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International Trade Commission

Generalized System of Preferences: Possible Modifications, 2020 Review

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United States International Trade Commission

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Table of Contents

| | |
|--|-----------|
| Abbreviations and Acronyms | 5 |
| Chapter 1 Introduction | 7 |
| The Generalized System of Preferences | 7 |
| Overview of the Request for Advice | 8 |
| Organization of the Report | 10 |
| Chapter 2 Addition: Fresh Cut Roses (Beneficiary Developing Countries) | 11 |
| Description and Uses | 11 |
| Profile of U.S. Industry and Market, 2015–19 | 12 |
| GSP Import Situation, 2019 | 14 |
| U.S. Imports and Exports | 17 |
| Imports | 17 |
| Exports | 21 |
| Positions of Interested Parties | 22 |
| Bibliography | 24 |
| Chapter 3 Removal: Rice (Beneficiary Developing Countries) | 27 |
| Description and Uses | 27 |
| Profile of U.S. Industry and Market, 2015–19 | 30 |
| GSP Import Situation, 2019 | 33 |
| U.S. Imports and Exports | 35 |
| Imports | 35 |
| Exports | 41 |
| Positions of Interested Parties | 44 |
| Bibliography | 45 |
| Chapter 4 Summary Advice of Probable Economic Effects | 47 |
| Appendix A Request Letter | 49 |
| Appendix B Federal Register Notice | 55 |
| Appendix C Calendar of Hearing Witnesses | 61 |
| Appendix D Additional Data: U.S. Rice Exports | 65 |
| Appendix E Supplementary Technical Information Pertaining to the Economic Model | 73 |

Figure

| | |
|---|----|
| Figure 3.1 Simplified rice milling process | 29 |
|---|----|

Tables

| | |
|---|----|
| Table 1.1 Petitions submitted for products to be considered for addition to the list of GSP-eligible products | 9 |
| Table 1.2 Petitions submitted to remove duty-free status from the listed countries for a product on the list of eligible articles for the Generalized System of Preferences | 9 |
| Table 2.1 Fresh cut roses | 11 |
| Table 2.2 Fresh cut roses (HTS 0603.11.00): U.S. industry, trade, and market information, 2015–19..... | 13 |
| Table 2.3 All fresh cut roses (HTS 0603.11.00): Value of U.S. imports for consumption from GSP-eligible trading partners and share of imports of this product, 2019 | 14 |
| Table 2.4 Fresh cut sweetheart roses (HTS 0603.11.0010): Value of U.S. imports for consumption from GSP-eligible trading partners and share of imports of this product, 2019 | 16 |
| Table 2.5 Fresh cut spray roses (HTS 0603.11.0030): Value of U.S. imports for consumption from GSP-eligible trading partners and share of imports of this product, 2019 | 16 |
| Table 2.6 Fresh cut roses, other than spray and sweetheart roses (HTS 0603.11.0060): Value of U.S. imports for consumption from GSP-eligible trading partners and share of imports of this product, 2019 | 16 |
| Table 2.7 All fresh cut roses (HTS 0603.11.00): U.S. imports for consumption by principal sources, 2015–19 (thousand dollars)..... | 18 |
| Table 2.8 Fresh cut sweetheart roses (HTS 0603.11.0010): U.S. imports for consumption by principal sources, 2015–19 (thousand dollars)..... | 19 |
| Table 2.9 Fresh cut spray roses (HTS 0603.11.0030): U.S. imports for consumption by principal sources, 2015–19 (thousand dollars)..... | 20 |
| Table 2.10 Fresh cut roses, other than spray and sweetheart roses (HTS 0603.11.0060): U.S. imports for consumption by principal sources, 2015–19 (thousand dollars) | 21 |
| Table 2.11 All fresh cut roses (Schedule B 0603.11.0000): U.S. exports of domestic merchandise by principal markets, 2015–19 (thousand dollars) | 21 |
| Table 3.1 Rice..... | 27 |
| Table 3.2 Paddy rice (HTS 1006.10.00): U.S. industry, trade, and market information, 2015–19 | 31 |
| Table 3.3 Milled rice (HTS 1006.20.20, 1006.20.40, 1006.30.10, 1006.30.90, and 1006.40.00): U.S. industry, trade, and market information, 2015–19..... | 32 |
| Table 3.4 Brown rice, other than basmati (HTS 1006.20.40): Value of U.S. imports for consumption from GSP-eligible trading partners and share of U.S. imports of this product, 2019..... | 33 |
| Table 3.5 Parboiled white rice (HTS 1006.30.10): Value of U.S. imports for consumption from GSP-eligible trading partners and share of U.S. imports of this product, 2019 | 34 |
| Table 3.6 White rice, not parboiled (HTS 1006.30.90): Value of U.S. imports for consumption from GSP-eligible trading partners and share of U.S. imports of this product, 2019..... | 35 |
| Table 3.7 Broken rice (HTS 1006.40.00): Value of U.S. imports for consumption from GSP-eligible trading partners and share of U.S. imports of this product, 2019..... | 35 |
| Table 3.8 Paddy rice (HTS 1006.10.00): U.S. imports for consumption by principal sources, 2015–19 (thousand dollars)..... | 36 |

| | |
|--|----|
| Table 3.9 Brown basmati rice (HTS 1006.20.20): U.S. imports for consumption by principal sources, 2015–19 (thousand dollars)..... | 37 |
| Table 3.10 Brown rice, other than basmati (HTS 1006.20.40): U.S. imports for consumption by principal sources, 2015–19 (thousand dollars)..... | 38 |
| Table 3.11 White rice, parboiled (HTS 1006.30.10): U.S. imports for consumption by principal sources, 2015–19 (thousand dollars)..... | 39 |
| Table 3.12 White rice, not parboiled (HTS 1006.30.90): U.S. imports for consumption by principal sources, 2015–19 (thousand dollars)..... | 40 |
| Table 3.13 Broken rice (HTS 1006.40.00): U.S. imports for consumption by principal sources, 2015–19 (thousand dollars)..... | 41 |
| Table 3.14 White rice, not parboiled: medium grain (Schedule B 1006.30.9020): U.S. exports of domestic merchandise by principal markets, 2015–19 (thousand dollars)..... | 42 |
| Table 3.15 White rice, not parboiled: long grain (Schedule B 1006.30.9010): U.S. exports of domestic merchandise by principal markets, 2015–19 (thousand dollars) | 43 |
| Table 3.16 Paddy rice (Schedule B 1006.10.0000): U.S. exports of domestic merchandise by principal markets, 2015–19 (thousand dollars)..... | 43 |
| Table D.1 Brown basmati rice (Schedule B 1006.20.2000): U.S. exports of domestic merchandise by principal markets, 2015–19 (thousand dollars)..... | 67 |
| Table D.2 Brown rice, other than basmati: long grain (Schedule B 1006.20.4020): U.S. exports of domestic merchandise by principal markets, 2015–19 (thousand dollars)..... | 67 |
| Table D.3 Brown rice, other than basmati: medium grain (Schedule B 1006.20.4040): U.S. exports of domestic merchandise by principal markets, 2015–19 (thousand dollars)..... | 68 |
| Table D.4 Brown rice, other than basmati: short grain (Schedule B 1006.20.4060): U.S. exports of domestic merchandise by principal markets, 2015–19 (thousand dollars)..... | 68 |
| Table D.5 Brown rice, other than basmati: mixtures of grains (Schedule B 1006.20.4080): U.S. exports of domestic merchandise by principal markets, 2015–19 (thousand dollars) | 69 |
| Table D.6 White rice, parboiled: long grain (Schedule B 1006.30.1020): U.S. exports of domestic merchandise by principal markets, 2015–19 (thousand dollars) | 69 |
| Table D.7 White rice, parboiled: other than long grain (Schedule B 1006.30.1040): U.S. exports of domestic merchandise by principal markets, 2015–19 (thousand dollars)..... | 70 |
| Table D.8 White rice, not parboiled: long grain (Schedule B 1006.30.9010): U.S. exports of domestic merchandise by principal markets, 2015–19 (thousand dollars) | 70 |
| Table D.9 White rice, not parboiled: medium grain (Schedule B 1006.30.9020): U.S. exports of domestic merchandise by principal markets, 2015–19 (thousand dollars)..... | 71 |
| Table D.10 White rice, not parboiled: short grain (Schedule B 1006.30.9030): U.S. exports of domestic merchandise by principal markets, 2015–19 (thousand dollars)..... | 71 |
| Table D.11 White rice, not parboiled: mixtures of grains (Schedule B 1006.30.9040): U.S. exports of domestic merchandise by principal markets, 2015–19 (thousand dollars)..... | 72 |
| Table D.12 Broken rice (Schedule B 1006.40.0000): U.S. exports of domestic merchandise by principal markets, 2015–19 (thousand dollars)..... | 72 |

Abbreviations and Acronyms

| Abbreviation or Acronym | Term |
|-----------------------------|--|
| AFIF | Association of Floral Importers of Florida |
| AGOA | African Growth and Opportunity Act |
| ATPA | Andean Trade Preference Act |
| AVE | ad valorem equivalent |
| BDCs | beneficiary developing countries |
| CAG | Certified American Grown |
| CCFC | California Cut Flower Commission |
| CNL | competitive need limitation |
| ERS | Economic Research Service (USDA) |
| FAS | Foreign Agricultural Service (USDA) |
| FTA | free trade agreement |
| GSP | Generalized System of Preferences |
| HS | Harmonized Schedule of tariff categories (international) |
| HTS | Harmonized Tariff Schedule of the United States |
| LDBDCs | least-developed beneficiary developing countries |
| NAICS | North American Industry Classification System |
| NASS | National Agricultural Statistics Service (USDA) |
| SAF | Society of American Florists |
| the statute or the 1974 Act | Trade Act of 1974 (19 U.S.C. § 2461–2467) |
| USA Rice | USA Rice Federation |
| USAID | U.S. Agency for International Development |
| USDA | U.S. Department of Agriculture |
| USDOC | U.S. Department of Commerce |
| USITC or Commission | U.S. International Trade Commission |
| USTR | U.S. Trade Representative |

Chapter 1

Introduction¹

This report provides advice relating to possible modifications to the U.S. Generalized System of Preferences (GSP) program,² as requested by the U.S. Trade Representative (USTR) in his letter of May 1, 2020. Specifically, the USTR requested that the U.S. International Trade Commission (Commission or USITC) provide advice concerning certain additions and removals of certain articles (also referred to as products).³ Set forth below is a broad description of the GSP program and certain key terms, as well as information on the specific requests for advice.

The Generalized System of Preferences

The U.S. GSP program is a unilateral U.S. trade preference program designed to promote economic growth in developing countries by providing preferential duty-free treatment for certain articles from beneficiary developing countries (BDCs) and least-developed beneficiary developing countries (LDBDCs).⁴ The GSP program was enacted by Congress as part of the Trade Act of 1974 (19 U.S.C. § 2461–2467, also “the statute” or “the 1974 Act”). The President’s authority to provide duty-free treatment under the program is time-limited and currently expires on December 31, 2020.⁵ Congress has extended the President’s authority to provide duty-free treatment under the program multiple times since the program was enacted. The statute sets out criteria under which the President may designate beneficiary countries and articles as eligible for duty-free treatment under the program.⁶ Before designating an article as eligible for duty-free treatment under the program, the President must obtain the advice of the Commission.⁷

The statute also authorizes the President to withdraw, suspend, or limit a country designation, and it requires the President to terminate the designation of a country that has become “high income.”⁸ Similarly, the statute authorizes the President to withdraw, suspend, or limit the designation of an

¹ The information in these chapters is for the purposes of this report only. Nothing in this report should be construed as an indication of any findings the Commission would make in an investigation conducted under any other statutory authority.

² For more information on the GSP program, please refer to the USTR’s GSP website and the GSP guidebook, both of which can be accessed at <https://ustr.gov/issue-areas/trade-development/preference-programs/generalized-system-preference-gsp>.

³ “Articles” for the purposes of GSP are those classified by U.S. Customs and Border Protection at the 8-digit provision level of the Harmonized Tariff Schedule of the United States (HTS).

⁴ USTR, *U.S. Generalized System of Preferences Guidebook*, December 2019, 4.

⁵ 19 U.S.C. § 2465. See also USTR, *U.S. Generalized System of Preferences Guidebook*, December 2019, 4.

⁶ 19 U.S.C. § 2462(b) and 2463(b).

⁷ 19 U.S.C. § 2463(a)(1) and (e).

