

Industry & Trade Summary

Paper Boxes and
Bags

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PREFACE

In 1991 the United States International Trade Commission initiated its current *Industry and Trade Summary* series of informational reports on the thousands of products imported into and exported from the United States. Each summary addresses a different commodity/industry area and contains information on product uses, U.S. and foreign producers, and customs treatment. Also included is an analysis of the basic factors affecting trends in consumption, production, and trade of the commodity, as well as those bearing on the competitiveness of U.S. industries in domestic and foreign markets.¹

This report on paper boxes and bags covers the period 1988-92 and represents one of approximately 250 to 300 individual reports to be produced in this series during the first half of the 1990s. Listed below are the individual summary reports published to date on the agriculture and forest product sectors.

<i>USITC publication number</i>	<i>Publication date</i>	<i>Title</i>
2459	November 1991	Live Sheep and Meat of Sheep
2462	November 1991	Cigarettes
2477	January 1992	Dairy Produce
2478	January 1992	Oilseeds
2511	March 1992	Live Swine and Fresh, Chilled, or Frozen Pork
2520	June 1992	Poultry
2544	August 1992	Fresh or Frozen Fish
2545	November 1992	Natural Sweeteners
2551	November 1992	Newsprint
2612	March 1993	Wood Pulp and Waste Paper
2615	March 1993	Citrus Fruit
2625	April 1993	Live Cattle and Fresh, Chilled, or Frozen Beef and Veal
2631	May 1993	Animal and Vegetable Fats and Oils
2635	May 1993	Cocoa, Chocolate, and Confectionery
2636	May 1993	Olives
2639	June 1993	Wine and Certain Fermented Beverages
2693	October 1993	Printing and Writing Papers
2726	January 1994	Furskins
2749	March 1994	Paper Boxes and Bags

¹ The information and analysis provided in this report are for the purpose of this report only. Nothing in this report should be construed to indicate how the Commission would find in an investigation conducted under statutory authority covering the same or similar subject matter.

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INTRODUCTION

This summary covers boxes, bags, and similar packing containers made of paper and/or paperboard (i.e., all items classified under heading 4819 of the Harmonized Tariff Schedule (HTS) of the United States). The Standard Industrial Classifications (SICs) applicable to this grouping include 2652, 2653, 2655, 2656, 2657, 2671(part), 2674, and 2679(part). Information is provided on the structure of the U.S. industry and certain foreign industries, domestic and foreign tariff and nontariff measures, and the competitiveness of U.S. producers in both domestic and foreign markets. The report generally covers the period 1988 through 1992.

Both total domestic production and consumption of summary products are estimated at \$34 billion in 1992. Corrugated and solid fiber box shipments accounted for slightly more than one-half of total shipments. Boxes and bags are often custom-made, and are relatively bulky items in relation to their value. Consequently, international trade, although expanding, is of minor significance. In 1992, U.S. imports of the items classified in HTS heading 4819 amounted to \$315 million, and were estimated to represent 1 percent of total U.S. consumption. In the same year, U.S. exports of these products were valued at \$665 million and were estimated to be equivalent to about 2 percent of total production.

Boxes and bags are converted paper and/or paperboard products, and they can compete with non-paper containers made from plastic, glass, or metal. The once dominant paper grocery sack has lost about one-half of its domestic market share to plastic bags over the past 15 years. The food and agriculture sector, the largest end user for paper/paperboard boxes and bags, is estimated to account for slightly over 40 percent of corrugated box, folding paperboard carton, and multiwall shipping sack consumption. In relation to retail cost, the value of packaging material is about 7 percent, on average, of the value of the packaged good.¹

U.S. INDUSTRY PROFILE

Industry Structure

In 1992, U.S. production of paper/paperboard boxes and bags is estimated at \$34 billion. The largest sector with this summary, is the corrugated and solid fiber box industry² with production estimated over \$18 billion in 1992.

The manufacturers of paper boxes and bags are paper/paperboard converters. A paper/paperboard converter manufactures a particular end product. There are a number of different types of converters covered in this summary; these include the

manufacturers of corrugated boxes, folding paperboard cartons, set-up paperboard cartons, sanitary food containers, milk cartons, aseptic packaging containers, fiber drums, cans, tubes, multiwall shipping sacks, various other custom-made paper bags, and various office supplies.³ Paper box and bag converting plants require relatively modest amounts of start-up capital, compared with pulp and paper mills.

There are several large vertically- and horizontally-integrated pulp and paper companies that have dozens of facilities engaged in the production of corrugated boxes. However, most of the companies covered in this summary are far less vertically- and horizontally-integrated than those engaged in upstream production (i.e., the paper/paperboard companies that produce linerboard, boxboard, foodboard, corrugating medium, unbleached kraft packaging papers, etc.). The largest 20 corrugated box companies, most of which are believed to be integrated with upstream processing operations, operate 429 out of the estimated 630 corrugated plants in the United States.⁴

Figure 1 depicts the principal inputs, producer types, major products produced and the principal consumers associated with products covered by this summary. The corrugated box and folding carton industries are the first and second largest groupings, respectively, covered in this summary. Corrugated box plants and folding carton plants are widely distributed throughout the United States, although a slightly greater concentration of plants exists along the Atlantic and the Pacific seaboard States and the Great Lakes States,⁵ as shown in figure 2. Unlike pulp and paper mills, paper box and bag converting establishments are generally situated near urban centers. Small converters generally establish locations near consumers or potential consumers (e.g., urban centers with a significant industrial and/or commercial base). Larger box producers generally are able to broaden their consumer market geographically.

In 1992, there were 630 firms producing corrugated boxes, compared with 640 firms in 1988.⁶ It is estimated that about 174,000 persons were employed in the production of all products covered in this summary in 1992 compared with about 169,000 persons in 1988.⁷ However, employment in firms producing corrugated boxes declined from 71,400 in

³ Other paper/paperboard converters, not covered by this summary, include manufacturers of envelopes, papeteries, gummed papers, and the myriad of other "specialty-type" end products.

⁴ Derived from data provided in *Boxboard Containers*, Jan. 1993, p. 28.

⁵ *Paperboard Packaging*, Feb. 1993, p. 22.

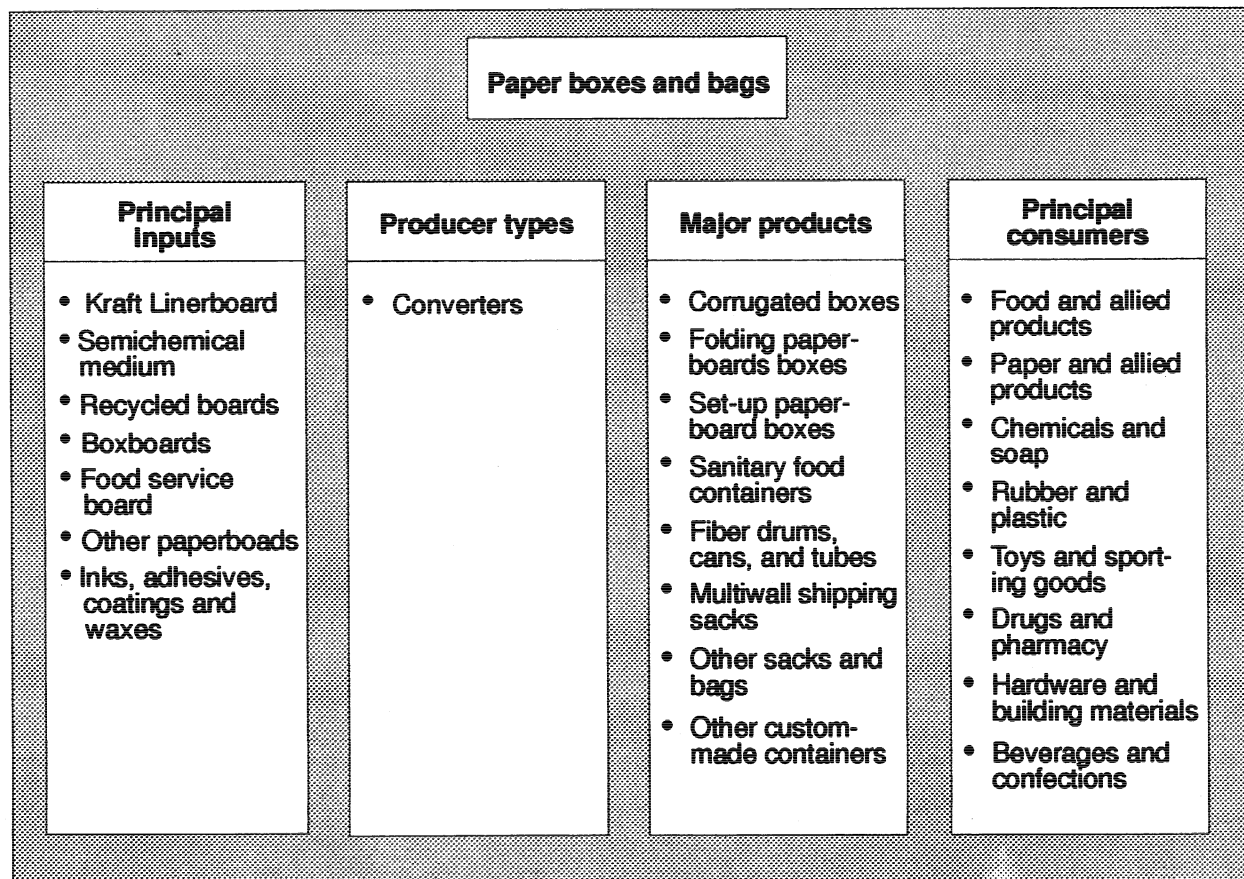
⁶ Data provided by the Fibre Box Association's 1992 Annual Report. These data do not include the 917 smaller sheet plants which represented about 14 percent of the corrugated box industry's output in 1992. For reasons of consistency, other data presented throughout this report (e.g., data derived from U.S. Department of Commerce statistics, *Paperboard Packaging*, and *Boxboard Containers*) also do not include sheet plants. A sheet plant buys corrugated board from a corrugator plant and solely fabricates boxes, whereas the more integrated corrugator plant, fabricates and markets corrugated board as well as boxes.

