.

Contact Georgia Jackson at 205-3399

Table 5-10

Electric household appliances: U.S. imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
Value (million dollars)			
1986	2,021	179	56
1987	2,096	206	81
1988	2,304	215	96
1989	2,082	320	129
Change (percent)			
1989 from 1986	3	79	129
Average annual 1989 from 1986	1	21	32

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

Table 5-11

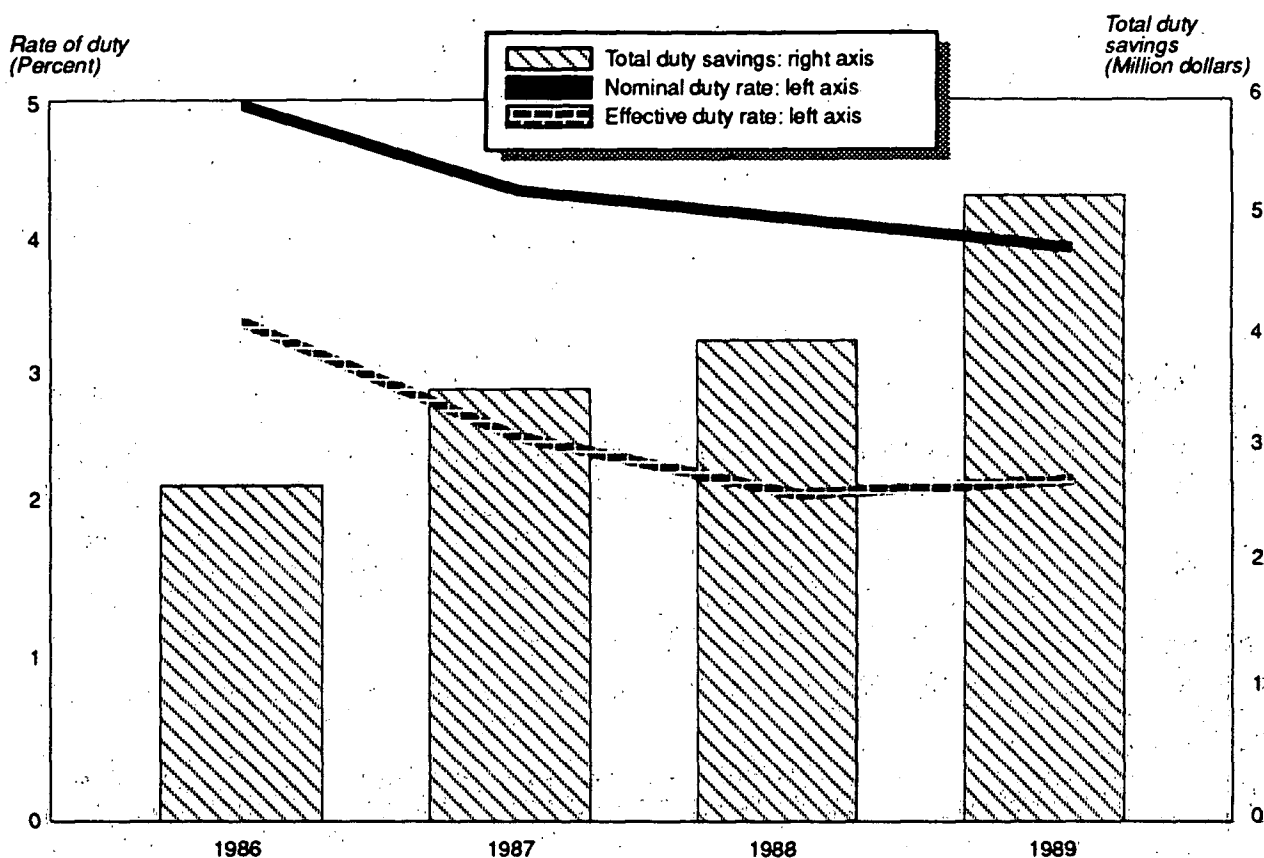
Electric household appliances: Nominal and effective rates of duty under HTS subheading 9802.00.80 and duty savings, 1986-89

Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
			Percent		
1986	9	31	5.0	3.5	2.8
1987	10	39	4.4	2.7	3.6
1988	9	45	4.2	2.3	4.0
1989	15	40	4.0	2.4	5.2

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

Figure 5-4

Electric household appliances: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

Table 5-12

Electric household appliances: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty- free content, 1989 from 1986	Share of total duty-free value	
	Million dollars				Percent	1986	1989
Mexico	46	71	87	112	145	81	87
Canada	2	3	3	7	233	4	5
Singapore	3	1	0	4	28	5	3
Netherlands	3	2	3	3	-24	6	2
United Kingdom	(¹)	(¹)	2	1	1,318	(²)	1
Haiti	1	1	1	1	22	1	1
All others	2	2	2	2	24	3	2
Total	56	81	96	129	129	100	100

¹ Less than \$500,000.² Less than 0.5 percent.

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

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

**Mechanical Shovels, Coal-Cutters,
Excavators, Scrapers, Bulldozers, and
Excavating, Leveling, Boring, and
Extracting Machinery Other Than
Elevators, Winches, Cranes, and Related
Machinery and Parts Thereof**

The articles included here are generally referred to as construction and mining machinery. These products are used for excavating, leveling, drilling, boring, and extracting earth minerals or ores. Total U.S. imports of these products increased from \$2.1 billion in 1986 to \$2.3 billion in 1989, representing an increase of 12 percent. The value of U.S. imports of the products covered here that entered under HTS subheading 9802.00.80 grew 64 percent during 1986-89 to \$342 million (table 5-13). The ratio of imports entered under subheading 9802.00.80 to total imports averaged 13 percent during the period. A decline in U.S. construction activity triggered a decrease in subheading 9802.00.80 imports in 1989 from those in 1988. The U.S.-origin content of imports entered under subheading 9802.00.80 increased 53 percent during the period to \$90 million in 1989. The ratio of duty-free content to total value of subheading 9802.00.80 imports aver-

aged 25 percent annually during 1986-89.

The nominal rate of duty for this commodity group declined from 2.4 percent to 2.2 percent during 1986-89 (table 5-14); the effective duty rate for the commodity group averaged 1.7 percent annually during 1986-89. Total duty savings for the commodity group increased from \$1.4 million in 1986 to \$2 million in 1989 (table 5-14 and figure 5-5).

Japan, Canada, and France were the leading sources of total imports of construction and mining machinery during 1986-89. Canada was the dominant supplier of the articles imported under subheading 9802.00.80 during 1986-89, accounting for 54 percent of the total value and 74 percent of the duty-free content in 1989 (table 5-15). Japan accounted for 20 percent of the duty-free content in 1989. Sweden ranked third in total value of U.S. imports under subheading 9802.00.80 with a 9 percent share, but it ranked only fifth (behind the United Kingdom and Mexico) in terms of U.S.-origin content with a 1 percent share.

Subheading 9802.00.80 is used extensively by U.S. manufacturers and their Canadian subsidiaries to rationalize production of components and subassemblies. This provision also facilitates the implementation of international joint ventures and licensing arrangements.

Table 5-13

Mechanical shovels, coal-cutters, excavators, scrapers, bulldozers, and excavating, leveling, boring, and extracting machinery other than elevators, winches, cranes, and related machinery and parts thereof: U.S. imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

<i>Year</i>	<i>Total imports</i>	<i>9802.00.80 imports</i>	<i>Duty-free value of 9802.00.80 imports</i>
	<i>Value (million dollars)</i>		
1986	2,060	208	59
1987	2,253	282	66
1988	2,430	365	89
1989	2,312	342	90
	<i>Change (percent)</i>		
1989 from 1986	12	64	53
Average annual 1989 from 1986	4	18	15

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

Table 5-14

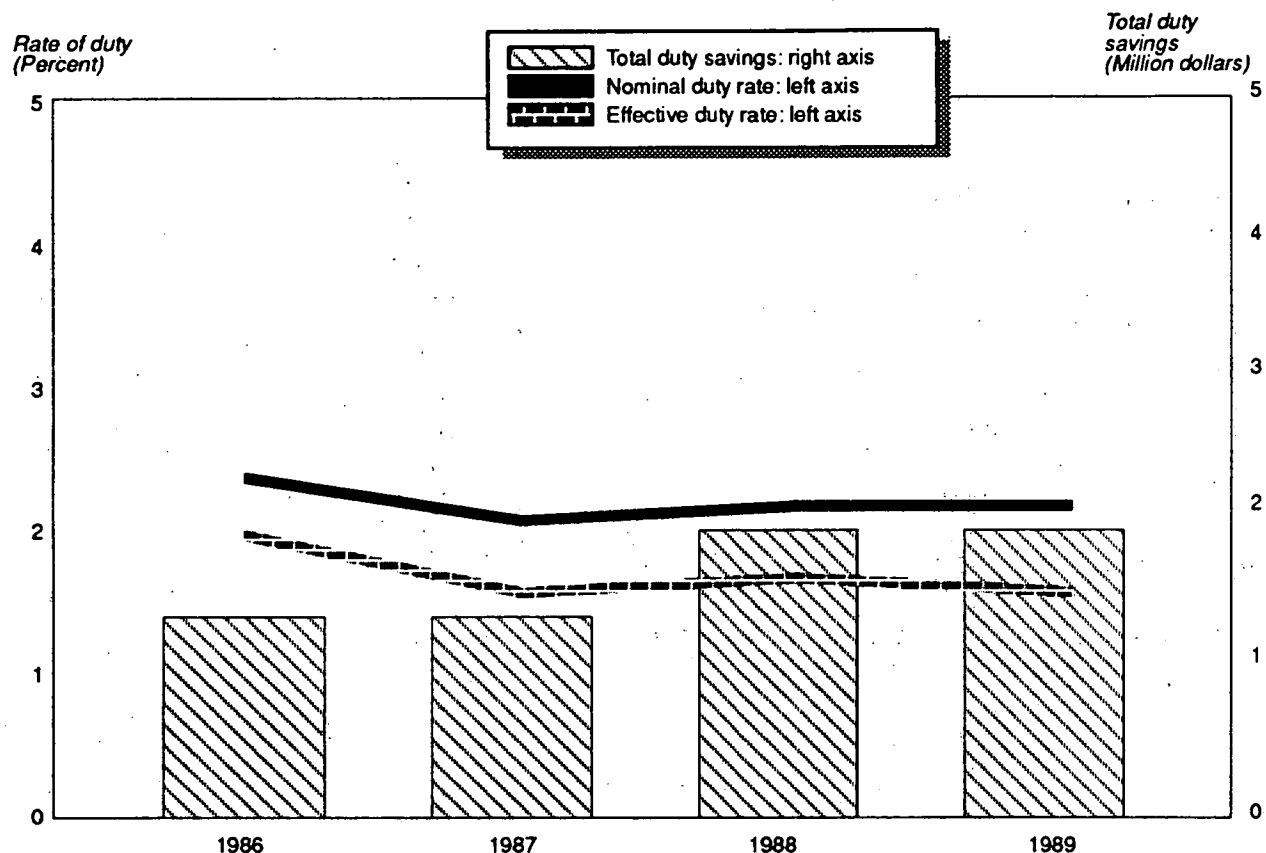
Mechanical shovels, coal-cutters, excavators, scrapers, bulldozers, and excavating, leveling, boring, and extracting machinery other than elevators, winches, cranes, and related machinery and parts thereof: Nominal and effective rates of duty under HTS subheading 9802.00.80 and duty savings, 1986-89

<i>Year</i>	<i>9802.00.80 imports to total imports</i>	<i>Duty-free 9802.00.80 to total 9802.00.80 imports</i>	<i>Rate of duty</i>		<i>Total duty savings</i>
			<i>Nominal</i>	<i>Effective</i>	
			<i>Percent</i>		<i>Million dollars</i>
1986	10	28	2.4	1.7	1.4
1987	13	23	2.1	1.6	1.4
1988	15	24	2.2	1.7	2.0
1989	15	26	2.2	1.6	2.0

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

Figure 5-5

Mechanical shovels, coal-cutters, excavators, scrapers, bulldozers, and excavating, leveling, boring, and extracting machinery other than elevators, winches, cranes, and related machinery and parts thereof: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

Table 5-15

Mechanical shovels, coal-cutters, excavators, scrapers, bulldozers, and excavating, leveling, boring, and extracting machinery other than elevators, winches, cranes, and related machinery and parts thereof: Duty-free value of U.S. Imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty-free content, 1989 from 1986	Share of total duty-free value	
	Million dollars				Percent	1986	1989
Canada	54	57	70	67	24	92	74
Japan	4	7	15	18	362	7	20
United Kingdom	0	(1)	0	2	(2)	0	2
Mexico	(1)	(1)	1	2	272	1	2
Sweden	(1)	1	1	1	498	(3)	1
All others	(1)	2	3	1	234	1	1
Total	59	66	89	90	53	100	100

¹ Less than \$500,000.

² Not applicable.

³ Less than 0.5 percent.

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

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

Construction and mining machinery are articles eligible for duty-free entry under the GSP. Total GSP imports increased 69 percent during 1986-89 to \$82 million, 4 percent of total U.S. imports. Brazil was the leading source of GSP imports during the period.

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Transformers

U.S. imports of transformers increased 113 percent during 1986-89, from \$259 million to \$551 million, as shown in table 5-16. During the same period, imports of these products under HTS subheading 9802.00.80 rose 180 percent, from \$45 million to \$127 million. Consequently, the ratio of subheading 9802.00.80 imports to total imports of these products increased erratically from 17 percent in 1986 to 23 percent in 1989 as indicated in table 5-17.

During 1986-89, the duty-free content of subheading 9802.00.80 imports increased from \$19 million to \$71 million, or by 282 percent. The ratio of duty-free imports to total imports under subheading 9802.00.80 remained near 42 percent during 1986-88, but then increased markedly to 56 percent in 1989. As a result of these trends, the estimated duty savings resulting from the use of 9802.00.80 in importing transformers increased from \$0.9 million in 1986 to \$2.4 million in 1989 (table 5-17 and figure 5-6).

Mexico accounted for the vast majority of subheading 9802.00.80 imports of transformers during 1986-89, as shown in table 5-18. The share of total duty-free imports under item 9802.00.80 attributable to Mexico increased from 82 percent in 1986 to 93 percent in 1989. The share of total 9802.00.80 imports accounted for by Mexico increased from 58 percent in 1986 to 84 percent in 1989, or \$106 million. Mexico was also the leading supplier of total U.S. imports of transformers throughout the period, accounting for \$159 million, or 29 percent, of the 1989 total.

The subheading 9802.00.80 tariff provision is used by U.S. producers of transformers to rationalize the labor-intensive portion of their production operations in low labor cost locations. The products that account for the vast majority of U.S. imports of transformers under subheading 9802.00.80 are primarily small, low-voltage devices, such as ballasts of fluorescent and other electrical discharge lamps or transformers rated at less than 40 VA (volt-amperes) for use in consumer electrical and electronic products. The production of these products is generally much more difficult to automate and the labor input factor for these products constitutes a significantly greater portion of the overall cost of production than that for larger transformers.

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Table 5-16

Transformers: U.S. Imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
Value (million dollars)			
1986	259	45	19
1987	281	45	19
1988	385	59	25
1989	551	127	71
Change (percent)			
1989 from 1986	113	180	282
Average annual 1989 from 1986	29	41	56

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

Table 5-17

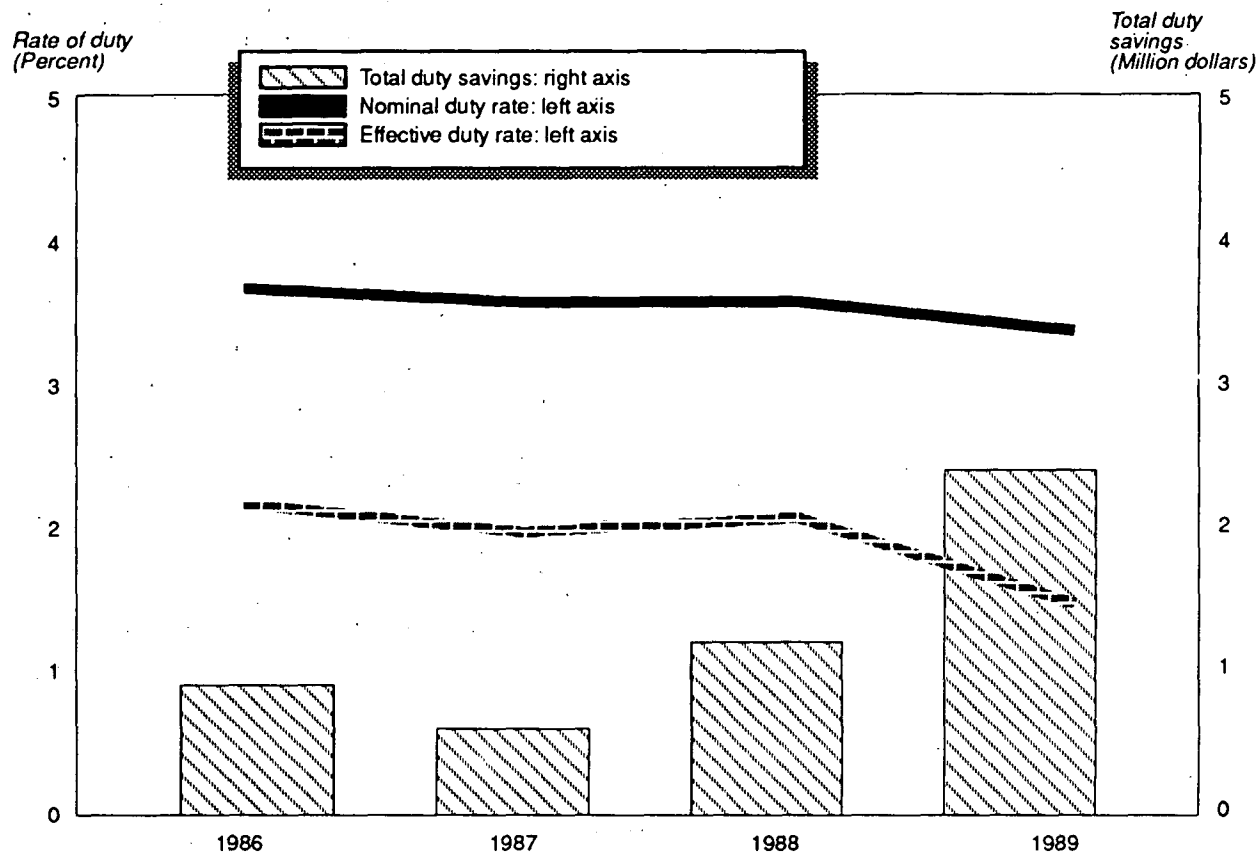
Transformers: Nominal and effective rates of duty under HTS subheading 9802.00.80 and duty savings, 1986-89

Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
Percent					Million dollars
1986	17	41	3.7	2.2	0.9
1987	16	43	3.6	2.0	0.6
1988	15	41	3.6	2.1	1.2
1989	23	56	3.4	1.5	2.4

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

Figure 5-6

Transformers: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

Table 5-18

Transformers: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty- free content, 1989 from 1986	Share of total duty-free value	
						1986	1989
	Million dollars				Percent	Percent	
Mexico	15	17	23	66	334	82	93
Barbados	0	0	0	2	(1)	(2)	3
Hong Kong	(3)	(3)	(3)	1	2,185	(2)	1
Dominican Republic ..	(3)	0	(3)	1	(1)	(2)	1
All others	3	2	1	1	-56	17	2
Total	19	19	25	71	282	100	100

¹ Not applicable.

² Less than 0.5 percent.

³ Less than \$500,000.

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

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

Taps, Cocks, Valves, and Similar Devices

U.S. imports of taps, cocks, valves, and similar devices increased 40 percent during 1986-89, from \$1 billion to \$1.4 billion. Imports of these articles under HTS subheading 9802.00.80 rose 53 percent, from \$62 million to \$94 million (table 5-19). The ratio of HTS subheading 9802.00.80 imports to total imports of these products averaged 7 percent annually during the period (table 5-20).

The duty-free value of articles imported under HTS subheading 9802.00.80 rose to \$62 million in 1989 from \$44 million in 1986, or by 41 percent (table 5-19). The ratio of U.S. content to total imports under HTS subheading 9802.00.80 fell from 71 percent to 66 percent during 1986-89.

The nominal rate of duty on these products dropped from 4.8 percent to 2.2 percent over the period, and the effective rate shrank from 1.4 percent to 0.7 percent (table 5-20 and figure 5-7). Although imports entered under subheading 9802.00.80 increased 53 percent during 1986-89, total duty savings fell 33 percent to \$1.4 million because the value of the U.S. content of

9802.00.80 imports of these products did not rise as fast as the decline in the rate of duty.

Total subheading 9802.00.80 imports of these products from Mexico increased 52 percent during the period, to \$72 million in 1989 from \$48 million in 1986. Mexico accounted for 92 percent (\$57 million) of the U.S. content of subheading 9802.00.80 imports in 1989 (table 5-21). During 1986-89, in order to meet the recent challenge of both Pacific Basin and European suppliers of price-sensitive, low-technology imported taps, cocks, valves, and similar devices, U.S. producers established maquiladora facilities along the U.S.-Mexico border to manufacture these products.

According to industry sources, to compete with low prices offered by foreign producers for these products, U.S. manufacturers have often been forced to cease production of certain labor-intensive product lines (e.g., low-pressure valves made of brass or copper) and substitute a competing product from either East Asia or from other third-country suppliers. Presently, all producers of taps, cocks, valves, and similar devices making use of HTS subheading 9802.00.80 in Mexico are subsidiaries of U.S. firms. However, in recent years, Mexico's manufacturers of certain low-technology

Table 5-19

Taps, cocks, valves, and similar devices: U.S. Imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
	Value (million dollars)		
1986	1,024	62	44
1987	1,166	80	45
1988	1,413	103	58
1989	1,437	94	62
	Change (percent)		
1989 from 1986	40	53	41
Average annual 1989 from 1986	12	15	12

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

Table 5-20

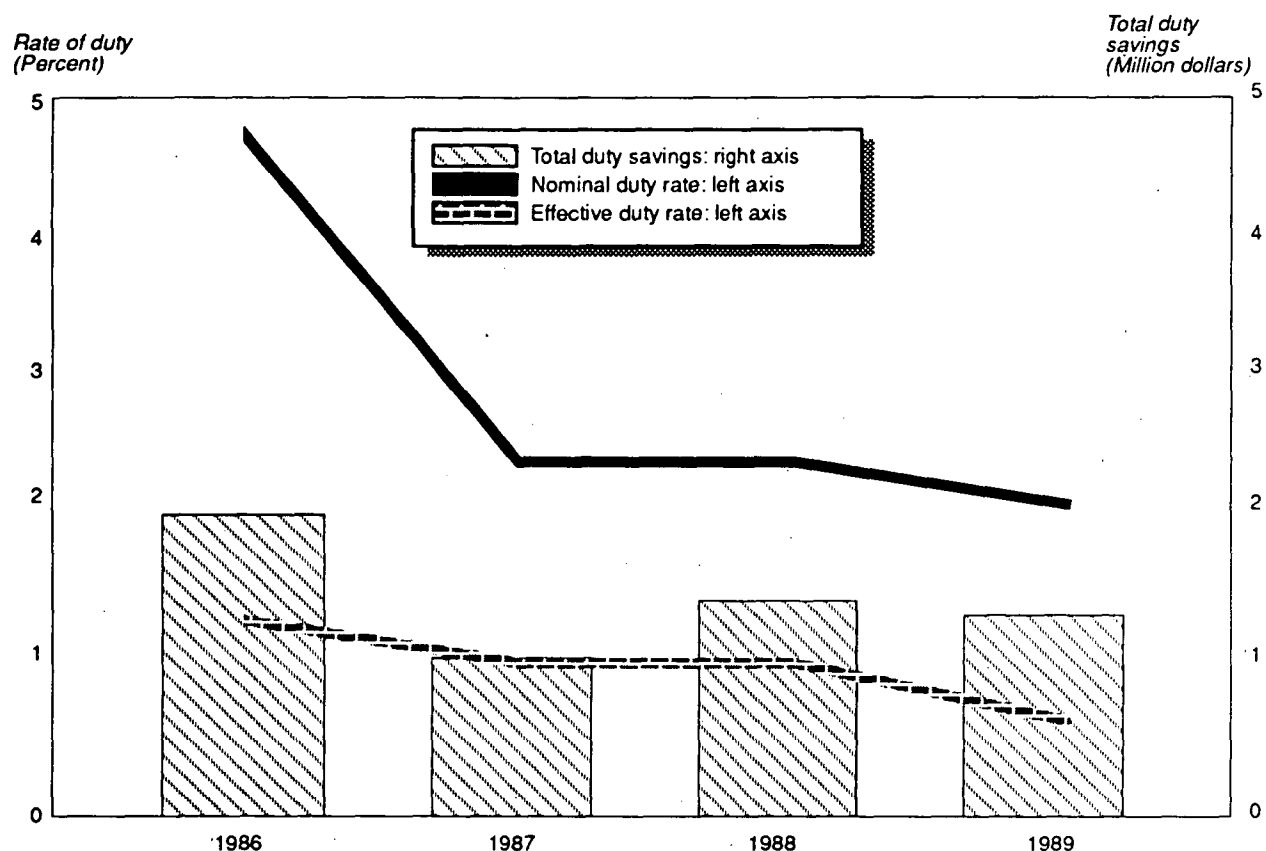
Taps, cocks, valves, and similar devices: Nominal and effective rates of duty under HTS subheading 9802.00.80 and duty savings, 1986-89

Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
Percent					Million dollars
1986	6	71	4.8	1.4	2.1
1987	7	56	2.5	1.1	1.1
1988	7	56	2.5	1.1	1.5
1989	7	66	2.2	0.7	1.4

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

Figure 5-7

Taps, cocks, valves, and similar devices: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

Table 5-21

Taps, cocks, valves, and similar devices: Duty-free value of U.S. Imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty- free content, 1989 from 1986	Share of total duty-free value	
	Million dollars				Percent	1986	1989
Mexico	40	38	51	57	42	91	92
Canada	3	7	7	5	55	7	8
All others	1	(¹)	(¹)	(¹)	-92	1	(²)
Total	44	45	58	62	41	100	100

¹ Less than \$500,000.

² Less than 0.5 percent.

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

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

valves and parts have been able to increase their exports to the United States as a result of licensing agreements concluded with several major foreign producers. The United States is virtually the sole export market for Mexico's production of valves and parts, nearly all of which receive GSP treatment. In 1989, GSP imports of taps, cocks, valves, and similar devices totaled \$52 million, or 14 percent of total imports from Mexico.

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Lifting, Handling, Loading, and Unloading Machinery and Parts Thereof

Total U.S. imports of lifting, handling, loading, and unloading machinery and parts increased 78 percent during 1986-89, to \$1.8 billion (table 5-22). Imports under subheading 9802.00.80 increased from \$126 million in 1986 to \$197 million in 1989, or by 56 percent. Nevertheless, the share of total imports accounted for by imports under subheading 9802.00.80 declined from 12 percent in 1986 to 11 percent in 1989 (table 5-23).

The value of imports of lifting, handling, loading, and unloading machinery and parts entered free of duty under subheading 9802.00.80 increased during the 1986-89 period from \$49 million to \$58 million, representing an increase of 17 percent. However, duty-free

imports declined from 39 percent of total 9802.00.80 imports in 1986 to 29 percent in 1989.

The principal machines covered herein include derricks, cranes, work trucks, fork-lift trucks, elevators, conveyors, escalators, and moving walkways. Canada and Mexico were the principal sources of these imports during 1986-89, accounting for 61 percent (\$35 million) and 28 percent (\$16 million), respectively, of total duty-free imports under subheading 9802.00.80 in 1989 (table 5-24). The value of U.S.-made components contained in imports under subheading 9802.00.80 from Canada increased 534 percent, whereas imports from Mexico declined 55 percent. A substantial number of U.S. lifting, handling, loading, and unloading manufacturers maintain subsidiaries and affiliates in Canada. Most of the work performed in Canada under subheading 9802.00.80 is carried out by these subsidiaries and affiliates.

The nominal rate of duty under this subheading increased from 1.8 percent in 1986 to 1.9 percent in 1989. Similarly, the effective rate of duty increased from 1.1 percent in 1986 to 1.3 percent in 1989. Likewise, the total duty savings increased from \$900,000 to \$1.1 million during this period, as shown in table 5-23 and figure 5-8.

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Table 5-22

Lifting, handling, loading, and unloading machinery and parts thereof: U.S. imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
Value (million dollars)			
1986	1,040	126	49
1987	1,129	136	43
1988	1,128	133	39
1989	1,846	197	58
Change (percent)			
1989 from 1986	78	56	17
Average annual 1989 from 1986	21	16	6

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

Table 5-23

Lifting, handling, loading, and unloading machinery and parts thereof: Nominal and effective rates of duty under HTS subheading 9802.00.80 and duty savings, 1986-89

Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
Percent					Million dollars
1986	12	39	1.8	1.1	0.9
1987	12	32	0.9	0.6	0.4
1988	12	29	1.6	1.1	0.6
1989	11	29	1.9	1.3	1.1

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

Table 5-24

Lifting, handling, loading, and unloading machinery and parts thereof: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty-free content, 1989 from 1986	Share of total duty-free value	
	Million dollars				Percent	1986	1989
Canada	6	5	5	35	534	11	61
Mexico	36	31	29	16	-55	72	28
Korea	0	3	1	6	(¹)	0	10
Norway	0	0	0	1	(¹)	0	1
All others	8	5	4	(²)	-96	17	1
Total	49	43	39	58	17	100	100

¹ Not applicable.

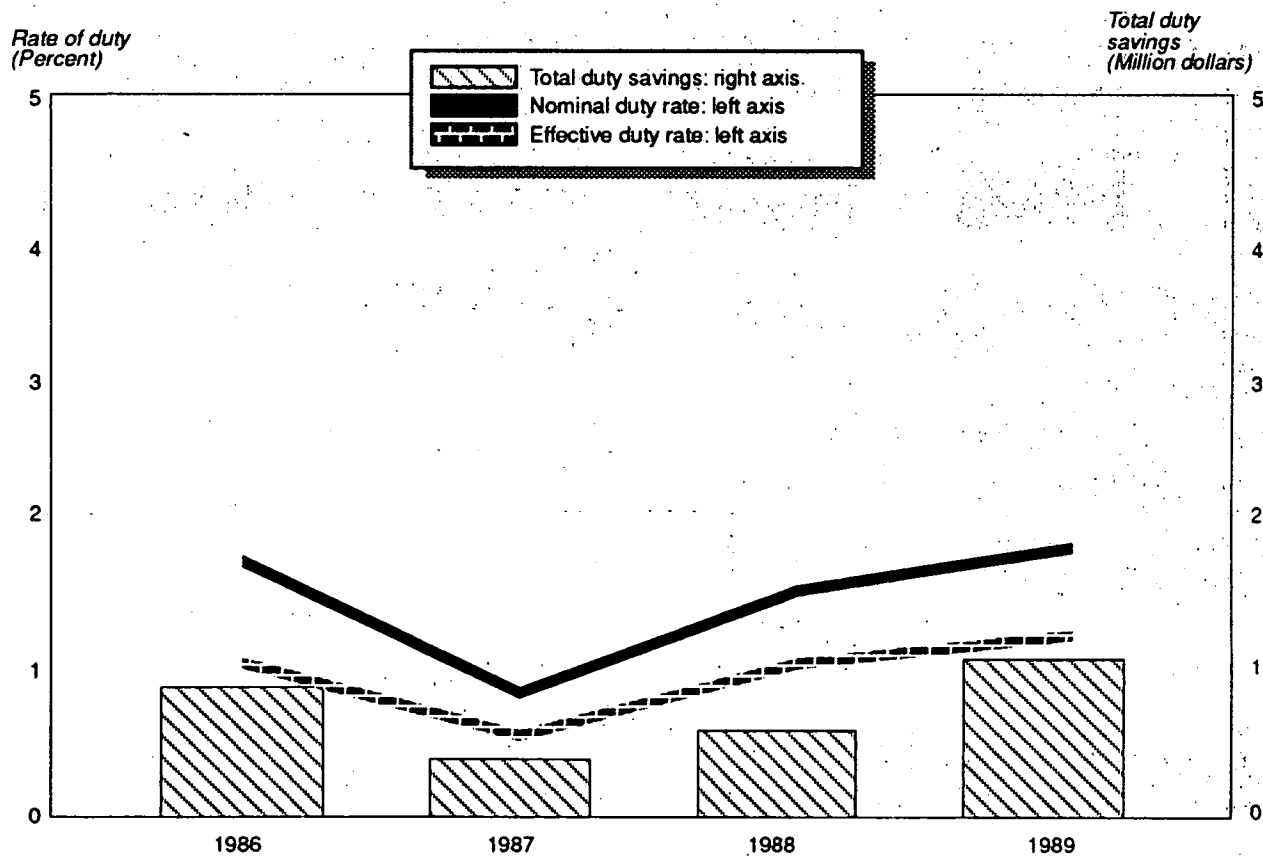
² Less than \$500,000.

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

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

Figure 5-8

Lifting, handling, loading, and unloading machinery and parts thereof: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

Chapter 6

Imports Under HTS Subheading 9802.00.80: Textiles, Apparel, And Footwear

Level of trade and duty savings

U.S. imports of textiles, apparel, and footwear under HTS subheading 9802.00.80 almost doubled during 1986–89, to \$2.8 billion in 1989, roughly three times the rate of growth in total imports of these products, as shown in table 6–1. The textile, apparel, and footwear sector accounts for a significant share of the total duty-free content of all subheading 9802.00.80 imports. Its share peaked at 15 percent in 1986 before falling to 8 percent in 1989. This decline did not represent a real change in the use of subheading 9802.00.80 by the sector, but rather reflected a surge in the use of the provision by other product sectors apparently to avoid the Customs user fee, which went into effect in December 1986 (see chapter 2 of this report for details).

Apparel accounted for 80 percent of total subheading 9802.00.80 imports of textiles, apparel, and footwear in 1989. Footwear accounted for another 18 percent and textiles for the remaining 2 percent. Unlike most other products entered under subheading 9802.00.80, the duty-free content of textile, apparel,

and footwear imports exceeds the dutiable portion of such imports. During 1986–89, the U.S.-made content averaged 57 percent for textiles, apparel, and footwear as opposed to 20 percent for all other product sectors combined. Consequently, the tariff savings of imports under subheading 9802.00.80 are greater for textiles, apparel, and footwear, than for other sectors. These savings are greater because the trade-weighted average tariff for this sector was 15.2 percent ad valorem versus only 1.9 percent ad valorem for all other products in 1989. Duty savings on the sector's imports totaled \$230 million in 1989, as shown in table 6–2 and fig. 6–1.

Leading sources

Although the duty savings are economically important to the textiles, apparel, and footwear sector, the cost savings of performing the labor-intensive assembly operations in low-labor-cost countries are more significant. Most of the foreign sewing operations are located in Mexico and the Caribbean countries, as evidenced by the duty-free content of subheading 9802.00.80 imports shown in table 6–3. These countries have an abundant supply of low-cost labor, and their proximity to the United States provides U.S. firms with greater control over production and shorter delivery leadtimes than could assembly facilities in the Far East.

Table 6–1
Textiles, apparel, and footwear: U.S. imports for consumption, total and under HTS subheading 9802.00.80, 1986–89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
<i>Value (million dollars)</i>			
1986	29,976	1,434	906
1987	34,778	1,841	1,065
1988	36,595	2,382	1,312
1989	39,635	2,757	1,511
<i>Change (percent)</i>			
1989 from 1986	32	92	67
Average annual 1989 from 1986	10	24	19

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

Table 6–2
Textiles, apparel, and footwear: Nominal and effective rates of duty under subheading 9802.00.80 and duty savings, 1986–89

Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
Percent					Million dollars
1986	5	63	19.9	7.3	180.3
1987	5	58	19.8	8.3	210.9
1988	7	55	19.2	8.6	251.9
1989	7	55	15.2	6.9	229.7

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

Table 6-3

Textiles, apparel, and footwear: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

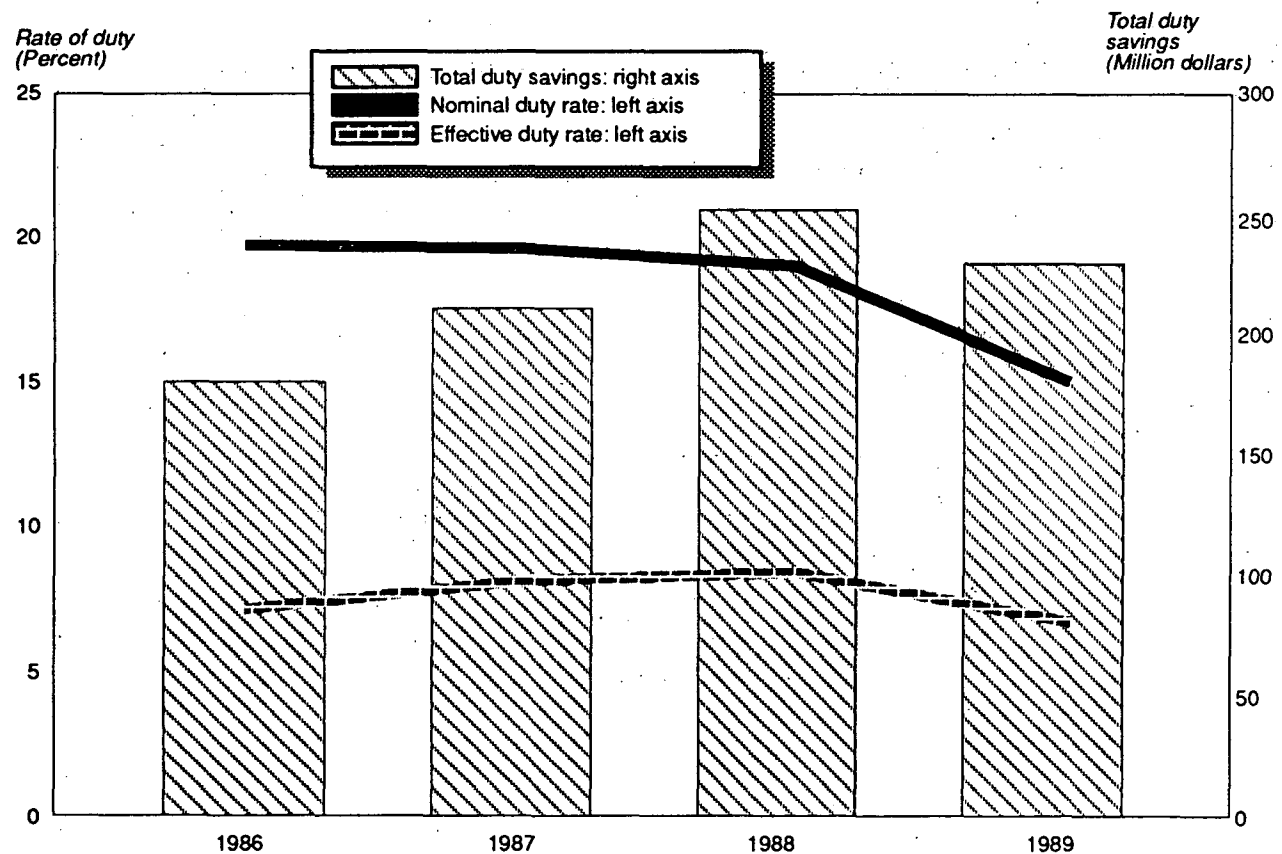
Source	1986	1987	1988	1989	Change in value of duty-free content, 1989 from 1986	Share of total duty-free value	
	Million dollars				Percent	1986	1989
Mexico	363	380	406	460	27	40	30
Dominican Republic	190	234	318	390	105	21	26
Costa Rica	84	92	131	172	104	9	11
Haiti	78	97	103	116	48	9	8
Jamaica	49	84	96	115	135	5	8
Colombia	26	30	50	57	122	3	4
Honduras	20	27	39	50	147	2	3
Guatemala	9	20	30	42	366	1	3
El Salvador	6	13	17	21	226	1	1
Philippines	17	15	17	15	-6	2	1
All others	64	73	104	73	15	7	5
Total	906	1,065	1,312	1,511	67	100	100

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

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

Figure 6-1

Textiles, apparel, and footwear: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

The 9802.00.80 apparel trade accounts for the majority of total apparel imports from Caribbean countries and is dominated by four countries: the Dominican Republic, Costa Rica, Haiti, and Jamaica. For the most part, the growth in U.S. imports of Caribbean apparel has resulted from increased foreign investment in the region, particularly in the four leading apparel supplying countries. Because of the tight quota situation in Hong Kong, Korea, and Taiwan, producers in those countries as well as the United States have shifted their focus to the Caribbean region as a site for export-oriented production, most of which is destined for the U.S. market. Although U.S. investment in the region has been dominant, Asian investment has also been strong. U.S. investment has been concentrated mainly in subheading 9802.00.80 production, whereas Asian investment has focused on cut, make, and trim (CMT) production utilizing Asian fabrics. Jamaica has been particularly attractive to Asian investors because it is an English speaking country and Jamaican exports receive preferential access to EC markets under the Lomé Convention.¹ In 1987, Asian investments were largely responsible for Jamaican apparel exports to European markets, which accounted for 5 percent of total apparel exports from Jamaica. The relatively high Asian involvement in CMT operations in Jamaica has accounted for the ratio of subheading 9802.00.80 imports to total imports being lower for that country than for the other leading Caribbean suppliers, ranging between 62 and 73 percent during the past 5 years.

One of the principal attractions for foreign investment in the Caribbean is the relatively low labor costs. In 1989, of the Caribbean suppliers, the Dominican Republic and Haiti offered the lowest hourly compensation, \$0.61 and \$0.58 respectively, including fringe benefits.² These two countries also offered some of the largest pools of available labor. Average productivity in the four leading Caribbean countries currently ranges between 80 and 90 percent of the U.S. rate, with Haiti being on the lower end and Costa Rica on the higher end. Liberal social benefits and a better educated workforce³ account for Costa Rica's relatively higher wages of \$1.07 per hour (including fringe benefits). However, these higher wages are offset by the ability of firms in Costa Rica to handle a full range of production and frequent style changes. On the other hand, firms in Haiti are more limited, producing budget articles with few style changes.

¹ Under the Lomé Convention, designated Caribbean countries receive preferential access to the EC markets for agricultural and manufactured products. Within the past year, the Dominican Republic was added to the list of beneficiary countries under the Convention.

² Wage rates for Costa Rica, the Dominican Republic, and Haiti are for sewing machine operators in the apparel industry only and not for all manufacturing employees. "5th Annual 807/CBI Comparative Analysis," *Bobbin*, Nov. 1989, p. 64.

³ Costa Rica has a 93 percent literacy rate, among the highest in the region, compared with Haiti's rate of 37 percent.

Political stability and the ability to provide for a healthy business environment are also key to attracting foreign investment. Costa Rica can attribute much of its success as a leader in production of goods for entry under subheading 9802.00.80 to its history of political stability and to its well-developed infrastructure, communications network, and social programs. Haiti, although the fourth largest subheading 9802.00.80 supplier, has comparably low foreign investment. Political instability, unreliable energy sources, and health concerns have discouraged many potential investors from setting up production in Haiti. In light of the low level of foreign investment in Haiti, much of the subheading 9802.00.80 assembly is with locally-owned producers rather than with foreign-owned manufacturing facilities.

The Caribbean countries compete in attracting potential investors through various government incentives, such as tax breaks and free zones.⁴ All four of the leading Caribbean suppliers have free zones, which provide investors with production sites that have substantial tax breaks and duty exemptions. The Dominican Republic has 18 free zones from which the majority of its apparel exports originate. The Caribbean region also benefits from other U.S. programs. Section 936 of the Internal Revenue Code provides a tax break to U.S. companies that operate "twin" or complementary plants in Puerto Rico and CBERA beneficiary countries. This program has further increased the attraction of investments in sewing operations using subheading 9802.00.80 in the Caribbean. The use of the Spanish language in the Dominican Republic and Costa Rica has helped attract investment in joint offshore assembly operations with apparel producers in Puerto Rico.

Currently, the Caribbean countries are facing the dilemma of choosing between subheading 9802.00.80-related investments and East Asian investments (i.e., CMT). East Asian projects usually produce higher value added products, involve a higher level of investment, require more labor, and promote higher development of skilled staff than the alternative subheading 9802.00.80-sewing operations. However, to promote good relations with the U.S. textile and apparel industries and to avoid tightened U.S. trade restrictions, the Caribbean countries realize that they must discourage surges of apparel made in the Caribbean with East Asian fabric into the U.S. market. Although East Asian investment was actively encouraged in the early 1980s, in more recent years, promotion has become less active. Potential investors have been encouraged to enter into less trade-sensitive areas than apparel, and, in some cases, East Asian investment in the apparel sector has been reportedly discouraged. The more advanced

⁴ "Free zones" are also known as free trade zones, foreign-trade zones, in-bond zones, and export processing zones.

countries in the region are also facing the need to allocate resources to higher technology industry. In some countries, such as Costa Rica, investment in textiles has been deemphasized in order to attract investment in higher technology production.⁵

Quantitative restrictions

Imports of most textiles and apparel, including those entered under subheading 9802.00.80, are subject to quantitative restraint under the Multifiber Arrangement (MFA).⁶ MFA-covered products and most footwear are not eligible for duty-free treatment under the GSP (implemented in 1984), nor are the original MFA products and most footwear eligible for such treatment under the CBERA.

At the time the CBERA program was originally announced, President Reagan stated his intention to liberalize quotas for textile and apparel imports from CBERA countries. In February 1986, the President unveiled a "special access program" under former TSUS item 807.00 for apparel and made-up textiles, such as bed linens, from eligible CBERA countries. The program, designed to increase production in these countries and expand use of U.S. fabrics, grants CBERA countries greater access to the U.S. market for products assembled from fabric produced and cut in the United States. Under the traditional Customs interpretation of TSUS item 807.00 and its successor, HTS subheading 9802.00.80, the fabric need only be cut (as opposed to additionally being made) in the United States for an imported article to be exempt from duty on the value of the U.S. parts or U.S.-made component materials.

The special access program, often referred to in the trade as 807-A, was formally implemented in September 1986 when a new bilateral textile agreement with Jamaica went into effect. Since then, bilateral agreements have been signed with the Dominican Republic, Costa Rica, Haiti, Guatemala, and Trinidad and Tobago to participate in this program, under which guaranteed access levels (GALs) are established to ensure market access for qualifying products. These GALs are separate from and usually higher than the specific limits (SLs), or quantitative quotas, and designated consultation levels (DCLs) applicable to products not assembled solely from U.S.-made-and-cut fabric. In addition,

the GALs may be increased on request by the exporting country and, barring market disruption, increases are virtually automatic and unlimited. Increases in SLs are much more difficult to obtain. Imports of apparel under 807-A in 1989 totaled \$384 million, or 28 percent of the total subheading 9802.00.80 imports of apparel from CBERA countries. Jamaica and the Dominican Republic supplied 94 percent of the 807-A shipments that year. None of the six CBERA countries participating in the 807-A program has filled much of its GALs, or even a significant portion of its SLs and DCLs in many product categories, during 1989-90, as shown in table 6-4.

A program similar to 807-A was created for Mexico in the 4-year bilateral textile and apparel agreement that went into effect on January 1, 1988. A "special regime" was established for most apparel and selected made-up textiles entered under subheading 9802.00.80, whereby a significant portion of the quotas was for the first time set aside for articles assembled with U.S.-made-and-cut fabric. The agreement allowed much greater access to the U.S. market for all Mexican assembled apparel, as well as provided, under the special regime, incentive for increased use of U.S.-made-and-cut fabrics.

Until the special regime was negotiated, the Mexican Government was reluctant to approve additional participation by U.S. apparel producers in the Maquiladora program. The Mexican Government was concerned that so much of the quota would be filled by U.S.-based companies that Mexican firms would be denied access to the U.S. market. The Mexican Government encouraged existing U.S.-affiliated maquila operations that were exporting apparel to foreign markets to do so directly from Mexico rather than export maquila-sewn apparel from related facilities in the United States so that more room would be left in the quotas for production by Mexican companies. The agreement was further liberalized in an amendment effective January 1, 1990. The amendment furthers liberalized access not only for products made from U.S.-made-and-cut fabric but also for Mexican textiles and apparel.

The use of subheading 9802.00.80 is widespread among importers of many apparel products. However, nearly three-fourths of the sector's imports under the provision, in terms of duty-free content, are concentrated in five products: trousers, slacks, and shorts; body-supporting garments (mostly brassieres); shirts and blouses; footwear; and coats and jackets. Imports of these products are analyzed separately in the remainder of this chapter.

⁵ Peter Steele, *The Caribbean Clothing Industry: The U.S. and Far East Connections* (New York: The Economist Intelligence Unit, 1988), p. 104.

⁶ The MFA, an international agreement negotiated under the auspices of the General Agreement on Tariffs and Trade, provides the framework for the negotiation of agreements between importing and exporting nations, or for unilateral action by importing nations in the absence of an agreement, to regulate textile and apparel trade among its signatories. The MFA began in 1974 and was extended in 1986, for a third time, through July 1991. The United States has agreements with 38 countries, including the major 9802.00.80 suppliers—Mexico, the Dominican Republic, Haiti, Costa Rica, and Jamaica.

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Table 6-4
Quota performance of the Dominican Republic, Jamaica, Haiti, and Guatemala

<i>Country, quota period, and categories</i>	<i>Description</i>	<i>Type of quota</i>	<i>Percentage quota filled¹</i>
Dominican Republic			
June 1, 1989 – May 31, 1990:			
351/651	Cotton and MMF nightwear and pajamas	DCLs	86.8
338/638	Men's knit shirts	SLs	78.5
		GALs	50.2
339/639	Women's knit blouses	SLs	82.9
		GALs	24.7
340/640	Men's woven shirts	SLs	81.1
		GALs	31.6
342/642	Cotton and MMF skirts	SLs	52.9
		GALs	11.6
347/348/647/648	Cotton and MMF trousers	SLs	86.7
		GALs	93.9
633	Men's MMF suit-type coats	SLs	70.8
		GALs	9.3
644	Women's MMF suits	SLs	39.2
		GALs	0.0
Jamaica			
Jan. 1, 1989 – Dec. 31, 1989:			
331/631	Cotton and MMF gloves	DCLs	7.6
		GALs	9.6
336/636	Cotton and MMF dresses	DCLs	33.7
		GALs	8.1
338/339/638/639	Cotton and MMF knit shirts and blouses	SLs	59.0
		GALs	71.5
340/640	Men's woven shirts	SLs	37.0
		GALs	3.0
341/641	Women's woven blouses	SLs	41.1
		GALs	9.8
342/642	Cotton and MMF skirts	DCLs	17.8
		GALs	1.5
345/845	Cotton and other vegetable fiber sweaters	SLs	81.9
		GALs	0.0
347/348/647/648	Cotton and MMF trousers	SLs	86.4
		GALs	43.5
349/649	Body supporting garments	DCLs	78.3
		GALs	19.3
352/652	Underwear	DCLs	88.3
		GALs	71.2
445/446	Wool sweaters	SLs	25.3
447	Men's wool trousers	DCLs	6.1
		GALs	17.0
632	Hosiery	DCLs	65.4
		GALs	76.5
Haiti			
Jan. 1, 1989 – Dec. 31, 1989:			
237	Playsuits, sunsuits, etc	DCLs	27.2
		GALs	0.0
331	Cotton gloves	DCLs	78.4
		GALs	2.4
340/640	Men's woven shirts	DCLs	88.7
		GALs	0.2
341/641	Women's woven blouses	DCLs	57.9
		GALs	14.1
347/348	Cotton trousers	DCLs	79.0
		GALs	56.8
349/649	Body supporting garments	GALs	0.0
350	Cotton dressing gowns	DCLs	68.5
		GALs	2.1

See footnotes at end of table.

Table 6-4—Continued
Quota performance of the Dominican Republic, Jamaica, Haiti, and Guatemala

Country, quota period, and categories	Description	Type of quota	Percentage quota filled ¹
Guatemala			
July 1, 1989— Feb. 28, 1990: 347/348	Cotton trousers	DCLs	95.7
March 1, 1990— Dec. 31, 1990: 347/348	Cotton trousers	SLs GALs	39.1 7.4

¹ U.S. Customs data as of June 30, 1990. Quotas are based on the date of export; therefore, goods shipped from foreign ports during the quota year, but entered in the succeeding year, will be charged to the previous quota year.

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

Trousers, Slacks, and Shorts

Trousers, slacks, and shorts (hereafter trousers), are the single largest apparel product group entered under HTS subheading 9802.00.80. The percentage increase in trouser imports under subheading 9802.00.80 was more than twice as great as the percentage increase in total trouser imports during 1986-89, as shown in table 6-5. Consequently, the share of total trouser imports accounted for by subheading 9802.00.80 imports rose from 12 percent in 1986 to 18 percent in 1989. Subheading 9802.00.80 imports represented about 8 percent of the volume of U.S. producers' shipments in 1988.

The duty-free value of subheading 9802.00.80 imports climbed by 115 percent during 1986-89, to \$500 million in 1989. The trade-weighted nominal rate of

duty for trousers declined during 1986-89, from 22.2 to 20.5 percent, but, because the dutiable portion of trousers increased from 28 percent to 36 percent during the period, the effective rate rose from 6.2 to 7.3 percent. However, the substantial growth in subheading 9802.00.80 imports doubled the duty savings during the period to \$103 million (table 6-6 and fig. 6-2).

Trousers entered under subheading 9802.00.80 usually have a relatively large share of U.S. content compared with other apparel. Trousers contain more fabric than most other apparel and, therefore, fabric and trim costs are higher compared with assembly costs, especially when low-cost labor is used. The duty-free content slipped from 72 percent of the total value of subheading 9802.00.80 trouser imports in 1986 to 64 percent in 1989. This decline reflected declines in the

Table 6-5
Trousers, slacks, and shorts: U.S. imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
<i>Value (million dollars)</i>			
1986	2,627	324	232
1987	3,174	428	296
1988	3,504	590	397
1989	4,293	776	500
<i>Change (percent)</i>			
1989 from 1986	63	140	115
Average annual 1989 from 1986	18	34	29

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

Table 6-6

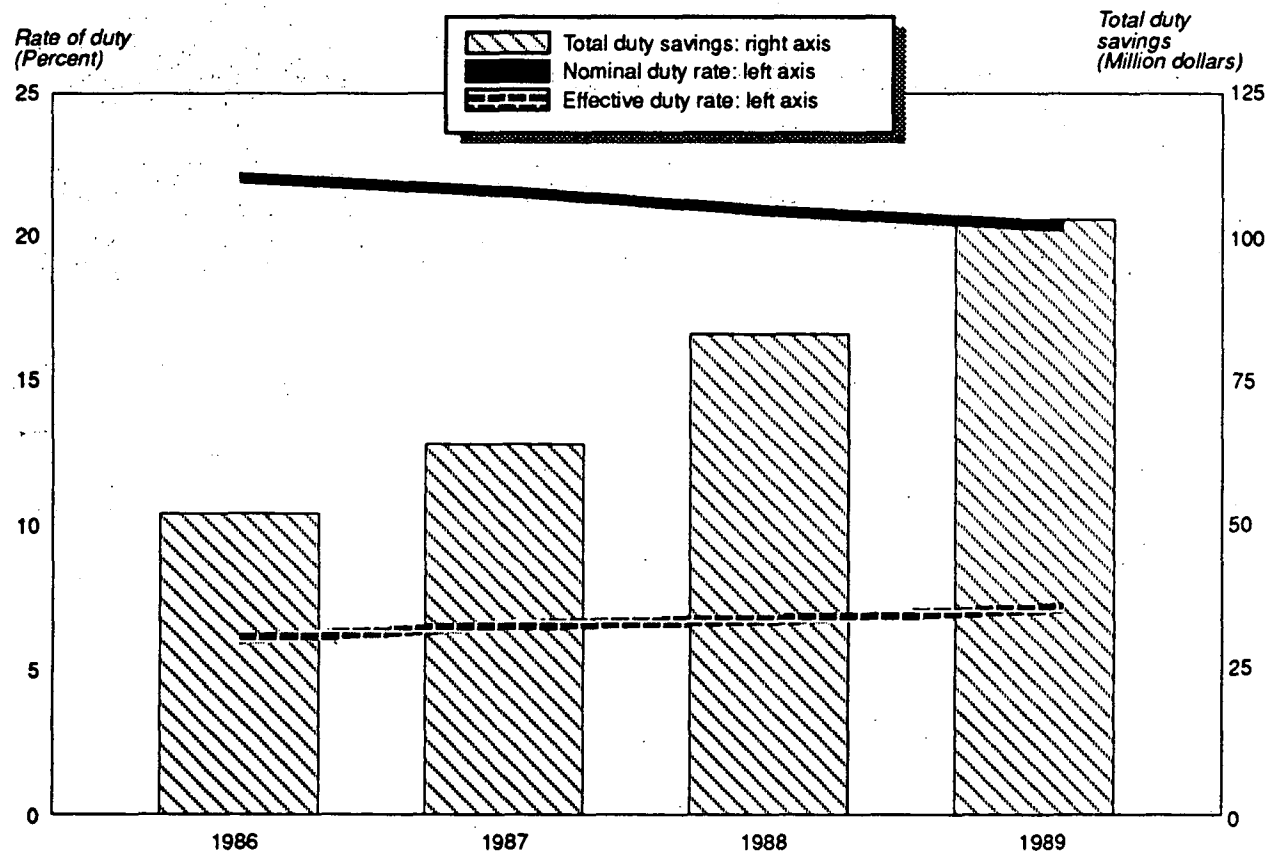
Trousers, slacks, and shorts: Nominal and effective rates of duty under HTS subheading 9802.00.80 and duty savings, 1986-89

Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
			Percent		Million dollars
1986	12	72	22.2	6.2	52
1987	13	69	21.7	6.7	64
1988	17	67	21.0	6.9	83
1989	18	64	20.5	7.3	103

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

Figure 6-2

Trousers, slacks, and shorts: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

U.S. content of shipments primarily from the Dominican Republic, Mexico, Costa Rica, and Jamaica, and an increase in imports mostly of women's trousers from Asia that contained a negligible amount of U.S. content.⁷

All but a small part of the imports under subheading 9802.00.80 during 1986-89 came from five countries—the Dominican Republic, Mexico, Costa Rica, Jamaica, and Haiti. The Dominican Republic and Mexico were the principal suppliers during 1986-89. Although the duty-free value of U.S. imports from Mexico doubled during 1986-89, Mexico's share of duty-free content decreased from 35 percent to 32 percent, as shown in table 6-7. In contrast, shipments from the Dominican Republic more than doubled during 1986-89, enabling Dominican suppliers to increase its share of duty-free content from 27 percent to 32 percent. Substantial growth also occurred in shipments from Costa Rica and Jamaica, with the value of U.S. content of 9802.00.80 imports increasing 127 percent and 71 percent, respectively, during 1986-89.

The only countries listed in table 6-7 whose shipments of trousers, including those under subheading 9802.00.80, were subject to specific limits or quotas during 1989 were Mexico, Dominican Republic, and Jamaica. The quotas for these sources were binding. Mexico filled all of its quotas on trousers under specific limits (544,082 dozen), and over 85 percent of its quotas (4.5 million dozen) under Special Regime.

⁷ U.S.-origin content accounted for 69 percent of the value of U.S. imports of trousers from Mexico under 9802.00.80 in 1989 but only for 3 percent of such imports from Taiwan and Korea (app. B).

The Dominican Republic and Jamaica filled 87 percent and 86 percent, respectively, of their quotas on trousers.

A more flexible form of import control than specific limits called designated consultation levels (DCLs) cannot be exceeded unless the United States agrees to further shipments. DCLs were in effect on wool trousers from Mexico, cotton trousers from Haiti and Guatemala, and cotton and manmade fiber trousers from Trinidad and Tobago. GALs were in effect for imports from Haiti, Jamaica, the Dominican Republic, Guatemala, and Trinidad and Tobago. Except for the Dominican Republic, which filled 94 percent of its GALs (3.6 million dozen), none of the other Caribbean suppliers filled any significant amount of quotas under GALs.

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Shirts and Blouses

HTS subheading 9802.00.80 imports of shirts and blouses (shirts) increased 67 percent during 1986-89, nearly double the rate of growth of total shirt imports, as shown in table 6-8. The ratio of subheading 9802.00.80 imports to total imports rose from 5 percent in 1986 to 6 percent in 1989 (table 6-9). The duty-free content of subheading 9802.00.80 imports rose by 88 percent during the period, resulting in a 59-percent increase of its share of the total value of subheading 9802.00.80 imports in 1989. However, the relative importance of the duty-free content of subheading 9802.00.80 imports remained lower than that for

Table 6-7

Trousers, slacks, and shorts: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty- free content, 1989 from 1986	Share of total duty-free value	
						1986	1989
	Million dollars				Percent	Percent	
Dominican Republic ..	64	84	125	162	154	27	32
Mexico	80	99	126	161	100	35	32
Costa Rica	28	33	47	64	127	12	13
Jamaica	21	32	34	35	71	9	7
Haiti	20	25	27	34	69	9	7
Guatemala	5	8	9	12	166	2	2
Honduras	5	6	8	12	155	2	2
Colombia	3	2	10	11	326	1	2
All other	6	7	11	8	33	3	2
Total	232	296	397	500	115	100	100

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

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

Table 6-8

Shirts and blouses: U.S. imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
Value (million dollars)			
1986	5,024	235	123
1987	5,956	314	170
1988	5,849	356	195
1989	6,818	393	231
Change (percent)			
1989 from 1986	36	67	88
Average annual 1989 from 1986	11	19	23

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

Table 6-9

Shirts and blouses: Nominal and effective rates of duty under subheading 9802.00.80 and duty savings, 1986-89

Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
Percent					Million dollars
1986	5	52	23.8	11.4	29
1987	5	54	24.5	11.3	42
1988	6	55	22.8	10.2	45
1989	6	59	23.9	9.9	55

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

other apparel products because of the relatively small share of U.S. content in shirts from Hong Kong, Taiwan, and Korea.⁸

The nominal and effective rates of duty averaged 23.7 percent and 10.7 percent, respectively, during 1986-89. Although the net duty declined by 1.5 percentage points during 1986-89, the substantial increase in the duty-free value of subheading 9802.00.80 imports generated a 90-percent increase in total duty savings, from \$29 million to \$55 million (table 6-9 and fig. 6-3).

A major part of the growth in subheading 9802.00.80 imports during 1986-89 was generated by Jamaica, whose shipments more than tripled, to \$51 million, and the duty-free content of such imports rose from \$9 million in 1986 to \$41 million in 1989, as shown in table 6-10. Imports from Honduras, Colombia, and Guatemala together more than tripled, to \$62 million, and doubled their share of imports to 16 percent in 1989.

⁸ U.S.-made fabric and other components accounted for a combined 3 percent of total imports under 9802.00.80 from Taiwan, Hong Kong, and Korea, although these sources together accounted for 13 percent of the total value of imports under 9802.00.80 (app. B).

None of the major suppliers for subheading 9802.00.80 imports was subject to binding quotas in 1989. Although subheading 9802.00.80 imports from Jamaica grew rapidly, its SLs (736,700 dozen) and GALs (1.5 million dozen) were largely unfilled. Other major suppliers whose shipments were subject to SLs or DCLs in 1989 were the Dominican Republic, Mexico, Costa Rica, and Haiti. All these countries, as well as Trinidad and Tobago, also had large quotas under GALs, but those quotas were largely unfilled in 1989.

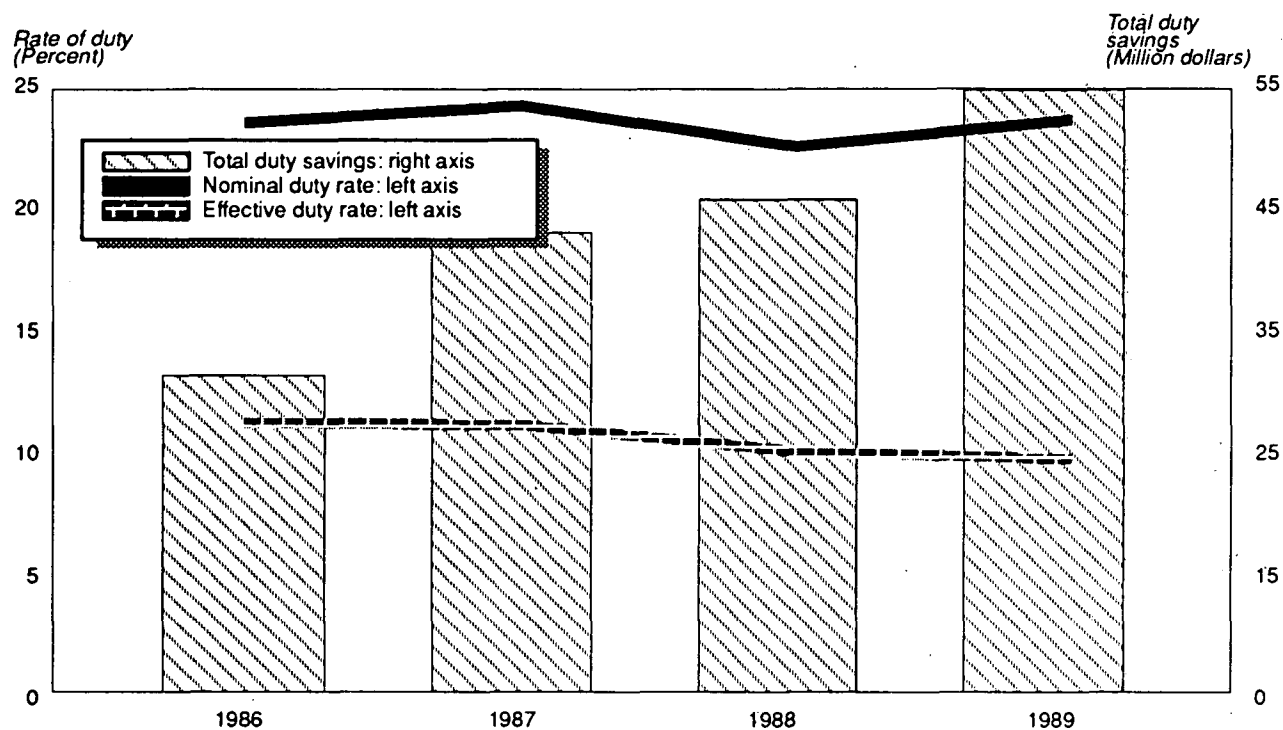
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Body-Supporting Garments

A greater portion of the U.S. body-supporting garment industry (of which brassieres are the dominant product) is involved in foreign assembly operations than any other apparel sector. Slightly more than one-half of the quantity of the industry's 1989 shipments consisted of goods entered under subheading 9802.00.80. The production of brassieres is particularly suited to subheading 9802.00.80-type operations not only because it is highly labor intensive, but also because brassieres are lightweight, thereby minimizing transportation costs.

Figure 6-3

Shirts and blouses: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

Table 6-10

Shirts and blouses: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty- free content, 1989 from 1986	Share of total duty-free value	
	Million dollars				Percent	1986	1989
Dominican Republic ..	33	37	46	51	57	27	22
Jamaica	9	23	29	41	354	7	18
Mexico	32	35	33	39	21	26	17
Costa Rica	17	19	25	30	76	14	13
Haiti	16	24	21	27	68	13	12
Honduras	4	9	13	15	277	3	6
Colombia	4	7	8	11	199	3	5
Guatemala	2	6	9	9	260	2	4
El Salvador	2	3	4	4	147	1	2
St. Lucia	1	2	3	2	149	1	1
All other	3	5	4	2	-40	2	1
Total	123	170	195	231	88	100	100

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

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

Subheading 9802.00.80 imports rose by 61 percent, whereas imports not entering under subheading 9802.00.80 increased by 20 percent during 1986-89. During the period, the duty-free content of subheading 9802.00.80 imports increased 63 percent (table 6-11). Body-supporting garments are one of the few apparel products in which subheading 9802.00.80 imports constitute a major portion of imports. Imports under subheading 9802.00.80 accounted for 78 percent of total imports in 1989 (table 6-12).

The U.S. content averaged 67 percent of the total value of subheading 9802.00.80 imports during 1986-89. The figure would have been 74 percent if imports from the Philippines, traditionally the largest supplier overall, had been excluded. U.S. content averaged only 34 percent of the total value of subheading 9802.00.80 imports from the Philippines, whose industry, developed largely under U.S. ownership and financing, uses a significant amount of Asian-made fabric. By contrast, U.S.-origin content accounted for 76 percent of subheading 9802.00.80 imports from Mexico in 1989.

The rate of duty savings (the difference between nominal and effective duty rates) increased from 17.8 percent in 1986 to 18.8 percent in 1988 and then declined to 14.6 percent in 1989. This decline in the rate of duty savings, in large part, caused total duty savings

to drop during 1988-89 from \$44 million to \$37 million, as shown in table 6-12 and fig. 6-4.