⁸ 19 U.S.C. § 2462(d)–(e).

article, including an article from a country whose exports of that article to the United States exceed the “competitive need limitation” (CNL).⁹

As noted above, for the 2020 GSP review, the USTR has asked the Commission to provide advice regarding (1) the elimination of U.S. import duties under the GSP program for four articles from all BDCs and (2) the removal of duty-free treatment under the GSP program for six articles for all countries.¹⁰

The following terms are particularly pertinent to this review:

Addition: This term refers to the addition of an article to the list of articles eligible for duty-free treatment. The statute authorizes the President to designate articles as eligible articles from all BDCs subject to the limitations in section 503 of the Trade Act and after receiving the advice of the Commission.¹¹

Removal: This term refers to the removal of eligibility for duty-free treatment under the GSP program of a specific article or articles from a specific country or countries. The statute authorizes the President to withdraw, suspend, or limit the application of duty-free treatment to articles.¹²

Overview of the Request for Advice

As summarized in the notice of investigation published by the Commission in the *Federal Register*, the USTR asked that the Commission provide the following:¹³

(1) Advice concerning the probable economic effect of elimination of U.S. import duties on certain articles from all BDCs under the GSP program. In his letter, the USTR notified the Commission that the articles identified in table A of the annex to the USTR request letter are being considered for designation as eligible articles for purposes of the GSP program. The USTR requested that the Commission provide its advice as to the probable economic effect of this action on total U.S. imports, on U.S. industries

⁹ 19 U.S.C. § 2463(c)–(d). As provided in the statute, under the CNL, the President is required to terminate duty-free treatment for an article from a beneficiary developing country when imports of the article from that country exceed a certain threshold. The statute sets out two types of CNLs—one based on a dollar limitation, and the second based on the share of total imports of the article. The first applies when the value of imports from a BDC of an article during a calendar year exceed a designated value limit (this limit increases \$5 million annually and was \$190 million for 2019). The second limitation applies when such imports account for 50 percent or more of the total imports of that article into the United States during any calendar year. Section 503(d) of the Trade Act authorizes the President to waive these CNLs when the President determines that certain conditions exist. 19 U.S.C. § 2463(d). In his letter of May 1, 2020, the USTR did not request advice on the possible waiver of CNLs for any articles.

¹⁰ The articles include five articles that pertain to LDBDCs and one article for all BDCs. LDBDCs are a subset of BDCs.

¹¹ 19 U.S.C. § 2463(a)(1). Section 503(a)(1) of the Trade Act refers to the factors set out in subsections (b) and (e), including such factors as the required advisory role of the Commission and various articles that may not be designated as eligible articles under the statute.

¹² 19 U.S.C. § 2463(c)(1).

¹³ 85 Fed. Reg. 31805 (May 27, 2020); see appendix B. For the full language from the request letter, see appendix A.

producing like or directly competitive articles, and on U.S. consumers of the elimination of U.S. import duties on the articles in table A for all BDCs under the GSP program (see table 1.1 below).¹⁴

Table 1.1 Petitions submitted for products to be considered for addition to the list of GSP-eligible products¹⁵

| HTS provision | Short description | Countries |
|---------------|--|-----------|
| 0603.11.00 | All fresh cut roses | BDCs |
| 0603.11.0010 | Fresh cut sweetheart roses | BDCs |
| 0603.11.0030 | Fresh cut spray roses | BDCs |
| 0603.11.0060 | Fresh cut roses, other than sweetheart and spray roses | BDCs |

Source: Letter from USTR Robert Lighthizer to the U.S. International Trade Commission requesting Investigation No. 332-578, May 1, 2020, appendix A of this report.

Note: This table was included in the Annex of the USTR request letter as table A (see appendix A).

(2) *Advice concerning the probable economic effect of the removal of certain articles from eligibility for duty-free treatment.* The USTR notified the Commission that the articles listed in table B of the annex to the USTR request letter are being considered for removal from eligibility for duty-free treatment under the GSP program from all beneficiary countries.¹⁶ Under authority delegated by the President, pursuant to section 332(g) of the Tariff Act of 1930, the USTR requested that the Commission provide its advice as to the probable economic effect of the removal from eligibility for duty-free treatment under the GSP program for these articles from all countries on total U.S. imports, on U.S. industries producing like or directly competitive articles, and on U.S. consumers (see table 1.2 below).

Table 1.2 Petitions submitted to remove duty-free status from the listed countries for a product on the list of eligible articles for the Generalized System of Preferences

| HTS provision | Short description | Countries ^a |
|---------------|--|------------------------|
| 1006.10.00 | Rice in the husk (paddy or rough) | LDBDCs |
| 1006.20.20 | Basmati rice, husked | LDBDCs |
| 1006.20.40 | Husked (brown) rice, other than basmati | LDBDCs |
| 1006.30.10 | Rice semi-milled or wholly milled, whether or not polished or glazed, parboiled | BDCs |
| 1006.30.90 | Rice semi-milled or wholly milled, whether or not polished or glazed, other than parboiled | LDBDCs |
| 1006.40.00 | Broken rice | LDBDCs |

Source: Letter from USTR Robert Lighthizer to the U.S. International Trade Commission requesting Investigation No. 332-578, May 1, 2020, appendix A of this report.

Note: This table was included in the Annex of the USTR request letter as table B (see appendix A).

^a The Commission advice has been given with respect to all GSP-eligible countries that have duty-free access for each HTS provision. For five of these HTS provisions, only LDBDCs are currently eligible.

¹⁴ Tables 1.1 and 1.2 in chapter 1 are shown as provided in the request letter from the USTR as tables A and B, respectively. The descriptions of the HTS provisions shown in the tables are not intended to delimit the scope of the HTS provisions and may differ in the following chapters from those shown here.

¹⁵ Detailed product descriptions appear in individual product chapters of this report.

¹⁶ The Commission has provided its advice on the removal of these articles from eligibility for duty-free treatment from all eligible countries. However, for five of these HTS provisions, only LDBDCs are currently eligible for duty-free access under the GSP. For one HTS provision, all BDCs are currently eligible.

Organization of the Report

Chapters 2 and 3 provide certain information and statistics related to each group of the proposed modifications to the GSP program. They include the following sections: descriptions and uses of the subject products, a profile of the U.S. industry and market, GSP import data for the product, U.S. imports and exports, positions of interested parties, and a bibliography.¹⁷ Chapter 4 contains the Commission's probable economic effect advice for each of the proposed GSP modifications.¹⁸

¹⁷ Interested parties had an opportunity to submit a written summary of their position, as described in the Commission's notice of investigation published in the *Federal Register*. The Commission included summaries of the positions of interested parties in the relevant product chapters only in instances where parties supplied a written summary of their position. The Commission did not modify summaries submitted by interested parties.

¹⁸ See appendix A for a copy of the USTR's request letter, including a list of the proposed modifications to the GSP program. See appendix B for a copy of the Commission's notice of investigation published in the *Federal Register*. See appendix C for a list of witnesses at the Commission's public hearing, held on June 19, 2020. See appendix D for additional tables pertaining to U.S. exports of certain rice products. See appendix E for information on the methodology that the Commission used to develop its probable economic effect advice.

Chapter 2

Addition: Fresh Cut Roses (Beneficiary Developing Countries)¹⁹

Table 2.1 Fresh cut roses

| HTS provision | Short description | Col. 1 rate of duty as of January 1, 2020 |
|---------------------------|--|---|
| 0603.11.00 ^a | All fresh cut roses | 6.8 percent |
| 0603.11.0010 ^a | Fresh cut sweetheart roses | 6.8 percent |
| 0603.11.0030 ^a | Fresh cut spray roses | 6.8 percent |
| 0603.11.0060 ^a | Fresh cut roses, other than sweetheart and spray roses | 6.8 percent |

Source: USITC, Harmonized Tariff Schedule of the United States (2020), January 2020.

^a This Harmonized Tariff Schedule (HTS) provision is currently not eligible for duty-free treatment under the provisions of the GSP.

Description and Uses

The product covered by this chapter is fresh cut roses, which the Harmonized Tariff Schedule of the United States (HTS) classifies under the 8-digit provision 0603.11.00. Fresh cut roses are further categorized at the 10-digit level as sweetheart roses (HTS 0603.11.0010), spray roses (HTS 0603.11.0030), and all other roses (HTS 0603.11.0060). Sweetheart and spray roses are miniature roses, with bud sizes ranging from ¼ inch to 1 inch in diameter. Sweetheart roses have one bloom per stem, while spray roses have multiple blooms per stem—usually between three and five. All other fresh cut roses, with bud sizes generally ranging from 1 to 2 inches, are reported under HTS 0603.11.0060 and include the most popular type of fresh cut rose among U.S. consumers: hybrid tea roses.²⁰

Fresh cut roses are woody perennial plants of the family Rosaceae, which are grown for ornamental purposes due to their physical appearance and fragrance. There is a wide range of rose species, as well as hybrids that have been developed throughout the years, and these vary in color and bud size.²¹

¹⁹ The Association of Floral Importers of Florida, the Society of American Florists, and the Government of Ecuador filed a petition with the U.S. Trade Representative (USTR) requesting the addition of HTS provision 0603.11.00 to the list of articles eligible for duty-free treatment under the provisions of GSP for all beneficiary developing countries (BDCs). The Society of American Florists filed a petition with the USTR requesting the addition of HTS provisions 0603.11.0010, 0603.11.0030, and 0603.11.0060 to the list of articles eligible for duty-free treatment under the provisions of GSP for all BDCs. The GSP program is administered at the HTS 8-digit subheading level; if an addition or additions were granted for a product or products on the basis of the 10-digit statistical reporting numbers, one or more new HTS 8-digit subheadings would need to be created to administer that action.

²⁰ USITC, *Advice Concerning Possible Modifications*, April 2013. Hybrid tea roses are the most common rose commercially available. Hybrid tea roses are large flowers with a large number of petals and are available in a wide range of colors. Love, “Hardy Roses for Harsh Climates” (accessed July 22, 2020).

²¹ USITC, *Advice Concerning Possible Modifications*, April 2013.

Independent of the method by which they are grown,²² at the time of harvest, all fresh rose stems are cut and removed from the plant while still in bud. Fresh cut roses are graded and sorted based on stem length, foliage, flower quality, and stage of bud development, and are then packed and refrigerated to prevent the flower from opening before it reaches the point of sale.²³

Fresh cut roses are all primarily used for decorative purposes, but different types of roses are favored for certain end uses. Non-miniature roses of the garden type are generally purchased to display at events such as weddings.²⁴ Miniature roses, mostly of the spray and sweetheart types, are usually purchased to produce wearable floral arrangements, such as boutonnieres and corsages.²⁵ Spray roses have gained market share over sweetheart roses, as consumers of this type of rose find it more cost effective to purchase stems with multiple buds instead of a single bud.²⁶

Profile of U.S. Industry and Market, 2015–19

The United States has a small fresh cut rose industry, which is part of the broader fresh cut flower industry. U.S. fresh cut rose production has fallen dramatically over the last three decades, declining by nearly 94.4 percent from 1991, when 545 million domestically produced roses were sold in the United States, to the 30 million stems sold in 2018. (The 2018 sales represent a slight increase from the 28 million stems sold in 2015.)²⁷ In 2018, the value of U.S. production of fresh cut roses was \$19 million, in wholesale value, a 12.5 percent increase from the value in 2015 (table 2.2). While the number of producers of fresh cut roses has also plunged in the last three decades, it has regained some ground in recent years. In 2018, there were 34 fresh cut rose producers in the United States, a 30.8 percent increase from 26 producers in 2015. The vast majority of U.S. fresh cut rose production is concentrated

²² Roses for the fresh cut market can be grown in the open field or under protection, including tunnels and greenhouses. U.S.-grown fresh cut roses are grown using a variety of methods, including in the open. In contrast, the majority of the imported fresh cut roses, including roses produced by the top U.S. suppliers Colombia and Ecuador, are grown in greenhouses. USITC, hearing transcript, June 19, 2020, 57 (testimony of Danielle Hahn, Rose Story Farm) and 88 (testimony of Oscar Fernandez, Equiflor).

²³ Joshel and Melnicoe, “Crop Timeline for California,” December 2004, 28.

²⁴ Garden-type flowers have large blooms with a higher petal count than hybrid tea flowers. Industry representative, interview with USITC staff, June 1, 2020.

²⁵ Industry representative, interview with USITC staff, June 1, 2020.

²⁶ Industry representative, interview with USITC staff, June 1, 2020.

²⁷ Paletta, “Roses Are Cheap on Valentine’s Day,” February 10, 2018; USDA, NASS, Quick Stats database (accessed June 27, 2020).

in California, which accounted for about 94.5 percent of the total U.S. rose production by quantity in 2018.²⁸

Table 2.2 Fresh cut roses (HTS 0603.11.00): U.S. industry, trade, and market information, 2015–19

| Item | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------------------|---------|---------|---------|---------|---------|
| Producers (number) | 26 | (a) | (a) | 34 | (a) |
| Employment (1,000 employees) | (a) | (a) | (a) | (a) | (a) |
| Production (1,000 \$) ^b | 17,039 | (a) | (a) | 19,168 | (a) |
| Exports (1,000 \$) | 4,602 | 3,748 | 3,455 | 3,473 | 3,551 |
| Imports (1,000 \$) | 425,618 | 461,603 | 470,608 | 515,171 | 565,612 |
| Consumption (1,000 \$) | 438,055 | (a) | (a) | 530,866 | (a) |
| Import-to-consumption ratio (%) | 97.2 | (a) | (a) | 97.0 | (a) |
| Capacity utilization (%) | (a) | (a) | (a) | (a) | (a) |

Source USDA, NASS, Quick Stats database (accessed June 23, 2020); USITC DataWeb/USDOC (accessed June 17, 2020); USITC staff calculations.

^a Not available.

^b Production value refers to total sales of fresh cut roses.