⁷ Derived from data provided by the U.S. Department of Commerce.

¹ *Boxboard Containers*, Jan. 1993, p. 23.

² The corrugated box industry is classified under SIC 2653. This SIC also covers solid fiber boxes. However, solid fiber boxes account for only about 1 percent of production within the SIC.

Figure 1
Paper boxes and bags: Principal inputs, producer types, major products, and principal consumers



Source: Derived by the staff of the USITC.

1988 to 67,573 in 1992, or by 5 percent⁸ partially reflecting general manufacturing activity. In 1992, there were 475 plants producing folding paperboard cartons, compared with 488 plants in 1991.⁹ Most of the production associated with paper/paperboard boxes and bags uses automated machinery of varying degrees of sophistication; production workers' skill levels are commensurate with the levels required to operate and maintain this machinery.

The vast majority of the products covered by this summary are custom-made. Product prices are usually quoted on the basis of the quantity ordered, the box (or bag) style, the dimensions of the particular container, the type of paperboard used, the thickness of the paperboard, the number of paperboard plies, the type of graphics required, any additional operations required (e.g., varnishing, waxing, sizing, or any other special treatment), the container filling method, shipping,

inventorying, and handling. Figure 3 depicts quarterly unit values for selected export markets and categories of boxes during 1988-92.¹⁰ Export unit values generally declined in 1988-89, rose in the first quarter of 1990, and were relatively stable during 1990-92. Figure 4 depicts quarterly import unit values for selected categories and sources of paper boxes and bags during 1988-92. Import unit values for boxes remained relatively stable while the import unit values for bags fluctuated over the period.

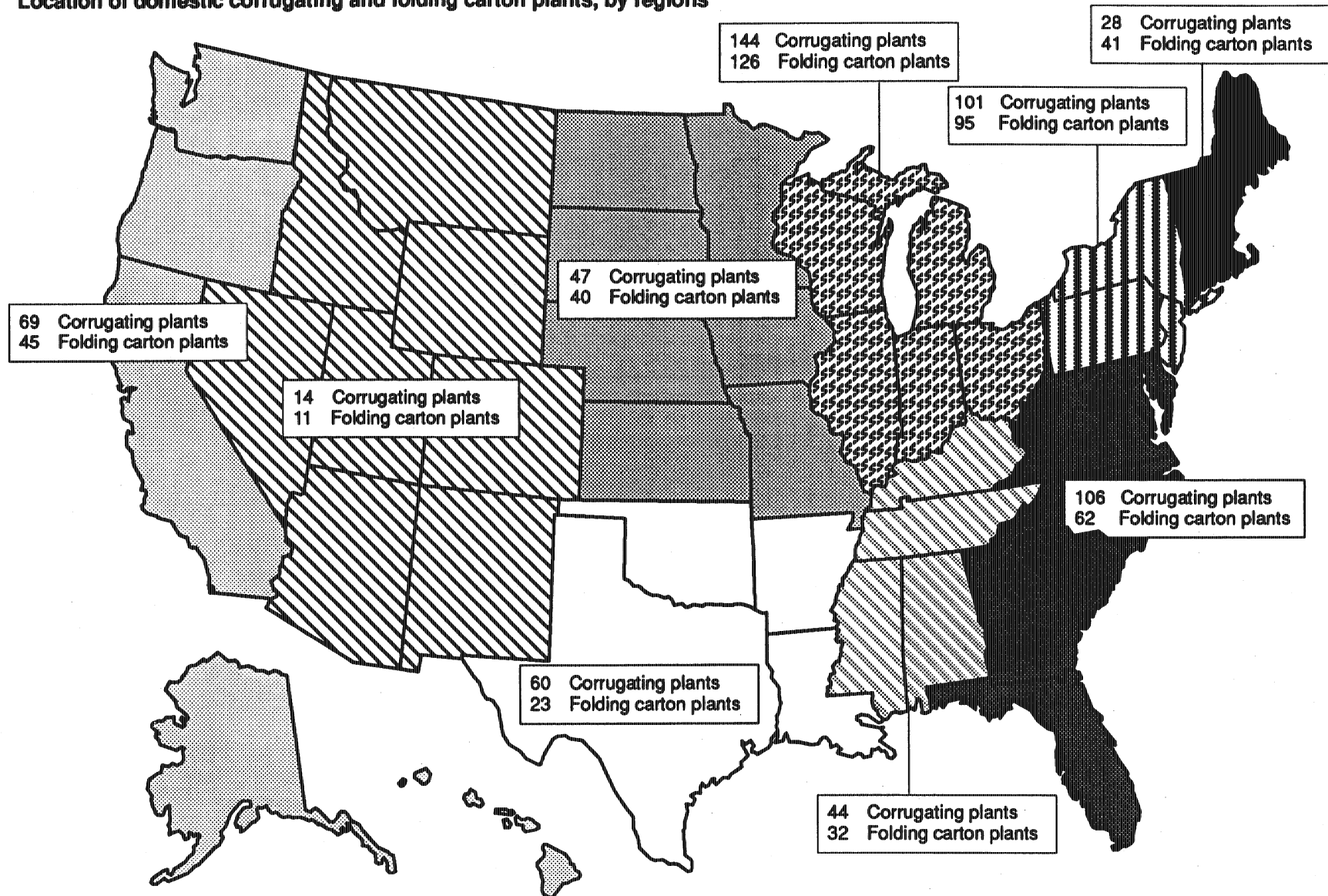
Generally, box plants are situated where they can supply a particular industrial market. Should the primary customer relocate, a small box plant, in turn, might relocate in order to continue providing service to that major customer. Some of the larger corrugated box companies, especially those with a significant degree of vertical integration, have been expanding into overseas markets. However, the bulk of the industry addressed in the summary consists of the smaller companies that generally do not have this option.

⁸ Data provided by the Fibre Box Association's 1992 Annual Report.

⁹ *Paperboard Packaging*, State of the Industry, Feb. 1993, p. 20. A 5-year trend (i.e., 1988-92) was unavailable.

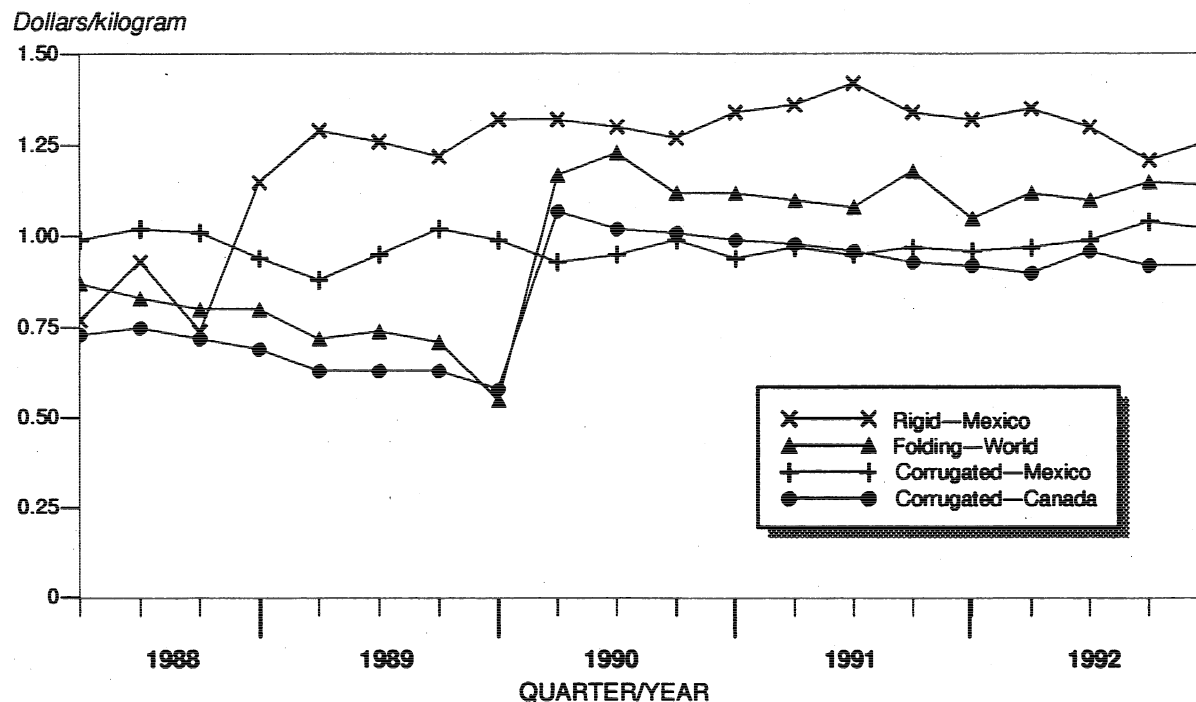
¹⁰ Price data are not available for these products; however, export and import unit values are believed to be reasonable indicators of price trends.