The Dominican Republic, Costa Rica, and Mexico were by far the leading suppliers of total subheading 9802.00.80 imports in 1989 in terms of U.S. content, providing \$41 million, \$36 million, and \$31 million, respectively (table 6-13). Imports from Costa Rica are likely to grow substantially in the near future because a major U.S. producer is expanding its production capacity there by 740,000 dozen, to 1.2 million dozen. Costa Rica's current brassiere production totals 1.7 million dozen annually.

The Philippines, which filled 88 percent of its 4.7 million-dozen quota for manmade-fiber brassieres, was the only country among the major subheading 9802.00.80 suppliers in 1989 to have a binding quota. Jamaica filled 78 percent of its 500,000 dozen DCLs for cotton and manmade-fiber brassieres and 20 percent of its 2-million-dozen quotas under GALs. Haiti did not fill any of its quotas under GALs, amounting to 2.5 million dozen. Mexico filled 1.6 million dozen against its quotas of 2.9 million dozen under the Special Regime and 588,300 dozen under SLs. Shipments from the Dominican Republic and Costa Rica, the other major suppliers, were not covered by SLs/DCLs or by GALs.

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Table 6-11
Body-supporting garments: U.S. imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
<i>Value (million dollars)</i>			
1986	218	159	105
1987	252	181	120
1988	304	232	156
1989	327	256	172
<i>Change (percent)</i>			
1989 from 1986	50	61	63
Average annual 1989 from 1986	14	17	18

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

Table 6-12
Body-supporting garments: Nominal and effective rates of duty under subheading 9802.00.80 and duty savings, 1986-89

Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
Percent					Million dollars
1986	73	66	27.0	9.2	28
1987	72	66	27.6	9.3	33
1988	76	67	28.0	9.2	44
1989	78	67	21.7	7.1	37

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

Table 6-13

Body-supporting garments: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty-free content, 1989 from 1986	Share of total duty-free value	
	Million dollars				Percent	1986	1989
Dominican Republic	19	24	33	41	110	18	23
Costa Rica	16	21	31	36	125	15	21
Mexico	18	22	28	31	78	17	18
Haiti	11	13	14	14	29	10	8
Jamaica	9	11	11	12	28	9	7
Honduras	5	6	10	12	155	4	7
Philippines	12	12	14	11	-7	11	7
Indonesia	0	(¹)	2	3	(²)	0	2
St. Lucia	2	3	3	3	46	2	2
Brazil	(¹)	(¹)	1	2	4,014	(³)	1
All other	13	8	9	7	-49	13	4
Total	105	120	156	172	63	100	100

¹ Less than \$500,000.

² Not applicable.

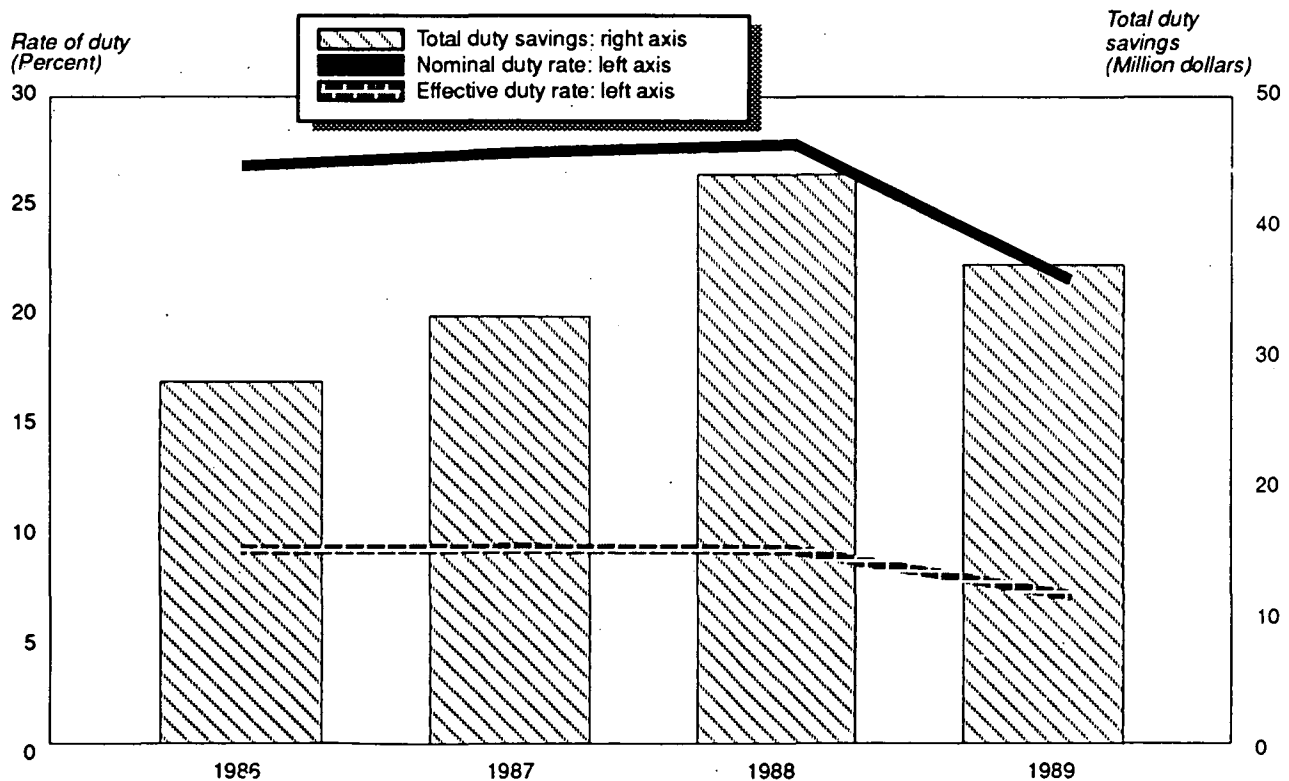
³ Less than 0.5 percent.

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

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

Figure 6-4

Body-supporting garments: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

Coats and Jackets

The total value and U.S. content of subheading 9802.00.80 imports of coats and jackets rose 76 and 65 percent, respectively, during 1986-89, and the total imports of these goods rose 87 percent (table 6-14). During the period, the ratio of subheading 9802.00.80 imports to total imports remained stable at 5 percent, as shown in table 6-15. The duty-free content, which averaged 61 percent of the total value of these subheading 9802.00.80 imports, is lower than that of most other apparel articles, primarily because more direct labor is required to assemble coats and jackets. The nominal and effective rates of duty were 13.5 percent and 5.5 percent, respectively, in 1989; total duty savings were \$12 million (table 6-15 and fig. 6-5).

The Dominican Republic and Mexico were the major suppliers of coats and jackets under subheading 9802.00.80, increasing their combined share of the duty-free content of subheading 9802.00.80 imports from 57 percent in 1986 to 59 percent in 1989, as shown in table 6-16. Although imports (in terms of U.S. content) from Mexico grew by only 13 percent during 1986-89, such imports from the Dominican Republic more than doubled. Costa Rica's share of the duty-free content of

subheading 9802.00.80 imports remained at roughly 16 percent during this period.

In 1989, only Mexico and the Dominican Republic had some of their shipments covered by quotas under the special regime access—or special program. However, all these quotas were largely unfilled. None of the other major suppliers had any quotas under GALs.

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Footwear

Imports of footwear under subheading 9802.00.80 grew by 189 percent during 1986-89, nearly 8 times faster than the growth in total footwear imports, as shown in table 6-17. For footwear, the ratio of subheading 9802.00.80 imports to total imports was 6 percent in 1989, increasing from 3 percent in 1986 (table 6-18). However, the relative importance of duty-free content of subheading 9802.00.80 imports continued to remain lower for footwear than for apparel, and the ratio of the duty-free portion to total subheading 9802.00.80 imports of footwear declined significantly, from 43 percent in 1986 to 18 percent in 1989.

Table 6-14

Coats and jackets: U.S. imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
<i>Value (million dollars)</i>			
1986	1,756	88	55
1987	1,983	103	61
1988	2,208	132	81
1989	3,289	155	92
<i>Change (percent)</i>			
1989 from 1986	87	76	65
Average annual 1989 from 1986	23	21	18

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

Table 6-15

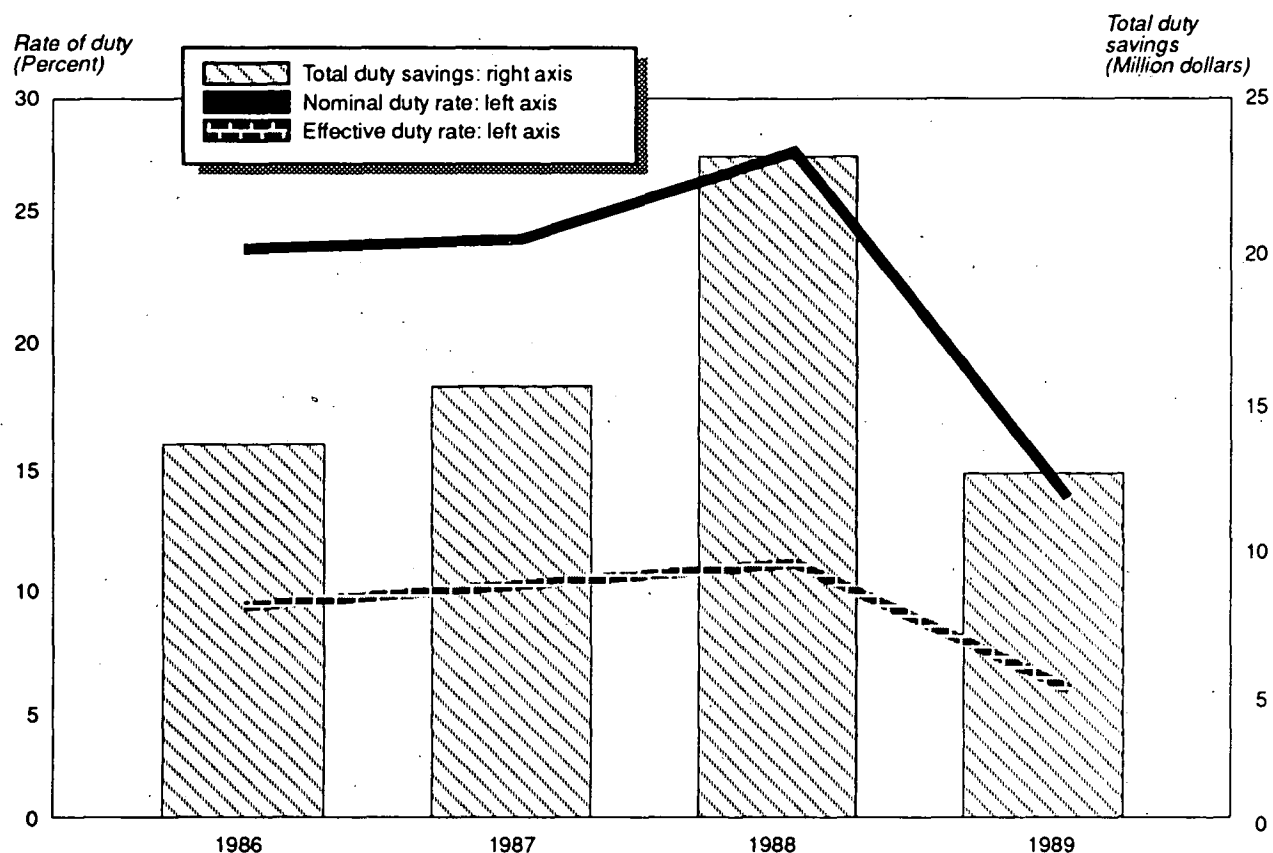
Coats and jackets: Nominal and effective rates of duty under subheading 9802.00.80 and duty savings, 1986-89

Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
Percent					Million dollars
1986	5	63	23.9	9.0	13
1987	5	59	24.3	9.9	15
1988	6	61	28.0	10.8	23
1989	5	59	13.5	5.5	12

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

Figure 6-5

Coats and jackets: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

Table 6-16

Coats and jackets: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty-free content, 1989 from 1986	Share of total duty-free value	
	Million dollars				Percent	1986	1989
Dominican Republic ..	13	15	25	34	151	24	37
Mexico	18	20	23	20	13	33	22
Costa Rica	10	11	14	15	58	17	16
Colombia	7	7	11	12	68	13	13
Guatemala	(¹)	(¹)	1	4	2,143	(²)	4
Honduras	1	1	2	2	47	3	2
Jamaica	1	1	1	1	23	2	1
El Salvador	1	(¹)	1	1	53	1	1
All other	4	4	2	3	-35	7	3
Total	55	61	81	92	65	100	100

¹ Less than \$500,000.² Less than 0.5 percent.

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

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

Table 6-17

Footwear: U.S. imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
Value (million dollars)			
1986	6,735	173	74
1987	7,537	301	89
1988	8,396	476	123
1989	8,346	500	90
(Change (percent))			
1989 from 1986	24	189	23
Average annual 1989 from 1986	7	42	7

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

Table 6-18

Footwear: Nominal and effective rates of duty under subheading 9802.00.80 and duty savings, 1986-89

Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
Percent					Million dollars
1986	3	43	14.5	8.3	11
1987	4	30	12.6	8.9	11
1988	6	26	12.4	9.2	15
1989	6	18	10.7	8.8	10

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

This decline was attributed primarily to rapid growth in subheading 9802.00.80 shipments from Korea and Taiwan that contained a relatively small amount of U.S. content (3 percent in 1989). Although these countries together supplied two-thirds of the total value of subheading 9802.00.80 imports, they accounted for only 11 percent of the value of the U.S.-origin content. In contrast, footwear from Mexico and the Dominican Republic, having relatively higher U.S. content (75 percent and 67 percent, respectively, in 1989), accounted for 80 percent of U.S. content while supplying only 20 percent of total subheading 9802.00.80 imports.

The nominal rate of duty declined from 14.5 to 10.7 percent during 1986-89, whereas the effective rate of duty rose from 8.3 to 8.8 percent. Total duty savings fell during the last year of the period from \$15

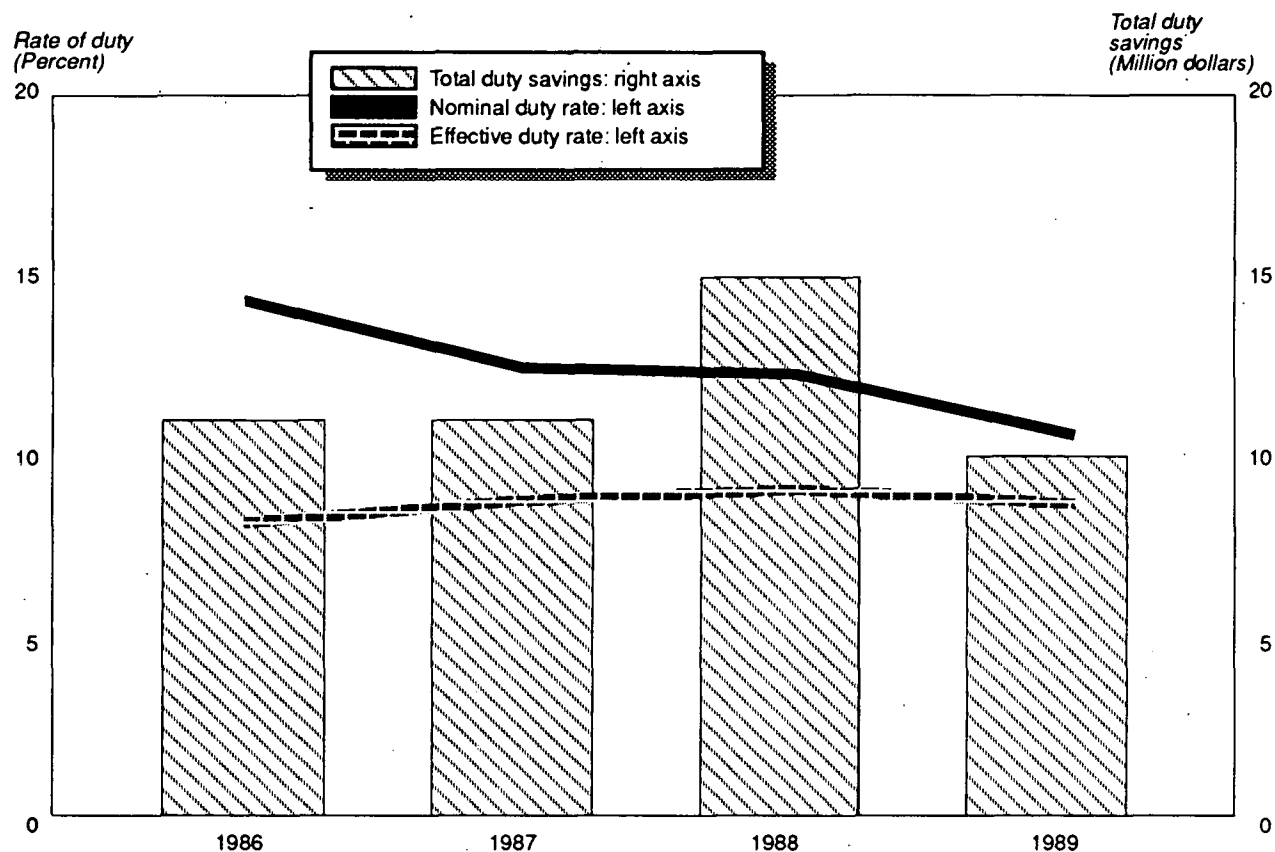
million to \$10 million, as shown in table 6-18 and fig. 6-6.

A major part of growth in subheading 9802.00.80 imports during 1986-89 was generated by Korea and Taiwan, whose combined shipments of subheading 9802.00.80 imports rose by 476 percent—or from \$58 million to \$333 million. The duty-free content in those shipments rose from \$5 million in 1986 to \$10 million in 1989, as shown in table 6-19. Although the relatively slow growth in subheading 9802.00.80 imports from Mexico resulted in a decline in its share of total duty-free value, Mexico was by far the leading supplier, accounting for 69 percent of total duty-free value in 1989 and, the Dominican Republic was a distant second, accounting for 12 percent.

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Figure 6-6

Footwear: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

Table 6-19

Footwear: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty- free content, 1989 from 1986	Share of total duty-free value	
						1986	1989
	Million dollars				Percent	Percent	
Mexico	53	64	65	62	16	72	69
Dominican Republic	10	11	15	11	5	14	12
Korea	3	6	26	6	134	4	7
Taiwan	2	3	9	4	76	3	4
India	2	2	2	2	38	2	3
Brazil	1	2	2	2	310	1	2
All other	3	1	3	3	-2	4	3
Total	74	89	123	90	23	100	100

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

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

Chapter 7

Imports Under HTS Subheading 9802.00.80: Other Manufactured Articles

The category of U.S. imports of "other manufactured articles" covers a wide spectrum of products, including furniture, scientific and medical instruments, disposable paper garments, photographic equipment, locks, and jewelry. U.S. imports of other manufactured articles increased by 95 percent during 1986-89, from \$110 billion to \$214 billion (table 7-1). The ratio of HTS subheading 9802.00.80 imports to total imports for other manufactured articles was much smaller than for the other major groups, totaling 1.3 percent in 1986 and in 1989 (table 7-2). Certain product groups covered by this chapter do not lend themselves to assembly, e.g., agricultural, forest, chemical, and steel products.

Imports of other manufactured articles entering under HTS subheading 9802.00.80 increased by 92 percent during 1986-89, from \$1.4 billion to \$2.7 billion. As occurred with imports of other goods, 9802.00.80 imports of other manufactured articles rose sharply between 1986 and 1987, from \$1.4 billion to \$2.1 bil-

lion, apparently because many importers entered goods under subheading 9802.00.80 to avoid the Customs user fee. The greatest increase occurred in subheading 9802.00.80 imports of furniture, most of which was for motor-vehicle use and qualified for duty-free status under the APTA. Furniture imports under subheading 9802.00.80 increased 244 percent during 1986-89, to \$554 million, one-fifth of all imports of other manufactured articles under this provision.

In 1989, imports of products in this sector under subheading 9802.00.80 consisted chiefly of furniture, as previously described; scientific instruments at \$373 million; surgical and medical instruments and apparatus at \$312 million; disposable paper garments and other articles at \$187 million; photographic equipment and supplies at \$186 million; locks and padlocks at \$106 million; and jewelry at \$60 million.

Although the ratio of subheading 9802.00.80 imports to total imports for the aggregated other manufactured articles group was low, certain subgroups had a substantially higher ratio. The ratio of subheading 9802.00.80 imports to total imports for scientific instruments was 10 percent; for surgical and medical instruments and apparatus and for furniture, 11 percent each; for locks and padlocks, 31 percent; and for disposable paper garments and other articles, 38 percent.

Table 7-1
Other manufactured articles: U.S. imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
<i>Value (million dollars)</i>			
1986	109,978	1,396	657
1987	118,127	2,100	898
1988	133,576	2,377	1,039
1989	214,045	2,676	1,220
<i>Change (percent)</i>			
1989 from 1986	95	92	86
Average annual 1989 from 1986	25	24	23

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

Table 7-2
Other manufactured articles: Nominal and effective rates of duty under HTS subheading 9802.00.80 and duty savings, 1986-89

Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
Percent					Million dollars
1986	1	47	5.9	3.1	40
1987	2	43	4.2	2.4	38
1988	2	44	4.4	2.5	46
1989	1	46	4.8	2.6	59

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

Such imports under subheading 9802.00.80 also nearly doubled during 1986–89 in terms of the duty-free content, from \$657 million to \$1.2 billion (table 7–1). The share of subheading 9802.00.80 imports of other manufactured articles accounted for by U.S.-made components was fairly stable during 1986–89, averaging 45 percent annually. In 1989, subheading 9802.00.80 imports of jewelry had the highest level of duty-free content, 92 percent, and furniture had the lowest level of duty-free content, only 33 percent.

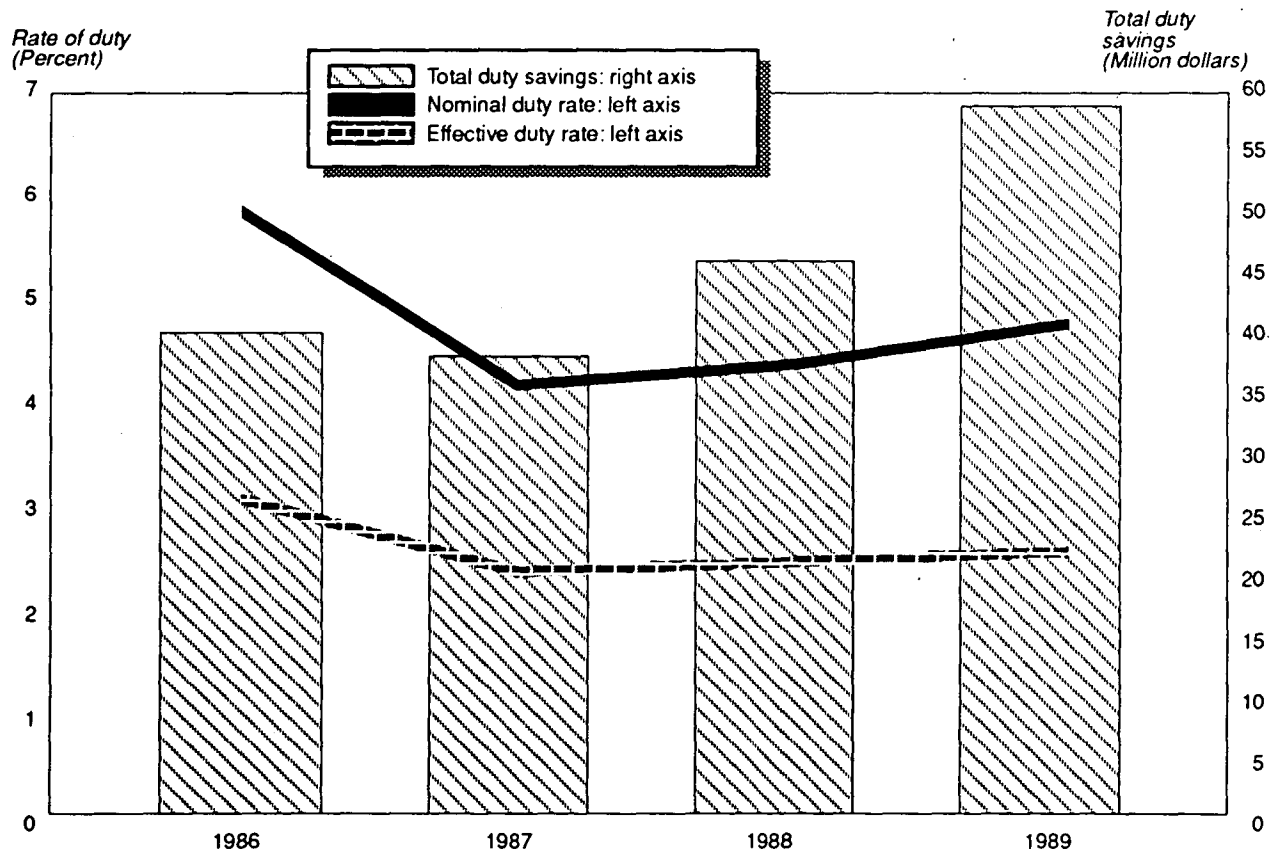
The nominal and effective rates of duty declined to 4.8 and 2.6 percent, respectively, during 1986–89. However, because of the rising volume of trade under subheading 9802.00.80, the duty savings for the category rose by almost 48 percent (table 7–2 and fig. 7–1). The duty savings (tariff incentive), by major sub-

group, ranged from \$3.0 million (photographic equipment and supplies) to \$8.0 million (scientific instruments) in 1989.

Mexico supplied 58 percent (\$1.5 billion) and Canada, 20 percent (\$546 million) of all U.S. imports entering under subheading 9802.00.80 for this grouping in 1989. Except for jewelry and photographic equipment—Mexico and Canada were the major suppliers for all of the subgroupings within this section.

Mexico was by far the dominant beneficiary of the duty-free treatment of subheading 9802.00.80 throughout the period. In 1989, Mexico accounted for 70 percent (\$852 million) of the value of U.S.-made components assembled into the other manufactured goods imported under subheading 9802.00.80 (table 7–3). Canada was a distant second at 11 percent, followed by the Netherlands with 3 percent.

Figure 7–1
Other manufactured articles: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986–89



Source: Based on official statistics of the U.S. Department of Commerce.

Table 7-3

Other manufactured articles: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in	Share of total	
					value of duty-free content, 1989 from 1986	1986	1989
Million dollars					Percent	Percent	
Mexico	419	567	686	852	103	64	70
Canada	53	128	174	140	163	8	11
Netherlands	17	23	31	39	124	3	3
United Kingdom	19	30	27	36	86	3	3
Dominican Republic	34	33	28	31	-7	5	3
Thailand	0	(1)	9	29	(2)	0	2
Haiti	27	44	26	23	-15	4	2
Philippines	12	19	18	13	9	2	1
All others	75	54	40	57	-25	11	5
Total	657	898	1,039	1,220	86	100	100

¹ Less than \$500,000.

² Not applicable.

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

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

The principal articles imported from Mexico under subheading 9802.00.80 in 1989, in terms of U.S. content, were disposable paper garments (\$145 million, 17 percent of the total from Mexico); surgical and medical instruments and apparatus (\$137 million, 16 percent); and scientific instruments (\$145 million, 17 percent). In 1989, the major 9802.00.80 product from Canada, accounting for 71 percent of such imports (app. B), was furniture (\$99 million), for use principally in motor vehicles.

Contact Hazel Robinson at 205-3496

Furniture and Parts

U.S. imports of furniture and parts increased 22 percent during 1986-89, to \$5.0 billion. During the period, imports of these products under HTS subheading 9802.00.80 grew by 244 percent, to \$554 million (table 7-4). The ratio of imports under subheading 9802.00.80 to total imports climbed from 4 percent in 1986 to 11 percent in 1989 (table 7-5).

Between 1986 and 1989, the duty-free portion of 9802 furniture imports increased 398 percent, to \$180 million; much of the rise was caused by the increased use of subheading 9802.00.80 to avoid the Customs user fee. The ratio of duty-free content to total value of imports under this provision experienced an overall gain during the 4-year period, rising to 33 percent in 1989, as shown in table 7-5.

Subheading 9802.00.80 is used most often by producers of seats and parts of seats for motor vehicles; manufacturers of household, business, and institutional furniture do not generally use subheading 9802.00.80.

U.S. automotive manufacturers and independent manufacturers of seats and parts of seats of motor vehicles have located plants along the Mexican border to take advantage of the lower Mexican labor costs. Because the production of automotive seats is labor intensive, it is to the advantage of U.S. companies to send the parts that are more capital intensive to manufacture to Mexico for final assembly and importation into the United States. In 1986, virtually all of the furniture imports under subheading 9802.00.80 were from Mexico; in the ensuing years, furniture imports from Mexico continued to grow rapidly. However, because of even more rapid growth in furniture imports from Canada, by 1989, imports from Mexico accounted for only 58 percent of the total value of furniture imports under subheading 9802.00.80.

In terms of duty-free value, Mexico accounted for 45 percent of furniture imports under subheading 9802.00.80 in 1989, and Canada accounted for 55 percent (table 7-6). Virtually all of the imports from Canada consisted of furniture and parts designed for motor-vehicle use that also qualify for duty-free treatment under the APTA. As indicated earlier, the sudden increase in furniture imports from Canada under subheading 9802.00.80 in 1987 was the result of automotive furniture and parts entering the United States under subheading 9802.00.80 in order to avoid paying the Customs user fee.

The ratio of duty-free imports to total imports under subheading 9802.00.80 increased from 22 percent to 33 percent during 1986-89 largely because of the entry of APTA imports under subheading 9802.00.80. During 1986-89, the nominal rate of duty for imports under subheading 9802.00.80 fluctuated between

Table 7-4

Furniture and parts: U.S. imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
Value (million dollars)			
1986	4,067	161	36
1987	4,540	422	117
1988	4,722	541	190
1989	4,962	554	180
Change (percent)			
1989 from 1986	22	244	398
Average annual 1989 from 1986	7	51	71

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

Table 7-5

Furniture and parts: Nominal and effective rates of duty under HTS subheading 9802.00.80 and duty savings, 1986-89

Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
Percent					Million dollars
1986	4	22	3.1	2.4	1
1987	9	28	1.4	1.0	2
1988	11	35	1.7	1.1	3
1989	11	33	2.8	1.9	5

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

Table 7-6

Furniture and parts: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty- free content, 1989 from 1986	Share of total duty-free value.	
						1986	1989
	Million dollars				Percent	Percent	
Canada	3	70	120	99	3,340	8	55
Mexico	33	46	69	81	145	92	45
All others	(¹)	(¹)	(¹)	(¹)	-3	(²)	(²)
Total	36	117	190	180	398	100	100

¹ Less than \$500,000.² Less than 0.5 percent.

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

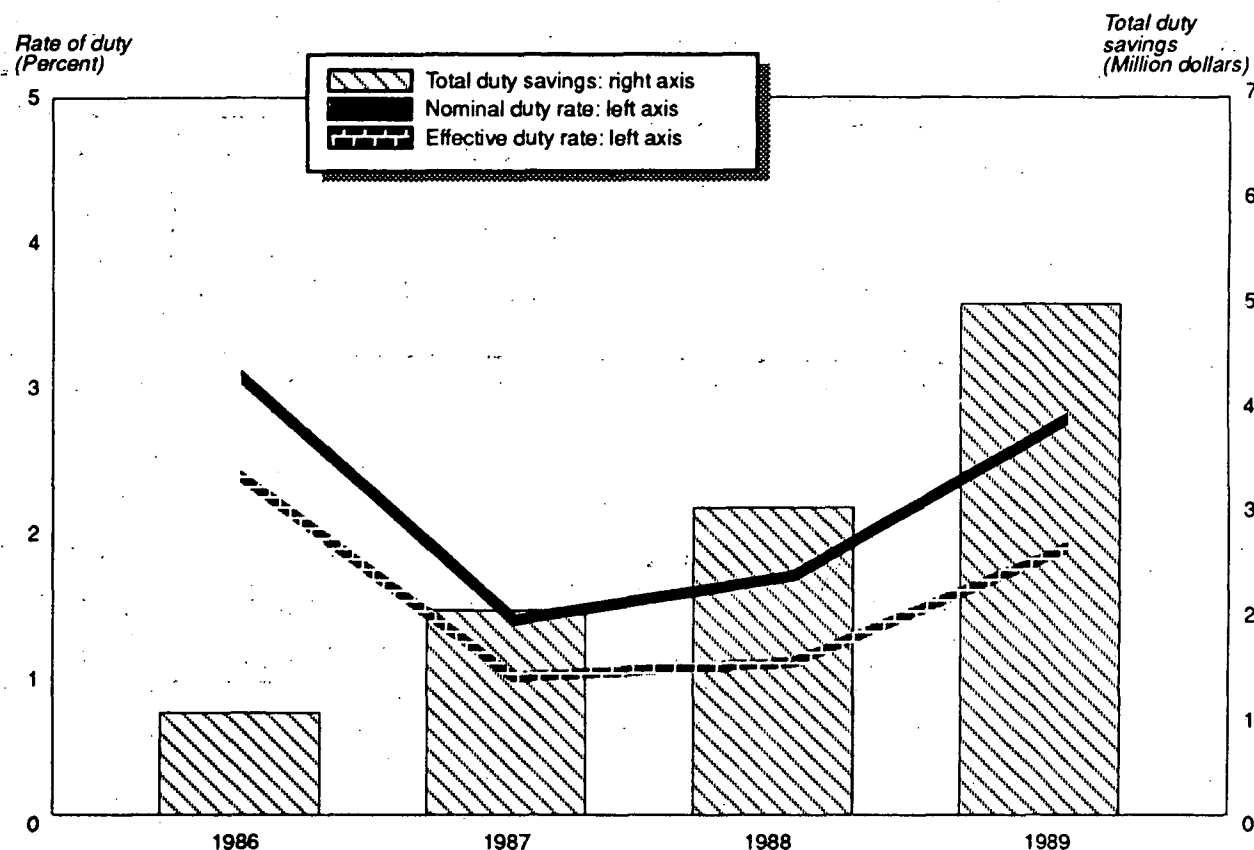
Source: Compiled by the U.S. International Trade Commission from official statistics of the U.S. Department of Commerce.

3.1 percent and 2.8 percent, and the effective rate followed the same pattern, from 2.4 percent to 1.9 percent (table 7-5). As a result of the changes described above, the duty savings, or subsidy, on 9802 imports of furniture increased from \$1 million in 1986 to \$5 million in 1989 (table 7-5 and fig. 7-2).

Most articles of furniture were eligible for duty-free entry under the GSP (exceptions include waterbed mattresses and liners, certain sleeping bags, and mattresses, pillows, and cushions of cotton) with approximately \$522 million entering under this program in

Figure 7-2

Furniture and parts: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

1989. During 1986-89, imports entering under the GSP increased at an annual rate of around 9 percent. During the same period, goods entering under subheading 9802.00.80 increased at an average annual rate of 51 percent, with the duty-free portion increasing 71 percent. Although Taiwan was the leading supplier of furniture eligible for duty-free entry under the GSP until 1987, the country became ineligible for such treatment in 1987, thus allowing Mexico to become the top supplier of furniture under the GSP. Whereas for the most part furniture entering under the assembly tariff provision was seats and seat covers for motor vehicles, furniture entering duty free under the GSP was household and institutional furniture.

Surgical and Medical Instruments and Apparatus

During 1986-89, the value of U.S. imports of surgical and medical instruments and apparatus rose by 38 percent, from \$2.0 billion to \$2.8 billion, an average annual increase of 11 percent (table 7-7). Imports of these products under HTS subheading 9802.00.80 grew faster, increasing at an average annual rate of 34 percent during the period to \$312 million in 1989. By 1989, subheading 9802.00.80 imports represented 11 percent of total imports of medical goods, up from 6 percent in 1986 (table 7-8).

The duty-free content, or U.S.-manufactured portion, of subheading 9802.00.80 imports rose from \$75 million in 1986 to \$178 million in 1989, 57 percent of total 9802.00.80 imports in that year. The total duty savings of firms using subheading 9802.00.80 in the

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Table 7-7

Surgical and medical instruments and apparatus: U.S. imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
<i>Value (million dollars)</i>			
1986	2,033	131	75
1987	2,299	195	105
1988	2,738	270	144
1989	2,799	312	178
<i>Change (percent)</i>			
1989 from 1986	38	138	137
Average annual 1989 from 1986	11	34	33

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

Table 7-8

Surgical and medical instruments and apparatus: Nominal and effective rates of duty under HTS subheading 9802.00.80 and duty savings, 1986-89

Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
Percent					Million dollars
1986	6	57	5.3	2.3	4
1987	8	54	5.1	2.4	5
1988	10	53	4.8	2.2	7
1989	11	57	4.5	1.9	8

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

importation of medical goods doubled from \$4 million in 1986 to \$8 million in 1989. The nominal rate of duty averaged 4.9 percent annually during 1986-89; the effective rate averaged 2.2 percent (table 7-8 and fig. 7-3).

Mexico was by far the largest source of imported medical goods under subheading 9802.00.80 during 1986-89; the duty-free content of such imports from Mexico totaled \$137 million in 1989, accounting for 77 percent of the U.S.-origin content of all U.S. imports of medical apparatus and equipment imported under that provision of the HTS (table 7-9). However, the largest growth in subheading 9802.00.80 imports was exhibited by the Dominican Republic. The duty-free content of such imports from that country grew from zero in 1986 to \$28 million in 1989, making the Dominican Republic the second leading source of subheading 9802.00.80 imports of medical goods in terms of duty-free content.

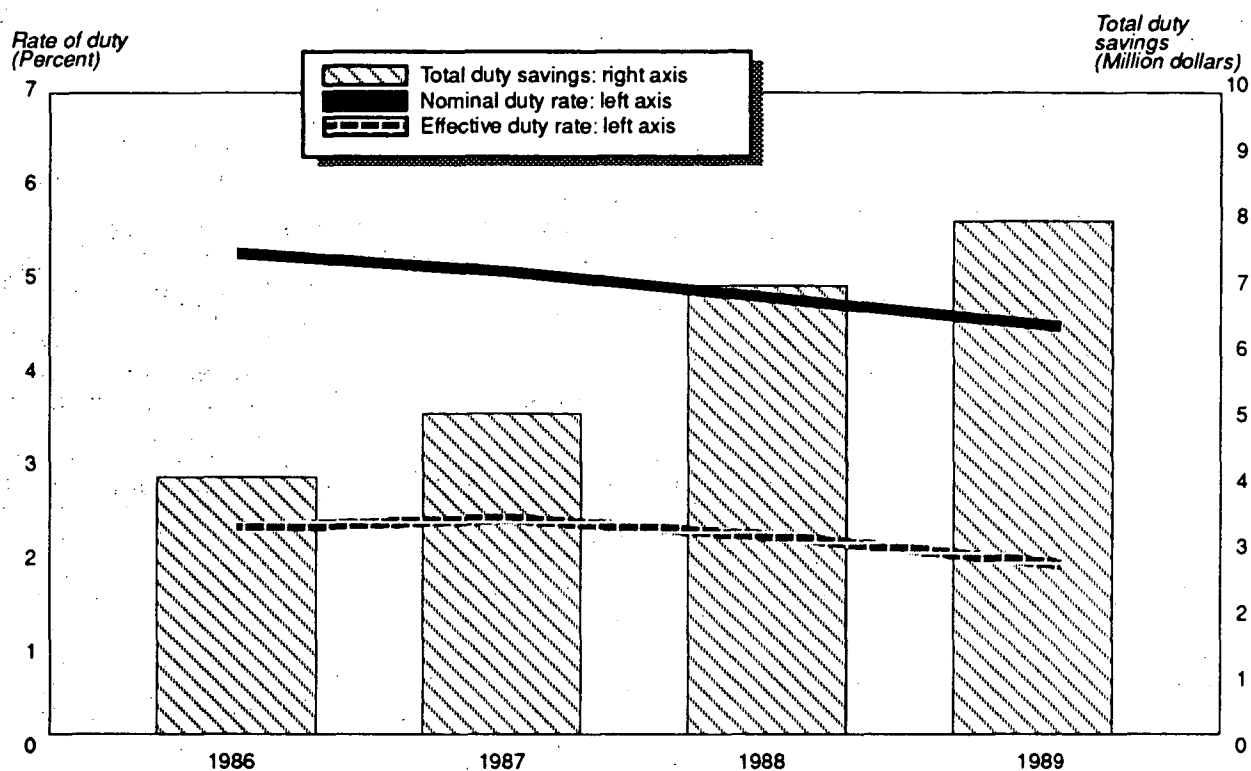
The types of medical products most frequently imported into the United States under subheading 9802.00.80 during 1986-89 included bougies, catheters, and drains, and other miscellaneous medical, sur-

gical, and veterinary instruments and parts not specifically provided for in the HTS; artificial respiration, oxygen therapy, and similar apparatus; and electromedical and x-ray apparatus and parts for medical and dental use.

Mexico was the dominant source of subheading 9802.00.80 imports of bougies, catheters, drains, and sondes; artificial respiration and oxygen therapy equipment; and other miscellaneous medical, surgical, and veterinary instruments and parts not specifically provided for in the HTS. However, subheading 9802.00.80 imports of catheters, drains, and other miscellaneous medical instruments and parts from the Dominican Republic grew dramatically when several major U.S. producers established assembly facilities in that country in 1988 to take advantage of preferential tax treatment provided in the Tax Reform Act of 1986. That legislation provided incentives for U.S. producers with Puerto Rican manufacturing operations to establish assembly facilities in the Caribbean Basin countries to promote development there. The Puerto Rican subsidiaries of the U.S. medical producers perform the more capital-intensive functions in the manufacture of medical de-

Figure 7-3

Surgical and medical instruments and apparatus: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

Table 7-9

Surgical and medical instruments: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty-free content, 1989 from 1986	Share of total duty-free value	
	1986	1987	1988	1989		1986	1989
	Million dollars				Percent	Percent	
Mexico	64	85	112	137	114	85	77
Dominican Republic	0	(¹)	9	28	(²)	0	16
Canada	2	3	4	4	98	3	2
United Kingdom	3	7	5	3	-14	4	1
Japan	3	3	4	2	-42	4	1
West Germany	(¹)	2	5	1	356	(³)	1
Costa Rica	0	0	(¹)	1	(²)	0	1
Taiwan	0	(¹)	0	1	(²)	0	1
All others	3	3	4	1	-65	4	1
Total	75	105	144	178	137	100	100

¹ Less than \$500,000.

² Not applicable.

³ Less than 0.05 percent.

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

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

vices, then send the semifinished goods and components to Dominican Republic subsidiaries for final assembly. The primary reason that U.S. producers of these products have established assembly operations in Mexico and the Caribbean is to take advantage of lower labor costs and preferential tariff treatment afforded by subheading 9802.00.80. The establishment of the Customs user fee in late 1986 had little impact on the use of subheading 9802.00.80 by importers of these goods during 1987-1989.

West Germany, the United Kingdom, Mexico, and Japan were the primary sources for subheading 9802.00.80 imports of electromedical and x-ray apparatus and parts for medical and dental use in 1989. The U.S. content of subheading 9802.00.80 imports from Japan and the EC suppliers was less than 10 percent of the total value of such imports, whereas about three-fourths of the value of subheading 9802.00.80 imports of electromedical and x-ray equipment from Mexico consisted of U.S. components in 1989. Japanese and West European manufacturers of high-technology x-ray equipment still rely highly on securing critical components for their systems from the United States. Subheading 9802.00.80 benefits accruing to the foreign supplier of these goods containing U.S. components to the U.S. market appear to have been incidental. Subheading 9802.00.80 imports of electromedical equipment from Mexico primarily reflect an increase in the

use of Mexican assembly facilities by both large and smaller U.S. medical goods producers to save on labor costs.

All surgical and medical instruments and apparatus were eligible for GSP treatment during 1986-89. However, Mexico lost its GSP eligibility for bougies, catheters, drains, and sondes on March 31, 1983, after exceeding the competitive-need limitations. Imports under the GSP were 7 percent of total U.S. imports of medical instruments and apparatus in 1989. Imports under the U.S.-Israel Free-Trade Area Implementation Act of 1985 and under the CBERA accounted for less than 2 percent of total U.S. imports in 1989.

Contact Chris Johnson at 205-3488

Scientific Instruments

U.S. imports of scientific instruments and parts increased by 95 percent during 1986-89, from \$1.9 billion to \$3.6 billion (table 7-10). During the same period, U.S. imports of these products under HTS subheading 9802.00.80 grew by 147 percent to \$373 million. The ratio of U.S. imports under subheading 9802.00.80 to total imports rose from 8 percent in 1986 to 13 percent in 1987, and then stabilized at 10 percent in 1988 and 1989 (table 7-11).

Table 7-10

Scientific Instruments: U.S. Imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
Value (million dollars)			
1986	1,850	151	85
1987	2,199	291	115
1988	2,447	249	126
1989	3,613	373	168
Change (percent)			
1989 from 1986	95	147	96
Average annual 1989 from 1986	25	35	25

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

Table 7-11

Scientific Instruments: Nominal and effective rates of duty under HTS subheading 9802.00.80 and duty savings, 1986-89

Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
Percent					Million dollars
1986	8	56	5.3	2.3	5
1987	13	40	3.1	1.9	4
1988	10	51	4.4	2.2	6
1989	10	45	5.0	2.7	8

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

The duty-free content of U.S. imports of scientific instruments entering under subheading 9802.00.80 during 1986-89 rose to \$168 million, or by 96 percent. During the period, the ratio of duty-free content of subheading 9802.00.80 imports to total value of imports under subheading 9802.00.80 slipped from 56 percent to 45 percent. The nominal rate of duty dropped from 5.3 percent in 1986 to 5.0 percent in 1989; however, even though the effective duty rate rose from 2.3 percent in 1986 to 2.7 percent in 1989, it continued to amount to about one-half the nominal rate (table 7-11 and fig. 7-4).

Mexico was by far the leading source of imports under subheading 9802.00.80 in 1989 in terms of U.S. content, accounting for 87 percent of such imports under this provision, distantly followed by Canada, with 4 percent (table 7-12).

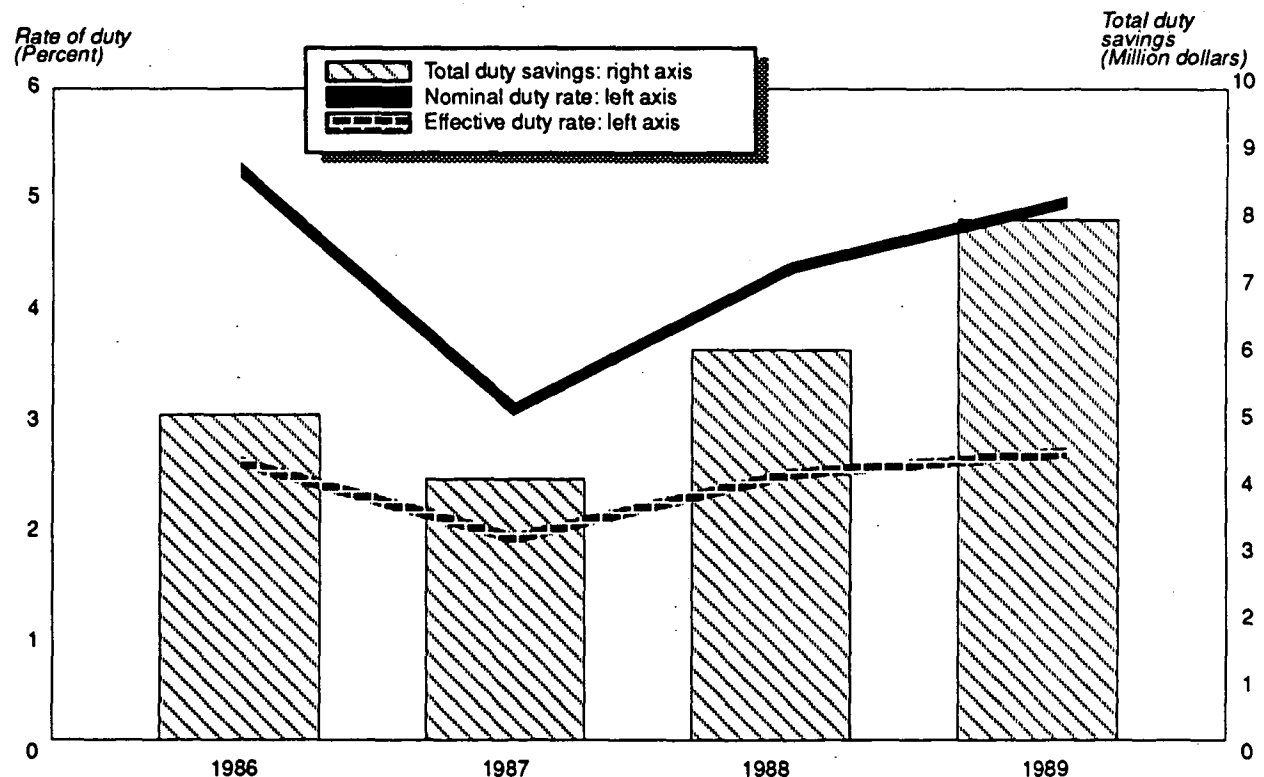
Subheading 9802.00.80 is used by U.S. instrument manufacturers for various reasons. For the most part, U.S. producers take advantage of this provision to lower production costs of certain manufacturing processes requiring labor-intensive operations. These operations are performed primarily in countries with a relatively

low-wage-rate labor force. Many of the facilities in these countries are affiliates or subsidiaries of U.S. instrument manufacturers. The work performed in Canada and in other developed countries under subheading 9802.00.80 is carried out primarily by related parties; related party transactions account for most of the total value of U.S. imports under this provision.

In 1989, the bulk of the articles imported under subheading 9802.00.80 were apparatus for measuring, checking, or for automatically controlling variables of liquids or gases, or temperature, and parts; instruments and apparatus for measuring or checking electrical quantities, and parts; and tachometers and miscellaneous speedometers.

Total duty-free imports of scientific instruments and parts amounted to \$312 million in 1989, or 9 percent of total U.S. imports. During 1986-89, all scientific instruments and parts, except bicycle speedometers, were eligible articles under the GSP. Imports under the GSP amounted to \$46 million in 1989, the leading suppliers being Israel, Mexico, Brazil, and Malaysia. Imports entering duty free under the Agreement on Civil Aircraft amounted to \$113 million in 1989, the

Figure 7-4
Scientific instruments: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

Table 7-12

Scientific Instruments: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in	Share of total	
					value of duty-free content, 1989 from 1986	duty-free value	
						1986	1989
	Million dollars				Percent	Percent	
Mexico	70	87	108	145	107	82	87
Canada	4	15	8	7	73	5	4
Taiwan	0	(¹)	0	4	(²)	0	2
Netherlands	2	2	4	3	30	3	2
United Kingdom	4	5	2	3	-26	4	1
Haiti	1	2	2	2	93	1	1
All others	4	4	2	4	-10	5	2
Total	85	115	126	168	96	100	100

¹ Less than \$500,000.

² Not applicable.

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

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

leading suppliers being the United Kingdom, Canada, and France. Duty-free imports under APTA reached \$67 million in 1989; those entering under the United States-Canada Free-Trade Agreement amounted to \$54 million; and those entering under the U.S.-Israel Free-Trade Area Implementation Act of 1985 totalled \$32 million in 1989. Duty-free imports under the Caribbean Basin Economic Recovery Act amounted to \$206,000 in 1989.

Contact Ruben Moller at 205-3495

Disposable Paper Garments and Other Articles

Total U.S. imports of disposable paper garments and other articles expanded 30 percent during 1986-89, from \$376 million to \$490 million. Imports of these articles under HTS subheading 9802.00.80 increased

faster, at 55 percent during the period, from \$121 million to \$187 million (table 7-13).

The value of the U.S.-origin content contained in these imports under subheading 9802.00.80 averaged about 80 percent over the past 4 years. The nominal trade-weighted duty rate was 5.6 percent annually. The effective trade-weighted duty rate was 1.2 percent in 1989. The total duty savings resulting from imports under subheading 9802.00.80 rose from \$5.4 million in 1986 to \$8.2 million in 1989 (table 7-14 and fig. 7-5). This 53-percent increase corresponds to the increase in subheading 9802.00.80 imports during the period.

The articles entering under HTS subheading 9802.00.80 are made from precut paper that is glued or sewn to form disposable hospital apparel, footwear, surgical hoods, nurse caps, hospital bed drapes, and other similar articles. Almost all of this precut paper is shipped from the United States to Mexico, where the articles are assembled; about 95 percent of the jobs as-

Table 7-13

Disposable paper garments and other articles: U.S. imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
Value (million dollars)			
1986	376	121	96
1987	442	142	115
1988	499	153	125
1989	490	187	146
Change (percent)			
1989 from 1986	30	55	52
Average annual 1989 from 1986	9	16	15

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

Table 7-14

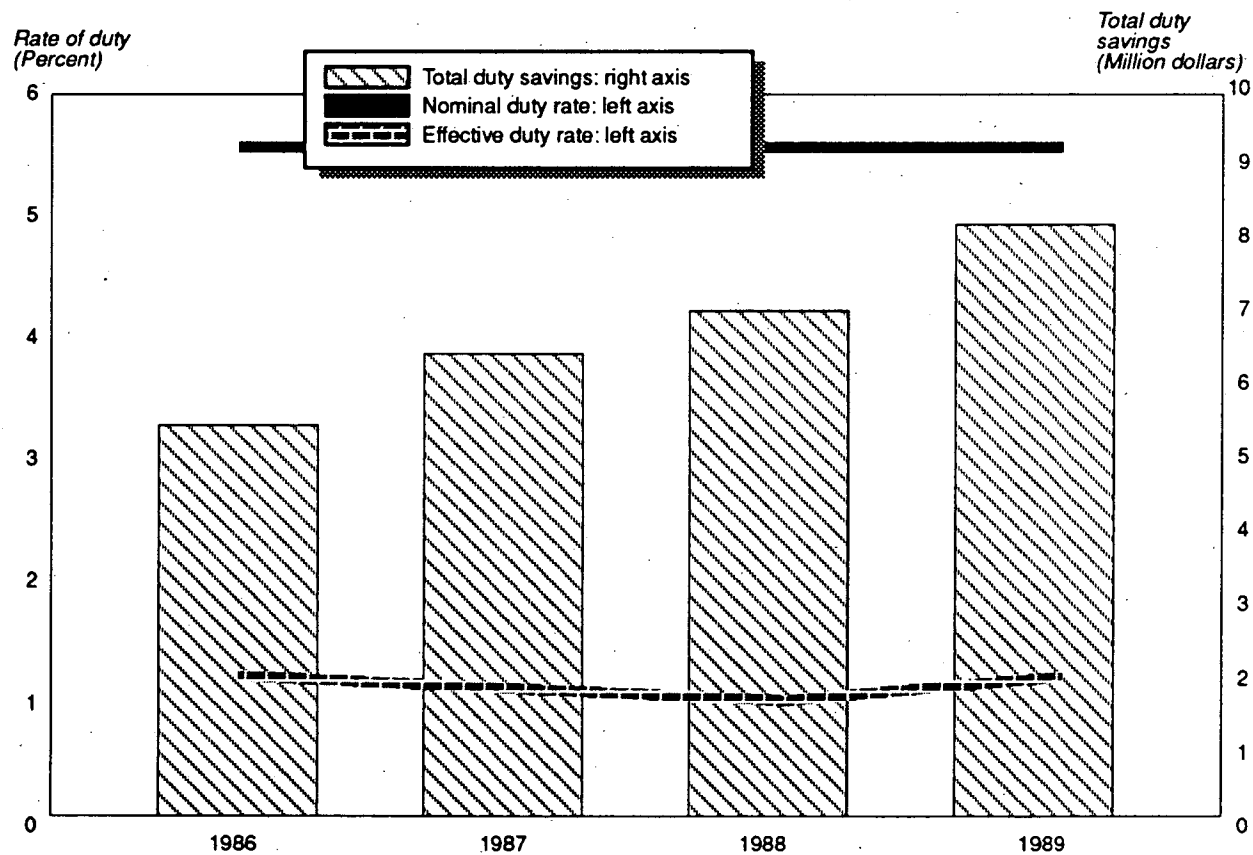
Disposable paper garments and other articles: Nominal and effective rates of duty under HTS subheading 9802.00.80 and duty savings, 1986-89

Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
			Percent		Million dollars
1986	32	79	5.6	1.2	5.4
1987	32	81	5.6	1.1	6.4
1988	31	82	5.6	1.0	7.0
1989	38	78	5.6	1.2	8.2

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

Figure 7-5

Disposable paper garments and other articles: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

sociated with these operations are in Mexico. In 1986, five U.S. companies operating assembly operations (maquiladoras) in Mexican border states accounted for over 90 percent of such imports. Mexico accounted for virtually all of the duty-free content of U.S. imports of these articles under subheading 9802.00.80 during 1986-89 (table 7-15).

Contact Rick Rhodes at 205-3322

Photographic Equipment and Supplies

In 1989, the duty-free value of U.S. imports of photographic equipment and supplies under HTS subheading 9802.00.80 was \$88 million. This figure represents a 202 percent rise from 1986, when the duty-free value of 9802.00.80 imports of these products totaled just \$29 million. Total U.S. imports of photographic equipment and supplies increased 41 percent, from \$2.2 bil-

lion in 1986 to \$3.1 billion in 1989, an average annual growth rate of 12 percent (table 7-16). After rising from 41 percent in 1986 to 48 percent in 1987, the ratio of duty-free content to total value of imports under the provision leveled off at 47 percent in 1988 and 1989 (table 7-17). However, the ratio of total imports under subheading 9802.00.80 to total imports climbed from 3 percent to 6 percent during 1986-89. The nominal rate of duty fell by 14 percent, and the effective rate of duty declined by 24 percent during 1986-89. But, because of the expanded volume of trade under subheading 9802.00.80, the duty savings rose from \$1 million to \$3 million (table 7-17 and fig. 7-6).

Instant print cameras, instant print (integral) film, and 110mm cameras are the major commodity groups brought in under subheading 9802.00.80. In 1989, the top supplier countries of photographic products under subheading 9802.00.80 were the Netherlands, supply-

Table 7-15

Disposable paper garments and other articles: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty- free content, 1989 from 1986	Share of total duty-free value	
	Million dollars				Percent	1986	1989
Mexico	95	115	125	145	52	99	99
All others	1	(¹)	(¹)	1	-6	1	1
Total	96	115	125	146	52	100	100

¹ Less than \$500,000.

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

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

Table 7-16

Photographic equipment and supplies: U.S. imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
	Value (million dollars)		
1986	2,198	71	29
1987	2,293	80	38
1988	2,374	113	53
1989	3,101	186	88
Change (percent)			
1989 from 1986	41	164	202
Average annual 1989 from 1986	12	38	45

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

Table 7-17

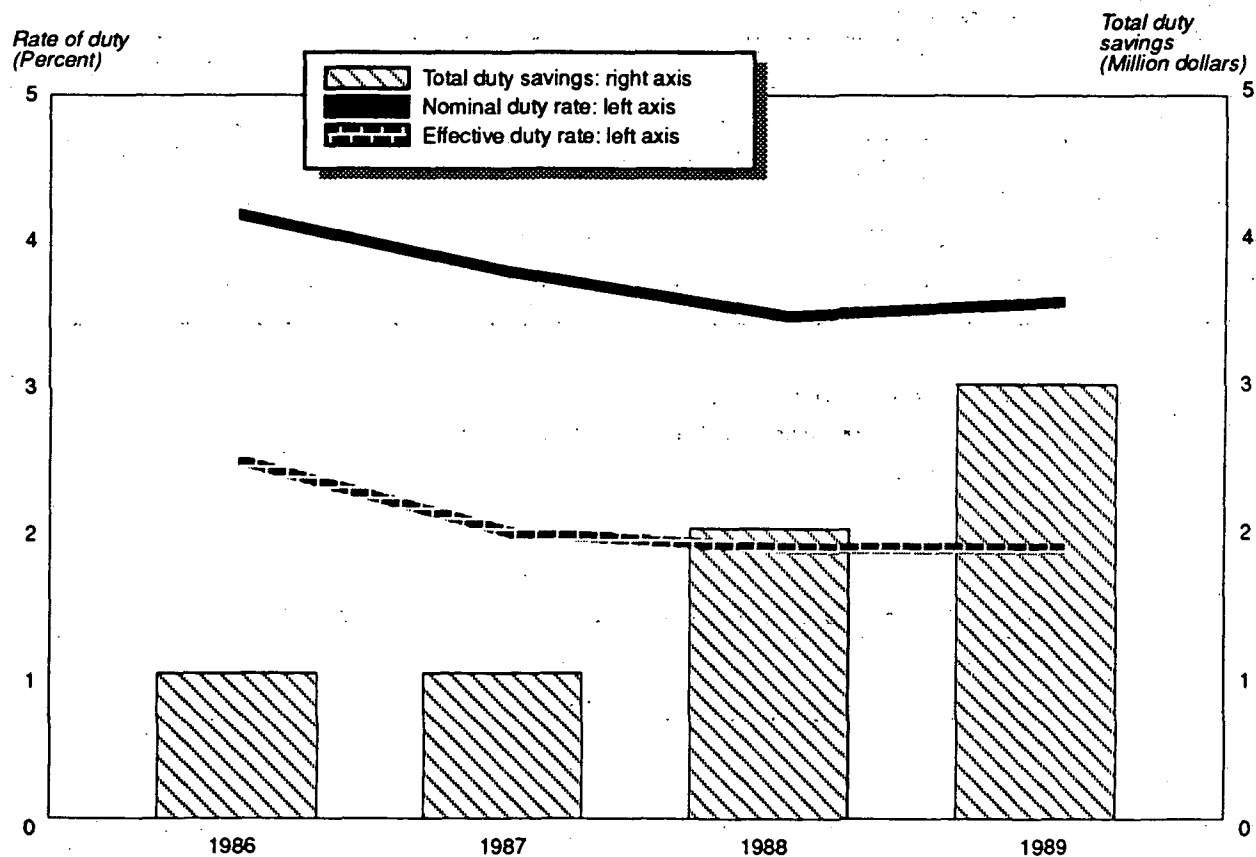
Photographic equipment and supplies: Nominal and effective rates of duty under HTS subheading 9802.00.80 and duty savings, 1986-89

Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
			Percent		Million dollars
1986	3	41	4.2	2.5	1
1987	3	48	3.8	2.0	1
1988	5	47	3.5	1.9	2
1989	6	47	3.6	1.9	3

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

Figure 7-6

Photographic equipment and supplies: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

ing 41 percent of the U.S.-origin content (\$36 million), and the United Kingdom, supplying 34 percent (\$30 million). A major U.S.-based multinational manufacturer of cameras and film imports these articles from facilities in the Netherlands and the United Kingdom to supplement its U.S. production. Because these products contain U.S.-made components, the company imports them under subheading 9802.00.80 to reduce its tariff obligation. Mexico was the third leading supplier at 23 percent of the total (\$20 million) (table 7-18). A second major U.S.-based multinational manufacturer of cameras and film uses assembly facilities in Mexico to reduce its labor costs and take advantage of subheading 9802.00.80.

Contact Kate Bishop at 205-3494

Locks and Padlocks

During 1986-89, U.S. imports of locks and padlocks increased by 82 percent to \$341 million. Locks and padlocks imported under HTS subheading 9802.00.80 increased by 135 percent to \$106 million during the 4-year period (table 7-19). The share of locks and padlocks imported under this subheading to total U.S. imports increased from 24 percent in 1986 to 31 percent in 1989 (table 7-20).

The duty-free content of imports of locks and padlocks entering the United States under HTS subheading 9802.00.80 more than doubled during 1986-89, increasing from \$31 million to \$66 million (table 7-19). Although the duty-free value of 9802.00.80 imports grew significantly during the period, the overall increase was not as great as the increase in total imports under HTS subheading 9802.00.80. The ratio of duty-free content to total imports under subheading

Table 7-18
Photographic equipment and supplies: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in	Share of total	
					value of duty-free content, 1989 from 1986	duty-free value	
					1986	1989	
Million dollars					Percent	Percent	
Netherlands	14	19	26	36	165	47	41
United Kingdom	12	17	18	30	149	41	34
Mexico	(1)	(1)	7	20	117,824	(2)	23
All others	3	1	(1)	2	-38	12	2
Total	29	38	53	88	202	100	100

¹ Less than \$500,000.

² Less than 0.5 percent.

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

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

Table 7-19
Locks and padlocks: U.S. imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
Value (million dollars)			
1986	187	45	31
1987	231	58	35
1988	277	74	45
1989	341	106	66
Change (percent)			
1989 from 1986	82	135	116
Average annual 1989 from 1986	22	33	29

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

Table 7-20

Locks and padlocks: Nominal and effective rates of duty under HTS subheading 9802.00.80 and duty savings, 1986-89

Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
			Percent		Million dollars
1986	24	68	8.6	2.7	2.7
1987	25	60	5.6	2.2	2.0
1988	27	61	5.1	2.0	2.3
1989	31	62	5.5	2.1	3.6

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

9802.00.80 declined from 68 percent in 1986 to 62 percent in 1989 (table 7-20).

The nominal trade-weighted rate of duty for these products declined from 8.6 percent in 1986 to 5.5 percent in 1989; however, the effective rate of duty fell more slowly, from 2.7 percent to 2.1 percent. The total duty savings increased by 33 percent during the period to \$3.6 million, reflecting the increased level of imports entering the United States under this subheading (figure 7-7).

The proximity of Mexico to the United States coupled with its relatively low labor and construction costs has encouraged several major U.S. lock and padlock manufacturers to enhance their companies' competitiveness in U.S. and foreign markets by establishing joint ventures with Mexican lock producers. Thus, virtually all of the subheading 9802.00.80 lock activity is centered in Mexico (table 7-21). The majority of these U.S. producers ship lock components to Mexico for assembly into final products. The completed locks are then reexported into the United States under subheading 9802.00.80, a procedure which provides a signifi-

cant duty savings for U.S. producers. To ensure the quality of the products assembled as a result of these joint ventures, most U.S. producers provide state-of-the-art technology to maintain this competitive edge.

During 1986-89, U.S. imports of locks and padlocks entering under the GSP increased 153 percent to \$110 million. Approximately 95 percent of these imports were also supplied by Mexico and consisted largely of door locks, locksets, and other locks suitable for use with interior or exterior doors.

Contact James Brandon at 205-3433

Jewelry

U.S. imports of jewelry and parts increased by 16 percent during 1986-89, from \$2.8 billion to \$3.2 billion. Similarly, imports of these products under HTS subheading 9802.00.80 rose by 18 percent, to \$60 million (table 7-22). The ratio of imports under subheading 9802.00.80 to total imports remained at 2 percent during the period (table 7-23).

Table 7-21

Locks and padlocks: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty- free content, 1989 from 1986	Share of total duty-free value	
						1986	1989
	Million dollars				Percent	Percent	
Mexico	30	35	44	65	118	98	99
Canada	(1)	(1)	1	1	18	1	1
All others	(1)	(1)	(1)	(1)	-92	(2)	(2)
Total	31	35	45	66	116	100	100

¹ Less than \$500,000.

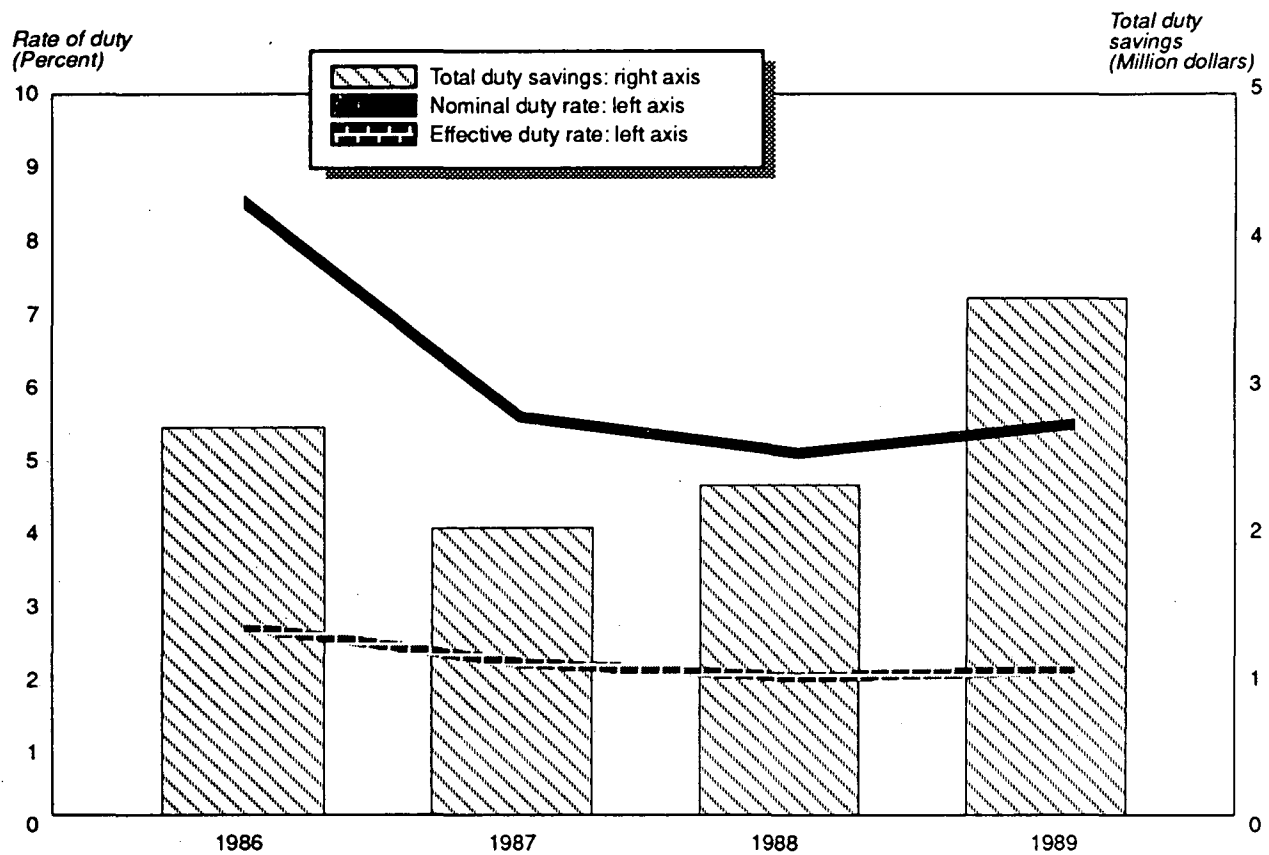
² Less than 0.5 percent.