U.S. demand for roses is largely filled by imports of fresh cut roses.²⁹ The value of U.S. imports of fresh cut roses of all types increased 32.9 percent from 2015 to 2019 (table 2.2), mainly resulting from an increase in low-priced imports, according to industry representatives, from supplier countries such as Colombia and Ecuador.³⁰ Driven by declining sales, U.S. fresh cut rose growers that had traditionally grown roses of the hybrid tea variety have switched production to other types of roses, including garden roses and spray roses, as well as specialty flowers, such as lilies and tulips.³¹

Fresh cut roses are among the most popular cut flowers for U.S. consumers. They may be used alone or in floral arrangements with other types of fresh cut flowers and decorative materials, and can be found at retail and wholesale markets throughout the year.³² Non-miniature fresh cut roses, mostly of the hybrid tea variety, are generally available at retail and wholesale markets and can be purchased by consumers by the stem or in bouquets, with or without plant foliage, for ornamental purposes.³³

²⁸ USDA data capture information only from operations with over \$100,000 in sales and for select states. USDA, NASS, Quick Stats database (accessed June 24, 2020). The COVID-19 pandemic has had a negative impact on the U.S. fresh cut rose industry; however, this report analyzes data covering 2015–19. For more information, please see Carbajal, Pingree, and Young, Members of the U.S. House of Representatives, statement in “Positions of Interested Parties,” July 1, 2020, p. 23 of this report. USITC, hearing transcript, June 19, 2020, 54-55 (testimony of Rene Van Windergeren, Ocean Breeze Farms); USITC, hearing transcript, June 19, 2020, 57-59 (testimony of Danielle Hahn, Rose Story Farm).

²⁹ Industry representative, interview with USITC staff, June 1, 2020.

³⁰ Paletta, “Roses Are Cheap on Valentine’s Day,” February 10, 2018; USITC, hearing transcript, June 19, 2020, 57 (testimony of Danielle Hahn, Rose Story Farm).

³¹ Industry representative, interview with USITC staff, June 1, 2020. For instance, in 2009, about 76.9 percent of the total domestic production of fresh cut roses in the United States were hybrid tea roses, while spray roses represented about 14.5 percent and sweetheart roses accounted for about 8.6 percent. By 2014, however, hybrid tea roses had declined to 65.4 percent of the fresh cut roses production, while spray roses accounted for 22.4 percent and sweetheart roses for about 6.6 percent. Garden rose production in 2014 accounted for about 5.6 percent of the total. USDA, NASS, Quick Stats database (accessed June 23, 2020).

³² USITC, *Advice Concerning Possible Modifications*, April 2013.

³³ Industry representative, interview with USITC staff, June 1, 2020.

Although fresh cut roses are available throughout the year, U.S. consumers typically buy them for special occasions, including holidays and other celebrations.³⁴ Consumption is highly seasonal, with peaks during holidays in February, April, May, and December.³⁵ U.S. consumers mostly purchase non-miniature roses of the hybrid tea variety, and it is estimated that about 50 percent of the available hybrid tea roses in the U.S. market are red roses.³⁶

GSP Import Situation, 2019

In 2019, U.S. imports from GSP-eligible countries accounted for 33.9 percent of the total value of U.S. imports under HTS provision 0603.11.00, which covers fresh cut roses of all types (table 2.3). Of the total, most U.S. imports from GSP-eligible countries were of fresh cut roses other than sweetheart and spray roses (HTS 0603.11.0060), which represented 95.4 percent of the total value of U.S. imports of fresh cut roses from GSP-eligible countries in 2019. (Detailed information on GSP imports by type of fresh cut rose—covered at the 10-digit HTS level—is given below in tables 2.4, 2.5, and 2.6, in the order in which each type appears in the HTS.) In 2019, Ecuador was the main GSP-eligible supplier of fresh cut roses, representing about 97.7 percent of the total U.S. imports from GSP-eligible countries, followed by Kenya, which accounted for 1.4 percent.³⁷

Table 2.3 All fresh cut roses (HTS 0603.11.00): Value of U.S. imports for consumption from GSP-eligible trading partners and share of imports of this product, 2019

| GSP-eligible trading partners | Imports (1,000 \$) | % of total imports | % of GSP imports |
|-------------------------------|-----------------------|--------------------|---------------------|
| Ecuador | 187,628 | 33.2 | 97.7 |
| Kenya ^a | 2,727 | 0.5 | 1.4 |
| Ethiopia ^a | 1,470 | 0.3 | 0.8 |
| Uganda ^a | 136 | (b) | 0.1 |
| All other | 25 | (b) | (b) |
| Total | 191,987 | 33.9 | 100.0 |

Source: USITC DataWeb/USDOC (accessed June 17, 2020).

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

^a Eligible for duty-free treatment under the African Growth and Opportunity Act (AGOA).

^b Less than 0.05 percent.

The Ecuadorian fresh cut rose industry developed in the 1990s, incentivized, in part, by the Andean Trade Preference Act (ATPA). ATPA authorized the President, under certain conditions, to provide duty-

³⁴ Fredenburgh, “The 4,000 Mile Flower Delivery” (accessed May 29, 2020); industry representative, interview with USITC staff, June 1, 2020; USITC, hearing transcript, June 19, 2020, 66 (testimony of Ben Powell, Mayesh).

³⁵ Joshel and Melnicoe, “Crop Timeline for California,” December 2004; Madigan, “Plant and Flower Growing in the US,” April 2020.

³⁶ Industry representative, interview with USITC staff, June 1, 2020.

³⁷ In 2019, U.S. importers of fresh cut roses from Ecuador paid \$13 million in duties, while importers of fresh cut roses from Kenya paid \$1,708. USITC DataWeb/USDOC, HTS 0603.11.00 (accessed July 16, 2020).

free access to the U.S. market for fresh cut roses from beneficiary countries.³⁸ Although Ecuador lost eligibility for duty-free access to the U.S. market when the President’s authority to provide duty-free treatment under ATPA lapsed on July 31, 2013,³⁹ the United States is still the main destination for Ecuadorian fresh cut rose exports, accounting for about 41.8 percent of the total exports from the country in 2019.⁴⁰ Ecuadorian growers have been switching production to lower-priced roses with short stems, which are preferred in the U.S. market, in order to increase exports to the United States and recoup losses from declining exports to countries such as Russia that prefer long-stemmed roses.⁴¹ After the Netherlands, Ecuador was the second-largest global exporter of cut roses in 2018, accounting for 20.2 percent of total global exports.⁴²

Fresh cut roses from Kenya, along with those from Ethiopia and Uganda, are eligible for duty-free access to the U.S. market under the African Growth and Opportunity Act (AGOA). Kenya was the third-largest global exporter of fresh cut roses in 2019, accounting for about 11.4 percent of total global exports. The United States is a small market for Kenyan fresh cut roses, accounting for less than 1 percent of total fresh cut rose exports from Kenya in 2019.⁴³ The U.S. Agency for International Development (USAID) and the Kenyan flower industry have made efforts to increase the share of Kenyan roses and other flowers in the U.S. market.⁴⁴

Imports of sweetheart roses (HTS 0603.11.0010) were less than \$210,000 in 2019, accounting for less than 1 percent of U.S. imports of fresh cut roses from GSP-eligible countries. Uganda, Ecuador, and Kenya were the only GSP-eligible suppliers—of a total of eight suppliers—of sweetheart roses to the United States in 2019 (table 2.4).

³⁸ ATPA was enacted in 1991 and was extended and/or amended a number of times over the next two decades, including via an amendment called the Andean Trade Promotion and Drug Eradication Act (ATPDEA). On July 31, 2013, the President’s authority to provide preferential treatment for Ecuador under ATPA expired, and it was not renewed by Congress. At that time, Ecuador was the only beneficiary. USTR, “Fact Sheet: Seventh Report to the Congress,” 2013.

³⁹ See 19 U.S.C. § 3206(a)(2).

⁴⁰ IHS Markit, Global Trade Atlas database, HS 0603.11 (accessed June 24, 2020).

⁴¹ Government of Ecuador, “Petition on Behalf of the Republic of Ecuador to Add *Fresh Cut Roses and Buds (HTSUS 0603.11.00)* to the List of Eligible Articles under the Generalized System of Preferences,” March 2020, 13; Conefrey, “Roses with Altitude,” April 10, 2015.

⁴² IHS Markit, Global Trade Atlas database, HS 0603.11 (accessed June 24, 2020).

⁴³ The European Union (EU) is the main destination for fresh cut roses from Kenya, Ethiopia, and Uganda. The Netherlands and the United Kingdom (UK), combined, accounted for 66.1 percent of the total Kenyan exports of fresh cut roses in 2019. (During 2015–19, the EU data reflect 28 member countries, including the UK.) The Netherlands is the main entry point for fresh cut flowers in general, and fresh cut roses in particular, into the EU. Most fresh cut flowers sold in the EU are shipped from all over the world to the Netherlands to be sold at flower auctions there or distributed by wholesalers to European countries. Although most of the fresh cut flowers imported into the UK enter via the Netherlands, direct imports of fresh cut roses from countries such as Kenya have been increasing in recent years. IHS Markit, Global Trade Atlas database, HS 0603.11 (accessed June 24, 2020); CBI, “Exporting Roses to the Netherlands” (accessed July 17, 2020); CBI, “Exporting Roses to the United Kingdom” (accessed July 17, 2020).

⁴⁴ USAID has also made efforts to develop the Ugandan and Ethiopian fresh cut flower industries and increase exports from these countries to the United States. USAID, East Africa Trade and Investment Hub, “Kenyan Flowers Attract US Buyers’ Interest,” April 11, 2019; *Monitor* (Kampala), “Uganda: First Flower Crop Enters US Market,” February 2, 2006; USAID, East Africa Trade and Investment Hub, “AGOA Success Stories: Coming Up Roses,” August 23, 2015.

Table 2.4 Fresh cut sweetheart roses (HTS 0603.11.0010): Value of U.S. imports for consumption from GSP-eligible trading partners and share of imports of this product, 2019

| GSP-eligible trading partner | Imports (1,000 \$) | % of total imports | % of GSP Imports |
|------------------------------|-----------------------|--------------------|---------------------|
| Uganda ^a | 126 | 25.1 | 60.3 |
| Ecuador | 71 | 14.1 | 34.0 |
| Kenya ^a | 13 | 2.6 | 6.2 |
| Total | 209 | 41.6 | 100.0 |

Source: USITC DataWeb/USDOC (accessed June 17, 2020).

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

^a Eligible for duty-free treatment under AGOA.

Imports of spray roses (HTS 0603.11.0030) were nearly \$8.7 million in 2019, accounting for about 3.4 percent of U.S. imports of fresh cut roses from GSP-eligible countries (table 2.5). Ecuador was the main GSP-eligible supplier of spray roses in 2019, accounting for 92.9 percent of total U.S. imports from GSP-eligible countries, followed by Ethiopia, which represented about 6.6 percent of imports from GSP-eligible countries.

Table 2.5 Fresh cut spray roses (HTS 0603.11.0030): Value of U.S. imports for consumption from GSP-eligible trading partners and share of imports of this product, 2019

| GSP-eligible trading partner | Imports (1,000 \$) | % of total imports | % of GSP Imports |
|------------------------------|-----------------------|--------------------|---------------------|
| Ecuador | 8,041 | 41.9 | 92.9 |
| Ethiopia ^a | 570 | 3.0 | 6.6 |
| Kenya ^a | 34 | 0.2 | 0.4 |
| Uganda ^a | 11 | 0.1 | 0.1 |
| Total | 8,656 | 45.1 | 100.0 |

Source: USITC DataWeb/USDOC (accessed June 17, 2020).

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

^a Eligible for duty-free treatment under AGOA.

Imports of fresh cut roses, other than spray and sweetheart roses (HTS 0603.11.0060), accounted for the largest share of U.S. imports from GSP-eligible countries. Ecuador was the main GSP-eligible supplier of fresh cut roses other than sweetheart and spray roses in 2019, accounting for 98.0 percent of U.S. imports from GSP-eligible countries (table 2.6).

Table 2.6 Fresh cut roses, other than spray and sweetheart roses (HTS 0603.11.0060): Value of U.S. imports for consumption from GSP-eligible trading partners and share of imports of this product, 2019

| GSP-eligible trading partner | Imports (1,000 \$) | % of total imports | % of GSP Imports |
|------------------------------|-----------------------|--------------------|---------------------|
| Ecuador | 179,515 | 32.9 | 98.0 |
| Kenya ^a | 2,680 | 0.5 | 1.5 |
| Ethiopia ^a | 900 | 0.2 | 0.5 |
| Thailand | 20 | (b) | (b) |
| South Africa ^a | 5 | (b) | (b) |
| Total | 183,121 | 33.5 | 100.0 |

Source: USITC DataWeb/USDOC (accessed June 17, 2020).

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

^a Eligible for duty-free treatment under AGOA.^b Less than 0.05 percent.