Figure 2
Location of domestic corrugating and folding carton plants, by regions



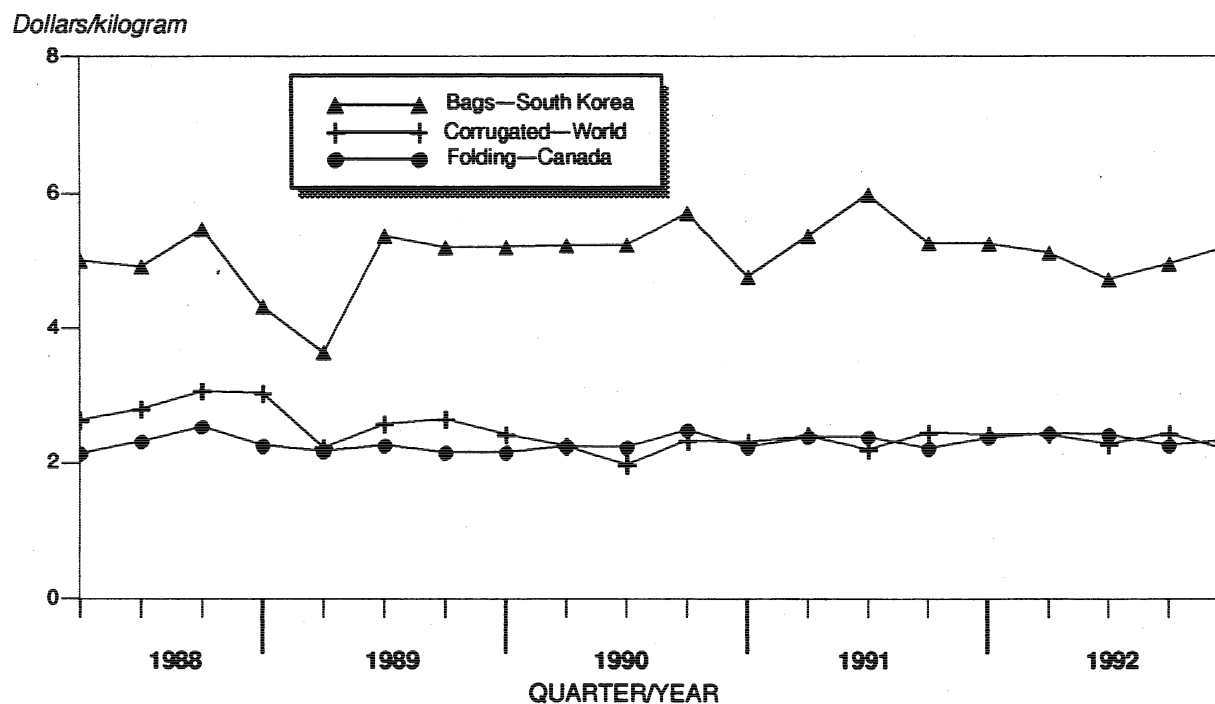
Source: Compiled from information provided by Paperboard Packaging, State of the Industry, Feb. 1993, pp. 22-23.

Figure 3
Paper/paperboard box export unit values: Selected categories and markets, by quarter, 1988-92



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

Figure 4
Paper/paperboard box and bag Import unit values: Selected categories and sources, by quarter, 1988-92



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

Consumer Characteristics and Factors Affecting Demand

Box and bag consumers are generally commercial and industrial users requiring a particular packaging container for a specific product. Generally, these consumers are less concerned about what the container is made from (e.g., paper, plastic, or other), and more concerned about how the container will perform and market their product. For example, plastic grocery bags and plastic milk containers have replaced sizeable portions of the once traditional paper grocery sack and paperboard milk carton markets over the past two decades. Most paper/paperboard boxes and bags are custom-made, and manufactured to meet a consumer's specific applications. Close coordination among the buyer, box manufacturer, and designer are necessary for creating a successful package. Discussions are held concerning the quantity needed, dimensions, styles available, and type, thickness, and plies of paperboard, along with the shipping, inventory, handling, and container filling methods.

The graphics which are printed on the exterior surface of the container directly contribute to the marketability of the contained product. The consumer and potential supplier will discuss the type of printing required (e.g., letterpress, flexography, offset lithography, or gravure), the graphic design, and the color and type of ink. It is widely believed that improved (as well as improvements in the applications of) graphics will be one of the more dynamic consumer-driven variables in coming years. Other variables that influence a purchaser's decision include price, quality, service, custom-design capabilities, stocking arrangements, and traditional customer-client relationships. The importance of these considerations varies among assorted product lines and may even vary within a major product grouping. For example, custom-design, service, quality, and printability rank ahead of price for multiwall shipping sacks; however, for other sacks and bags, price is more important.

FOREIGN INDUSTRY PROFILE

Similar to the United States, foreign industries are primarily geared to servicing their own internal markets. Major industries are generally located in the industrialized countries.

There are an estimated 903 folding carton plants in Europe.^{11,12} On a square foot basis, European production of containerboard is about 78 percent as large as that in the United States.¹³ The largest European producers of containerboard are Germany, France, Italy, the United Kingdom, and Spain, which respectively account for about 22 percent, 17 percent, 16 percent, 14 percent, and 11 percent of

¹¹ Derived from data provided by *Boxboard Containers*, Jan. 1993, p. 32.

¹² European production in this analysis includes the European Union (formerly known as European Community) (EU), plus Austria, Switzerland, Sweden, Finland, and Norway.

¹³ Derived from data provided by *Boxboard Containers*, Jan. 1993, p. 32.

European containerboard production.¹⁴ The largest European exporter of all paperboard packaging containers, accounting for over one-third of all of the EU's exports, appears to be Germany.¹⁵ France, the Netherlands, Belgium/Luxembourg, and Italy are also sizeable European exporters of all paperboard packaging containers.¹⁶

Canada had 51 corrugated box plants and 67 folding carton plants in 1992.¹⁷ Canadian containerboard production, on a tonnage basis (i.e., the primary paperboard input into corrugated boxes), is equal to 9 percent of that of the United States.¹⁸ It is estimated that Canada has about one-sixth as many folding carton plants as the United States.¹⁹ Hong Kong, the largest Asian exporter of paperboard packaging containers, is estimated to account for about one-third of Asia's exports.²⁰ Other noteworthy exporters in Asia include the Republic of Korea (South Korea), Japan, and Taiwan; exports from each of these countries are slightly less than one-half of the size of Hong Kong's exports.²¹

TRADE MEASURES

U.S. Tariff Measures

In 1993, the general U.S. tariff rates applicable to the products herein ranged from 2.8 percent ad valorem to 5.3 percent ad valorem. However, all products are eligible for various preferential duty treatment. All of the products are eligible for GSP treatment, and none of the GSP beneficiary developing countries are excluded from the GSP for products classified in this summary. Furthermore, the products are eligible for duty-free treatment under the Caribbean Basin Economic Recovery Act and the Andean Trade Preference Act. Also, preferential duties are provided under the United States-Canada Free-Trade Agreement and the United States-Israel Free Trade Area. The North American Free Trade Agreement (NAFTA), as implemented by the North American Free Trade Agreement Implementation Act (Pub. Law 103-182, approved Dec. 8, 1993), provided for the elimination of U.S. duties, effective January 1, 1994, on boxes, bags, and similar packing containers made of paper and/or paperboard imported from Mexico. The NAFTA became effective for both the United States and Mexico on January 1, 1994. In 1992, the average duty on imports from Mexico was less 0.2 percent ad valorem.

¹⁴ Ibid.

¹⁵ Based on United Nations trade data registered under Standard International Trade Classification (SITC) 6421 (Boxes, bags and other packing containers, of paper or paperboard...).

¹⁶ Ibid.

¹⁷ *Paperboard Packaging*, State of the Industry, Feb. 1993, p. 20.

¹⁸ Derived from data provided by *Boxboard Containers*, Jan. 1993, pp. 32-33.

¹⁹ Ibid.

²⁰ Based on United Nations trade data registered under Standard International Trade Classification (SITC) 6421 (Boxes, bags and other packing containers, of paper or paperboard...). United Nations export data for China were unavailable.

²¹ Ibid.

The recently completed (December 1993) GATT Uruguay Round of trade negotiations will result in further reductions in U.S. and foreign duties on the articles covered by this summary. Tariffs on these products are scheduled to be reduced to zero over a 10-year period under the GATT.

In 1992, the trade weighted-duty for all products classified in this summary was 2.2 percent ad valorem. During 1992, about 9 percent of summary products entered duty-free. In 1992, the trade weighted-duty for only those products assessed a duty was 2.4 percent ad valorem. The 5-year trend for trade-weighted duties can be observed in figure 5. Table 1 provides the import descriptions that would categorize imports of all the products falling under heading 4819 in the HTS as well as the value of U.S. exports and U.S. imports of paper/paperboard boxes and bags in 1992. Appendix A contains an explanation of tariff and trade agreement terms. U.S. imports of paper/paperboard boxes and bags are not subject to quotas, embargoes, or other nontariff measures.

Corporation and others alleging unfair methods and acts in the importation into and sale in the United States of certain bulk bags from Canada, the Philippines, and Brazil that allegedly infringed the claims of two U.S. patents. The Commission's investigation was terminated in February 1993 on the basis of settlement agreements without a determination on the merits by the Commission, *Certain Bulk Bags And Process For Making Same*, Investigation No. 337-TA-338.

Foreign Tariff Measures

The import duties applicable to U.S. exports of paper/paperboard boxes and bags to the eight largest U.S. export markets range from duty free to 45 percent ad valorem, as shown in table 2. Nontariff trade restrictions on paper boxes and bags are believed to be minimal. Under the NAFTA, Mexico is obligated to phase out its duties on the items covered in this summary over no more than a 10-year period.