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

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

Figure 7-7

Locks and padlocks: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

Table 7-22

Jewelry: U.S. imports for consumption, total and under HTS subheading 9802.00.80, 1986-89

Year	Total imports	9802.00.80 imports	Duty-free value of 9802.00.80 imports
<i>Value (million dollars)</i>			
1986	2,762	51	49
1987	2,964	68	63
1988	3,153	55	50
1989	3,199	60	55
<i>Change (percent)</i>			
1989 from 1986	16	18	13
Average annual 1989 from 1986	5	6	4

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

Table 7-23

Jewelry: Nominal and effective rates of duty under HTS subheading 9802.00.80 and duty savings, 1986-89

Year	9802.00.80 imports to total imports	Duty-free 9802.00.80 to total 9802.00.80 imports	Rate of duty		Total duty savings
			Nominal	Effective	
Percent					Million dollars
1986	2	96	7.0	0.3	3.4
1987	2	93	6.7	0.5	4.2
1988	2	92	5.3	0.5	2.7
1989	2	92	6.9	0.6	3.8

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

The duty-free content of U.S. imports entered under subheading 9802.00.80 increased irregularly during 1986-89. Such imports totalled \$49 million in 1986, peaked at \$63 million in 1987, then dropped to \$50 million in 1988 before rising to \$55 million in 1989, and resulted in an overall increase of 13 percent. The ratio of duty-free content to total imports decreased irregularly from 96 to 92 percent during the period. The principal products imported under subheading 9802.00.80 during 1986-89 were jewelry of precious metal and precious metal with gemstones.

The trade-weighted nominal rate of duty for imports of the commodity group hovered around 7 percent during 1986-89; however, the effective rate for imports under subheading 9802.00.80 averaged about 0.5 percent during the period. Duty savings were slightly higher in 1989 than in 1986, at \$3.8 million (table 7-23, fig. 7-8).

The Dominican Republic was the leading supplier of U.S. imports under the foreign assembly provision in terms of the U.S.-origin content during 1986-88, although its share of total duty-free value decreased each

year, from 68 percent in 1986, to 36 percent in 1988. By 1989, the Dominican Republic's share of duty-free imports dropped to 3 percent; Thailand was the major supplier and accounted for a 43 percent share of total duty-free value (table 7-24). The shift likely resulted from increased usage by U.S.-based manufacturers in the Caribbean of provisions of the CBERA and GSP and from efforts by U.S. manufacturers to improve and expand gemstone jewelry manufacturing operations in Thailand.

U.S. jewelry producers utilize subheading 9802.00.80 in the Caribbean principally to lower costs for certain labor-intensive manufacturing processes involving the assembly of base metal necklaces clad with gold, other gold chain products (such as bracelets), and earrings. For imports from Thailand, the provision is used in setting and assembling gemstones onto precious metal products, such as necklaces, rings, earrings, and bracelets. Thailand is a major world supplier of small to medium-sized gemstones, and generally supports operations that might further expand the Thai jewelry industry.

Table 7-24

Jewelry: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty- free content, 1989 from 1986	Share of total duty-free value	
						1986	1989
	Million dollars				Percent	Percent	
Thailand	0	(1)	7	24	(2)	0	43
Haiti	11	22	12	12	6	23	21
Bolivia	0	0	0	8	(2)	0	15
Mexico	3	6	8	5	67	6	8
Costa Rica	0	1	4	4	(2)	0	7
Dominican Republic	33	32	18	2	-94	68	3
All others	2	2	2	1	-10	0	3
Total	49	63	50	55	13	100	100

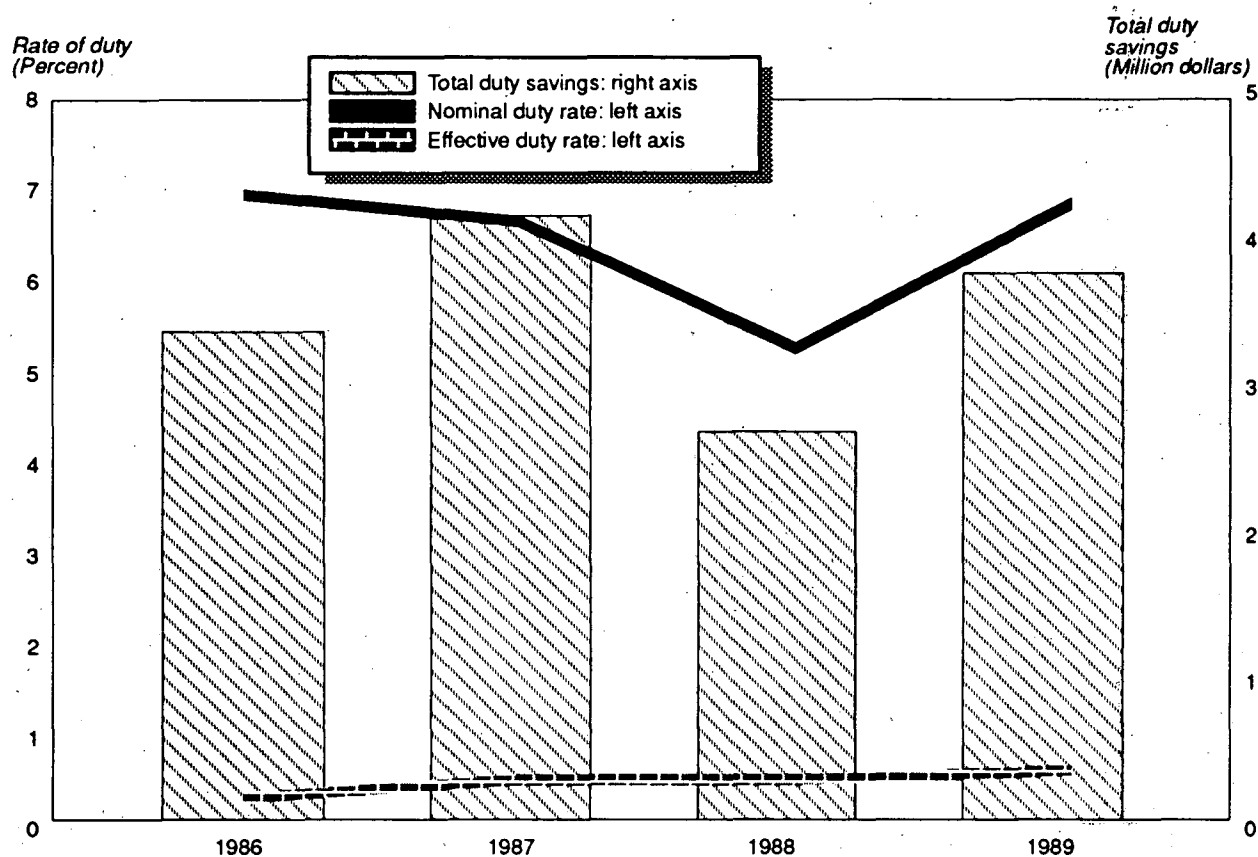
¹ Less than \$500,000.² Not applicable.

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

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

Figure 7-8

Jewelry: U.S. rate of duty and total duty savings under HTS subheading 9802.00.80, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

During 1989, duty-free U.S. imports of jewelry totaled \$519 million under the GSP and \$39 million under the CBERA. U.S. imports of jewelry are also eligible for duty-free entry under provisions of the United States-Canada Free-Trade Agreement (CFTA) and the

U.S.-Israel Free-Trade Area Implementation Act (IFTA). Such imports totaled \$14 million under the CFTA and \$13 million under the IFTA in 1989.

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Chapter 8

Trends In Imports Under HTS Subheading 9802.00.60

Imports under HTS subheading 9802.00.60 more than doubled in 1987 over 1986, to \$954 million from \$466 million, as importers of products entitled to MFN duty-free treatment entered goods under subheading 9802.00.60 to avoid the Customs user fee, which became effective in December 1986 (table 8-1). Imports under subheading 9802.00.60 rose another 20 percent during 1987-89 to \$1.1 billion. Despite the increase in use of subheading 9802.00.60 during the period, the ratio of subheading 9802.00.60 imports to total imports was less than 0.5 percent in each year during 1986-89 (table 8-2).

The duty-free content of imports under subheading 9802.00.60 increased by 126 percent during 1986-89, to \$697 million; the ratio of the duty-free content to total value of imports under subheading 9802.00.60 averaged 54 percent annually during 1986-89 (table 8-2). U.S.-origin content accounted for a relatively high 86 percent of the value of aluminum imported under 9802.00.60 in 1989, compared with only 28 percent of the parts of aircraft and spacecraft.

The trade-weighted average nominal and effective rates of duty for all imports under subheading 9802.00.60 both decreased during the period, from 4.9 percent to 2.2 percent and from 1.7 percent to 0.9 percent, respectively. Total duty savings fluctuated during the period, dropping from \$15.1 million in 1986 to \$9.2 million in 1987, then increasing to \$15.3 million in 1989 (table 8-2 and fig. 8-1).

Articles in the minerals and metals category, chiefly articles of aluminum and, to a lesser extent, iron and steel, accounted for 52 percent of all imports under subheading 9802.00.60 in terms of the value of the U.S.-origin content in 1989 (table 8-3). Although these imports grew by 32 percent during 1986-89 (to \$365 million), the share in 1989 was significantly less than the 90-percent share of the total in 1986. Most of the 126 percent increase in the U.S.-origin content of subheading 9802.00.60 imports during 1986-89 was accounted for by categories in which products with a free rate of duty played a significant role. Aircraft parts entering free of duty under the Agreement on Civil Aircraft, but also entering under subheading 9802.00.60 to avoid the Customs user fee, were chiefly responsible for imports in the "other" machinery and equipment category jumping from \$20 million to \$384 million during 1986-89. Similarly, imports of internal combustion

Table 8-1
U.S. Imports for consumption, total and under HTS subheading 9802.00.60, 1986-89

Year	Total imports	9802.00.60 imports	Duty-free value of 9802.00.60 imports
	Value (million dollars)		
1986	368,657	466	308
1987	402,066	954	416
1988	437,140	929	470
1989	468,012	1,141	697
	Change (percent)		
1989 from 1986	27	145	126
Average annual 1989 from 1986	8	35	31

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

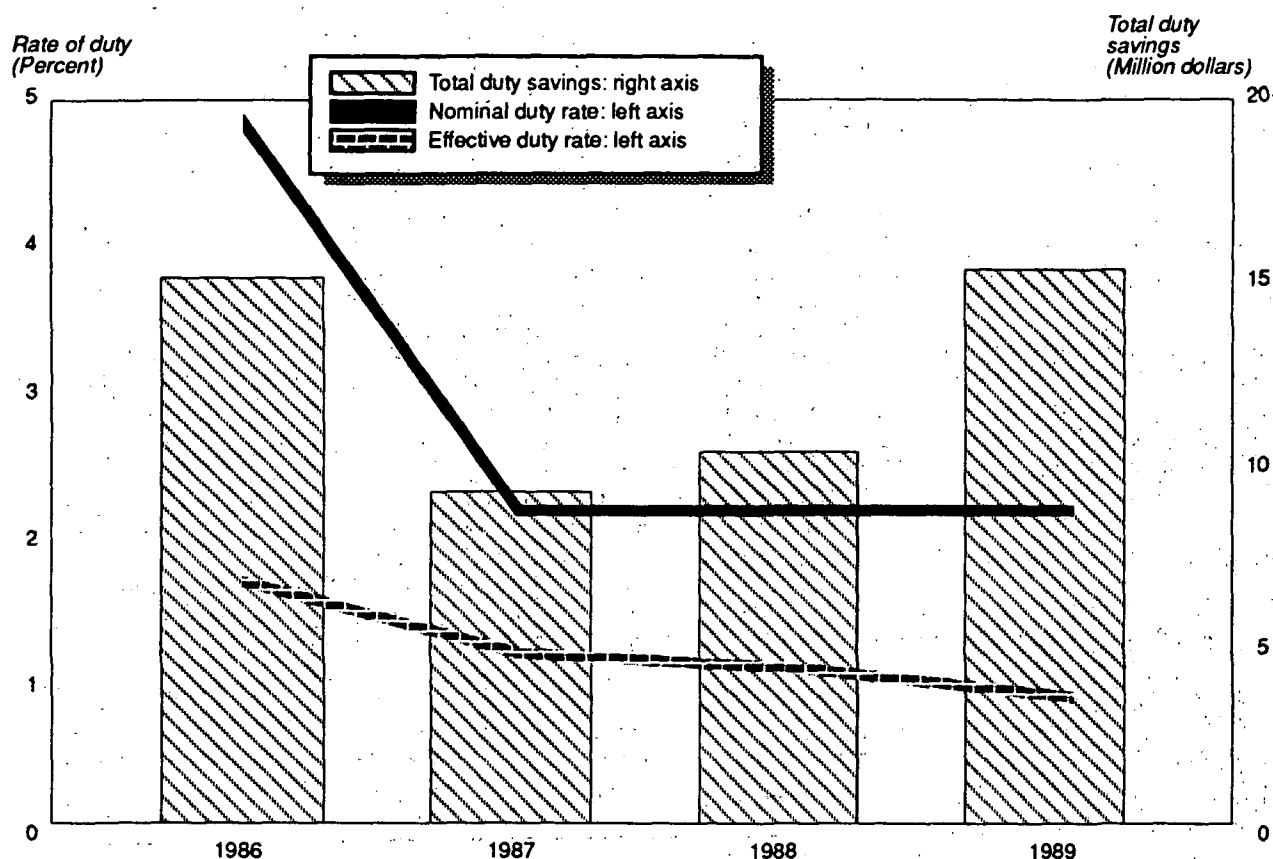
Table 8-2
Nominal and effective rates of duty under HTS subheading 9802.00.60 and duty savings, 1986-89

Year	9802.00.60 imports to total imports	Duty-free 9802.00.60 to total 9802.00.60 imports	Rate of duty		Total duty savings
			Nominal	Effective	
Percent					Million dollars
1986	(1)	66	4.9	1.7	15.1
1987	(1)	44	2.2	1.2	9.2
1988	(1)	51	2.2	1.1	10.3
1989	(1)	61	2.2	0.9	15.3

¹ Less than 0.5 percent.

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

Figure 8-1
U.S. Imports under HTS subheading 9802.00.60: U.S. rate of duty and total duty savings, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

engines and parts, in terms of the U.S.-origin content entering under subheading 9802.00.60, climbed from \$972,000 to \$13.6 million during 1986-89. Most of these imports were accounted for by engines and parts already entering free of duty under either the APTA or the Agreement on Civil Aircraft.

Aluminum, specifically wrought sheet for making cans, was the most significant product imported under subheading 9802.00.60 during 1986-89 in terms of the value of the U.S.-origin metal being processed. Wrought aluminum accounted for 59 percent of the duty-free content of total imports under subheading 9802.00.60 in 1986; by 1989, this share dropped to 34 percent, despite a 33 percent increase in value to \$240 million (table B-6). The growth in the nondutiable content of imports of wrought aluminum during this period was eclipsed by a rise in imports of aircraft and spacecraft parts from \$205,000 to \$100 million. The appreciation of the yen relative to the U.S. dollar decreased the competitive position of Japanese rolled

sheet in the U.S. market, but the drop in imports of rolled sheet from Japan was replaced by increased imports from Canada.

The shift in the usage of subheading 9802.00.60 is even more dramatic if the total value (dutyable and non-dutyable) is considered. By this measure, imports of wrought aluminum during 1986-89 rose by only 2 percent, from \$274 million to \$280 million (24 percent of the total in 1989) and imports of aircraft and spacecraft parts under subheading 9802.00.60 increased from \$280,000 to \$354 million (31 percent of the 1989 total). Subheading 9802.00.60 provides little incentive for the use of U.S.-origin metal in foreign-processed aircraft and spacecraft parts. Virtually all of these parts have a bound rate duty of "free;" the dutyable portion (value added by the foreign processing of U.S.-origin metal) enters free of duty as does the nondutyable content. Thus, the only incentive for using subheading 9802.00.60 when entering aircraft and spacecraft parts is to avoid the Customs user fee.

Table 8-3

U.S. Imports under HTS subheading 9802.00.60, total and duty free, by industry groups, 1986 and 1989.

Industry group	Duty-free value		Change, 1989 from 1986	Average annual change, 1989 from 1986		Share of total		Ratio of duty-free value to total value		Total value		Change, 1989 from 1986	Average annual change, 1989 from 1986		Share of total
	1986	1989		1986	1989	1986	1989	1986	1989	1986	1989		1986	1989	
	1,000 dollars			Percent				1,000 dollars					Percent		
Agricultural and forest products	1	0	-100	(1)	(2)	(3)	(1)	1	0	-100	(1)	0			
Textiles, apparel, and footwear	4	0	-100	(2)	(2)	80	(1)	5	0	-100	(1)	0			
Chemicals, coal, petroleum, natural gas, and related products	5,810	11,692	101	26	2	59	62	9,865	18,848	91	24	2			
Minerals and metals	276,846	364,777	32	10	52	67	78	412,466	469,261	14	4	41			
Internal combustion engines and parts	972	13,649	1,304	141	2	84	56	1,154	24,300	2,006	176	2			
Office machines and parts	108	285	164	38	(2)	37	66	295	433	47	14	(2)			
Motors, generators, transformers, and related equipment	6,706	13,908	107	28	2	71	77	9,422	18,143	93	24	2			
Radio and telephone equipment and parts	337	21	-94	-60	(2)	65	27	522	77	-85	-47	(2)			
Semiconductors	117	1,335	1,041	125	(2)	84	54	140	2,458	1,656	160	(2)			
Other electrical articles	5,210	98,210	1,785	166	14	63	71	8,280	137,797	1,564	155	12			
Motor-vehicle parts, industrial vehicles, non-self-propelled vehicles, motorcycles, rail locomotives, and rolling stock	1,556	14,164	810	109	2	78	73	2,006	19,483	871	113	2			
Other machinery and equipment	9,604	120,420	1,154	132	17	49	31	19,511	384,394	1,870	170	34			
Miscellaneous manufactures	1,160	58,646	4,956	270	8	62	89	1,875	66,139	3,427	228	6			
Total	308,431	697,107	126	31	100	66	61	465,542	1,141,333	145	35	100			

¹ Not applicable.² Less than 0.5 percent.³ Not available.

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

The third leading product category in 1989, in terms of nondutiable content, was articles for making and breaking electrical circuits (especially printed circuit boards), which accounted for 14 percent of the total. Such imports increased from \$1 million in 1986 to \$98 million in 1989 (table B-6). Much of the activity under subheading 9802.00.60 consists of wire bonding metallic leads of components already inserted on printed circuit boards.

Canada was the principal supplier of articles imported under subheading 9802.00.60 based on duty-free content, accounting for 64 percent of such imports in 1989, followed by Mexico and Japan, with shares of 20 percent and 6 percent, respectively (table 8-4, fig. 8-2). Developed countries supplied 75 percent of the duty-free content of imports under subheading 9802.00.60, and the LDCs, led by Mexico, provided 25 percent (table B-3). The primary imports supplied under subheading 9802.00.60 from Canada were parts of aircraft and spacecraft, wrought aluminum, and articles for making and breaking electrical circuits. Wrought aluminum accounted for the majority of subheading 9802.00.60 imports from Japan. Mexico supplied the bulk of iron and steel sheets and strips, and West Germany supplied almost half of the wrought copper imported into the United States under subheading 9802.00.60 in 1989.

Canada accounted for 71 percent (\$809 million) of the total value of imports under subheading 9802.00.60 in 1989, and Mexico accounted for 16 percent (\$181 million). By the apparent use of 9802.00.60 to avoid the Customs user fee, imports from Canada climbed almost ninefold, from \$83 million in 1986, in contrast to the 71-percent drop in imports from Japan, from \$231 million to \$67 million. Imports of articles with an MFN-free rate of duty, together with goods entered free under the APTA and the Agreement on Civil Air-

craft, accounted for 47 percent of imports from Canada (\$382 million) in 1989, but none of the imports from Japan (table 2-6). Furthermore, MFN-free articles from Canada accounted for 97 percent of the U.S.-origin metal of such products in this grouping under subheading 9802.00.60 in 1989. Such duty-free articles, entering under subheading 9802.00.60 from Canada apparently to avoid the Customs user fee, were predominantly composed of aircraft and spacecraft parts, motor-vehicle parts, and parts for agricultural equipment.

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Aluminum

U.S. imports of aluminum increased by 29 percent during 1986-89, to \$3.5 billion. Imports of these products under HTS subheading 9802.00.60 increased by only 2 percent during the period, to \$280 million (table 8-5). The ratio of imports under subheading 9802.00.60 to total imports fell from 10 percent in 1986 to 8 percent in 1989, as shown in table 8-6. Despite the reductions, aluminum remained the leading product imported under subheading 9802.00.60 in 1989, in terms of U.S.-origin content.

The duty-free content of imports entered under subheading 9802.00.60 increased by 33 percent to \$240 million in 1989 (table 8-5). The ratio of duty-free content to total value of subheading 9802.00.60 imports increased significantly during the period, from 66 percent to 86 percent (table 8-6). The trade-weighted nominal rate of duty for these products averaged 3.2 percent ad valorem during the period and the effective rate of duty applicable to subheading 9802.00.60 dropped from 1.1 percent in 1986 to 0.5 percent in 1989. The total duty savings resulting from subheading 9802.00.60 averaged \$5.9 million annually during 1986-89 (table 8-6 and fig. 8-3).

Table 8-4
Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.60, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty- free content, 1989 from 1986	Share of total duty-free value	
	Million dollars				Percent	1986	1989
						Percent	
Canada	61	200	264	449	640	20	64
Mexico	69	76	104	142	106	22	20
Japan	146	107	59	43	-70	47	6
West Germany	12	8	16	26	109	4	4
Dominican Republic ..	0	0	0	17	(1)	0	2
Argentina	0	0	0	7	(1)	0	1
France	2	1	16	4	79	1	1
All others	18	23	11	7	-60	6	1
Total	308	416	470	697	126	100	100

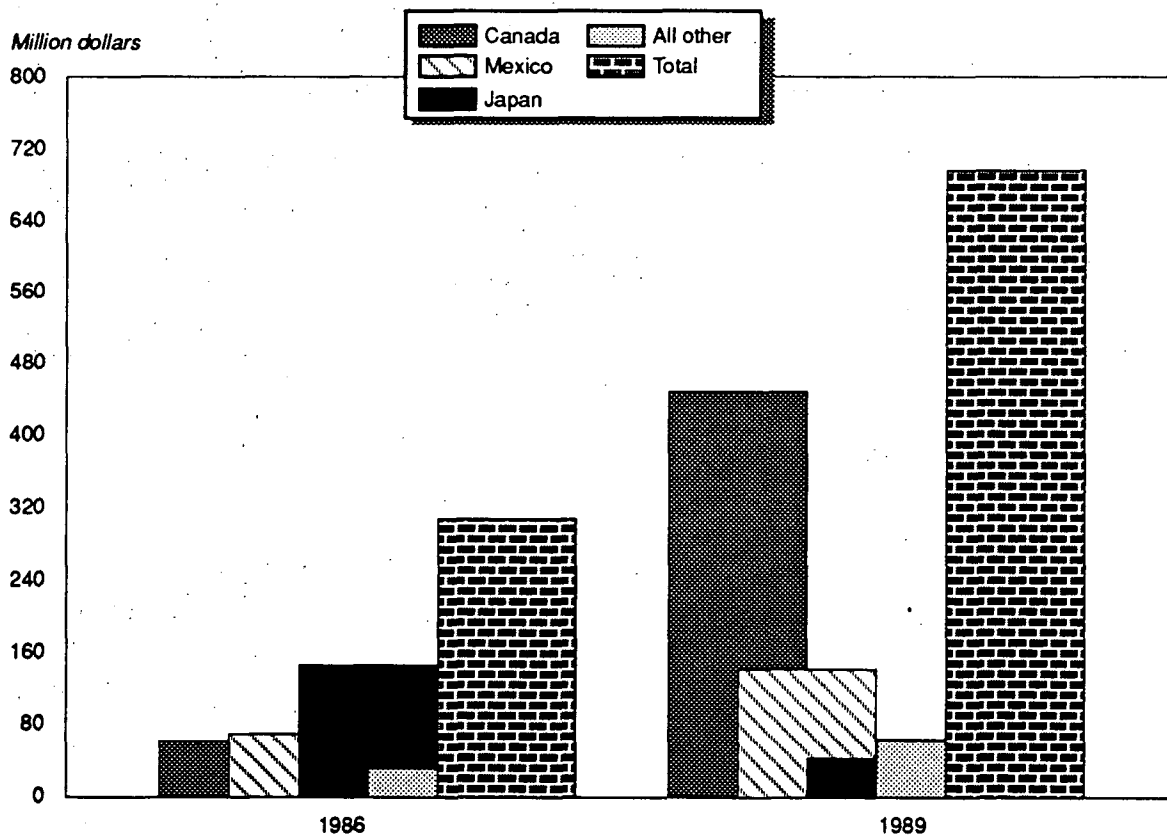
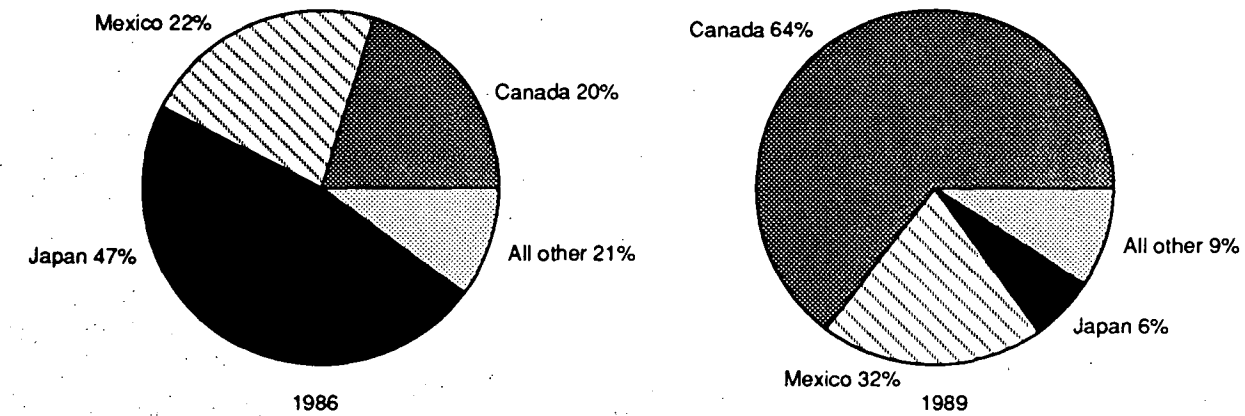
¹ Not applicable.

Notes.—Because of rounding, figures may not add to the totals shown.

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

Figure 8-2

HTS subheading 9802.00.60: Non-dutiable portion of imports from leading sources, by share of total and by value, 1986 and 1989



Source: Based on official statistics of the U.S. Department of Commerce.

Table 8-5

Aluminum: U.S. Imports for consumption, total and under HTS subheading 9802.00.60, 1986-89

Year	Total imports	9802.00.60 imports	Duty-free value of 9802.00.60 imports
	Value (million dollars)		
1986	2,710	274	181
1987	2,823	218	142
1988	3,396	226	171
1989	3,490	280	240
	Change (percent)		
1989 from 1986	29	2	33
Average annual 1989 from 1986	9	1	10

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

Table 8-6

Aluminum: Nominal and effective rates of duty under HTS subheading 9802.00.60 and duty savings, 1986-89.

Year	9802.00.60 imports to total imports	Duty-free 9802.00.60 to total 9802.00.60 imports	Rate of duty		Total duty savings
			Nominal	Effective	
Percent					Million dollars
1986	10	66	3.3	1.1	6.0
1987	8	65	3.2	1.1	4.5
1988	7	75	3.1	0.8	5.3
1989	8	86	3.2	0.5	7.7

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

Canada and Japan were the only significant suppliers of processed aluminum imported under subheading 9802.00.60 throughout this period, with Canada accounting for 80 percent of the duty-free value of these imports in 1989 and Japan accounting for 14 percent (table 8-7). Aluminum plate, sheet, and strip are the major products traded under subheading 9802.00.60. Typically, Japanese companies purchase secondary ingot or scrap aluminum cans from metal brokers in the United States. The cans are recycled into aluminum ingots in Japan, and the ingots are rolled into canning sheet, some of which is exported to U.S. canmakers or breweries. In contrast to imports from Japan, the leading source of imports from Canada is related to its U.S. supplier of hot-rolled aluminum sheet and to its U.S. customer of can sheet. The U.S. company ships rolled sheet to its sister subsidiary (both are subsidiaries of

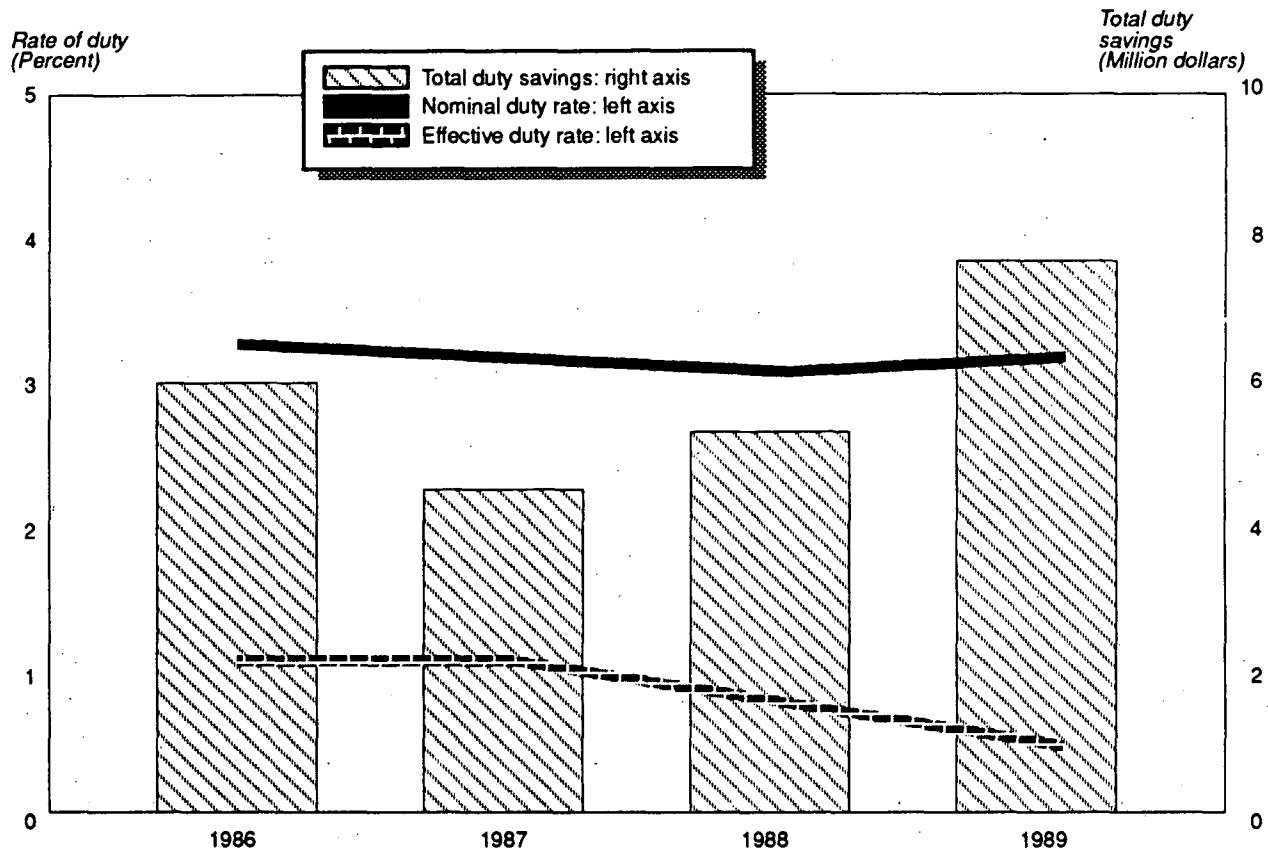
the same multinational corporation) in Canada, where it is rolled into thinner can sheet before being shipped back to the parent company's distribution centers in the United States for final processing by canmakers. The U.S. subsidiary is currently undergoing modernization and expansion of its rolling mill, which will be one of the recipients of secondary ingot from the Canadian firm's new used-beverage-can recycling facility in the United States.

In terms of duty-free content, much of the responsibility for the 77-percent reduction in the value of imports under subheading 9802.00.60 from Japan during 1986-89 can be attributed to the appreciation of the yen and the increasing self-sufficiency and diversification of Japanese scrap supplies.

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Figure 8-3

Aluminum: U.S. rate of duty and total duty savings under HTS subheading 9802.00.60, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

Table 8-7

Aluminum: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.60, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty-free content, 1989 from 1986	Share of total duty-free value	
	Million dollars				Percent	1986	1989
Canada	34	35	92	192	458	19	80
Japan	145	105	58	34	-77	80	14
Mexico	(¹)	2	4	10	42,109	(²)	4
France	(¹)	(¹)	16	4	59,129	(²)	2
All others	1	(¹)	1	(¹)	-82	1	(²)
Total	181	142	171	240	33	100	100

¹ Less than \$500,000.² Less than 0.5 percent.

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

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

Parts of Aircraft and Spacecraft

The articles covered here include certain parts for civil airplanes and helicopters, as well as parts for military aircraft and spacecraft. U.S. imports of these articles increased by 27 percent during 1986-89, from \$2.3 billion to \$2.9 billion (table 8-8). Imports under HTS subheading 9802.00.60 were insignificant in 1986. However, in 1987, such imports climbed to \$489 million before declining to \$354 million in 1989. Furthermore, the share of total imports accounted for by imports under subheading 9802.00.60 jumped from less than 1 percent in 1986 to 12 percent in 1989 (table 8-9). Since the MFN rate of duty on these articles was reduced to "free" on January 1, 1987, the steep increase in the use of subheading 9802.00.60 reflects attempts to avoid the Customs user fee rather than efforts to reduce duty obligations.

The value of the U.S.-origin metal content of imports of parts of aircraft and spacecraft under subheading 9802.00.60 increased from less than \$500,000 in 1986 to \$100 million in 1989. However, the ratio of

nondutiable content to the total value of imports under subheading 9802.00.60 decreased during the period, falling from 73 percent in 1986 to 28 percent in 1989 (table 8-9). Because the nominal rate of duty on imports of certain parts of aircraft and spacecraft is free, the effective rate is also free and there are no duty savings on imports of these articles.

Canada was the dominant supplier of parts of aircraft and spacecraft under subheading 9802.00.60 during the period, accounting for 99 percent (\$99 million) of the nondutiable content of these imports in 1989 (table 8-10). U.S. aircraft and spacecraft producers use firms in Canada for forging and other machining and sheet metal operations. Some contracts for the sale of U.S.-made aircraft to foreign buyers require that a certain portion of the parts or labor be made, processed, or performed in the country of the foreign buyer. Such operations in Canada frequently use U.S.-origin metal.

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Table 8-8
Parts of aircraft and spacecraft: U.S. imports for consumption, total and under HTS subheading 9802.00.60, 1986-89

Year	Total imports	9802.00.60 imports	Duty-free value of 9802.00.60 imports
Value (million dollars)			
1986	2,253	(¹)	(¹)
1987	2,364	489	121
1988	2,743	400	110
1989	2,868	354	100
Change (percent)			
1989 from 1986	27	126,243	48,882
Average annual 1989 from 1986	8	981	688

¹ Less than \$500,000.

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

Table 8-9
Parts of aircraft and spacecraft: Nominal and effective rates of duty under HTS subheading 9802.00.60 and duty savings, 1986-89

Year	9802.00.60 imports to total imports	Duty-free 9802.00.60 to total 9802.00.60 imports	Rate of duty		Total duty savings
			Nominal	Effective	
Percent					Million dollars
1986	(¹)	73	0	0	0
1987	21	25	0	0	0
1988	15	27	0	0	0
1989	12	28	0	0	0

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

Table 8-10

Parts of aircraft and spacecraft: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.60, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty- free content, 1989 from 1986	Share of total duty-free value	
						1986	1989
	Million dollars				Percent	Percent	
Canada	(¹)	116	107	99	76,671	63	99
Mexico	(¹)	(¹)	(¹)	1	(²)	(²)	1
All others	(¹)	5	2	(¹)	304	37	(³)
Total	(¹)	121	110	100	48,882	100	100

¹ Less than \$500,000.

² Not applicable.

³ Less than 0.5 percent.

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

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

Articles for Making and Breaking Electrical Circuits

U.S. imports of articles for making and breaking electrical circuits rose by 89 percent during 1986-89, increasing from \$2.3 billion to \$4.4 billion (table 8-11). U.S. imports of these articles entered under HTS subheading 9802.00.60 were insignificant until 1989 when they jumped to \$137 million from \$6 million in 1988. Nearly all of the increase in 1989 can be attributed to imports from Canada.

In 1989, the trade-weighted nominal rate of duty for U.S. imports entered under HTS subheading 9802.00.60 was 5.2 percent ad valorem (table 8-12, fig. 8-4). However, the effective rate of duty applicable to 9802.00.60 imports was significantly lower (1.5 percent) because (1) the duty-free value of these imports accounted for 71 percent of the total value, (2) duties

were reduced on products entering from Canada under United States-Canada Free-Trade Agreement Implementation Act of 1988, and (3) imports entered duty free from Mexico under the Generalized System of Preferences.

The articles covered here include principally articles of metal used in the construction of circuit breakers, electrical switches, connectors, printed circuit boards, industrial controls, and enclosures and parts for these devices. Unfinished metal parts of these articles are exported for processing and returned to the United States for further processing.

In 1989, Japan, Mexico, and Canada were the major foreign suppliers of total U.S. imports of articles for making and breaking electrical circuits. Japan supplied 25 percent of total imports, Mexico 18 percent, and Canada 14 percent.

Table 8-11

Articles for making and breaking electrical circuits: U.S. imports for consumption, total and under HTS subheading 9802.00.60, 1986-89

Year	Total imports	9802.00.60 imports	Duty-free value of 9802.00.60 imports
	Value (million dollars)		
1986	2,334	2	1
1987	2,992	4	3
1988	3,814	6	5
1989	4,409	137	98
	Change (percent)		
1989 from 1986	89	5,403	6,523
Average annual 1989 from 1986	24	280	305

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

Table 8-12

Articles for making and breaking electrical circuits: Nominal and effective rates of duty under HTS subheading 9802.00.60 and duty savings, 1986-89

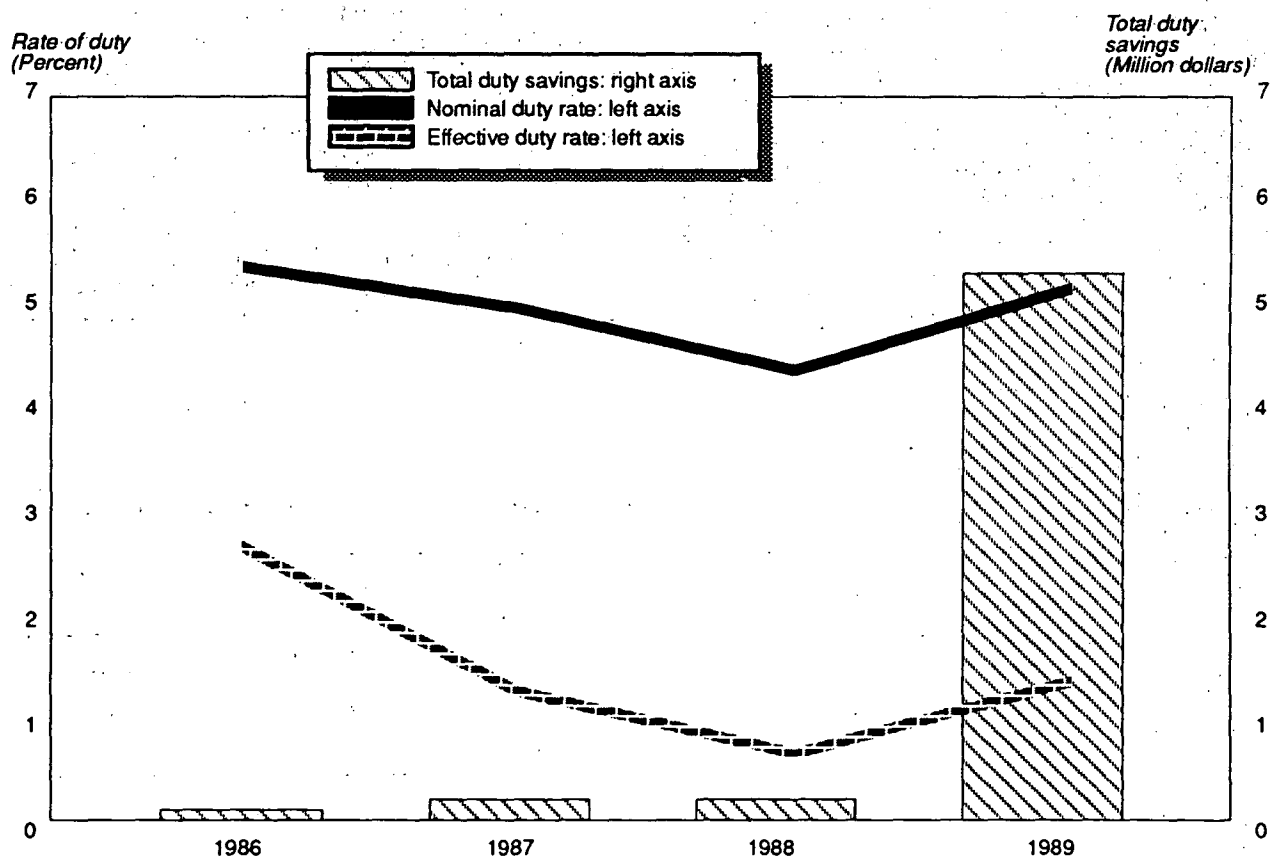
Year	9802.00.60 imports to total imports	Duty-free 9802.00.60 to total 9802.00.60 imports	Rate of duty		Total duty savings
			Nominal	Effective	
			Percent		Million dollars
1986	(1)	59	5.4	2.2	0.1
1987	(1)	69	5.0	1.5	0.2
1988	(1)	85	4.4	0.7	0.2
1989	3	71	5.2	1.5	5.1

¹ Less than 0.5 percent.

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

Figure 8-4

Articles for making and breaking electrical circuits: U.S. rate of duty and total duty savings under HTS subheading 9802.00.60, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

Canada accounted for 97 percent of the nondutiable value of imports of articles for making or breaking electrical circuits under subheading 9802.00.60 in 1989 (table 8-13). The duty-free value of imports from Canada rose from \$1 million in 1988 to \$94 million in 1989.

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Iron and Steel Products

Iron and steel products imported under HTS subheading 9802.00.60 increased their share of total imports of iron and steel products from 0.6 percent in 1986 to 1.0 percent in 1989. Imports of steel entering under subheading 9802.00.60 more than doubled to \$118 million during 1986-89, and total U.S. iron and steel imports increased 23 percent during the period, to nearly \$12 billion (table 8-14).

The duty-free content of imports entering under subheading 9802.00.60 nearly doubled during 1986-89, rising to \$76 million. The ratio of duty-free content to total value of subheading 9802.00.60 imports fluctuated slightly during 1986-89, averaging 64

percent annually (table 8-15). The nominal trade-weighted average rate of duty for this product group decreased from 8.8 percent in 1986 to 4.6 percent in 1989; the effective rate of duty applicable to 9802.00.60 imports decreased during the same period, from 2.8 percent to 1.6 percent. Total duty savings resulting from use of subheading 9802.00.60 increased slightly from \$3.4 million in 1986 to \$3.5 million in 1989 (figure 8-5), reflecting the trend of increasing imports under subheading 9802.00.60 (small in absolute terms but steep in relative terms). Mexico was the largest supplier, accounting for 60 percent of the duty-free content of these imports in 1989 (table 8-16). The products accounting for the largest shares of subheading 9802.00.60 trade in 1989 were galvanized sheet (principally for construction purposes) from Mexico and cold rolled stainless sheet and stainless steel billets from Canada.

U.S. imports of iron and steel products under the GSP and CBERA programs were insignificant throughout 1986-89, accounting for less than 1 percent of total import value in 1989.

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Table 8-13

Articles for making and breaking electrical circuits: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.60, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty- free content, 1989 from 1986	Share of total duty-free value	
	Million dollars				Percent	1986	1989
Canada	1	1	1	94	9,971	64	97
Mexico	1	1	4	3	420	36	3
All others	(¹)	(¹)	(¹)	(¹)	11,150	(¹)	(¹)
Total	1	3	5	98	6,523	100	100

¹ Less than \$500,000.

² Less than 0.5 percent.

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

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

Table 8-14

Iron and steel products: U.S. imports for consumption, total and under HTS subheading 9802.00.60, 1986-89

Year	Total imports	9802.00.60 imports	Duty-free value of 9802.00.60 imports
	Value (million dollars)		
1986	9,367	57	39
1987	9,776	62	39
1988	12,312	98	61
1989	11,558	118	76
	Change (percent)		
	1989 from 1986	1989 from 1986	1989 from 1986
1989 from 1986	23	107	94
Average annual 1989 from 1986	7	27	25

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

Table 8-15

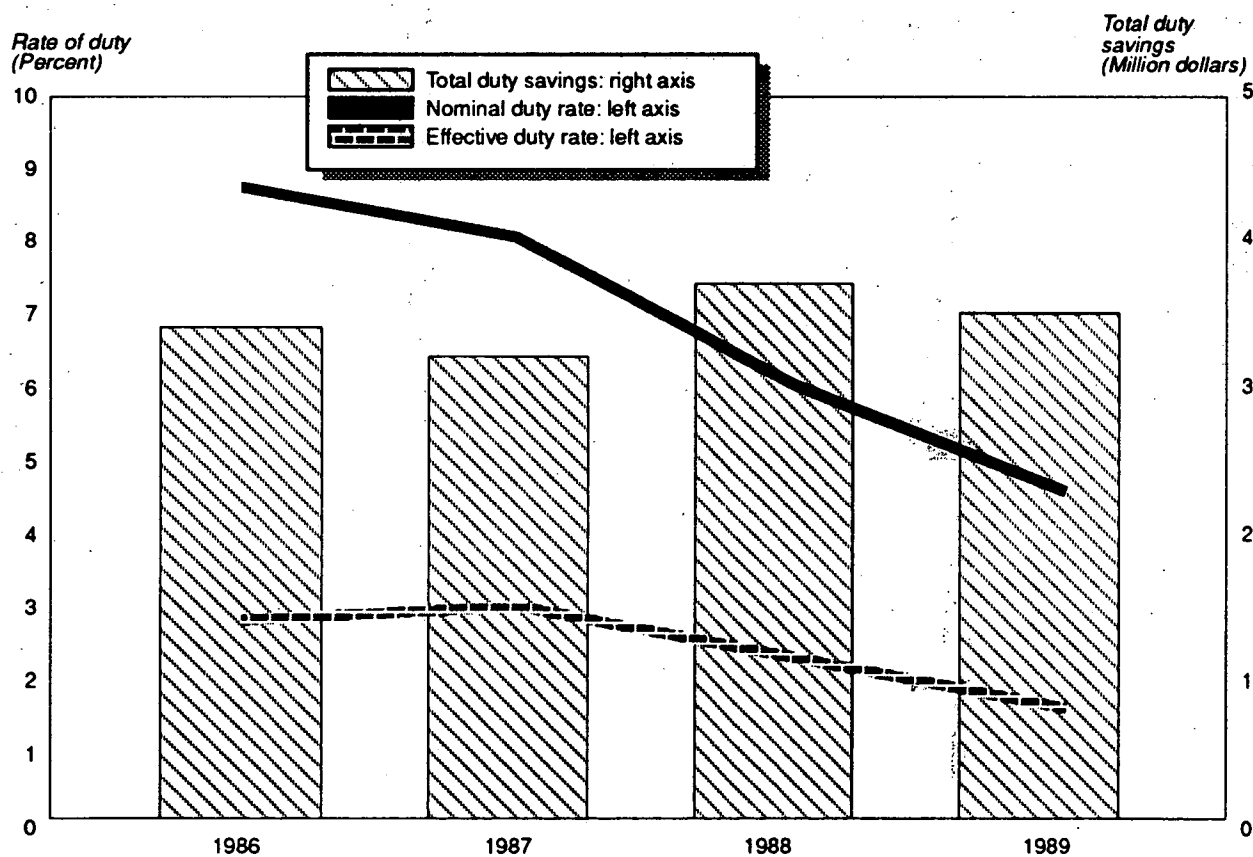
Iron and steel products: Nominal and effective rates of duty under HTS subheading 9802.00.60 and duty savings, 1986-89

Year	9802.00.60 imports to total imports	Duty-free 9802.00.60 to total 9802.00.60 imports	Rate of duty		Total duty savings
			Nominal	Effective	
			Percent		Million dollars
1986	1	69	8.8	2.8	3.4
1987	1	62	8.1	3.0	3.2
1988	1	62	6.1	2.3	3.7
1989	1	65	4.6	1.6	3.5

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

Figure 8-5

Iron and steel products: U.S. rate of duty and total duty savings under HTS subheading 9802.00.60, 1986-89



Source: Based on official statistics of the U.S. Department of Commerce.

Table 8-16

Iron and steel products: Duty-free value of U.S. imports for consumption under HTS subheading 9802.00.60, by principal sources, 1986-89

Source	1986	1987	1988	1989	Change in value of duty- free content, 1989 from 1986	Share of total duty-free value	
	Million dollars				Percent	1986	1989
						Percent	
Mexico	25	25	47	46	82	64	60
Canada	5	8	12	21	338	12	27
Argentina	0	0	0	7	(¹)	0	10
Korea	0	0	0	2	(¹)	0	3
All others	9	6	2	(¹)	-90	24	1
Total	39	39	61	76	94	100	100

¹ Not applicable.

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

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

Chapter 9

Production Sharing In The European Community

European Community (EC) customs law contains production sharing provisions similar to those provided in HTS subheading 9802.00.80.¹ These provisions, known as "outward processing relief arrangements," allow EC goods to be temporarily exported from the customs territory of the EC for the purpose of further processing or assembly. Compensating products² resulting from such production sharing activities may be granted total or partial relief from duties upon release for free circulation in the EC.³ The types of activities that may benefit from the EC production sharing provisions include the working (including fitting or assembling), processing, and repairing of goods.

The EC's production sharing provisions apply not only to goods exported by one EC country and returned to that same country after processing abroad, but also to triangular trade in which goods are exported from one EC country and returned to another EC country after foreign processing. Authorization to engage in outward processing is allowed on either a special or general basis and is allowed only when customs officials can identify through supporting documentation that the exported goods have been incorporated in the compensating products. The EC may deny an application to engage in outward processing if there is evidence that such activity could result in serious damage to the essential interests of EC processors.⁴

Despite general similarities, some differences in the production sharing provisions of EC and U.S. customs law are important. The most important one is the method used for calculating the tariff on goods returned after having been processed or assembled abroad.⁵ Under the U.S. provisions, the applicable duty rate is applied to the full value of the imported article in its condition and tariff classification as imported, less the value of the U.S. components. Computing duties under

this method is favorable to the importer because foreign assembly or processing usually results in changing the tariff classification of the exported goods or components to a category subject to higher duty rates.⁶ However, the method used by the EC is a "differential taxation" method that takes into account not only value added outside the EC but also changes in applicable rates of duty due to foreign processing and assembly.⁷ Tariff specialists state that the EC method offers more protection to its domestic producers than the U.S. tariff's "value added" method affords to U.S. producers.⁸

The EC production sharing provisions also differ from the U.S. provisions in that all transactions must have the prior approval of the EC member country into which the goods will be reimported.⁹ U.S. law has no such restrictions. Industry officials familiar with both U.S. and EC production sharing provisions claim that the EC provisions are administratively more complex and cumbersome to comply with than the U.S. provisions.¹⁰ Moreover, these officials contend that the customs administration of outward processing regulations is not consistent among EC countries, despite the EC Commission's efforts at standardizing the provisions. They note, for instance, that the West German government has been much more liberal than the United Kingdom or Italian authorities in interpreting and adminis-

⁶ Kelley, *EEC Customs Law* pp. T-200 and T-201.

⁷ Article 13 of Council regulation (EEC) No. 2473/86 on outward processing (See USITC, *Production Sharing*, app. D.) states: "The total or partial relief from import duties provided for in Article 1 (2) shall be effected by deducting from the amount of import duties applicable to the compensating products released for free circulation [for consumption] the amount of import duties that would be applicable to the temporarily exported goods if they were imported into the customs territory of the community from the country in which they underwent the processing operation or last such operation." Preferential tariff programs, drawback payments, and other duty remissions on the temporarily exported goods are also taken into account.

⁸ Differences in the U.S. and EC methods for calculating duties on goods returned after having been processed in a foreign country can be seen in the following examples:

U.S. system: Product A, valued at \$1,000, and subject to a customs duty of 5 percent, is exported from the United States to be processed or assembled into product B. The reimported product is valued at \$2,000 and is subject to a duty of 10 percent. On reimportation, product B will be assessed duties on the difference between the values of product B and product A, or on \$1,000. Thus the amount of duties collected will be \$100 (\$1,000 x 0.10).

EC system: Product A, valued at \$1,000, and subject to a customs duty of 5 percent, is exported from the EC to be processed or assembled into product B. The reimported product is valued at \$2,000 and is subject to a duty of 10 percent. On reimportation, product B will be assessed duties as follows:

- duties applicable to reimported compensating product (product B) = $\$2,000 \times 0.10 = \200
- amount of duties applicable to goods originally exported (product A) = $\$1,000 \times 0.05 = \50
- amount of duties to be collected = $\$200 - \$50 = \$150$.

⁹ Kelley, *EEC Customs Law*, p. T-199.

¹⁰ Telephone interviews by USITC staff with various U.S. and EC industry officials in July and August 1989. Also see Grunwald, *The Global Factory*, p. 25.

¹ There is no specific provision in the EC arrangements precisely equivalent to the HTS subheading 9802.00.60 (formerly TSUS item 806.30) regarding the foreign processing of U.S. articles of metal returned to the United States for further processing.

² "Compensating products" refers to all products resulting from outward processing operations.

³ For more detailed information on the EC regulation regarding outward processing relief arrangements, see *Production Sharing, U.S. Imports Under Harmonized Tariff Schedule Subheadings 9802.00.60 and 9802.00.80, 1985-1988*, USITC Publication 2243, Dec. 1989.

⁴ Patrick L. Kelley and Ivo Unkelinx, *EEC Customs Law: Legislation, Case Law and Explanatory Text on the Customs Systems of the European Community* (Oxford, England: ECC Publishing Ltd., 1986), pp. T-199 and T-200. The definition of "serious damage" is left to the interpretation of national customs authorities of the 12 EC members.

⁵ Joseph Grunwald and Kenneth Flamm, *The Global Factory: Foreign Assembly in International Trade* (Washington, DC: The Brookings Institution, 1985).

tering the regulations. Italy, for example, has restrictions that limit a company's production sharing activities to only 5 percent of the firm's total production for the purpose of maintaining domestic employment levels.¹¹

Trends in Imports

With the exception of the textiles and apparel sector, EC firms have not engaged in production sharing activities nearly as much as have U.S. firms. Furthermore, a larger proportion of EC goods sent abroad for further processing and assembly has been destined for either final consumption in markets abroad or for reexport to third-country markets, rather than for return to the EC market.¹² Finally, a significant amount of EC production sharing trade is conducted with countries that have preferential or free trade agreements with the EC, and this trade is not fully reflected in the official EC outward processing statistics since it is not subject to customs administration.¹³ Consequently, in 1988, the ratio of the value of outward processed EC imports to total EC imports for consumption was only 1 percent, whereas U.S. imports under HTS subheading

9802.00.80 accounted for 17 percent of total U.S. imports for consumption (table 9-1).¹⁴

Total EC imports after outward processing grew by 24 percent, from \$4.3 billion in 1985 to \$5.3 billion in 1988,¹⁵ representing an average annual increase of 7 percent.¹⁶ During the same period, total EC imports for consumption grew by almost 50 percent, to \$406 billion in 1988, or by an average annual rate of 14 percent. However, a large portion of EC growth in production sharing trade is hidden in the EC external trade data as a result of the accession of Spain and Portugal to the EC in 1986. Thus, in 1985, the EC data include the outward processing trade of the then ten EC member countries with Spain and Portugal, whereas the 1988 data exclude such trade. The following tabulation shows total imports after outward processing from Spain and Portugal by other EC member countries in 1985 and 1988 (in million dollars):

¹⁴ As of September 1990, full year 1989 data from the EC (Eurostat data) was not available for all member countries. Consequently, 1985-88 is the period of analysis for this chapter rather than 1986-89, which is the period of analysis for other chapters in this report.

¹⁵ Unless otherwise indicated, in this report EC trade will reflect EC trade with the rest of the world and will not include trade among the EC member countries themselves.

¹⁶ Growth in such trade was even slower when expressed in terms of European Currency Units (ECU) which more accurately reflect relative EC currency values during the period. The reason is that the U.S. dollar value of such trade includes the substantial currency rate depreciation of the U.S. dollar against the currencies of major EC countries during 1985-88.

Table 9-1
EC and U.S. imports for consumption, total and under production sharing provisions, 1985 and 1988

Year	EC ¹			U.S.		
	Total imports	Outward processed imports	Ratio of outward processed imports to total imports	Total imports	9802.00.80 imports	Ratio of 9802.00.80 imports to total imports
	Million dollars ²	Million dollars	Percent	Million dollars	Million dollars	Percent
1985	273,249	4,300	2	343,553	30,115	9
1988	405,844	5,338	1	437,140	72,803	17
Change (percent)						
1988 from 1985	49	24	-16	27	142	89
Average annual, 1988 from, 1985	14	7	-6	8	34	24

¹ External EC trade, does not include intra-EC trade.

² Converted from European Currency Units (ECUs) to U.S. dollars based on IMF annual average exchange values for 1985 and 1988.

Source: Compiled by the U.S. International Trade Commission from official statistics of the European Community and the U.S. Department of Commerce.

	1985	1988
Spain	1,742	2,506
Portugal	56	72

The 1985 EC external trade data, excluding those for Spain and Portugal, would show that EC outward processing trade more than doubled with all other trading partners during the 1985-88 period. Nevertheless, total EC imports under outward processing arrangements still represented only 7 percent of the level of corresponding U.S. imports under HTS subheading 9802.00.80 in 1988.

International trade analysts and industry officials cite a number of reasons for the less extensive use of production sharing activities by EC firms. They point out that the "differential method" for calculating duties on outward processed goods returned to the EC is usually less favorable in reducing duties on returned goods than are the corresponding U.S. provisions.¹⁷ In addition, EC production sharing rules are more complicated and more difficult to comply with than the corresponding U.S. 9802.00.80 provision. Documents must accompany outward processed goods that trace shipment of the components (or cut fabric) from the point of EC production to the location of assembly, and then to the point of import entry to qualify for preferential customs treatment under EC production sharing regulations.¹⁸ Therefore, EC producers are less likely to utilize production sharing provisions than are U.S. producers.

Also, according to German business officials, EC markets have in general been more protected than the U.S. market, and there has been more of a tendency in EC countries to import "cheap labor" to reduce production costs than to export components for assembly in "low wage" countries. Imports of those goods primarily involved in production sharing, apparel and electronics, have been subject to higher tariff rates in the EC than in the United States and have also been subject in the past to quotas and voluntary restraint agreements in a number of EC countries.¹⁹ Finally, duty-free trade among EC countries in electronic products has been restricted in many cases to products containing less than 3 percent imported semiconductor components.²⁰

Unlike the United States, the European Community does not maintain statistics on the duty-free, or EC-

¹⁷ Grunwald, *The Global Factory*, p. 25, and telephone conversations by USITC staff with U.S. and EC industry officials in July and August 1989.

¹⁸ Interviews by USITC staff with West German industry and trade association officials in Stuttgart, West Germany, on July 13, 1990.

¹⁹ *Ibid.*, pp. 29 and 30, and Vincent Cable and Jeremy Clark, *British Electronics and Competition with Newly Industrializing Countries* (London: Overseas Development Institute, 1981), pp. 83-85, and 96.

²⁰ United Nations, *Transnational Corporations in the International Semiconductor Industry*, New York, 1986, and Grunwald, *The Global Factory*, p. 30.

manufactured portion, of its production sharing imports.²¹ However, the following tabulation, showing the ratio of exports of goods sent out for outward processing to imports into the EC under outward processing arrangements, suggests that the 1988 duty-free component of all such imports may amount to about 50 percent:

	Exports for outward processing	Imports after outward processing	Ratio of exports to imports
	In millions of dollars		Percent
1985	3,058	4,300	71
1988	2,615	5,338	49

This compares to only a 22-percent duty-free share of total U.S. imports under HTS subheading 9802.00.80 in 1988 (figure 9-1).²²

The higher EC duty-free share partially reflects the fact that a large portion of EC production sharing trade is accounted for by the textile and apparel sector, in which fairly high-value fabrics manufactured and cut in relatively capital-intensive EC manufacturing establishments are sent abroad for processing and assembly in low-wage-rate developing countries. Exports for outward processing also include the value of goods that did not return to the EC after processing or assembly abroad. Lastly, because procedures for using EC production sharing relief arrangements are more complicated than those for use of the corresponding U.S. provisions, EC firms are less likely than U.S. firms to use such provisions for incidental reasons, such as for duty savings on articles containing only a negligible portion of EC value added.

Principal products

Textiles, apparel, and footwear accounted for over 45 percent of EC imports after outward processing in 1988 (table 9-2, fig. 9-2). In contrast, such products represented only 3 percent of total U.S. imports under HTS subheading 9802.00.80 in that year. Imports of textiles and apparel under the EC production sharing provision (\$2.4 billion), in fact, slightly exceeded imports under corresponding U.S. tariff provisions in 1988.²³

Semiconductors, office machines and parts, and other machinery and equipment were the next most important individual categories of products imported under EC production sharing provisions in 1988. Together, such imports amounted to almost \$1.5 billion, or more than one-quarter of total EC imports after outward processing. Nevertheless, such imports by EC countries represented less than 14 percent of corresponding U.S. imports under HTS subheading 9802.00.80 in 1988.²⁴

²¹ Letter dated July 26, 1989, from officials of the Statistical Office of the European Communities, Luxembourg.

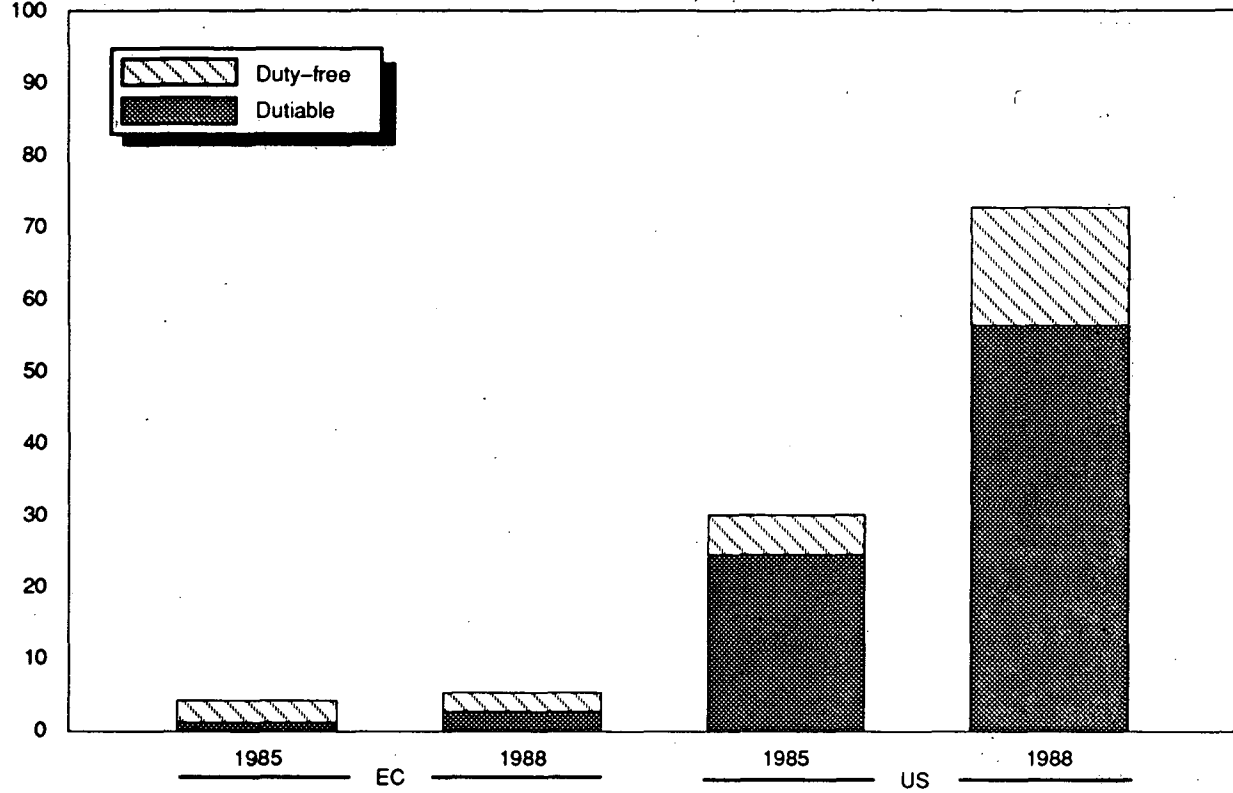
²² USITC, *Production Sharing*, table 1-1, pp. 1-4 and 1-5.

²³ *Ibid.*, p. 4-1.

²⁴ *Ibid.*, table 1-1, pp. 1-4 and 1-5.

Figure 9-1
EC and U.S. Imports for consumption, under production sharing provisions, 1985 and 1988

*Billions of
dollars*



Source: Based on official statistics of the European Community and the U.S. Department of Commerce.

Table 9-2
EC Imports after outward processing, by industry groups, 1985 and 1988

Industry group	1985	Share of total, 1985	1988	Share of total, 1988	Change, 1988 from 1985 ¹	Average annual change, 1988 from 1985
	Million dollars	Million Percent	dollars		Percent	
Agricultural and forest products	33	1	59	1	76	21
Shirts and blouses	151	4	298	6	97	25
Trousers, slacks, and shorts	158	4	286	5	82	22
Body-supporting garments	25	1	57	1	124	31
Footwear	178	4	274	5	54	15
Other textiles and apparel	684	16	1,512	28	121	30
Chemicals, coal, petroleum, natural gas, and related products	104	2	122	2	17	5
Minerals and metals	45	1	75	1	65	18
Internal combustion engines and parts	135	3	300	6	122	30
Office machines and parts	221	5	480	9	117	29
Motors, generators, transformers, and related equipment	36	1	40	1	11	4
Television apparatus and parts, other than cameras and picture tubes	15	(¹)	2	(¹)	-89	-52
Radio and telephone equipment and parts	44	1	59	1	32	10
Tape recorders, record players and related equipment	8	(¹)	(²)	(¹)	-95	-62
Semiconductors	244	6	474	9	94	25
Other electrical articles	61	1	94	2	53	15
Motor vehicles, including automobile trucks and truck tractors, motor buses, passenger automobiles	1,774	41	167	3	-91	-54
Motor-vehicle parts, industrial vehicles, nonself-propelled vehicles, motorcycles, rail locomotives, and rolling stock	17	(¹)	51	1	196	44
Other machinery and equipment	180	4	495	9	175	40
Scientific instruments and apparatus	17	(¹)	130	2	674	98
Furniture, mattresses, and pillows	44	1	159	3	259	53
Other miscellaneous manufactures	122	3	202	4	65	18
Total	4,300	100	5,338	100	24	7

¹ Less than 0.5 percent.