U.S. Imports and Exports

Imports

The United States imported \$566 million of fresh cut roses in 2019, the highest level in the 2015–19 period (table 2.7). Total imports of fresh cut roses increased each year and were led by increased imports from Colombia, a free trade agreement (FTA) partner, which grew 38.8 percent from 2015 to 2019.⁴⁵ Ecuador, a GSP beneficiary developing country (BDC), was the second-largest supplier of fresh cut roses to the United States in the period, with U.S. imports from this country rising 26.8 percent from 2015 to 2019. Both countries have well-developed export-oriented fresh cut rose industries.⁴⁶ Colombia and Ecuador combined accounted for 95.9 percent of total U.S. imports of fresh cut roses in 2019. Except for fresh cut roses imported from Ecuador, U.S. imports of fresh cut roses from the top suppliers were eligible to enter free of duty under various U.S. FTAs and preference programs in 2019.⁴⁷ (Detailed information on U.S. imports by type of fresh cut rose—covered at the 10-digit HTS level—is given below in tables 2.8, 2.9, and 2.10, in the order in which each type appears in the HTS.)

⁴⁵ U.S. imports of fresh cut roses from Colombia grew from 2015 to 2019, continuing a trend that began in the 1990s after Colombian fresh cut roses gained duty-free access to the U.S. market under ATPA. As required by statute, the President terminated the eligibility of Colombia as a beneficiary country for purposes of ATPA as of May 15, 2012, when the United States-Colombia Trade Promotion Act entered into force. See section 201(a)(3) of the United States-Colombia Trade Promotion Agreement Implementation Act, 19 U.S.C. § 3805; Proclamation No. 8818, 77 Fed. Reg. 29519 (May 18, 2012); USITC DataWeb/USDOC, HTS 0603.11 (accessed June 17, 2020).

⁴⁶ USITC, *Industry and Trade Summary: Cut Flowers*, February 2003; Conefrey, “Roses with Altitude,” April 10, 2015; Paletta, “Roses Are Cheap on Valentine’s Day,” February 10, 2018.

⁴⁷ Imports of originating goods of Colombia are eligible for duty-free access under the United States-Colombia Trade Promotion Agreement. Imports of originating goods from a number of other smaller suppliers are also eligible for duty-free access, including Guatemala under the Dominican Republic-Central America-United States Free Trade Agreement, Mexico under the United States-Mexico-Canada Agreement, and most sub-Saharan African countries, including Kenya, Ethiopia, and Uganda, under AGOA.

Table 2.7 All fresh cut roses (HTS 0603.11.00): U.S. imports for consumption by principal sources, 2015–19 (thousand dollars)

| Trading partner | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Total imports from all sources: | | | | | |
| Colombia ^a | 255,671 | 275,279 | 281,601 | 317,931 | 354,786 |
| Ecuador | 147,918 | 164,516 | 167,533 | 176,902 | 187,628 |
| Guatemala ^a | 8,139 | 9,061 | 8,723 | 10,249 | 10,867 |
| Mexico ^a | 7,027 | 6,395 | 6,096 | 5,530 | 5,998 |
| Kenya ^b | 4,793 | 3,939 | 3,888 | 1,726 | 2,727 |
| Ethiopia ^b | 1,133 | 1,418 | 1,137 | 1,143 | 1,470 |
| All other | 937 | 996 | 1,632 | 1,690 | 2,137 |
| Total | 425,618 | 461,603 | 470,608 | 515,171 | 565,612 |
| Imports from GSP-eligible sources: | | | | | |
| Ecuador | 147,918 | 164,516 | 167,533 | 176,902 | 187,628 |
| Kenya ^b | 4,793 | 3,939 | 3,888 | 1,726 | 2,727 |
| Ethiopia ^b | 1,133 | 1,418 | 1,137 | 1,143 | 1,470 |
| Uganda ^b | 0 | 0 | 0 | 90 | 136 |
| All other | 2 | 41 | 52 | 0 | 25 |
| Total | 153,847 | 169,914 | 172,610 | 179,861 | 191,987 |

Source: USITC DataWeb/USDOC (accessed June 17, 2020).

Note: Because of rounding, figures may not add to the totals shown. Total U.S. imports from all sources encompass imports from all trading partners, including those with a FTA with the United States or duty-free access through a U.S. unilateral trade preference program. Imports from GSP-eligible trading partners include all U.S. imports from GSP-eligible sources (also known as BDCs). In the case of addition requests, these imports currently are not eligible for duty-free access under the GSP program.

^a FTA partner.

^b Eligible for duty-free treatment under AGOA.

U.S. imports of fresh cut sweetheart roses (HTS 0603.11.0010) are smaller in value than imports of other roses (less than 1 percent of total imports of fresh cut roses), but average import values of sweetheart roses increased 74.9 percent per year between 2015 and 2019 (table 2.8). In 2019, of total U.S. imports of fresh cut roses from China, 43.0 percent were of sweetheart roses. Although China is one of the largest global producers of fresh cut roses, it did not supply these roses to the United States during 2015–18.⁴⁸ GSP-eligible countries supplied 41.6 percent of total U.S. imports of sweetheart fresh cut roses in 2019. Imports of these roses from GSP-eligible countries increased substantially during 2015–19, rising from \$6,398 in 2015 to \$209,401 in 2019, mostly driven by imports from Uganda and Ecuador.

⁴⁸ Bhagat et al., “An Economics Analysis for Export of Fresh Cut Rose,” 2019, 291–98.

Table 2.8 Fresh cut sweetheart roses (HTS 0603.11.0010): U.S. imports for consumption by principal sources, 2015–19 (thousand dollars)

| Trading partner | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------------------|------|------|------|------|------|
| Total imports from all sources: | | | | | |
| China | 0 | 0 | 0 | 0 | 182 |
| Uganda ^a | 0 | 0 | 0 | 73 | 126 |
| Colombia ^b | 13 | 45 | 95 | 114 | 90 |
| Ecuador | 4 | 6 | 29 | 77 | 71 |
| Mexico ^b | 5 | 33 | 9 | 10 | 21 |
| All other | 30 | 28 | 42 | 25 | 12 |
| Total | 52 | 112 | 175 | 299 | 502 |
| Imports from GSP-eligible sources: | | | | | |
| Uganda ^a | 0 | 0 | 0 | 73 | 126 |
| Ecuador | 4 | 6 | 29 | 77 | 71 |
| Kenya ^a | 3 | 0 | 24 | 0 | 13 |
| Total | 6 | 6 | 52 | 150 | 209 |

Source: USITC DataWeb/USDOC (accessed June 17, 2020).

Note: Because of rounding, figures may not add to the totals shown. Total U.S. imports from all sources encompass imports from all trading partners, including those with a FTA with the United States or duty-free access through a U.S. unilateral trade preference program. Imports from GSP-eligible trading partners include all U.S. imports from GSP-eligible sources (also known as BDCs). In the case of addition requests, these imports currently are not eligible for duty-free access under the GSP program.

^a Eligible for duty-free treatment under AGOA.

^b FTA partner.

Fresh cut spray roses (HTS 0603.11.0030) accounted for about 3.4 percent of the total U.S. imports of fresh cut roses in 2019, having grown 26.4 percent from 2015 to 2019 (table 2.9). Colombia and Ecuador were the top suppliers of spray roses to the United States, with imports from these two countries combined representing about 95.1 percent of the total U.S. imports of spray roses in 2019. Imports of spray roses from both countries increased from 2015 to 2019, growing by 12.6 percent from Colombia and 35.6 percent from Ecuador during the five-year period.

Table 2.9 Fresh cut spray roses (HTS 0603.11.0030): U.S. imports for consumption by principal sources, 2015–19 (thousand dollars)

| Trading partner | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Total imports from all sources: | | | | | |
| Colombia ^a | 9,056 | 8,410 | 9,703 | 10,167 | 10,194 |
| Ecuador | 5,931 | 8,872 | 6,953 | 6,996 | 8,041 |
| Ethiopia ^b | 4 | 9 | 5 | 0 | 570 |
| Guatemala ^a | 2 | 132 | 106 | 141 | 147 |
| All other | 182 | 146 | 257 | 378 | 223 |
| Total | 15,175 | 17,569 | 17,024 | 17,682 | 19,175 |
| Imports from GSP-eligible sources: | | | | | |
| Ecuador | 5,931 | 8,872 | 6,953 | 6,996 | 8,041 |
| Ethiopia ^b | 4 | 9 | 5 | 0 | 570 |
| Kenya ^b | 23 | 37 | 136 | 179 | 34 |
| Uganda ^b | 0 | 0 | 0 | 6 | 11 |
| Total | 5,959 | 8,917 | 7,094 | 7,180 | 8,656 |

Source: USITC DataWeb/USDOC (accessed June 17, 2020).

Note: Because of rounding, figures may not add to the totals shown. Total U.S. imports from all sources encompass imports from all trading partners, including those with a FTA with the United States or duty-free access through a U.S. unilateral trade preference program. Imports from GSP-eligible trading partners include all U.S. imports from GSP-eligible sources (also known as BDCs). In the case of addition requests, these imports currently are not eligible for duty-free access under the GSP program.

^a FTA partner.

^b Eligible for duty-free treatment under AGOA.

Fresh cut roses other than spray and sweetheart roses (HTS 0603.11.0060) accounted for most U.S. imports of fresh cut roses, representing 96.5 percent of the total imports in 2019. U.S. imports of fresh cut roses other than spray and sweetheart roses grew 33.0 percent from 2015 to 2019, with a 39.7 percent increase in imports from Colombia and a 26.4 percent increase in imports from Ecuador (table 2.10). The United States is the main market for both Colombian and Ecuadorian exports of fresh cut roses.⁴⁹

⁴⁹ IHS Markit, Global Trade Atlas database, HS 0603.11 (accessed June 24, 2020).

Table 2.10 Fresh cut roses, other than spray and sweetheart roses (HTS 0603.11.0060): U.S. imports for consumption by principal sources, 2015–19 (thousand dollars)

| Trading partner | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------------------|---------|---------|---------|---------|------------------|
| Total imports from all sources: | | | | | |
| Colombia ^a | 246,602 | 266,824 | 271,803 | 307,650 | 344,503 |
| Ecuador | 141,983 | 155,638 | 160,551 | 169,829 | 179,515 |
| Guatemala ^a | 8,136 | 8,930 | 8,616 | 10,108 | 10,719 |
| Mexico ^a | 6,987 | 6,302 | 6,048 | 5,383 | 5,853 |
| Kenya ^b | 4,767 | 3,903 | 3,728 | 1,547 | 2,680 |
| All other | 1,914 | 2,229 | 2,663 | 2,671 | 2,667 |
| Total | 410,391 | 443,923 | 453,409 | 497,189 | 545,936 |
| Imports from GSP-eligible sources: | | | | | |
| Ecuador | 141,983 | 155,638 | 160,551 | 169,829 | 179,515 |
| Kenya ^b | 4,767 | 3,903 | 3,728 | 1,547 | 2,680 |
| Ethiopia ^b | 1,129 | 1,409 | 1,132 | 1,143 | 900 |
| Thailand | 0 | 0 | 35 | 0 | 20 |
| South Africa ^b | 0 | 0 | 0 | 0 | 5 |
| Tokelau | 0 | 8 | 0 | 0 | 0 |
| Uganda ^b | 0 | 0 | 0 | 11 | 0 |
| India | 2 | 3 | 0 | 0 | 0 ^(c) |
| Zambia ^b | 0 | 30 | 17 | 0 | 0 |
| Total | 147,881 | 160,990 | 165,463 | 172,531 | 183,121 |

Source: USITC DataWeb/USDOC (accessed June 17, 2020).

Note: Because of rounding, figures may not add to the totals shown. Total U.S. imports from all sources encompass imports from all trading partners, including those with a FTA with the United States or duty-free access through a U.S. unilateral trade preference program. Imports from GSP-eligible trading partners include all U.S. imports from GSP-eligible sources (also known as BDCs). In the case of addition requests, these imports currently are not eligible for duty-free access under the GSP program.

^a FTA partner.

^b Eligible for duty-free treatment under AGOA.

^c This country was not GSP eligible for all or part of the indicated year.

Exports

U.S. exports of fresh cut roses are small relative to imports; they totaled \$3.6 million in 2019 (table 2.11). U.S. exports of fresh cut roses declined from 2015 to 2019, dropping 22.8 percent from the highest level during the five-year period. The main destination for U.S. exports of fresh cut roses is Canada, which accounted for about 99.1 percent of the total U.S. exports in 2019.

Table 2.11 All fresh cut roses (Schedule B 0603.11.0000): U.S. exports of domestic merchandise by principal markets, 2015–19 (thousand dollars)

| Trading Partner | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------------|-------|-------|-------|-------|-------|
| Canada ^a | 4,576 | 3,689 | 3,399 | 3,440 | 3,519 |
| Bahamas | 13 | 8 | 14 | 18 | 10 |
| Japan | 0 | 11 | 4 | 10 | 10 |
| All other | 13 | 40 | 38 | 5 | 12 |
| Total | 4,602 | 3,748 | 3,455 | 3,473 | 3,551 |

Source: USITC DataWeb/USDOC (accessed June 17, 2020).

Note: Because of rounding, figures may not add to the totals shown. In 2019, roughly half of U.S. total exports were products imported into the United States from other countries. These re-exported shipments mostly went to Canada and were not captured in table 2.11.

^a FTA partner.

Positions of Interested Parties

In support: The Society of American Florists (SAF), the Association of Floral Importers of Florida (AFIF), and the government of Ecuador filed written submissions, and representatives of SAF and AFIF appeared at the Commission hearing. SAF's written summary as submitted to the Commission is provided below.