U.S. Government Trade-Related Investigations

In May 1992, a complaint was filed with the Commission under Section 337 of the Tariff Act of 1930 (19 U.S.C. 1337) by Super Sack Manufacturing

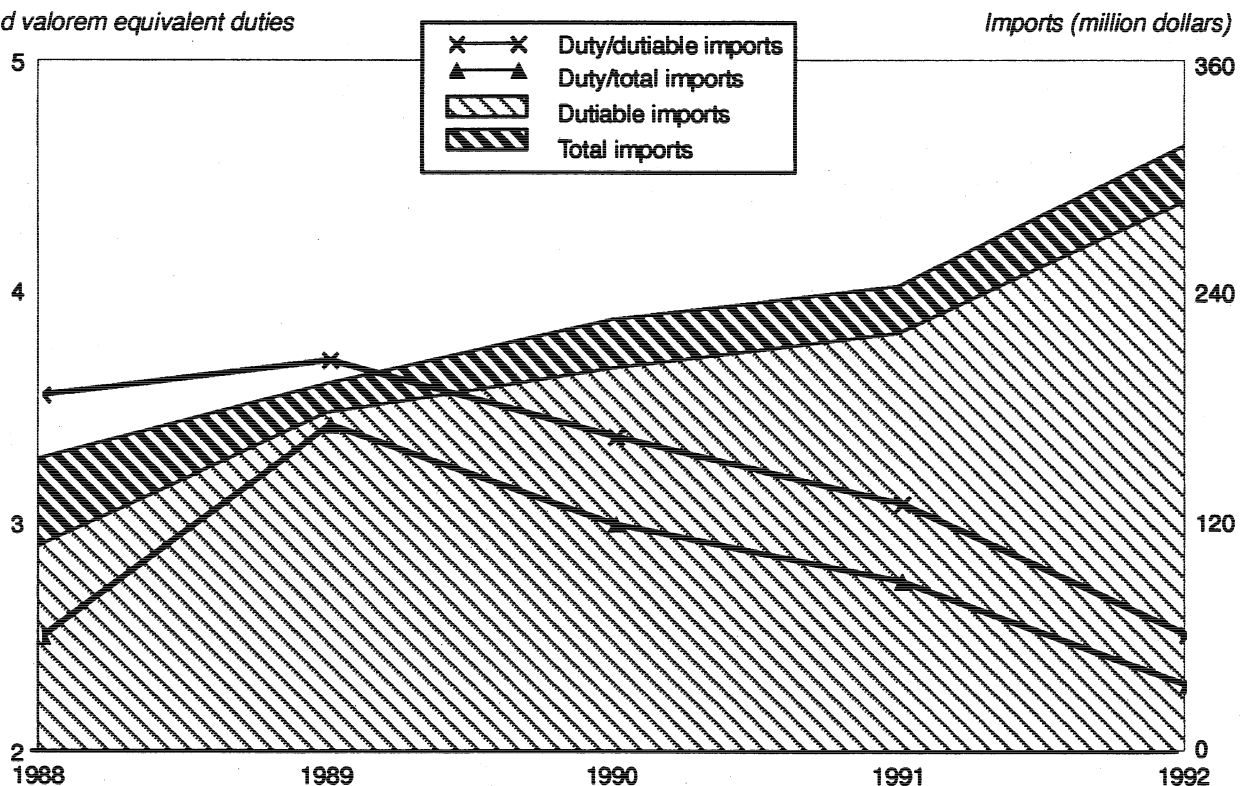
U.S. MARKET

Consumption

The largest end-user for products in this summary is the food and related products industry. U.S. consumption of these products is estimated to have

Figure 5
Paper boxes and bags: Trade-weighted duty rates on U.S. total imports and dutiable imports, 1988-92

Ad valorem equivalent duties



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

Table 1

Paper boxes and bags: Harmonized Tariff Schedule subheading; description; U.S. column 1 rate of duty as of Jan. 1, 1993; U.S. exports, 1992; and U.S. imports, 1992

HTS subheading	Brief description	Col. 1 rate of duty As of Jan. 1, 1993	U.S. exports	U.S. Imports	
		General	Special ¹	1992	1992
———— <i>Million dollars</i> ————					
4819.10.00	Cartons, boxes and cases, of corrugated paper or paperboard	2.8%	Free (A,CA,E,IL,J)	374	50
4819.20.00	Folding cartons, boxes and cases, of noncorrugated paper or paperboard	2.8%	Free (A,CA,E,IL,J)	130	144
4819.30.00	Sacks and bags, having a base width of 40 cm or more	5.3%	Free (A,CA,E,IL,J)	29	9
4819.40.00	Other sacks and bags, including cones	5.3%	Free (A,CA,E,IL,J)	32	82
	Other packing containers, including record sleeves:				
4819.50.20	Sanitary food and beverage containers	4.3%	Free (A,CA,E,IL,J)	1	6
4819.50.30	Record sleeves	4.4¢/kg	Free (A,CA,E,IL,J)	2	1
4819.50.40	Other (including fiber drums, cans, tubes and similar containers, rigid boxes and cartons, and other)	5.3%	Free (A,CA,E,IL,J)	88	20
4819.60.00	Box files, letter trays, storage boxes, and similar articles, of a kind used in offices, shops or the like	5.3%	Free (A,CA,E,IL,J)	9	2

¹ Programs under which special tariff treatment may be provided and the corresponding symbols for such programs as they are indicated in the "Special" subcolumn are as follows: Generalized System of Preferences (A); Automotive Products Trade Act (B); Agreement of Trade in Civil Aircraft (C); United States-Canada Free-Trade Agreement (CA); Caribbean Basin Economic Recovery Act (E); United State-Israel Free-Trade Agreement (IL); Andean Trade Preference Act (J).

Source: U.S. exports and imports compiled from official statistics of the U.S. Department of Commerce.

increased irregularly by 10 percent from \$30.9 billion in 1988 to \$33.9 billion in 1992. U.S. consumption of corrugated boxes, the largest segment of this grouping, rose by 7 percent, from \$17.2 billion to \$18.3 billion, between 1988 and 1992.²² The United States, the world consumption leader, consumed 82 kilograms of corrugated products per capita during 1992.²³ Consumption of corrugated boxes is driven by general business activity and overall economic growth. About three-quarters of domestic consumption is for packaging nondurable goods, whereas the remainder is for packaging durable goods.

U.S. consumption of folding paperboard cartons, the second largest segment, increased by 21 percent, from \$5.9 billion in 1988 to \$7.2 billion in 1992. The United States is estimated to consume more than

17 kilograms of folding paperboard cartons per capita per year.²⁴ Folding paperboard carton consumption is slightly more resistant to economic downturns than other sectors covered by this summary because a greater portion of the products packaged in folding paperboard cartons are considered nondiscretionary items.

Imports of products classified in this summary do not significantly contribute to U.S. consumption. The import penetration for all aggregated products was estimated to have been below or near 1 percent during 1988-92. More specifically, the import penetration level for corrugated boxes was 0.3 percent while the import penetration level for folding paperboard cartons was 2.0 percent during 1992. Table 3 presents apparent consumption of paper boxes and bags, in millions of dollars, between 1988 and 1992. Figure 6

²² Data are derived from official statistics of the U.S. Department of Commerce.

²³ U.S. Department of Commerce, 1993 *U.S. Industrial Outlook*, p. 10-12.

²⁴ Ibid.

Table 2
Paper boxes and bags: Foreign tariff rates in representative U.S. export markets

Country	Duty Ranges ^{1 2}
Mexico	All 10 percent ad valorem ³
Canada	All duty-free ⁴
Honduras	5, 10, 15, ⁵ or 20 percent ad valorem
Dominican Republic	All 25 percent ad valorem
Panama	10, 15, 20, 25, 30, or 45 percent ad valorem ⁶
Costa Rica	5, 10, 15, or 20 percent ad valorem
Jamaica	5, 25, 30, or 35 percent ad valorem
EU	11 or 12 percent ad valorem ⁷

¹ This is the customs duty only, and does not include other taxes imposed on U.S. exports. Many of these countries also assess a value-added tax, ranging from 5 percent to 12.5 percent. Generally, value-added taxes imposed on imports are also imposed on similar internal domestic production. However, in addition to the value-added tax, many of the Latin American countries also impose various other taxes on their imports (e.g., exchange surcharge, customs administration taxes, import surcharges, etc.). For U.S. paper box and bag exports, these additional taxes range from 1 percent to 7 percent.

² The duty and other taxes (footnote 1) would not be applicable if the product entered a foreign free trade zone, and was subsequently re-exported from that country.

³ Under the NAFTA, duties on these products will be staged from 10 percent to zero in 10 years or sooner.

⁴ Canadian tariff rates for U.S. exports under the U.S.-Canada FTA are free for all of these products. However, Canada's MFN rate extended to other countries ranges from 9.2 percent to 12.5 percent.

⁵ Most Honduran imports fall into the 15 percent-duty rate category.

⁶ These duties may be superceded by higher compound duty rates.

⁷ Most EU imports fall into the 12 percent-duty rate category.