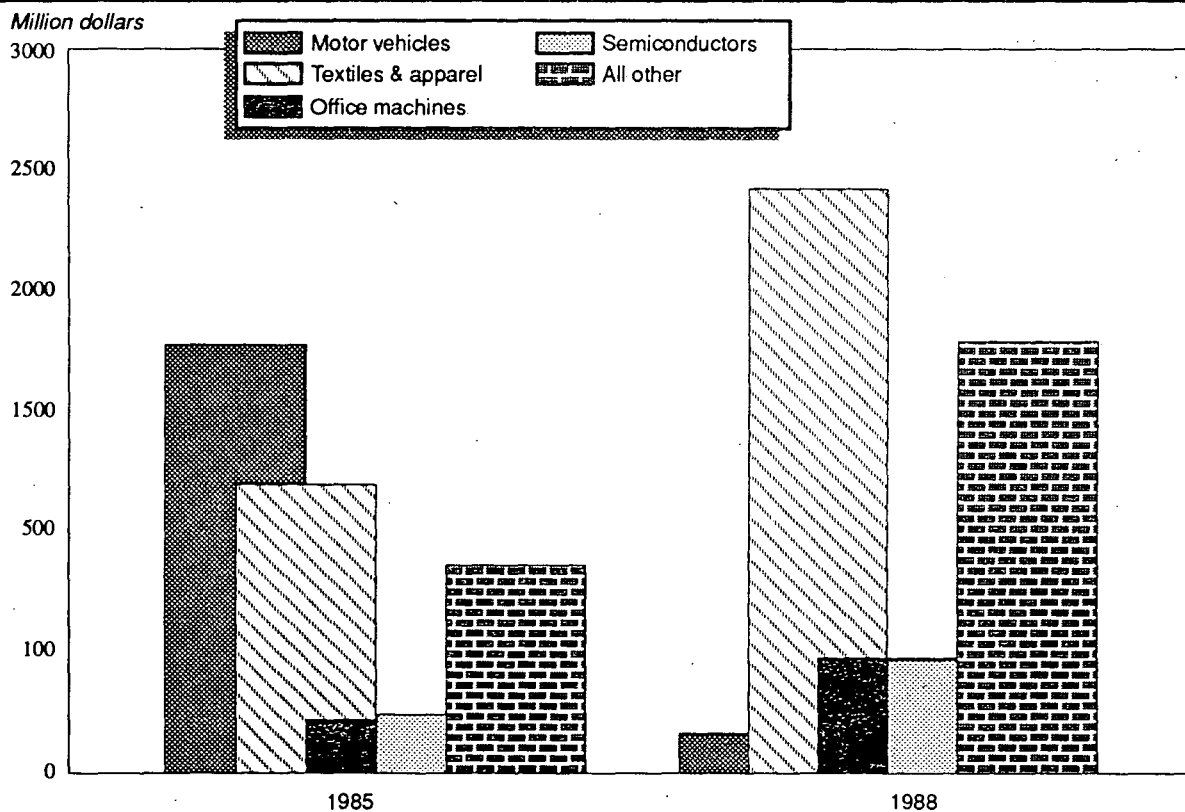
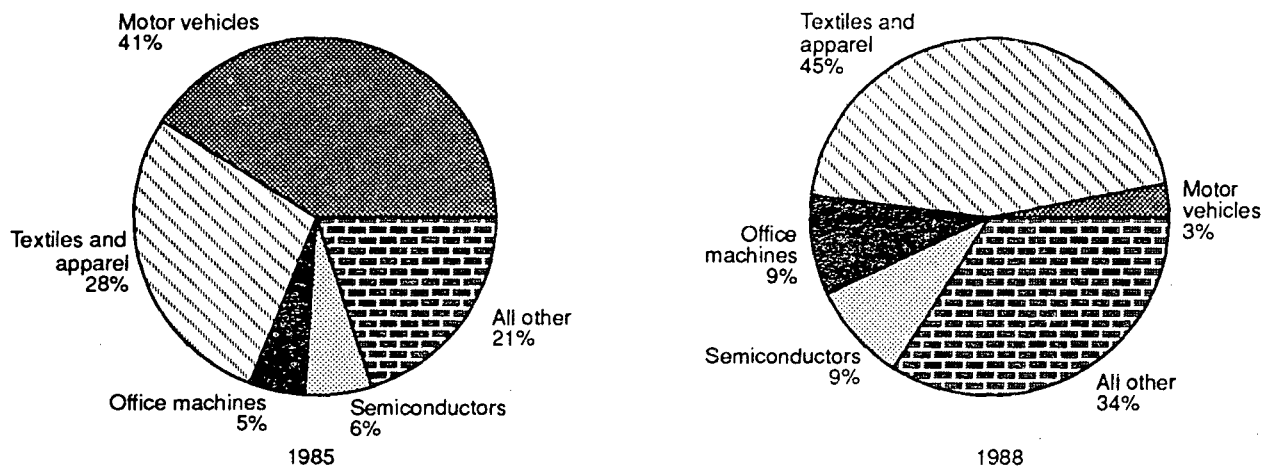
² Less than \$500,000.

Note.—Because of rounding, columns may not add to the totals shown.

Source: Compiled by the U.S. International Trade Commission from official statistics of the European Community.

Figure 9-2

EC imports after outward processing, by selected industries, by share of total and by value, 1985 and 1988



Source: Based on official statistics of the European Community.

Internal combustion engines was the only other major product sector accounting for at least 5 percent of EC imports of outward processed goods in 1988. The total value of such imports in that year amounted to \$300 million, or 6 percent of total imports under the EC production sharing provisions.

Motor vehicles, including trucks, truck tractors, buses, and passenger automobiles, which represented the largest single category of goods²⁵ imported by U.S. firms under HTS subheading 9802.00.80 (61 percent) in 1988, accounted for only \$167 million, or 3 percent of total EC imports after outward processing in that year. However, in 1985, before Spain and Portugal acceded to EC membership, imports of motor vehicles under EC outward processing provisions amounted to \$1.8 billion, or 41 percent of total EC imports under such provisions. The bulk of such imports were from Spain (table 9-3). Because Spain and Portugal became members of the EC in 1986, trade between these and other EC member countries is not included in the external trade statistics of the EC after that year, even though it is still relatively substantial (table 9-4).

Principal EC importers

West Germany was the principal user of outward processing relief arrangements in 1988, accounting for nearly half of EC imports under such provisions (table 9-5, fig. 9-3). France and the Netherlands were also significant users of production sharing activities. However, other EC countries were involved in such arrangements only marginally.

West Germany.—West Germany accounted for \$2.6 billion, or 49 percent, of total imports under EC outward processing arrangements in 1988. Two-thirds of West Germany's imports under these provisions consisted of apparel and other textile products (tables 9-6 and 9-7). Semiconductors, office machines and parts, and other electrical articles together accounted for \$382 million, or about 15 percent of West German imports under such provisions in 1988. Imports of furniture more than tripled, to \$151 million in 1988. West German industry and government officials have been more supportive of production sharing efforts by their firms than officials of any other EC country. A shortage of blue-collar workers in West Germany in the 1970s was an important factor in fostering a liberal government attitude about the use of outward processing by German firms.²⁶ As a result, hundreds of West German firms are involved to some extent in production sharing in foreign countries.²⁷

²⁵ Ibid.

²⁶ Interview by USITC staff with German industry officials in Munich, West Germany, on July 16, 1990.

²⁷ Folker Frobel, Jurgen Heinrichs, and Otto Kreye, *The New International Division of Labour: Structural Unemployment in Industrialized Countries and Industrialization in Developing Countries*, (Stamberg, Federal Republic of Germany: Max Plank Institute, 1980), Trans. by Pete Burgess (Cambridge University Press, 1980).

France.—France was the second leading market for outward processed goods in the EC in 1988, accounting for \$952 million, or 18 percent of total imports under the EC production sharing provisions. Apparel and other textile articles were the major products imported by France under these provisions, representing almost \$300 million, or 31 percent of such imports (table 9-8). A large portion of the remaining products imported by France under production sharing provisions was represented by "other" machinery and equipment (10 percent); motor vehicles and parts (9 percent); semiconductors (8 percent); office machines and parts (6 percent); and chemicals and related products—rubber and plastic articles—(6 percent). French imports of motor vehicles under EC production sharing provisions declined from over \$1 billion in 1985 to less than \$55 million in 1988, or by 95 percent. This drop was largely responsible for an overall decline in French production-sharing imports during the period. Almost all of the automotive trade consisted of French imports of automobiles assembled in Spain by subsidiaries of the two largest French automobile producers. Another reason for the decline is that French companies are trying to reduce the labor content of their products rather than move operations to countries with lower labor costs.²⁸ A major focus of French research and development in recent years has been to reduce the labor content in production processes in the electronic and automobile industries.²⁹ French firms, as well as firms in most other Western European countries, are reluctant to move existing production to other countries because of legal barriers to plant closings, high monetary compensation required for laid-off workers, difficulty finding suppliers of components and raw materials in new locations, and costs associated with moving production from one location to another.³⁰

Others.—The Netherlands, the third leading EC market for outward processed goods, accounted for 14 percent of total EC imports under outward processing arrangements in 1988 (table 9-5). Imports into that country more than doubled to \$743 million from 1985 to 1988. Since the Netherlands is home to one of the world's largest electronics products manufacturers, it is not surprising that semiconductors, office machines and parts, and other electrical articles are principal products imported by Dutch firms after being processed abroad in addition to textiles and apparel.

Outward processing by United Kingdom firms, on the other hand, fell by almost 50 percent to \$326 million between 1985 and 1988. EC industry officials indi-

²⁸ Interview by USITC staff with French Government officials in Paris, France, on July 11, 1990.

²⁹ Ibid.

³⁰ Interview by USITC staff with French textile industry official in Paris, France, on July 11, 1990.

Table 9-3
EC Imports after outward processing from Spain and Portugal, by leading industry groups, 1985

<i>Spain and Portugal</i>	<i>Value</i>	<i>Leading industry groups</i>				
		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>Other</i>
	<i>Million dollars</i>	<i>Percent of total for industry group</i>				
Spain	1,742	Motor vehicles (96)	Radio and telephone equipment and parts (1)	Motors, generators, transformers, and related equipment (1)	Other machinery and equipment (1)	Other (2)
Portugal	56	Other textiles and apparel (47)	Trousers (20)	Footwear (9)	Shirts and blouses (8)	Other (16)
Total	1,798					

¹ Less than 0.5 percent.

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

Source: Compiled by the U.S. International Trade Commission from official statistics of the European Community.

Table 9-4
EC Imports after outward processing from Spain and Portugal, by leading industry groups, 1988

<i>Spain and Portugal</i>	<i>Value</i>	<i>Leading industry groups</i>				
		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>Other</i>
	<i>Million dollars</i>	<i>Percent of total for industry group</i>				
Spain	2,506	Motor vehicles (94)	Internal combustion engines (1)	Other machinery and equipment (1)	Motor-vehicle parts (1)	Other (3)
Portugal	72	Other textiles and apparel (52)	Trousers (15)	Motor vehicles (12)	Shirts and blouses (10)	Other (11)
Total	2,578					

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

Source: Compiled by the U.S. International Trade Commission from official statistics of the European Community.

Table 9-5
Imports after outward processing, by individual EC markets, 1985 and 1988

Market	1985	Share of total, 1985	1988	Share of total, 1988	Change, 1988 from 1985	Average annual change, 1988 from 1985
	Million dollars	Percent	Million dollars	Percent		
West Germany	1,547	36	2,634	49	70	19
France	1,460	34	952	18	-35	-13
Netherlands	349	8	743	14	113	29
United Kingdom	632	15	326	6	-48	-20
Italy	198	5	315	6	59	17
Denmark	40	1	203	4	408	72
Belgium and Luxembourg	66	1	105	2	59	17
Spain ¹	0	(2)	46	1	(2)	(2)
Portugal ¹	0	(2)	10	(3)	(2)	(2)
Ireland	3	(3)	3	(3)	1	(3)
Greece	3	(3)	(4)	(2)	(2)	(2)
Total	4,300	100	5,338	100	24	7

¹ Spain and Portugal did not become members of the EC until 1986.

² Not applicable.

³ Less than 0.5 percent.

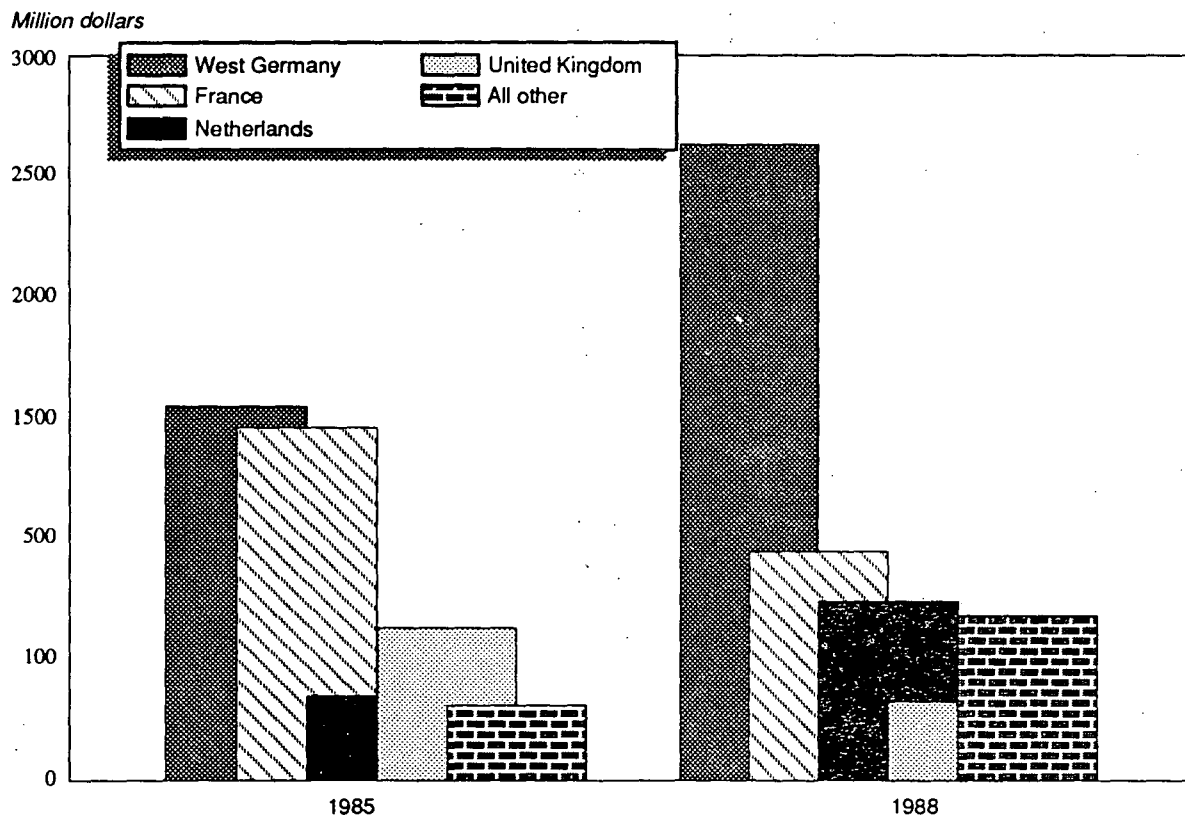
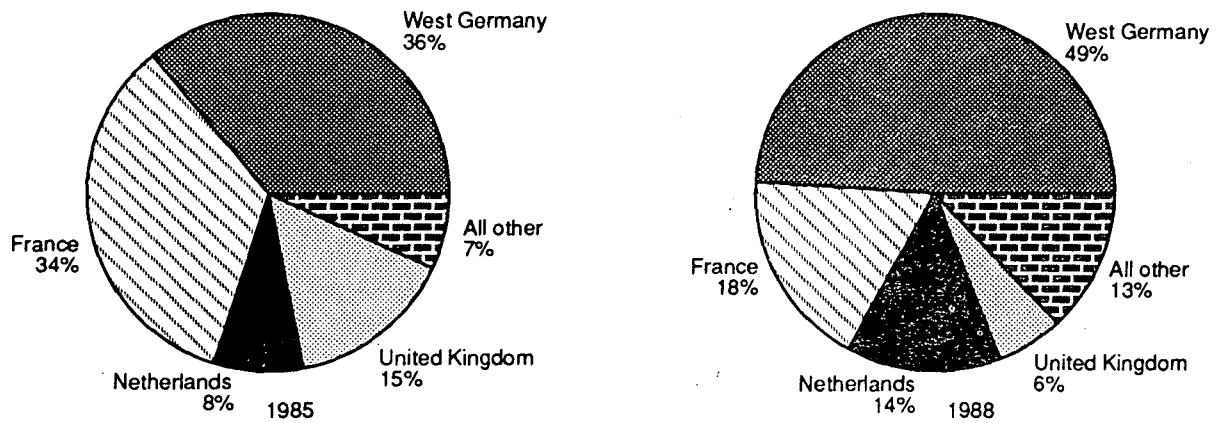
⁴ Data not available.

Note.—Because of rounding, columns may not add to the totals shown.

Source: Compiled by the U.S. International Trade Commission from official statistics of the European Community.

Figure 9-3

Imports after outward processing, by leading EC markets, by share of total and by value, 1985 and 1988



Source: Based on official statistics of the European Community.

Table 9-6
EC Imports after outward processing, by industry groups, and by leading EC markets, 1988

Industry group	Value Million dollars	Leading EC markets (percent of total for each country)				
		1	2	3	4	Other
Agricultural and forest products	59	West Germany (59)	France (15)	Netherlands (11)	United Kingdom (6)	Other (10)
Shirts and blouses	298	West Germany (83)	Netherlands (9)	France (5)	Denmark (2)	Other (1)
Trousers, slacks, and shorts	286	West Germany (64)	France (21)	Netherlands (12)	Belgium & Luxembourg (2)	Other (2)
Body-supporting garments	57	West Germany (83)	France (9)	United Kingdom (4)	Italy (3)	Other (2)
Footwear	275	West Germany (81)	France (14)	Denmark (4)	Italy (1)	Other (2)
Other textiles and apparel	1,512	West Germany (72)	France (12)	Netherlands (9)	United Kingdom (3)	Other (5)
Chemicals, coal, petroleum, natural gas, and related products	122	France (49)	United Kingdom (18)	West Germany (11)	Belgium & Luxembourg (8)	Other (14)
Minerals and metals	75	France (43)	West Germany (29)	Netherlands (18)	United Kingdom (4)	Other (7)
Internal combustion engines and parts	300	Netherlands (59)	France (14)	Italy (15)	Denmark (5)	Other (7)
Office machines and parts	480	West Germany (48)	Netherlands (22)	United Kingdom (13)	France (12)	Other (4)
Motors, generators, transformers, and related equipment	40	West Germany (54)	France (25)	Denmark (9)	Netherlands (5)	Other (7)
Television apparatus and parts, other than cameras and picture tubes	2	France (21)	Netherlands (21)	Italy (16)	Denmark (16)	Other (26)
Radio and telephone equipment and parts	59	West Germany (32)	United Kingdom (20)	France (20)	Italy (14)	Other (14)
Tape recorders, record players and related equipment	(1)	West Germany (37)	Denmark (33)	France (15)	Netherlands (10)	Other (6)
Semiconductors	475	Netherlands (35)	West Germany (24)	Italy (17)	France (17)	Other (8)
Other electrical articles	94	West Germany (44)	France (28)	United Kingdom (12)	Netherlands (10)	Other (6)
Motor vehicles, including automobile trucks and truck tractors, motor buses, passenger automobiles	167	United Kingdom (37)	France (33)	Belgium & Luxembourg (21)	West Germany (5)	Other (4)
Motor-vehicle parts, industrial vehicles, nonself-propelled vehicles, motorcycles, rail locomotives, and rolling stock	51	France (63)	West Germany (31)	Italy (3)	Denmark (1)	Other (2)

See footnotes at end of table

Table 9-6—Continued
EC Imports after outward processing, by industry groups, and by leading EC markets, 1988

Industry group	Value Million dollars	Leading EC markets (percent of total for each country)				
		1	2	3	4	Other
Other machinery and equipment	495	Italy (28)	Denmark (20)	France (19)	West Germany (16)	Other (18)
Scientific instruments and apparatus	130	West Germany (37)	France (20)	United Kingdom (14)	Italy (10)	Other (19)
Furniture, mattresses, and pillows	159	West Germany (95)	United Kingdom (4)	France (1)	Netherlands ²	Other (2)
Other miscellaneous manufactures	202	France (57)	West Germany (22)	United Kingdom (7)	Spain (7)	Other (7)
Total	5,338	West Germany (49)	France (18)	Netherlands (14)	United Kingdom (6)	Other (13)

¹ Less than \$500,000.

² Less than 0.5 percent.

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

Source: Compiled by the U.S. International Trade Commission from official statistics of the European Community.

Table 9-7
West German imports after outward processing, by industry groups, 1985 and 1988

Industry group	1985	Share of total, 1985	1988	Share of total, 1988	Change, 1988 from 1985	Average annual change, 1988 from 1985
	Million dollars	Percent	Million dollars	Percent		
Agricultural and forest products	14	1	35	1	150	36
Shirts and blouses	125	8	249	9	99	26
Trousers, slacks, and shorts	97	6	182	7	88	23
Body-supporting garments	22	1	47	2	114	29
Footwear	135	9	221	8	64	18
Other textiles and apparel	488	32	1,080	41	121	30
Chemicals, coal, petroleum, natural gas, and related products	7	(¹)	13	(¹)	86	23
Minerals and metals	7	(¹)	22	1	214	46
Internal combustion engines and parts	8	(¹)	15	1	88	23
Office machines and parts	69	4	229	9	232	49
Motors, generators, transformers, and related equipment	23	1	22	1	(4)	(1)
Television apparatus and parts, other than cameras and picture tubes	1	(¹)	(²)	(¹)	(73)	(35)
Radio and telephone equipment and parts	20	1	19	1	(5)	(2)
Tape recorders, record players, and related equipment	1	(¹)	(²)	(¹)	(87)	(49)
Semiconductors	105	7	112	4	7	2
Other electrical articles	29	2	41	2	41	12
Motor vehicles, including automobile trucks and truck tractors, motor buses, passenger automobiles	263	17	9	(¹)	(97)	(68)
Motor-vehicle parts, industrial vehicles, nonself-propelled vehicles, motorcycles, rail locomotives, and rolling stock	5	(¹)	16	1	220	47
Other machinery and equipment	32	2	78	3	144	35
Scientific instruments and apparatus	12	1	48	2	300	59
Furniture, mattresses, and pillows	40	3	151	6	278	56
Other miscellaneous manufactures	42	3	45	2	7	2
Total	1,547	100	2,634	100	70	19

¹ Less than 0.5 percent.

² Less than \$500,000.

Note.—Because of rounding, columns may not add to the totals shown.

Source: Compiled by the U.S. International Trade Commission from official statistics of the European Community.

Table 9-8
French imports after outward processing, by industry groups, 1985 and 1988

Industry group	1985	Share of total, 1985	1988	Share of total, 1988	Change, 1988 from 1985	Average annual change, 1988 from 1985
	Million dollars	Percent	Million dollars	Percent		
Agricultural and forest products	10	1	9	1	(10)	(3)
Shirts and blouses	9	1	14	1	56	16
Trousers, slacks, and shorts	31	2	59	6	90	24
Body-supporting garments	2	(¹)	5	1	150	36
Footwear	35	2	39	4	11	4
Other textiles and apparel	91	6	181	19	99	26
Chemicals, coal, petroleum, natural gas, and related products	54	4	59	6	9	3
Minerals and metals	28	2	32	3	14	5
Internal combustion engines and parts	11	1	44	5	300	59
Office machines and parts	9	1	58	6	544	86
Motors, generators, transformers, and related equipment	7	(¹)	10	1	43	13
Television apparatus and parts, other than cameras and picture tubes	(²)	(¹)	(²)	(¹)	160	38
Radio and telephone equipment and parts	4	(¹)	12	1	200	44
Tape recorders, record players, and related equipment	(²)	(¹)	(²)	(¹)	(39)	(15)
Semiconductors	42	3	78	8	86	23
Other electrical articles	17	1	27	3	59	17
Motor vehicles, including automobile trucks and truck tractors, motor buses, passenger automobiles	1,026	70	55	6	(95)	(62)
Motor-vehicle parts, industrial vehicles, nonself-propelled vehicles, motorcycles, rail locomotives, and rolling stock	6	(¹)	32	3	433	75
Other machinery and equipment	40	3	95	10	138	33
Scientific instruments and apparatus	2	(¹)	26	3	1,200	135
Furniture, mattresses, and pillows	1	(¹)	1	(¹)	(¹)	(¹)
Other miscellaneous manufactures	35	2	115	12	229	49
Total	1,460	100	952	100	(35)	(13)

¹ Less than 0.5 percent.

² Less than \$500,000.

Note.—Because of rounding, columns may not add to the totals shown.

Source: Compiled by the U.S. International Trade Commission from official statistics of the European Community.

cate that the United Kingdom has been more protectionist than the other major EC countries with respect to its textile and apparel trade. French government officials have indicated that the United Kingdom is "behind the curve on the use of production sharing because British firms have not understood the regulations for outward processing."³¹ This occurs even though the United Kingdom is home to the world's largest producer of textiles. Although that firm has many sewing operations in low labor-cost countries, these plants primarily sew apparel for local markets rather than for export back to the United Kingdom and, therefore, the firm's use of the outward processing tariff provision is minimal.³²

Though accounting for only 6 percent of the EC's 1988 total, Italian production sharing imports grew by 59 percent, to \$315 million in 1988. Italy's major imports under such arrangements included "other" machinery and equipment, semiconductors, and internal combustion engines and parts. Italy, a major footwear and apparel manufacturing country, has used outward processing arrangements minimally in the textiles and apparel sector, instead relying on relatively low-cost labor in less developed regions of the country to save on production costs. Moreover, the Italian Government has itself discouraged such arrangements by limiting production sharing to 5 percent of a firm's total production. Furthermore, to obtain an Italian Government permit to export components or cut pieces for assembly

³¹ Interview by USITC staff with French Government officials in Paris, France, on July 10, 1990.

³² Interview by USITC staff with French textile industry official in Paris, France, July 11, 1990.

or sewing under outward processing arrangements, a document signed by the local labor representative certifying that no jobs will be lost at the firm because of the outward processing activity must be submitted to the Government in Rome.³³

Imports by Denmark under EC production sharing provisions grew more than five-fold during the period to \$203 million or 4 percent of the EC total in 1988. Such imports consisted largely of motors, generators, and transformers; other machinery and equipment; and textiles and apparel from Poland and Yugoslavia.

The remaining six EC countries together accounted for only \$164 million, or 3 percent, of total imports under EC production sharing provisions in 1988. However, imports by firms in Belgium and Luxembourg under outward processing arrangements increased by 59 percent to \$105 million in 1988. Spain, Portugal, Ireland, and Greece together accounted for slightly more than 1 percent of total EC production sharing imports in 1988. Many firms in the rest of the EC use assembly and sewing operations in these four countries to reduce their production costs in manufacturing goods for both EC and world markets.

Principal sources

During 1985-88, EC production sharing, especially in the textiles and apparel sector, was heavily concentrated in Yugoslavia and other East European countries, which accounted for 42 percent of total EC imports after outward processing in 1988 (table 9-9, fig.

³³ Interview by USITC staff with Italian industry officials in Turin, Italy, on July 20, 1990.

Table 9-9
EC Imports after outward processing by principal suppliers, 1985 and 1988

Supplier	1985	Share of total, 1985	1988	Share of total, 1988
	Million dollars	Percent	Million dollars	Percent
United States	455	11	1,027	19
Yugoslavia	452	11	949	18
Hungary	199	5	420	8
Romania	225	5	345	7
Switzerland	112	3	320	6
Poland	132	3	319	6
Taiwan	88	2	231	4
Tunisia	97	2	226	4
Singapore	150	4	215	4
Hong Kong	43	1	119	2
All other	2,347	55	1,166	22
Total	4,300	100	5,338	100
Special categories:				
Developed countries	1,189	28	2,694	50
Developing countries	619	14	1,288	24
Eastern Europe	1,135	26	2,261	42
North Africa	152	4	339	6

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

Source: Compiled by the U.S. International Trade Commission from official statistics of the European Community.

9-4).³⁴ North African countries, such as Tunisia, were also an increasingly important source of production sharing imports in the EC. EC firms have been similarly guided as have U.S. firms to locate a large number of their foreign processing and assembly operations close to their own markets.³⁵ However, for EC multinational semiconductor producers, the pattern of geographical distribution of the foreign assembly plants has resembled closely the pattern of distribution of U.S. and Japanese subsidiaries with a concentration of such operations in rapidly developing East Asian countries, such as Taiwan, Singapore, the Philippines, Korea, Malaysia, Thailand, and Hong Kong.³⁶ Among developed countries, the United States and Switzerland were significant suppliers of outward processed imports to the EC.

Eastern Europe—During 1985-88, EC production sharing imports from Eastern Europe almost doubled to \$2.3 billion. Yugoslavia was responsible for \$949 million, or 42 percent of the imports from Eastern Europe in 1988. The largest portion of the outward processing trade with Yugoslavia consisted of imports of footwear and apparel by West German firms (tables 9-10 and 9-11). Although small scale because of legal and bureaucratic constraints, Italian textile producers have contracted out sewing to Yugoslav firms for several years, taking advantage of fast truck delivery times over the good highways connecting factories in the northern parts of both countries.³⁷ Because of difficulties in getting Italian Government approval for outward processing, some firms bypass use of these provisions and focus on production sharing for articles with either no or little tariff on imports from Yugoslavia.

Hungary, Romania, and Poland were also important processing sites for EC manufacturers, together accounting for \$1.1 billion, or 48 percent of total production sharing imports from Eastern Europe. Imports from those countries rose substantially between 1985 and 1988, while imports from Hungary and Poland alone more than doubled. The Netherlands, West Germany, and France were the principal markets for such imports. A large portion of such trade involved the processing of footwear and apparel; however, a significant amount of the imports from Poland and Romania con-

sisted of finished furniture while Hungary supplied the EC with about \$31 million in machinery and equipment.

Czechoslovakia and the Soviet Union were less significant suppliers of outward processed goods to the EC, but imports from those countries more than doubled from 1985 to 1988. They are expected to continue to grow in the future as rapidly changing developments in the economies of those countries take root.³⁸ Imports under EC outward processing arrangements from the Soviet Union consisted primarily of chemicals (including articles of rubber and plastic) and Soviet manufactured automobiles containing EC-made parts and components. France and Belgium were the principal markets for the Soviet processed goods. Companies in those EC countries are attracted to joint ventures with Soviet enterprises in the chemical sector by the ample supply of cheap natural gas and, to a lesser degree, oil.³⁹ In addition, they see significant opportunities in upgrading production of higher value added products such as plastics, synthetic fibers, paints, and other products.⁴⁰ Czechoslovakia provided West Germany and the United Kingdom with automobiles, trucks, and wearing apparel. Because of a special trade relationship with West Germany, with which it had a special preferential tariff arrangement, East Germany was not a significant supplier of goods under the EC outward processing arrangements. Since nearly all products made in East Germany entered West Germany free of duty, there was no need for companies with production sharing operations in East Germany to use the outward processing tariff provision.

East Asia.—East Asian firms together supplied the EC with over \$600 million in imports under outward processing arrangements in 1988. Almost all of such imports consisted of semiconductors and related electrical articles. Taiwan replaced Singapore as the largest foreign source of semiconductors to the EC in 1988, supplying over \$185 million in imports of such devices under EC production sharing provisions in that year (table 9-12). The increase in imports of Taiwanese semiconductors was largely due to the establishment of new production sharing facilities in that country by a major Dutch-based producer of semiconductors.⁴¹

Nevertheless, Singapore remained a significant supplier itself, accounting for a particularly large share of the EC's integrated circuit (IC) imports from devel-

³⁴ Although the United States was the leading supplier of EC imports under the outward processing tariff provision in 1988, the type of production sharing that occurred typically involved EC firms importing goods manufactured by their U.S. subsidiaries. It is believed that EC-made components make up a modest portion of the value of these imports.

³⁵ Otto Kreye, Jurgen Heinrichs, and Folker Frobel, *Export processing zones in developing countries: Results of a new survey*, (Geneva: International Labour Office, 1987), Working Paper No. 43, p. 20.

³⁶ United Nations, *Transnational Corporations in the International Semiconductor Industry*, New York, 1986, p. 232.

³⁷ Interview by USITC staff with Italian textile industry officials in Milan, Italy, on July 27, 1990.

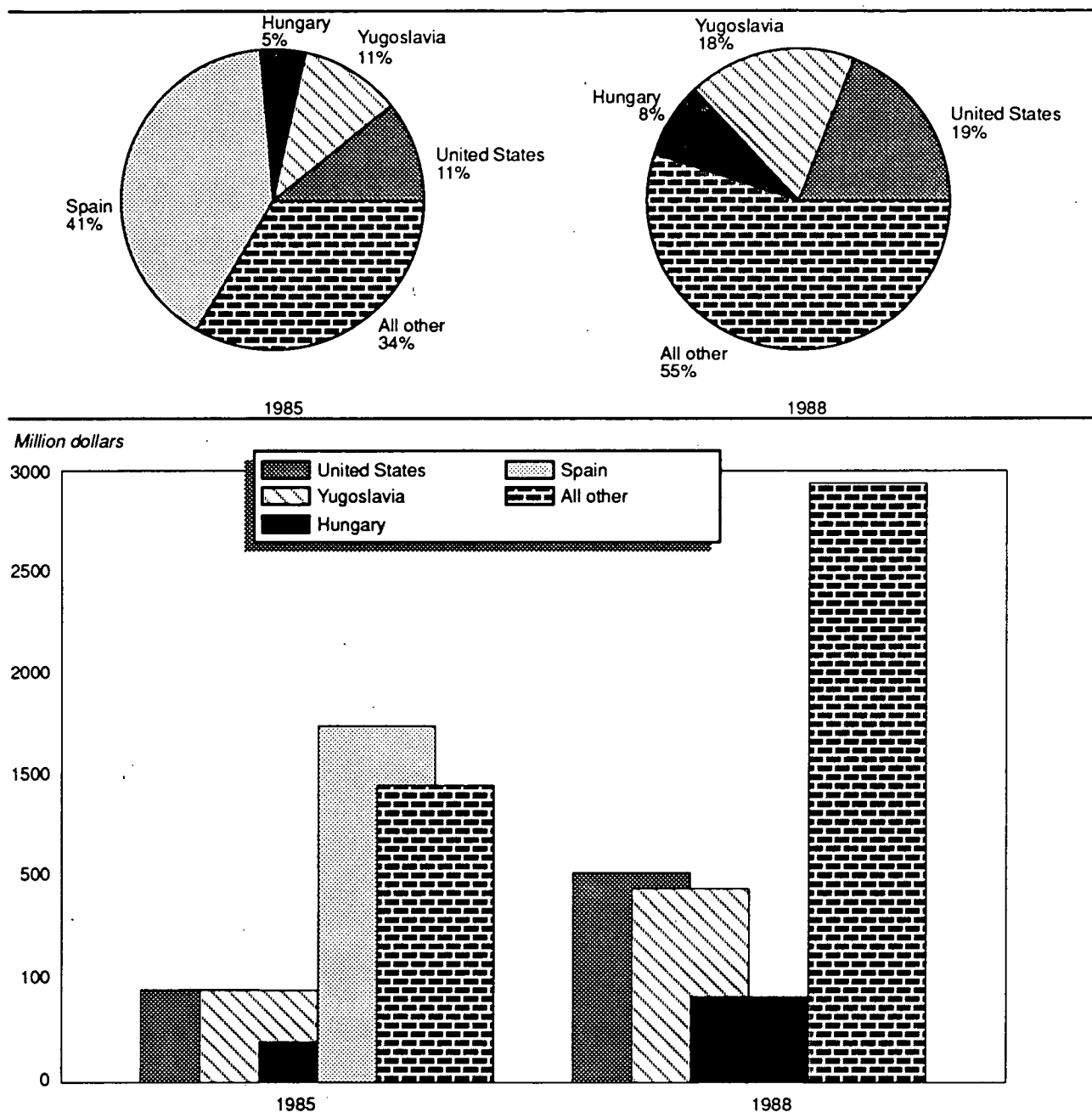
³⁸ "The Shape of Europe to Come," *Business Week*, Nov. 27, 1989, p. 60-64; Craig R. Whitney, "Prague is Seeking New Trade System for the East Bloc," *New York Times*, March 7, 1990, p. A1 and A14; and "Eastern European Nations Competing for Investor Dollars," *Washington Post*, Jan. 7, 1990, p. H1.

³⁹ "Update on Soviet Joint Ventures," *PlanEcon Report: Developments in the Economies of the Soviet Union and Eastern Europe*, Jan Varous, ed., Washington, DC, Oct. 13, 1989.

⁴⁰ Ibid., and "Chemicals in Eastern Europe: No Christmas for Crackers," *The Economist*, March 3, 1990, p. 67.

⁴¹ Interview by USITC staff with officials of a major Dutch producer of electronic products and components in Eindhoven, the Netherlands, on July 9, 1990.

Figure 9-4
Imports after outward processing, by leading sources, by share of total and by value, 1985 and 1988



Source: Based on official statistics of the European Community.

Table 9-10

EC Imports after outward processing from Eastern Europe, by source and leading industry groups, 1988

Source	Value	Leading industry groups (percent of total for each country)				
		1	2	3	4	Other
Yugoslavia	949	Other textiles and apparel (57)(¹)	Footwear (15)	Trousers (11)	Shirts and blouses (11)	Other (6)
Hungary	420	Other textiles and apparel (48)(¹)	Footwear (14)	Other machinery and equipment (7)	Shirts and blouses (6)	Other (24)
Romania	345	Other textiles and apparel (49)(¹)	Furniture (25)	Footwear (10)	Shirts and blouses (6)	Other (11)
Poland	319	Other textiles and apparel (53)(¹)	Shirts and blouses (21)	Furniture (10)	Trousers (5)	Other (11)
Czechoslovakia	117	Other textiles and apparel (33)(¹)	Motor vehicles (31)	Furniture (5)	Trousers (5)	Other (25)
Soviet Union	77	Chemicals (46)	Motor vehicles (45)	Furniture (4)	Other machinery and equipment (4)	Other (2)
Bulgaria	20	Shirts and blouses (58)	Other textiles and apparel (28)(¹)	Trousers (10)	Other machinery and equipment (2)	Other (3)
East Germany	12	Furniture (56)	Other machinery and equipment (22)	Other miscellaneous manufactures (11)	Motor vehicles (2)	Other (9)
Albania	4	Other textiles and apparel (90)(¹)	Shirts and blouses (8)	Other miscellaneous manufactures (1)	Trousers (1)	Other (1)
Total	2,261					

¹ Includes all textile and apparel articles except trousers, shirts, coats, and body-supporting garments.

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

Source: Compiled by the U.S. International Trade Commission from official statistics of the European Community.

Table 9-11
EC imports after outward processing from Eastern Europe, by leading EC markets, 1988

Source	Value	Leading EC markets (percent of total value for each supplying country)				
		1	2	3	4	Other
	Million dollars					
Yugoslavia	949	West Germany (89)	Netherlands (8)	Denmark (1)	France (1)	Other (2)
Hungary	420	West Germany (75)	France (10)	Netherlands (7)	United Kingdom (5)	Other (3)
Romania	345	West Germany (76)	France (12)	United Kingdom (5)	Netherlands (5)	Other (2)
Poland	319	West Germany (77)	Netherlands (7)	Denmark (7)	France (5)	Other (4)
Czechoslovakia	117	West Germany (48)	Netherlands (11)	United Kingdom (8)	France (7)	Other (33)
Soviet Union	77	France (46)	Belgium and Luxembourg (45)	West Germany (6)	Italy (3)	Other (1)
Bulgaria	20	West Germany (95)	France (5)	Netherlands (1)	United Kingdom (1)	Other (1)
East Germany	12	United Kingdom (56)	France (24)	Belgium and Luxembourg (9)	Spain (8)	Other (3)
Albania	4	Netherlands (46)	West Germany (39)	Italy (15)	France (1)	Other (0)
Total	2,261					

¹ Less than 0.5 percent.

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

Source: Compiled by the U.S. International Trade Commission from official statistics of the European Community.

Table 9-12
Semiconductors and other electrical articles: EC imports after outward processing by principal sources, and by leading EC markets, 1988

Source	Value	Share of total	Leading EC markets (percent of total value for each supplying country)				
			1	2	3	4	Other
	Million dollars						
Taiwan	185	33	Netherlands (77)	France (13)	United Kingdom (9)	West Germany (2)	Other (1)
Singapore	99	17	Italy (69)	France (20)	West Germany (10)	United Kingdom (1)	Other (1)
Philippines	61	11	West Germany (74)	Netherlands (19)	United Kingdom (4)	France (3)	Other (0)
Malaysia	55	10	West Germany (80)	United Kingdom (20)	France (3)	Italy (1)	Other (0)
United States	36	6	France (37)	West Germany (24)	United Kingdom (21)	Netherlands (12)	Other (7)
Japan	25	4	France (75)	West Germany (15)	Netherlands (8)		Other (0)
Thailand	21	4	West Germany (66)	Netherlands (21)	France (11)	United Kingdom (3)	Other (1)
Tunisia	17	3	France (70)	West Germany (20)	Italy (3)	United Kingdom (3)	Other (4)
Brazil	12	2	Netherlands (85)	West Germany (13)	United Kingdom (1)	Spain (1)	Other (1)
Korea	11	2	United Kingdom (83)	France (9)	Italy (3)	West Germany (1)	Other (4)
All other	47	8	West Germany (40)	France (27)	Italy (24)	United Kingdom (5)	Other (4)
Total	569	100	Netherlands (31)	West Germany (27)	France (19)	Italy (14)	Other (10)

¹ Less than 0.5 percent.

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

Source: Compiled by the U.S. International Trade Commission from official statistics of the European Community.

oping countries.⁴² Italy imported \$68 million and France \$20 million in semiconductors from Singapore under EC production sharing provisions in 1988, together accounting for almost 90 percent of total EC production sharing imports of semiconductors from that country. Italy's major semiconductor manufacturer, which recently merged with the semiconductor unit of a major French electronics conglomerate, maintains an IC assembly subsidiary in Singapore. Two West German producers of semiconductors also maintain processing facilities in Singapore.

The Philippines and Malaysia were each responsible for over \$50 million in EC production sharing imports of semiconductors in 1988. Subsidiaries of the two largest West German producers were responsible for the largest portion of such trade. However, the three major United Kingdom semiconductor manufacturers maintain significant processing operations in Malaysia, and the semiconductor unit of a Dutch electronics giant established facilities in the Philippines during the period. In 1988, the Netherlands was the second largest market after West Germany for production sharing imports of semiconductors from the Philippines, a location which has been increasing in importance in the past few years as a site for offshore assembly of such devices.

Thailand and Korea were less significant suppliers of semiconductors to the EC under outward processing arrangements. However, imports from Thailand have been steadily increasing as rising wage rates in other East Asian countries, such as Korea and Hong Kong, have caused semiconductor producers to shift some of their production sharing activities to lower labor-cost countries like Thailand and the Philippines.

Korea and China were the only significant East Asian processors of textiles and apparel goods for EC firms (table 9-13). Large West German fashion and apparel merchandising groups purchased about \$76 million of outward processed apparel from Chinese and Korean sewing and assembly operations in 1988. Several Italian apparel manufacturers also recently established sewing and assembly operations in China to take advantage of lower labor costs as well as to tap the local market.⁴³

North Africa.—Outward processing facilities in North Africa supplied the EC with \$339 million in imports under EC production sharing provisions in 1988, more than double the amount of such trade in 1985 but only 6 percent of the 1988 total from all sources (table 9-9). Morocco and Tunisia, former colonies of France, were primarily responsible for this trade. Such trade increased after the French textile and apparel industry lost a substantial share of the domestic market to Asian suppliers and moved to North Africa to reduce costs

and be more competitive.⁴⁴ Several large French multinational apparel producers as well as some smaller ladies' apparel firms now derive up to 25 percent of the volume of their merchandise from sewing and assembly operations in North Africa and Eastern Europe.⁴⁵ Some French firms export apparel throughout the Middle East from joint ventures in Egypt.⁴⁶

Tunisia accounted for \$226 million, or two thirds of total outward processed imports into the EC in 1988 from North Africa (table 9-9). Almost one-half of such imports consisted of Tunisian exports of apparel, especially women's apparel, to France (table 9-13). Morocco was another important North African supplier of imports to the EC under outward processing arrangements. France was the principal market for such imports, absorbing \$65 million in imports of footwear and apparel from Morocco in 1988. West Germany and the Netherlands were also important markets for outward processed goods from Tunisia and Morocco, together accounting for just over one-fourth of total imports from those countries under production sharing arrangements in 1988.

Tunisia was also an increasingly important supplier of semiconductors and other electrical articles to France during this period, providing that country with \$12 million in imports of such devices under outward processing arrangements in 1988 (table 9-12). Although French firms maintain assembly facilities in most of the principal East Asian countries accounting for EC outward processing trade, much of its semiconductor production sharing has been moved closer to home in Morocco and Tunisia in recent years.⁴⁷

Developed countries.—Although developed countries actually accounted for \$2.7 billion (table 9-9), or 50 percent of total EC imports after outward processing in 1988, such trade accounted for a very small portion of the EC-produced or duty-free portion of such trade.⁴⁸ A large portion of the imports consisted of imports of products from the United States, Japan, and other Western European countries for which the EC-made components represented a relatively small portion of the total value of such products. Also involved were intracompany transfers of materials, parts, and components between branches and subsidiaries of large multinational corporations spread throughout the world with manufacturing and assembly facilities in the EC.

⁴⁴ Interview by USITC staff with French Government officials in Paris, France, on July 11, 1990.

⁴⁵ Jose de la Torre, *Clothing Industry Adjustment in Developed Countries*, p. 100, and International Labour Office, *Social and labour practices of multinational enterprises in the textiles, clothing and footwear industries*, Geneva, 1984, p. 13.

⁴⁶ Interview by USITC staff with French textile industry official in Paris, France, on July 11, 1990.

⁴⁷ United Nations, *Transnational Corporations in the International Semiconductor Industry*. New York, 1986.

⁴⁸ Telephone conversations by USITC staff with EC officials in Brussels and Luxembourg during April and May 1989, and with various U.S. and EC industry officials during July and August 1989.

⁴² United Nations, *Transnational Corporations in the International Semiconductor Industry*. New York, 1986.

⁴³ Interview by USITC staff with Italian textile industry officials in Turin, Italy, on July 26, 1990.

Table 9-13

Textiles, apparel, and footwear: EC imports after outward processing by principal sources, and by leading EC markets, 1988

Source	Value	Share of total	Leading EC markets (percent of total value for each supplying country)				
			1	2	3	4	Other
	Million dollars						
Yugoslavia	919	38	West Germany (89)	Netherlands (8)	Denmark (1)	Belgium and Luxembourg (1)	Other (1)
Hungary	325	13	West Germany (74)	France (10)	Netherlands (8)	United Kingdom (4)	Other (3)
Poland	262	11	West Germany (77)	Netherlands (8)	Denmark (8)	France (5)	Other (2)
Romania	243	10	West Germany (71)	France (11)	United Kingdom (8)	Netherlands (7)	Other (3)
Tunisia	176	7	France (57)	West Germany (19)	Netherlands (12)	Belgium and Luxembourg (10)	Other (3)
Morocco	94	4	France (69)	West Germany (13)	Netherlands (8)	Belgium and Luxembourg (5)	Other (5)
Korea	54	2	West Germany (87)	United Kingdom (11)	France (2)	Netherlands (1)	Other (1)
Czechoslovakia	51	2	West Germany (72)	Netherlands (15)	France (6)	United Kingdom (4)	Other (3)
Malta	37	2	West Germany (81)	Netherlands (10)	Denmark (6)	France (3)	Other (0)
China	36	1	West Germany (81)	France (13)	Italy (4)	Denmark (1)	Other (1)
All other	231	10	West Germany (69)	France (20)	Netherlands (5)	United Kingdom (3)	Other (3)
Total	2,428	100	West Germany (73)	France (12)	Netherlands (8)	United Kingdom (2)	Other (4)

¹ Less than 0.5 percent.

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

Source: Compiled by the U.S. International Trade Commission from official statistics of the European Community.

The United States was the largest supplier of goods under EC outward processing provisions in 1988, accounting for over \$1 billion, or 19 percent of such imports in that year (table 9-14). The largest categories of goods imported under the EC provisions from the United States consisted of internal combustion engines and office machines and parts shipped to the EC through Dutch port facilities in Rotterdam. The United Kingdom, France, and West Germany were also important markets for U.S. goods containing EC-made parts and components. A major West German producer of automotive parts, which supplies over one half of the global automobile industry's demand for fuel injection systems, is responsible for a large share of EC value contained in U.S.-made internal combustion engines shipped to the EC.⁴⁹

Principal Reasons for the Use of Production Sharing by EC Firms

Some of the reasons provided by EC businesses for using production sharing include: (1) supplying important foreign markets, (2) following important business customers to foreign locations, (3) gaining significant cost reductions by relocating labor-intensive processes of production to low-wage-rate countries, (4) overcoming mounting competition from low-cost suppliers in East Asian and other developing countries, (5) avoiding trade barriers on products subject to quotas, and (6) taking advantage of the duty savings resulting from the use of EC outward processing regulations.⁵⁰

Similar to U.S. businessmen, EC industry officials generally cite favorable customs treatment afforded foreign assembled goods as a minor reason for engaging in production sharing. However, whereas U.S. manufacturers are more likely to rank low labor costs as the principal reason for manufacturing overseas, EC business persons emphasize the importance of using local manufacture and assembly to ensure their success in important foreign markets.⁵¹ For example, French automobile manufacturers that make cars in Spain,

Yugoslavia, and Latin America reportedly invested in foreign production facilities to penetrate foreign markets, not to take advantage of "cheap labor."⁵² A major Netherlands-based manufacturer of electronics products and components states that it no longer invests in countries just to take advantage of low wage rates:

...Now [the company] must satisfy two goals, supplying the local market and being a low cost producer. [The firm] has followed its customers to low labor cost areas to be close to its customers rather than take advantage of "cheap labor." Most of [its] products are made in capital-intensive operations and there is little cost benefit in moving products to these locations. Fluctuations in exchange rates are more important in determining production costs than wage rates.⁵³

A West German manufacturer of electronics and telecommunications equipment indicated that it engaged in foreign manufacture and assembly to a large extent to satisfy local content requirements.⁵⁴ The firm found it necessary to have local production facilities even to qualify for competitive bidding on public procurement contracts in foreign markets.⁵⁵ Although much of the production of foreign manufacturing and assembly operations established by EC firms for these purposes is designated primarily for the foreign local market, some production is exported back to the EC and to other foreign markets.

Despite a greater propensity for EC firms than for U.S. firms to utilize production sharing primarily for foreign market penetration, there is at least some evidence that certain EC industries, including the West German and French textile and apparel industries, have taken advantage of production sharing activities in low-wage countries in Eastern Europe and North Africa to adjust to mounting competition in domestic markets from low-cost suppliers in East Asian and other developing countries.⁵⁶

Production sharing reportedly has also been utilized by EC companies to overcome quotas on products, such as apparel and shoes,⁵⁷ because goods that

⁴⁹ Interviews by USITC staff with West German industry and trade association officials in Stuttgart, West Germany, on July 13, 1990.

⁵⁰ Interviews by USITC staff with EC businessmen in France, West Germany, Spain, Italy, the Netherlands, and Yugoslavia during July 1990. Also see Michael Breitenacher, Sergio Paba, and Gianpaolo Rossini, *The Cost of "Non-Europe" in the Textile-Clothing Industry* (Brussels-Luxembourg: EEC, 1988), p. 7; and Jose de la Torre, *Clothing-industry Adjustment in Developed Countries*, p. 98.

⁵¹ Interviews by USITC staff with EC industry officials in the EC and Yugoslavia in July 1990, and responses of U.S. businessmen to questionnaires and fieldwork conducted by USITC staff in connection with Investigation No. 332 244 under Section 332(b) of the Tariff Act of 1930, *The Use and Economic Impact of TSUS Items 806.30 and 807.00: Report to the Subcommittee on Trade, Committee on Ways and Means, U.S. House of Representatives*, USITC Publication 2053, Jan. 1988.

⁵² Interview by USITC staff with French Government automobile industry analysts in Paris, France, on July 10, 1990.

⁵³ Interview by USITC staff with officials of a Netherlands' manufacturer of electronic products and components on July 9, 1990, in the Netherlands.

⁵⁴ Interview by USITC staff with officials of a West German electronics producer in Munich, West Germany, on July 24, 1990.

⁵⁵ *Ibid.*

⁵⁶ Michael Breitenacher, Sergio Paba, and Gianpaolo Rossini, *The Cost of Non-Europe in the Textile Clothing Industry*, (Brussels-Luxembourg: EEC, 1988), p. 7; and Jose de la Torre, *Clothing Industry Adjustment in Developed Countries*, p. 98; and Folker Frobel and others, *The New International Division of Labour*.

⁵⁷ Interviews by USITC staff with West German industry and trade association officials in Stuttgart, West Germany, on July 13, 1990.

Table 9-14

EC imports after outward processing from the United States, by leading industry groups, and by leading EC markets, 1988

Industry group	Value Million dollars	Leading EC markets (percent of total for each country)				
		1	2	3	4	Other
Agricultural and forest products	5	West Germany (67)	France (17)	United Kingdom (13)	Spain (3)	Other (1)
Trousers, slacks, and shorts	1	West Germany (99)	United Kingdom (1)			Other (0)
Other textiles and apparel	2	Belgium and Luxembourg (39)	West Germany (32)	United Kingdom (22)	Netherlands (4)	Other (3)
Chemicals, coal, petroleum, natural gas, and related products	37	United Kingdom (50)	France (20)	Belgium and Luxembourg (15)	Ireland (8)	Other (8)
Minerals and metals	28	Netherlands (47)	France (27)	West Germany (15)	United Kingdom (9)	Other (3)
Internal combustion engines and parts	242	Netherlands (73)	France (13)	Italy (5)	Denmark (5)	Other (5)
Office machines and parts	241	Netherlands (34)	United Kingdom (25)	France (21)	West Germany (13)	Other (7)
Motors, generators, transformers, and related equipment	7	West Germany (33)	Netherlands (22)	United Kingdom (19)	France (14)	Other (12)
Television apparatus and parts, other than cameras and picture tubes	1	France (40)	West Germany (24)	Denmark (16)	United Kingdom (15)	Other (5)
Radio and telephone equipment and parts	19	West Germany (35)	Italy (19)	United Kingdom (16)	France (12)	Other (19)
Tape recorders, record players, and related equipment	(1)	France (47)	West Germany (32)	Denmark (13)	United Kingdom (6)	Other (1)
Semiconductors	13	France (73)	West Germany (13)	United Kingdom (10)	Italy (3)	Other (2)
Other electrical articles	24	West Germany (31)	United Kingdom (24)	Netherlands (18)	France (17)	Other (9)
Motor vehicles, including automobile trucks and truck tractors, motor buses, passenger automobiles	66	France (66)	United Kingdom (32)	Denmark (1)	Netherlands (1)	Other (0)
Motor-vehicle parts, industrial vehicles, nonself-propelled vehicles, motorcycles, rail locomotives, and rolling stock	26	France (92)	West Germany (4)	Netherlands (2)	Italy (1)	Other (2)
Other machinery and equipment	175	Denmark (47)	Italy (17)	Netherlands (11)	West Germany (9)	Other (16)
Scientific instruments and apparatus	84	West Germany (31)	United Kingdom (17)	France (17)	Italy (13)	Other (23)
Furniture, mattresses, and pillows	(1)	France (80)	Netherlands (18)	United Kingdom (1)	Italy (1)	Other (0)

See footnote at end of table.

Table 9-14—Continued

EC imports after outward processing from the United States, by leading industry groups, and by leading EC markets, 1988

Industry group	Value	Leading EC markets (percent of total for each country)				
		1	2	3	4	Other
	Million dollars					
Other miscellaneous manufactures	57	France (71)	Spain (16)	United Kingdom (6)	West Germany (4)	Other (3)
Total	1,027					

¹ Less than \$500,000.

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

Source: Compiled by the U.S. International Trade Commission from official statistics of the European Community.

are eligible for importation under EC outward processing relief arrangements can continue to enter EC countries even after relevant quotas have been filled.⁵⁸ For example, Yugoslavia has preferential trade agreements with the EC that permit many of its products to enter the EC duty free. Nevertheless, because of the favorable treatment of goods that are subject to quotas under the EC outward processing provisions, Yugoslavia remains the chief supplier of shoes and apparel to the EC under such provisions even though duty savings are not often a factor.

Other factors cited for shifting assembly operations overseas were as follows: (1) less restrictive environmental regulations—rather than assume the often high cost of expensive pollution control equipment, some chemical companies, for example, have moved their plants to areas with less stringent regulations; (2) less restrictive labor laws and operations—some firms move their plants overseas where more work shifts are allowed because some EC countries prohibit night or weekend shifts, particularly for female employees,⁵⁹ and (3) lower energy costs for energy-intensive operations. Sometimes companies may move overseas to have access to skilled labor.⁶⁰ One Western European furniture producer, for example, manufactures some of its furniture in Eastern Europe because of the availability of workers who still have the requisite skills to produce its line of furniture using the “old technology” production methods.⁶¹

Factors Determining the Location of EC Production Sharing Facilities

Some of the factors determining where EC companies establish production sharing facilities include (1) location of principal foreign markets; (2) productivity of workers; (3) local infrastructure; (4) labor costs; (5) potential development of local markets for the company's products; (6) existence of local suppliers of raw materials, components, and services; (7) proximity to EC markets; (8) host country incentives for foreign investment; and (9) desire by the EC firm to provide a means for the foreign country to earn “hard” currency to enable the country to purchase final goods from the EC firm.

The location of principal foreign markets is most often cited by EC businessmen as the primary factor determining where their companies establish foreign manufacturing and assembly operations. West German, French, and Italian automobile manufacturers, for example, have established plants and assembly operations

in the United States, Canada, Switzerland, Turkey, Mexico, Brazil, Iran, and in many other places throughout the world for the principal purpose of serving those markets more effectively.⁶² Officials of a major Dutch-based manufacturer of electronic products and components also indicated that they invested in low-cost locations in Mexico and Czechoslovakia not so much to save on wage costs as to produce for the Mexican and Eastern European markets themselves.⁶³ Although these firms often receive an added benefit from lower wage costs when producing in these less developed country markets, EC businessmen are quick to point out that because in many cases the automotive and electronic component production and assembly operations in such countries have been automated, they are not highly dependent on labor.⁶⁴

EC manufacturers are increasingly taking into account the relative productivity of foreign workers in various countries before they decide where to establish foreign production sharing operations. For example, an Italian automobile producer found that it is not cost effective to move labor-intensive operations overseas simply to reduce labor costs. In some countries low or inconsistent productivity tends to not only offset any wage savings, but also to jeopardize quality.⁶⁵ Similarly, a major West German automobile producer stated that quality considerations often preclude it from contracting out work to suppliers in developing countries. In the apparel sector, although some West German firms make textile and leather garments in Morocco and Tunisia, most West German companies “are sticking with Yugoslavia because there the productivity is sufficiently higher than it compensates for wages higher than in North Africa.”⁶⁶

The local infrastructure of potential foreign production sharing locations has also become an increasingly important factor for EC firms in determining the location of their foreign assembly sites. One EC automobile manufacturer found that the lack of a well-developed industrial base and the scarcity of raw materials and supplies for products in some Eastern European countries required that assembly plants maintain substantial inventory, and that was costly.⁶⁷ A West German producer chose Yugoslavia as a production

⁶² Interview by USITC staff with EC automobile industry officials in France, Italy, and West Germany in July 1990.

⁶³ Interview by USITC staff with officials of a Netherlands' producer of electronics products and components in Eindhoven, the Netherlands, on July 9, 1990.

⁶⁴ Interview by USITC staff with EC industry officials in the EC and Yugoslavia in July 1990.

⁶⁵ Interview by USITC staff with officials of an Italian-based automobile producer in Turin, Italy, on July 25, 1990.

⁶⁶ Interviews by USITC staff with West German industry and trade association officials in Stuttgart, West Germany, on July 13, 1990.

⁶⁷ Interview by USITC staff with officials of an Italian based automobile manufacturer in Turin, Italy, on July 25, 1990.

⁵⁸ Ibid.

⁵⁹ Interviews by USITC staff with Italian motor vehicle and textile industry producers in Turin, Italy, on July 26, 1990.

⁶⁰ Interview by USITC staff with Drs. Frobel and Kreye in Starnberg, West Germany on July 17, 1990.

⁶¹ Ibid.

sharing site partly because it had an adequate infrastructure and an established parts industry and partly because delivery times were dependable, unlike most of Eastern Europe.⁶⁸ Furthermore, electricity was plentiful in that country. EC industry officials indicated that Hungary and possibly East Germany, were other East European countries most likely to meet minimum Western standards for productivity and infrastructure needs.⁶⁹

Relative wage levels remain a significant factor in determining the location of production sharing activities for some EC firms, especially in the textiles and apparel sector. Several years ago, an Italian apparel manufacturer became involved in production sharing activities in China and Yugoslavia primarily to reduce its labor costs.⁷⁰ Officials of the company indicated that Italian labor costs had been rising so substantially in recent years that their firm felt forced to go overseas and "either engage in production sharing or import finished goods from the Far East."⁷¹ Another Italian apparel manufacturer recently invested in production sharing facilities in Yugoslavia and Tunisia to produce sportswear in order to take advantage of lower labor costs in those countries.⁷² Because of lower labor costs for Yugoslavian workers, compared with Western European laborers, Yugoslavia has also been found to be an attractive site for joint ventures for the production of certain commercial vehicles, such as buses, for which manufacturing processes are highly labor intensive.⁷³ Although established to supply the Yugoslav market, certain of these vehicles are competitive enough in terms of price and quality to be marketed in the Soviet Union, the Middle East, Western Europe, and the United States.

A comparison of East European and EC average manufacturing wage rates (table 1-4) explains why East European countries have been selected as primary sites for outward processing by EC firms, particularly in the labor-intensive processes of production. Basic manufacturing wage rates in Yugoslavia are about one-seventh the amount of the corresponding rates in West Germany. The differential is even larger between EC workers and laborers in other Eastern European countries, although the lower wages are usually offset to some degree by lower worker productivity. Extremely low wages in North African countries, like Morocco

⁶⁸ Interview by USITC staff with officials of a West German automobile producer in Stuttgart, West Germany, on July 13, 1990.

⁶⁹ Ibid.

⁷⁰ Interview by USITC staff with officials of an Italian apparel manufacturer in Milan, Italy, on July 26, 1990.

⁷¹ Ibid.

⁷² Interview by USITC staff with officials of an Italian apparel manufacturer in Turin, Italy, on July 25, 1990.

⁷³ Interview by USITC staff with officials of a major producer of commercial vehicles and buses in Maribor, Yugoslavia, on July 20, 1990.

and Tunisia, are even drawing some EC foreign assembly activity in the semiconductor and electronics sector away from the rapidly industrializing countries of East Asia. Finally, one may note from the table why Spain and Portugal were primary sites of EC outward processing activity before their accession to the Community in 1986. Rising labor costs in those countries are expected to increase the movement of labor-intensive production activities of EC firms to areas outside of the Community.

Transportation costs are frequently an important determinant of the location of outward processing arrangements by EC firms. Because this factor is often linked to distance, EC firms have tended to establish a large portion of their production sharing facilities close to their home markets, especially in Eastern Europe and North Africa. Before their entry into the EC, Spain and Portugal were important sites for EC outward processing relief arrangements by West German, French, British, and Dutch firms. Though such trade is no longer included in EC external trade statistics, it still accounts for a major portion of EC production sharing arrangements. Good railroad connections with Eastern Europe facilitate production sharing with Western European firms.

Transportation costs for semiconductors and other electrical articles, which have a relatively high value-to-weight ratio, are much lower than for most other goods. Consequently, other factors (quality, experienced work force) have made East Asian countries like Singapore, Malaysia, Taiwan, and the Philippines the preferred sites for foreign processing and assembly of products in this sector by EC firms.

EC firms are also attracted to particular locations for foreign assembly by various tax concessions, subsidies, and other enticements granted by host country governments to promote industrial development and increase employment opportunities in their countries. The policies of many developing countries have shifted increasingly in recent years from import substitution to export manufacturing.⁷⁴ One developing country, for example, signed bilateral agreements with various EC countries for protection of foreign investments and avoidance of double taxation of profits. Other developing countries have granted tax holidays and liberal profit-repatriation measures to attract EC and other developed country firms to establish production operations in their countries. They have also established export processing zones and other special industrial sectors into which EC and other foreign firms may import semifinished articles and components, as well as manufacturing equipment, free of duty. Water and

⁷⁴ Otto Kreye and others, *Export Processing Zones in Developing Countries*, 1987, and Catherine Hein, *Multinational Enterprises and Employment in the Mauritian Export Processing Zone*, Working Paper No. 52 Geneva: International Labour Office, 1988).

electricity and other infrastructural needs are often subsidized by the host country in such zones. EC firms especially have benefitted from such concessions in North African and East European countries.

Types of Production Sharing Arrangements Used by EC Firms

EC producers have used a variety of arrangements in their overseas production sharing activities ranging from subcontracts with independent foreign firms, requiring little or no capital investment, to wholly-owned subsidiaries in foreign countries with 100-percent investment, to state-owned enterprises in Communist countries, joint ventures, and licensing agreements.

The extensive outward processing trade between the EC and Eastern Europe has been traditionally conducted under subcontract, license, and marketing cooperation agreements between individual EC firms and socialist state-trading organizations or specific ministries in Eastern Europe.⁷⁵ Industry experts estimate that over 70 percent of West Germany's production sharing textile and apparel imports from Yugoslavia, Hungary, and Poland were made through these types of agreements.⁷⁶ However, trade under such agreements has not been limited to the textile and apparel sector, but also has included products ranging from electric shavers, coffee grinders, fruit presses, and mixers, to parts and components for reaping machines.⁷⁷

Now that Eastern European countries are moving toward more market-oriented economies, EC industry experts believe that joint ventures and direct investment activities by EC firms in Eastern Europe will increase during the next several years as a result of the liberalization of foreign investment rules by countries such as Yugoslavia, Hungary, Poland, and Czechoslovakia.⁷⁸ A reform package that took effect in Hungary in 1989, for example, now allows 100-percent foreign ownership of Hungarian enterprises in certain sectors, simplifies registration of foreign investments, and increases the number of workers a private company can employ from 30 to 500.⁷⁹ New government regulations that now allow 100-percent foreign ownership of Yugoslavian companies and also permit profits to be expatriated have helped boost investment in Yugoslavia by foreign companies by 300 to 400 percent in

1989.⁸⁰ Czechoslovakia and Poland have enacted similar legislation designed to attract foreign investment capital.

There have even been some indications recently that the Soviet Union may be moving toward a more market-oriented economy which may encourage increased investment by EC firms in production sharing activities in that country.⁸¹ As of October 1, 1989, the number of Soviet joint ventures with foreign partners reached 940, up nearly fivefold from 191 registered by December 31, 1988.⁸²

The production sharing activities of EC manufacturers of semiconductors are performed almost entirely by wholly-owned foreign subsidiaries of electronics firms based in West Germany, the Netherlands, France, Italy, and the United Kingdom.⁸³ For other electronic products, such as radio and television sets, local firms from developing countries in East Asia and North Africa and joint ventures between the EC and foreign firms play a much more significant role.⁸⁴ Only the most labor-intensive part of electronics technology, for example, assembly and testing, is normally performed in offshore locations using imported elements. The assembled products are then flown back to the EC or exported elsewhere.⁸⁵

International subcontracting arrangements by EC firms with independent firms of developing countries are less common in the field of semiconductors and electronic memory circuits because of the need to maintain an uninterrupted flow of supply and to sustain high standards of quality through a close degree of control by the parent company.⁸⁶ However, at least some subcontracting arrangements do exist in this sector between smaller EC firms and independent subcontractors in Hong Kong, Korea, Mexico, and the Philippines, which concentrate on less sophisticated types of semiconductors.⁸⁷ For example, one United Kingdom producer of semiconductors has been reluctant to invest in its own offshore assembly subsidiaries, particularly in Southeast Asia, because the competition for skilled and semiskilled labor among the numerous U.S., Japanese, and EC multinational semiconductor corporations investing there has tended to bid up the price of labor, making investment in Southeast Asia less attractive.⁸⁸ Instead, the United Kingdom producer has relied on subcontractors in Hong Kong, Taiwan, Korea, and the Philippines to provide low-cost assembly.

⁷⁵ Frobel, *The New International Division of Labour* p. 245, and, The Economist Intelligence Unit, *Country Profile: Hungary, 1988-89*, London, 1988, p. 40.

⁷⁶ Telephone interviews by USITC staff with EC industry officials during July and August, 1989.

⁷⁷ Frobel, *The New International Division of Labour*, p. 242, and telephone interviews by USITC staff with EC industry officials during July and August, 1989.

⁷⁸ Karen L. Ware, "Reforms: Slow Growth in E. Europe Limit the Prospects for U.S. Exports: All Countries Except GDR Permit Joint Ventures With West," *Business America* (April 10, 1989), pp. 14-19.