The Society of American Florists, representing all segments of the floral industry, including 7,000 retailers, growers, wholesalers, importers, manufacturers, and suppliers, supports removing the rose duty. SAF wholesalers source roses from domestic producers and U.S. trade partners, including GSP-eligible countries, and SAF retailers sell roses to U.S. consumers.

SAF supports removing the rose duty for four reasons: (1) removing the duty will improve the U.S. economy during downturn from the pandemic; (2) diverse U.S. stakeholders will benefit from removing the duty; (3) removing the duty will not harm domestic growers; and (4) domestic growers cannot fill U.S. market demand.

First, the rose duty is a burden to businesses in the current downturn. Florists lost hundreds of millions of dollars during the shutdown due to fewer planes, trucks, and border shutdowns creating issues shipping flowers. Weddings, funerals, meetings and conferences that drive large flower orders are postponed, moved to virtual settings or otherwise modified. Removing the duty will help the industry recover from the pandemic.

Second, diverse U.S. stakeholders will benefit from duty free roses, including airlines, importers, brokers, logistics companies, trucking companies, manufacturers and packaging suppliers, re-processors, freight forwarders, and bouquet assemblers. Combined, those companies employ tens of thousands. Also, duty-free roses will impact domestic growers, as domestic flowers and greens are combined with imported roses for arrangements and bouquets. Therefore, diverse U.S. stakeholders stand to benefit from removing the duty.

Third, removing the duty will not harm domestic growers. Rose demand and consumption increased dramatically in the U.S. with the development of shipping routes and infrastructure for perishables. The benefit of increased demand to U.S. rose producers is most apparent considering the premium paid for domestic roses: \$0.644 per stem versus \$0.39 per stem for imports. Removing the rose duty which equates to a few pennies per stem does not alter that pricing competitive landscape. Rather than harm domestic growers, removing the tariff would relieve a burden from U.S. companies.

Fourth, domestic growers cannot fill U.S. market demand for roses. Rose imports are needed to supplement supply in times of peak demand. Domestic roses only supply 1.6 percent of total market demand. The U.S. is a net importer of roses; preserving the rose duty will not change this. Growers cannot significantly increase rose production in the short term due to factors such as the costs and non-availability of labor, land and inputs associated with rose production. Therefore, preserving the duty will not protect domestic rose growers or grow their market share.

In conclusion, because removing the rose duty will benefit American consumers, will not result in significant increases of U.S. imports, and because strengthening demand will benefit U.S. rose producers who receive premium prices for domestically grown roses, SAF urges the Commission

to recommend the addition of roses to GSP. Removing the rose duty which equates to a few pennies per stem does not alter the pricing competitive landscape for domestic growers.

Society of American Florists. Written submission to the U.S. International Trade Commission in connection with *GSP 2020 Review*, June 29, 2020.

In opposition: Members of the United States House of Representatives Salud O. Carbajal, Chellie Pingree, and Don Young filed a written submission. The written summary as submitted to the Commission is provided below.

We are writing regarding the U.S. International Trade Commission's ongoing investigation, Generalized System of Preferences: Possible Modifications, 2020 Review. As Representatives of districts where the cut flower industry provides significant economic impact, we strongly urge the Commission to recommend that the USTR reject the petitioners' requests to add roses to the list of products eligible for GSP treatment.

Roses are the national flower of the United States, yet trade policies over the past twenty years have severely diminished the size of the domestic rose sector. The addition of roses to the GSP will undoubtedly do irreparable harm to our remaining domestic rose farmers, especially as these family farms try to recover from the disastrous losses they suffered, and continue to suffer, due to the unprecedented COVID-19 shutdowns.

Despite the existence of the 6.8 percent tariff on roses, Ecuador has been consistently increasing its rose shipments to the United States, while domestic cut rose growers struggle to compete against these low-priced imports. Removal of the tariff, while having minimal or no effect on Ecuador, could lead to lower U.S. wholesale prices for roses and erase the extremely limited margins domestic rose growers enjoy today.

In conclusion, we respectfully request that the Commission recommend that USTR deny the petitions to add roses to the GSP. This recommendation will help to ensure that the rose, America's national flower, can continue to be cultivated by American growers on American soil.

Carbajal, Pingree, and Young, Members of the U.S. House of Representatives. Written submission to the U.S. international Trade Commission in connection with *GSP 2020 Review*, July 1, 2020.

In opposition: The Flower Producers of the Republic of Colombia filed a written submission.

In opposition: The Ministry of Trade, Industry and Tourism of Colombia filed written submissions.

In opposition: The California Cut Flower Commission (CCFC) and Certified American Grown (CAG) filed written submissions, which included written statements from five individual fresh cut rose growers and florists. Representatives of CCFC and CAG also appeared at the Commission hearing.

No other statements were received by the Commission in support of, or in opposition to, the proposed modification to the GSP considered for these provisions.

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Chapter 3

Removal: Rice (Beneficiary Developing Countries)⁵⁰

Table 3.1 Rice

| HTS provision | Short description | Col. 1 rate of duty as of January 1, 2020 |
|-------------------------|--------------------------------|---|
| 1006.10.00 ^a | Paddy or rough rice | 1.8 cents per kg (1.97 percent AVE ^b) |
| 1006.20.20 ^a | Brown basmati rice | 0.83 cents per kg (0.61 percent AVE ^b) |
| 1006.20.40 ^a | Brown rice, other than basmati | 2.1 cents per kg (1.79 percent AVE ^b) |
| 1006.30.10 ^c | White rice, parboiled | 11.2 percent |
| 1006.30.90 ^a | White rice, not parboiled | 1.4 cents per kg (1.25 percent AVE ^b) |
| 1006.40.00 ^a | Broken rice (brown or white) | 0.44 cents per kg (0.92 percent AVE ^b) |

Source: USITC, Harmonized Tariff Schedule of the United States (2020), January 2020; USITC, Harmonized Tariff Schedule of the United States, 2019; USITC DataWeb/USDOC (accessed June 17, 2020).

^a This Harmonized Tariff Schedule (HTS) provision is currently eligible for duty-free treatment only for least-developed beneficiary developing countries (LDBDCs) under the provisions of the GSP.

^b An ad valorem duty is a rate of duty expressed as a percentage of the appraised customs value of the imported good; an equivalent can be calculated for duties that are otherwise expressed (e.g., cents per kilogram). The ad valorem equivalent (AVE) rate here was calculated using annual 2019 data and is based on U.S. Customs Bureau duties and the customs value of imports for consumption subject to the column 1 general duty rate.

^c This HTS provision is currently eligible for duty-free treatment for all beneficiary developing countries (BDCs) under the provisions of the GSP.

Description and Uses

The products covered by this chapter are various forms of rice, which the Harmonized Tariff Schedule of the United States (HTS) classifies in six provisions, primarily depending on the milling stage of the product when traded. However, two of these HTS provisions specify additional characteristics.⁵¹ Paddy or rough rice (HTS 1006.10.00) refers to rice of any variety that has been harvested and cleaned but not milled. Husked (brown) rice classified under HTS 1006.20 covers rice that has been milled to remove the outer layers but not the bran of the kernels. The HTS 6-digit code number for brown rice is the same as the subheading number used in the international Harmonized System of tariff categories (HS); it is subdivided into the basmati fragrant rice variety (HTS 1006.20.20) and brown rice of other varieties (HTS

⁵⁰ The USA Rice Federation filed a petition with the U.S. Trade Representative (USTR) requesting the removal of HTS provisions 1006.10.00, 1006.20.20, 1006.20.40, 1006.30.90, and 1006.40.00 from the list of articles eligible for duty-free treatment under the provisions of the GSP for designated least-developed beneficiary developing countries (LDBDCs), as well as the removal of HTS 1006.30.10 from the list of articles eligible for duty-free treatment under the provisions of the GSP for all designated beneficiary developing countries (BDCs).

⁵¹ Thousands of varieties of rice are cultivated globally. Only one specific variety of rice—basmati, a type of fragrant rice—is currently broken out into its own HTS 8-digit provision, and only for one stage of milling—brown. Basmati paddy rice, and white basmati rice, whether or not parboiled, are included with all other varieties of rice. USITC, *Rice: Global Competitiveness of the U.S. Industry*, April 2015.

1006.20.40). White rice, classified under HTS 1006.30, covers any variety of rice and grain length that is semi- or wholly milled to remove the outer layers and the bran. The white rice HTS 6-digit subheading is further subdivided into rice that has been parboiled (1006.30.10) and not parboiled (1006.30.90). Parboiled rice is partially precooked rice that has been put into either hot water or steam, and then dried. This process preserves certain of the nutrients and makes the rice harder and more resistant to breaking, thereby increasing the yield during the milling process.⁵² Broken rice, classified under HTS 1006.40.00, refers to grains of rice (of any type) that are broken during the milling process; this category of rice is separated during the sizing and grading stage of the milling process. Rice that is not specifically designated as broken is assumed to be whole kernel. All milled rice (i.e., rice other than paddy rice) is fit for human consumption.

Rice is a commodity cereal grain, mainly of the species *Oryza sativa*, primarily grown for human consumption. The industry commonly groups rice according to certain key characteristics, including the kernel length—long, medium, or short grain—as well as other physical attributes, such as aroma. Paddy rice (also called rough rice) is rice of any variety that has been harvested but not yet milled (figure 3.1). After cleaning, paddy rice of any variety can be milled into husked rice, which is commonly known as brown rice. Brown rice is a whole grain that keeps the bran and inner layers of the grain intact and has a tan or brown color and a nutty flavor.⁵³ It is either distributed as a final good or further milled to remove the bran, resulting in white, semi-milled rice.⁵⁴ The milling process also renders broken rice, a product that is then sold for use as an ingredient in multiple products, including animal food.⁵⁵

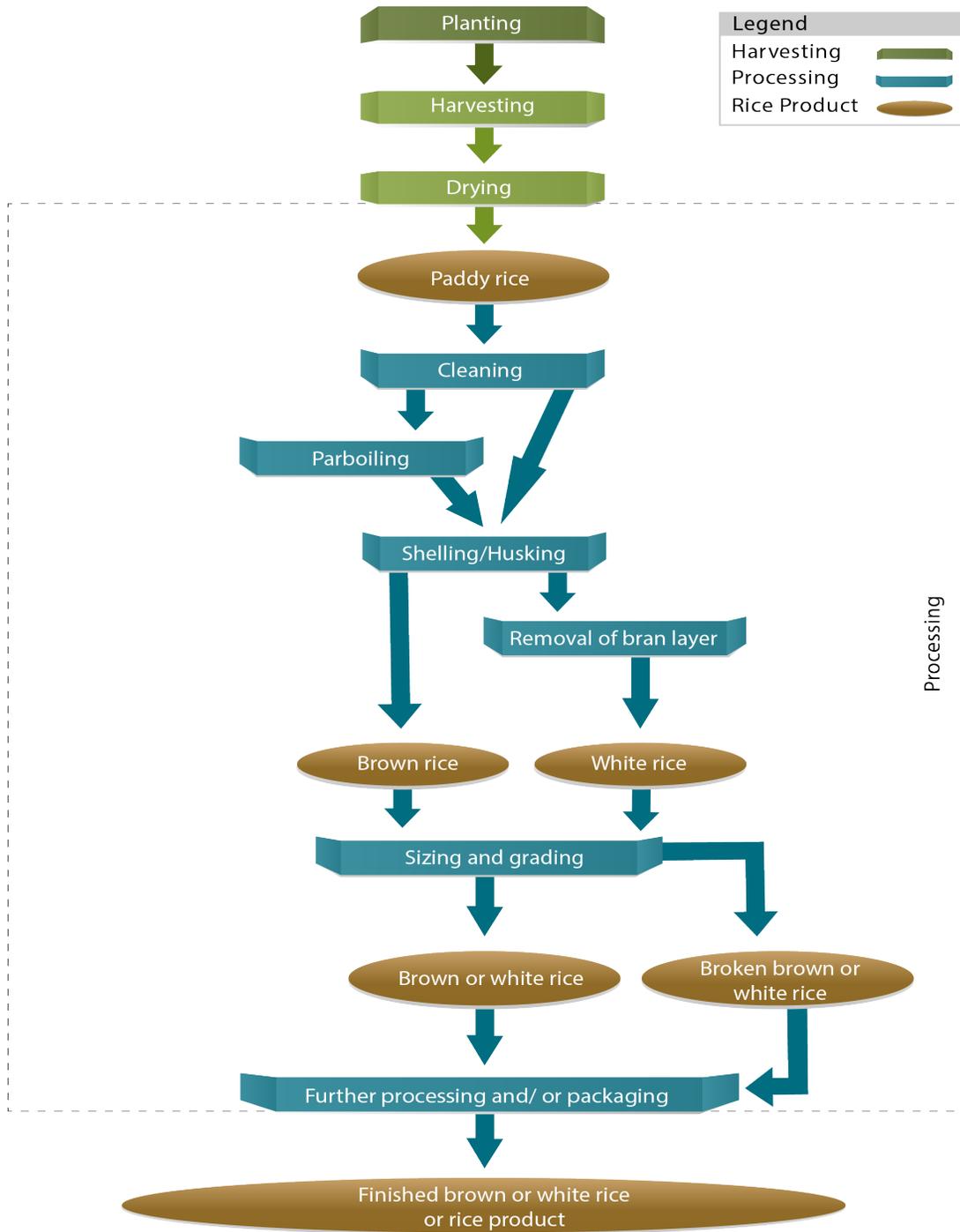
⁵² USITC, *Rice: Global Competitiveness of the U.S. Industry*, April 2015.