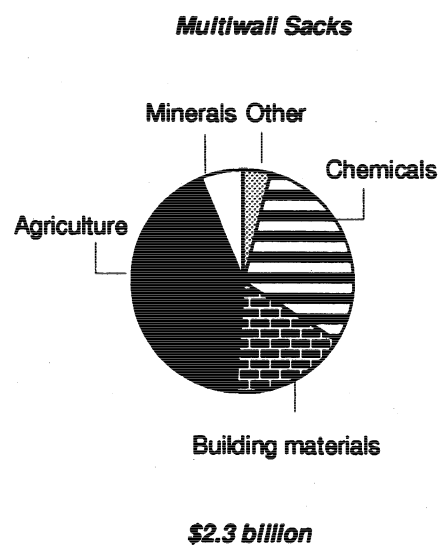
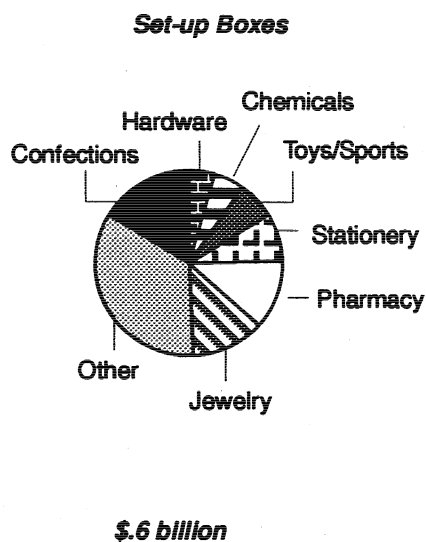
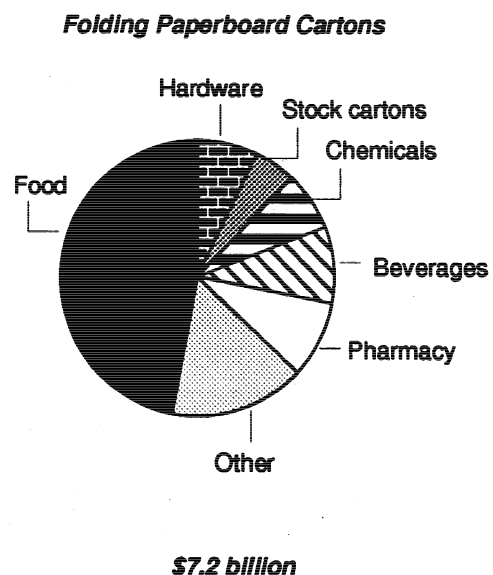
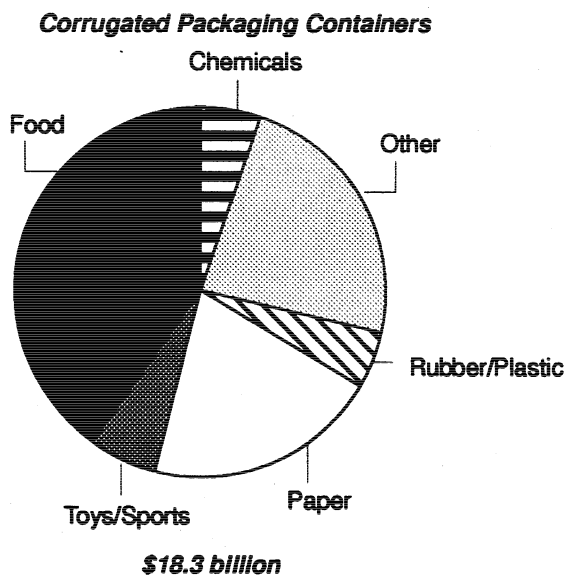
Source: Data are compiled from information provided by various country desk officers at the U.S. Department of Commerce.

Table 3
Paper boxes and bags: U.S. production, exports of domestic merchandise, imports for consumption, and apparent U.S. consumption, 1988-92

Year	U.S. production	U.S. exports	U.S. imports	Apparent U.S. consumption	Ratio of Imports to consumption
	Value (million dollars)				Percent
1988	31,050	282	153	30,921	0.5
1989	33,273	372	192	33,093	0.6
1990	33,271	473	225	33,023	0.7
1991	33,089	547	246	32,788	0.7
1992	34,296	665	315	33,946	0.9

Source: Data are derived from official statistics of the U.S. Department of Commerce.

Figure 6
Various packaging mediums: U.S. consumption, by major end-use categories, 1992



Source: Estimated and compiled from data provided by the National Paperbox Association, Paperboard Packaging Council, the Paper Shipping Sack Manufacturer's Association, Fibre Box Association, and the U.S. Department of Commerce.

presents the major end uses for corrugated containers, folding paperboard cartons, set-up boxes, and multiwall shipping sacks.

Production

Total domestic production of paper/paperboard boxes and bags increased by 10 percent from \$31.0 billion in 1988 to \$34.3 billion in 1992.²⁵ Since international trade is of minor significance for this industry, general economic conditions in the United States and the resulting demand for these products are the most important factors affecting domestic production. Corrugated (and solid fiber) box shipments increased by about 8 percent from \$17.3 billion in 1988 to \$18.6 billion in 1992. Folding paperboard carton shipments increased by 22 percent from \$5.9 billion in 1988 to \$7.1 billion in 1992. Paper sack and bag shipments, registering about \$3.4 billion in 1992, decreased by about 1 percent since 1988. Sanitary food container shipments increased by 18 percent from \$2.1 billion in 1988 to \$2.5 billion in 1991.²⁶ Fiber drum, can, and tube shipments increased by 17 percent from \$1.6 billion in 1988 to \$1.8 billion in 1991.²⁷ Set-up paperboard carton shipments increased by 17 percent from \$520 million in 1988 to \$606 million in 1991.²⁸

²⁵ Compiled from data provided in U.S. Department of Commerce, 1993 *U.S. Industrial Outlook*, pp. 10-12, 10-15.

²⁶ The latest year that data were available for this grouping was 1991.

²⁷ Ibid.

²⁸ Ibid.

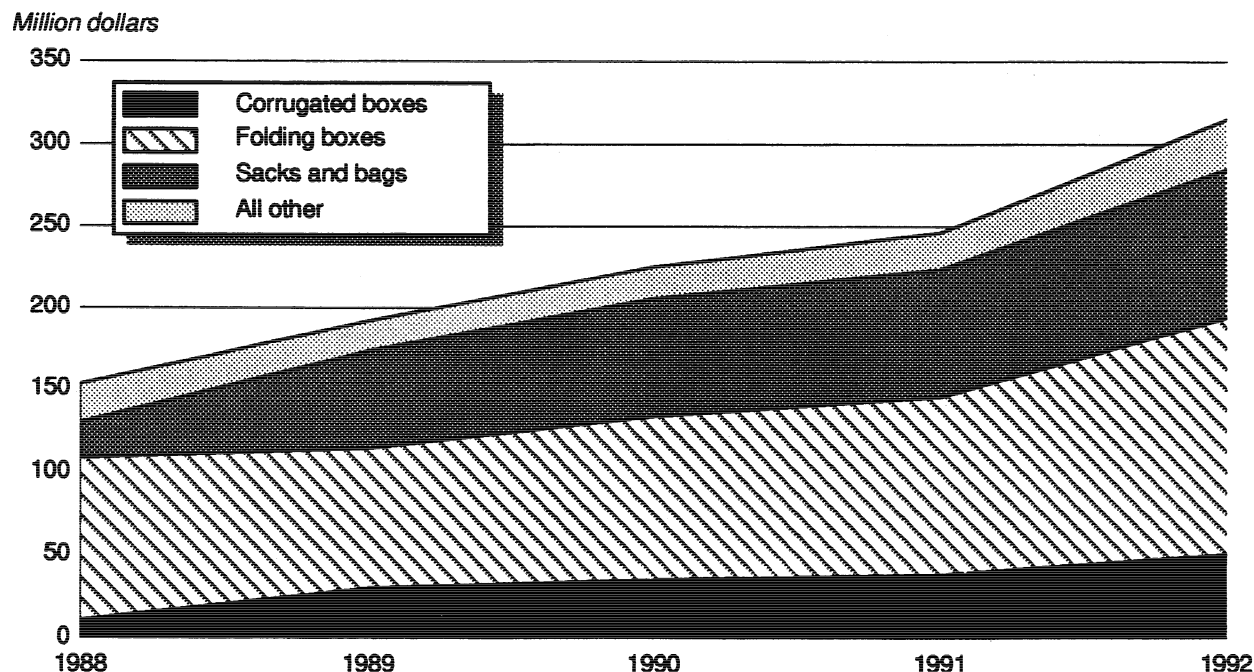
Imports

U.S. imports of paper/paperboard boxes and bags are relatively small. U.S. paper/paperboard box and bag imports increased from \$153 million in 1988 to \$315 million in 1992. Folding paperboard cartons and sacks and bags are the largest two categories of imports (figure 7). Furthermore, albeit small, these are the only two sectors that posted trade deficits. In 1992, Canada, the largest supplier, supplied 44 percent of all U.S. box and bag imports (table 4) and well over one-half of the imports from Canada consisted of folding paperboard cartons. China and the Republic of Korea, respectively, supplied 12 percent and 9 percent of U.S. box and bag imports.

In 1992, about 70 percent of the imports from China and the Republic of Korea consisted of the small-sized sacks and bags. An industry source believes that these small-sized bag imports primarily consisted of gift- and novelty-type bags; these bags usually have an attached handle which requires a significant amount of non-automated manufacturing. Consequently, lower Asian labor costs, in less-than-fully-automated bag making operations, compensated for the higher shipping costs associated with trans-Pacific freight. Furthermore, these imported Asian bags have established a strong foothold in the higher end of the domestic paper bag market.²⁹

²⁹ Conversation with Mr. Brent Dixon, President, The Paper Bag Institute, Inc., Oct. 1993.