⁷⁹ *Ibid.*, p. 17.

⁸⁰ Interview by USITC staff with officials of a Yugoslavian producer of trucks, buses, and other commercial vehicles in Maribor, Yugoslavia, on July 20, 1990.

⁸¹ David Remmick, "Gorbachev Shifts on Economy," *The Washington Post*, Sept. 13, 1990, p. A1.

⁸² "Update on Soviet Joint Ventures," *Plan Econ Report*.

⁸³ *International Subcontracting Arrangements in Electronics*, p. 16.

⁸⁴ *Ibid.*

⁸⁵ *Ibid.*

⁸⁶ *Ibid.*

⁸⁷ *Ibid.*, p. 18.

⁸⁸ *Transnational Corporations in the International Semiconductor Industry*, p. 250.

Besides apparel and semiconductors, other principal products imported by EC firms under outward processing arrangements include printed circuit boards, coils, condensers, cable harnesses, and regulators.⁸⁹ In many instances, the companies manufacturing these components are subsidiaries of major EC multinationals producing finished products; these multinationals incorporate the components within their own international production systems.⁹⁰ However, there are also independent firms in developing countries that assemble certain electronic components under international subcontracts.⁹¹ This type of subcontracting arrangement is a common practice in Hong Kong and Korea.⁹²

Future Prospects for EC Production Sharing

Many EC industry observers believe that the use of production sharing arrangements by EC firms in low-wage developing countries and in East European countries will increase substantially during the next 5 to 10 years as these companies face increasing competitive pressures resulting from greater economic integration of the internal EC market.⁹³ The Commission of the European Community has stated that "outward processing should be considered as a particularly well suited instrument of industrial cooperation ... that can contribute to maintain production levels in the Community's industry and to protect employment."⁹⁴ Accordingly, the EC has incorporated outward processing relief arrangements as an "essential instrument of the Community's commercial policy."⁹⁵ Based on a recent study sponsored by the EC Commission, the cost savings that could be expected from decentralization of assembly operations of EC firms in low wage countries would be around 15 to 25 percent.⁹⁶ In addition to reductions in labor costs, EC firms using production sharing arrangements could also expect to benefit from gains in economies of scale and from the ability to respond more rapidly to market changes.⁹⁷

⁸⁹ *International Subcontracting Arrangements in Electronics*, p. 18.

⁹⁰ *Ibid.*

⁹¹ *Ibid.*

⁹² *Ibid.*

⁹³ Jose de la Torre, *Clothing Industry Adjustment in Developed Countries*, p. 94; Michael Breitenacher, Sergio Paba, and Gianpaolo Rossini, *The Cost of "Non-Europe" in the Textile-Clothing Industry*, 1988; USITC, *The Effects of Greater Economic Integration Within the European Community on the United States*, Publication 2204, July 1989; and telephone conversations by USITC staff with various EC industry officials in July and August, 1989.

⁹⁴ *EEC Information*, Brussels, No. 44/81 (April 1981), p. 13.

⁹⁵ Council Regulation EEC No. 2473/86 of 24 July 1986, *Official Journal of the European Communities*.

⁹⁶ Breitenacher and others, p. 75.

⁹⁷ Richard L. Bolin and John D. Ozmun, "Outward Processing: Comparing the USA to the European Community," *Journal of the Flagstaff Institute*, Vol. 13, No. 1, (April 1989), p. 61.

As indicated earlier, the changes occurring in Eastern Europe and the Soviet Union, with the movement of countries there to more open, market-oriented economies offer promises for increased investment opportunities for EC companies in production sharing. A major Italian automaker announced in 1989 that it had signed an agreement with the Soviet Union to form a joint venture with a Soviet enterprise to build new cars in a town southeast of Moscow beginning in 1992.⁹⁸ Out of the first year's production, about a fourth would be sold in Western European markets.⁹⁹ The Italian automaker is also considering future investments in Poland, Czechoslovakia, and Hungary.¹⁰⁰ However, company officials recognize that it will take some time for these countries to reorganize and to prepare for competition in a free market economy.¹⁰¹ These officials stated that skills for basic accounting and finance need to be learned, and old factories must be rebuilt. The firm is trying to determine what types of production each of these countries can specialize in to gain the necessary economies of scale to make such investments viable. Also, future involvement in Yugoslavia will be planned more cautiously because of that country's current political turmoil.¹⁰²

Industry and government officials throughout the EC and Yugoslavia cautioned that there are major impediments that must be overcome before the much-sSpeculated avalanche of investment in Eastern Europe becomes a reality:

- (1) The right of ownership of private property must be clarified,
- (2) Substantial improvements in infrastructure, particularly transportation and telecommunications, must be made,
- (3) Worker productivity has to improve significantly, and
- (4) East European currencies must become convertible with currencies of developed countries.¹⁰³

There is now some concern by the new EC members Spain and Portugal (which, due to their relatively lower wages, had previously attracted a significant amount of West German and French investment) that increasing opportunities and interest in East Euro-

⁹⁸ "Fiat to Sign Agreement to Build New Line of Cars in Soviet Union," *The Washington Post*, November 27, 1989, p. C1.

⁹⁹ *Ibid.*

¹⁰⁰ Interview by USITC staff with officials of an Italian automobile manufacturer in Turin, Italy on July 25, 1990.

¹⁰¹ *Ibid.*

¹⁰² *Ibid.*

¹⁰³ Interviews by ITC staff with industry and government officials in the EC and Yugoslavia in July 1990.

pean countries may result in a shift of production and employment away from their countries.¹⁰⁴ Factory workers earn about \$140 a month in Hungary and \$40 a month in Poland. That compares with \$235 a month for a Portuguese worker, \$1,500 for a Spanish worker, and \$3,000 for a German worker.¹⁰⁵ One major West German automobile producer recently announced that it planned to scrap a previously announced \$5.7 billion investment in the Catalonia region near Barcelona, Spain, and instead begin its next production sharing project in the East German city of Karl Marx-Stadt.¹⁰⁶ It has also opened talks with a Czechoslovak car manufacturer on possible joint ventures in that country.

¹⁰⁴ Edward Cody, "E. Europe Sends Chill Through 'Sun Belt': Spain, Neighbors Fear Loss of Investment," *Washington Post*, Mar. 23, 1990.

¹⁰⁵ Patrice Duggan, "These countries are up for sale," *Forbes*, Dec. 14, 1989, p. 130.

¹⁰⁶ Edward Cody, "E. Europe Sends Chill Through the 'Sun Belt.'" "

Although it is still unclear whether there will actually be a shift in assembly operations from Spain and Portugal to Eastern Europe because of the recent political changes, current and potential foreign assembly sites can be expected to compete fiercely with each other for foreign investors in the future.¹⁰⁷ Each potential target country offers different incentives in terms of labor costs, tax advantages, and the availability of energy resources and other infrastructure needs.¹⁰⁸ However, in general, many industry experts believe that most EC companies will have an increasingly global outlook and "will be increasing their use of foreign assembly operations" in the future.

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¹⁰⁷ Interviews by USITC staff with Drs. Frobel and Kreye in Stamberg, West Germany on July 17, 1990, and with Spanish industry and Government officials in Madrid, Spain, on July 27, 1990.

¹⁰⁸ *Ibid.*

APPENDIX A
CUSTOMS TREATMENT OF HTS SUBHEADINGS 9802.00.60 AND 9802.00.80

Explanation of and Background to HTS Subheadings 9802.00.60 and 9802.00.80

Special tariff treatment has long been accorded to particular American goods returned from other countries. This treatment was first set forth in items 806.30 and 807.00 of the former Tariff Schedules of the United States (TSUS), which were repealed as of the close of December 31, 1988. It has been continued, with a few changes in terminology but not in duty rates applied, under subheading 9802.00.60 and heading 9802.00.80 of the Harmonized Tariff Schedule of the United States (HTS), which entered into effect on January 1, 1989. The HTS, as further described in appendix C, below, is based upon the nomenclature structure of the Harmonized Commodity Description and Coding System (the Harmonized System or HS), an international product classification scheme for tariff, statistical and transport documentation purposes adopted by convention under the auspices of the Customs Cooperation Council.

Under subheading 9802.00.60, subchapter II, chapter 98 of the HTS, articles of metal (except precious metal) that have been manufactured or subjected to a process of manufacture in the United States, exported for processing abroad, and then returned to the United States for further processing, are upon entry subject to duty only on the value of the foreign processing. Under heading 9802.00.80, imported articles that were assembled abroad using fabricated, U.S.-manufactured components are upon entry subject to duty at their full entered value minus the value of the identifiable U.S.-origin components contained therein. No further processing in the United States is required of articles entered under the latter heading. The respective provisions (including applicable notes) are as follows:

Chapter 98, Subchapter II Articles Exported and Returned, Advanced or Improved Abroad

U.S. Notes

1. This subchapter shall not apply to any article exported:
 - (a) From continuous customs custody with remission, abatement or refund of duty;
 - (b) With benefit of drawback;
 - (c) To comply with any law of the United States or regulation of any Federal agency requiring exportation; or
 - (d) After manufacture or production in the United States under subheading 9813.00.05.
2. Any product of the United States which is returned after having been advanced in value or improved in condition abroad by any process of manufacture or other means, or any imported article which has been assembled abroad in whole or in part of products of the United States, shall be treated for the purposes of this Act as a foreign article, and, if subject to a duty which is wholly or partly ad valorem, shall be dutiable, except as otherwise prescribed in this part, on its full value determined in accordance with section 402 of the Tariff Act of 1930, as amended. If such product or such article is dutiable at a rate dependent upon its value, the value for the purpose of determining the rate shall be its full value under the said section 402.
3. *Articles repaired, altered, processed or otherwise changed in condition abroad.*-The following provisions apply only to subheadings 9802.00.40 through 9802.00.60, inclusive:
 - (a) The value of repairs, alterations, processing or other change in condition outside the United States shall be:
 - (i) The cost to the importer of such change; or
 - (ii) If no charge is made, the value of such change,
as set out in the invoice and entry papers; except that, if the appraiser concludes that the amount so set out does not represent a reasonable cost or value, then the value of the change shall be determined in accordance with section 402 of the Tariff Act of 1930, as amended.
 - (b) No appraisement of the imported article in its changed condition shall be required unless necessary to a determination of the rate or rates of duty applicable to such article.

- (c) The duty upon the value of the change in condition shall be at the rate which would apply to the article itself, as an entirety without constructive separation of its components, in its condition as imported if it were not within the purview of this subchapter. If the article, as returned to the United States, is subject to a specific or compound rate of duty, such rate shall be converted to the ad valorem rate which when applied to the full value of such article determined in accordance with said section 402 would provide the same amount of duties as the specific or compound rate. In order to compute the duties due, the ad valorem rate so obtained shall be applied to the value of the change in condition made outside the United States.
 - (d) For purposes of subheading 9802.00.60, the term "metal" covers (1) the base metals enumerated in additional U.S. note 1 to section XV; (2) arsenic, barium, boron, calcium, mercury, selenium, silicon, strontium, tellurium, thorium, uranium and the rare-earth elements; and (3) alloys of any of the foregoing.
4. *Articles assembled abroad with components produced in the United States.*-The following provisions apply only to subheading 9802.00.80:
- (a) The value of the products of the United States assembled into the imported article shall be:
 - (i) The cost of such products at the time of the last purchase; or
 - (ii) If no charge is made, the value of such products at the time of the shipment for exportation,
as set out in the invoice and entry papers; except that, if the appraiser concludes that the amount so set out does not represent a reasonable cost or value, then the value of such products shall be determined in accordance with section 402 of the Tariff Act of 1930, as amended.
 - (b) The duty on the imported article shall be at the rate which would apply to the imported article itself, as an entirety without constructive separation of its components, in its condition as imported if it were not within the purview of this subchapter. If the imported article is subject to a specific or compound rate of duty, the total duties shall be reduced in such proportion as the cost or value of such products of the United States bears to the full value of the imported article.
5. No imported article shall be accorded partial exemption from duty under more than one subheading in this subchapter.

<i>Heading/ Subheading</i>	<i>Article description</i>	<i>Rates of duty¹</i>
	Articles returned to the United States after having been exported to be advanced in value or improved in condition by any process of manufacture or other means:	
9802.00.60	Any article of metal (as defined in U.S. note 3(d) of this subchapter) manufactured in the United States or subjected to a process of manufacture in the United States, if exported for further processing, and if the exported article as processed outside the United States, or the article which results from the processing outside the United States, is returned to the United States for further processing	A duty upon the value of such processing outside the United States (see U.S. note 3 of this subchapter)
9802.00.80	Articles assembled abroad in whole or in part of fabricated components, the product of the United States, which (a) were exported in condition ready for assembly without further fabrication, (b) have not lost their physical identity in such articles by change in form, shape or otherwise, and (c) have not been advanced in value or improved in condition abroad except by being assembled and except by operations incidental to the assembly process such as cleaning, lubricating and painting ...	A duty upon the full value of the imported article, less the cost or value of such products of the United States (see U.S. note 4 of this subchapter)

As stated in the above U.S. notes, no imported article may be given a partial exemption from duty under more than one of these tariff provisions.² Similarly, no article may be entered under these provisions if it was previously exported with a remission, abatement, or refund of duty or with benefit of drawback, or after manufacture or production in bond under heading 9813.00.05.

The rate of duty upon the dutiable portion of the value of an article imported under one of these provisions is the duty rate that would otherwise apply to the article itself as an entirety under the pertinent provision in HTS chapters 1 through 97, inclusive (that is, the tariff provision that would apply if the article were not entered under a provision of chapter 98).³ Accordingly, for articles eligible to enter under subheading 9802.00.60, the duty is assessed only upon the value of

¹ The rates of duty shown here apply to imports under the quoted provisions whether from countries having most-favored-nation (column 1-general) status or from countries having column 2 (Communist-controlled) status.

² An article could, however, be exported and returned to the United States under one provision and be subsequently reexported and returned under another if this were economically feasible and if the form of the article had been sufficiently changed after its first importation. Thus, for example, a metal article exported and returned to the United States under subheading 9802.00.60 for further processing in such a way as to create a new "fabricated" article or component as determined by the U.S. Customs Service could then be reshipped abroad for assembly and returned under the provisions of heading 9802.00.80.

³ The entry of an article under either of these tariff provisions does not relieve it from quantitative limitations imposed under other provisions of law, such as those textile and apparel articles covered by the Arrangement Regarding International Trade in Textiles (the so-called Multifiber Arrangement or MFA).

the processing (value added) that occurred outside the United States. The form of the metal article may be changed in the foreign processing operation, but the resulting entered product must undergo further processing after its return to the United States. Under heading 9802.00.80, the customs duty applicable to the eligible entered product is calculated based upon the value of the entered good minus the value of the U.S. elements. Thus, no duty is imposed on those U.S.-fabricated components (that is, components the product of the United States) that have not lost their physical identity by a change in form, shape, or otherwise, and that have not been advanced in value or improved in condition abroad except by having been assembled.

When the applicable rate of duty is a specific or a compound rate, the method of computing duties on eligible entries under subheading 9802.00.60 differs from that used for those under heading 9802.00.80. With respect to the former, any specific or compound duty rate applicable to the article under chapters 1 through 97 is converted to an ad valorem equivalent (which, if applied to the full value of the article, would yield the same amount of duty as the specific or compound rate). This ad valorem rate is then applied to the value of the foreign processing. Under heading 9802.00.80, the specific or compound rate of duty is applied to the entire cost or value of the article and a deduction is made in the same proportion as the cost or value of the U.S.-origin components bears to the total cost or value. For customs purposes, the value of processing under subheading 9802.00.60 and the value of U.S. components for purposes of heading 9802.00.80 are based on the invoice costs to the importer, where the U.S. Customs Service determines such costs or values are reasonable. Otherwise, Customs determines such value in accordance with the terms of section 402 of the Tariff Act of 1930, as amended (or, very rarely, with section 402a).⁴

Although most rates of duty in column 1-general of the HTS are "bound" because of trade concessions (mainly under the General Agreement on Tariffs and Trade), the duty rates in these two provisions are not; nor is the United States obliged to retain these tariff provisions, which are not part of the Harmonized System. Thus, the Congress may amend or repeal these tariff provisions without impairing U.S. trade-agreement obligations or concessions, despite the fact that such an action could result in an effective increase in the amount of customs duties collected on such goods.

Under the special rates of duty subcolumn of column 1 of the HTS, the same rates of duty and methods of calculation apply to articles eligible for entry under these two provisions and also covered by particular preferential tariff treatment programs. These are the Automotive Products Trade Act, the Agreement on Trade in Civil Aircraft, and the United States-Canada Free-Trade Agreement, as explained in general note 3(c) to the HTS.

Customs Practices

Subheading 9802.00.60

According to the notes to the present subheading, the value of the foreign processing on which the duty is levied is its cost to the importer or, if no charge is made, the value as set out in the invoice and entry papers. Generally the value used for customs purposes is the transaction value, as stated in the entry papers. If the appropriate customs officer concludes that the amount so set out does not represent a reasonable cost or value, then such value is determined in accordance with the valuation provisions of the Tariff Act of 1930, as amended by the Trade Agreements Act of 1979 (Public Law 96-39, July 26, 1979).

An article of metal (except precious metal) imported under HTS subheading 9802.00.60 must have been exported for processing abroad, and the article as processed, or the new article which results from the processing, must be further processed in the United States after its return from abroad. The Customs Service has held that melting, machining, grinding, drilling, tapping,

⁴ Sec. 402 (19 U.S.C. 1401a) provides the basic methods of valuation of imported merchandise that may be used for customs purposes. This section reflects the incorporation into U.S. law (by the Trade Agreements Act of 1979, Pub. L. No. 96-39, July 26, 1979) of the substance of the international agreement on customs valuation adopted in the Tokyo Round of Multilateral Trade Negotiations. The same Act repealed section 402a, the former valuation provisions, making this section applicable only to unliquidated entries of goods imported prior to the effective date of the repeal.

threading, cutting, punching, rolling, forming, plating, and galvanizing are among the operations that qualify as "processing."

Examples of articles eligible for entry under this tariff provision are aluminum sheets processed from ingots of U.S. origin and returned to the United States to be cut to size and shape; lead ingots produced from lead scrap of U.S. origin and returned for further processing; metal screws made abroad from domestic wire and returned for plating; stainless steel tubing coated abroad with chromium and returned for rounding and buffing; tungsten carbide powder sent abroad for sintering and returned for further processing; electronic circuits printed on silicon wafers, exported for splitting and returned for further processing.

Before the exportation of an article for processing abroad under this subheading, the owner or exporter must file (as provided in section 10.9 of the Customs Regulations (19 CFR 10.9),⁵ a certificate of registration describing the article(s) exported. The owner or exporter must state the name of the U.S. manufacturer, or, if of foreign origin, the name and address of the U.S. processor and the process of manufacture. The owner or exporter must further provide the name and address of the person who will further process the articles upon their return to the United States, or, if the person is not known, the reasons for believing the articles will be returned for further processing and the reason the person is not known. The article must be examined by a customs officer and loaded for export under customs supervision. Upon its return from abroad, the owner, importer, consignee, or agent must declare that the article has been processed from the merchandise covered by the certificate of registration and must declare the nature and cost of the processing abroad and the processing to be performed in the United States. The declaration as to the origin of the article, and as to the nature and cost of the processing abroad, must be supported, moreover, by a declaration of the foreign processor. The foregoing requirements may be waived by the district director at the port of entry, but only when he is satisfied that the article is entitled to enter under HTS subheading 9802.00.60 and that all the requirements of the provisions have been met. If the registration form is not produced at entry, such a waiver can only be given if a single entry at one port is made.

Pursuant to a 1958 decision of the Customs Service (T.D. 54-572(22)), concerning former TSUS item 806.30, the provisions of HTS subheading 9802.00.60 apply only when the U.S. metal article sent abroad for processing is to be returned for further processing by or for account of the person or firm which exported the article for processing abroad.

Heading 9802.00.80

When merchandise is assembled abroad, it is often difficult to establish its transaction value (either for the imported merchandise or for identical or similar merchandise) or deductive value, as those terms are defined in section 402 of the Tariff Act of 1930, as amended. A large portion of the entries under heading 9802.00.80 comprises trade by U.S. firms and their foreign affiliates that operate and transfer goods on a manufacturing-cost basis rather than on the basis of values established in the marketplace. Accordingly, the customs value for purposes of heading 9802.00.80 is in many cases based on computed value, as defined in section 402. However, the Customs Service attempts to ascertain the transaction value whenever possible (19 CFR 10.18 et seq.)

Computed value represents the sum of all costs, actual or estimated, for materials used, labor, overhead, depreciation, other general expenses, a normal profit, and packing costs. In most cases, only the cost of materials, labor, and packing can readily be ascertained. To this is added a markup for general expenses and profit equal to that usually reflected in sales by the foreign producers in their home markets of merchandise of the same class or kind as that exported to the United States. From this gross computed value is deducted the value of those U.S. components for which allowance is claimed under heading 9802.00.80. Additionally, the value of packing materials of U.S. origin may be exempt from duty under heading 9801.00.10. These deductions are generally based upon the values shown on the assembler's declaration and endorsed by the importer pursuant to section 10.24 of the Customs Regulations (19 CFR 10.24). When the values shown thereon appear unreasonable, other proof of value may be required.

⁵ A copy of the Customs Regulations pertaining to HTS subheading 9802.00.60 and heading 9802.00.80, as set out in vol. 19 of the Code of Federal Regulations (CFR), is provided at the end of this appendix.

After the implementation of the former TSUS in 1963, no specific regulations were immediately issued with respect to the administration of former TSUS item 807.00. Rather, customs officers were informally advised to use section 10.1 of the Customs Regulations (19 CFR 10.1), relating to American goods returned without advancement in value. It was not until January 1968 that subsection (g), since amended, was added to section 10.1, specifically providing for the documentary proof to be filed in connection with the entry of articles containing U.S.-fabricated components claimed to be exempt from duty under TSUS item 807.00.

In October 1975, the Customs Service amended its regulations by adding sections 10.11 through 10.24 (19 CFR 10.11-10.24), which set forth definitions and interpretative regulations pertaining to TSUS item 807.00. The sections included examples describing specific situations in which the exemption from duty provided by TSUS item 807.00 might be available. Section 10.24 set forth the following documentary requirements applicable to assembled articles entered from former TSUS item 807.00:

- (1) a declaration by the person who performed the assembling operations abroad listing and describing the U.S. components and describing the operations performed abroad on such components, and
- (2) an endorsement of the importer declaring the declaration in (1) to be correct to the best of his knowledge and belief.

Section 10.24 also permitted the district director to revise the format of either of the documents specified above, waive specific details for each entry, and waive the foregoing documents if he "is satisfied that unusual circumstances make the production of either or both of the documents...or of any of the information set forth therein, impractical and is further satisfied that the requirements of item 807.00 ...and related headnotes have been met...."

As noted earlier, the duty treatment provided under former TSUS item 807.00 applied to fabricated components that are the product of the United States. In order to qualify for such treatment, the components must have been in condition ready for assembly without further fabrication after their exportation from the United States. However, components are not prohibited entry under former TSUS item 807.00 or current HTS heading 9802.00.80 because of foreign operations incidental to the assembly before, during, or after their assembly with other components, as long as the components do not lose their physical identity by change in form, shape, or otherwise. Thus, materials undefined in final dimension and shape which are cut abroad into specific shapes or patterns are not considered fabricated components and thus are not eligible for entry under this provision.

Under the relevant regulation (19 CFR 10.16), the assembly operations performed abroad may consist of any method used to join or fit together solid components, such as welding, soldering, riveting, force fitting, gluing, laminating, sewing, or the use of fasteners. They may be preceded, accompanied, or followed by operations incidental to assembly, as illustrated below. The mixing or combining of liquids, gases, chemicals, food ingredients, and amorphous solids with each other or with solid components is not regarded as assembly.

Operations incidental to the assembly process, whether performed before, during, or after assembly, do not constitute further fabrication and do not preclude entry under HTS heading 9802.00.80. The following are examples of operations which are deemed incidental to the assembly process:

- (1) Cleaning;
- (2) Removal of rust, grease, paint, or other preservative coating;
- (3) Application of preservative paint or coating, including preservative metallic coating, lubricants, or protective encapsulation;
- (4) Trimming, filing, or cutting off small amounts of excess materials;
- (5) Adjustments in the shape or form of a component to the extent required by the assembly being performed abroad;
- (6) Cutting to length of wire, thread, tape foil, and similar products exported in continuous lengths; separation by cutting of finished components, such as prestamped integrated circuit lead frames exported in multiple unit strips; and

- (7) Final calibration, testing, marking, sorting, pressing, and folding of assembled articles.

Any significant process, operation, or treatment other than assembly whose primary purpose is the fabrication, completion, or physical or chemical improvement of a component, or which is not related to the assembly process, whether or not it effects a substantial transformation of the article, are not regarded as incidental to the assembly and preclude entry under the tariff provision. The following are examples of operations not considered incidental to assembly:

- (1) Melting of exported ingots and pouring of the metal into molds to produce cast-metal parts;
- (2) Cutting of garment parts according to pattern from exported material;
- (3) Painting primarily intended to enhance the appearance of an article or to impart distinctive features or characteristics;
- (4) Chemical treatment of components or assembled articles to impart new characteristics, such as shower-proofing, permapressing, sanforizing, dyeing, or bleaching of textiles;
- (5) Machining, polishing, burnishing, peening, plating (other than plating incidental to the assembly), embossing, pressing, stamping, extruding, drawing, annealing, tempering, case hardening, and any other operation, treatment, or process which imparts significant new characteristics or qualities to the article affected.

The Customs interpretation of former TSUS items 806.30 and 807.00 (as noted above, expected generally to continue under the HTS) is in large part a result of the numerous significant interpretative decisions of the Court of International Trade and the Court of Appeals for the Federal Circuit over the last several years. The impact of these decisions is illustrated by the following statement from the Tariff Classification Study (schedule 8 volume, p. 103):

"ITEM 807.00-Imports assembled with U.S. components. Item 807.00 contemplates that, when a finished component of U.S. origin is sent abroad and there assembled-without otherwise changing its condition-with one or more other components, the cost or value of such U.S. components shall not be included in the dutiable value of the assembled article in which it has been incorporated. *U.S. wire and tape, on spools, sent abroad where they are cut to length and then assembled with other components into a finished article are not finished components the cost of which may be deducted from the dutiable value of the imported article.*"

The subsequent series of cases involving General Instrument Corporation demonstrate the nature of the evolution of former TSUS item 807.00. The appellate court in *General Instrument Corporation v. United States*, 59 CCPA 171, 462 F.2d 1156, C.A.D. 1062 (1972), held that U.S.-fabricated wire was used directly in the assembly process "without further fabrication" within the meaning of that phrase in TSUS item 807.00 although it was cut into pieces abroad, when, for practical reasons, the assembly process required handling the wire directly from the spool and cutting it during that process. The court then extended its reasoning in *General Instrument Corporation v. United States*, 60 CCPA 178, 480 F.2d 1402, C.A.D. 1106 (1973), holding that there is no reason to consider articles cut to length prior to assembly subject to any different treatment than articles cut after assembly such as the wire bonded to a semiconductor chip and then severed in the earlier General Instrument Corporation case. In a third case of the same name, at 61 CCPA 86, 499 F.2d 1318, C.A.D. 1128 (1974), the court went even further in holding that the despooling, cementing, winding, and taping of wire are not "further fabrication" steps, but rather assembly steps within the meaning of TSUS item 807.00. The court stated, referring to the second General Instrument case, that "we can perceive no substantial differences between the instant assembly steps and those of General Instrument, which were held not to constitute 'further fabrication.'"

These and subsequent rulings by the courts, together with an intensified scrutiny of entries under the HTS provisions by the Customs Service, have added new dimensions to the interpretation of those tariff provisions.

Problems of Customs Administration

It is evident from the foregoing discussion that these two tariff provisions are not susceptible of easy application; this complicates their administration and thereby increases the potential for

misuse. For example, a prerequisite to the allowance of the partial duty exemptions is proof of the presence in the imported article of the exported U.S. metal article or fabricated component-not a substitute foreign equivalent. It is necessary to know precisely what U.S. articles were exported from the United States, that they were effectively segregated from and not commingled with foreign articles prior to their being processed or assembled, and exactly how they were used abroad in the production or manufacture of the imported article. Moreover, as indicated, the data required for valuation purposes are generally more complex and detailed than is required under ordinary circumstances.⁶

Ascertainment of the relevant facts is almost wholly dependent upon paper proof rather than physical examination of imports by customs officers. By reason of the large volume of trade under these provisions and the intricacy and mass of detailed information involved in each transaction, customs officers are, in practice, obliged to accept entries as submitted with only a limited opportunity for verification of their factual content.

Legislative History

Introduction

The HTS has carried forward the language and rates of duty of TSUS items 806.30 and 807.00 in subheading 9802.00.60 and heading 9802.00.80, respectively. Thus, for many importers, no effective change in the treatment of their particular goods by the Customs Service is likely (although case-by-case review is necessary).⁷ The legislative history of the former TSUS items is more illuminating than that for chapter 98 and details the scope and intent of the prior provisions; it will therefore be discussed in some detail and, to a large extent, provides evidence of Congress' purpose in continuing the subject tariff treatment in the HTS.

Item 806.30

Former TSUS item 806.30 incorporated, without significant change, the provisions of paragraph 1615(g) of the Tariff Act of 1930, as amended by the Customs Simplification Act of 1956. According to its sponsor, the Honorable Victor A. Knox, the purpose of the provision was to facilitate the processing of U.S. metal articles in contiguous areas of Canada during breakdowns or other emergencies at nearby plants in the United States. In explanation, Mr. Knox stated on the floor of the House of Representatives that the provision would-

"... permit manufacturers to send [metal articles] into Canada principally for processing . . . [when] . . . they are unable to process that particular metal product within their own plants. There have been periods of time when the industry has had breakdowns in manufacturing plant and did not have the facilities to continue on with the work . . . It has been necessary for industry-I speak of the Detroit area-to ship to Algoma . . . Canada . . . metal products in order to have them processed, because there was no other plant accessible to the manufacturer to have this particular work done. . . . I believe there is no possibility that these particular products would ever be shipped to such countries as Belgium, Spain, Portugal, and so forth, because of high transportation cost ...⁸ Debate on the United States Senate floor regarding the provision focused on whether it would tend to encourage importations of metal articles from low-wage countries. However, the Senate Committee on Finance, in reporting favorably on

⁶ A guide to the data requirements for importation under TSUS item 807.00 was published by the U.S. Customs Service under the title *Import Requirements on Articles Assembled Abroad from U.S. Components/Item 807.00 TSUS: 807 Guide*, Customs Information Series C:79-1, 1979. For several illustrative cases, see: *Zwicker Knitting Mills v. United States*, 67 CCPA 37, C.A.D. 1240, 613 F.2d 295 (1980); *Southern Air Transport, Inc. v. United States*, 84 Cust. Ct., C.D. 4836 (1980); and *Mattel, Inc. v. United States*, 67 CCPA 74, 624 F.2d 1076 (1980).

⁷ *Conference Report on H.R. 3, the Omnibus Trade and Competitiveness Act of 1988*, House Report 100-576, April 20, 1988, pp. 549-550.

⁸ *Congressional Record*, July 13, 1953, pp. 8850-8859.

the provision, expressed no desire that its use be limited to imports from contiguous countries. In its analysis of the provision the Senate report stated:

"Section 202 will permit manufacturers of any article of metal (except precious metal) processed in the United States to export such articles for further processing and at the time of reimportation to pay duty on the cost of the processing done in the foreign country."⁹

Item 807.00

The language of former TSUS item 807.00 was formulated by the U.S. Tariff Commission, now the U.S. International Trade Commission, in its Tariff Classification Study. This study was an important factor in the adoption of the TSUS, effective as of August 31, 1963 (Public Law 87-456, implemented by Presidential Proclamation No. 3548). TSUS item 807.00 had no direct counterpart in the tariff schedules in effect prior to August 31, 1963. It was designed to codify and regulate an anomalous but well-established Customs practice under paragraph 1615(a) of the Tariff Act of 1930, a result of a 1954 decision of the U.S. Customs Court (C.D. 1628) reversing an administrative ruling (abstract published as T.D. 52191).

Paragraph 1615(a) provided for the duty-free entry of American products returned to the United States that had not been "advanced in value or improved in condition by any process of manufacture or other means." The Customs Court, in its 1954 decision (C.D. 1628), held that the labor expended abroad in installing an American motor in a Canadian-built motorboat did not advance the value of the American motor or improve it in condition. The court was of the opinion that the U.S. parts contained in the imported articles would qualify for duty-free entry if:

"... by physical examination at the time of importation, they could be identified in the imported article as the identical American product exported from the United States and as not having been changed in any manner other than by their assembly with other parts into a new or different article."

If any work other than assembly with other parts was performed directly upon the American product, the allowance of duty would not have been accorded under paragraph 1615(a).

The Customs Service, in numerous rulings applying the principle of C.D. 1628 after 1954, allowed duty-free entry to American-made components assembled into foreign articles if, "under the theory of constructive segregation," the components were "capable of being identified and removed without injury" to themselves or to the articles into which they had been assembled.

TSUS item 807.00 continued the substance of earlier practice, but without the assumption that the American components had not been advanced in value or improved in condition by assembly and without reference to whether they could be removed without injury or constructively segregated.

In the Tariff Classification Study, the Commission commented on C.D. 1628 and the Customs Service practices based thereon as follows:

"... There is no logic to attributing the labor costs involved in assembly exclusively to foreign parts, nor is there logic in holding that assembly operations do not advance or improve the component parts assembled therein. Such component parts reach their ultimate value only when they have been assembled into an article where they can in fact perform the function for which they were designed and made."

"... Whether or not an American component can be separated from a foreign article "without injury" to either is an unrealistic and arbitrary condition upon which to predict partial exemption from duty."

⁹ Committee on Finance, United States Senate, Customs Simplification Act of 1954 ... Report To Accompany H.R. 10009, Rept. No. 2326 (83rd Cong., 2d sess.), 1954, p. 5.

"The real issue is not whether you can remove "without injury" or "constructively segregate" the American part in order to "classify" it under paragraph 1615(a). The only classification of the imported article which must be made for tariff purposes is the classification of the imported article as an entirety. The substance of the issue is what proof shall be required to satisfy customs officers-

- (1) that an American part has been assembled into the imported article, and
- (2) that such part was assembled therein without having been changed in condition.

"If (1) and (2) are satisfactorily proved, the question then arises as to how much allowance or deduction is to be made from the full value of the imported article on account of its having such 'unimproved' American parts."¹⁰

To assist in the identification of the U.S. components, only the U.S. portion of the product (the exported components) were made eligible to be returned free of duty. The original language of the article description in TSUS item 807.00 was as follows:

"Articles assembled abroad in whole or in part of products of the United States which were exported for such purposes and which have not been advanced in value or improved in condition by any means other than by the act of assembly."

The above language appeared to be ambiguous in certain respects and to preclude minor operations incidental to assembly abroad, such as painting. Therefore, in 1965, TSUS item 807.00 was amended by Public Law 89-241, as follows:

"Articles assembled abroad in whole or in part of fabricated components, the products of the United States, which (a) were exported, in condition ready for assembly without further fabrication, for the purpose of such assembly and return to the United States, (b) have not lost their physical identity in such articles by change in form, shape, or otherwise, and (c) have not been advanced in value or improved in condition abroad except by being assembled and except by operations incidental to the assembly process such as cleaning, lubricating, and painting."

Subsequently, in November 1966, the clause "for the purpose of such assembly and return to the United States" was deleted from the language of TSUS item 807.00, pursuant to Public Law 89-806. In a summary report of pending House-passed bills prepared for the use of the Senate Committee on Finance,¹¹ the bill (H.R. 11216, which became Public Law 89-806) is discussed as follows:

"In the Tariff Schedules of the United States, item 807.00 continued this court-approved practice. However, the new provision eliminated the anomalies involved in the old practice, first by recognizing that U.S. components do increase in value by assembly operations and second by making it unnecessary to show that the U.S. component could be removed without injury to the assembled article. At the same time it was provided that for the duty-free treatment to apply on its return the U.S. component must have been sent abroad 'for the purpose of assembly.'

"In the Tariff Schedules Technical Amendments Act of 1965 item 807.00 was clarified to make it clear that cleaning, lubricating, and painting could be performed in connection with the assembly function without subjecting the U.S. components to duty on their return to this country. In making this clarification, however, an additional restrictive clause was added to the duty-free provision. It requires that at the time of exportation of the U.S. component there be an intention that the assembled article is to be shipped to the United States. This additional restriction has raised complaints by interested importers and foreign

¹⁰ *Tariff Classification Study, Explanatory and Background Materials; Schedule 8.—Special Classification Provisions, Appendix to the Tariff Schedules*, Nov. 15, 1960, pp. 13 and 14.

¹¹ Committee on Finance, United States Senate, *Summary of Minor House-Passed Bills Pending Before the Committee on Finance*, 1966, p. 14.

shippers, and has also been said to introduce problems of customs administration.

"H.R. 11216 would eliminate both the requirement that the American component be exported 'for the purpose of such assembly' and the requirement that there be an intention at the time of exportation that it be returned to the United States. It would still be necessary, however, for the importer to establish by satisfactory proof that the components of an imported article for which duty-free treatment is claimed are, in fact, components produced in the United States. Moreover, it must be shown that they have not lost their physical identity in the assembled article and have not been advanced in value or improved in condition abroad except by the assembly operation, or operations, incidental to assembly."

movements). A certificate shall not be required for any shipment valued at \$100 or less.

(b) When articles coming directly into the United States from an insular possession, other than Puerto Rico, in a shipment valued over \$100 are sought to be admitted free of duty under the provisions of General Note 3(a)(iv), HTSUS, relating to certain articles returned to the United States, there shall be filed in connection with the entry the following evidence:

(1) A certificate, on Customs Form 3311, of the district director at the port from which the merchandise was shipped from the United States. No certificate shall be required if the district director is satisfied by reason of the nature of the articles or otherwise that no drawback of duties or refund or remission of taxes was allowed on the merchandise by reason of the shipment. This certificate shall be issued on application of the importer, or of the district director at the importer's request, and shall be mailed by the issuing officer directly to the port at which it is to be used. If the merchandise was shipped from the port at which entry is made and the fact of shipment appears on Customs records, the fact of return shall be noted on the record but the filing of the certificate on Customs Form 3311 shall not be required; and

(2) A declaration of the shipper in the insular possession in the following form:

I, _____ of _____ do hereby declare that to the best of my knowledge and belief the articles identified below were sent directly from the United States on _____ 19____, to _____ of _____, on (insular possession) the _____, and that the (Name of carrier) articles remained in said insular possession until shipped by me directly to the United States via the _____ (Name of carrier) on _____, 19____.

Marks	Numbers	Quantity	Description	Value
Dated at _____ this _____ day of _____ 19____				
Shipper: _____				

The declaration shall not be required in any case where the district director is satisfied by reason of the nature of the articles or otherwise that they were shipped directly to the insular possession and were returned by direct shipment.

(c) When merchandise excluding any shipments valued at \$100 or less, arrives unaccompanied by a certificate of origin or a declaration of the shipper, or when any other document necessary to complete entry is lacking, a bond containing the bond conditions set forth in § 113.62 of this chapter, for the production thereof may be taken on Customs Form 301. A bond for production of a bill of lading shall be taken on Customs Form 301 and contain the bond conditions set forth in § 113.69 of this chapter.

(d) In determining whether an article produced or manufactured in any such insular possession contains foreign materials to the value of more than 50 percent (or more than 70 percent with respect to watches and watch movements), a comparison shall be made between the actual purchase price of the foreign materials (excluding any material which at the time such article is entered, or withdrawn from warehouse, for consumption in the United States, may be imported into the United States from a foreign country, other than Cuba or the Philippines, free of duty), plus the cost of transportation to such insular possession (but excluding duties and taxes, if any, assessed by the insular possession and any charges which may accrue after landing), and the final appraised value in the United States determined in accordance with section 402, Tariff Act of 1930, as amended (19 U.S.C. 1401a), of the article brought into the United States.

(e) A special Customs Invoice on Customs Form 5515 shall be required in connection with shipment of dutiable merchandise valued over \$500 unless the shipment would have been exempt from the requirement of a special Customs Invoice under § 141.83 of this chapter if it had been imported from a foreign country, or when the shipment is covered by a certificate of origin provided for in paragraph (a) of this section.

(f) Merchandise may be withdrawn from a bonded warehouse under section 557, Tariff Act of 1930, as amended (19 U.S.C. 1557), for shipment to the Virgin Islands, American Samoa, Wake Island, Midway Islands, Kingman Reef, Johnston Island, or Guam, without payment of duty, or with a refund of duty if the duties have been paid, in like manner as for exportation to foreign countries. No drawback may be allowed under section 313, Tariff Act of 1930, as amended (19 U.S.C. 1313), on articles manufactured or produced in the United States and shipped to any insular possession. No drawback of internal revenue tax is allowable under 19 U.S.C. 1313 on articles manufactured or produced in the United States with the use of domestic tax-paid alcohol and shipped to Wake Island, Midway Islands, Kingman Reef or Johnston Island.

(R.S. 251, as amended, secs. 623, as amended, 624, 46 Stat. 759, as amended (19 U.S.C. 66, 1623, 1624))
(T.D. 83-7, 48 FR 229, Jan. 4, 1983; 48 FR 1290, Jan. 12, 1983; T.D. 84-213, 49 FR 41164, Oct. 19, 1984; T.D. 89-1, 53 FR 51246, Dec. 21, 1988)

§ 7.11 Guantanamo Bay Naval Station.

Articles of foreign origin may enter the area (both land and water) of the Guantanamo Bay Naval Station free of duty, but such articles shall be subject to duty upon their subsequent entry into the United States.

(28 FR 14636, Dec. 31, 1963)

PART 10—ARTICLES CONDITIONALLY FREE, SUBJECT TO A REDUCED RATE, ETC.

ARTICLES EXPORTED AND RETURNED

- | | |
|-------|--|
| Sec. | |
| 10 1 | Domestic products, requirements on entry |
| 10 3 | Drawback, internal revenue tax |
| 10 4 | Internal revenue marks, erasure |
| 10 5 | Shooks and staves, cloth boards, district director's account |
| 10 6 | Shooks and staves, claim for duty exemption |
| 10 7 | Substantial containers or holders |
| 10 8 | Articles exported for repairs or alterations |
| 10 8a | Imported articles exported and reimported |
| 10 9 | Articles exported for processing |
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AUTOMOTIVE: 19 U.S.C. 90, 1202, 1401, 1404, 1408, 1623, 1624.

Section 10.17 also issued under 19 U.S.C. 1401a, 1402.

Section 10.23 also issued under 19 U.S.C. 1304.

Sections 10.41, 10.41a, 10.107 also issued under 19 U.S.C. 1322.

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Section 10.99 also issued under 19 U.S.C. 1309, 1317.

Sections 10.91, 10.92, 10.93, 10.94, 10.94a also issued under 19 U.S.C. 1309.

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Sections 10.70, 10.71 also issued under 19 U.S.C. 1406.

Sections 10.80, 10.81, 10.82, 10.83 also issued under 19 U.S.C. 1313 (c) and (1).

Sections 10.152, 10.153 also issued under 19 U.S.C. 1321.

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Sections 10.191-10.198 also issued under 19 U.S.C. 3701, et seq.

Source: 26 FR 14063, Dec. 31, 1961, unless otherwise noted.

ARTICLE EXPORTER AND RETURNED

§ 10.1 Domestic products; requirements on entry.

(a) Except as otherwise provided for in this part, the following documents shall be filed in connection with the entry of articles claimed to be free of duty under subheading 9901.00.10 and subheading 9902.00.20, Harmonized Tariff Schedule of the United States (HTSUS):

Marka	Numar	Cantitate	Descriere	Valori, in US \$ cum
	(Date)			(Signature)
	(Address)			(Capacity)

(2) A declaration for free entry by the owner, importer, consignee, or agent on the top portion of Customs Form 3211.

(3) A Certificate of Exportation on the bottom portion of Customs Form 3311 executed by the district director at the port from which the merchandise was exported. Such certificate shall show whether drawback was claimed or paid on the merchandise covered by the certificate and, if any was paid, the amount thereof. This certificate shall be issued on application of the importer, or of the district director at the importer's request, and shall be mailed by the issuing officer directly to the port at which it is to be used. If the merchandise has been exported from the port at which entry is made and the fact of exportation appears on the records of the customhouse, the fact of reimportation shall be noted on such export record. In such case the filing of the certificate on Customs Form 3311 shall not be required.

(b) If, in any case where the appraising officer's report does not show definitely that merchandise the value of which exceeds \$1,000 is of domestic origin, Customs Form 3311 has not been executed by the owner or utili-

(1) A declaration by the foreign shipper in substantially the following form, if the value of the returned articles exceeds \$1,000:

I, _____, declare that to the best of my knowledge and belief the articles herein specified are products of the United States; that they were exported from the United States from the port of _____ on or about _____, 19--; that they are returned without having been advanced in value or improved in condition by any process of manufacture or other means.

male consignee, the district director may require the execution of such form by the owner or ultimate consignee. In such a case Customs Form 3311 shall be filed within 3 months after the date of the demand therefor upon the person in whose name the entry was filed. If the owner or ultimate consignee is a corporation, such form may be signed by the president, vice president, secretary, or treasurer of the corporation, or may be signed by any employee or agent of the corporation who holds a power of attorney executed under the conditions outlined in Subpart C, Part 141 of this chapter and a certification by the corporation that such employee or other agent has or will have knowledge of the pertinent facts. In the case of articles which are unquestionably the products of the United States and which have not been advanced in value or improved in condition, if the district director is satisfied from the character thereof or otherwise that they are free of duty under Chapter 98, Subchapter I, HTBUS, and if the total value of the articles of American origin contained in the shipment does not exceed \$250, the execution of Customs Form 3311 shall not be required

therefor, except when used as an entry under paragraph (g), (h), or (i) of this section.

(c) A certificate from the master of a vessel stating that products of the United States are returned without having been unladen from the exporting vessel may be accepted in lieu of the declaration of the foreign shipper required by paragraph (a)(1) of this section.

(d) If the district director is reasonably satisfied, because of the nature of the articles, or production or other evidence, that the articles are imported in circumstances meeting the requirements of subheadings 9801.00.10 or 9802.00.20, HTSUS, and related section and additional U.S. notes, he may waive the requirements for producing the documents specified in paragraphs (a) and (b) of this section except when Customs Form 3311 is used as an entry summary (as defined in § 141.0a(b) of this chapter) under paragraphs (g) or (h), or as an informal entry under paragraph (i).

(e) No evidence relative to the conditions of subheading 0001.00.10, HTSUS, shall be required in the case of articles the product of the U.S. in use at the time of importation as the usual coverings or containers of merchandise not subject to an ad valorem rate of duty unless such articles would be dutiable if not products of the U.S. under General Rule of Interpretation 8, HTSUS.

(f) In the case of photographic films and dry plates manufactured in the United States (except motion picture films to be used for commercial purposes) exposed abroad and entered under subheading 9002.00.30, HTSUS, the requirements of paragraphs (a), (b), and (c) of this section are applicable except that the declaration on Customs Form 3311 to the effect that the articles "are returned without having been advanced in value or improved in condition by any process of manufacture or other means" shall be crossed out, and the entrant shall show on the form that the subject articles when exported were of U.S. manufacture and are returned after having been exposed, or exposed and developed, and, in the case of motion picture films, that they will not be

used for commercial purposes. This modification shall also be made in the declaration by the foreign shipper provided for in paragraph (axi) of this section.

(g) Aircraft and aircraft parts and equipment. (1) In the case of aircraft and aircraft parts and equipment returned to the United States under subheading 9801.00.10, HTSUS, by or for the account of an aircraft owner or operator and intended for use in his own aircraft operations, within or outside the United States, the entry summary may be made on Customs Form 3311. The entry summary on Customs Form 3311 shall be executed by the entrant and supported by the entry documentation required by § 142.3 of this chapter. If the Customs officer is satisfied that the articles are products of the United States, that they have not been improved in condition or advanced in value while abroad, and that no drawback has been or will be paid, the other documents described in this section shall not be required, and no bond need be filed for their production.

(2) The entrant shall show on Customs Form 3311:

(1) The name and address of the aircraft owner or operator by whom or for whose account the articles are returned to the United States, in the block headed "Articles Returned To (Name and Address)".

(ii) The name of the importing vessel or conveyance.

(iii) The date of its arrival.

(iv) A description of the articles.

(v) The value of the articles, and

(vi) That the articles are intended for use by the aircraft owner or operator in his own aircraft operations.

(3) If Customs Form 3311 is filed at time of entry, it shall serve as both the entry and the entry summary.

(h) **Nonconsumable vessel stores and equipment.** (1) In the case of nonconsumable vessel stores and equipment returned to the United States under subheading 9901.00.10, HTSUS, the entry summary may be made on Customs Form 3311. The entry summary on Customs Form 3311 shall be executed in duplicate by the entrant and supported by the entry documentation required by § 142.3 of this chapter. Before an entry summary on Customs

Form 3311 may be accepted for non-consumable vessel stores and equipment. The Customs officer shall be satisfied that:

(i) The articles are products of the United States.

(ii) The articles have not been improved in condition or advanced in value while abroad.

(iii) No drawback has been or will be paid, and

(iv) No duty equal to an internal revenue tax is payable under subheading 9901.00.80, HTSUS.

(3) The declaration of the foreign shipper described in paragraph (a)(1) of this section and the certificate of exportation described in paragraph (a)(3) of this section shall not be required in connection with an entry for nonconsumable vessel stores and equipment on Customs Form 3311.

(3) To satisfy the Customs officer that no drawback has been or will be paid on the articles in connection with their removal from the United States, the master of the vessel or other person having knowledge of the facts shall furnish a written declaration which may be made on the reverse side of Customs Form 3311 showing that the articles were:

(i) Exported as stores or equipment on a United States vessel or a vessel operated by the United States Government.

(ii) Not landed in a foreign country, except for any needed repairs, adjustment, or refilling and return to the vessel from which landed or.

(iii) For transshipment as stores or equipment to another vessel.

(4) The entrant also shall show:

(i) The name of the importing vessel.

(ii) The date of its arrival.

(iii) A description of the articles, and

(iv) The value of the articles.

(5) If Customs Form 3311 is filed at time of entry, it shall serve as both the entry and the entry summary.

(i) When the total value of articles of claimed American origin contained in any shipment does not exceed \$250 and such articles are found to be unquestionably products of the United States and do not appear to have been advanced in value or improved in condition while abroad and no quota is involved, free entry thereof may be

made under subheading 9901.00.10 on Customs Form 3311, executed by the owner, importer, consignee, or agent and filed in duplicate, without regard to the requirement of a certificate of exportation or evidence of similar purpose, unless the Customs officer has reason to believe that Customs drawback or exemption from internal revenue tax, or both, were probably allowed on exportation of the articles or that they are otherwise subject to duty. The entrant shall show on Customs Form 3311 the name of the importing conveyance, the date of its arrival, the name of the country from which the articles were returned to the United States, and the value of the articles. The entrant shall also produce evidence of his right to make entry (except as provided in § 142.11(b) of this chapter). If the Customs officer is not entirely certain that the articles to be entered under this paragraph by a nominal consignee are products of the United States, the actual owner or ultimate consignee thereof may be required to execute a Customs Form 3311.

(i) In the case of products of the United States, when the aggregate value of the shipment does not exceed \$10,000 and the products are imported—

(1) For the purposes of repair or alteration, prior to reexportation, or

(2) After having been either rejected or returned by the foreign purchaser to the United States for credit, free entry thereof may be made under subheading 9901.00.10, HTSUS, on Customs Form 3311, (a) Customs Form 7501 must be submitted as well for articles, described in paragraph (b) of this and § 143.23(h) of this chapter, executed by the owner, importer, consignee, or agent and filed in duplicate, without regard to the requirement of a certificate of exportation or evidence of similar purpose, unless the Customs officer has reason to believe that Customs drawback or exemption from internal revenue tax, or both, were probably allowed on exportation of the articles or that they are otherwise subject to duty. The person making entry shall show on Customs Form 3311 the name of the importing conveyance, the date of its arrival, the name of the

country from which the articles were returned to the United States, and the value of the articles. The person making entry shall also produce evidence of his right to make entry (except as provided in § 141.11(b) of this chapter). If the Customs officer is not entirely certain that the articles to be entered under this paragraph by a nominal consignee are products of the United States, the actual owner or ultimate consignee thereof may be required to execute a Customs Form 3311.

(T.D. 72-119, 37 FR 8067, May 2, 1972 as amended by T.D. 70-98, 43 FR 13060, Mar. 29, 1978; 43 FR 20093, May 10, 1978; T.D. 79-231, 44 FR 46812, Aug. 9, 1979; T.D. 83-81, 48 FR 16596, Apr. 5, 1983; T.D. 89-1, 53 FR 81246, Dec. 31, 1988)

§ 10.2 Drawback; internal-revenue tax.

(a) Except as prescribed in § 10.1(f) or in paragraphs (c) and (f) of this section, no free entry shall be allowed under Chapter 98, Subchapter 1, Harmonized Tariff Schedule of the United States (HTSUS), in the final liquidation of an entry unless the district director of Customs is satisfied by the certificate of exportation or other evidence or information that no drawback was allowed in connection with the exportation from the United States, and unless no internal-revenue tax is imposed on the importation of like articles not previously exported from the United States or, if such tax is being imposed at the time of entry for consumption or withdrawal from warehouse for consumption, the district director of Customs is satisfied that an internal-revenue tax on production or importation was paid in respect of the imported article before it was exported from the United States and was not refunded. Except as provided for in § 10.1(f), when it is impracticable, because of the destruction of Customs records or other circumstances, to determine whether drawback was allowed, or the amount of drawback allowed, with respect to an article established to be a returned product of the United States which has not been advanced in value or improved in condition while abroad, there shall be assessed on the re-

turned article an amount of duty determined as follows:

(1) If there is any likelihood that drawback was allowable on the exportation of like articles at any time when the imported article may have been exported from the United States, the estimated amount of any drawback which would have been allowable if duty had been paid on any foreign merchandise likely to have been used in the manufacture of the returned article at the rate or rates applicable to such foreign merchandise on the date of importation of the returned article (see paragraph (b) of this section), and

(2) If there is any likelihood that a refund or remission of tax was allowed on the exportation of the returned article, the amount of any internal-revenue tax which would be payable at the time of importation if the returned article were wholly of foreign origin, but in no such case shall there be assessed more than an amount equal to the duty and tax that would apply if the returned article were wholly of foreign origin and originally imported. (See § 10.7(a).) Except as provided for in § 10.1(f), if the imported article is of a kind which would be subject to an internal-revenue tax if of foreign origin and payment of an internal-revenue tax before exportation without refund thereof is not established, duty shall be assessed on the imported article in an amount equal to the internal-revenue tax imposed at the time of entry for consumption or withdrawal from warehouse for consumption on like articles of foreign origin, plus the amount of any drawback allowed on the exportation of the article from the United States; but if no drawback was allowed, the duty equal to internal-revenue tax shall be the total duty to be assessed. If an allowance of drawback on the exportation from the United States of the imported article is established, duty shall be assessed in an amount equal to such drawback, plus an amount equal to any internal-revenue tax which may be assessable in accordance with this paragraph; but in no case shall duty equal to drawback, or to drawback and internal-revenue tax, be assessed in an amount in excess of the ordinary Customs duty and internal-revenue tax applicable to

like articles of foreign origin. In any case, where payment of internal-revenue tax before exportation without refund thereof is established, no duty equal to an internal-revenue tax currently in force shall be assessed.

(b) In the absence of satisfactory evidence as to the nonallowance of

drawback or the amount thereof allowed on the following articles of American manufacture or production, duty shall be assessed thereon in the amounts respectively indicated, the amount shown in each case being considered the fair average amount of drawback allowed on such articles:

Article	Duty assessment
Drums, metal (when not exempted from duty in accordance with sec. 10.2(c))	34 cents each
Masonry, nylon	46 cents per dozen
Lead compound, tetraethyl	\$0.003 per kilogram
Lithopane	\$0.00065 per kilogram
Quartz, art.	\$0.0029 per kilogram
Place goods, cotton	
Bleached	\$0.03166 per square meter
Dyed	\$0.03454 per square meter
Printed	\$0.03226 per square meter
Place goods, nylon, Dyed	\$0.20066 per square meter
Place goods, rayon	
Printed	\$0.04067 per square meter
Other than printed (white, piece dyed or yarn dyed)	\$0.06476 per square meter
Tarbo, refined, available	\$0.003 per kilogram

(c) The following articles shall be admitted free of duty, even though exported from the United States with benefit of drawback:

(1) Any article of a kind which would be admitted free of duty otherwise than under Chapter 98, Subchapter 1, HTSUS if of foreign origin;

(2) Substantial containers or holders of domestic manufacture, including shooks and staves when returned as boxes or barrels, when in use at the time of importation as the usual containers of merchandise;

(3) Any article provided for in 9801.00.70 or 9801.00.80, HTSUS, with respect to which the district director has determined that the collection of duty under such 9801.00.70 or 9801.00.80, HTSUS would involve an expense and inconvenience to the Government disproportionate to the probable amount of such duty; and

(4) Other articles of domestic manufacture which are in use at the time of importation as the usual coverings or containers of merchandise not subject to an ad valorem rate of duty, and which have not been advanced in value or improved in condition while abroad by any process of manufacture or other means.

(d) Articles manufactured or produced in the United States in a Customs bonded warehouse and exported

shall be subject on reimportation to a duty equal to the total duty and internal-revenue tax, if any, imposed at the time of entry for consumption or withdrawal from warehouse for consumption with respect to the importation of like articles not previously exported from the United States.

(e) Animals straying across the border or driven across the border for pasturage purposes or for feeding to improve them for the market and not returned within 8 months are excluded from free entry as domestic products returned.

(f) Tobacco products and cigarette papers and tubes classifiable under subheading 9801.00.80, HTSUS, may be released from customs custody without the payment of that part of the duty attributable to the internal-revenue tax for return to internal-revenue bond as provided by section 5704(d) of the Internal Revenue Code of 1954.

[28 FR 14663, Dec. 31, 1963, as amended by T.D. 66-104, 33 FR 5616, Apr. 11, 1968; T.D. 83-240, 48 FR 53098, Nov. 25, 1983; T.D. 89-1, 53 FR 51246 Dec. 31, 1988]

§ 10.4 Internal-revenue marks; ensnare.

Internal-revenue brands or marks on casks or other containers previously exported from the United States must

be erased at the importer's expense under Customs supervision before their delivery from Customs custody.

§ 10.6 Shooks and staves; cloth boards; district director's account.

(a) Shooks and staves produced in the United States and returned in the form of complete boxes or barrels in use as the usual containers of merchandise are exempt from any duties imposed by the tariff laws upon similar containers made of foreign shooks or staves, provided their identity is established under the regulations in this part.

(b) The term "shook" embraces only shooks which at the time of exportation from this country are ready to be assembled into boxes or barrels without further cutting to size; except that box shooks may be exported in double lengths and cut abroad. The number of boxes made from such shooks which may be imported into this country free of duty cannot exceed the number of complete sets of shooks exported.

(c) [Reserved]

(d) An exporter of shooks or staves in respect of which free entry is to be claimed when returned as boxes or barrels shall file in triplicate with the district director at the port of exportation, at least 6 hours before the landing of the articles on the exporting vessel, a notice of intent to export, Customs Form 3311.

(e) The certificate of exportation block of Customs Form 3311 shall be completed in triplicate by the district director after verification from the manifest of the exporting vessel and the return of the lading officer. The original shall be forwarded by the district director to the consignee. The duplicate copy shall be given to the exporter and the triplicate copy shall be retained.

(f) Whenever boxes or barrels alleged to have been manufactured from American shooks or staves are shipped to the United States from a person abroad other than the one to whom they were exported from the United States, the importer shall be required to obtain from the foreign consignee to whom the shooks or staves were originally exported from this country

the certificate or certificates, Customs Form 3311, covering the exportation of the shooks or staves from the United States, or an extract therefrom signed by such consignee, showing the number of shooks or staves covered by such certificate or certificates, together with the number of superficial feet of such shooks or staves. Such Form 3311, or extract therefrom, shall be filed by the importer in connection with the entry of the boxes or barrels.

(g) Accounts shall be kept by the district director at the port of exportation of the shooks and staves as to each exportation thereof and as to the returns thereof in boxes, barrels, etc. Notifications of such returns shall be given to the port of exportation by the district director at the port of importation. When returns in the form of boxes, barrels, etc., entirely account for the shooks and staves exported as shown on the appropriate Customs Form 3311, the district director maintaining the account shall so inform the district director making inquiry about the merchandise being imported and alleged to contain shooks or staves covered by the particular exportation.

(h) A record of cloth boards of domestic manufacture exported to be wrapped with foreign textiles shall be kept by the district director in a similar manner as for shooks and staves. Cloth boards of domestic manufacture are conditionally free of duty under Chapter 98, subchapter 1, Harmonized Tariff Schedule of the United States (HTSUS). If such boards are advanced in value or improved in condition while aboard, free entry shall be denied on importation.

[28 FR 14663, Dec. 31, 1963, as amended by T.D. 78-99, 43 FR 13060, Mar. 29, 1978; T.D. 89-1, 53 FR 51247, Dec. 31, 1988]

§ 10.6 Shooks and staves; claim for duty exemption.

An importer, seeking an exemption from duty on account of boxes or barrels made from American shooks or staves, must make such a claim on Customs Form 3311 at the time of filing the entry. Upon receipt, from the district director at the port of exportation of the shooks and staves, of corroboration that the records of ex-

portation do not conflict materially with such a claim, the exemption may be allowed. If the claim for an exemption is disallowed in full or in part, the importer may file a request within 15 days of the date of the district director's notice to him of any disallowance, for referral of the question to the Commissioner of Customs for review.

(T.D. 67-76, 42 FR 20044, May 22, 1967)

10.7 Substantial containers or holders.

(a) Substantial containers or holders, which are products of the United States, which are of the usual and ordinary types used in the shipment or transportation of goods, which are reusable for such purposes, and which are imported containing or holding merchandise, shall be entered under the general regulations governing the free entry of domestic products exported and returned. When such containers or holders are imported not containing or holding merchandise they may be admitted without entry if readily identifiable as products of the United States.

(b) Substantial containers or hold-ers, which are of foreign production and previously imported duty paid, which are of the usual or ordinary types used in the shipment or transportation of goods, which are reusable for such purpose, and which are imported containing or holding merchandise, shall be exempt from duty if (1) exported in accordance with the regulations contained in § 10.5 (d) and (e), and (2) there is filed in connection with the entry a certificate of the foreign shipper in the form prescribed by paragraph (c) of this section.

(c) The certificate to be furnished by the foreign shipper for the use of the district director at the port of entry shall be in the following form:

1. _____, of _____,
do hereby certify that to the best of my
knowledge and belief the substantial con-
tainers and holders mentioned in (the an-
nexed invoice) (invoice No. _____
of _____, 19-) * are of the manufacture of
_____ and were exported from
the United States at the port of
_____, per B.B. _____ on
_____, 19- , and that the same are being

returned to the United States (empty) filled with _____) (holdings _____).*

Shipper

(d) The district director, after verification of the foreign shipper's certificate with the records of the district director at the port of exportation in this country, shall allow free entry to the extent the basis for such allowance is verified. The procedure in the last two sentences of § 10.4(c) shall be applicable.

(e) If claim for exemption from duty for such containers or holders of foreign production previously imported duty paid is made at the time of entry, the certificate of the foreign shipper may be accepted if produced at any time prior to the liquidation of the entry.

(f) When such containers or holders of foreign production previously imported duty paid are reimported empty, they may be admitted without entry if readily identifiable as having been previously imported duty paid.

(29 FR 14643, Dec. 31, 1963, as amended by
T.D. 82-145, 47 FR 35475, Aug. 16, 1982;
T.D. 86-118, 51 FR 32515, June 29, 1986)

§ 10.8 Articles exported for repairs or alterations.

(a) Before exporting articles which are subject on return to the United States to duty on the value of the repairs or alterations performed abroad, as provided for in subheading 9802.00.40, Harmonized Tariff Schedule of the United States (HTSUS), a Certificate of Registration (top portion of Customs Form 4455) shall be filed (in an original only) by the owner or exporter with the district director before the departure of the exporting conveyance. This procedure will permit the district director to examine the articles before they are exported. The applicant shall be notified by the district director of the place to which he shall deliver the articles for examination. All expense in connection with the delivery of the articles, cording, sealing, marking, and transfer to the

*Cross out inapplicable words.

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exporting conveyance, shall be paid by the exporter. Except for those articles exported by mail which can be identified by manufacturer's mark or number, the district director may require the articles to be exported under Customs supervision. If supervision is required, a photograph of the article or some other means of identification, shall be furnished to the Customs officer.

(b) When the report of the Customs officer showing the examination of the articles and their lading on the exporting conveyance or their delivery for mailing has been endorsed on the Customs Form 4455 covering such articles, the form shall be given to the exporter for use in connection with the return of the articles. If the articles are being exported through the mails and the Customs Form 4455 has been completed in duplicate, the Customs officer shall enclose the duplicate copy of the form in the package being exported. The owner or exporter, in all other cases, may enclose a duplicate copy of the certificate with the articles being exported in any other manner for repairs or alterations. In order to facilitate the entry of articles, regardless of the mode of exportation, the foreign shipper may include a duplicate copy of the registration certificate, completed prior to exportation, in the returned package.

(c) When an exporter resides more than 30 miles from a Customs office, articles being exported for repairs or alterations through the mail, may, in accordance with the following procedures which have been approved by the Post Office Department, be exported through a local post office:

(1) The articles shall be delivered to the postmaster in an unpacked condition:

(2) Customs Form 4455 completed in original and duplicate shall be presented to the postmaster with the articles:

(3) The original Customs Form 4455 with the Certificate of Registration executed by the postmaster shall be returned to the exporter for use, if necessary, in clearing articles on their return to the United States;

(4) The duplicate Form 4455 shall be enclosed in the parcel with the articles being exported and shall accompany

the articles on their return to the United States to facilitate processing the entry; and

(5) The exporter shall bear all expense incurred under this procedure, including charges assessed by the U.S. Postal Service.

(d) When articles other than those exported by mail or parcel post are examined and registered at one port and exported for repair or alterations through another port, the district director may require proof of exportation in those cases where the Customs Form 4455 does not reflect that the subject articles were exported under Customs supervision.

(c) There shall be filled in connection with an entry covering articles entered under the provisions of subheading 9802.00.40, HTSUS, a declaration from the person who performed such repairs or alterations in substantially the following form:

(Place and date)

I, _____, declare that the articles herein specified are the articles which, in the condition in which they were exported from the United States, were received by me (us) on _____, 19____, from _____ (Name and address of owner or exporter in the United States); that they were received by me (us) for the sole purpose of being repaired or altered; that only the repairs or alterations described below were performed by me (us); that the full cost or (when no charge is made) fair market value of such repairs or alterations are correctly stated below; and that no substitution whatever has been made to replace any of the articles originally received by me (us) from the owner or exporter thereof mentioned above.

Marks and numbers	Description of articles and of repairs or alterations	Full cost or (when no charge is made) the market value of repairs or alterations	Total value of articles or repairs or alterations (see Chapter 10). Subchapter 2. H15(5)
</			

(1) There shall be filed in connection with the entry the Certificate of Registration (Customs Form 4455) and a declaration made by the owner, importer, consignee, or agent having knowledge of the facts that the articles entered in their repaired or altered condition are the same articles covered by the Certificate of Registration. This declaration shall also show that the full cost or (when no charge is made) fair market value of the repairs or alterations is correctly stated in the entry. When all of the merchandise covered by the Certificate of Registration (Customs Form 4455) is not entered at one time or at one port of entry, in the case of importations not exceeding \$250 in value, the district director at the port where any portion of the merchandise is entered shall note the quantity entered on the registration certificate and return the certificate to the submitter thereof for use in connection with any further importation covered by such certificate.

(g) When all the merchandise covered by a Certificate of Registration (Customs Form 4455) is not entered at one time or at one port of entry, in the case of importations valued in excess of \$250, there shall be filed with the entry at the time of entry the certification of the owner, importer, consignee, or agent having knowledge of the facts, that the articles entered in their repaired or altered condition are a portion of the articles covered by such Certificate of Registration. This certification shall be filed in lieu of the Certificate of Registration (Customs Form 4455), in the following form:

I hereby certify that the merchandise covered by entry No. _____ dated _____, is a portion of the merchandise exported under Customs Form 4155 _____ (Certificate of registration No.) dated _____, to _____ (Name of foreign consignee).

ee) _____, for the purpose and with the intent of _____ (Repairing or altering) the articles in the foreign country. I further certify that original Customs Form 4458 has been charged with the quantities herein, identified with the entry and port, and will be maintained at _____ (Firm and address)

for a period of 5 years from the date of the related entry of the merchandise covered by such Certificate of Registration, for verification by appropriate Customs officers.

(b) The Certificate of Registration (Customs Form 4455) referred to in paragraph (g) of this section shall be retained by the firm therein referred to for a period of 5 years from the date of the related entry of the merchandise covered by the Certificate of Registration for verification by appropriate Customs officers. Each quantity entered shall be accounted for in such a manner as to identify the specific entry (entry number), and port of entry, with the total quantity of the exported articles on the reverse side of the Certificate of Registration (Customs Form 4455) until the total quantity has been entered.