⁵³ Brown rice can be of any variety, including specialty varieties such as jasmine or basmati. Think Rice, “Rice Varieties” (accessed June 29, 2020).

⁵⁴ To produce rice that is wholly milled, the grains are passed through special tapering cylinders to remove the hull of the grain. EC, “Classifying Rice” (accessed May 7, 2020).

⁵⁵ Dall, “How Broken Rice Went from Poor to Popular,” September 13, 2019.

Figure 3.1 Simplified rice milling process



Source: Prepared by USITC.

Note: Rice is assumed to be whole kernel unless specifically designated as broken.

Milled rice, both brown and white, is available for human consumption as table rice (i.e., rice that is consumed as part of a meal) or in rice products. Cooked rice can be consumed as a main dish or a side dish, alone or as one of several ingredients in a prepared food, such as soup.⁵⁶ Additionally, rice is used in many processed foods such as breakfast cereals, snacks, desserts, alcoholic beverages, and noodles.⁵⁷ While U.S. consumers primarily eat non-fragrant white rice, they also consume other specific types of rice. Brown rice, for example, has gained popularity in recent years as a whole grain that is rich in minerals and vitamins.⁵⁸ Similarly, U.S. consumption of fragrant rice has increased in recent years, driven by the increase in popularity of certain Asian cuisines, among other factors (see “Profile of U.S. Industry and Market, 2015–19,” for more information).⁵⁹ The foodservice industry prefers parboiled rice for its cooking characteristics.⁶⁰

Profile of U.S. Industry and Market, 2015–19

U.S. rice production is concentrated in five states that have the appropriate agronomic conditions for cultivating it. Most U.S. production is of long grain non-fragrant rice, with smaller, but important, shares of medium and short grain rice, as well as limited production of fragrant long grain rice.⁶¹ U.S. long grain rice is primarily grown in Arkansas (56.2 percent), Louisiana (18.3 percent), and Missouri (9.7 percent), while most medium grain rice is grown in California (68.6 percent) and Arkansas (24.0 percent). U.S. short grain rice is almost entirely grown in California (97.5 percent).⁶² There is also some domestic production of fragrant rice, particularly of the basmati and jasmine varieties, occurring primarily in Texas and California. However, fragrant rice accounts for a small share of overall U.S. rice production.⁶³ Most U.S. rice mills, including the two largest ones, are in Arkansas. These two mills combined marketed more than 40 percent of total U.S. rice production in 2014.⁶⁴

⁵⁶ Encyclopedia Britannica, “Rice,” May 29, 2020.

⁵⁷ Encyclopedia Britannica, “Rice,” May 29, 2020.

⁵⁸ Technavio, “*Global Brown Rice Market 2019–2023*,” December 3, 2018.

⁵⁹ Fragrant or aromatic rice is specialty rice characterized by a nutty or popcorn-like aroma. While there are several varieties of fragrant rice, the most popular are jasmine and basmati. Fragrant rice is available as brown and white rice to the consumer. USITC, *Rice: Global Competitiveness of the U.S. Industry*, April 2015, 33; USITC, hearing transcript, June 19, 2020 (testimony of Peter Bachmann, USA Rice), 97.

⁶⁰ USITC, hearing transcript, June 19, 2020 (testimony of Peter Bachmann, USA Rice), 65; USDA, ERS, “Rice Sector at a Glance,” June 8, 2020.

⁶¹ USDA, NASS, Quick Stats database (accessed June 26, 2020); USITC, hearing transcript, June 19, 2020 (testimony of Peter Bachmann, USA Rice), 101–02.

⁶² USDA, NASS, Quick Stats database (accessed June 27, 2020).

⁶³ USITC, hearing transcript, June 19, 2020 (testimony of Peter Bachmann, USA Rice), 101–02.

⁶⁴ USITC, *Rice: Global Competitiveness of the U.S. Industry*, April 2015, 128–29.

Although the value of U.S. production of paddy rice was relatively stable during the last five years, increasing 1.6 percent from 2015 to 2019 (table 3.2), it decreased in volume. U.S. total rice production, by volume, declined 4.4 percent for all types of rice combined, driven by a drop of 11.5 percent in short grain and 5.8 percent in long grain production.⁶⁵ Further, the number of farms growing and selling rice fell 17.1 percent during 2012–17, and 23.9 percent during 2007–17.⁶⁶ Although most U.S. paddy rice is milled domestically, about 15–20 percent of the total U.S. crop is exported as paddy rice annually.⁶⁷

Table 3.2 Paddy rice (HTS 1006.10.00): U.S. industry, trade, and market information, 2015–19

| Item | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|
| Producers (number) | (a) | (a) | 4,629 | (a) | (a) |
| Employment (1,000 employees) | (a) | (a) | (a) | (a) | (a) |
| Production (1,000 \$) | 2,421,111 | 2,384,690 | 2,360,439 | 2,903,041 | 2,459,035 |
| Exports (1,000 \$) | 583,331 | 583,030 | 443,057 | 419,892 | 466,704 |
| Imports (1,000 \$) | 41 | 90 | 43 | 51 | 139 |
| Consumption (1,000 \$) | 1,837,815 | 1,801,758 | 1,917,418 | 2,483,190 | 1,992,526 |
| Import-to-consumption ratio (%) | (b) | (b) | (b) | (b) | (b) |
| Capacity utilization (%) | (c) | (c) | (c) | (c) | (c) |

Source: USDA, NASS, Quick Stats database (accessed June 27, 2020); BLS, “Quarterly Census of Employment and Wages,” NAICS 11116, rice farming (accessed June 25, 2020); USITC DataWeb/USDOC (accessed June 17, 2020); USITC calculations.

^a Not available.

^b Less than 0.05 percent.

^c Not applicable.

U.S. milled rice production has fluctuated in value in recent years (table 3.3). This includes brown and white whole-kernel rice as well as broken rice and other rice products such as flour. Although production value declined 5.4 percent from 2015 to 2016, it grew 4.6 percent from 2016 to 2018. The number of milled rice producers fell gradually during the most recent five-year period, from 96 in 2015 to 89 in 2019. On the other hand, employment in the sector trended upward, increasing by 7.7 percent during 2015–19, and was at its highest level of the period in 2019.

⁶⁵ U.S. medium grain production decreased only 0.5 percent from 2015 to 2019. USDA, NASS, Quick Stats database (accessed June 27, 2020).

⁶⁶ USDA collects data on operations with sales of rice in census years; these censuses are held every five years. The most recent were conducted in 2007, 2012, and 2017. USDA, NASS, Quick Stats database (accessed June 26, 2020).

⁶⁷ USDA, ERS, “Rice Sector at a Glance,” June 8, 2020.

Table 3.3 Milled rice (HTS 1006.20.20, 1006.20.40, 1006.30.10, 1006.30.90, and 1006.40.00): U.S. industry, trade, and market information, 2015–19

| Item | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------------------------|----------------|----------------|----------------|----------------|--------------------|
| Producers (number) | 96 | 94 | 94 | 91 | 89 ^(a) |
| Employment (1,000 employees) | 4.7 | 4.8 | 5.0 | 4.9 | 5.1 ^(a) |
| Production (1,000 \$) | 3,769,316 | 3,566,826 | 3,555,923 | 3,731,579 | ^(b) |
| Exports (1,000 \$) | 1,909,923 | 1,696,146 | 1,716,525 | 1,683,136 | 1,823,240 |
| Imports (1,000 \$) | 720,696 | 653,728 | 665,921 | 902,715 | 1,012,827 |
| Consumption (1,000 \$) | 2,580,089 | 2,524,408 | 2,505,319 | 2,951,158 | ^(b) |
| Import-to-consumption ratio (%) | 27.9 | 25.9 | 26.6 | 30.6 | ^(b) |
| Capacity utilization (%) | ^(b) | ^(b) | ^(b) | ^(b) | ^(b) |

Source: BLS, “Quarterly Census of Employment and Wages,” NAICS 311212, rice milling (accessed June 25, 2020); U.S. Census Bureau, “2016 Annual Survey of Manufactures,” NAICS 311212, rice milling (December 2017); U.S. Census Bureau, “2018 Annual Survey of Manufactures,” NAICS 311212, rice milling (accessed June 25, 2020); U.S. Census Bureau, “Economic Census 2017,” dataset ECNBASIC2017 (accessed July 7, 2020); USITC DataWeb/USDOC (accessed June 17, 2020); USITC calculations.

^aIncludes preliminary data.

^bNot available.

The United States is the world’s fifth-largest rice exporter, and exports account for a substantial share of production. Nonetheless, the majority of U.S. production (about 64.2 percent in 2018, by volume) is domestically consumed.⁶⁸ Generally, U.S. consumers are sensitive to rice prices and substitute between types of rice in response to variations in price and availability.⁶⁹ However, some individual consumers and foodservice outlets seek specific types of rice, depending on the dishes they prepare.⁷⁰ Changing demographics, a stronger interest in whole-grain foods, and the increasing popularity of certain Asian cuisines for which fragrant rice is a staple⁷¹ all have contributed to the shifting and rising demand for rice.⁷² Imports of fragrant rice, particularly jasmine and basmati, have largely driven increases in U.S. imports of rice.⁷³ U.S. imports of milled rice of all types increased 40.5 percent from 2015–2018 (see below for further details).

Distribution channels for most rice types vary according to milling stage and end use. Paddy rice is generally distributed after harvesting for milling, or stored for processing at a later time either on or off the farm.⁷⁴ Brown and white rice, whether or not parboiled, is sold via wholesale and retail channels for at-home consumption and foodservice use, as well as to food manufacturers.⁷⁵ Parboiled rice can be marketed as brown or white rice and is often preferred in foodservice applications because the grains

⁶⁸ USDA, FAS, PSD Online database (accessed June 17, 2020).

⁶⁹ USITC, hearing transcript, June 19, 2020 (testimony of Peter Bachmann, USA Rice), 102.

⁷⁰ USITC, hearing transcript, June 19, 2020 (testimony of Peter Bachmann, USA Rice), 97.

⁷¹ USITC, hearing transcript, June 19, 2020 (testimony of Peter Bachmann, USA Rice), 97.

⁷² Growth in U.S. rice consumption has been driven also by the increased demand for gluten-free food products, for which rice is used as a substitute for gluten-containing grains such as wheat, rye, and barley, as well as by the introduction of new rice-based products. USDA, ERS, “Rice Sector at a Glance,” June 8, 2020.

⁷³ USITC, hearing transcript, June 19, 2020 (testimony of Peter Bachmann, USA Rice), 97.

⁷⁴ USITC, *Rice: Global Competitiveness of the U.S. Industry*, April 2015, 142.

⁷⁵ USITC, *Rice: Global Competitiveness of the U.S. Industry*, April 2015, 30.

cook easily and do not stick together.⁷⁶ Broken rice is mostly distributed to brewers, animal feed producers, and other food companies for processing into other rice products.⁷⁷

GSP Import Situation, 2019

U.S. imports of all types of rice grew 12.2 percent in 2018–19. However, only four of the six rice HTS provisions showed imports from eligible beneficiaries in 2019. There were no imports of paddy rice or of brown basmati rice from eligible beneficiaries in 2019.⁷⁸ For the other types of rice (discussed in further detail below), U.S. imports from GSP-eligible beneficiaries in 2019 accounted for 62.1 percent of the total value of U.S. imports of HTS 1006.30.10,⁷⁹ while U.S. imports from GSP least-developed beneficiary developing countries (LDBDCs) accounted for 0.2 percent of imports of both HTS 1006.20.40 and HTS 1006.30.90 and for 0.5 percent of HTS 1006.40.00 in that same year. Imports of parboiled rice (HTS 1006.30.10) from all GSP beneficiary developing countries (BDCs) are eligible for duty-free treatment. BDCs include some of the world’s largest exporters of rice, including Thailand, Pakistan, and, for part of 2019, India.⁸⁰ For the remaining five HTS provisions, only imports from the GSP LDBDCs are eligible for duty-free treatment. As relevant, detailed information on GSP imports by type of rice (covered at the HTS 8-digit level) is given below in the order in which each type appears in the HTS.

U.S. imports of brown rice, other than basmati (HTS 1006.20.40) were negligible in 2019. Haiti was the only LDBDC supplying brown rice, other than basmati to the United States in 2019 (table 3.4). U.S. imports from Haiti and other LDBDC suppliers were negligible over the preceding five years.⁸¹ Rice production in Haiti is limited, and for its domestic consumption of rice the country relies almost entirely on imports of rice, particularly from the United States.⁸²

Table 3.4 Brown rice, other than basmati (HTS 1006.20.40): Value of U.S. imports for consumption from GSP-eligible trading partners and share of U.S. imports of this product, 2019

| GSP-eligible trading partner | Imports (1,000 \$) | % of total imports | % of GSP imports |
|------------------------------|-----------------------|--------------------|---------------------|
| Haiti | 28 | 0.2 | 100.0 |
| Total | 28 | 0.2 | 100.0 |

Source: USITC DataWeb/USDOC (accessed June 17, 2020).