Figure 7
Paper boxes and bags: U.S. Imports, by category, 1988-92



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

Table 4
Paper boxes and bags: U.S. Imports for consumption, by principal sources, 1988-92
 Value (million dollars)

Source	1988	1989	1990	1991	1992
Canada	54.3	64.1	78.2	91.5	139.8
China	2.8	6.9	14.4	22.7	37.0
South Korea	10.9	20.4	28.7	26.4	27.1
Taiwan	14.8	15.7	13.5	14.5	15.7
Mexico	7.6	10.7	13.3	14.6	14.8
France	7.2	7.4	9.2	7.7	10.6
Germany	8.5	9.8	9.0	8.2	9.8
Hong Kong	8.9	10.5	8.5	10.4	9.7
Japan	12.3	16.5	12.7	11.6	9.0
Denmark	0.7	1.0	4.2	5.6	5.8
All other	25.2	28.7	33.7	32.8	35.5
Total	153.2	191.8	225.4	246.1	314.8

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

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

Import value, quantity, and unit value, by import sources, for folding paperboard cartons and all sacks and bags, are presented in tables 5 and 6, respectively. The wide variability in import unit values by source country, shown in these two tables, reflects the custom-nature of this trade.

FOREIGN MARKETS

Foreign Market Profile

Generally, the markets for paper/paperboard boxes and bags are the industrialized countries. Most consumption in these markets is supplied by domestic production. Paper/paperboard boxes and bags are relatively bulky items in relation to their value, and international shipping for such bulky items limits the level of international trade. In Europe, the largest per capita consumers of corrugated boxes in 1992 were Denmark, Germany, Italy, France, Spain, the Netherlands, and Belgium.^{30 31} The European countries, collectively, are the largest importers of all paper/paperboard packaging materials. Most European imports originate from other European countries. The largest European importers of all paper/paperboard packaging containers are the Netherlands, Germany, the United Kingdom, France, and Belgium/Luxembourg.³² North America is estimated to import slightly less than one-third as much paper/paperboard packaging containers as the collective European countries.³³

The collective Asian countries are estimated to import slightly less than one-fourth as much paper/paperboard packaging containers as the European countries.³⁴ The size of the Japanese

corrugated board industry is estimated to be between one-third and one-half that of the U.S. industry's size.³⁵ Per capita consumption of corrugated products in Japan was estimated at 67 kilograms in 1992.³⁶ In general, the Japanese industry is composed of many small plants, relative to the United States, which historically provide very specialized services to relatively few customers.³⁷

U.S. Exports

U.S. exports of paper/paperboard boxes and bags ranged between 1 percent and 2 percent of total U.S. production for the period 1988-92. Paper box and bag exports increased steadily from \$282 million in 1988 to \$665 million in 1992 (table 7). About 56 percent of all U.S. box and bag exports consist of corrugated boxes and about 20 percent consist of folding paperboard cartons (figure 8). U.S. exports of corrugated boxes, the most significant export grouping, more than doubled, increasing from \$168 million in 1988 to \$374 million in 1992. Mexico was the largest U.S. export market for corrugated boxes in 1992, accounting for about 64 percent of corrugated box exports (i.e., \$238 million). Many of these exports originate from plants located near the U.S.-Mexico border, and partially reflect strong market development in Mexico by U.S. producers over a number of years.³⁸ Under the NAFTA, the Mexican market should continue to expand, and the past rate of export growth for corrugated boxes to Mexico (i.e., a doubling of U.S. exports between 1988 and 1992) is likely to continue.

Canada, currently the second largest U.S. export market for corrugated boxes, accounted for about 22 percent of corrugated box exports (i.e., \$84 million) in 1992. Besides Mexico and Canada, six of the seven largest markets for U.S. corrugated box exports are nearby Latin American countries (table 8).

³⁰ Derived from data provided in *Boxboard Container*, Jan. 1993, pp. 29-30.

³¹ European consumption in this analysis includes the EU plus Austria, Switzerland, Sweden, Finland, and Norway.

³² Based on United Nations trade data registered under Standard International Trade Classification (SITC) 6421.

³³ Ibid.

³⁴ Ibid.

³⁵ Derived from data provided in *Boxboard Containers*, Jan. 1993 and *Paperboard Packaging*, Sept. 1990.

³⁶ 1993 U.S. Industrial Outlook, p. 10-13.

³⁷ *Paperboard Packaging*, Sept. 1990, p. 20.

³⁸ *Boxboard Containers*, Jan. 1993, p. 22.

Table 5
Folding paperboard cartons: U.S. Imports for consumption, by principal sources, 1988-92

Source	1988	1989	1990	1991	1992
<i>Quantity (1,000 kilograms)</i>					
Canada	17,409	19,231	22,962	26,359	40,810
Taiwan	3,310	1,699	1,701	1,963	2,140
Germany	1,061	712	415	547	691
France	1,271	1,022	815	539	667
Japan	1,548	1,186	945	1,191	772
Hong Kong	1,450	1,044	1,181	1,042	1,304
Israel	207	114	289	217	232
Denmark	283	494	1,824	2,027	2,096
China	481	425	472	677	875
United Kingdom	424	193	287	155	333
All other	6,514	3,966	4,025	3,735	3,062
Total	33,958	30,087	34,916	38,453	52,983
<i>Value (1,000 dollars)</i>					
Canada	39,939	42,026	52,642	61,456	96,166
Taiwan	9,248	5,666	5,080	5,888	6,615
Germany	6,816	6,296	4,874	4,956	6,198
France	5,988	4,755	5,488	4,530	5,841
Japan	7,255	6,776	6,540	5,643	4,292
Hong Kong	4,854	3,173	3,350	3,585	4,268
Israel	804	1,740	4,281	3,895	3,300
Denmark	653	643	2,313	2,965	3,178
China	1,630	1,183	1,648	2,343	2,822
United Kingdom	2,428	667	1,221	914	2,004
All other	17,895	11,085	11,284	11,208	9,454
Total	97,509	84,009	98,722	107,384	144,137
<i>Unit value (per kilogram)</i>					
Canada	\$2.29	\$2.19	\$2.29	\$2.33	\$2.36
Taiwan	2.79	3.33	2.99	3.00	3.09
Germany	6.42	8.84	11.75	9.07	8.97
France	4.71	4.65	6.73	8.41	8.76
Japan	4.69	5.71	6.92	4.74	5.56
Hong Kong	3.35	3.04	2.84	3.44	3.27
Israel	3.89	5.2	14.84	17.92	14.20
Denmark	2.31	1.30	1.27	1.46	1.52
China	3.39	2.78	3.49	3.46	3.22
United Kingdom	5.73	3.46	4.25	5.90	6.01
All other	2.75	2.79	2.80	3.00	3.09
Average	2.87	2.79	2.83	2.79	2.72

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

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

Collectively, U.S. exports to these six countries tripled between 1988 and 1992, reaching \$21 million in 1992. Data on value, quantity, and unit value, by export market, for corrugated boxes and folding paperboard cartons, are presented in tables 8 and 9, respectively.

U.S. TRADE BALANCE

Total U.S. trade (imports plus exports) in paper/paperboard boxes and bags increased from \$435 million in 1988 to \$980 million in 1992. The United States posted a trade surplus in paper/paperboard boxes and bags in every year from 1988 through 1992. This trade surplus increased from \$129 million in 1988 to \$350 million in 1992. In 1992, the largest trade surpluses in paper/paperboard boxes and bags were posted with Mexico (\$337 million) and

Canada (\$49 million). The largest deficits, in 1992, were posted with China (\$35 million) and the Republic of Korea (\$23 million). Table 10 shows the U.S. trade balance for paper/paperboard boxes and bags. Figure 9 presents total bilateral trade with major trading partners, while figure 10 depicts the direction, and relative size of such bilateral trade for 1992. Major changes to these trade patterns are viewed as unlikely in the foreseeable future. Minor changes are possible, especially in U.S. export opportunities to neighboring markets in Latin America should their economies continue to grow. Moreover, increased U.S. exports of specialty-type products (e.g., containers made from static-resistant paperboards for electrical components or containers made with some other "special coating") to neighboring markets are also viewed as likely.

Table 6
All sacks and bags: U.S. imports for consumption, by principal sources, 1988-92

Source	1988	1989	1990	1991	1992
<i>Quantity (1,000 kilograms)</i>					
China	138	614	1,509	2,968	4,946
South Korea	1,053	3,665	4,920	4,241	4,613
Canada	2,505	4,268	5,088	7,206	9,807
Mexico	2,294	5,245	6,428	7,077	6,832
Hong Kong	319	790	408	463	494
Taiwan	415	841	521	573	410
El Salvador	2	714	606	505	433
Japan	316	603	604	723	285
Guatemala	2	17	349	502	376
Germany	99	284	253	112	149
All other	908	1,917	2,667	1,894	2,193
Total	8,052	18,958	23,351	26,265	30,537
<i>Value (1,000 dollars)</i>					
China	564	3,316	9,968	17,766	27,779
South Korea	5,226	18,053	25,562	23,229	23,138
Canada	3,466	7,523	8,548	10,205	14,367
Mexico	2,593	7,349	8,924	9,597	10,215
Hong Kong	2,056	4,515	2,606	3,151	2,639
Taiwan	2,719	4,765	2,949	2,758	2,508
El Salvador	11	3,574	2,780	2,154	1,764
Japan	2,529	4,727	2,583	2,753	1,484
Guatemala	2	70	1,251	1,869	1,398
Germany	421	1,299	1,488	742	1,042
All other	2,127	4,410	5,509	4,226	4,489
Total	21,714	59,600	72,168	78,450	90,823
<i>Unit value (per kilogram)</i>					
China	\$4.08	\$5.40	\$6.61	\$5.99	\$5.62
South Korea	4.9	4.93	5.20	5.48	5.02
Canada	1.38	1.76	1.68	1.42	1.46
Mexico	1.13	1.40	1.39	1.36	1.50
Hong Kong	6.44	5.71	6.39	6.80	5.35
Taiwan	6.56	5.67	5.66	4.81	6.12
El Salvador	5.5	5.00	4.59	4.27	4.08
Japan	7.99	7.84	4.28	3.81	5.21
Guatemala .....	.76	4.27	3.59	3.72	3.72
Germany	4.24	4.58	5.88	6.60	6.99
All other	2.34	2.30	2.07	2.23	2.05
Average	2.70	3.14	3.09	2.99	2.97