(d) If the district director concerned is satisfied because of the nature of the articles, or production of other evidence, that the articles are imported under circumstances meeting the requirements of subheading 9802.00.40, HTSUS, and related section and additional U.S. notes, he may waive the declaration provided for in paragraphs (e) and (f) of this section.

(j) In the event there has been compliance with registration requirements set forth in paragraph (a) of this section and Customs Form 4455 is not available at the time of entry, the district director may waive the production of Customs Form 4455 provided the merchandise is entered at one time at one port of entry, and he is satisfied that the returned merchandise meets the requirements of subheading 9802.00.40, HTSUS, and related section and additional U.S. notes.

(k) In any case where an imported article was exported for repairs or alterations without compliance with the registration requirements of this section, the district director, only if satisfied that the returned article is entitled to entry under subchapter

9802.00.40, HTSUS, may waive the production of the Customs Form 4455. The importer may establish eligibility for entry under subchapter 9802.00.40, HTSUS, by providing sufficient documentation to Customs to prove actual exportation of the article from the U.S., such as a foreign customs entry, a foreign customs invoice, a foreign landing certificate, bill of lading, or airway bill. The district directors may require such additional documentation as is deemed necessary as proof of exportation. The district director may also, in his discretion, waive the registration requirements of this section, prior to exportation of the articles, upon application in writing by an exporter-importer located within his district when it is indicated that the duty on merchandise would be less than \$25 if not within the purview of subchapter 9802.00.40, HTSUS and it is indicated that the shipment on its return to the United States will be covered by a mail or other informal entry. Customs Form 4455, appropriately modified, may be used by the district director in issuing the waiver.

(1) The district director shall require at the time of entry a deposit of estimated duties based upon the full cost or fair market value, as the case may be, of the repairs or alterations. The cost or fair market value, as the case may be, of the repairs or alterations outside the United States, which is to be set forth in the invoice and entry papers as the basis for the assessment of duty under subchapter 9802.00.40, HTSUS, shall be limited to the cost or value of the repairs or alterations actually performed abroad, which will include all domestic and foreign articles furnished for the repairs or alterations, but shall not include any of the expenses incurred in this country whether by way of engineering costs, preparation of plans or specifications, and furnishing of tools or equipment for doing the repairs or alterations abroad or otherwise.

(T.D. 72-110, 37 FR 8468, May 2, 1972, as amended by T.D. 70-159, 44 FR 31967, June 4, 1979; T.D. 82-49, 47 FR 12160, Mar. 22, 1982; T.D. 85-162, 60 FR 38976, Sept. 26, 1985; T.D. 89-1, 53 FR 51247, Dec. 21, 1988)

§ 10.6a Imported articles exported and reimported.

(a) In addition to regular entry procedures, supplementary documentation is required in connection with duty-free entries under subheading 9801.00.25, Harmonized Tariff Schedule of the United States (19 U.S.C. 1202), of articles which were originally entered duty paid, removed from Customs custody, and subsequently exported. If:

(1) The articles were exported within 3 years after the date of the previous importation.

(2) The articles were not advanced in value or improved in condition by any process of manufacture or other means while abroad.

(3) The articles did not conform to sample or specifications abroad.

(4) The articles are reimported by or for the account of the person who imported them into and exported them from the United States.

(b) The following supplementary documents shall be filed in connection with the entry of articles claimed to be free of duty under subheading 9801.00.25, Harmonized Tariff Schedule of the United States:

(1) A declaration by the person abroad who received and is returning the merchandise to the United States, in substantially the following form:

I declare that the _____
(Description of articles) were received by me
from _____ (Name
and address of U.S. exporter), that they
have not been advanced in value or im-
proved in condition by any process of manu-
facture or other means and are being re-
turned to _____
(Name and address of consignee in the
United States) because they do not conform
to sample or specifications for the following
reasons:

(Date) (Signature)

(Address) (Title)

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(2) A declaration by the owner, importer, consignee, or agent, in substantially the following form:

I declare that the _____
(Description of articles) were previously imported into the United States at the Port of _____
(Name of port), Entry No. _____, on _____
(Date of entry) by _____
(Name and address of importer) at which time duty was paid; that they were exported from the United States at the Port of _____
(Name of port) on _____
(Date of exportation) by _____
(Name and address of exporter) without benefit of drawback; that the articles are being reimported by or for the account of _____, and, that the attached declaration from _____
(Name of foreign shipper) is correct in every respect.

(Date) (Signature)

(Address) (Title)

(c) If the district director concerned is reasonably satisfied because of the nature of the articles or production of other evidence that the requirements of subheading 9801.00.25, Harmonized Tariff Schedule of the United States, and the related section and additional U.S. notes have been met, he may waive the production of the documents provided for in paragraph (b) of this section.

(T.D. 73-221, 27 FR 17469, Aug. 29, 1972, as amended by T.D. 80-1, 63 FR 81247, Dec. 21, 1998)

§ 10.9 Articles exported for processing.

(a) Before the exportation of articles subject, on return to the United States, to duty on the value of the processing performed abroad as provided for in subheading 9802.00.60, Harmonized Tariff Schedule of the United States (HTSUS), a certificate of registration (top portion of Customs Form 4455), shall be filed (in an original only), by the owner or exporter with the District Director of Customs at a time prior to the departure of the exporting conveyance which will permit an examination of the articles. A statement shall be included on the reverse side of Customs Form 4455 by the exporter or owner substantially as follows:

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The articles described in this certificate were manufactured in the United States by _____
(Name and address) or, if of foreign origin, were subjected to _____
(show processes of manufacture, such as molding, casting, machining, etc.) in the United States by _____
(Name and address) The articles in their changed conditions will be returned for further processing by _____
(Name and address); or, if further processing of the articles in the United States will be performed by a person not presently known, the reasons for believing the articles will be returned for further processing are _____

and the reason the person is not presently known is _____

(b) The applicant shall be notified by the district director of the place to which he shall deliver the articles for examination. All expense in connection with the delivery of the articles, cording, sealing, marking, and transfer to the exporting conveyance, shall be borne by the exporter. The articles shall be exported under Customs supervision, except those articles exported by mail which can be identified by manufacturer's mark or number. A photograph or other means of identification shall be furnished when required by the Customs officer.

(c) When the report of the Customs officer showing the examination of the articles and their lading on the exporting conveyance or their delivery for mailing has been endorsed on the Customs Form 4455 covering such articles, the form shall be given to the exporter for use in connection with the return of the articles. If the articles are being exported through the mails and the Customs Form 4455 (Certificate of Registration) has been completed in duplicate, the Customs officer shall enclose the duplicate copy of the form in the package being exported. The owner or exporter, in all other cases, may enclose a duplicate copy of the certificate with the articles being exported in any manner for processing. In order to facilitate the entry of an article, regardless of the mode of exportation, the foreign shipper may include a duplicate copy of the registration certificate, completed prior to exportation, in the returned package.

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(d) When articles other than those exported by mail or parcel post are examined and registered at one port and exported for processing through another port, they shall be forwarded to the port of exportation under a transportation and exportation entry.

(e) There shall be filed in connection with an entry covering articles entered under the provisions of subheading 9802.00.60, HTSUS, a declaration by the person who performed the processing abroad in substantially the following form:

(Place and date)

I, _____, declare that the articles herein specified are the articles which, in the condition in which they were exported from the United States, were received by me (us) on _____, 19____, from _____
(Name and address of owner or exporter in the United States); that they were received by me (us) for the sole purpose of being processed; that only the processing described below was effected by me (us); that the full cost or (when no charge is made) fair market value of such processing and the value of the articles after processing are correctly stated below; and that no substitution whatever has been made to replace any of the articles originally received by me (us) from the owner or exporter thereof mentioned above.

(g) If the district director concerned is satisfied, because of the nature of the articles or production of other evidence, that the articles are imported in circumstances meeting the requirements of subheading 9802.00.60, HTSUS, and related section and additional U.S. notes, he may waive the declaration provided for in paragraphs (e) and (f) of this section.

correctly stated in the entry. There shall be included a concise statement as to the nature of the processing performed outside the United States immediately prior to the current importation and to the processing to be performed thereafter in the United States, showing the name and address of the processor who will do the subsequent processing. When all of the merchandise covered by the Certificate of Registration (Customs Form 4455) is not entered at one time or at one port of entry, in the case of importations not exceeding \$250 in value, the district director at the port where any portion of the merchandise is entered shall note the quantity entered on the registration certificate and return the certificate to the submitter thereof for use in connection with any further importation covered by such certificate.

(h) In the event there has been compliance with the registration requirements (Customs Form 4455) set forth in paragraph (a) of this section and such form (Customs Form 4455) is not available at the time of entry, the district director may waive the production of Customs Form 4455 provided the merchandise is entered at one time at one port of entry, and he is satisfied that the returned merchandise meets the requirements of subheading 9802.00.60, HTSUS, and related section and additional U.S. notes.

(i) In any case where an imported article was exported for processing without compliance with the registration requirements of this section, the district director, only if satisfied that the returned article is entitled to entry under item subheading 9802.00.60, HTSUS, may waive the Customs Form 4455. The importer may establish eligibility for entry under subheading 9802.00.60, HTSUS, by providing sufficient documentation to Customs to prove actual exportation of the article

Mark and number	Description of articles and of processing	Full cost or (when no charge is made) fair market value of processing (see Chapter 98, Subchapter B, HTSUS)	Total value of article after processing

(f) There shall be filed in connection with the entry the Certificate of Registration (Customs Form 4455) and a declaration made by the owner, importer, consignee, or agent having knowledge of the facts that the articles entered in their processed condition are the same articles covered by the Certificate of Registration. This declaration shall also show that the full cost or (when no charge is made) fair market value of the processing is

from the U.S., such as foreign customs entry, a foreign customs invoice, a foreign landing certificate, bill of lading, or airway bill. The district director may require such additional documentation as is deemed necessary as proof of exportation. The district director may also, in his discretion, waive the registration requirements of this section, prior to exportation of the articles, upon application in writing by an exporter-importer located within his district when it is indicated that the duty on the merchandise would be less than \$25 if not within the purview of item 806.30, and it is indicated that the shipment on its return to the United States will be covered by a mail or other informal entry. Customs Form 4455, appropriately modified, may be used by the district director in issuing the waiver.

(j) The district director shall require at the time of entry a deposit of estimated duties based upon the full cost or fair market value, as the case may be, of the processing. The cost or fair market value, as the case may be, of the processing outside the United States which is set forth in the invoice and entry papers as the basis for the assessment of duty under subheading 9802.00.80, HTSUS, shall be limited to the cost or value of the processing actually performed abroad (including all domestic and foreign articles used in the processing, but does not include the exported United States metal article) and shall not include any of the expenses incurred in this country, whether by way of engineering costs, preparation of plans or specifications, and the furnishing of tools or equipment for doing the processing abroad, or otherwise.

(T.D. 72-110, 37 FR 8870, May 2, 1972, as amended by T.D. 72-136, 38 FR 13481, May 22, 1973; T.D. 70-150, 44 FR 31907, June 4, 1979; T.D. 88-103, 50 FR 38977, Sept. 26, 1985; T.D. 87-78, 52 FR 30086, May 29, 1987; T.D. 89-1, 53 FR 51247, Dec. 21, 1988)

§ 10.10 [Reserved]

ARTICLES ASSEMBLED ABROAD WITH UNITED STATES COMPONENTS

§ 10.11 General.

(a) Section 10.12 through 10.23 set forth definitions and interpretative

regulations adopted by the Commissioner of Customs pertaining to the construction of subheading 9802.00.80, Harmonized Tariff Schedule of the United States (19 U.S.C. 1202) and related provisions of law. These provisions concern claims for the exemption from duty provided by subheading 9802.00.80, Harmonized Tariff Schedule of the United States (19 U.S.C. 1202), for American-made fabricated components which are returned to the United States as parts of articles assembled abroad. The examples included in these sections described specific situations in which the exemption may or may not be applicable. The definitions and regulations that follow are promulgated to inform the public of the constructions and interpretations that the United States Customs Service shall give to relevant statutory terms and to assure the impartial and uniform assessment of duties upon merchandise claimed to be partially exempt from duty under subheading 9802.00.80, Harmonized Tariff Schedule of the United States (19 U.S.C. 1202), at the various ports of entry. Nothing in these regulations purports or is intended to restrict the legal right of importers or others to a judicial review of the matters contained therein.

(b) Section 10.24 sets forth the documentary requirements applicable to the entry of assembled articles claimed to be subject to the exemption provided under subheading 9802.00.80, Harmonized Tariff Schedule of the United States (19 U.S.C. 1202). Allowance of an importer's claim is dependent upon meeting the statutory requirements for the exemption under item 807.00 and his complying with the documentary requirements set forth in § 10.24.

(T.D. 78-230, 40 FR 43021, Sept. 18, 1975, as amended by T.D. 89-1, 53 FR 51247, Dec. 21, 1988)

§ 10.12 Definitions.

As used in §§ 10.11 through 10.24, the following terms shall have the meanings indicated:

(a) *American-made.* The term "American-made" is used to refer to a

product of the United States as defined in paragraph (c) of this section.

(b) *Assembly.* "Assembly" means the fitting or joining together of fabricated components.

(c) *Exemption.* "Exemption" means the deduction of the cost or value of products of the United States which were assembled abroad in accordance with the requirements of subheading 9802.00.80, Harmonized Tariff Schedule of the United States (19 U.S.C. 1202), from the full value of the assembled article.

(d) *Fabricated component.* "Fabricated component" means a manufactured article ready for assembly in the condition as exported except for operations incidental to the assembly.

(e) *Product of the United States.* A "product of the United States" is an article manufactured within the Customs territory of the United States and may consist wholly of United States components or materials, of United States and foreign components or materials, or wholly of foreign components or materials. If the article consists wholly or partially of foreign components or materials, the manufacturing process must be such that the foreign components or materials have been substantially transformed into a new and different article, or have been merged into a new and different article.

(T.D. 78-230, 40 FR 43021, Sept. 18, 1975, as amended by T.D. 89-1, 53 FR 51247, Dec. 21, 1988)

§ 10.13 Statutory provision: Subheading 9802.00.80, Harmonized Tariff Schedule of the United States (19 U.S.C. 1202).

Subheading 9802.00.80, Harmonized Tariff Schedule of the United States (HTSUS), (19 U.S.C. 1202), provides that articles assembled abroad in whole or in part of fabricated components, the product of the United States, which (a) were exported in condition ready for assembly without further fabrication, (b) have not lost their physical identity in such articles by change in form, shape, or otherwise, and (c) have not been advanced in value or improved in condition abroad except by being assembled and except by operations incidental to the assembly process such as cleaning, lu-

bricating, and painting, are subject to a duty upon the full value of the imported article, less the cost or, if no charge is made, the value of such products of the United States. The rate of duty which is assessed upon the dutiable portion of the imported article is that which is applicable to the imported article as a whole under the appropriate provision of the HTSUS (19 U.S.C. 1202) for such article. If that provision requires a specific or compound rate of duty, the total duties assessed on the imported article are reduced in such proportion as the cost or value of the returned United States components which qualify for the exemption bears to the full value of the assembled article.

Example 1. A transistor radio is assembled abroad from foreign-made components and American-made transistors. Upon importation, the transistor radio is subject to the ad valorem rate of duty applicable to transistor radios upon the value of the radio less the cost or value of the American-made transistors assembled therein.

Example 2. A solid-state watch movement is assembled abroad from foreign-made components and an American-made integrated circuit. If the movement in question is subject to the specific rate of duty of 75 cents if the value of the assembled movement is \$30, and if the value of the American-made integrated circuit is \$10, then the value of the integrated circuit represents one third of the total value of the assembled article and the duty on the assembled article will be reduced by one third (\$.25). Therefore, the duty on the assembled movement is 50 cents.

(T.D. 78-230, 40 FR 43021, Sept. 18, 1975, as amended by T.D. 89-1, 53 FR 51247, Dec. 21, 1988)

§ 10.14 Fabricated components subject to the exemption.

(a) *Fabricated components, the product of the United States.* Except as provided in § 10.15, the exemption provided under subheading 9802.00.80, Harmonized Tariff Schedule of the United States (HTSUS) (19 U.S.C. 1202), applies to fabricated components, the product of the United States. The components must be in condition ready for assembly without further fabrication at the time of their exportation from the United States to qualify for the exemption. Components

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will not lose their entitlement to the exemption by being subjected to operations incidental to the assembly either before, during, or after their assembly with other components. Materials undivided in final dimensions and shapes, which are cut into specific shapes or patterns abroad are not considered fabricated components.

Example 1. Articles identifiable in their exported condition as components or parts of the article into which they will be assembled, such as transistors, diodes, integrated circuits, machinery parts, or pre-cut parts of wearing apparel, are regarded as fabricated components.

Example 2. Pre-stamped metal lead frames for semiconductor devices exported in multiple unit strips in which the individual frames are connected to each other, or integrated circuit wafers containing individual integrated circuit dies which have been scribed or scored in the United States, are regarded as fabricated components. The separation of the individual frames by cutting, or the segmentation of the wafer into individual dies by flaking and breaking along scribed or scored lines, is regarded as an operation incidental to the assembly process.

Example 3. Wires of various type, electrical conductors, metal foils, insulating tapes, ribbons, findings used in dressmaking, and similar products, which are in a finished state when exported from the United States, and are ready for use in the assembly of the imported article, are regarded as fabricated components if they are only cut to length or subjected to operations incidental to the assembly process while abroad.

Example 4. Uncut textile fabrics exported in bolts from which wearing apparel components will be cut according to a pattern are not regarded as fabricated components. Similarly, other materials, such as lumber, leather, sheet metal, plastic sheeting, exported in basic shapes and forms to be fabricated into components for assembly, are not eligible for treatment as fabricated components.

(b) **Substantiated transformation of foreign-made articles or materials.** Foreign-made articles or materials may become products of the United States if they undergo a process of manufacture in the United States which results in their substantial transformation. Substantial transformation occurs when, as a result of manufacturing processes, a new and different article emerges, having a distinctive name, character, or use, which is different from that originally possible.

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assembled by the article or material before being subject to the manufacturing process. The mere finishing or modification of a partially or nearly complete foreign product in the United States will not result in the substantial transformation of such product and it remains the product of a foreign country.

Example 1. A cast metal housing for a valve is made in the United States from imported copper ingots, the product of a foreign country. The housing is a product of the United States because the manufacturing operations performed in the United States to produce the housing resulted in a substantial transformation of the foreign copper ingots.

Example 2. An integrated circuit device is assembled in a foreign country and imported into the United States where its leads are formed by bending them to a specified angle. It is then tested and marked. The imported article does not become a product of the United States because the operations performed in the United States do not result in a substantial transformation of the foreign integrated circuit device.

Example 3. A circuit board assembly for a computer is assembled in the United States by soldering American-made and foreign-made components onto an American-made printed circuit board. The finished circuit board assembly has a distinct electronic function and is ready for incorporation into the computer. The foreign-made components have undergone a substantial transformation by becoming permanent parts of the circuit board assembly. The circuit board assembly, including all of its parts is regarded as a fabricated component, the product of the United States, for purposes of subheading 9013.00.00, HTSUS (19 U.S.C. 1201).

(T.D. 78-239, 40 FR 43022, Sept. 18, 1975, as amended by T.D. 80-1, 53 FR 81347, Dec. 31, 1988)

§ 10.15 Fabricated components not subject to the exemption.

Fabricated components which are not products of the United States are excluded from the exemption. In addition, the exemption is not applicable to any component exported from the United States territory of the United States.

(a) From continuous Customs custody with remission, abatement, or refund of duty.

(b) With benefit of drawback.

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(c) To comply with any law of the United States or regulation of any Federal agency requiring exportation; or

(d) After manufacture or production in the United States under subheading 9013.00.00, HTSUS (19 U.S.C. 1201).

Example. Partially completed components of an electric motor are imported in several separate shipments and are entered under a temporary importation bond to be manufactured into finished motors under the provisions of subheading 9013.00.00, HTSUS (19 U.S.C. 1201). The components are completed and assembled into finished electric motors. The finished motors are exported and are assembled abroad into electric fans which are subsequently imported into the United States. Irrespective of the fact that the assembly of the motors might involve such a substantial change that the motor could be considered a product of the United States, no exemption may be given for the value of the electric motors, since they were exported after manufacture or production in the United States under the provision of subheading 9013.00.00, HTSUS (19 U.S.C. 1201).

(T.D. 78-239, 40 FR 43022, Sept. 18, 1975, as amended by T.D. 80-1, 53 FR 81347, Dec. 31, 1988)

§ 10.16 Assembly abroad.

(a) **Assembly operations.** The assembly operations performed abroad may consist of any method used to join or fit together solid components, such as welding, soldering, riveting, force fitting, gluing, laminating, sewing, or the use of fasteners, and may be preceded, accompanied, or followed by operations incidental to the assembly as illustrated in paragraph (b) of this section. The mixing or combining of liquids, gases, chemicals, food ingredients, and amorphous solids with each other or with solid components is not regarded as an assembly.

Example 1. A television yoke is assembled abroad from American-made magnet wire. In the foreign assembly plant the wire is despoiled and wound into a coil, the wire cut from the spool, and the coil united with other components, including a terminal panel and housing which are also American-made. The completed article upon importation would be subject to the ad valorem rate of duty applicable to television parts upon the value of the yoke less the cost or value of the American-made wire, terminal panel, and housing, assembled therein. The winding and housing, assembled therein, is not

ing and cutting of the wire are either assembly steps or steps incidental to assembly.

Example 2. An aluminum electrolytic capacitor is assembled abroad from American-made aluminum foil, paper, tape, and Mylar film. In the foreign assembly plant the aluminum foil is trimmed to the desired width, cut to the desired length, interleaved with paper, which may or may not be cut to length, or despoiled from a continuous length, and rolled into a cylinder wherein the foil and paper are cut and a section of sealing tape fastened to the surface to prevent these components from unwinding. Wire or other electric connectors are bonded at appropriate intervals to the aluminum foil of the cylinder which is then inserted into a metal can, and the ends closed with a protective washer. As imported, the capacitor is subject to the ad valorem rate of duty applicable to capacitors upon the value less the cost or value of the American-made foil, paper, tape, and Mylar film. The operations performed on these components are all either assembly steps or steps incidental to assembly.

Example 3. The manufacture abroad of cloth on a loom using thread or yarn exported from the United States on spools, cops, or pirns is not considered an assembly but a weaving operation, and the thread or yarn does not qualify for the exemption. However, American-made thread used to sew buttons or garment components is qualified for the exemption because it is used in an operation involving the assembly of solid components.

(b) **Operations incidental to the assembly process.** Operations incidental to the assembly process whether performed before, during, or after assembly, do not constitute further fabrication, and shall not preclude the application of the exemption. The following are examples of operations which are incidental to the assembly process:

- (1) Cleaning;
- (2) Removal of rust, grease, paint, or other preservative coating;
- (3) Application of preservative paint or coating, including preservative metallic coating, lubricants, or protective encapsulation;
- (4) Trimming, filing, or cutting off of small amounts of excess materials;
- (5) Adjustments in the shape or form of a component to the extent required by the assembly being performed abroad;
- (6) Cutting to length of wire, thread, tape, foil, and similar products exported in continuous length, separation by

cutting of finished components, such as prestamped integrated circuit lead frames exported in multiple unit strips; and

(7) Final calibration, testing, marking, sorting, pressing, and folding of assembled articles.

(c) *Operations not incidental to the assembly process.* Any significant process, operation, or treatment other than assembly whose primary purpose is the fabrication, completion, physical or chemical improvement of a component, or which is not related to the assembly process, whether or not it effects a substantial transformation of the article, shall not be regarded as incidental to the assembly and shall preclude the application of the exemption to such article. The following are examples of operations not considered incidental to the assembly as provided under subheading 9802.00.80, Harmonized Tariff Schedule of the United States (19 U.S.C. 1202):

(1) Melting of exported ingots and pouring of the metal into molds to produce cast metal parts;

(2) Cutting of garment parts according to pattern from exported material;

(3) Painting primarily intended to enhance the appearance of an article or to impart distinctive features or characteristics;

(4) Chemical treatment of components or assembled articles to impart new characteristics, such as shower-proofing, permapressing, sanforizing, dying or bleaching of textiles;

(5) Machining, polishing, burnishing, peening, plating (other than plating incidental to the assembly), embossing, pressing, stamping, extruding, drawing, annealing, tempering, case hardening, and any other operation, treatment or process which imparts significant new characteristics or qualities to the article affected.

(d) *Joining of American-made and foreign-made components.* An assembly operation may involve the use of American-made components and foreign-made components. The various requirements for establishing entitlement to the exemption apply only to the American-made components of the assembly.

Example. Diodes are assembled abroad from American-made components. The

process includes the encapsulation of the assembled components in a plastic shell. The plastic used for the encapsulation is in the form of a pellet, and is of foreign origin. After the prefabricated diode components are assembled, the assembled unit is placed in a transfer molding machine, where, by use of the pellet, molten epoxy is caused to flow around the perimeters of the assembled components, forming upon solidification a plastic body for the diode. Upon importation, exemption may be granted for the value of the American-made components, but not for the value of the plastic pellet. If the plastic pellet used for encapsulation was of United States origin, its value would still be a part of the dutiable value of the diode, because the plastic pellet is not a fabricated component of a type designed to be fitted together by assembly, but merely a premeasured quantity of material which was applied to the assembled unit by a process not constituting an assembly.

(e) *Subassembly.* An assembly operation may involve the joining or fitting of American-made components into a part or subassembly of an article, followed by the installation of the part or subassembly into the complete article.

Example. Rolls of foil and rolls of paper are exported and cut to specific length abroad and interleaved and rolled to form the electrodes and dielectric of a capacitor. Following this procedure, the rolls are assembled with cans and other parts to form a complete capacitor. The foil and paper are entitled to the exemption.

(f) *Packing.* The packing abroad of merchandise into containers does not in itself qualify either the containers or their contents for the exemption. However, assembled articles which otherwise qualify for the exemption and which are packaged abroad following their assembly will not be disqualified from the exemption by reason of their having been so packaged, whether for retail sale or for bulk shipment. The tariff status of the packing materials or containers will be determined in accordance with General Rule of Interpretation 5, HTSUS (19 U.S.C. 1202).

(T.D. 75-230, 40 FR 43023, Sept. 18, 1975, as amended by T.D. 89-1, 53 FR 51248, Dec. 21, 1988)

§ 10.17 Valuation of exempted components.

The value of fabricated components to be subtracted from the full value of the assembled article is the cost of the components when last purchased, f.o.b. United States port of exportation or point of border crossing as set out in the invoice and entry papers, or, if no purchase was made, the value of the components at the time of their shipment for exportation, f.o.b. United States port of exportation or point of border crossing, as set out in the invoice and entry papers. However, if the appraising officer concludes that the cost or value of the fabricated components so ascertained does not represent a reasonable cost or value, then the value of the components shall be determined in accordance with section 402 or section 402a, Tariff Act of 1930, as amended (19 U.S.C. 1401a, 1402).

(T.D. 75-230, 40 FR 43024, Sept. 18, 1975)

§ 10.18 Valuation of assembled articles.

As in the case of the appraisement of any other import merchandise (see Subpart C of Part 152 of this chapter), the full value of assembled articles imported under subheading 9802.00.80, Harmonized Tariff Schedule of the United States (HTSUS) (19 U.S.C. 1202), is determined in accordance with 19 CFR 152.100 *et seq.*

(T.D. 87-80, 52 FR 24445, July 1, 1987, as amended by T.D. 89-1, 53 FR 51248, Dec. 21, 1988)

§ 10.19—10.20 [Reserved]

§ 10.21 Updating cost data and other information.

When a claim for the exemption is predicated on estimated cost data furnished either in advance of or at the time of entry, this fact should be clearly stated in writing at the time of entry, and suspension of liquidation may be requested by the importer or his agent pending the furnishing of actual cost data. Actual cost data must be submitted as soon as accounting procedures permit. To insure that information used for Customs purposes is reasonably current, the importer shall ordinarily be required to furnish

updated cost and assembly data at least every six months, regardless of whether he considers that significant changes have occurred. The 6-month period for the submission of updated cost or other data may be extended by the district director if such extension is appropriate for the type of merchandise involved, or because of the accounting period normally used in the trade, or because of other relevant circumstances.

(T.D. 75-230, 40 FR 43025, Sept. 18, 1975)

§ 10.22 Marking.

Assembled articles entitled to the exemption are considered products of the country of assembly for the purposes of the country of origin marking requirements of section 304, Tariff Act of 1930, as amended (19 U.S.C. 1304). If an imported assembled article is made entirely of American-made materials, the United States origin of the material may be disclosed by using a legend such as "Assembled in — from material of U.S. origin," or a similar phrase.

(T.D. 75-230, 40 FR 43025, Sept. 18, 1975)

§ 10.23 Standards, quotas, and visas.

All requirements and restrictions applicable to imported merchandise, such as labeling, radiation standards, flame-retarding properties, quotas, and visas, apply to assembled articles eligible for the exemption in the same manner as they would apply to all other imported merchandise.

(T.D. 75-230, 40 FR 43025, Sept. 18, 1975)

§ 10.24 Documentation.

(a) *Documents required.* The following documents shall be filed in connection with the entry of assembled articles claimed to be subject to the exemption under subheading 9802.00.80, Harmonized Tariff Schedule of the United States (HTSUS) (19 U.S.C. 1202).

(1) *Declaration by the assembler.* A declaration by the person who performed the assembly operations abroad shall be filed in substantially the following form:

I, _____, declare that to the best of my knowledge and belief the _____ were assembled in whole or in part from imported components listed and described below, which are products of the United States.

Mark of identification, numbers	Description of component	Quantity	Unit value of item and place of export from United States ¹	Port and date of export from United States	Name and address of manufacturer
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¹ In accordance with U.S. Note 4 to Subchapter E of Chapter 99, Harmonized Tariff Schedule of the United States (19 U.S.C. 1202).

Description of the operations performed abroad on the imported components (in sufficient detail to enable Customs officers to determine whether the operations performed are within the purview of subheading 9802.00.80, Harmonized Tariff Schedule of the United States (19 U.S.C. 1202) (attach supplemental sheet if more space is required):

Date	Signature
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Address	Capacity
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(2) *Endorsement by the importer.* An endorsement, in substantially the following form, shall be signed by the importer:

I declare that to the best of my knowledge and belief the (above), (attached) declaration, and any other information submitted herewith, or otherwise supplied or referred to, is correct in every respect and there has been compliance with all pertinent legal notices to the Harmonized Tariff Schedule of the United States (19 U.S.C. 1202).

Date	Signature
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Address	Capacity
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(b) *Revision of format.* In specific cases, the district director may revise the format of either of the documents specified in paragraph (a) of this section and may make such changes as conditions warrant, provided the data and information required to be supplied in these documents are presented. For example, if the components were furnished by the importer, the information on components may be supplied as part of the importer's endorsement, rather than as part of the assembler's declaration.

(c) *Reference to previously filed documents.* In lieu of filing duplicate lists of components and descriptions of assembly operations with each entry, the documents specified in paragraph (a) of this section may refer to assembly descriptions and lists of compo-

nents previously filed with and approved by the district director, or to records showing costs, names of manufacturers, and other necessary data on components, provided the importer has arranged with the district director to maintain such records and keep them available for examination by authorized Customs officers.

(d) *Waiver of specific details for each entry.* There are cases where large quantities of United States components are purchased from various sources or exported at various ports and dates on a continuing basis, so that it is impractical to identify the exact source, port and date of export for each particular component included in an entry of merchandise claimed to be subject to the exemption under subheading 9802.00.80, HTSUS (19 U.S.C. 1202). In these cases, specific details such as the port and date of export and the name of the manufacturer of the United States components may be waived if the district director is satisfied that the importer and assembler have established reliable controls to insure that all components for which the exemption is claimed are in fact products of the United States. These controls shall include strict physical segregation of United States and foreign components, as well as records of United States components showing quantities, sources, costs, dates shipped abroad, and other necessary information. These records shall be maintained by the importer and assembler for 5 years from the date of the released entry in a manner so that they are readily available for audit, inspection, copying, reproduction or

United States Customs Service, Treasury

Other official use by authorized Customs officers.

(e) *Waiver of documents.* When the district director is satisfied that unusual circumstances make the production of either or both of the documents specified in paragraph (a) of this section, or of any of the information set forth therein, impractical and is further satisfied that the requirements of subheading 9802.00.80, HTSUS, and related legal notes have been met, he may waive the production of such document(s) or information.

(f) *Unavailability of documents at time of entry.* If either or both of the documents specified in paragraph (a) of this section are not available at the time of entry, a bond on Customs Form 301 containing the bond conditions set forth in § 113.62 of this chapter for the production of the document(s) may be given pursuant to §§ 113.41–113.46 and 141.66 of this chapter.

(g) *Responsibility of correctness.* Subject to the civil and criminal sanctions provided by law for false or fraudulent entries, the importer has the ultimate responsibility for supplying all information needed by the Customs Service to process an entry, and for the completeness and truthfulness of such information. If certain information cannot be supplied by the assembler, it must be provided by the importer.

(T.D. 79-230, 40 FR 43025, Sept. 18, 1975, as amended by T.D. 79-189, 44 FR 31947, June 4, 1979; T.D. 84-213, 49 FR 41163, Oct. 19, 1984; T.D. 89-1, 53 FR 61248, Dec. 21, 1988)

APPENDIX B
STATISTICAL TABLES

Table B-1
U.S. imports for consumption under HTS subheadings 9802.00.60 and 9802.00.80, 1970-89

(In millions of dollars)

Year	Total value			Dutiable value			Value of U.S. products		
	9802.00.60	9802.00.80	Total	9802.00.60	9802.00.80	Total	9802.00.60	9802.00.80	Total
1970	204.0	2,004.2	2,208.2	101.3	1,570.5	1,671.8	102.6	433.7	536.3
1971	199.4	2,566.4	2,765.8	75.1	2,030.8	2,105.9	124.3	535.6	659.9
1972	318.3	3,090.5	3,408.8	130.3	2,410.1	2,540.4	187.9	680.4	868.3
1973	462.6	3,784.5	4,247.1	212.9	3,025.4	3,238.3	249.7	759.1	1,008.8
1974	543.7	4,828.1	5,371.8	240.4	3,818.6	4,059.0	303.3	1,009.5	1,312.8
1975 ¹	454.6	4,707.8	5,162.4	192.6	3,703.9	3,896.5	262.0	1,003.9	1,265.9
1976 ¹	474.0	5,247.5	5,721.5	199.2	3,976.2	4,175.4	274.8	1,271.3	1,546.1
1977	465.1	6,723.4	7,188.5	190.7	5,021.4	5,212.1	274.4	1,702.0	1,976.4
1978	398.1	9,337.1	9,735.2	154.8	6,988.9	7,143.7	243.2	2,348.3	2,591.5
1979 ¹	407.7	11,559.3	11,967.0	172.8	8,468.3	8,641.1	234.9	3,091.0	3,325.9
1980 ¹	254.1	13,762.2	14,016.5	83.5	10,178.2	10,261.8	170.5	3,584.0	3,754.7
1981	256.5	15,924.0	16,180.8	80.3	11,653.9	11,734.2	176.2	4,270.3	4,446.6
1982	358.0	17,950.8	18,308.8	116.0	13,473.2	13,589.2	242.0	4,477.5	4,719.5
1983	341.5	21,234.4	21,575.9	112.5	16,076.8	16,189.3	229.0	5,157.6	5,386.6
1984	450.2	28,122.4	28,572.6	140.9	21,221.2	21,362.1	309.3	6,901.2	7,210.5
1985	419.7	30,115.4	30,535.1	144.6	24,565.7	24,710.3	275.0	5,549.7	5,824.7
1986	465.5	36,031.5	36,496.9	157.1	30,059.3	30,216.4	308.4	5,972.1	6,280.5
1987	953.9	67,595.1	68,549.0	538.4	55,067.9	55,606.2	415.6	12,527.2	12,942.8
1988	929.1	72,803.5	73,732.6	459.2	56,449.4	56,908.5	469.8	16,354.1	16,823.9
1989	1,141.3	73,031.8	74,173.1	444.2	54,110.5	54,554.7	697.1	18,921.3	19,618.4

¹ Imports under subheading 9802.00.60 were slightly understated for 1975, 1976, 1979, and 1980 in earlier issues of this tabulation.

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

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted. Minor adjustments to official statistics were made to correct cases of misreporting. Statistics previously reported for certain commodity groupings have been revised to reflect changes in assignment made by the Commission's international trade analysts.

Since 1980, the staff of the Commission has made substantial revisions to the Census reported figures. These revisions, for the most part, were attributable to the exclusion of duty-free civil aircraft subheadings. The civil aircraft subheadings also reflect reimportation of American products, either further processed or assembled overseas.

Table B-2
U.S. Imports for consumption under HTS subheading 9802.00.60, by principal sources, 1986-89
(In millions of dollars)

Source	1986		
	Total value	Duty-free value	Dutiable value
Japan	230.6	145.6	85.0
Canada	82.5	60.7	21.8
West Germany	22.8	12.5	10.3
Belgium and Luxembourg	17.0	8.6	8.4
Italy	7.9	5.1	2.8
France	6.0	2.3	3.6
Switzerland	2.1	1.1	1.0
United Kingdom	.8	.5	.3
Sweden	.5	()	.5
Netherlands	.1	()	()
Australia	()	()	()
Denmark	()	()	()
Ireland	()	()	()
Total, developed countries	370.3	236.5	133.8
Mexico	89.9	69.0	20.8
Singapore	4.2	2.4	1.7
Philippines	.4	.1	.3
Senegal	.3	.2	.1
Brazil	.2	.1	.1
Taiwan	.1	.1	()
St Christopher-Nevis	.1	()	()
Hong Kong	()	()	()
Poland	()	()	()
Mozambique	()	()	()
Costa Rica	()	()	()
Panama	()	()	()
Haiti	()	()	()
Malaysia	()	()	()
South Korea	()	()	()
Total, less developed countries	95.3	72.0	23.3
Grand total	465.5	308.4	157.1

See notes at end of table.

Table B-2—Continued

U.S. Imports for consumption under HTS subheading 9802.00.60, by principal sources, 1986-89

(In millions of dollars)

Source	1987		
	Total value	Duty-free value	Dutiable value
Canada	550.6	200.4	350.2
Japan	176.0	107.4	68.6
Italy	70.8	5.6	65.2
West Germany	14.4	7.9	6.4
United Kingdom	4.6	2.0	2.5
France	1.2	.7	.5
Switzerland	1.2	.8	.3
Belgium and Luxembourg	1.1	.6	.5
Australia	.9	.4	.5
Denmark	.3	.2	.1
Netherlands	.2	.1	.1
Austria	.2	.1	.1
Sweden	.1	(1)	(1)
Ireland	.1	(1)	(1)
Total, developed countries	821.5	326.4	495.1
Mexico	112.3	76.2	36.1
Brazil	11.1	7.8	3.3
Singapore	4.6	2.6	2.0
Portugal	2.4	1.7	.7
Philippines	.5	.1	.5
South Korea	.3	.2	.1
Senegal	.3	.2	.1
Malaysia	.3	.2	.1
Taiwan	.2	.1	.2
Spain	.1	(1)	.1
Venezuela	.1	.1	(1)
Mozambique	(1)	(1)	(1)
China	(1)	(1)	(1)
Hong Kong	(1)	(1)	(1)
St Lucia	(1)	(1)	(1)
All other	(1)	(1)	(1)
Total, less developed countries	132.4	89.1	43.3
Grand total	953.9	415.6	538.4

See notes at end of table.

Table B-2—Continued

U.S. Imports for consumption under HTS subheading 9802.00.60, by principal sources, 1986-89

(In millions of dollars)

Source	1988		
	Total value	Duty-free value	Dutiable value
Canada	618.8	264.3	354.6
Japan	92.1	58.8	33.3
West Germany	26.6	16.0	10.5
France	21.7	15.5	6.2
Italy	18.6	2.7	15.9
United Kingdom	10.3	2.7	7.6
Switzerland	1.3	.7	.6
Belgium	1.1	.9	.2
Australia	.7	.3	.4
Ireland	.3	.2	.1
Sweden	.3	.1	.2
Netherlands	.2	.1	.1
Denmark	(¹)	(¹)	(¹)
Total, developed countries	792.1	362.4	429.6
Mexico	131.0	103.9	27.1
Singapore	3.8	2.2	1.7
Philippines	.8	.4	.3
Austria	.6	.3	.2
Taiwan	.3	.2	.1
Costa Rica	.1	.1	(¹)
Brazil	.1	.1	(¹)
Thailand	.1	.1	(¹)
Hong Kong	.1	(¹)	(¹)
Israel	.1	(¹)	(¹)
Malaysia	(¹)	(¹)	(¹)
Senegal	(¹)	(¹)	(¹)
China	(¹)	(¹)	(¹)
Barbados	(¹)	(¹)	(¹)
Montserrat	(¹)	(¹)	(¹)
All other	(¹)	(¹)	(¹)
Total, less developed countries	137.0	107.4	29.6
Grand total	929.1	469.8	459.2

See notes at end of table.

Table B-2—Continued

U.S. Imports for consumption under HTS subheading 9802.00.60, by principal sources, 1986-89

(In millions of dollars)

Source	1989		
	Total value	Duty-free value	Dutiable value
Canada	808.6	449.3	359.4
Japan	67.1	43.4	23.7
West Germany	39.0	26.1	12.9
France	5.8	4.2	1.6
United Kingdom	2.2	1.2	1.0
Australia	1.1	.6	.6
Sweden .....	.9	.5	.4
Switzerland .....	.6	.3	.3
Netherlands .....	.5	.3	.2
Ireland .....	.3	.1	.2
Norway .....	.2	(¹)	.1
Finland .....	.1	(¹)	(¹)
Denmark	(¹)	(¹)	(¹)
Italy	(¹)	(¹)	(¹)
Belgium	(¹)	(¹)	(¹)
Total, developed countries	926.6	526.1	400.4
Mexico	181.1	142.3	38.8
Dominican Republic	17.8	17.3	.5
Argentina	9.5	7.2	2.2
South Korea	3.2	2.4	.7
Taiwan	2.1	1.1	1.0
Singapore .....	.4	.2	.3
Brazil .....	.4	.3	.1
Costa Rica .....	.1	.1	(¹)
Thailand .....	.1	.1	(¹)
U.S.S.R. ....	.1	(¹)	(¹)
Israel	(¹)	(¹)	(¹)
Malaysia	(¹)	(¹)	(¹)
Total, less developed countries	214.8	171.0	43.8
Grand total	1,141.3	697.1	444.2

¹ Less than \$50,000

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

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

Table B-3

Share of U.S. imports for consumption under HTS subheading 9802.00.60, by principal sources, 1986-89

(In percent of grand total)

Source	1986		
	Total value	Duty-free value	Dutiable value
Japan	49.5	47.2	54.1
Canada	17.7	19.7	13.9
West Germany	4.9	4.1	6.5
Belgium and Luxembourg	3.6	2.8	5.4
Italy	1.7	1.7	1.8
France	1.3	.8	2.3
Switzerland .....	.5	.4	.6
United Kingdom .....	.2	.2	.2
Sweden .....	.1	()	.3
Netherlands	()	()	()
Australia	()	()	()
Denmark	()	()	()
Ireland	()	()	()
Total, developed countries	79.5	76.9	85.1
Mexico	19.3	22.4	13.3
Singapore .....	.9	.8	1.1
Philippines .....	.1	()	.2
Senegal .....	.1	.1	.1
Brazil	()	()	.1
Taiwan	()	()	()
St Christopher-Nevis	()	()	()
Hong Kong	()	()	()
Poland	()	()	()
Mozambique	()	()	()
Costa Rica	()	()	()
Panama	()	()	()
Haiti	()	()	()
Malaysia	()	()	()
South Korea	()	()	()
All other	()	()	()
Total, less developed countries	20.4	23.3	14.8
Grand total	100.0	100.0	100.0

See notes at end of table.

Table B-3—Continued

Share of U.S. imports for consumption under HTS subheading 9802.00.60, by principal sources, 1986-89

(In percent of grand total)

Source	1987		
	Total value	Duty-free value	Dutiable value
Canada	57.7	48.2	65.0
Japan	18.5	25.8	12.7
Italy	7.4	1.3	12.1
West Germany	1.5	1.9	1.2
United Kingdom	.5	.5	.5
France	.1	.2	.1
Switzerland	.1	.2	.1
Belgium and Luxembourg	.1	.2	.1
Australia	.1	.1	.1
Denmark	()	.1	()
Netherlands	()	()	()
Austria	()	()	()
Sweden	()	()	()
Ireland	()	()	()
Total, developed countries	86.0	78.5	91.9
Mexico	11.8	18.3	6.7
Brazil	1.2	1.9	.6
Singapore	.5	.6	.4
Portugal	.3	.4	.1
Philippines	.1	()	.1
South Korea	()	()	()
Senegal	()	()	()
Malaysia	()	.1	()
Taiwan	()	()	()
Spain	()	()	()
Venezuela	()	()	()
Mozambique	()	()	()
China	()	()	()
Hong Kong	()	()	()
St Lucia	()	()	()
All other	()	()	()
Total, less developed countries	13.9	21.3	7.9
Grand total	100.0	100.0	100.0

See notes at end of table.

Table B-3—Continued

Share of U.S. Imports for consumption under HTS subheading 9802.00.60, by principal sources, 1986-89

(In percent of grand total)

Source	1988		
	Total value	Duty-free value	Dutiable value
Canada	66.6	56.2	77.2
Japan	9.9	12.5	7.2
West Germany	2.9	3.4	2.3
France	2.3	3.3	1.3
Italy	2.0	.6	3.5
United Kingdom	1.1	.6	1.7
Switzerland	.1	.1	.1
Belgium	.1	.2	()
Australia	.1	.1	.1
Austria	.1	.1	.1
Ireland	()	()	()
Sweden	()	()	()
Netherlands	()	()	()
Denmark	()	()	()
Total, developed countries	85.2	77.1	93.5
Mexico	14.1	22.1	5.9
Singapore	.4	.5	.4
Philippines	.1	.1	.1
Taiwan	()	()	()
Costa Rica	()	()	()
Brazil	()	()	()
Thailand	()	()	()
Hong Kong	()	()	()
Israel	()	()	()
Malaysia	()	()	()
Senegal	()	()	()
China	()	()	()
Barbados	()	()	()
Montserrat	()	()	()
El Salvador	()	()	()
All other	()	()	()
Total, less developed countries	14.6	22.7	6.4
Grand total	100.0	100.0	100.0

See notes at end of table.

Table B-3—Continued

Share of U.S. Imports for consumption under HTS subheading 9802.00.00, by principal source, 1986-89
(In percent of grand total)

Source	1989		
	Total value	Duty-free value	Dutiable value
Canada	70.9	64.4	59.1
Japan	5.9	6.2	9.3
West Germany	3.4	8.7	2.9
France .....	.5	.6	.4
United Kingdom .....	.2	.2	.2
Australia .....	.1	.1	.1
Sweden .....	.1	.1	.1
Switzerland .....	.1	()	.1
Netherlands	()	()	()
Ireland	()	()	()
Norway	()	()	()
Finland	()	()	()
Denmark	()	()	()
Italy	()	()	()
Belgium	()	()	()
All other	()	()	()
Total, developed countries	81.2	75.3	90.0
Mexico	15.9	20.4	8.7
Dominican Republic	1.6	2.5	.1
Argentina .....	.8	1.0	.5
South Korea .....	.3	.3	.2
Taiwan .....	.2	.2	.2
Singapore	()	()	.1
Brazil	()	()	()
Costa Rica	()	()	()
Thailand	()	()	()
U.S.S.R.	()	()	()
Israel	()	()	()
Malaysia	()	()	()
Total, less developed countries	18.8	24.4	9.8
Grand total	100.0	100.0	100.0

¹ Less than .05 percent.

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

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

Table B-4

U.S. Imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

(In millions of dollars)

Source	1986		
	Total value	Duty-free value	Dutiable value
Japan	13,468.5	174.5	13,294.0
West Germany	6,254.5	108.4	6,146.1
Canada	2,924.3	853.1	2,071.3
Sweden	1,180.7	35.8	1,144.9
United Kingdom	923.2	63.3	859.9
France	576.4	71.4	504.9
Italy	155.5	31.0	124.5
Belgium and Luxembourg	140.2	11.0	129.1
Netherlands	82.8	23.7	59.1
Ireland	51.9	14.9	36.9
Denmark	21.2	1.7	19.5
Switzerland	11.8	2.1	9.7
Austria	7.9	.4	7.5
New Zealand	5.1	.4	4.7
Australia	4.7	1.7	3.0
All other	4.0	1.2	2.8
Total, developed countries	25,812.6	1,394.6	24,418.0
Mexico	6,366.7	3,331.8	3,035.0
South Korea	949.5	66.3	883.2
Taiwan	518.5	91.0	427.5
Brazil	398.7	146.4	252.4
Singapore	365.5	71.5	293.9
Dominican Republic	329.1	236.0	93.1
Haiti	206.4	141.7	64.7
Hong Kong	205.7	46.1	159.6
Malaysia	202.5	84.8	117.7
Philippines	168.4	65.9	102.5
Costa Rica	133.1	91.9	41.2
Jamaica	70.2	50.9	19.3
Colombia	40.0	25.8	14.2
Honduras	32.8	22.9	9.9
Thailand	29.7	8.6	21.2
All other	202.0	95.9	106.0
Total, less developed countries	10,218.9	4,577.6	5,641.3
Grand total	36,031.5	5,972.1	30,059.3

See notes at end of table.

Table B-4—Continued

U.S. Imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

(In millions of dollars)

Source	1987		
	Total value	Duty-free value	Dutiable value
Canada	21,001.5	3,782.5	17,219.0
Japan	14,706.3	379.1	14,327.1
West Germany	7,978.3	126.2	7,852.1
United Kingdom	1,864.8	267.1	1,597.8
France	1,708.7	259.8	1,448.9
Sweden	1,397.5	86.5	1,311.1
Belgium and Luxembourg	338.4	10.2	328.2
Italy	271.7	49.2	222.5
Netherlands	111.3	29.8	81.5
Ireland	34.5	10.9	23.5
Denmark	19.0	1.4	17.7
Finland	16.3	2.6	13.7
Switzerland	10.0	2.0	8.0
Australia	6.0	2.1	4.0
Norway	3.3	1.0	2.4
All other	5.8	.5	5.2
Total, developed countries	49,473.6	5,010.8	44,462.8
Mexico	8,576.4	4,417.2	4,159.1
South Korea	2,676.1	391.2	2,284.9
Singapore	1,697.9	386.5	1,311.4
Malaysia	1,075.2	622.0	453.2
Taiwan	941.1	234.3	706.8
Philippines	643.1	322.0	321.2
Brazil	593.3	88.1	505.2
Dominican Republic	428.6	294.3	134.4
Hong Kong	359.9	83.8	276.1
Haiti	232.6	164.5	68.1
Thailand	221.3	149.4	71.9
Costa Rica	145.8	97.5	48.3
Jamaica	115.8	85.4	30.4
Yugoslavia	71.7	8.2	63.5
Colombia	48.0	30.6	17.4
All other	294.5	141.4	153.0
Total, less developed countries	18,121.5	7,516.4	10,605.1
Grand total	67,595.1	12,527.2	55,067.8

See notes at end of table.

Table B-4—Continued

U.S. Imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

(In millions of dollars)

Source	1988		
	Total value	Duty-free value	Dutiable value
Canada	24,776.9	6,517.9	18,259.0
Japan	15,717.7	257.1	15,460.6
West Germany	4,884.0	97.1	4,786.9
Sweden	1,715.7	49.5	1,666.2
United Kingdom	1,643.4	213.0	1,430.3
France	1,381.6	205.7	1,175.9
Belgium	343.5	7.3	336.2
Italy	253.5	17.6	236.0
Netherlands	246.0	43.6	202.4
Ireland	32.1	8.9	23.2
Denmark	16.4	.9	15.5
Norway	5.9	1.8	4.1
Switzerland	5.1	1.3	3.8
Australia	3.6	1.3	2.3
Liechtenstein	3.6	.5	3.1
All other	4.2	1.0	3.1
Total, developed countries	51,033.2	7,424.5	43,608.7
Mexico	10,653.5	5,299.8	5,353.7
South Korea	3,088.7	543.8	2,544.9
Singapore	1,856.9	442.0	1,414.9
Malaysia	1,211.7	656.3	555.4
Taiwan	1,027.4	238.7	788.7
Brazil	820.3	115.7	704.6
Philippines	639.8	295.4	344.5
Dominican Republic	562.4	381.1	181.3
Thailand	397.6	181.7	215.8
Hong Kong	369.8	142.0	227.8
Haiti	215.6	146.4	69.2
Costa Rica	205.2	140.2	64.9
Jamaica	139.1	97.4	41.7
Yugoslavia	91.9	10.1	81.8
Colombia	82.6	50.0	32.6
All other	407.8	189.0	218.8
Total, less developed countries	21,770.3	8,929.6	12,840.7
Grand total	72,803.5	16,354.1	56,449.4

See notes at end of table.

Table B-4—Continued

U.S. Imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

(In millions of dollars)

Source	1989		
	Total value	Duty-free value	Dutiable value
Canada	25,725.9	8,478.4	17,247.5
Japan	16,838.4	392.3	16,446.1
West Germany	3,932.6	65.1	3,867.5
Sweden	1,761.1	39.1	1,722.0
United Kingdom	1,320.4	146.0	1,174.5
France	725.8	96.5	629.3
Belgium	426.6	6.4	420.2
Italy	362.5	55.4	307.1
Netherlands	295.0	65.3	229.7
Austria	47.4	12.8	34.6
Ireland	26.8	7.7	19.1
Denmark	15.9	.5	15.4
Australia	12.4	2.0	10.4
Switzerland	6.4	1.1	5.3
Norway	2.4	.7	1.7
All other	3.2	1.2	2.0
Total, developed countries	51,502.7	9,370.4	42,132.3
Mexico	11,766.7	5,969.0	5,797.7
South Korea	1,978.0	574.1	1,403.9
Singapore	1,376.9	342.2	1,034.8
Malaysia	1,315.6	596.0	719.6
Taiwan	1,061.7	259.7	802.1
Brazil	933.5	98.2	835.3
Dominican Republic	665.0	456.5	208.5
Philippines	588.9	247.6	341.3
Hong Kong	306.4	97.5	209.0
Thailand	277.7	154.7	122.9
Costa Rica	277.5	187.6	89.9
Haiti	220.7	154.6	66.0
Jamaica	164.4	116.9	47.5
Colombia	102.5	57.3	45.1
Guatemala	80.0	42.0	37.9
All other	413.6	196.8	216.7
Total, less developed countries	21,529.0	9,550.8	11,978.2
Grand total	73,031.8	18,921.3	54,110.5

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

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

Table B-5
Share of U.S. Imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89
(In percent of grand total)

Source	1986		
	Total value	Duty-free value	Dutiable value
Japan	37.4	2.9	44.2
West Germany	17.4	1.8	20.4
Canada	8.1	14.3	6.9
Sweden	3.3	.6	3.8
United Kingdom	2.6	1.1	2.9
France	1.6	1.2	1.7
Italy	.4	.5	.4
Belgium and Luxembourg	.4	.2	.4
Netherlands	.2	.4	.2
Ireland	.1	.3	.1
Denmark	.1	()	.1
Switzerland	()	()	()
Austria	()	()	()
New Zealand	()	()	()
Australia	()	()	()
All other	()	()	()
Total, developed countries	71.6	23.3	81.1
Mexico	17.7	55.8	10.1
South Korea	2.6	1.1	2.9
Taiwan	1.4	1.5	1.4
Brazil	1.1	2.5	.8
Singapore	1.0	1.2	1.0
Dominican Republic	.9	4.0	.3
Haiti	.6	2.4	.2
Hong Kong	.6	.8	.5
Malaysia	.6	1.4	.4
Philippines	.5	1.1	.3
Costa Rica	.4	1.5	.1
Jamaica	.2	.9	.1
Colombia	.1	.4	()
Honduras	.1	.4	()
Thailand	.1	.1	.1
All other	.6	1.6	.4
Total, less developed countries	27.9	75.1	18.2
Grand total	100.0	100.0	100.0

See notes at end of table.

Table B-5—Continued

Share of U.S. imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

(In percent of grand total)

Source	1987		
	Total value	Duty-free value	Dutiable value
Canada	31.1	30.2	31.3
Japan	21.8	3.0	26.0
West Germany	11.8	1.0	14.3
United Kingdom	2.8	2.1	2.9
France	2.5	2.1	2.6
Sweden	2.1	.7	2.4
Belgium and Luxembourg .....	.5	.1	.6
Italy .....	.4	.4	.4
Netherlands .....	.2	.2	.1
Ireland .....	.1	.1	(1)
Denmark	(1)	(1)	(1)
Finland	(1)	(1)	(1)
Switzerland	(1)	(1)	(1)
Australia	(1)	(1)	(1)
Norway	(1)	(1)	(1)
All other	(1)	(1)	(1)
Total, developed countries	73.3	39.9	80.6
Mexico	12.7	35.3	7.6
South Korea	4.0	3.1	4.1
Singapore	2.5	3.1	2.4
Malaysia	1.6	5.0	.8
Taiwan	1.4	1.9	1.3
Philippines	1.0	2.6	.6
Brazil .....	.9	.7	.9
Dominican Republic .....	.6	2.3	.2
Hong Kong .....	.5	.7	.5
Haiti .....	.3	1.3	.1
Thailand .....	.3	1.2	.1
Costa Rica .....	.2	.8	.1
Jamaica .....	.2	.7	.1
Yugoslavia .....	.1	.1	.1
Colombia .....	.1	.2	(1)
All other .....	.4	1.1	.3
Total, less developed countries	26.4	59.0	18.9
Grand total	100.0	100.0	100.0

See notes at end of table.

Table B-5—Continued

Share of U.S. Imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

(In percent of grand total)

Source	1988		
	Total value	Duty-free value	Dutiable value
Canada	34.0	39.9	32.3
Japan	21.6	1.6	27.4
West Germany	6.7	.6	8.5
Sweden	2.4	.3	3.0
United Kingdom	2.3	1.3	2.5
France	1.9	1.3	2.1
Belgium .....	.5	(.)	.6
Italy .....	.3	.1	.4
Netherlands .....	.3	.3	.4
Ireland	(.)	.1	(.)
Austria	(.)	(.)	(.)
Denmark	(.)	(.)	(.)
Switzerland	(.)	(.)	(.)
Australia	(.)	(.)	(.)
Liechtenstein	(.)	(.)	(.)
All other	(.)	(.)	(.)
Total, developed countries	70.0	45.5	77.2
Mexico	14.6	32.4	9.5
South Korea	4.2	3.3	4.5
Singapore	2.6	2.7	2.5
Malaysia	1.7	4.0	1.0
Taiwan	1.4	1.5	1.4
Brazil	1.1	.7	1.2
Philippines .....	.9	1.8	.6
Dominican Republic .....	.8	2.3	.3
Thailand .....	.5	1.1	.4
Hong Kong .....	.5	.9	.4
Haiti .....	.3	.9	.1
Costa Rica .....	.3	.9	.1
Jamaica .....	.2	.6	.1
Yugoslavia .....	.1	.1	.1
Colombia .....	.1	.3	.1
All other .....	.5	1.1	.4
Total, less developed countries	29.3	53.5	22.3
Grand total	100.0	100.0	100.0

See notes at end of table.

Table B-5—Continued

Share of U.S. Imports for consumption under HTS subheading 9802.00.80, by principal sources, 1986-89

(In percent of grand total)

Source	1989		
	Total value	Duty-free value	Dutiable value
Canada	35.2	44.8	31.9
Japan	23.1	2.1	30.4
West Germany	5.4	.3	7.1
Sweden	2.4	.2	3.2
United Kingdom	1.8	.8	2.2
France	1.0	.5	1.2
Belgium	.6	(¹)	.8
Italy	.5	.3	.6
Netherlands	.4	.3	.4
Austria	.1	.1	.1
Ireland	(¹)	(¹)	(¹)
Denmark	(¹)	(¹)	(¹)
Australia	(¹)	(¹)	(¹)
Switzerland	(¹)	(¹)	(¹)
Norway	(¹)	(¹)	(¹)
All other	(¹)	(¹)	(¹)
Total, developed countries	70.5	49.4	77.9
Mexico	16.1	31.5	10.7
South Korea	2.7	3.0	2.6
Singapore	1.9	1.8	1.9
Malaysia	1.8	3.2	1.3
Taiwan	1.5	1.4	1.5
Brazil	1.3	.5	1.5
Dominican Republic	.9	2.4	.4
Philippines	.8	1.3	.6
Hong Kong	.4	.5	.4
Thailand	.4	.8	.2
Costa	.4	1.0	.2
Haiti	.3	.8	.1
Jamaica	.2	.6	.1
Colombia	.1	.3	.1
Guatemala	.1	.2	.1
All other	.6	1.0	.4
Total, less developed countries	28.9	49.3	21.7
Grand total	100.0	100.0	100.0

¹ Less than .05 percent

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

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

Table B-6
U.S. Imports for consumption under HTS subheading 9802.00.60, by commodity groups, 1986-89

(In thousands of dollars)

Commodity group	1986			1987		
	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value
Agricultural, animal, and vegetable products ..	0	0	0	0	0	0
Forest products	1	(¹)	1	0	0	0
Textiles, apparel, and footwear	5	4	(¹)	0	0	0
Chemicals, coal, petroleum, natural gas, and related products:						
Certain inorganic chemical compounds	8,60	4,886	3,716	8,030	4,618	3,411
All other articles	1,263	924	339	47	17	30
Total	9,865	5,810	4,055	8,076	4,635	3,441
Minerals and metals:						
Iron and steel mill products, all grades	56,887	39,361	17,526	62,151	38,762	23,388
Shapes and plates of iron or steel, all grades	5,616	2,781	2,835	332	192	140
Pipe and tubing of iron or steel, all grades	819	556	264	1,441	1,031	410
Wire and wire products of iron or steel, all grades	1,196	514	682	1,371	548	824
Sheets and strip of iron or steel, all grades, including tin mill products	45,001	32,819	12,182	40,642	29,066	11,576
Other	4,255	2,691	1,564	18,364	7,925	10,438
Copper, wrought	1,142	720	422	4,261	2,561	1,700
Aluminum	273,757	181,075	92,682	218,228	142,128	76,100
Aluminum, unwrought	0	0	0	0	0	0
Aluminum, wrought other than foil	262,670	175,738	86,932	207,677	137,158	70,519
Aluminum foil	11,086	5,337	5,750	10,537	4,967	5,571
Nickel, wrought	817	704	113	91	80	11
Lead, unwrought	220	164	56	307	210	96
Tantalum, unwrought, unalloyed	2,150	1,523	626	2,618	1,472	1,146
Titanium, wrought	6,224	5,357	868	7,197	6,165	1,033
Tungsten, unwrought	535	221	315	351	133	218
Tungsten, wrought	211	95	117	0	0	0
Hinges, fittings and mountings, n.s.p.f.	2,963	1,293	1,670	2,977	1,082	1,895
Interchangeable tools for hand-tools or for machine tools	1,551	1,097	454	788	543	245
All other articles	66,008	45,236	20,773	73,999	45,944	28,055
Total	412,466	276,846	135,620	372,968	239,080	133,888
Machinery and equipment:						
Parts of steam generating boilers	448	173	274	1,018	196	822
Parts of steam turbines	0	0	0	14	(¹)	14
Internal combustion engines and parts thereof	1,154	972	183	5,364	2,427	2,937
Pumps and compressors, and parts thereof	927	426	502	932	382	550
Lifting, handling, loading, and unloading machinery and parts thereof	898	756	142	5,484	1,584	3,900
Machines for working metal, stone, and other materials, except gas-operated metalworking appliances	2,111	1,535	576	20,464	16,379	4,085
Office machines and parts thereof	295	108	187	426	58	368
Taps, cocks, valves, and similar devices and parts thereof used to control the flow of liquids, gases or solids	2,688	1,155	1,533	4,233	2,208	2,026
Miscellaneous machinery parts	1	(¹)	1	122	50	72
Motors and generators; and miscellaneous equipment related to motors, generators, and transformers	9,422	6,706	2,717	10,304	7,786	2,51
Microphones, loudspeakers, and related equipment; and radiotelegraphic and radiotelephonic apparatus and related equipment	522	337	185	246	70	176
Electrical capacitors	20	16	5	68	49	19
Articles for making and breaking electrical circuits	2,487	1,475	1,012	3,729	2,575	1,155

See notes at end of table.

Table B-6—Continued

U.S. Imports for consumption under HTS subheading 9802.00.60, by commodity groups, 1986-89

(In thousands of dollars)

Commodity group	1986			1987		
	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value
Electronic tubes (except X-ray)	4,342	2,543	1,799	4,667	2,818	1,849
Semiconductors	140	117	23	621	404	218
Miscellaneous electrical articles	1,431	1,176	254	664	564	101
Parts for rail locomotives and rolling stock ..	52	21	31	2	(1)	2
Bodies and chassis for motor vehicles, and other motor vehicle parts	1,954	1,535	420	2,991	2,393	598
Parts of aircraft and space-craft	280	205	75	489,270	121,253	368,017
All other articles	12,157	5,356	6,801	19,661	9,054	10,607
Total	41,330	24,611	16,719	570,283	170,248	400,035
Miscellaneous manufactures	1,875	1,160	715	2,545	1,576	969
Grand total	465,542	308,431	157,110	953,872	415,540	538,332

See notes at end of table.

Table B-6—Continued

U.S. Imports for consumption under HTS subheading 9802.00.60, by commodity groups, 1986-89

(In thousands of dollars)

Commodity group	1988			1989		
	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value
Agricultural, animal, and vegetable products . . .	0	0	0	0	0	0
Forest products	0	0	0	0	0	0
Textiles, apparel, and footwear	0	0	0	0	0	0
Chemicals, coal, petroleum, natural gas, and related products:						
Certain inorganic chemical compounds	10,015	4,470	5,545	18,819	11,688	7,132
All other articles	287	172	114	28	5	23
Total	10,301	4,643	5,659	18,848	11,692	7,155
Minerals and metals:						
Iron and steel mill products, all grades	98,267	60,698	37,569	117,551	76,412	41,139
Shapes and plates of iron or steel, all grades	749	552	197	824	588	236
Pipe and tubing of iron or steel, all grades	9,765	6,692	3,074	11,961	9,279	2,682
Wire and wire products of iron or steel, all grades	903	600	303	3,283	2,307	976
Sheets and strip of iron or steel, all grades, including tin mill products	63,602	48,564	15,038	75,612	56,727	18,885
Other	23,247	4,291	18,956	25,872	7,512	18,360
Copper, wrought	18,129	12,746	5,383	35,463	22,982	12,481
Aluminum	226,249	170,695	55,554	279,576	240,357	39,219
Aluminum, unwrought	0	0	0	0	0	0
Aluminum, wrought other than foil	212,805	164,496	48,310	271,638	236,097	35,541
Aluminum foil	13,444	6,200	7,244	7,938	4,260	3,678
Nickel, wrought	0	0	0	167	104	64
Lead, unwrought	280	193	87	891	489	402
Tantalum, unwrought, unalloyed	3,560	2,185	1,375	1,407	782	625
Titanium, wrought	450	198	253	12,584	10,124	2,460
Tungsten, unwrought	472	155	317	403	37	367
Tungsten, wrought	0	0	0	10	3	6
Hinges, fittings and mountings, n.s.p.f.	2,972	968	2,004	4,536	1,964	2,572
Interchangeable tools for hand-tools or for machine tools	865	664	201	2,056	1,244	812
All other articles	18,347	13,499	4,848	14,617	10,280	4,337
Total	369,593	262,001	107,592	469,261	364,777	104,484
Machinery and equipment:						
Parts of steam generating boilers	2,977	699	2,279	13	12	1
Parts of steam turbines	16	14	3	0	0	0
Internal combustion engines and parts thereof	47,173	19,109	28,065	24,300	13,649	10,651
Pumps and compressors, and parts thereof	1,457	1,017	441	947	542	405
Lifting, handling, loading, and unloading machinery and parts thereof	7	7	(1)	397	207	190
Machines for working metal, stone, and other materials, except gas-operated metalworking appliances	18,020	13,430	4,590	1,109	537	573
Office machines and parts thereof	706	190	516	433	285	148
Taps, cocks, valves, and similar devices and parts thereof used to control the flow of liquids, gases or solids	4,152	2,216	1,936	3,606	1,969	1,637
Miscellaneous machinery parts	38	10	28	23,657	16,128	7,529
Motors and generators; and miscellaneous equipment related to motors, generators, and transformers	12,967	10,262	2,705	18,143	13,908	4,235
Microphones, loudspeakers, and related equipment; and radiotelegraphic and radiotelephonic apparatus and related equipment	80	33	48	77	21	55

See notes at end of table.