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

⁷⁶ USITC, hearing transcript, June 19, 2020 (testimony of Peter Bachmann, USA Rice), 98; USITC, “Rice: Global Competitiveness of the U.S. Industry,” April 2015.

⁷⁷ Broken rice is generally classified into “second heads,” which are mostly used for rice flour production, and “brewers,” which are used in beer and pet food production. USDA, ERS, “Rice Sector at a Glance,” June 8, 2020.

⁷⁸ These products are covered by HTS 1006.10.00 and HTS 1006.20.20. USITC DataWeb/USDOC (accessed June 5, 2020).

⁷⁹ Imports from GSP-eligible countries accounted for a higher share of U.S. imports of parboiled rice in 2015–18 (see table 3.10 below).

⁸⁰ The President of the United States terminated India’s designation as a BDC for the GSP program on the grounds of failure to provide equitable and reasonable market access to U.S. products. Proclamation No. 9902, 84 Fed. Reg. 26323 (June 5, 2019).

⁸¹ See table 3.10 for more information on U.S. imports of brown rice, other than basmati over the period. USITC DataWeb/USDOC (accessed June 17, 2020).

⁸² Cochrane, Childs, and Rosen, “Haiti’s U.S. Rice Imports,” February 2016.

In 2019, most U.S. imports of parboiled white rice from GSP-eligible countries came from India, Thailand, Brazil, and Pakistan (table 3.5). In 2019, India, which accounted for 23.9 percent of global production of rice, was the 2nd-largest rice producer in the world, and was the largest exporter.⁸³ In June 2019, the President removed India from the GSP program.⁸⁴ Thailand accounted for 3.6 percent of global production of rice in 2019 and was the 6th-largest producer and the 2nd-largest exporter.⁸⁵ While exports of parboiled rice represented about 20.0 percent of total rice exports from both India⁸⁶ and Thailand to the world in 2019,⁸⁷ exports of this type of rice to the United States accounted for a smaller share. From 2015 to 2019, exports of parboiled rice were, on average, 9.7 percent of India's rice exports to the United States,⁸⁸ while parboiled rice represented less than 1 percent of total Thai exports of rice to the United States.⁸⁹ Brazil and Pakistan were the 10th- and 11th-largest global producers of rice, each accounting for about 1.0 percent of global rice production in 2019.⁹⁰

Table 3.5 Parboiled white rice (HTS 1006.30.10): Value of U.S. imports for consumption from GSP-eligible trading partners and share of U.S. imports of this product, 2019

| GSP-eligible trading partner | Imports (1,000 \$) | % of total imports | % of GSP imports |
|------------------------------|-----------------------|--------------------|---------------------|
| India ^a | 5,879 | 18.9 | 30.4 |
| Thailand | 4,237 | 13.6 | 21.9 |
| Brazil | 3,973 | 12.8 | 20.6 |
| Pakistan | 3,845 | 12.3 | 19.9 |
| Paraguay | 706 | 2.3 | 3.7 |
| All other | 692 | 2.2 | 3.6 |
| Total | 19,330 | 62.1 | 100.0 |

Source: USITC DataWeb/USDOC (accessed June 17, 2020).

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

^a This country was not GSP eligible for part of the indicated year. While all imports for 2019 have been included in the table, any products originating from this country imported on or after June 5, 2019 were not GSP-eligible.

U.S. imports of non-parboiled white rice from LDBDCs were negligible (about 0.2 percent of total imports) in 2019. Cambodia was the largest LDBDC exporter of non-parboiled white rice to the United States (table 3.6). Cambodia was the 8th-largest exporter and the 13th-largest rice producer in the world.⁹¹ However, the United States is not a top destination for Cambodian rice; U.S. imports from Cambodia exceeded \$2 million only once in 2015–19. In 2019, the main export destinations for

⁸³ USDA, FAS, PSD Online database (accessed June 17, 2020).

⁸⁴ Proclamation No. 9902, 84 Fed. Reg. 26323 (June 5, 2019). In the proclamation the President stated in part: "Consistent with section 502(d)(1) of the 1974 Act, and having considered the factors set forth in sections 501 and 502(c), I have determined that India has not assured the United States that India will provide equitable and reasonable access to its markets. Accordingly, it is appropriate to terminate India's designation as a BDC effective June 5, 2019."

⁸⁵ USDA, FAS, PSD Online database (accessed June 17, 2020).

⁸⁶ IHS Markit, Global Trade Atlas database, HS 1006.30.10 (accessed June 17, 2020).

⁸⁷ IHS Markit, Global Trade Atlas database, HS 1006.30.91001, 1006.30.91003, 1006.30.91002, 1006.30.91600, 1006.30.91005, 1006.30.91004, 1006.30.91007, 1006.30.91000 (accessed June 17, 2020).

⁸⁸ IHS Markit, Global Trade Atlas database, HS 1006.30.10 (accessed June 17, 2020).

⁸⁹ IHS Markit, Global Trade Atlas database, HS 1006.30.91002, 1006.30.91001, 1006.30.91004, 1006.30.91000 (accessed June 17, 2020).

⁹⁰ USDA, FAS, PSD Online database (accessed June 17, 2020). Data on exports of parboiled rice from Brazil and Pakistan are not available.

⁹¹ USDA, FAS, PSD Online database (accessed June 17, 2020).

Cambodian rice were China and the European Union, which accounted for 38 percent and 34 percent of the total, respectively. Fragrant rice accounts for the vast majority of rice exports from Cambodia.⁹²

Table 3.6 White rice, not parboiled (HTS 1006.30.90): Value of U.S. imports for consumption from GSP-eligible trading partners and share of U.S. imports of this product, 2019

| GSP-eligible trading partner ^a | Imports (1,000 \$) | % of total imports | % of GSP imports |
|---|-----------------------|--------------------|---------------------|
| Cambodia | 2,073 | 0.1 | 98.3 |
| Burma | 25 | (b) | 1.2 |
| Liberia | 10 | (b) | 0.5 |
| Total | 2,108 | 0.2 | 100.0 |

Source: USITC DataWeb/USDOC (accessed June 17, 2020).

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

^a Only LDBDCs are GSP-eligible for this product.

^b Less than 0.05 percent.

Overall, U.S. imports of broken rice (HTS 1006.40.00) are small relative to imports of most other types of rice. Haiti, Burma, and Cambodia were the only LDBDCs supplying broken rice to the United States in 2019 (table 3.7). U.S. imports from all three countries were negligible in 2019 and over the preceding three years.⁹³

Table 3.7 Broken rice (HTS 1006.40.00): Value of U.S. imports for consumption from GSP-eligible trading partners and share of U.S. imports of this product, 2019

| GSP-eligible trading partner ^a | Imports (1,000 \$) | % of total imports | % of GSP imports |
|---|-----------------------|--------------------|---------------------|
| Haiti | 86 | 0.6 | 67.4 |
| Burma | 36 | 0.2 | 27.9 |
| Cambodia | 6 | (b) | 4.7 |
| Total | 128 | 0.5 | 100.0 |

Source: USITC DataWeb/USDOC (accessed June 17, 2020).

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

^a Only LDBDCs are GSP-eligible for this product.

^b Less than 0.05 percent.

U.S. Imports and Exports

Imports

In 2019, countries eligible for the GSP program were the main suppliers of rice to the United States for most of the HTS provisions covering rice. India, Thailand, and Pakistan are the overall main suppliers of rice to the United States; however, suppliers vary depending on the type of rice. These three countries are among the largest global rice producers, and combined they represent about 29.0 percent of global production of rice in 2019. Further, India, Thailand, and Pakistan are three of the top four rice exporters in the world, accounting for 24.5 percent, 20.0 percent, and 9.6 percent, respectively, of total global exports of rice in 2019. In addition, U.S. imports of rice from some countries were eligible to enter free

⁹² Cambodia Rice Federation, “Cambodia Earns More than USD 241 Million” (accessed June 17, 2020).

⁹³ In 2015, the U.S. did not import broken rice from Haiti (table 3.13 below). There were no imports from Burma in 2014–18, while imports of Cambodia were negligible in 2015–16, and zero in 2017–18. USITC DataWeb/USDOC (accessed June 17, 2020).

of duty under U.S. FTAs, in particular imports from Israel, Canada, and South Korea. Although the U.S. imports all six categories of rice, the vast majority (90.1 percent in 2019) of total U.S. imports are of non-parboiled white rice (HTS 1006.30.90). Detailed information on U.S. imports by type of rice (covered at the HTS 8-digit level) is given below in the order in which each type appears in the HTS.

While U.S. imports of paddy rice vary from year to year, they are generally small, accounting for less than 1 percent of total U.S. rice imports each year between 2015 and 2019 (table 3.8). In 2019, Canada supplied the vast majority of U.S. imports of paddy rice. However, commercial rice production in that country is limited; in fact, 2019 was the first year that the Canadian industry produced a commercial crop.⁹⁴ There were no imports of paddy rice from LDBDCs during 2015–19.

Table 3.8 Paddy rice (HTS 1006.10.00): U.S. imports for consumption by principal sources, 2015–19 (thousand dollars)

| Trading partner | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------------------------|-----------|-----------|-----------|-----------|------------|
| Total imports from all sources: | | | | | |
| Canada ^a | 0 | 0 | 0 | 0 | 111 |
| India | 4 | 0 | 0 | 12 | 23 |
| China | 0 | 0 | 0 | 0 | 3 |
| South Korea ^a | 0 | 0 | 0 | 8 | 2 |
| Vietnam | 0 | 2 | 3 | 2 | 0 |
| Japan | 5 | 5 | 0 | 29 | 0 |
| Tajikistan | 5 | 0 | 0 | 0 | 0 |
| Spain | 0 | 3 | 8 | 0 | 0 |
| Bangladesh | 27 | 80 | 32 | 0 | 0 |
| Total | 41 | 90 | 43 | 51 | 139 |

Source: USITC DataWeb/USDOC (accessed June 17, 2020).

Note: Because of rounding, figures may not add to the totals shown. Total U.S. imports from all sources encompass imports from all trading partners, including those with a FTA with the United States or duty-free access through a U.S. unilateral trade preference program. In the case of this removal request, this HTS provision is only GSP-eligible for LDBDCs. However, imports from GSP-eligible sources have not been included on this table because there were no imports from LDBDCs of goods classified in this HTS provision during 2015–19.

^a FTA partner.

Between 2015 and 2019 imports of brown basmati rice declined 20.8 percent, and such imports accounted for 3.7 percent of total U.S. imports of rice in 2019. India and Pakistan are the main suppliers to the United States (table 3.9). India is the largest global producer of basmati rice, accounting for about 76.6 percent of production, followed by Pakistan.⁹⁵ During 2015–19 there were no imports of brown basmati rice from LDBDCs.

⁹⁴ Shreve, “Chatham-Kent Home to Canada’s First Commercial Rice Crop,” June 28, 2019.

⁹⁵ Basmati rice is primarily grown in a limited number of provinces in India and Pakistan. 360 Market Updates, “Global Basmati Rice Market Insights,” March 5, 2019; *Financial Express* (India), “Madhya Pradesh Loses GI Tag Claim,” March 19, 2018.

Table 3.9 Brown basmati rice (HTS 1006.20.20): U.S. imports for consumption by principal sources, 2015–19 (thousand dollars)

| Trading partner | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|
| Total imports from all sources: | | | | | |
| India | 26,844 | 23,724 | 21,454 | 23,803 | 26,106 |
| Pakistan | 19,899 | 10,427 | 10,297 | 8,844 | 10,540 |
| United Arab Emirates | 74 | 186 | 512 | 709 | 808 |
| Thailand | 3 | 91 | 170 | 110 | 98 |
| Israel ^a | 8 | 7 | 35 | 34 | 64 |
| Vietnam | 0 | 0 | 0 | 15 | 53 |
| Poland | 0 | 0 | 0 | 0 | 30 |
| United Kingdom | 0 | 8 | 20 | 34 | 19 |
| Sri Lanka | 0 | 0 | 3 | 0 | 9 |
| Bangladesh | 41 | 46 | 23 | 2 | 2 |
| All other | 764 | 205 | 624 | 0 | 0 |
| Total | 47,633 | 34,693 | 33,137 | 33,551 | 37,729 |

Source: USITC DataWeb/USDOC (accessed June 17, 2020).

Note: Because of rounding, figures may not add to the totals shown. Total U.S. imports from all sources encompass imports from all trading partners, including those with a FTA with the United States or duty-free access through a U.S. unilateral trade preference program. In the case of this removal request, this HTS provision is only GSP-eligible for LDBDCs. However, imports from GSP-eligible sources have not been included on this table because there were no imports from LDBDCs of goods classified in this HTS provision during 2015–19.

^a FTA partner.

Imports of brown rice, other than basmati, averaged 1.8 percent of total U.S. imports of rice between 2015–19 and accounted for about 1.5 percent of total imports of rice in 2019. Thailand, Argentina, and India are the main sources of non-basmati brown rice to the United States (table 3.10). The majority of Thailand’s exports of non-basmati brown rice to the United States between 2015 and 2019 were of brown jasmine rice, which in 2019 accounted for about 57.5 percent of total brown rice exports from Thailand to the United States.⁹⁶ While imports from LDBDC suppliers were negligible, there were very small but regular imports from Haiti of non-basmati brown rice and occasional imports from Cambodia and Madagascar.