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

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

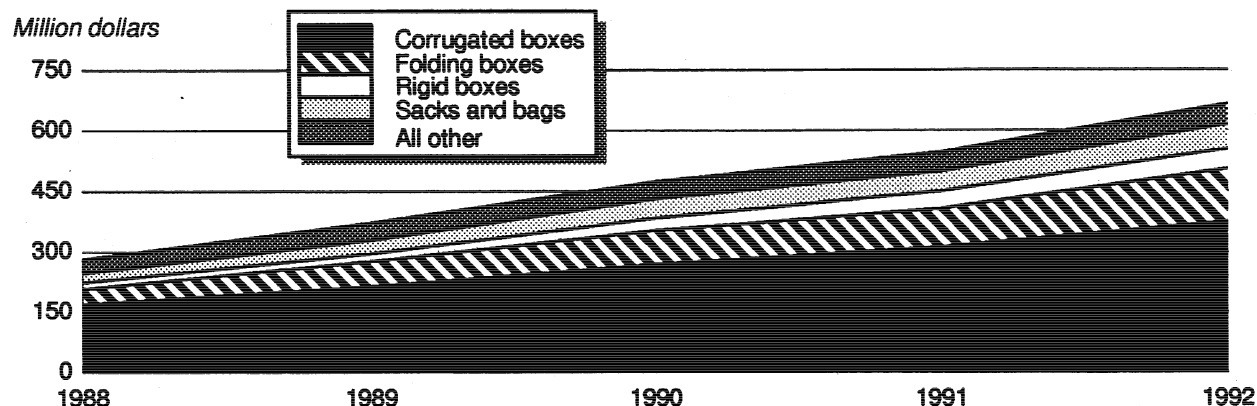
Table 7
Paper boxes and bags: U.S. exports of domestic merchandise, by principal markets, 1988-92
(Million dollars)

Market	1988	1989	1990	1991	1992
Mexico	167.5	232.5	248.1	288.9	351.6
Canada	41.2	53.7	133.3	148.3	189.0
Honduras	2.3	3.8	4.3	4.9	8.4
Dominican Republic	2.9	4.0	6.1	7.2	7.3
Panama	4.3	5.1	4.8	6.0	6.9
Costa Rica	1.9	2.9	3.9	4.9	6.4
United Kingdom	3.5	5.5	6.9	8.0	6.1
Jamaica	3.0	4.4	2.0	4.3	4.7
Singapore .....	.3	5	1.2	2.7	4.5
Saudi Arabia	4.1	2.7	1.9	2.7	4.4
All other	50.8	57.3	60.9	69.6	75.7
Total	281.8	372.3	473.4	547.5	665.1

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

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

Figure 8
Paper boxes and bags: U.S. exports, by category, 1988-92



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

Table 8
Corrugated boxes: U.S. exports of domestic merchandise, by principal markets, 1988-92

Market	1988	1989	1990	1991	1992
<i>Quantity (1,000 kilograms)</i>					
Mexico	117,920	163,379	178,039	204,274	237,876
Canada	27,984	39,979	61,556	75,327	90,576
Honduras	1,124	1,443	891	2,059	6,186
Dominican Republic	2,507	2,556	3,594	4,455	4,439
Costa Rica	999	1,573	1,789	1,896	6,035
Jamaica	416	1,177	890	2,422	3,574
Singapore	138	130	405	1,173	1,497
Guatemala	874	1,434	1,630	2,447	2,860
Venezuela	782	54	207	878	3,152
Chile	7,629	2,175	6,863	6,844	2,803
All other	17,642	20,361	17,091	21,244	22,793
Total	178,014	234,260	272,954	323,018	381,791
<i>Value (1,000 dollars)</i>					
Mexico	116,371	156,607	169,594	196,316	238,346
Canada	20,172	24,766	62,747	71,331	83,961
Honduras	1,122	1,288	586	1,691	4,910
Dominican Republic	2,141	2,302	3,113	3,870	4,064
Costa Rica	932	1,685	2,151	2,612	3,586
Jamaica	447	1,692	1,172	2,811	3,423
Singapore	170	225	527	1,946	3,115
Guatemala	739	1,257	1,332	1,690	2,333
Venezuela	1,358	86	174	786	2,309
Chile	6,036	2,456	7,176	7,163	2,214
All other	18,590	20,791	20,255	21,860	26,039
Total	168,079	213,155	268,827	312,076	374,301
<i>Unit value (per kilogram)</i>					
Mexico	\$0.99	\$0.96	\$0.95	\$0.96	\$1.00
Canada .....	.72	.62	1.02	.95	.93
Honduras	1.00	.89	.66	.82	.79
Dominican Republic .....	.85	.90	.87	.87	.92
Costa Rica .....	.93	1.07	1.20	1.38	.59
Jamaica	1.08	1.44	1.32	1.16	.96
Singapore	1.23	1.73	1.30	1.66	2.08
Guatemala .....	.85	.88	.82	.69	.82
Venezuela	1.74	1.59	.84	.90	.73
Chile .....	.79	1.13	1.05	1.05	.79
All other	1.05	1.02	1.19	1.03	1.14
Average .....	.94	.91	.98	.97	.98

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 9
Folding paperboard cartons: U.S. exports of domestic merchandise, by principal markets, 1988-92

Market	1988	1989	1990	1991	1992
<i>Quantity (1,000 kilograms)</i>					
Canada	14,600	40,090	20,956	22,617	40,193
Mexico	20,312	31,364	31,215	37,782	49,323
Panama	1,259	4,424	2,588	2,576	3,023
Hondura	458	1,298	2,920	1,332	1,302
United Arab Emirates	576	1,592	316	826	1,263
United Kingdom	634	497	1,527	919	829
Dominican Republic	199	1,221	1,609	2,072	1,326
South Korea	158	2,388	2,952	3,795	4,244
Trinidad and Tobago	307	221	52	627	480
France	86	407	202	136	749
All other	7,815	10,274	8,449	13,195	13,046
Total	46,404	93,778	72,785	85,875	115,778
<i>Value (1,000 dollars)</i>					
Canada	6,438	13,252	35,583	39,405	58,851
Mexico	18,748	27,565	25,541	27,507	41,646
Panama	1,522	4,062	3,569	4,606	5,633
Honduras	560	1,274	2,706	1,693	2,497
United Arab Emirates	672	1,888	402	1,428	2,152
United Kingdom	690	599	1,519	2,215	1,875
Dominican Republic	197	1,229	2,025	2,153	1,868
South Korea	153	1,508	494	578	1,217
Trinidad and Tobago	452	195	123	773	1,152
France	113	436	381	367	934
All other	8,651	11,081	12,003	13,893	12,642
Total	38,197	63,089	84,345	94,618	130,466
<i>Unit value (per kilogram)</i>					
Canada	\$0.44	\$0.33	\$1.70	\$1.74	\$1.46
Mexico .....	.92	.88	.82	.73	.84
Panama	1.21	.92	1.38	1.79	1.86
Honduras	1.22	.98	.93	1.27	1.92
United Arab Emirates	1.17	1.19	1.27	1.73	1.70
United Kingdom	1.09	1.20	.99	2.41	2.26
Dominican Republic .....	.99	1.01	1.26	1.04	1.41
South Korea .....	.97	.63	.17	.15	.29
Trinidad and Tobago	1.47	.88	2.37	1.23	2.40
France	1.31	1.07	1.89	2.70	1.25
All other	1.11	1.08	1.42	1.05	.97
Average .....	.82	.67	1.16	1.10	1.13

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 10

Paper boxes and bags: U.S. exports of domestic merchandise, imports for consumption, and merchandise trade balance, by selected countries and country groups, 1988-92¹

(1,000 dollars)

Item	1988	1989	1990	1991	1992
U.S. exports of domestic merchandise:					
Mexico	167,521	232,543	248,120	288,933	351,598
Canada	41,193	53,746	133,308	148,307	189,009
China	514	635	350	1,077	1,663
South Korea	1,063	2,255	1,291	3,084	3,860
Taiwan	3,408	2,754	1,864	1,777	1,713
France	701	1,440	1,684	1,849	2,357
Hong Kong	3,349	2,580	3,459	2,765	3,002
Japan	3,217	2,720	2,490	2,859	3,618
Germany	1,985	5,456	1,989	2,241	1,590
United Kingdom	3,457	5,485	6,907	7,997	6,067
All other	55,412	62,725	71,937	86,590	100,608
Total	281,821	372,340	473,400	547,480	665,083
Asia	19,910	20,105	18,912	24,870	31,289
Latin America ²	34,608	44,026	51,815	59,435	65,895
EU	15,209	17,311	16,070	19,447	18,593
U.S. imports for consumption:					
Mexico	7,580	10,726	13,322	14,578	14,805
Canada	54,289	64,139	78,234	91,545	139,825
China	2,761	6,891	14,362	22,697	37,008
South Korea	10,946	20,384	28,682	26,425	27,147
Taiwan	14,826	15,701	13,493	14,512	15,665
France	7,204	7,390	9,216	7,738	10,645
Hong Kong	8,867	10,530	8,503	10,389	9,706
Japan	12,330	16,502	12,714	11,591	8,984
Germany	8,486	9,773	8,984	8,170	9,763
United Kingdom	3,212	2,902	3,542	3,219	4,721
All other	22,715	26,847	34,371	35,199	36,566
Total	153,216	191,785	225,423	246,062	314,836
Asia	53,289	74,732	85,514	93,574	106,019
Latin America ²	7,250	7,829	8,505	8,164	7,731
EU	25,942	28,445	33,653	33,225	40,781
U.S. merchandise trade balance:					
Mexico	159,941	221,817	234,798	274,355	336,793
Canada	(13,096)	(10,393)	55,074	56,762	49,184
China	(2,247)	(6,255)	(14,012)	(21,620)	(35,346)
South Korea	(9,883)	(18,129)	(27,391)	(23,340)	(23,288)
Taiwan	(11,418)	(12,947)	(11,629)	(12,735)	(13,952)
France	(6,503)	(5,950)	(7,532)	(5,888)	(8,288)
Hong Kong	(5,517)	(7,951)	(5,044)	(7,624)	(6,703)
Japan	(9,113)	(13,782)	(10,225)	(8,732)	(5,367)
Germany	(6,501)	(4,317)	(6,995)	(5,929)	(8,174)
United Kingdom	245	2,583	3,366	4,779	1,346
All other	32,697	35,878	37,567	51,391	64,042
Total	128,604	180,555	247,977	301,418	350,247
Asia	(33,315)	(54,626)	(66,602)	(68,704)	(74,729)
Latin America ²	27,359	36,197	43,310	51,271	58,128
EU	(10,734)	(11,133)	(17,583)	(13,777)	(22,189)