Table B-6—Continued

U.S. Imports for consumption under HTS subheading 9802.00.60, by commodity groups, 1986-89

(In thousands of dollars)

Commodity group	1988			1989		
	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value
Electrical capacitors	327	217	110	15	4	10
Articles for making and breaking electrical circuits	6,212	5,288	925	136,858	97,688	39,170
Electronic tubes (except X-ray)	3,474	2,085	1,390	174	109	65
Semiconductors	871	524	347	2,458	1,335	1,123
Miscellaneous electrical articles	62	53	9	750	409	341
Parts for rail locomotives and rolling stock	3	1	3	1,396	896	500
Bodies and chassis for motor vehicles, and other motor vehicle parts	7,660	5,275	2,385	18,087	13,268	4,820
Parts of aircraft and space-craft	400,277	109,540	290,737	353,761	100,413	253,348
All other articles	10,689	5,586	5,103	906	614	292
Total	517,170	175,553	341,618	587,085	261,992	325,093
Miscellaneous manufactures	31,999	27,636	4,363	66,139	58,646	7,493
Grand total	929,064	469,832	459,232	1,141,333	697,107	444,226

¹ Less than \$500.

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

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

Table B-7

U.S. Imports for consumption under HTS subheading 9802.00.60, by principal sources 1989

Source	Total value		Duty-free value	
	Value	Percent of total	Value	Percent of total
	Million dollars		Million dollars	
Grand total	1,141.3	100.0	697.1	100.0
Top 10 sources, total	1,136.4	99.6	694.5	99.6
Canada	808.6	70.9	449.3	64.4
Mexico	181.1	15.9	142.3	20.4
Japan	67.1	5.9	43.4	6.2
West Germany	39.0	3.4	26.1	3.7
Dominican Republic	17.8	1.6	17.3	2.5
Argentina	9.5	.8	7.2	1.0
France	5.8	.5	4.2	.6
South Korea	3.2	.3	2.4	.3
United Kingdom	2.2	.2	1.2	.2
Taiwan	2.1	.2	1.1	.2
All other	4.9	.4	2.6	.4

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

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

Table B-8
U.S. Imports for consumption from Canada under HTS subheading 9802.00.60, by commodity groups, 1989
(In thousands of dollars)

<i>Commodity group</i>	<i>Total value</i>	<i>Duty-free value</i>	<i>Dutiable value</i>
Agricultural, animal, and vegetable products	0	0	0
Forest products	0	0	0
Textiles, apparel, and footwear	0	0	0
Chemicals, coal, petroleum, natural gas, and related products:			
Certain inorganic chemical compounds	27	20	7
All other articles	0	0	0
Total	27	20	7
Minerals and metals:			
Iron and steel mill products, all grades	41,250	20,548	20,702
Shapes and plates of iron or steel, all grades	688	518	170
Pipe and tubing of iron or steel, all grades	4,834	3,962	872
Wire and wire products of iron or steel, all grades	2,205	1,643	562
Sheets and strip of iron or steel, all grades, including t in mill products	8,734	7,670	1,064
Other	24,788	6,755	18,034
Copper, wrought	6,017	2,713	3,304
Aluminum	211,277	192,300	18,977
Aluminum, unwrought	0	0	0
Aluminum, wrought other than foil	211,226	192,251	18,975
Aluminum foil	51	49	2
Nickel, wrought	92	70	21
Lead, unwrought	278	183	95
Tantalum, unwrought, unalloyed	0	0	0
Titanium, wrought	10,385	8,859	1,526
Tungsten, unwrought	0	0	0
Tungsten, wrought	0	0	0
Hinges, fittings and mountings, n.s.p.f.	2,607	588	2,019
Interchangeable tools for hand-tools or for machine tools ..	354	155	198
All other articles	4,594	2,998	1,597
Total	276,854	228,415	48,440
Machinery and equipment:			
Parts of steam generating boilers	13	12	1
Parts of steam turbines	0	0	0
Internal combustion engines and parts thereof	14,544	6,908	7,636
Pumps and compressors, and parts thereof	571	198	374
Lifting, handling, loading, and unloading machinery and parts thereof	224	148	76
Machines for working metal, stone, and other materials, except gas-operated metalworking appliances	1,034	477	557
Office machines and parts thereof	92	38	54
Taps, cocks, valves, and similar devices and parts thereof used to control the flow of liquids, gases or solids	2,744	1,405	1,339
Miscellaneous machinery parts	22,075	14,991	7,084
Motors and generators; and miscellaneous equipment related to motors, generators, and transformers	922	621	301
Microphones, loudspeakers, and related equipment; and radiotelegraphic and radiotelephonic apparatus and related equipment	77	21	55
Electrical capacitors	0	0	0
Articles for making and breaking electrical circuits	133,147	94,463	38,684
Electronic tubes (except X-ray)	0	0	0
Semiconductors	420	278	142
Miscellaneous electrical articles	447	279	167
Parts for rail locomotives and rolling stock	1,396	896	500
Bodies and chassis for motor vehicles, and other motor vehicle parts	1,570	531	1,040
Parts of aircraft and space-craft	351,763	99,035	252,728
All other articles	599	456	142
Total	531,638	220,757	310,880
Miscellaneous manufactures	129	69	60
Grand total	808,647	449,260	359,387

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

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

Table B-9
U.S. Imports for consumption from Mexico under HTS subheading 9802.00.60, by commodity groups, 1989
(In thousands of dollars)

<i>Commodity group</i>	<i>Total value</i>	<i>Duty-free value</i>	<i>Dutiable value</i>
Agricultural, animal, and vegetable products	0	0	0
Forest products	0	0	0
Textiles, apparel, and footwear	0	0	0
Chemicals, coal, petroleum, natural gas, and related products:			
Certain inorganic chemical compounds	0	0	0
All other articles	0	0	0
Total	0	0	0
Minerals and metals			
Iron and steel mill products, all grades	63,123	45,691	17,432
Shapes and plates of iron or steel, all grades	108	59	49
Pipe and tubing of iron or steel, all grades	7,121	5,312	1,809
Wire and wire products of iron or steel, all grades	1,022	641	381
Sheets and strip of iron or steel, all grades, including			
tin mill products	53,811	38,932	14,879
Other	1,062	748	314
Copper, wrought	3	2	1
Aluminum	10,709	9,708	1,001
Aluminum, unwrought	0	0	0
Aluminum, wrought other than foil	10,709	9,708	1,001
Aluminum foil	0	0	0
Nickel, wrought	0	0	0
Lead, unwrought	613	306	306
Tantalum, unwrought, unalloyed	0	0	0
Titanium, wrought	0	0	0
Tungsten, unwrought	0	0	0
Tungsten, wrought	0	0	0
Hinges, fittings and mountings, n.s.p.f.	1,861	1,366	494
Interchangeable tools for hand-tools or for machine tools ..	1,269	915	354
All other articles	9,055	6,771	2,283
Total	86,632	64,760	21,872
Machinery and equipment:			
Parts of steam generating boilers	0	0	0
Parts of steam turbines	0	0	0
Internal combustion engines and parts thereof	6,237	4,828	1,409
Pumps and compressors, and parts thereof	331	306	26
Lifting, handling, loading, and unloading machinery and			
parts thereof	16	15	1
Machines for working metal, stone, and other materials,			
except gas-operated metalworking appliances	40	28	12
Office machines and parts thereof	239	171	68
Taps, cocks, valves, and similar devices and parts thereof			
used to control the flow of liquids, gases or solids	862	563	299
Miscellaneous machinery parts	1,112	866	247
Motors and generators; and miscellaneous equipment			
related to motors, generators, and transformers	16,898	13,076	3,822
Microphones, loudspeakers, and related equipment; and			
radiotelegraphic and radiotelephonic apparatus and			
related equipment	0	0	0
Electrical capacitors	0	0	0
Articles for making and breaking electrical circuits	3,219	2,774	445
Electronic tubes (except X-ray)	0	0	0
Semiconductors	9	4	5
Miscellaneous electrical articles	120	61	59
Parts for rail locomotives and rolling stock	0	0	0
Bodies and chassis for motor vehicles, and other motor			
vehicle parts	16,199	12,494	3,705
Parts of aircraft and space-craft	1,091	1,071	19
All other articles	4	4	(¹)
Total	46,378	36,262	10,117
Miscellaneous manufactures	48,094	41,251	6,843
Grand total	181,104	142,273	38,831

¹ Less than \$500.

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

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

Table B-10
U.S. Imports for consumption from Japan under HTS subheading 9802.00.60, by commodity groups, 1989
(In thousands of dollars)

<i>Commodity group</i>	<i>Total value</i>	<i>Duty-free value</i>	<i>Dutiable value</i>
Agricultural, animal, and vegetable products	0	0	0
Forest products	0	0	0
Textiles, apparel, and footwear	0	0	0
Chemicals, coal, petroleum, natural gas, and related products:			
Certain inorganic chemical compounds	0	0	0
All other articles	28	5	23
Total	28	5	23
Minerals and metals:			
Iron and steel mill products, all grades	815	711	104
Shapes and plates of iron or steel, all grades	0	0	0
Pipe and tubing of iron or steel, all grades	0	0	0
Wire and wire products of iron or steel, all grades	0	0	0
Sheets and strip of iron or steel, all grades, including			
tin mill products	815	711	104
Other	0	0	0
Copper, wrought	12,283	7,393	4,890
Aluminum	51,243	33,936	17,308
Aluminum, unwrought	0	0	0
Aluminum, wrought other than foil	43,908	29,991	13,917
Aluminum foil	7,335	3,945	3,390
Nickel, wrought	38	(¹)	38
Lead, unwrought	0	0	0
Tantalum, unwrought, unalloyed	0	0	0
Titanium, wrought	1,243	749	494
Tungsten, unwrought	0	0	0
Tungsten, wrought	0	0	0
Hinges, fittings and mountings, n.s.p.f.	0	0	0
Interchangeable tools for hand-tools or for machine tools ..	434	174	260
All other articles	100	92	8
Total	66,156	43,054	23,102
Machinery and equipment:			
Parts of steam generating boilers	0	0	0
Parts of steam turbines	0	0	0
Internal combustion engines and parts thereof	0	0	0
Pumps and compressors, and parts thereof	0	0	0
Lifting, handling, loading, and unloading machinery and			
parts thereof	0	0	0
Machines for working metal, stone, and other materials,			
except gas-operated metalworking appliances	18	14	3
Office machines and parts thereof	0	0	0
Taps, cocks, valves, and similar devices and parts thereof			
used to control the flow of liquids, gases or solids	0	0	0
Miscellaneous machinery parts	15	13	2
Motors and generators; and miscellaneous equipment			
related to motors, generators, and transformers	0	0	0
Microphones, loudspeakers, and related equipment; and			
radiotelegraphic and radiotelephonic apparatus and			
related equipment	0	0	0
Electrical capacitors	0	0	0
Articles for making and breaking electrical circuits	0	0	0
Electronic tubes (except X-ray)	0	0	0
Semiconductors	0	0	0
Miscellaneous electrical articles	0	0	0
Parts for rail locomotives and rolling stock	0	0	0
Bodies and chassis for motor vehicles, and other motor			
vehicle parts	0	0	0
Parts of aircraft and space-craft	908	307	601
All other articles	0	0	0
Total	940	334	606
Miscellaneous manufactures	0	0	0
Grand total	67,124	43,394	23,731

¹ Less than \$500.

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

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

Table B-11

U.S. Imports for consumption from West Germany under HTS subheading 9802.00.60, by commodity groups, 1989
(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Agricultural, animal, and vegetable products	0	0	0
Forest products	0	0	0
Textiles, apparel, and footwear	0	0	0
Chemicals, coal, petroleum, natural gas, and related products:			
Certain inorganic chemical compounds	18,793	11,668	7,125
All other articles	0	0	0
Total	18,793	11,668	7,125
Minerals and metals			
Iron and steel mill products, all grades	70	19	51
Shapes and plates of iron or steel, all grades	0	0	0
Pipe and tubing of iron or steel, all grades	0	0	0
Wire and wire products of iron or steel, all grades	0	0	0
Sheets and strip of iron or steel, all grades, including tin mill products	70	19	51
Other	0	0	0
Copper, wrought	16,779	12,615	4,164
Aluminum	474	230	243
Aluminum, unwrought	0	0	0
Aluminum, wrought other than foil	0	0	0
Aluminum foil	474	230	243
Nickel, wrought	0	0	0
Lead, unwrought	0	0	0
Tantalum, unwrought, unalloyed	1,407	782	625
Titanium, wrought	0	0	0
Tungsten, unwrought	385	33	352
Tungsten, wrought	10	3	6
Hinges, fittings and mountings, n.s.p.f.	68	9	59
Interchangeable tools for hand-tools or for machine tools	0	0	0
All other articles	68	51	17
Total	19,261	13,742	5,518
Machinery and equipment:			
Parts of steam generating boilers	0	0	0
Parts of steam turbines	0	0	0
Internal combustion engines and parts thereof	110	78	32
Pumps and compressors, and parts thereof	0	0	0
Lifting, handling, loading, and unloading machinery and parts thereof	0	0	0
Machines for working metal, stone, and other materials, except gas-operated metalworking appliances	0	0	0
Office machines and parts thereof	0	0	0
Taps, cocks, valves, and similar devices and parts thereof used to control the flow of liquids, gases or solids	0	0	0
Miscellaneous machinery parts	432	237	195
Motors and generators; and miscellaneous equipment related to motors, generators, and transformers	0	0	0
Microphones, loudspeakers, and related equipment; and radiotelegraphic and radiotelephonic apparatus and related equipment	0	0	0
Electrical capacitors	0	0	0
Articles for making and breaking electrical circuits	449	412	37
Electronic tubes (except X-ray)	0	0	0
Semiconductors	0	0	0
Miscellaneous electrical articles	0	0	0
Parts for rail locomotives and rolling stock	0	0	0
Bodies and chassis for motor vehicles, and other motor vehicle parts	0	0	0
Parts of aircraft and space-craft	0	0	0
All other articles	1	1	(¹)
Total	992	728	264
Miscellaneous manufactures	0	0	0
Grand total	39,046	26,138	12,908

¹ Less than \$500.

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

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

Table B-12

U.S. Imports for consumption from Dominican Republic under HTS subheading 9802.00.60, by commodity groups, 1989

(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Agricultural, animal, and vegetable products	0	0	0
Forest products	0	0	0
Textiles, apparel, and footwear	0	0	0
Chemicals, coal, petroleum, natural gas, and related products:			
Certain inorganic chemical compounds	0	0	0
All other articles	0	0	0
Total	0	0	0
Minerals and metals:			
Iron and steel mill products, all grades	0	0	0
Shapes and plates of iron or steel, all grades	0	0	0
Pipe and tubing of iron or steel, all grades	0	0	0
Wire and wire products of iron or steel, all grades	0	0	0
Sheets and strip of iron or steel, all grades, including tin mill products	0	0	0
Other	0	0	0
Copper, wrought	0	0	0
Aluminum	0	0	0
Aluminum, unwrought	0	0	0
Aluminum, wrought other than foil	0	0	0
Aluminum foil	0	0	0
Nickel, wrought	0	0	0
Lead, unwrought	0	0	0
Tantalum, unwrought, unalloyed	0	0	0
Titanium, wrought	0	0	0
Tungsten, unwrought	0	0	0
Tungsten, wrought	0	0	0
Hinges, fittings and mountings, n.s.p.f.	0	0	0
Interchangeable tools for hand-tools or for machine tools	0	0	0
All other articles	0	0	0
Total	0	0	0
Machinery and equipment:			
Parts of steam generating boilers	0	0	0
Parts of steam turbines	0	0	0
Internal combustion engines and parts thereof	0	0	0
Pumps and compressors, and parts thereof	0	0	0
Lifting, handling, loading, and unloading machinery and parts thereof	0	0	0
Machines for working metal, stone, and other materials, except gas-operated metalworking appliances	0	0	0
Office machines and parts thereof	0	0	0
Taps, cocks, valves, and similar devices and parts thereof used to control the flow of liquids, gases or solids	0	0	0
Miscellaneous machinery parts	0	0	0
Motors and generators; and miscellaneous equipment related to motors, generators, and transformers	0	0	0
Microphones, loudspeakers, and related equipment; and radiotelegraphic and radiotelephonic apparatus and related equipment	0	0	0
Electrical capacitors	0	0	0
Articles for making and breaking electrical circuits	0	0	0
Electronic tubes (except X-ray)	0	0	0
Semiconductors	0	0	0
Miscellaneous electrical articles	30	29	1
Parts for rail locomotives and rolling stock	0	0	0
Bodies and chassis for motor vehicles, and other motor vehicle parts	0	0	0
Parts of aircraft and space-craft	0	0	0
All other articles	0	0	0
Total	30	29	1
Miscellaneous manufactures	17,756	17,237	519
Grand total	17,787	17,266	520

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

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

Table B-13
U.S. imports for consumption from Argentina under HTS subheading 9802.00.60, by commodity groups, 1989
(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Agricultural, animal, and vegetable products	0	0	0
Forest products	0	0	0
Textiles, apparel, and footwear	0	0	0
Chemicals, coal, petroleum, natural gas, and related products:			
Certain inorganic chemical compounds	0	0	0
All other articles	0	0	0
Total	0	0	0
Minerals and metals:			
Iron and steel mill products, all grades	9,485	7,248	2,237
Shapes and plates of iron or steel, all grades	0	0	0
Pipe and tubing of iron or steel, all grades	0	0	0
Wire and wire products of iron or steel, all grades	0	0	0
Sheets and strip of iron or steel, all grades, including tin mill products	9,485	7,248	2,237
Other	0	0	0
Copper, wrought	0	0	0
Aluminum	0	0	0
Aluminum, unwrought	0	0	0
Aluminum, wrought other than foil	0	0	0
Aluminum foil	0	0	0
Nickel, wrought	0	0	0
Lead, unwrought	0	0	0
Tantalum, unwrought, unalloyed	0	0	0
Titanium, wrought	0	0	0
Tungsten, unwrought	0	0	0
Tungsten, wrought	0	0	0
Hinges, fittings and mountings, n.s.p.f.	0	0	0
Interchangeable tools for hand-tools or for machine tools ..	0	0	0
All other articles	0	0	0
Total	9,485	7,248	2,237
Machinery and equipment:			
Parts of steam generating boilers	0	0	0
Parts of steam turbines	0	0	0
Internal combustion engines and parts thereof	0	0	0
Pumps and compressors, and parts thereof	0	0	0
Lifting, handling, loading, and unloading machinery and parts thereof	0	0	0
Machines for working metal, stone, and other materials, except gas-operated metalworking appliances	0	0	0
Office machines and parts thereof	0	0	0
Taps, cocks, valves, and similar devices and parts thereof used to control the flow of liquids, gases or solids	0	0	0
Miscellaneous machinery parts	0	0	0
Motors and generators; and miscellaneous equipment related to motors, generators, and transformers	0	0	0
Microphones, loudspeakers, and related equipment; and radiotelegraphic and radiotelephonic apparatus and related equipment	0	0	0
Electrical capacitors	0	0	0
Articles for making and breaking electrical circuits	0	0	0
Electronic tubes (except X-ray)	0	0	0
Semiconductors	0	0	0
Miscellaneous electrical articles	0	0	0
Parts for rail locomotives and rolling stock	0	0	0
Bodies and chassis for motor vehicles, and other motor vehicle parts	0	0	0
Parts of aircraft and space-craft	0	0	0
All other articles	0	0	0
Total	0	0	0
Miscellaneous manufactures	0	0	0
Grand total	9,485	7,248	2,237

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

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

Table B-14

U.S. Imports for consumption from France under HTS subheading 9802.00.60, by commodity groups, 1989
(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Agricultural, animal, and vegetable products	0	0	0
Forest products	0	0	0
Textiles, apparel, and footwear	0	0	0
Chemicals, coal, petroleum, natural gas, and related products:			
Certain inorganic chemical compounds	0	0	0
All other articles	0	0	0
Total	0	0	0
Minerals and metals:			
Iron and steel mill products, all grades	0	0	0
Shapes and plates of iron or steel, all grades	0	0	0
Pipe and tubing of iron or steel, all grades	0	0	0
Wire and wire products of iron or steel, all grades	0	0	0
Sheets and strip of iron or steel, all grades, including tin mill products	0	0	0
Other	0	0	0
Copper, wrought	0	0	0
Aluminum	5,794	4,146	1,648
Aluminum, unwrought	0	0	0
Aluminum, wrought other than foil	5,794	4,146	1,648
Aluminum foil	0	0	0
Nickel, wrought	0	0	0
Lead, unwrought	0	0	0
Tantalum, unwrought, unalloyed	0	0	0
Titanium, wrought	0	0	0
Tungsten, unwrought	0	0	0
Tungsten, wrought	0	0	0
Hinges, fittings and mountings, n.s.p.f.	0	0	0
Interchangeable tools for hand-tools or for machine tools	0	0	0
All other articles	0	0	0
Total	5,794	4,146	1,648
Machinery and equipment:			
Parts of steam generating boilers	0	0	0
Parts of steam turbines	0	0	0
Internal combustion engines and parts thereof	0	0	0
Pumps and compressors, and parts thereof	0	0	0
Lifting, handling, loading, and unloading machinery and parts thereof	0	0	0
Machines for working metal, stone, and other materials, except gas-operated metalworking appliances	0	0	0
Office machines and parts thereof	0	0	0
Taps, cocks, valves, and similar devices and parts thereof used to control the flow of liquids, gases or solids	0	0	0
Miscellaneous machinery parts	0	0	0
Motors and generators; and miscellaneous equipment related to motors, generators, and transformers	0	0	0
Microphones, loudspeakers, and related equipment; and radiotelegraphic and radiotelephonic apparatus and related equipment	0	0	0
Electrical capacitors	0	0	0
Articles for making and breaking electrical circuits	0	0	0
Electronic tubes (except X-ray)	0	0	0
Semiconductors	0	0	0
Miscellaneous electrical articles	0	0	0
Parts for rail locomotives and rolling stock	0	0	0
Bodies and chassis for motor vehicles, and other motor vehicle parts	0	0	0
Parts of aircraft and space-craft	0	0	0
All other articles	0	0	0
Total	0	0	0
Miscellaneous manufactures	4	4	(¹)
Grand total	5,799	4,150	1,648

¹ Less than \$500.

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

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

Table B-15

U.S. Imports for consumption from Korea under HTS subheading 9802.00.60, by commodity groups, 1989
(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Agricultural, animal, and vegetable products	0	0	0
Forest products	0	0	0
Textiles, apparel, and footwear	0	0	0
Chemicals, coal, petroleum, natural gas, and related products:			
Certain inorganic chemical compounds	0	0	0
All other articles	0	0	0
Total	0	0	0
Minerals and metals:			
Iron and steel mill products, all grades	2,652	2,127	525
Shapes and plates of iron or steel, all grades	0	0	0
Pipe and tubing of iron or steel, all grades	0	0	0
Wire and wire products of iron or steel, all grades	0	0	0
Sheets and strip of iron or steel, all grades, including			
tin mill products	2,652	2,127	525
Other	0	0	0
Copper, wrought	0	0	0
Aluminum	0	0	0
Aluminum, unwrought	0	0	0
Aluminum, wrought other than foil	0	0	0
Aluminum foil	0	0	0
Nickel, wrought	0	0	0
Lead, unwrought	0	0	0
Tantalum, unwrought, unalloyed	0	0	0
Titanium, wrought	0	0	0
Tungsten, unwrought	0	0	0
Tungsten, wrought	0	0	0
Hinges, fittings and mountings, n.s.p.f.	0	0	0
Interchangeable tools for hand-tools or for machine tools ..	0	0	0
All other articles	0	0	0
Total	2,652	2,127	525
Machinery and equipment:			
Parts of steam generating boilers	0	0	0
Parts of steam turbines	0	0	0
Internal combustion engines and parts thereof	0	0	0
Pumps and compressors, and parts thereof	0	0	0
Lifting, handling, loading, and unloading machinery and			
parts thereof	0	0	0
Machines for working metal, stone, and other materials,			
except gas-operated metalworking appliances	0	0	0
Office machines and parts thereof	0	0	0
Taps, cocks, valves, and similar devices and parts thereof			
used to control the flow of liquids, gases or solids	0	0	0
Miscellaneous machinery parts	0	0	0
Motors and generators; and miscellaneous equipment			
related to motors, generators, and transformers	323	211	112
Microphones, loudspeakers, and related equipment; and			
radiotelegraphic and radiotelephonic apparatus and			
related equipment	0	0	0
Electrical capacitors	0	0	0
Articles for making and breaking electrical circuits	0	0	0
Electronic tubes (except X-ray)	0	0	0
Semiconductors	95	48	47
Miscellaneous electrical articles	3	1	3
Parts for rail locomotives and rolling stock	0	0	0
Bodies and chassis for motor vehicles, and other motor			
vehicle parts	5	3	2
Parts of aircraft and space-craft	0	0	0
All other articles	0	0	0
Total	426	263	163
Miscellaneous manufactures	86	41	45
Grand total	3,164	2,431	733

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

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

Table B-16

U.S. Imports for consumption from United Kingdom under HTS subheading 9802.00.60, by commodity groups, 1989
(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Agricultural, animal, and vegetable products	0	0	0
Forest products	0	0	0
Textiles, apparel, and footwear	0	0	0
Chemicals, coal, petroleum, natural gas, and related products:			
Certain inorganic chemical compounds	0	0	0
All other articles	0	0	0
Total	0	0	0
Minerals and metals:			
Iron and steel mill products, all grades	22	10	12
Shapes and plates of iron or steel, all grades	0	0	0
Pipe and tubing of iron or steel, all grades	0	0	0
Wire and wire products of iron or steel, all grades	0	0	0
Sheets and strip of iron or steel, all grades, including tin mill products	0	0	0
Other	22	10	12
Copper, wrought	0	0	0
Aluminum	0	0	0
Aluminum, unwrought	0	0	0
Aluminum, wrought other than foil	0	0	0
Aluminum foil	0	0	0
Nickel, wrought	38	34	5
Lead, unwrought	0	0	0
Tantalum, unwrought, unalloyed	0	0	0
Titanium, wrought	0	0	0
Tungsten, unwrought	0	0	0
Tungsten, wrought	0	0	0
Hinges, fittings and mountings, n.s.p.f.	0	0	0
Interchangeable tools for hand-tools or for machine tools	0	0	0
All other articles	178	31	147
Total	230	74	164
Machinery and equipment:			
Parts of steam generating boilers	0	0	0
Parts of steam turbines	0	0	0
Internal combustion engines and parts thereof	1,927	1,123	804
Pumps and compressors, and parts thereof	0	0	0
Lifting, handling, loading, and unloading machinery and parts thereof	0	0	0
Machines for working metal, stone, and other materials, except gas-operated metalworking appliances	0	0	0
Office machines and parts thereof	0	0	0
Taps, cocks, valves, and similar devices and parts thereof used to control the flow of liquids, gases or solids	0	0	0
Miscellaneous machinery parts	0	0	0
Motors and generators; and miscellaneous equipment related to motors, generators, and transformers	0	0	0
Microphones, loudspeakers, and related equipment; and radiotelegraphic and radiotelephonic apparatus and related equipment	0	0	0
Electrical capacitors	0	0	0
Articles for making and breaking electrical circuits	0	0	0
Electronic tubes (except X-ray)	0	0	0
Semiconductors	0	0	0
Miscellaneous electrical articles	0	0	0
Parts for rail locomotives and rolling stock	0	0	0
Bodies and chassis for motor vehicles, and other motor vehicle parts	0	0	0
Parts of aircraft and space-craft	0	0	0
All other articles	0	0	0
Total	1,927	1,123	804
Miscellaneous manufactures	12	2	10
Grand total	2,177	1,199	978

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

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

Table B-17

U.S. Imports for consumption from Taiwan under HTS subheading 9802.00.60, by commodity groups, 1989

(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Agricultural, animal, and vegetable products	0	0	0
Forest products	0	0	0
Textiles, apparel, and footwear	0	0	0
Chemicals, coal, petroleum, natural gas, and related products:			
Certain inorganic chemical compounds	0	0	0
All other articles	0	0	0
Total	0	0	0
Minerals and metals:			
Iron and steel mill products, all grades	0	0	0
Shapes and plates of iron or steel, all grades	0	0	0
Pipe and tubing of iron or steel, all grades	0	0	0
Wire and wire products of iron or steel, all grades	0	0	0
Sheets and strip of iron or steel, all grades, including tin mill products	0	0	0
Other	0	0	0
Copper, wrought	3	2	2
Aluminum	0	0	0
Aluminum, unwrought	0	0	0
Aluminum, wrought other than foil	0	0	0
Aluminum foil	0	0	0
Nickel, wrought	0	0	0
Lead, unwrought	0	0	0
Tantalum, unwrought, unalloyed	0	0	0
Titanium, wrought	0	0	0
Tungsten, unwrought	0	0	0
Tungsten, wrought	0	0	0
Hinges, fittings and mountings, n.s.p.f.	0	0	0
Interchangeable tools for hand-tools or for machine tools	0	0	0
All other articles	22	19	3
Total	25	21	4
Machinery and equipment:			
Parts of steam generating boilers	0	0	0
Parts of steam turbines	0	0	0
Internal combustion engines and parts thereof	0	0	0
Pumps and compressors, and parts thereof	0	0	0
Lifting, handling, loading, and unloading machinery and parts thereof	0	0	0
Machines for working metal, stone, and other materials, except gas-operated metalworking appliances	0	0	0
Office machines and parts thereof	5	3	2
Taps, cocks, valves, and similar devices and parts thereof used to control the flow of liquids, gases or solids	0	0	0
Miscellaneous machinery parts	0	0	0
Motors and generators; and miscellaneous equipment related to motors, generators, and transformers	0	0	0
Microphones, loudspeakers, and related equipment; and radiotelegraphic and radiotelephonic apparatus and related equipment	0	0	0
Electrical capacitors	0	0	0
Articles for making and breaking electrical circuits	0	0	0
Electronic tubes (except X-ray)	0	0	0
Semiconductors	1,765	960	805
Miscellaneous electrical articles	0	0	0
Parts for rail locomotives and rolling stock	0	0	0
Bodies and chassis for motor vehicles, and other motor vehicle parts	0	0	0
Parts of aircraft and space-craft	0	0	0
All other articles	302	153	149
Total	2,073	1,117	956
Miscellaneous manufactures	0	0	0
Grand total	2,098	1,137	960

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

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

Table B-18
U.S. Imports for consumption under HTS subheading 9802.00.80, by commodity groups, 1986-89

(In thousands of dollars)

Commodity group	1986			1987		
	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value
Agricultural, animal, and vegetable products						
Mushrooms and truffles	15,380	1,265	14,114	12,972	928	12,044
All other articles	4,588	183	4,405	6,510	605	5,904
Total	19,967	1,448	18,519	19,481	1,533	17,948
Forest products:						
Industrial papers, packaging and miscellaneous papers	121,395	96,369	25,025	142,470	115,381	27,090
All other articles	30,083	4,107	25,976	40,373	7,431	32,942
Total	151,478	100,477	51,002	182,843	122,812	60,032
Textiles, apparel, and footwear:						
Women's, girls', and infants' shirts and blouses	120,118	67,234	52,884	164,660	93,722	70,938
Women's, girls', and infants' coats and jackets	36,941	24,470	12,472	42,037	25,323	16,714
Women's, girls', and infants' trousers, slacks, and shorts	95,418	67,730	27,688	130,915	84,186	46,729
Men's and boys' shirts	114,927	55,648	59,279	149,010	76,683	72,327
Men's and boys' coats and jackets	50,848	30,863	19,985	60,762	35,593	25,169
Men's and boys' trousers, slacks, and shorts	228,429	164,656	63,773	296,828	211,435	85,393
Body-supporting garments	158,937	105,465	53,472	180,565	120,074	60,492
Gloves	25,710	14,652	11,058	29,905	16,978	12,927
Footwear	173,380	73,740	99,640	300,767	89,452	211,315
All other articles	428,893	301,803	127,090	485,987	311,302	174,685
Total	1,433,601	906,262	527,339	1,841,437	1,064,748	776,688
Chemicals, coal, petroleum, natural gas, and related products:						
Fabricated rubber and plastic products	35,807	18,112	17,696	82,313	27,891	54,422
All other articles	30,201	22,949	7,252	21,738	13,940	7,799
Total	66,008	41,061	24,948	104,051	41,831	62,221
Minerals and metals:						
Metallic containers	7,913	1,550	6,364	8,446	5,136	3,310
Locks and padlocks	45,288	30,619	14,669	58,289	35,218	23,071
Handtools	9,653	6,670	2,983	10,982	8,271	2,711
Structures of base metal	86,099	31,942	54,158	11,277	2,556	8,721
Nonelectric heating and cooking apparatus other than cast iron stoves	20,228	3,475	16,753	24,441	5,882	18,559
Miscellaneous metal products and articles	44,630	18,683	25,946	134,681	27,822	106,860
All other articles	45,519	16,865	28,654	147,721	77,709	70,011
Total	259,331	109,804	149,527	395,837	162,595	233,242
Machinery and equipment:						
Steam engines, turbines, and boilers; and gas generators and parts thereof	14,080	2,711	11,368	6,468	1,116	5,352
Internal combustion engines, piston-type, and parts thereof	1,049,605	233,845	815,760	2,382,814	324,271	2,058,543
Internal combustion engines, non-piston type, and parts thereof	27,387	10,232	17,156	731,587	155,244	576,343
Pumps for liquids and part thereof	22,132	7,204	14,928	25,762	13,741	12,021
Fans and blowers and parts thereof; and airpumps, vacuum pumps, and parts thereof	56,188	30,339	25,849	80,696	51,709	28,988

See notes at end of table.

Table B-18—Continued

U.S. Imports for consumption under HTS subheading 9802.00.80, by commodity groups, 1986-89

(In thousands of dollars)

Commodity group	1986			1987		
	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value
Compressors and parts thereof	87,235	8,939	78,296	94,897	19,281	75,616
Air-conditioning machines and parts thereof	38,154	16,774	21,379	89,309	31,190	58,119
Furnace burners and non-electric industrial furnaces and ovens and parts thereof; and refrigerators and refrigeration equipment, and parts thereof	22,918	5,944	16,974	17,826	5,432	12,394
Centrifuges and filtering and purifying machinery and parts thereof	15,101	4,287	10,814	30,723	7,943	22,780
Wrapping and packaging machinery, machinery for cleaning or drying containers, machinery for aerating beverages, dishwashing machines, and parts thereof	20,626	4,428	16,197	12,583	993	11,591
Mechanical shovels, coal-cutters, excavators, scrapers, bulldozers, and excavating, levelling, boring, and extracting machinery other than elevators, winches, cranes, and related machinery and parts thereof	208,335	58,649	149,686	281,680	65,866	215,81
Lifting, handling, loading, unloading machinery and parts thereof	125,873	49,410	76,464	136,041	43,416	92,626
Pulp and paper machinery; and bookbinding and printing machinery	40,207	9,685	30,522	38,744	6,876	31,868
Sewing machines and parts thereof including furniture specially designed for such machines	27,566	2,155	25,411	32,882	2,177	30,705
Machines for working metal, stone, and other materials	365,579	55,378	310,200	187,619	39,238	148,382
Office machines and parts thereof	624,590	148,243	476,347	2,237,276	493,910	1,743,366
Automatic vending machines and parts thereof	3,844	1,309	2,535	5,135	1,546	3,589
Taps, cocks, valves, and similar devices and parts thereof used to control the flow of liquids, gases or solids	61,755	43,749	18,006	80,300	45,173	35,127
Gear boxes and other speed changers with fixed, multiple, or variable ratios; pulleys and sheaves; shaft couplings torque converters; chain sprockets; clutches; and universal joints; and parts thereof	4,313	1,367	2,946	4,934	2,472	2,462
Other miscellaneous machinery and mechanical equipment and parts thereof	150,361	34,627	115,735	314,746	64,968	249,778
Transformers	45,342	18,508	26,835	45,487	19,406	26,081
Motors and generators; and miscellaneous equipment related to motors, generators, and transformers	448,941	219,893	229,048	556,800	271,793	285,007
Portable electric hand tools	13,579	3,900	9,678	24,252	7,232	17,020
Electric household appliances	179,308	56,229	123,079	206,175	80,765	125,409

See notes at end of table.

Table B-18—Continued

U.S. Imports for consumption under HTS subheading 9802.00.80, by commodity groups, 1986-89

(In thousands of dollars)

Commodity group	1986			1987		
	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value
Electric furnaces and ovens, welding, brazing, induction and dielectric heating equipment	32,708	13,789	18,919	27,448	15,390	12,058
Telephone and telegraph apparatus; and radio navigational, radar, and radio remote control apparatus and parts thereof	195,434	62,692	132,742	189,936	55,164	134,772
Microphones, loudspeakers, and related equipment	30,237	10,220	20,016	31,417	9,167	22,250
Television receivers	449,408	85,757	363,651	549,139	109,335	439,804
Television apparatus and parts, other than cameras, receivers, and picture tubes	478,762	118,687	360,075	533,169	119,267	413,901
Radio receivers and transceivers and parts thereof	448,829	142,538	306,291	348,129	110,367	237,761
Record players, phonographs, record changers, and turntables, and parts thereof	6,420	3,390	3,029	7,848	4,552	3,296
Tape recorders, tape players, and dictation machines	379,051	117,007	262,044	613,010	120,040	492,971
Miscellaneous radiotelegraphic and radiotelephonic apparatus	4,295	162	4,134	3,092	1,059	2,032
Other miscellaneous electrical products and parts	292,637	140,912	151,725	259,055	145,809	113,246
Electrical capacitors	153,406	100,760	52,646	183,922	126,699	57,223
Articles for making and breaking electrical circuits	455,617	291,020	164,597	588,921	354,805	234,117
Voltage regulators	2,958	1,748	1,209	3,950	2,647	1,303
Electrical resistors	70,912	44,491	26,421	68,979	43,094	25,885
Electric lamps	32,417	14,908	17,509	46,768	19,363	27,405
Electronic tubes (except X-ray)	72,821	23,522	49,300	61,508	20,545	40,963
Semiconductors	545,461	292,794	252,668	3,780,927	2,133,281	1,647,645
Electrical conductors	830,017	503,812	326,205	971,539	603,174	368,365
Miscellaneous electrical articles	137,678	63,277	74,401	186,625	88,482	98,143
Rail locomotives and rolling stock	332,202	125,105	207,097	458,316	172,531	285,786
Motor vehicles including automobile trucks and truck tractors, motor buses, passenger automobiles, special purpose motor vehicles, and snowmobiles	23,397,928	929,741	22,468,187	41,760,769	3,362,449	38,398,320
Motor vehicle parts, industrial vehicles, non self-propelled vehicles, and motorcycles	892,818	219,726	673,092	3,415,005	655,506	2,759,499
Nonmilitary airplanes (all types); parts of aircraft and spacecraft; and parachutes, including parts	145,404	39,330	106,074	1,732,436	476,841	1,255,596
Pleasure boats; floating structures	160,847	35,510	125,337	206,679	59,440	147,238
All other articles	284	16	268	34	22	11
Total	33,201,567	4,408,716	28,792,851	63,653,357	10,564,786	53,088,571
Miscellaneous manufactures:						
Handbags	2,906	1,571	1,335	4,065	1,931	2,135
Luggage	29,131	12,999	16,133	33,380	17,849	15,531
Flat goods	4,316	2,483	1,832	2,941	1,338	1,603
Optical instruments, components and lenses	54,288	23,533	30,756	16,966	8,201	8,765
Surgical and medical instruments and apparatus	130,827	75,246	55,581	195,284	104,705	90,580
Scientific instruments	150,865	85,471	65,394	290,830	114,658	176,172

See notes at end of table.

Table B-18—Continued

U.S. Imports for consumption under HTS subheading 9802.00.80, by commodity groups, 1986-89

(In thousands of dollars)

Commodity group	1986			1987		
	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value
Balancing machines, and parts, and other drawing, measuring, and mathematical calculating instruments, and machines, n.s.p.f.	46,906	17,181	29,725	61,307	19,456	41,851
Watches, clocks, and clockwork operated devices (including time clocks and time stamps) and parts	54,328	15,786	38,542	79,342	24,537	54,805
Photographic equipment and supplies	70,578	29,085	41,493	79,753	37,933	41,820
Magnetic recording media not having any material recorded thereon	24,173	5,937	18,237	27,392	5,385	22,007
Musical instruments, parts and accessories	12,350	6,332	6,017	19,888	6,100	13,789
Furniture, mattresses, and pillows, cushions and similar, furnishings	160,932	36,151	124,781	421,868	116,855	305,013
Small arms (bore diameter 30mm and under)	6,808	181	6,627	3,825	71	3,754
Ammunition and munitions	709	105	604	1,103	125	978
Game machines, except coin or disc operated	12	4	8	1,288	37	1,250
Fishing tackle	2,142	845	1,297	2,462	1,104	1,358
Baseball and softball equipment	17,266	12,399	4,867	13,611	10,440	3,171
Dolls and stuffed toy figures of animate objects	6,660	464	6,196	513	189	324
Toys (except games), models, tricks, and party favors	32,617	13,591	19,026	12,565	6,458	6,107
Jewelry	50,678	48,625	2,053	67,858	63,447	4,411
All other articles	40,956	16,329	24,627	61,799	28,111	33,688
Total	899,447	404,317	495,130	1,398,042	568,928	829,113
Grand total	36,031,399	5,972,084	30,059,315	67,595,048	12,527,233	55,067,815

See notes at end of table.

Table B-18—Continued

U.S. Imports for consumption under HTS subheading 9802.00.80, by commodity groups, 1986-89

(In thousands of dollars)

Commodity group	1988			1989		
	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value
Agricultural, animal, and vegetable products:						
Mushrooms and truffles	8,433	620	7,813	6,627	470	6,157
All other articles	4,658	539	4,119	1,393	344	1,049
Total	13,091	1,159	11,932	8,020	814	7,206
Forest products:						
Industrial papers, packaging and miscellaneous papers	152,682	125,364	27,318	187,293	146,064	41,229
All other articles	38,896	10,173	28,723	35,285	9,386	25,899
Total	191,579	135,537	56,042	222,579	155,450	67,129
Textiles, apparel, and footwear:						
Women's, girls', and infants' shirts and blouses	163,809	91,293	72,516	184,516	106,300	78,216
Women's, girls', and infants' coats and jackets	57,243	33,361	23,881	74,960	42,310	32,651
Women's, girls', and infants' trousers, slacks, and shorts	194,463	118,396	76,067	275,035	158,404	116,631
Men's and boys' shirts	191,938	103,642	88,296	208,799	125,093	83,706
Men's and boys' coats and jackets	75,061	47,298	27,762	79,596	49,266	30,330
Men's and boys' trousers, slacks, and shorts	395,782	278,385	117,397	501,430	341,253	160,177
Body-supporting garments	232,466	156,025	76,441	255,627	171,806	83,822
Gloves	37,432	18,051	19,380	34,412	20,125	14,287
Footwear	475,867	122,983	352,884	499,584	90,458	409,126
All other articles	558,051	342,124	215,927	642,604	405,828	236,776
Total	2,382,111	1,311,559	1,070,552	2,756,565	1,510,844	1,245,721
Chemicals, coal, petroleum, natural gas, and related products:						
Fabricated rubber and plastic products	117,157	42,164	74,993	91,951	50,032	41,919
All other articles	11,098	4,848	6,251	19,579	4,043	15,536
Total	128,255	47,012	81,243	111,530	54,075	57,454
Minerals and metals:						
Metallic containers	5,330	1,691	3,639	6,803	909	5,894
Locks and padlocks	73,740	45,464	28,276	106,490	66,044	40,446
Handtools	15,466	7,886	7,579	18,164	9,961	8,203
Structures of base metal	13,403	2,752	10,651	15,403	3,675	11,728
Nonelectric heating and cooking apparatus: other than cast iron stoves	24,005	7,383	16,622	23,804	5,961	17,843
Miscellaneous metal products and articles	154,912	40,154	114,757	163,316	47,879	115,437
All other articles	73,004	20,910	52,094	77,666	34,437	43,229
Total	359,860	126,241	233,619	411,646	168,865	242,781
Machinery and equipment:						
Steam engines, turbines, and boilers; and gas generators and parts thereof	7,185	1,533	5,652	3,718	758	2,961
Internal combustion engines, piston-type, and parts thereof	2,564,867	375,497	2,189,370	2,346,091	256,967	2,089,124
Internal combustion engines, non-piston type, and parts thereof	391,000	52,407	338,594	235,700	59,697	176,003
Pumps for liquids and parts thereof	29,207	14,944	14,263	35,356	16,275	19,081
Fans and blowers and parts thereof; and air pumps, vacuum pumps, and parts thereof	67,430	41,217	26,213	60,750	34,786	25,965
Compressors and parts thereof	24,108	100,890	184,009	31,984	152,025	
Air-conditioning machines and parts thereof	121,301	36,334	84,967	125,631	33,480	92,151
Furnace burners and non-electric industrial furnaces and ovens and parts thereof; and refrigerators and refrigeration equipment, and parts thereof	26,547	10,618	15,928	39,217	14,107	25,111

See notes at end of table.

Table B-18—Continued

U.S. Imports for consumption under HTS subheading 9802.00.80, by commodity groups, 1986-89

(In thousands of dollars)

Commodity group	1988			1989		
	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value
Centrifuges and filtering and purifying machinery and parts thereof	40,792	11,025	29,767	54,795	28,135	26,660
Wrapping and packaging machinery, machinery for cleaning or drying containers, machinery for aerating beverages, dishwashing machines, and parts thereof	5,835	881	4,954	11,067	1,869	9,198
Mechanical shovels, coal-cutters, excavators, scrapers, bulldozers, and excavating, levelling, boring, and extracting machinery other than elevators, winches, cranes, and related machinery and parts thereof	365,314	89,406	275,908	342,077	89,843	252,234
Lifting, handling, loading, unloading machinery and parts thereof	133,371	38,722	94,649	197,124	58,033	139,091
Pulp and paper machinery; and bookbinding and printing machinery	51,536	11,208	40,328	67,818	11,112	56,706
Sewing machines and parts thereof including furniture specially designed for such machines	18,588	721	17,867	21,674	152	21,523
Machines for working metal, stone, and other materials	148,805	40,029	108,776	161,857	48,356	113,500
Office machines and parts thereof	2,605,352	556,978	2,048,374	1,861,481	470,711	1,390,770
Automatic vending machines and parts thereof	930	121	808	1,358	206	1,152
Taps, cocks, valves, and similar devices and parts thereof used to control the flow of liquids, gases or solids	103,489	58,411	45,078	94,377	61,848	32,529
Gear boxes and other speed changers with fixed, multiple, or variable ratios; pulleys and sheaves; shaft couplings; torque converters; chain sprockets; clutches; and universal joints; and parts thereof	9,667	4,047	5,620	16,098	3,554	12,543
Other miscellaneous machinery and mechanical equipment and parts thereof	243,035	58,547	184,488	260,556	76,604	183,952
Transformers	59,444	24,591	34,853	126,913	70,706	56,207
Motors and generators; and miscellaneous equipment related to motors, generators, and transformers	638,884	314,375	324,509	526,744	287,471	239,273
Portable electric hand tools	44,681	23,109	21,572	23,289	12,983	10,305
Electric household appliances	214,634	96,385	118,250	320,368	128,943	191,425
Electric furnaces and ovens, welding, brazing, induction and dielectric heating equipment	53,410	13,298	40,111	14,884	4,511	10,373
Telephone and telegraph apparatus; and radio navigational, radar, and radio remote control apparatus and parts thereof	209,627	60,441	149,186	174,152	52,421	121,731
Microphones, loudspeakers, and related equipment	53,905	20,458	33,447	83,125	30,479	52,647
Television receivers	858,747	189,916	668,831	1,371,135	311,242	1,059,893
Television apparatus and parts, other than cameras, receivers, and picture tubes	534,942	121,314	413,627	146,289	36,726	109,563
Radio receivers and transceivers and parts thereof	291,859	91,479	200,380	703,569	142,810	560,759
Record players, phonographs, record changers, and turntables, and parts thereof	10,065	5,031	5,035	6,529	2,233	4,296
Tape recorders, tape players, and dictation machines	655,865	117,593	538,272	164,370	16,380	147,990
Miscellaneous radiotelegraphic and radiotelephonic apparatus	5,793	988	4,804	63,331	21,073	42,258
Other miscellaneous electrical products and parts	378,187	173,273	204,914	259,250	110,948	148,302
Electrical capacitors	165,721	114,717	51,004	167,612	114,303	53,310
Articles for making and breaking electrical circuits	759,030	452,638	306,391	931,619	528,411	403,208

See notes at end of table.

Table B-18—Continued

U.S. Imports for consumption under HTS subheading 9802.00.80, by commodity groups, 1986-89

(In thousands of dollars)

Commodity group	1988			1989		
	Total value	Duty-free value	Dutiable value	Total value	Duty-free value	Dutiable value
Voltage regulators	4,483	2,922	1,561	45,929	21,542	24,387
Electrical resistors	74,271	46,826	27,445	76,179	45,926	30,253
Electric lamps	72,158	38,981	33,177	58,388	34,836	23,552
Electronic tubes (except X-ray)	54,383	22,754	31,629	104,335	39,711	64,624
Semiconductors	4,360,478	2,395,593	1,964,885	4,753,277	2,588,245	2,165,032
Electrical conductors	1,181,345	748,148	433,197	1,415,343	854,839	560,504
Miscellaneous electrical articles	198,528	98,582	99,946	105,914	56,886	49,028
Rail locomotives and rolling stock	285,551	85,488	200,063	503,980	260,656	243,324
Motor vehicles including automobile trucks and truck tractors, motor buses, passenger automobiles, special purpose motor vehicles, and snowmobiles	44,056,359	5,839,003	38,217,356	44,231,079	7,532,368	36,698,711
Motor vehicle parts, industrial vehicles, non self-propelled vehicles, and motorcycles	3,921,451	921,728	2,999,723	3,672,384	1,155,539	2,516,845
Nonmilitary airplanes (all types); parts of aircraft and spacecraft; and parachutes, including parts	1,615,503	503,519	1,111,984	1,162,504	384,255	778,249
Pleasure boats; floating structures	226,034	53,791	172,242	264,095	45,206	218,889
All other articles	117	9	109	1,840	188	1,652
Total	68,044,701	14,003,706	54,040,995	67,599,181	16,190,314	51,408,866
Miscellaneous manufactures:						
Handbags	4,067	2,455	1,612	6,084	4,400	1,685
Luggage	30,280	15,869	14,411	32,872	18,840	14,032
Flat goods	1,953	1,061	892	1,918	1,216	703
Optical instruments, components and lenses	23,951	7,967	15,984	14,515	5,503	9,012
Surgical and medical instruments and apparatus	270,496	143,895	126,601	311,540	178,260	133,280
Scientific instruments	248,535	126,289	122,246	373,349	167,602	205,747
Balancing machines, and parts, and other drawing, measuring, and mathematical calculating instruments, and machines, n.s.p.f.	55,660	17,258	38,403	2,009	1,001	1,008
Watches, clocks, and clockwork operated devices (including time clocks and time stamps) and parts	85,885	22,811	63,075	67,970	19,252	48,718
Photographic equipment and supplies	112,764	53,110	59,654	186,421	87,938	98,484
Magnetic recording media not having any material recorded thereon	91,293	21,806	69,487	104,303	30,099	74,204
Musical instruments, parts and accessories	21,178	6,098	15,081	16,375	5,829	10,546
Furniture, mattresses, and pillows, cushions, and similar furnishings	540,517	189,943	350,574	553,632	180,077	373,555
Small arms (bore diameter 30mm and under)	3,866	45	3,821	6,736	958	5,778
Ammunition and munitions	1,196	137	1,059	1,444	199	1,244
Game machines, except coin or disc operated	823	200	623	8,544	3,623	4,921
Fishing tackle	3,442	1,768	1,674	4,222	1,774	2,448
Baseball and softball equipment	10,612	8,502	2,110	7,972	6,288	1,684
Dolls and stuffed toy figures of animate objects	1,351	112	1,240	500	35	464
Toys (except games), models, tricks, and party favors	54,265	25,360	28,904	70,619	27,829	42,790
Jewelry	54,786	50,434	4,351	59,913	55,125	4,787
All other articles	66,968	33,778	33,189	91,325	45,042	46,284
Total	1,683,888	728,898	954,990	1,922,263	840,890	1,081,373
Grand total	72,803,484	16,354,111	56,449,373	73,031,783	18,921,252	54,110,531

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

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

Table B-19

U.S. Imports for consumption under HTS subheading 9802.00.80, by principal sources 1989

Source	Total value		Duty-free value	
	Value	Percent of total	Value	Percent of total
	Million dollars		Million dollars	
Grand total	73,031.8	100.0	18,921.3	100.0
Top 10 sources, total	67,077.3	91.8	16,861.9	89.1
Canada	25,725.9	35.2	8,478.4	44.8
Japan	16,838.4	23.1	392.3	2.1
Mexico	11,766.7	16.1	5,969.0	31.5
West Germany	3,932.6	5.4	65.1	.3
South Korea	1,978.0	2.7	574.1	3.0
Sweden	1,761.1	2.4	39.1	.2
Singapore	1,376.9	1.9	342.2	1.8
United Kingdom	1,320.4	1.8	146.0	.8
Malaysia	1,315.6	1.8	596.0	3.1
Taiwan	1,061.7	1.5	259.7	1.4
All other	5,954.5	8.2	2,059.4	10.9

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

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

U.S. Imports for consumption from Canada under HTS subheading 9802.00.80, by commodity groups, 1989

(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Agricultural, animal, and vegetable products:			
Mushrooms and truffles	0	0	0
All other articles	935	186	749
Total	935	186	749
Forest products:			
Industrial papers, packaging and miscellaneous papers	934	424	511
All other articles	26,048	4,731	21,316
Total	26,982	5,155	21,827
Textiles, apparel, and footwear:			
Women's, girls', and infants' shirts and blouses	10	6	3
Women's, girls', and infants' coats and jackets	25	12	12
Women's, girls', and infants' trousers, slacks, and shorts	122	67	55
Men's and boys' shirts	169	38	131
Men's and boys' coats and jackets	0	0	0
Men's and boys' trousers, slacks, and shorts	135	26	108
Body-supporting garments	17	9	9
Gloves	42	34	8
Footwear	271	171	101
All other articles	20,773	10,167	10,606
Total	21,564	10,530	11,033
Chemicals, coal, petroleum, natural gas, and related products:			
Fabricated rubber and plastic products	26,598	6,291	20,307
All other articles	13,362	1,470	11,892
Total	39,960	7,761	32,199
Minerals and metals:			
Metallic containers	6,266	858	5,408
Locks and padlocks	7,345	492	6,853
Handtools	895	433	462
Structures of base metal	14,160	2,778	11,382
Nonelectric heating and cooking apparatus other than cast iron stoves	18,115	2,257	15,858
Miscellaneous metal products and articles	102,720	5,575	97,145
All other articles	4,526	801	3,725
Total	154,028	13,194	140,834
Machinery and equipment:			
Steam engines, turbines, and boilers; and gas generators and parts thereof	3,708	752	2,956
Internal combustion engines, piston-type, and parts thereof	1,456,092	80,099	1,375,993
Internal combustion engines, non-piston type, and parts thereof	194,039	27,204	166,835
Pumps for liquids and parts thereof	12,246	3,527	8,719
Fans and blowers and parts thereof; and air pumps, vacuum pumps, and parts thereof	12,851	3,142	9,709
Compressors and parts thereof	43,048	22,966	20,082
Air-conditioning machines and parts thereof	12,623	2,712	9,911
Furnace burners and non-electric industrial furnaces and ovens and parts thereof; and refrigerators and refrigeration equipment, and parts thereof	9,032	1,881	7,150
Centrifuges and filtering and purifying machinery and parts thereof	25,390	4,780	20,609
Wrapping and packaging machinery, machinery for cleaning or drying containers, machinery for aerating beverages, dishwashing machines, and parts thereof	6,665	1,283	5,381
Mechanical shovels, coal-cutters, excavators, scrapers, bulldozers, and excavating, levelling, boring, and extracting machinery other than elevators, winches, cranes, and related machinery and parts thereof	185,993	66,644	119,349
Lifting, handling, loading, unloading machinery and parts thereof	119,193	35,358	83,835
Pulp and paper machinery; and bookbinding and printing machinery	27,472	4,550	22,922
Sewing machines and parts thereof including furniture specially designed for such machines	995	61	934
Machines for working metal, stone, and other materials	99,371	21,927	77,445

See notes at end of table.

B-20—Continued

U.S. Imports for consumption from Canada under HTS subheading 9802.00.80, by commodity groups, 1989

(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Office machines and parts thereof	184,711	37,539	147,173
Automatic vending machines and parts thereof	1,247	107	1,140
Taps, cocks, valves, and similar devices and parts thereof used to control the flow of liquids, gases or solids	21,802	4,924	16,878
Gear boxes and other speed changers with fixed, multiple, or variable ratios; pulleys and sheaves; shaft couplings; torque converters; chain sprockets; clutches; and universal joints; and parts thereof	541	241	300
Other miscellaneous machinery and mechanical equipment and parts thereof	127,209	30,832	96,377
Transformers	1,763	110	1,654
Motors and generators; and miscellaneous equipment related to motors, generators, and transformers	27,500	5,598	21,901
Portable electric hand tools	3,393	592	2,800
Electric household appliances	23,204	6,726	16,478
Electric furnaces and ovens, welding, brazing, induction and dielectric heating equipment	10,614	2,927	7,686
Telephone and telegraph apparatus; and radio navigational, radar, and radio remote control apparatus and parts thereof	74,528	9,857	64,671
Microphones, loudspeakers, and related equipment	10,495	1,020	9,475
Television receivers	43,845	10,115	33,729
Television apparatus and parts, other than cameras, receivers, and picture tubes	3,110	319	2,791
Radio receivers and transceivers and parts thereof	95,733	5,793	89,940
Record players, phonographs, record changers, and turntables, and parts thereof	0	0	0
Tape recorders, tape players, and dictation machines	0	0	0
Miscellaneous radiotelegraphic and radiotelephonic apparatus	3,767	1,123	2,643
Other miscellaneous electrical products and parts	12,148	4,326	7,822
Electrical capacitors	156	12	144
Articles for making and breaking electrical circuits	108,383	26,416	81,967
Voltage regulators	9,311	3,573	5,739
Electrical resistors	377	121	256
Electric lamps	7,065	996	6,069
Electronic tubes (except X-ray)	8,766	1,392	7,374
Semiconductors	710,361	573,540	136,820
Electrical conductors	13,968	9,293	4,675
Miscellaneous electrical articles	12,579	4,531	8,048
Rail locomotives and rolling stock	416,593	233,466	183,127
Motor vehicles including automobile trucks and truck tractors, motor buses, passenger automobiles, special purpose motor vehicles, and snowmobiles	18,699,929	6,423,559	12,276,370
Motor vehicle parts, industrial vehicles, non self-propelled vehicles, and motorcycles	1,939,648	494,647	1,445,001
Nonmilitary airplanes (all types); parts of aircraft and spacecraft; and parachutes, including parts	348,188	153,583	194,606
Pleasure boats; floating structures	26,802	3,425	23,377
All other articles	1,554	109	1,445
Total	25,158,009	8,327,698	16,830,311
Miscellaneous manufactures:			
Handbags	0	0	0
Luggage	2,434	165	2,269
Flat goods	0	0	0
Optical instruments, components and lenses	2,469	1,454	1,015
Surgical and medical instruments and apparatus	19,372	4,085	15,286
Scientific instruments	52,655	6,740	45,915
Balancing machines, and parts, and other drawing, measuring, and mathematical calculating instruments, and machines, n.s.p.f.	21	6	15
Watches, clocks, and clockwork operated devices (including time clocks and time stamps) and parts	300	96	204
Photographic equipment and supplies	536	117	419
Magnetic recording media not having any material recorded thereon	0	0	0
Musical instruments, parts and accessories	790	60	730
Furniture, mattresses, and pillows, cushions, and similar furnishings	231,074	98,647	132,427
Small arms (bore diameter 30mm and under)	656	79	577
Ammunition and munitions	728	78	650

See notes at end of table.

B-20—Continued

U.S. Imports for consumption from Canada under HTS subheading 9802.00.80, by commodity groups, 1989

(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Game machines, except coin or disc operated	0	0	0
Fishing tackle	77	38	39
Baseball and softball equipment	0	0	0
Dolls and stuffed toy figures of animate objects	0	0	0
Toys (except games), models, tricks, and party favors	45	9	36
Jewelry	660	395	266
All other articles	12,632	1,924	10,708
Total	324,450	113,894	210,556
Grand total	25,725,927	8,478,418	17,247,509

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

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

U.S. Imports for consumption from Japan under HTS subheading 9802.00.80, by commodity groups, 1989

(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Agricultural, animal, and vegetable products:			
Mushrooms and truffles	33	2	31
All other articles	0	0	0
Total	33	2	31
Forest products:			
Industrial papers, packaging and miscellaneous papers	0	0	0
All other articles	155	131	24
Total	155	131	24
Textiles, apparel, and footwear:			
Women's, girls', and infants' shirts and blouses	0	0	0
Women's, girls', and infants' coats and jackets	54	2	51
Women's, girls', and infants' trousers, slacks, and shorts	0	0	0
Men's and boys' shirts	0	0	0
Men's and boys' coats and jackets	0	0	0
Men's and boys' trousers, slacks, and shorts	0	0	0
Body-supporting garments	0	0	0
Gloves	0	0	0
Footwear	0	0	0
All other articles	397	193	204
Total	450	195	255
Chemicals, coal, petroleum, natural gas, and related products:			
Fabricated rubber and plastic products	0	0	0
All other articles	0	0	0
Total	0	0	0
Minerals and metals:			
Metallic containers	0	0	0
Locks and padlocks	0	0	0
Handtools	0	0	0
Structures of base metal	0	0	0
Nonelectric heating and cooking apparatus other than cast iron stoves	0	0	0
Miscellaneous metal products and articles	292	168	124
All other articles	5	1	4
Total	297	169	129
Machinery and equipment:			
Steam engines, turbines, and boilers; and gas generators and parts thereof	0	0	0
Internal combustion engines, piston-type, and parts thereof	64,277	7,991	56,287
Internal combustion engines, non-piston type, and parts thereof	0	0	0
Pumps for liquids and parts thereof	12	5	7
Fans and blowers and parts thereof; and air pumps, vacuum pumps, and parts thereof	4	(1)	4
Compressors and parts thereof	120,734	547	120,187
Air-conditioning machines and parts thereof	0	0	0
Furnace burners and non-electric industrial furnaces and ovens and parts thereof; and refrigerators and refrigeration equipment, and parts thereof	25,878	10,059	15,819
Centrifuges and filtering and purifying machinery and parts thereof	508	145	364
Wrapping and packaging machinery, machinery for cleaning or drying containers, machinery for aerating beverages, dishwashing machines, and parts thereof	224	50	174
Mechanical shovels, coal-cutters, excavators, scrapers, bulldozers, and excavating, levelling, boring, and extracting machinery other than elevators, winches, cranes, and related machinery and parts thereof	103,883	17,970	85,913
Lifting, handling, loading, unloading machinery and parts thereof	721	52	669
Pulp and paper machinery; and bookbinding and printing machinery	9,409	122	9,287
Sewing machines and parts thereof including furniture specially designed for such machines	2,203	10	2,194

See notes at end of table.

B-21—Continued

U.S. Imports for consumption from Japan under HTS subheading 9802.00.80, by commodity groups, 1989

(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Machines for working metal, stone, and other materials	8,035	1,932	6,103
Office machines and parts thereof	211,040	75,586	135,455
Automatic vending machines and parts thereof	0	0	0
Taps, cocks, valves, and similar devices and parts thereof used to control the flow of liquids, gases or solids	0	0	0
Gear boxes and other speed changers with fixed, multiple, or variable ratios; pulleys and sheaves; shaft couplings; torque converters; chain sprockets; clutches; and universal joints; and parts thereof	0	0	0
Other miscellaneous machinery and mechanical equipment and parts thereof	24,378	2,855	21,523
Transformers	7	4	2
Motors and generators; and miscellaneous equipment related to motors, generators, and transformers	10	4	5
Portable electric hand tools	0	0	0
Electric household appliances	613	22	591
Electric furnaces and ovens, welding, brazing, induction and dielectric heating equipment	3,483	1,102	2,381
Telephone and telegraph apparatus; and radio navigational, radar, and radio remote control apparatus and parts thereof	171	58	113
Microphones, loudspeakers, and related equipment	609	140	469
Television receivers	12,601	2,119	10,482
Television apparatus and parts, other than cameras, receivers, and picture tubes	0	0	0
Radio receivers and transceivers and parts thereof	8,355	1,846	6,509
Record players, phonographs, record changers, and turntables, and parts thereof	0	0	0
Tape recorders, tape players, and dictation machines	90,627	1,232	89,395
Miscellaneous radiotelegraphic and radiotelephonic apparatus	114	85	30
Other miscellaneous electrical products and parts	40	29	11
Electrical capacitors	5	5	(1)
Articles for making and breaking electrical circuits	80	38	42
Voltage regulators	130	79	52
Electrical resistors	0	0	0
Electric lamps	0	0	0
Electronic tubes (except X-ray)	3,203	1,731	1,472
Semiconductors	14,736	8,766	5,970
Electrical conductors	1,055	320	735
Miscellaneous electrical articles	1,139	1,138	1
Rail locomotives and rolling stock	56,530	20,332	36,198
Motor vehicles including automobile trucks and truck tractors, motor buses, passenger automobiles, special purpose motor vehicles, and snowmobiles	15,818,439	223,076	15,595,364
Motor vehicle parts, industrial vehicles, non self-propelled vehicles, and motorcycles	201,724	5,003	196,721
Nonmilitary airplanes (all types); parts of aircraft and spacecraft; and parachutes, including parts	41	14	27
Pleasure boats; floating structures	118	18	100
All other articles	0	0	0
Total	16,785,136	384,481	16,400,655
Miscellaneous manufactures:			
Handbags	0	0	0
Luggage	0	0	0
Flat goods	0	0	0
Optical instruments, components and lenses	5	5	(1)
Surgical and medical instruments and apparatus	24,408	1,688	22,720
Scientific instruments	9,074	622	8,452
Balancing machines, and parts, and other drawing, measuring, and mathematical calculating instruments, and machines, n.s.p.f.	0	0	0
Watches, clocks, and clockwork operated devices (including time clocks and time stamps) and parts	433	79	354
Photographic equipment and supplies	2,291	462	1,830
Magnetic recording media not having any material recorded thereon	233	197	35
Musical instruments, parts and accessories	2,409	98	2,311
Furniture, mattresses, and pillows, cushions, and similar furnishings	0	0	0
Small arms (bore diameter 30mm and under)	5,229	118	5,111

See notes at end of table.

B-21—Continued

U.S. Imports for consumption from Japan under HTS subheading 9802.00.80, by commodity groups, 1989

(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Ammunition and munitions	0	0	0
Game machines, except coin or disc operated	7,350	3,522	3,828
Fishing tackle	21	16	5
Baseball and softball equipment	0	0	0
Dolls and stuffed toy figures of animate objects	0	0	0
Toys (except games), models, tricks, and party favors	0	0	0
Jewelry	0	0	0
All other articles	890	491	399
Total	52,344	7,300	45,044
Grand total	16,838,416	392,278	16,446,138

¹ Less than \$500.

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

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

U.S. Imports for consumption from Mexico under HTS subheading 9802.00.80, by commodity groups, 1989

(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Agricultural, animal, and vegetable products:			
Mushrooms and truffles	0	0	0
All other articles	145	51	94
Total	145	51	94
Forest products:			
Industrial papers, packaging and miscellaneous papers	185,514	144,980	40,533
All other articles	8,793	4,421	4,372
Total	194,307	149,402	44,905
Textiles, apparel, and footwear:			
Women's, girls', and infants' shirts and blouses	43,835	25,044	18,791
Women's, girls', and infants' coats and jackets	9,679	6,566	3,113
Women's, girls', and infants' trousers, slacks, and shorts	73,186	47,440	25,746
Men's and boys' shirts	20,035	14,106	5,930
Men's and boys' coats and jackets	20,430	13,864	6,566
Men's and boys' trousers, slacks, and shorts	160,105	113,365	46,740
Body-supporting garments	41,287	31,200	10,086
Gloves	9,524	8,042	1,482
Footwear	82,299	62,030	20,269
All other articles	194,982	138,325	56,656
Total	655,362	459,982	195,380
Chemicals, coal, petroleum, natural gas, and related products:			
Fabricated rubber and plastic products	58,381	39,094	19,287
All other articles	1,743	1,294	449
Total	60,124	40,388	19,736
Minerals and metals:			
Metallic containers	22	11	12
Locks and padlocks	99,130	65,539	33,590
Handtools	10,369	7,981	2,388
Structures of base metal	1,243	897	346
Nonelectric heating and cooking apparatus other than cast iron stoves	5,690	3,704	1,986
Miscellaneous metal products and articles	46,412	36,064	10,348
All other articles	55,614	30,433	25,181
Total	218,479	144,629	73,850
Machinery and equipment:			
Steam engines, turbines, and boilers; and gas generators and parts thereof	2	2	(1)
Internal combustion engines, piston-type, and parts thereof	305,301	114,810	190,491
Internal combustion engines, non-piston type, and parts thereof	39,200	31,596	7,604
Pumps for liquids and parts thereof	16,092	10,924	5,169
Fans and blowers and parts thereof; and air pumps, vacuum pumps, and parts thereof	40,831	30,367	10,463
Compressors and parts thereof	15,793	7,285	8,507
Air-conditioning machines and parts thereof	107,456	30,467	76,989
Furnace burners and non-electric industrial furnaces and ovens and parts thereof; and refrigerators and refrigeration equipment, and parts thereof	4,120	2,070	2,051
Centrifuges and filtering and purifying machinery and parts thereof	28,037	22,891	5,146
Wrapping and packaging machinery, machinery for cleaning or drying containers, machinery for aerating beverages, dishwashing machines, and parts thereof	38	25	14
Mechanical shovels, coal-cutters, excavators, scrapers, bulldozers, and excavating, levelling, boring, and extracting machinery other than elevators, winches, cranes, and related machinery and parts thereof	1,868	1,555	313
Lifting, handling, loading, unloading machinery and parts thereof	46,356	16,053	30,304
Pulp and paper machinery; and bookbinding and printing machinery	10,020	5,996	4,024
Sewing machines and parts thereof including furniture specially designed for such machines	0	0	0
Machines for working metal, stone, and other materials	33,380	22,073	11,307

See notes at end of table.

B-22—Continued

U.S. Imports for consumption from Mexico under HTS subheading 9802.00.80, by commodity groups, 1989

(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Office machines and parts thereof	425,210	172,597	252,613
Automatic vending machines and parts thereof	111	100	11
Taps, cocks, valves, and similar devices and parts thereof used to control the flow of liquids, gases or solids	72,487	56,877	15,610
Gear boxes and other speed changers with fixed, multiple, or variable ratios; pulleys and sheaves; shaft couplings; torque converters; chain sprockets; clutches; and universal joints; and parts thereof	1,868	1,284	584
Other miscellaneous machinery and mechanical equipment and parts thereof	64,479	35,159	29,319
Transformers	106,457	66,105	40,352
Motors and generators; and miscellaneous equipment related to motors, generators, and transformers	460,740	274,537	186,203
Portable electric hand tools	18,173	12,220	5,954
Electric household appliances	140,172	112,030	28,142
Electric furnaces and ovens, welding, brazing, induction and dielectric heating equipment	787	481	305
Telephone and telegraph apparatus; and radio navigational, radar, and radio remote control apparatus and parts thereof	68,360	35,824	32,535
Microphones, loudspeakers, and related equipment	61,144	25,660	35,484
Television receivers	1,228,089	297,130	930,958
Television apparatus and parts, other than cameras, receivers, and picture tubes	140,221	36,129	104,092
Radio receivers and transceivers and parts thereof	429,512	107,806	321,706
Record players, phonographs, record changers, and turntables, and parts thereof	5,268	2,088	3,179
Tape recorders, tape players, and dictation machines	61,992	14,380	47,612
Miscellaneous radiotelegraphic and radiotelephonic apparatus	49,435	17,555	31,881
Other miscellaneous electrical products and parts	175,801	94,554	81,247
Electrical capacitors	151,365	100,686	50,679
Articles for making and breaking electrical circuits	706,166	448,530	257,636
Voltage regulators	35,539	17,626	17,912
Electrical resistors	68,248	42,505	25,744
Electric lamps	48,388	33,340	15,048
Electronic tubes (except X-ray)	70,561	26,597	43,965
Semiconductors	272,984	163,411	109,572
Electrical conductors	1,254,113	795,339	458,774
Miscellaneous electrical articles	65,802	39,768	26,034
Rail locomotives and rolling stock	0	0	0
Motor vehicles including automobile trucks and truck tractors, motor buses, passenger automobiles, special purpose motor vehicles, and snowmobiles	1,747,473	704,915	1,042,558
Motor vehicle parts, industrial vehicles, non self-propelled vehicles, and motorcycles	974,716	612,951	361,765
Nonmilitary airplanes (all types); parts of aircraft and spacecraft; and parachutes, including parts	16,530	13,112	3,418
Pleasure boats; floating structures	63	35	28
All other articles	1	1	(¹)
Total	9,570,749	4,657,444	4,913,305
Miscellaneous manufactures:			
Handbags	5,565	4,273	1,292
Luggage	27,379	17,302	10,077
Flat goods	1,030	717	313
Optical instruments, components and lenses	2,359	1,331	1,028
Surgical and medical instruments and apparatus	197,292	136,876	60,416
Scientific instruments	241,469	145,359	96,111
Balancing machines, and parts, and other drawing, measuring, and mathematical calculating instruments, and machines, n.s.p.f	1,507	964	543
Watches, clocks, and clockwork operated devices (including time clocks and time stamps) and parts	5,189	3,517	1,672
Photographic equipment and supplies	30,208	20,047	10,161
Magnetic recording media not having any material recorded thereon	102,550	29,381	73,169
Musical instruments, parts and accessories	11,046	5,177	5,869
Furniture, mattresses, and pillows, cushions, and similar furnishings	321,997	81,269	240,728
Small arms (bore diameter 30mm and under)	851	760	91
Ammunition and munitions	141	49	93

See notes at end of table.

B-22—Continued

U.S. Imports for consumption from Mexico under HTS subheading 9802.00.80, by commodity groups, 1989

(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Game machines, except coin or disc operated	110	11	99
Fishing tackle	2,535	1,044	1,490
Baseball and softball equipment	0	0	0
Dolls and stuffed toy figures of animate objects	19	5	13
Toys (except games), models, tricks, and party favors	58,281	27,120	31,161
Jewelry	4,851	4,545	306
All other articles	53,154	37,399	15,756
Total	1,067,531	517,146	550,386
Grand total	11,766,698	5,969,042	5,797,656

¹ Less than \$500.

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

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

U.S. Imports for consumption from West Germany under HTS subheading 9802.00.80, by commodity groups, 1989

(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Agricultural, animal, and vegetable products:			
Mushrooms and truffles	0	0	0
All other articles	0	0	0
Total	0	0	0
Forest products:			
Industrial papers, packaging and miscellaneous papers	0	0	0
All other articles	0	0	0
Total	0	0	0
Textiles, apparel, and footwear:			
Women's, girls', and infants' shirts and blouses	0	0	0
Women's, girls', and infants' coats and jackets	0	0	0
Women's, girls', and infants' trousers, slacks, and shorts	0	0	0
Men's and boys' shirts	0	0	0
Men's and boys' coats and jackets	0	0	0
Men's and boys' trousers, slacks, and shorts	59	51	8
Body-supporting garments	6	4	2
Gloves	0	0	0
Footwear	0	0	0
All other articles	229	135	94
Total	295	190	105
Chemicals, coal, petroleum, natural gas, and related products:			
Fabricated rubber and plastic products	0	0	0
All other articles	118	103	15
Total	118	103	15
Minerals and metals:			
Metallic containers	0	0	0
Locks and padlocks	0	0	0
Handtools	0	0	0
Structures of base metal	0	0	0
Nonelectric heating and cooking apparatus other than cast iron stoves	0	0	0
Miscellaneous metal products and articles	2,459	657	1,802
All other articles	70	6	63
Total	2,529	664	1,865
Machinery and equipment:			
Steam engines, turbines, and boilers; and gas generators and parts thereof	8	4	4
Internal combustion engines, piston-type, and parts thereof	301,546	35,050	266,496
Internal combustion engines, non-piston type, and parts thereof	0	0	0
Pumps for liquids and parts thereof	303	26	277
Fans and blowers and parts thereof; and air pumps, vacuum pumps, and parts thereof	16	15	1
Compressors and parts thereof	0	0	0
Air-conditioning machines and parts thereof	0	0	0
Furnace burners and non-electric industrial furnaces and ovens and parts thereof; and refrigerators and refrigeration equipment, and parts thereof	136	64	72
Centrifuges and filtering and purifying machinery and parts thereof	0	0	0
Wrapping and packaging machinery, machinery for cleaning or drying containers, machinery for aerating beverages, dishwashing machines, and parts thereof	3,954	386	3,568
Mechanical shovels, coal-cutters, excavators, scrapers, bulldozers, and excavating, levelling, boring, and extracting machinery other than elevators, winches, cranes, and related machinery and parts thereof	3,917	187	3,729
Lifting, handling, loading, unloading machinery and parts thereof	0	0	0
Pulp and paper machinery; and bookbinding and printing machinery	18,793	100	18,693
Sewing machines and parts thereof including furniture specially designed for such machines	0	0	0
Machines for working metal, stone, and other materials	7,003	565	6,437

See notes at end of table.

B-23—Continued

U.S. Imports for consumption from West Germany under HTS subheading 9802.00.80, by commodity groups, 1989

(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Office machines and parts thereof	11,065	1,468	9,597
Automatic vending machines and parts thereof	0	0	0
Taps, cocks, valves, and similar devices and parts thereof used to control the flow of liquids, gases or solids	2	1	1
Gear boxes and other speed changers with fixed, multiple, or variable ratios; pulleys and sheaves; shaft couplings; torque converters; chain sprockets; clutches; and universal joints; and parts thereof	72	1	71
Other miscellaneous machinery and mechanical equipment and parts thereof	2,048	290	1,758
Transformers	1,146	20	1,126
Motors and generators; and miscellaneous equipment related to motors, generators, and transformers	14,173	509	13,664
Portable electric hand tools	0	0	0
Electric household appliances	1,571	200	1,372
Electric furnaces and ovens, welding, brazing, induction and dielectric heating equipment	0	0	0
Telephone and telegraph apparatus; and radio navigational, radar, and radio remote control apparatus and parts thereof	0	0	0
Microphones, loudspeakers, and related equipment	0	0	0
Television receivers	0	0	0
Television apparatus and parts, other than cameras, receivers, and picture tubes	0	0	0
Radio receivers and transceivers and parts thereof	0	0	0
Record players, phonographs, record changers, and turntables, and parts thereof	0	0	0
Tape recorders, tape players, and dictation machines	98	33	66
Miscellaneous radiotelegraphic and radiotelephonic apparatus	0	0	0
Other miscellaneous electrical products and parts	20	5	15
Electrical capacitors	0	0	0
Articles for making and breaking electrical circuits	5,205	1,908	3,297
Voltage regulators	94	20	74
Electrical resistors	0	0	0
Electric lamps	0	0	0
Electronic tubes (except X-ray)	0	0	0
Semiconductors	58	45	13
Electrical conductors	34	19	15
Miscellaneous electrical articles	0	0	0
Rail locomotives and rolling stock	0	0	0
Motor vehicles including automobile trucks and truck tractors, motor buses, passenger automobiles, special purpose motor vehicles, and snowmobiles	3,530,421	20,496	3,509,925
Motor vehicle parts, industrial vehicles, non self-propelled vehicles, and motorcycles	10,477	537	9,940
Nonmilitary airplanes (all types); parts of aircraft and spacecraft; and parachutes, including parts	0	0	0
Pleasure boats; floating structures	0	0	0
All other articles	0	0	0
Total	3,912,159	61,949	3,850,210
Miscellaneous manufactures:			
Handbags	0	0	0
Luggage	0	0	0
Flat goods	0	0	0
Optical instruments, components and lenses	115	11	104
Surgical and medical instruments and apparatus	14,840	1,564	13,276
Scientific instruments	1,089	460	629
Balancing machines, and parts, and other drawing, measuring, and mathematical calculating instruments, and machines, n.s.p.f.	0	0	0
Watches, clocks, and clockwork operated devices (including time clocks and time stamps) and parts	1	1	(1)
Photographic equipment and supplies	141	29	111
Magnetic recording media not having any material recorded thereon	402	44	359
Musical instruments, parts and accessories	0	0	0
Furniture, mattresses, and pillows, cushions, and similar furnishings	123	17	106
Small arms (bore diameter 30mm and under)	0	0	0
Ammunition and munitions	0	0	0

See notes at end of table.

B-23—Continued

U.S. Imports for consumption from West Germany under HTS subheading 9802.00.80, by commodity groups, 1989

(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Game machines, except coin or disc operated	0	0	0
Fishing tackle	0	0	0
Baseball and softball equipment	0	0	0
Dolls and stuffed toy figures of animate objects	0	0	0
Toys (except games), models, tricks, and party favors	0	0	0
Jewelry	0	0	0
All other articles	776	43	734
Total	17,488	2,168	15,320
Grand total	3,932,588	65,074	3,867,515

¹ Less than \$500.

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

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

U.S. Imports for consumption from Korea under HTS subheading 9802.00.80, by commodity groups, 1989

(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Agricultural, animal, and vegetable products:			
Mushrooms and truffles	0	0	0
All other articles	0	0	0
Total	0	0	0
Forest products:			
Industrial papers, packaging and miscellaneous papers	18	2	16
All other articles	0	0	0
Total	18	2	16
Textiles, apparel, and footwear:			
Women's, girls', and infants' shirts and blouses	2,375	89	2,286
Women's, girls', and infants' coats and jackets	3,861	144	3,717
Women's, girls', and infants' trousers, slacks, and shorts	1,276	45	1,232
Men's and boys' shirts	407	7	399
Men's and boys' coats and jackets	875	131	744
Men's and boys' trousers, slacks, and shorts	179	(1)	179
Body-supporting garments	0	0	0
Gloves	1,282	543	739
Footwear	221,587	6,404	215,182
All other articles	17,395	1,199	16,196
Total	249,236	8,562	240,674
Chemicals, coal, petroleum, natural gas, and related products:			
Fabricated rubber and plastic products	70	29	41
All other articles	0	0	0
Total	70	29	41
Minerals and metals:			
Metallic containers	0	0	0
Locks and padlocks	0	0	0
Handtools	0	0	0
Structures of base metal	0	0	0
Nonelectric heating and cooking apparatus other than cast iron stoves	0	0	0
Miscellaneous metal products and articles	116	79	37
All other articles	233	146	87
Total	349	225	124
Machinery and equipment:			
Steam engines, turbines, and boilers; and gas generators and parts thereof	0	0	0
Internal combustion engines, piston-type, and parts thereof	0	0	0
Internal combustion engines, non-piston type, and parts thereof	0	0	0
Pumps for liquids and parts thereof	3,744	1,083	2,661
Fans and blowers and parts thereof; and air pumps, vacuum pumps, and parts thereof	0	0	0
Compressors and parts thereof	0	0	0
Air-conditioning machines and parts thereof	0	0	0
Furnace burners and non-electric industrial furnaces and ovens and parts thereof; and refrigerators and refrigeration equipment, and parts thereof	0	0	0
Centrifuges and filtering and purifying machinery and parts thereof	0	0	0
Wrapping and packaging machinery, machinery for cleaning or drying containers, machinery for aerating beverages, dishwashing machines, and parts thereof	0	0	0
Mechanical shovels, coal-cutters, excavators, scrapers, bulldozers, and excavating, levelling, boring, and extracting machinery other than elevators, winches, cranes, and related machinery and parts thereof	0	0	0
Lifting, handling, loading, unloading machinery and parts thereof	25,864	5,666	20,198
Pulp and paper machinery; and bookbinding and printing machinery	0	0	0

See notes at end of table.

B-24—Continued

U.S. Imports for consumption from under HTS subheading 9802.00.80, by commodity groups, 1989

(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Sewing machines and parts thereof including furniture specially designed for such machines	0	0	0
Machines for working metal, stone, and other materials	375	330	45
Office machines and parts thereof	72,590	31,632	40,959
Automatic vending machines and parts thereof	0	0	0
Taps, cocks, valves, and similar devices and parts thereof used to control the flow of liquids, gases or solids	0	0	0
Gear boxes and other speed changers with fixed, multiple, or variable ratios; pulleys and sheaves; shaft couplings; torque converters; chain sprockets; clutches; and universal joints; and parts thereof	0	0	0
Other miscellaneous machinery and mechanical equipment and parts thereof	128	41	87
Transformers	38	24	14
Motors and generators; and miscellaneous equipment related to motors, generators, and transformers	174	120	54
Portable electric hand tools	0	0	0
Electric household appliances	845	93	752
Electric furnaces and ovens, welding, brazing, induction and dielectric heating equipment	0	0	0
Telephone and telegraph apparatus; and radio navigational, radar, and radio remote control apparatus and parts thereof	2,083	1,024	1,058
Microphones, loudspeakers, and related equipment	0	0	0
Television receivers	1,632	619	1,013
Television apparatus and parts, other than cameras, receivers, and picture tubes	32	13	19
Radio receivers and transceivers and parts thereof	2,081	840	1,241
Record players, phonographs, record changers, and turntables, and parts thereof	0	0	0
Tape recorders, tape players, and dictation machines	0	0	0
Miscellaneous radiotelegraphic and radiotelephonic apparatus	191	58	133
Other miscellaneous electrical products and parts	5,296	504	4,792
Electrical capacitors	0	0	0
Articles for making and breaking electrical circuits	333	116	216
Voltage regulators	0	0	0
Electrical resistors	907	704	202
Electric lamps	193	62	131
Electronic tubes (except X-ray)	166	52	114
Semiconductors	787,281	470,682	316,599
Electrical conductors	0	0	0
Miscellaneous electrical articles	7,141	4,583	2,557
Rail locomotives and rolling stock	3,246	2,469	778
Motor vehicles including automobile trucks and truck tractors, motor buses, passenger automobiles, special purpose motor vehicles, and snowmobiles	726,368	31,503	694,865
Motor vehicle parts, industrial vehicles, non self-propelled vehicles, and motorcycles	16,159	2,945	13,214
Nonmilitary airplanes (all types); parts of aircraft and spacecraft; and parachutes, including parts	0	0	0
Pleasure boats; floating structures	65,224	9,059	56,166
All other articles	0	0	0
Total	1,722,091	564,222	1,157,869
Miscellaneous manufactures:			
Handbags	0	0	0
Luggage	3	(1)	3
Flat goods	4	(1)	4
Optical instruments, components and lenses	0	0	0
Surgical and medical instruments and apparatus	89	316	273
Scientific instruments	29	29	(1)
Balancing machines, and parts, and other drawing, measuring, and mathematical calculating instruments, and machines, n.s.p.f.	0	0	0
Watches, clocks, and clockwork operated devices (including time clocks and time stamps) and parts	2,850	409	2,440
Photographic equipment and supplies	0	0	0
Magnetic recording media not having any material recorded thereon	0	0	0

See notes at end of table.

B-24—Continued

U.S. Imports for consumption from Korea under HTS subheading 9802.00.80, by commodity groups, 1989

(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Musical instruments, parts and accessories	1,068	41	1,027
Furniture, mattresses, and pillows, cushions, and similar furnishings	0	0	0
Small arms (bore diameter 30mm and under)	0	0	0
Ammunition and munitions	0	0	0
Game machines, except coin or disc operated	0	0	0
Fishing tackle	11	28	83
Baseball and softball equipment	0	0	0
Dolls and stuffed toy figures of animate objects	0	0	0
Toys (except games), models, tricks, and party favors	992	112	880
Jewelry	10	1	9
All other articles	601	121	479
Total	6,256	1,058	5,198
Grand total	1,978,020	574,098	1,403,922

¹ Less than \$500.

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

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

U.S. Imports for consumption from Sweden under HTS subheading 9802.00.80, by commodity groups, 1989

(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Agricultural, animal, and vegetable products:			
Mushrooms and truffles	0	0	0
All other articles	0	0	0
Total	0	0	0
Forest products:			
Industrial papers, packaging and miscellaneous papers	0	0	0
All other articles	0	0	0
Total	0	0	0
Textiles, apparel, and footwear:			
Women's, girls', and infants' shirts and blouses	0	0	0
Women's, girls', and infants' coats and jackets	0	0	0
Women's, girls', and infants' trousers, slacks, and shorts	0	0	0
Men's and boys' shirts	0	0	0
Men's and boys' coats and jackets	0	0	0
Men's and boys' trousers, slacks, and shorts	0	0	0
Body-supporting garments	0	0	0
Gloves	0	0	0
Footwear	0	0	0
All other articles	0	0	0
Total	0	0	0
Chemicals, coal, petroleum, natural gas, and related products:			
Fabricated rubber and plastic products	16	6	10
All other articles	0	0	0
Total	16	6	10
Minerals and metals:			
Metallic containers	0	0	0
Locks and padlocks	0	0	0
Handtools	12	3	8
Structures of base metal	0	0	0
Nonelectric heating and cooking apparatus other than cast iron stoves	0	0	0
Miscellaneous metal products and articles	0	0	0
All other articles	594	61	533
Total	606	65	541
Machinery and equipment:			
Steam engines, turbines, and boilers; and gas generators and parts thereof	0	0	0
Internal combustion engines, piston-type, and parts thereof	12	12	1
Internal combustion engines, non-piston type, and parts thereof	0	0	0
Pumps for liquids and parts thereof	0	0	0
Fans and blowers and parts thereof; and air pumps, vacuum pumps, and parts thereof	0	0	0
Compressors and parts thereof	0	0	0
Air-conditioning machines and parts thereof	0	0	0
Furnace burners and non-electric industrial furnaces and ovens and parts thereof; and refrigerators and refrigeration equipment, and parts thereof	0	0	0
Centrifuges and filtering and purifying machinery and parts thereof	0	0	0
Wrapping and packaging machinery, machinery for cleaning or drying containers, machinery for aerating beverages, dishwashing machines, and parts thereof	0	0	0
Mechanical shovels, coal-cutters, excavators, scrapers, bulldozers, and excavating, levelling, boring, and extracting machinery other than elevators, winches, cranes, and related machinery and parts thereof	31,822	819	31,003
Lifting, handling, loading, unloading machinery and parts thereof	0	0	0
Pulp and paper machinery; and bookbinding and printing machinery	0	0	0
Sewing machines and parts thereof including furniture specially designed for such machines	0	0	0

See notes at end of table.

B-25—Continued

U.S. Imports for consumption from Sweden under HTS subheading 9802.00.80, by commodity groups, 1989

(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Machines for working metal, stone, and other materials	1,372	130	1,242
Office machines and parts thereof	6,056	102	5,954
Automatic vending machines and parts thereof	0	0	0
Taps, cocks, valves, and similar devices and parts thereof used to control the flow of liquids, gases or solids	0	0	0
Gear boxes and other speed changers with fixed, multiple, or variable ratios; pulleys and sheaves; shaft couplings; torque converters; chain sprockets; clutches; and universal joints; and parts thereof	0	0	0
Other miscellaneous machinery and mechanical equipment and parts thereof	616	179	437
Transformers	0	0	0
Motors and generators; and miscellaneous equipment related to motors, generators, and transformers	0	0	0
Portable electric hand tools	0	0	0
Electric household appliances	0	0	0
Electric furnaces and ovens, welding, brazing, induction and dielectric heating equipment	0	0	0
Telephone and telegraph apparatus; and radio navigational, radar, and radio remote control apparatus and parts thereof	0	0	0
Microphones, loudspeakers, and related equipment	0	0	0
Television receivers	0	0	0
Television apparatus and parts, other than cameras, receivers, and picture tubes	0	0	0
Radio receivers and transceivers and parts thereof	0	0	0
Record players, phonographs, record changers, and turntables, and parts thereof	0	0	0
Tape recorders, tape players, and dictation machines	0	0	0
Miscellaneous radiotelegraphic and radiotelephonic apparatus	0	0	0
Other miscellaneous electrical products and parts	0	0	0
Electrical capacitors	0	0	0
Articles for making and breaking electrical circuits	3	(1)	3
Voltage regulators	0	0	0
Electrical resistors	0	0	0
Electric lamps	0	0	0
Electronic tubes (except X-ray)	0	0	0
Semiconductors	0	0	0
Electrical conductors	0	0	0
Miscellaneous electrical articles	0	0	0
Rail locomotives and rolling stock	0	0	0
Motor vehicles including automobile trucks and truck tractors, motor buses, passenger automobiles, special purpose motor vehicles, and snowmobiles	1,634,093	18,001	1,616,092
Motor vehicle parts, industrial vehicles, non self-propelled vehicles, and motorcycles	10,271	99	10,172
Nonmilitary airplanes (all types); parts of aircraft and spacecraft; and parachutes, including parts	74,212	19,474	54,737
Pleasure boats; floating structures	83	9	75
All other articles	0	0	0
Total	1,758,540	38,824	1,719,716
Miscellaneous manufactures:			
Handbags	0	0	0
Luggage	0	0	0
Flat goods	0	0	0
Optical instruments, components and lenses	1,245	106	1,138
Surgical and medical instruments and apparatus	24	23	1
Scientific instruments	49	2	46
Balancing machines, and parts, and other drawing, measuring, and mathematical calculating instruments, and machines, n.s.p.f.	0	0	0
Watches, clocks, and clockwork operated devices (including time clocks and time stamps) and parts	0	0	0
Photographic equipment and supplies	0	0	0
Magnetic recording media not having any material recorded thereon	0	0	0
Musical instruments, parts and accessories	0	0	0
Furniture, mattresses, and pillows, cushions, and similar furnishings	0	0	0
Small arms (bore diameter 30mm and under)	0	0	0

See notes at end of table.

B-25—Continued

U.S. Imports for consumption from Sweden under HTS subheading 9802.00.80, by commodity groups, 1989

(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Ammunition and munitions	574	72	502
Game machines, except coin or disc operated	0	0	0
Fishing tackle	0	0	0
Baseball and softball equipment	0	0	0
Dolls and stuffed toy figures of animate objects	0	0	0
Toys (except games), models, tricks, and party favors	0	0	0
Jewelry	0	0	0
All other articles	0	0	0
Total	1,891	204	1,687
Grand total	1,761,054	39,099	1,721,954

¹ Less than \$500.

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

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

U.S. Imports for consumption from Singapore under HTS subheading 9802.00.80, by commodity groups, 1989

(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Agricultural, animal, and vegetable products:			
Mushrooms and truffles	0	0	0
All other articles	0	0	0
Total	0	0	0
Forest products:			
Industrial papers, packaging and miscellaneous papers	0	0	0
All other articles	192	85	108
Total	192	85	108
Textiles, apparel, and footwear:			
Women's, girls', and infants' shirts and blouses	218	1	218
Women's, girls', and infants' coats and jackets	125	33	92
Women's, girls', and infants' trousers, slacks, and shorts	399	45	354
Men's and boys' shirts	0	0	0
Men's and boys' coats and jackets	0	0	0
Men's and boys' trousers, slacks, and shorts	0	0	0
Body-supporting garments	0	0	0
Gloves	0	0	0
Footwear	0	0	0
All other articles	855	2	852
Total	1,597	80	1,516
Chemicals, coal, petroleum, natural gas, and related products:			
Fabricated rubber and plastic products	5	1	4
All other articles	0	0	0
Total	5	1	4
Minerals and metals:			
Metallic containers	0	0	0
Locks and padlocks	0	0	0
Handtools	5,596	646	4,950
Structures of base metal	0	0	0
Nonelectric heating and cooking apparatus other than cast iron stoves	0	0	0
Miscellaneous metal products and articles-	204	26	178
All other articles	0	0	0
Total	5,800	672	5,128
Machinery and equipment:			
Steam engines, turbines, and boilers; and gas generators and parts thereof	0	0	0
Internal combustion engines, piston-type, and parts thereof	4,217	662	3,555
Internal combustion engines, non-piston type, and parts thereof	0	0	0
Pumps for liquids and parts thereof	0	0	0
Fans and blowers and parts thereof; and air pumps, vacuum pumps, and parts thereof	0	0	0
Compressors and parts thereof	0	0	0
Air-conditioning machines and parts thereof	0	0	0
Furnace burners and non-electric industrial furnaces and ovens and parts thereof; and refrigerators and refrigeration equipment, and parts thereof	0	0	0
Centrifuges and filtering and purifying machinery and parts thereof	0	0	0
Wrapping and packaging machinery, machinery for cleaning or drying containers, machinery for aerating beverages, dishwashing machines, and parts thereof	0	0	0
Mechanical shovels, coal-cutters, excavators, scrapers, bulldozers, and excavating, levelling, boring, and extracting machinery other than elevators, winches, cranes, and related machinery and parts thereof-	0	0	0
Lifting, handling, loading, unloading machinery and parts thereof	0	0	0
Pulp and paper machinery; and bookbinding and printing machinery	0	0	0
Sewing machines and parts thereof including furniture specially designed for such machines	0	0	0
Machines for working metal, stone, and other materials	441	77	364

See notes at end of table.

U.S. Imports for consumption from Singapore under HTS subheading 9802.00.80, by commodity groups, 1989

(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Office machines and parts thereof	518,695	88,008	430,687
Automatic vending machines and parts thereof	0	0	0
Taps, cocks, valves, and similar devices and parts thereof used to control the flow of liquids, gases or solids	0	0	0
Gear boxes and other speed changers with fixed, multiple, or variable ratios; pulleys and sheaves; shaft couplings; torque converters; chain sprockets; clutches; and universal joints; and parts thereof	0	0	0
Other miscellaneous machinery and mechanical equipment and parts thereof	5	(1)	4
Transformers	175	93	82
Motors and generators; and miscellaneous equipment related to motors, generators, and transformers	3,083	858	2,225
Portable electric hand tools	0	0	0
Electric household appliances	65,631	3,721	61,910
Electric furnaces and ovens, welding, brazing, induction and dielectric heating equipment	0	0	0
Telephone and telegraph apparatus; and radio navigational, radar, and radio remote control apparatus and parts thereof	317	101	217
Microphones, loudspeakers, and related equipment	1,339	418	921
Television receivers	0	0	0
Television apparatus and parts, other than cameras, receivers, and picture tubes	0	0	0
Radio receivers and transceivers and parts thereof	38,922	3,704	35,218
Record players, phonographs, record changers, and turntables, and parts thereof	0	0	0
Tape recorders, tape players, and dictation machines	0	0	0
Miscellaneous radiotelegraphic and radiotelephonic apparatus	5,619	660	4,959
Other miscellaneous electrical products and parts	24,708	3,359	21,349
Electrical capacitors	0	0	0
Articles for making and breaking electrical circuits	3,815	385	3,431
Voltage regulators	342	11	331
Electrical resistors	235	37	198
Electric lamps	0	0	0
Electronic tubes (except X-ray)	104	63	40
Semiconductors	611,211	220,451	390,761
Electrical conductors	1,619	1,450	169
Miscellaneous electrical articles	6,921	1,583	5,338
Rail locomotives and rolling stock	0	0	0
Motor vehicles including automobile trucks and truck tractors, motor buses, passenger automobiles, special purpose motor vehicles, and snowmobiles	0	0	0
Motor vehicle parts, industrial vehicles, non self-propelled vehicles, and motorcycles	256	105	151
Nonmilitary airplanes (all types); parts of aircraft and spacecraft; and parachutes, including parts	0	0	0
Pleasure boats; floating structures	61,703	12,185	49,517
All other articles	0	0	0
Total	1,349,358	337,932	1,011,426
Miscellaneous manufactures:			
Handbags	0	0	0
Luggage	0	0	0
Flat goods	0	0	0
Optical instruments, components and lenses	638	149	489
Surgical and medical instruments and apparatus	0	0	0
Scientific instruments	4,028	570	3,458
Balancing machines, and parts, and other drawing, measuring, and mathematical calculating instruments, and machines, n.s.p.f.	449	19	430
Watches, clocks, and clockwork operated devices (including time clocks)			
Photographic equipment and supplies	0	0	0
Magnetic recording media not having any material recorded thereon	55	14	41
Musical instruments, parts and accessories	0	0	0
Furniture, mattresses, and pillows, cushions, and similar furnishings	0	0	0
Small arms (bore diameter 30mm and under)	0	0	0
Ammunition and munitions	0	0	0
Game machines, except coin or disc operated	0	0	0

See notes at end of table.

B-26—Continued

U.S. Imports for consumption from Singapore under HTS subheading 9802.00.80, by commodity groups, 1989

(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Fishing tackle	0	0	0
and time stamps) and parts	0	0	0
Baseball and softball equipment	0	0	0
Dolls and stuffed toy figures of animate objects	0	0	0
Toys (except games), models, tricks, and party favors	0	0	0
Jewelry	0	0	0
All other articles	14,807	2,630	12,177
Total	19,976	3,381	16,595
Grand total	1,376,927	342,151	1,034,776

¹ Less than \$500.

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

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

U.S. Imports for consumption from United Kingdom under HTS subheading 9802.00.80, by commodity groups, 1989

(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Agricultural, animal, and vegetable products:			
Mushrooms and truffles	0	0	0
All other articles	87	18	69
Total	87	18	69
Forest products:			
Industrial papers, packaging and miscellaneous papers	0	0	0
All other articles	12	11	(1)
Total	12	11	(1)
Textiles, apparel, and footwear:			
Women's, girls', and infants' shirts and blouses	0	0	0
Women's, girls', and infants' coats and jackets	0	0	0
Women's, girls', and infants' trousers, slacks, and shorts	6	3	3
Men's and boys' shirts	3	1	2
Men's and boys' coats and jackets	19	13	7
Men's and boys' trousers, slacks, and shorts	0	0	0
Body-supporting garments	0	0	0
Gloves	0	0	0
Footwear	0	0	0
All other articles	466	252	214
Total	495	269	226
Chemicals, coal, petroleum, natural gas, and related products:			
Fabricated rubber and plastic products	0	0	0
All other articles	78	81	97
Total	178	81	97
Minerals and metals:			
Metallic containers	0	0	0
Locks and padlocks	0	0	0
Handtools	3	(1)	3
Structures of base metal	0	0	0
Nonelectric heating and cooking apparatus other than cast iron stoves	0	0	0
Miscellaneous metal products and articles-	77	71	6
All other articles	566	246	319
Total	645	317	328
Machinery and equipment:			
Steam engines, turbines, and boilers; and gas generators and parts thereof	0	0	0
Internal combustion engines, piston-type, and parts thereof	6,628	382	6,246
Internal combustion engines, non-piston type, and parts thereof	2,061	857	1,204
Pumps for liquids and parts thereof	2,293	497	1,796
Fans and blowers and parts thereof; and air pumps, vacuum pumps, and parts thereof	6,519	1,136	5,382
Compressors and parts thereof	0	0	0
Air-conditioning machines and parts thereof	0	0	0
Furnace burners and non-electric industrial furnaces and ovens and parts thereof; and refrigerators and refrigeration equipment, and parts thereof	0	0	0
Centrifuges and filtering and purifying machinery and parts thereof	0	0	0
Wrapping and packaging machinery, machinery for cleaning or drying containers, machinery for aerating beverages, dishwashing machines, and parts thereof	186	125	61
Mechanical shovels, coal-cutters, excavators, scrapers, bulldozers, and excavating, levelling, boring, and extracting machinery other than elevators, winches, cranes, and related machinery and parts thereof-	7,368	1,647	5,722
Lifting, handling, loading, unloading machinery and parts thereof	17	17	(1)
Pulp and paper machinery; and bookbinding and printing machinery	2,062	321	1,741
Sewing machines and parts thereof including furniture specially designed for such machines	0	0	0
Machines for working metal, stone, and other materials	5,474	1,123	4,351
Office machines and parts thereof	27,611	8,193	19,417

See notes at end of table.

U.S. Imports for consumption from United Kingdom under HTS subheading 9802.00.80, by commodity groups, 1989

(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Automatic vending machines and parts thereof	0	0	0
Taps, cocks, valves, and similar devices and parts thereof used to control the flow of liquids, gases or solids	54	43	11
Gear boxes and other speed changers with fixed, multiple, or variable ratios; pulleys and sheaves; shaft couplings; torque converters; chain sprockets; clutches; and universal joints; and parts thereof	768	115	653
Other miscellaneous machinery and mechanical equipment and parts thereof	6,076	239	5,837
Transformers	0	0	0
Motors and generators; and miscellaneous equipment related to motors, generators, and transformers	1,623	191	1,432
Portable electric hand tools	0	0	0
Electric household appliances	4,576	1,276	3,300
Electric furnaces and ovens, welding, brazing, induction and dielectric heating equipment	0	0	0
Telephone and telegraph apparatus; and radio navigational, radar, and radio remote control apparatus and parts thereof	103	9	94
Microphones, loudspeakers, and related equipment	0	0	0
Television receivers	0	0	0
Television apparatus and parts, other than cameras, receivers, and picture tubes	0	0	0
Radio receivers and transceivers and parts thereof	4	(1)	4
Record players, phonographs, record changers, and turntables, and parts thereof	0	0	0
Tape recorders, tape players, and dictation machines	0	0	0
Miscellaneous radiotelegraphic and radiotelephonic apparatus	0	0	0
Other miscellaneous electrical products and parts	12,076	1,261	10,815
Electrical capacitors	0	0	0
Articles for making and breaking electrical circuits	58	35	24
Voltage regulators	0	0	0
Electrical resistors	34	26	8
Electric lamps	366	42	324
Electronic tubes (except X-ray)	0	0	0
Semiconductors	60	19	41
Electrical conductors	323	228	95
Miscellaneous electrical articles	232	49	183
Rail locomotives and rolling stock	0	0	0
Motor vehicles including automobile trucks and truck tractors, motor buses, passenger automobiles, special purpose motor vehicles, and snowmobiles	862,956	15,978	846,978
Motor vehicle parts, industrial vehicles, non self-propelled vehicles, and motorcycles	4,691	1,100	3,591
Nonmilitary airplanes (all types); parts of aircraft and spacecraft; and parachutes, including parts	258,749	75,196	183,553
Pleasure boats; floating structures	0	0	0
All other articles	16	14	2
Total	1,212,984	110,119	1,102,865
Miscellaneous manufactures:			
Handbags	0	0	0
Luggage	172	102	70
Flat goods	0	0	0
Optical instruments, components and lenses	13	11	2
Surgical and medical instruments and apparatus	13,678	2,505	11,174
Scientific instruments	12,919	2,657	10,262
Balancing machines, and parts, and other drawing, measuring, and mathematical calculating instruments, and machines, n.s.p.f.	20	7	13
Watches, clocks, and clockwork operated devices (including time clocks and time stamps) and parts	0	0	0
Photographic equipment and supplies	78,966	29,821	49,144
Magnetic recording media not having any material recorded thereon	0	0	0
Musical instruments, parts and accessories	0	0	0
Furniture, mattresses, and pillows, cushions, and similar furnishings	0	0	0
Small arms (bore diameter 30mm and under)	0	0	0
Ammunition and munitions	0	0	0

See notes at end of table.

B-27—Continued

U.S. Imports for consumption from United Kingdom under HTS subheading 9802.00.80, by commodity groups, 1989

(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Game machines, except coin or disc operated	0	0	0
Fishing tackle	0	0	0
Baseball and softball equipment	0	0	0
Dolls and stuffed toy figures of animate objects	0	0	0
Toys (except games), models, tricks, and party favors	0	0	0
Jewelry	44	17	27
All other articles	237	29	207
Total	106,049	35,150	70,899
Grand total	1,320,449	145,965	1,174,484

¹ Less than \$500.

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

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

U.S. Imports for consumption from Malaysia under HTS subheading 9802.00.80, by commodity groups, 1989

(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Agricultural, animal, and vegetable products:			
Mushrooms and truffles	0	0	0
All other articles	0	0	0
Total	0	0	0
Forest products:			
Industrial papers, packaging and miscellaneous papers	0	0	0
All other articles	0	0	0
Total	0	0	0
Textiles, apparel, and footwear:			
Women's, girls', and infants' shirts and blouses	64	4	60
Women's, girls', and infants' coats and jackets	0	0	0
Women's, girls', and infants' trousers, slacks, and shorts	0	0	0
Men's and boys' shirts	1,433	58	1,375
Men's and boys' coats and jackets	0	0	0
Men's and boys' trousers, slacks, and shorts	0	0	0
Body-supporting garments	91	50	41
Gloves	0	0	0
Footwear	0	0	0
All other articles	0	0	0
Total	1,588	113	1,475
Chemicals, coal, petroleum, natural gas, and related products:			
Fabricated rubber and plastic products	46	19	27
All other articles	0	0	0
Total	46	19	27
Minerals and metals:			
Metallic containers	0	0	0
Locks and padlocks	0	0	0
Handtools	0	0	0
Structures of base metal	0	0	0
Nonelectric heating and cooking apparatus other than cast iron stoves	0	0	0
Miscellaneous metal products and articles	0	0	0
All other articles	0	0	0
Total	0	0	0
Machinery and equipment:			
Steam engines, turbines, and boilers; and gas generators and parts thereof	0	0	0
Internal combustion engines, piston-type, and parts thereof	0	0	0
Internal combustion engines, non-piston type, and parts thereof	0	0	0
Pumps for liquids and parts thereof	0	0	0
Fans and blowers and parts thereof; and air pumps, vacuum pumps, and parts thereof	0	0	0
Compressors and parts thereof	0	0	0
Air-conditioning machines and parts thereof	0	0	0
Furnace burners and non-electric industrial furnaces and ovens and parts thereof; and refrigerators and refrigeration equipment, and parts thereof	0	0	0
Centrifuges and filtering and purifying machinery and parts thereof	0	0	0
Wrapping and packaging machinery, machinery for cleaning or machines, drying containers, machinery for aerating beverages, dishwashing and parts thereof	0	0	0
Mechanical shovels, coal-cutters, excavators, scrapers, bulldozers, and excavating, levelling, boring, and extracting machinery other than elevators, winches, cranes, and related machinery and parts thereof	0	0	0
Lifting, handling, loading, unloading machinery and parts thereof	0	0	0
Pulp and paper machinery; and bookbinding and printing machinery	0	0	0
Sewing machines and parts thereof including furniture specially designed for such machines	0	0	0

See notes at end of table.

U.S. Imports for consumption from Malaysia under HTS subheading 9802.00.80, by commodity groups, 1989

(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Machines for working metal, stone, and other materials	0	0	0
Office machines and parts thereof	4,788	3,425	1,363
Automatic vending machines and parts thereof	0	0	0
Taps, cocks, valves, and similar devices and parts thereof used to control the flow of liquids, gases or solids	0	0	0
Gear boxes and other speed changers with fixed, multiple, or variable ratios; pulleys and sheaves; shaft couplings; torque converters; chain sprockets; clutches; and universal joints; and parts thereof	0	0	0
Other miscellaneous machinery and mechanical equipment and parts thereof	12	1	11
Transformers	0	0	0
Motors and generators; and miscellaneous equipment related to motors, generators, and transformers	1,360	302	1,058
Portable electric hand tools	0	0	0
Electric household appliances	0	0	0
Electric furnaces and ovens, welding, brazing, induction and dielectric heating equipment	0	0	0
Telephone and telegraph apparatus; and radio navigational, radar, and radio remote control apparatus and parts thereof	0	0	0
Microphones, loudspeakers, and related equipment	167	33	134
Television receivers	0	0	0
Television apparatus and parts, other than cameras, receivers, and picture tubes	0	0	0
Radio receivers and transceivers and parts thereof	2,516	538	1,977
Record players, phonographs, record changers, and turntables, and parts thereof	0	0	0
Tape recorders, tape players, and dictation machines	0	0	0
Miscellaneous radiotelegraphic and radiotelephonic apparatus	1,915	396	1,519
Other miscellaneous electrical products and parts	17,449	3,637	13,812
Electrical capacitors	0	0	0
Articles for making and breaking electrical circuits	13,683	2,835	10,848
Voltage regulators	0	0	0
Electrical resistors	23	16	7
Electric lamps	0	0	0
Electronic tubes (except X-ray)	0	0	0
Semiconductors	1,263,660	583,854	679,806
Electrical conductors	0	0	0
Miscellaneous electrical articles	56	45	10
Rail locomotives and rolling stock	0	0	0
Motor vehicles including automobile trucks and truck tractors, motor buses, passenger automobiles, special purpose motor vehicles, and snowmobiles	0	0	0
Motor vehicle parts, industrial vehicles, non self-propelled vehicles, and motorcycles	0	0	0
Nonmilitary airplanes (all types); parts of aircraft and spacecraft; and parachutes, including parts	0	0	0
Pleasure boats; floating structures	0	0	0
All other articles	63	23	40
Total	1,305,693	595,107	710,586
Miscellaneous manufactures:			
Handbags	0	0	0
Luggage	0	0	0
Flat goods	0	0	0
Optical instruments, components and lenses	0	0	0
Surgical and medical instruments and apparatus	126	63	63
Scientific instruments	8,171	744	7,427
Balancing machines, and parts, and other drawing, measuring, and mathematical calculating instruments, and machines, n.s.p.f.	0	0	0
Watches, clocks, and clockwork operated devices (including time clocks and time stamps) and parts	0	0	0
Photographic equipment and supplies	0	0	0
Magnetic recording media not having any material recorded thereon	0	0	0
Musical instruments, parts and accessories	0	0	0
Furniture, mattresses, and pillows, cushions, and similar furnishings	0	0	0
Small arms (bore diameter 30mm and under)—	0	0	0

See notes at end of table.

B-28—Continued

U.S. Imports for consumption from Malaysia under HTS subheading 9802.00.80, by commodity groups, 1989

(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Ammunition and munitions	0	0	0
Game machines, except coin or disc operated	0	0	0
Fishing tackle	0	0	0
Baseball and softball equipment	0	0	0
Dolls and stuffed toy figures of animate objects	0	0	0
Toys (except games), models, tricks, and party favors	0	0	0
Jewelry	0	0	0
All other articles	0	0	0
Total	8,297	806	7,491
Grand total	1,315,624	596,045	719,579

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

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

U.S. Imports for consumption from Taiwan under HTS subheading 9802.00.80, by commodity groups, 1989

(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Agricultural, animal, and vegetable products:			
Mushrooms and truffles	1,034	51	983
All other articles	0	0	0
Total	1,034	51	983
Forest products:			
Industrial papers, packaging and miscellaneous papers	0	0	0
All other articles	0	0	0
Total	0	0	0
Textiles, apparel, and footwear:			
Women's, girls', and infants' shirts and blouses	1,053	37	1,016
Women's, girls', and infants' coats and jackets	1,170	57	1,113
Women's, girls', and infants' trousers, slacks, and shorts	756	33	724
Men's and boys' shirts	11,006	192	10,815
Men's and boys' coats and jackets	984	115	868
Men's and boys' trousers, slacks, and shorts	418	8	410
Body-supporting garments	0	0	0
Gloves	1,078	350	728
Footwear	110,925	3,850	107,075
All other articles	2,966	1,255	1,710
Total	130,355	5,896	124,458
Chemicals, coal, petroleum, natural gas, and related products:			
Fabricated rubber and plastic products	241	23	219
All other articles	0	0	0
Total	241	23	219
Minerals and metals:			
Metallic containers	8	1	7
Locks and padlocks	0	0	0
Handtools	0	0	0
Structures of base metal	0	0	0
Nonelectric heating and cooking apparatus other than cast iron stoves	0	0	0
Miscellaneous metal products and articles	1,732	101	1,631
All other articles	539	127	412
Total	2,279	228	2,050
Machinery and equipment:			
Steam engines, turbines, and boilers; and gas generators and parts thereof	0	0	0
Internal combustion engines, piston-type, and parts thereof	121	33	88
Internal combustion engines, non-piston type, and parts thereof	0	0	0
Pumps for liquids and parts thereof	0	0	0
Fans and blowers and parts thereof; and air pumps, vacuum pumps, and parts thereof	333	72	260
Compressors and parts thereof	0	0	0
Air-conditioning machines and parts thereof	0	0	0
Furnace burners and non-electric industrial furnaces and ovens and parts thereof; and refrigerators and refrigeration equipment, and parts thereof	0	0	0
Centrifuges and filtering and purifying machinery and parts thereof	0	0	0
Wrapping and packaging machinery, machinery for cleaning or drying containers, machinery for aerating beverages, dishwashing machines, and parts thereof	0	0	0
Mechanical shovels, coal-cutters, excavators, scrapers, bulldozers, and excavating, levelling, boring, and extracting machinery other than elevators, winches, cranes, and related machinery and parts thereof- ...	0	0	0
Lifting, handling, loading, unloading machinery and parts thereof	0	0	0
Pulp and paper machinery; and bookbinding and printing machinery	0	0	0
Sewing machines and parts thereof including furniture specially designed for such machines	18,476	81	18,395
Machines for working metal, stone, and other materials	5,893	173	5,720

See notes at end of table.

B-29—Continued

U.S. imports for consumption from Taiwan under HTS subheading 9802.00.80, by commodity groups, 1989

(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Office machines and parts thereof	173,297	6,296	167,000
Automatic vending machines and parts thereof	0	0	0
Taps, cocks, valves, and similar devices and parts thereof used to control the flow of liquids, gases or solids	0	0	0
Gear boxes and other speed changers with fixed, multiple, or variable ratios; pulleys and sheaves; shaft couplings; torque converters; chains; sprockets; clutches; and universal joints; and parts thereof	0	0	0
Other miscellaneous machinery and mechanical equipment and parts thereof	190	17	174
Transformers	31	11	20
Motors and generators; and miscellaneous equipment related to motors, generators, and transformers	1,137	145	992
Portable electric hand tools	0	0	0
Electric household appliances	14,320	259	14,061
Electric furnaces and ovens, welding, brazing, induction and dielectric heating equipment	1	1	(¹)
Telephone and telegraph apparatus; and radio navigational, radar, and radio remote control apparatus and parts thereof	3,025	1,380	1,645
Microphones, loudspeakers, and related equipment	1,288	499	789
Television receivers	84,794	1,238	83,555
Television apparatus and parts, other than cameras, receivers, and picture tubes	2,432	139	2,293
Radio receivers and transceivers and parts thereof	7,519	2,808	4,712
Record players, phonographs, record changers, and turntables, and parts thereof	0	0	0
Tape recorders, tape players, and dictation machines	6,605	94	6,511
Miscellaneous radiotelegraphic and radiotelephonic apparatus	14	5	9
Other miscellaneous electrical products and parts	182	26	156
Electrical capacitors	394	133	260
Articles for making and breaking electrical circuits	9,956	4,810	5,146
Voltage regulators	342	207	135
Electrical resistors	4,554	1,111	3,443
Electric lamps	173	48	125
Electronic tubes (except X-ray)	2,143	1,590	553
Semiconductors	370,566	173,589	196,977
Electrical conductors	109,091	34,370	74,721
Miscellaneous electrical articles	1,761	704	1,057
Rail locomotives and rolling stock	0	0	0
Motor vehicles including automobile trucks and truck tractors, motor buses, passenger automobiles, special purpose motor vehicles, and snowmobiles	18,100	322	17,778
Motor vehicle parts, industrial vehicles, non self-propelled vehicles, and motorcycles	2,664	254	2,410
Nonmilitary airplanes (all types); parts of aircraft and spacecraft; and parachutes, including parts	0	0	0
Pleasure boats; floating structures	66,553	16,098	50,455
All other articles	0	0	0
Total	905,956	246,513	659,443
Miscellaneous manufactures:			
Handbags	0	0	0
Luggage	0	0	0
Flat goods	0	0	0
Optical instruments, components and lenses	2,204	762	1,443
Surgical and medical instruments and apparatus	2,782	1,011	1,771
Scientific instruments	12,333	3,842	8,491
Balancing machines, and parts, and other drawing, measuring, and mathematical calculating instruments, and machines, n.s.p.f.	0	0	0
Watches, clocks, and clockwork operated devices (including time clocks and time stamps) and parts	49	7	42
Photographic equipment and supplies	1,391	695	697
Magnetic recording media not having any material recorded thereon	981	458	523
Musical instruments, parts and accessories	0	0	0
Furniture, mattresses, and pillows, cushions, and similar furnishings	353	112	241
Small arms (bore diameter 30mm and under)—	0	0	0
Ammunition and munitions	0	0	0

See notes at end of table.

B-29—Continued

U.S. imports for consumption from Taiwan under HTS subheading 9802.00.80, by commodity groups, 1989

(In thousands of dollars)

Commodity group	Total value	Duty-free value	Dutiable value
Game machines, except coin or disc operated	0	0	0
Fishing tackle	0	0	0
Baseball and softball equipment	0	0	0
Dolls and stuffed toy figures of animate objects	0	0	0
Toys (except games), models, tricks, and party favors	0	0	0
Jewelry	11	8	3
All other articles	1,759	69	1,689
Total	21,863	6,963	14,900
Grand total	1,061,728	259,674	802,054

¹ Less than \$500.

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

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

**Adjustments Made to Census-report 9802.00.60 and
9802.00.80 Statistics in 1989**

Tariff Item 9802.00.60: HTS Items deleted from Census statistics, 1989

(In dollars)

HS-NO	Country	Total value	Value of U.S. products	Value added
5603.00.90.40	Canada	58,618	34,851	23,767
9801.00.10.35	Canada	1,138,610	952,550	186,060
	Mexico	1,888	1,141	747
Total		1,202,896	990,432	212,464

Tariff Item 9802.00.60: HTS items transferred and reported under 9802.00.80, 1989

(In dollars)

HTS	Country	Total value	Value of U.S. products	Value added
3920.94.00.00	Mexico	3,775	1,138	2,637
3926.90.90.50	Mexico	5,518	4,640	878
4203.29.18.00	Philippines	2,524	1,397	1,127
4414.00.00.00	Mexico	7,502	6,866	636
4420.90.80.00	Canada	11,176	2,368	8,808
4803.00.40.00	Canada	49,496	16,002	33,494
4810.29.00.00	Mexico	214,086	161,215	52,871
4820.30.00.40	Mexico	18,815	14,701	4,114
5601.21.00.90	Mexico	18,268	8,358	9,910
6102.30.20.10	Mexico	5,682	3,858	1,824
6104.32.00.00	Mexico	6,244	5,668	576
6104.43.20.10	Mexico	9,020	7,502	1,518
6108.22.00.20	Mexico	1,114	977	137
6110.20.20.45	Mexico	4,043	2,922	1,121
6115.11.00.10	Mexico	4,361	3,919	442
6203.33.20.10	Mexico	47,599	34,049	13,550
6203.42.40.15	Mexico	7,762	4,852	2,910
6203.43.40.10	Mexico	3,479	2,727	752
6204.62.40.65	Dominican Rep.	1,432	905	527
6206.40.30.30	Mexico	2,339	328	2,011
6207.22.00.00	Mexico	5,031	4,444	587
6210.10.40.10	Dominican Rep.	836	15	821
6212.10.20.20	Mexico	537	462	75
	Jamaica	16,266	12,539	3,727
	Indonesia	37,175	19,064	18,111
6212.20.00.20	Mexico	29,236	25,177	4,059
6307.90.70.20	Mexico	335	13	322
6307.90.90.30	Mexico	2,625	2,538	87
6403.91.90.40	Taiwan	49,101	766	48,335
6404.11.90.60	Korea	44,249	847	43,402
7007.11.00.00	Mexico	8,271	6,161	2,110
7017.20.00.00	Canada	1,643	1,035	608
Total		619,540	357,453	262,087

Tariff Item 9802.00.80: HTS Items deleted from Census statistics, 1989

(In dollars)

HS-NO	Country	Total value	Value of U.S. products	Value added
0807.10.70.00	Mexico	53,850	15,187	38,663
2530.90.00.50	Hong Kong	3,440	3,420	20
2839.19.00.00	Mexico	1,998	1	1,997
2844.10.10.00	Canada	7,340	1,500	5,840
2844.30.20.50	Canada	3,670	750	2,920
2902.30.00.00	Canada	13,278	2,021	11,257
3301.25.00.50	Canada	33,943	24,163	9,780
3911.90.30.00	Singapore	1,638	1,449	189
3917.32.00.10	Mexico	500	381	119
	Belgium	7,662	667	6,995
3917.32.00.50	Mexico	3,571,653	2,328,194	1,243,459
3917.33.00.00	Canada	3,193	547	2,646
	Mexico	4,192,929	3,417,485	775,444
3917.39.00.10	Canada	1,251	628	623
	Mexico	37,365	21,661	15,704
3917.39.00.50	Canada	115,727	61,532	54,195
	Mexico	13,061	11,909	1,152
3917.40.00.00	Mexico	252,393	62,561	189,832
3920.20.00.00	Canada	35,955	8,535	27,420
3920.42.50.00	Canada	355,413	58,510	296,903
3920.94.00.00	Mexico	73,000	27,205	45,795
3921.11.00.00	Canada	160,246	109,791	50,455
	Mexico	5,003	4,278	725
3921.13.50.00	Canada	32,970	18,766	14,204
	Mexico	8,425	1,887	6,538
3921.90.15.00	Canada	575,765	152,575	423,190
3921.90.40.00	Canada	1,875,083	1,134,680	740,403
	Mexico	628,683	541,022	87,661
	China	42,239	34,495	7,744
4401.30.20.00	Canada	23,389	311	23,078
4811.39.40.40	Canada	33,203	20,143	13,060
4905.99.00.00	Mexico	91,874	66,123	25,751
5106.10.00.00	Haiti	558	345	213
5112.11.00.60	Netherlands	6,481	5,961	520
5211.49.00.20	Canada	3,465	1,701	1,764
5402.10.30.40	Sweden	274,116	228,515	45,601
5402.41.00.20	Mexico	15,224	5,512	9,712
5402.61.00.00	United Kingdom	37,985	12,382	25,603
5406.10.00.90	Sweden	260,417	211,718	48,699
5407.41.00.30	Canada	8,591	6,362	2,229
5407.94.20.90	Philippines	22,472	5,709	16,763
5503.20.00.00	Mexico	3,022	2,967	55
5508.10.00.00	Canada	6,152	3,076	3,076
5602.10.90.90	Canada	87,561	48,182	39,379
5602.21.00.00	Canada	449,625	214,039	235,586
5603.00.90.40	Canada	513,677	261,354	252,323
5801.33.00.00	Mexico	33,079	30,203	2,876
5806.32.10.90	St Lucia	13,653	5,684	7,9690z
	China	106,608	42,751	63,857
5807.10.10.20	Canada	5,975	3,769	2,206
5807.90.20.20	Haiti	35,539	20,835	14,704
5909.00.20.00	Canada	3,700,239	549,484	3,150,755
5911.10.10.00	Canada	11,907	1,635	10,272
	Mexico	212,412	85,792	126,620
5911.10.20.00	Mexico	2,697,096	1,213,761	1,483,335
5911.90.00.00	Mexico	1,087,425	881,806	205,619
	West Germany	12,267	3,429	8,838
6002.20.10.00	Philippines	128,535	48,160	80,375
6002.43.00.10	Colombia	69,694	15,499	54,195
	Philippines	71,530	24,404	47,126
	China	28,086	5,786	22,300
6302.22.20.20	Mexico	336,796	290,249	46,547
6302.22.20.30	Haiti	27,687	1,247	26,440
6302.32.20.40	Mexico	141,883	132,899	8,984
6304.11.10.00	Jamaica	2,269	22	2,247
6304.11.20.00	Haiti	1,229	356	873
6304.19.20.00	Mexico	4,856,214	3,796,489	1,059,725
	Haiti	404,041	11,751	392,290
6802.22.00.00	Haiti	15,629	9,578	6,051
6804.22.60.00	Mexico	340,584	250,494	90,090

Tariff Item 9802.00.80: HTS items deleted from Census statistics, 1989—Continued

(In dollars)

<i>HS-NO</i>	<i>Country</i>	<i>Total value</i>	<i>Value of U.S. products</i>	<i>Value added</i>
6805.10.00.00	Canada	16,649	12,800	3,849
6805.20.00.00	Canada	22,966,505	6,067,907	16,898,598
	Mexico	147,759	136,436	11,323
6805.30.10.00	Canada	196,905	60,092	136,813
	Mexico	2,207	2,097	110
6810.91.00.00	Canada	731,387	243,510	487,877
7112.10.00.00	Haiti	1,794,728	1,491,721	303,007
7323.10.00.00	Canada	1,377	18	1,359
8211.91.50.60	Japan	1,466	674	792
8211.92.40.60	Mexico	14,519	14,012	507
8211.93.00.60	Mexico	9,501	9,067	434
9801.00.10.35	Canada	41,375,810	19,172,164	22,203,646
	Mexico	1,218,967	543,050	675,917
	Haiti	99,257	58,307	40,950
	Dominican Rep	53,363	51,948	1,415
	St Chris—Nevis	72,859	72,690	169
	Trin & Tobago	14,244	13,653	591
	Sweden	7,320,000	1,909,455	5,410,545
	United Kingdom	17,184	1,326	15,858
	Ireland	30,303	18,040	12,263
	Belgium	113,412	15,491	97,921
	Portugal	1,704,776	818,917	885,859
	Italy	2,402	460	1,942
	Thailand	4,110,565	3,222,686	887,879
	Malaysia	5,245,331	3,843,680	1,401,651
	Singapore	3,610,552	643,952	2,966,600
	Philippines	103,238	80,650	22,588
	Korea	1,108,363	546,451	561,912
	Hong Kong	543,289	319,825	223,464
	Japan	144,230	136,837	7,393
9817.00.96.00	Denmark	151,368	5,759	145,609
Total		121,208,378	56,079,958	65,128,420

Tariff Item 9802.00.80: HTS Items transferred and reported under 9802.00.60, 1989

(In dollars)

HTS	Country	Total value	Value of U.S. products	Value added
2849.90.50.00	West Germany	176,368	154,322	22,046
2850.00.50.00	Japan	28,135	4,800	23,335
7204.49.00.40	Canada	6,384	6,284	100
7210.49.00.90	Mexico	66,565	46,144	20,421
	Argentina	447,536	425,372	22,164
7210.70.60.30	Canada	25,029	5,391	19,638
7211.90.00.00	Mexico	16,352	8,961	7,391
7212.40.10.00	Canada	100,174	17,395	82,779
	Mexico	3,841	716	3,125
7216.50.00.00	Mexico	94,528	47,913	46,615
7217.11.70.90	Canada	21,117	19,254	1,863
7217.11.90.00	Mexico	118,138	75,298	42,840
7217.19.10.00	Canada	15,941	9,991	5,950
7218.90.00.10	Canada	54,444	3,767	50,677
7219.32.00.30	Mexico	18,914	14,081	4,833
7219.32.00.60	Mexico	29,711	22,249	7,462
7219.33.00.30	Mexico	152,329	105,603	46,726
7219.33.00.60	Mexico	18,527	13,932	4,595
7219.34.00.10	Mexico	197,762	138,497	59,265
7219.34.00.50	Mexico	4,474	3,284	1,190
7219.35.00.10	Mexico	91,441	67,399	24,042
7219.35.00.50	Mexico	3,292	2,485	807
7220.20.70.00	Mexico	8,229	5,347	2,882
	Sweden	40,835	17,002	23,833
7222.10.00.00	Canada	1,234	1,051	183
7222.40.30.80	Canada	16,311	10,069	6,242
7228.60.10.60	Canada	7,892	5,334	2,558
7305.11.10.30	Canada	17,562	10,005	7,557
7305.11.10.60	Canada	16,709	9,725	6,984
7306.30.50.30	Mexico	407,689	272,515	135,174
7306.30.50.55	Mexico	84,357	79,933	4,424
7318.15.40.00	Mexico	4,368	4,282	86
7318.24.00.00	Canada	3,047	957	2,090
7605.11.00.30	Mexico	222,710	212,588	10,122
7606.11.30.30	Canada	252,751	235,116	17,635
7606.11.30.60	Canada	38,038	34,911	3,127
7606.12.30.90	Canada	1,695,857	1,456,916	238,941
7606.91.30.90	Mexico	128,905	113,754	15,151
7607.11.60.00	Japan	330,464	123,905	206,559
7608.10.00.90	Canada	1,028,562	523,990	504,572
7609.00.00.00	Canada	6,823	4,362	2,461
	Mexico	268,225	122,657	145,568
7801.10.00.00	Canada	23,944	12,223	11,721
	Mexico	612,930	306,465	306,465
7801.99.90.30	Canada	59,944	31,209	28,735
8104.90.00.00	Mexico	16,846	12,923	3,923
8108.10.10.00	United Kingdom	144,576	10	144,566
8108.90.30.60	Canada	408,493	95,079	313,414
8108.90.60.60	Sweden	40,283	7,145	33,138
8109.90.00.00	Sweden	7,987	800	7,187
8455.30.00.85	Canada	205,108	163,124	41,984
Total		7,845,553	5,101,180	2,744,373

APPENDIX C
TARIFF AND TRADE AGREEMENT TERMS

Tariff and Trade Agreement Terms

The **Harmonized Tariff Schedule of the United States (HTS)** replaced the former Tariff Schedules of the United States (TSUS) effective January 1, 1989. Chapters 1 through 97 of the HTS are based upon the internationally adopted Harmonized Commodity Description and Coding System (the Harmonized System or HS) and are identical through the 6-digit level of product description in all signatory countries. Additional U.S. product subdivisions appear at the 8-digit level; and chapters 98 and 99 contain special classification provisions and temporary rate provisions, respectively.

The rates of duty in the general subcolumn of rate column 1 of the HTS are most-favored-nation (MFN) rates and, in general, represent the final stage of the reductions granted in the Tokyo Round of the Multilateral Trade Negotiations. Column 1-general duty rates are applicable to imported goods from all countries except products of those Communist countries and areas enumerated in general note 3(b) to the HTS, the latter dutiable at the rates set forth in column 2. The People's Republic of China, Hungary, Poland and Yugoslavia are the only Communist countries eligible for MFN treatment. Among articles dutiable at column 1-general rates, particular products of enumerated countries may be eligible for reduced rates of duty or for duty-free treatment under one or more preferential tariff programs. Such tariff treatment is set forth in the special rates of duty subcolumn of column 1.

The **Generalized System of Preferences (GSP)** affords nonreciprocal tariff preferences to developing countries to aid their economic development and to diversify and expand their production and exports. The U.S. GSP, enacted in title V of the Trade Act of 1974 and renewed in the Trade and Tariff Act of 1984, applies to merchandise imported on or after January 1, 1976 and before July 4, 1993. Indicated by the symbol "A" or "A*" in the special rates of duty subcolumn of column 1, the GSP provides duty-free entry to eligible articles the product of, and imported directly from, designated beneficiary developing countries, as set forth in HTS general note 3(c)(ii).

The **Caribbean Basin Economic Recovery Act (CBERA)** affords nonreciprocal tariff preferences to developing countries in the Caribbean area to aid their economic development and to diversify and expand their production and exports. The CBERA, enacted in title II of Public Law No. 98-67 and implemented by Presidential Proclamation 5133 of November 30, 1983, applies to merchandise entered, or withdrawn from warehouse for consumption, on or after January 1, 1984; it is scheduled to remain in effect until September 30, 1995. Indicated by the symbol "E" or "E*" in the special rates of duty subcolumn of column 1, the CBERA provides duty-free entry to eligible articles the product of, and imported directly from, designated Basin countries, as set forth in HTS general note 3(c)(v).

Preferential rates of duty in the special duty rates subcolumn of column 1 followed by the symbol "IL" are applicable to products of Israel under the **United States-Israel Free-Trade Area Implementation Act** of 1985, as provided in HTS general note 3(c)(vi). Where no rate of duty is provided for products of Israel in the special rates subcolumn for a particular provision, the rate of duty in the general subcolumn of column 1 applies.

Preferential rates of duty in the special duty rates subcolumn of column 1 followed by the symbol "CA" are applicable to eligible goods originating in the territory of Canada under the **Canada-United States Free-Trade Agreement**, as provided in HTS general note 3(c)(vii).

The **General Agreement on Tariffs and Trade (GATT)** (61 Stat. (pt. 5) A58; 8 UST (pt. 2) 1786) is the multilateral agreement setting forth the basic principles governing much of the international trade among its more than 90 signatories. The GATT's main obligations relate to most-favored-nation treatment, the maintenance of scheduled concession rates of duty, and national (nondiscriminatory) treatment for imported goods; the GATT also provides the legal framework for customs valuation standards, "escape clause" (emergency) actions, antidumping and countervailing duties, and other measures and provides methods of dispute resolution. The results of GATT-sponsored multilateral tariff negotiations are set forth by way of separate schedules of concessions for each participating contracting party, with the U.S. schedule designated as Schedule XX.

Officially known as "The Arrangement Regarding International Trade in Textiles," the **Multifiber Arrangement (MFA)** provides a framework for the negotiation of bilateral agreements between importing and producing countries, or for unilateral action by importing countries in the absence of an agreement. These bilateral agreements establish quantitative limits on man-made fibers and silk blends, in order to prevent market disruption in the importing countries--restrictions that would otherwise be a departure from GATT provisions. The United States has bilateral agreements with more than 30 supplying countries, including the four largest suppliers: China, Hong Kong, the Republic of Korea, and Taiwan.

President Johnson and Prime Minister Pearson signed an agreement on January 16, 1965, which obligated both the United States and Canada to accord duty-free treatment to imports from the other party of specified motor vehicles and parts for use as original equipment in the manufacture of such motor vehicles. The Government of Canada implemented the agreement in Canada through two Orders in Council Establishing Duty-Free Treatment (P.C. 1965-99 and P.C. 1965-100, The Motor Vehicles Tariff Orders of 1965). The Government of the United States implemented the agreement with the signing of the **Automotive Products Trade Act of 1965 (APTA)** on October 21, 1965, applying duty-free treatment retroactive to January 18, 1965. The obligation of the United States to accord duty-free treatment to imports from Canada applies to 1) motor vehicles, with the exception of certain "special-purpose" vehicles, such as electric buses, three-wheeled vehicles, and fire engines; and 2) parts for use as original equipment in the manufacture of the specified motor vehicles (replacement parts, trailers, tires, and tubes are specifically excluded). The products from Canada specified in the agreement must meet a requirement that they contain no more than a certain percentage of content originating outside the United States or Canada.