¹ Import values are based on Customs value; export values are based on f.a.s. value, U.S. port of export.

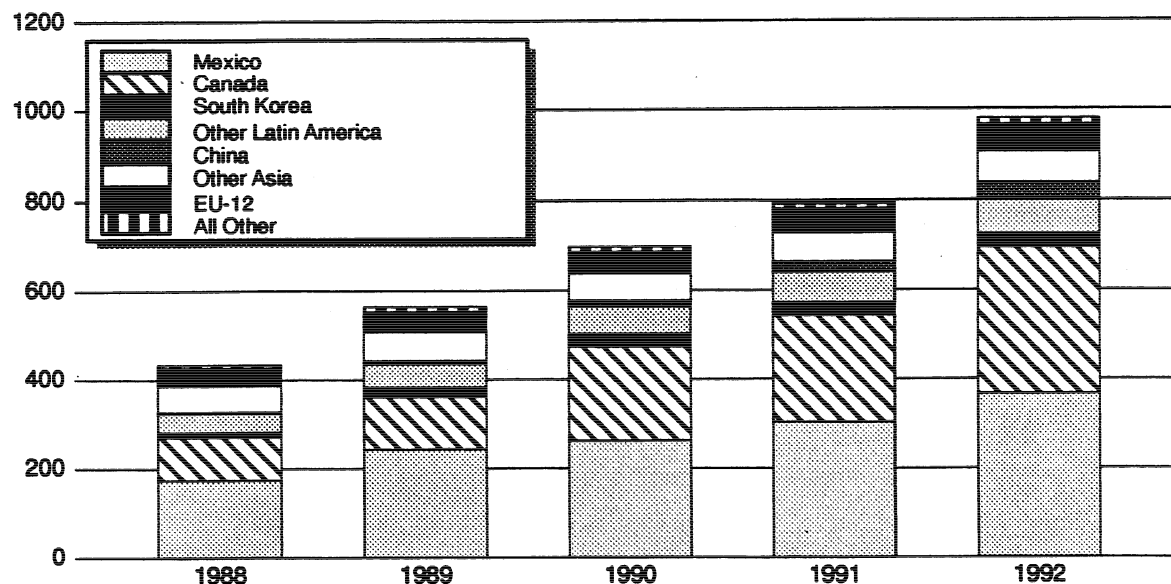
² Does not include Mexico.

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

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

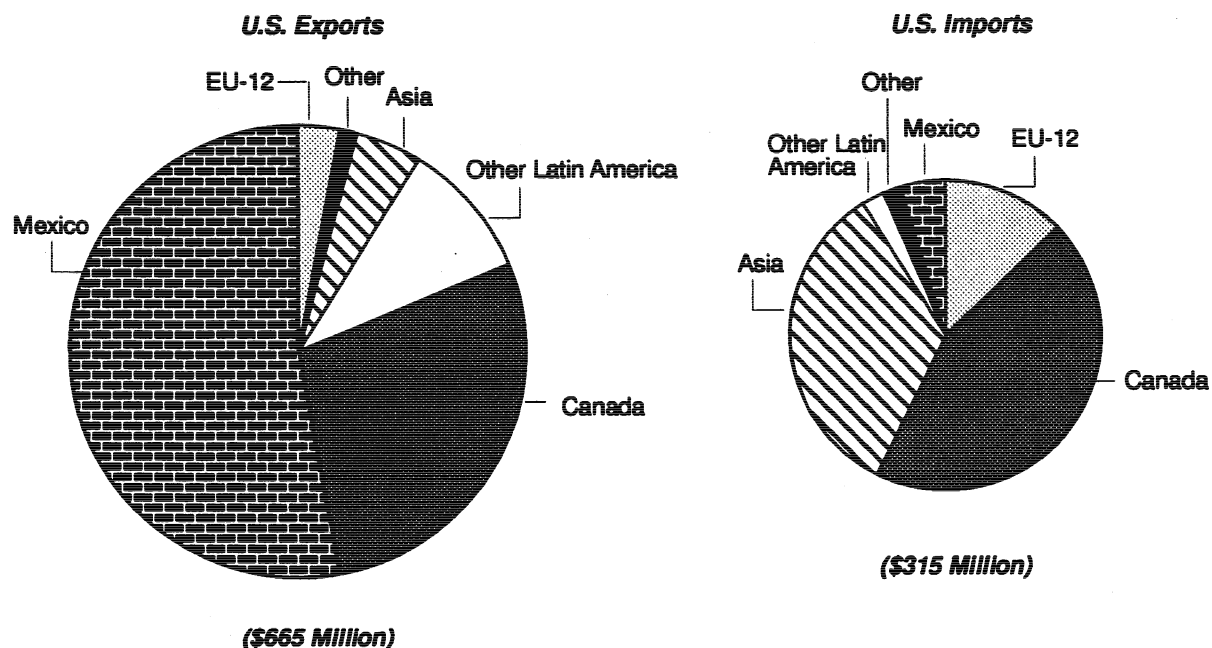
Figure 9
Paper boxes and bags: U.S. bilateral trade, by country or region, 1988-92

Million dollars



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

Figure 10
Paper boxes and bags: U.S. Imports and U.S. exports, by country or region, 1992



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

APPENDIX A
EXPLANATION OF TARIFF AND TRADE AGREEMENT TERMS

TARIFF AND TRADE AGREEMENT TERMS

The *Harmonized Tariff Schedule of the United States* (HTS) replaced the *Tariff Schedules of the United States* (TSUS) effective January 1, 1989. Chapters 1 through 97 are based on the internationally adopted Harmonized Commodity Description and Coding System through the 6-digit level of product description, with additional U.S. product subdivisions at the 8-digit level. Chapters 98 and 99 contain special U.S. classification provisions and temporary rate provisions, respectively.

Rates of duty in the *general* subcolumn of HTS column 1 are most-favored-nation (MFN) rates; for the most part, they represent the final concession rate from the Tokyo Round of Multilateral Trade Negotiations. Column 1-general duty rates are applicable to imported goods from all countries except to those enumerated in general note 3(b) to the HTS, whose products are dutied at the rates set forth in *column 2*. Goods from the People's Republic of China, Czechoslovakia, Hungary, Poland, and Yugoslavia are among those 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 entry under one or more preferential tariff programs. Such tariff treatment is set forth in the *special* subcolumn of HTS 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 subcolumn of column 1, the GSP provides duty-free entry to eligible articles that are the product of, and are imported directly from, designated beneficiary developing countries, as set forth in general note 3(c)(ii) to the HTS.

The *Caribbean Basin Economic Recovery Act* (CBERA) affords nonreciprocal tariff preferences to developing countries in the Caribbean Basin area to aid their economic development and to diversify and expand their production and exports. The CBERA, enacted in title II of Public Law 98-67, implemented by Presidential Proclamation

5133 of November 30, 1983, and amended by the Customs and Trade Act of 1990, applies to merchandise entered, or withdrawn from warehouse for consumption, on or after January 1, 1984; this tariff preference program has no expiration date. Indicated by the symbol "E" or "E*" in the special subcolumn of column 1, the CBERA provides duty-free entry to eligible articles that are the product of, and are imported directly from, designated countries, as set forth in general note 3(c)(v) to the HTS.

Preferential rates of duty in the special 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 general note 3(c)(vi) of the HTS. When no rate of duty is provided for products of Israel in the special 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 *United States-Canada Free-Trade Agreement*, as provided in general note 3(c)(vii) to the HTS.

Other special tariff treatment applies to particular *products of insular possessions* (general note 3(a)(iv)), goods covered by the *Automotive Products Trade Act* (general note 3(c)(iii)) and the *Agreement on Trade in Civil Aircraft* (general note 3(c)(iv)), and *articles imported from freely associated states* (general note 3(c)(viii)).

The *General Agreement on Tariffs and Trade* (GATT) (61 Stat. (pt. 5) A58; 8 UST (pt. 2) 1786) is the multilateral agreement setting forth basic principles governing 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 products. The GATT also provides the legal framework for customs valuation standards, "escape clause" (emergency) actions, anti-dumping and countervailing duties, and other measures. 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 imports of textiles and apparel, of cotton, wool, silk blends, and oth-

er vegetable and manmade fibers 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.