⁹⁶ IHS Markit, Global Trade Atlas database, HS 1006.20.10001, 1006.20.90001, 1006.20.90601, 1006.20.10500, and 1006.20.90605 (accessed June 17, 2020).

Table 3.10 Brown rice, other than basmati (HTS 1006.20.40): U.S. imports for consumption by principal sources, 2015–19 (thousand dollars)

| Trading partner | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Total imports from all sources: | | | | | |
| Thailand | 4,691 | 4,921 | 4,805 | 7,133 | 7,185 |
| Argentina | 2,303 | 2,332 | 1,769 | 2,223 | 2,014 |
| India | 1,045 | 1,641 | 1,130 | 1,066 | 1,331 |
| Spain | 151 | 223 | 337 | 1,004 | 1,045 |
| Canada ^a | 392 | 651 | 752 | 1,003 | 814 |
| Japan | 85 | 499 | 650 | 707 | 783 |
| South Korea ^a | 305 | 364 | 211 | 233 | 335 |
| Pakistan | 204 | 298 | 107 | 142 | 304 |
| China | 663 | 500 | 662 | 356 | 300 |
| Vietnam | 62 | 178 | 78 | 106 | 249 |
| All other | 3,936 | 1,723 | 1,847 | 1,724 | 932 |
| Total | 13,838 | 13,332 | 12,348 | 15,698 | 15,292 |
| Imports from GSP-eligible sources: | | | | | |
| Haiti | 20 | 16 | 9 | 14 | 28 |
| Cambodia | 11 | 15 | 0 | 13 | 0 |
| Madagascar | 0 | 147 | 0 | 0 | 0 |
| Total | 31 | 178 | 9 | 27 | 28 |

Source: USITC DataWeb/USDOC (accessed June 15, 2020 and June 17, 2020).

Note: Because of rounding, figures may not add to the totals shown. Total U.S. imports from all sources encompass imports from all trading partners, including those with a FTA with the United States or duty-free access through a U.S. unilateral trade preference program. Imports from GSP-eligible trading partners include all U.S. imports from GSP-eligible sources for this product. In the case of this removal request, this HTS provision is only GSP-eligible for LDBDCs.

^a FTA partner.

Between 2015 and 2019, U.S. imports of parboiled white rice increased by 72.8 percent, and in 2019 these imports accounted for about 3.1 percent of total U.S. rice imports. Canada was the largest supplier of such rice in 2019; India was the largest supplier during the period 2015–18, but the country fell to second place in 2019 after it lost GSP eligibility in mid-2019. Over the longer period, more than half of imports of parboiled rice were supplied by India and other GSP-eligible countries. Canada accounted for 27 percent of the total U.S. imports of parboiled rice in 2019 (table 3.11). Before 2019, Canada had no rice-growing operations, although it has long had one rice mill in operation.⁹⁷ Canada imports paddy rice to mill, some of which it exports as parboiled white rice to the United States.⁹⁸ Most rice of all types imported into Canada originates from the United States.⁹⁹

⁹⁷ Shreve, “Chatham-Kent Home to Canada’s First Commercial Rice Crop,” June 28, 2019; Pinto, “Take a Look inside Windsor’s Dainty Foods,” May 7, 2019.

⁹⁸ Pinto, “Take a Look inside Windsor’s Dainty Foods,” May 7, 2019.

⁹⁹ IHS Markit, Global Trade Atlas database, HS 1006 (July 23, 2020).

Table 3.11 White rice, parboiled (HTS 1006.30.10): U.S. imports for consumption by principal sources, 2015–19 (thousand dollars)

| Trading partner | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------------------|----------------|----------------|----------------|---------------|----------------------|
| Total imports from all sources: | | | | | |
| Canada ^a | 2,981 | 3,259 | 3,640 | 7,765 | 8,491 |
| India | 4,953 | 6,702 | 6,941 | 8,052 | 5,879 |
| Thailand | 1,190 | 2,642 | 4,924 | 3,145 | 4,237 |
| Brazil | 3,832 | 4,662 | 3,586 | 4,169 | 3,973 |
| Pakistan | 1,749 | 1,761 | 2,350 | 1,458 | 3,845 |
| Italy | 789 | 804 | 689 | 825 | 1,743 |
| Spain | 9 | 27 | 218 | 827 | 764 |
| Paraguay | 0 | 0 | 0 | 0 | 706 |
| Argentina | 0 | 0 | 0 | 11 | 419 |
| Belgium | 0 | 0 | 0 | 0 | 205 |
| All other | 2,519 | 897 | 720 | 1,097 | 885 |
| Total | 18,022 | 20,754 | 23,069 | 27,350 | 31,145 |
| Imports from GSP-eligible sources: | | | | | |
| India | 4,953 | 6,702 | 6,941 | 8,052 | 5,879 ^(b) |
| Thailand | 1,190 | 2,642 | 4,924 | 3,145 | 4,237 |
| Brazil | 3,832 | 4,662 | 3,586 | 4,169 | 3,973 |
| Pakistan | 1,749 | 1,761 | 2,350 | 1,458 | 3,845 |
| Paraguay | 0 | 0 | 0 | 0 | 706 |
| Argentina | ^(c) | ^(c) | ^(c) | 11 | 419 |
| Guyana | 1,415 | 24 | 0 | 0 | 198 |
| Lebanon | 64 | 20 | 15 | 46 | 69 |
| Serbia | 0 | 0 | 3 | 10 | 6 |
| Sri Lanka | 3 | 2 | 0 | 4 | 0 |
| All other | 130 | 174 | 7 | 26 | 0 |
| Total | 13,335 | 15,986 | 17,827 | 16,921 | 19,330 |

Source: USITC DataWeb/USDOC (accessed June 17, 2020).

Note: Because of rounding, figures may not add to the totals shown. Total U.S. imports from all sources encompass imports from all trading partners, including those with a FTA with the United States or duty-free access through a U.S. unilateral trade preference program. Imports from GSP-eligible trading partners include all U.S. imports from GSP-eligible sources for this product. In the case of this removal request, this HTS provision is GSP-eligible for all BDCs.

^a FTA partner.

^b This country was not GSP-eligible for part of the indicated year. While all imports for 2019 have been included in the table, any products originating from this country that were imported on or after June 5, 2019, were not GSP-eligible.

^c This country was not GSP-eligible for the indicated year.

U.S. imports of non-parboiled white rice increased 47.4 percent from 2015 to 2019, reaching \$913 million—the highest value in the five-year period—in 2019. Over 90 percent of total U.S. rice imports were of non-parboiled white rice in 2019, increasing from 85.9 percent in 2015. Thailand, the main source of U.S. imports of such rice, accounted for about two-thirds of total U.S. imports during 2015–19; India was the second-largest supplier, accounting for about 22.1 percent, on average, in the same period (table 3.12). Thailand’s primary rice export is jasmine rice, which accounted for over 80 percent of its exports to the United States; such exports to the United States increased 41.9 percent

from 2017 to 2019.¹⁰⁰ Similarly, India mainly supplies basmati rice, which represented about 85.6 percent of its exports to the United States in 2015; U.S. imports of basmati rice from India increased 31.8 percent between 2015 and 2019.¹⁰¹ Among the GSP-eligible LDBDCs, only Cambodia consistently supplied small quantities to the U.S. market during the period.

Table 3.12 White rice, not parboiled (HTS 1006.30.90): U.S. imports for consumption by principal sources, 2015–19 (thousand dollars)

| Trading partner | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------------------|---------|---------|---------|---------|---------|
| Total imports from all sources: | | | | | |
| Thailand | 400,869 | 368,738 | 371,340 | 524,590 | 615,960 |
| India | 130,280 | 124,421 | 144,591 | 177,103 | 192,705 |
| Pakistan | 13,932 | 13,744 | 13,595 | 20,616 | 22,883 |
| China | 4,137 | 3,733 | 7,626 | 28,199 | 22,837 |
| Italy | 13,445 | 14,459 | 13,374 | 12,257 | 12,372 |
| Vietnam | 22,731 | 17,129 | 10,718 | 9,552 | 9,197 |
| Brazil | 7,930 | 5,066 | 7,784 | 8,407 | 7,993 |
| Spain | 2,446 | 2,150 | 2,435 | 4,506 | 6,783 |
| Japan | 622 | 1,428 | 1,758 | 2,610 | 3,976 |
| Uruguay | 867 | 675 | 775 | 1,860 | 3,227 |
| All other | 22,200 | 17,226 | 16,762 | 19,359 | 15,361 |
| Total | 619,460 | 568,767 | 590,759 | 809,058 | 913,294 |
| Imports from GSP-eligible sources: | | | | | |
| Cambodia | 1,875 | 949 | 1,312 | 1,173 | 2,073 |
| Burma | 0 | 0 | 0 | 0 | 25 |
| Liberia | 0 | 0 | 0 | 0 | 10 |
| Haiti | 7 | 10 | 0 | 0 | 0 |
| Madagascar | 0 | 0 | 112 | 0 | 0 |
| Sierra Leone | 0 | 2 | 0 | 0 | 0 |
| Timor-Leste | 0 | 0 | 0 | 102 | 0 |
| Total | 1,882 | 961 | 1,424 | 1,275 | 2,108 |

Source: USITC DataWeb/USDOC (accessed June 17, 2020).

Note: Because of rounding, figures may not add to the totals shown. Total U.S. imports from all sources encompass imports from all trading partners including those with a FTA with the United States or duty-free access through a U.S. unilateral trade preference program. Imports from GSP-eligible trading partners include all U.S. imports from GSP-eligible sources for this product. In the case of this removal request, this HTS provision is only GSP-eligible for LDBDCs.

Broken rice accounted for about 2 percent of total U.S. imports of rice in 2019. During 2015–19 imports fluctuated significantly annually, but Brazil, Thailand, and Vietnam were the three largest sources of broken rice to the United States (table 3.13) throughout the period. Exports of broken rice from Brazil to the United States fluctuated between 2015 and 2019, with lows of \$1 million and highs of over \$8 million; they reached about \$7 million in 2019. These exports accounted for a small share of Brazil’s total broken rice exports and represented 5.4 percent of Brazil’s total rice exports in 2019.¹⁰² Among the

¹⁰⁰ Thailand changed its grading standards for exports of jasmine rice in 2016, so export data from Thailand from before and after 2016 are not comparable. IHS Markit, Global Trade Atlas database, HS 1006.30.40001 (accessed June 17, 2020); *Bangkok Post*, “Thai Rice Grades to Be Redefined,” November 17, 2016.

¹⁰¹ IHS Markit, Global Trade Atlas database, HS 1006.30.20 (accessed June 17, 2020).

¹⁰² IHS Markit, Global Trade Atlas database, HS 1006.40.00 (accessed June 27, 2020).

GSP-eligible LDBDCs, only Haiti, Cambodia, and, in one year Burma, periodically exported small quantities to the U.S. market during the period.

Table 3.13 Broken rice (HTS 1006.40.00): U.S. imports for consumption by principal sources, 2015–19 (thousand dollars)

| Trading partner | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------------------|---------------|---------------|--------------|---------------|---------------|
| Total imports from all sources: | | | | | |
| Brazil | 1,174 | 8,010 | 1,021 | 8,638 | 7,195 |
| Thailand | 15,292 | 4,096 | 3,726 | 5,289 | 5,691 |
| Vietnam | 2,854 | 2,820 | 1,131 | 2,476 | 1,748 |
| Japan | 129 | 186 | 271 | 228 | 289 |
| Pakistan | 890 | 470 | 155 | 86 | 114 |
| Haiti | 0 | 44 | 171 | 87 | 86 |
| Uruguay | 754 | 0 | 0 | 0 | 56 |
| Argentina | 56 | 178 | 40 | 0 | 47 |
| United Kingdom | 0 | 0 | 0 | 7 | 44 |
| Burma | 0 | 0 | 0 | 0 | 36 |
| All other | 595 | 380 | 94 | 245 | 61 |
| Total | 21,744 | 16,183 | 6,609 | 17,058 | 15,367 |
| Imports from GSP-eligible sources: | | | | | |
| Haiti | 0 | 44 | 171 | 87 | 86 |
| Burma | 0 | 0 | 0 | 0 | 36 |
| Cambodia | 15 | 59 | 0 | 0 | 6 |
| Total | 15 | 103 | 171 | 87 | 128 |

Source: USITC DataWeb/USDOC (accessed June 17, 2020).

Note: Because of rounding, figures may not add to the totals shown. Total U.S. imports from all sources encompass imports from all trading partners, including those with a FTA with the United States or duty-free access through a U.S. unilateral trade preference program. Imports from GSP-eligible trading partners include all U.S. imports from GSP-eligible sources for this product. In the case of this removal request, this HTS provision is only GSP-eligible for LDBDCs.

Exports

The United States is a net exporter of rice to the world. The value of U.S. rice exports varies depending on the type of rice and destination market.¹⁰³ The United States primarily exports non-parboiled white rice, particularly medium grain rice (Schedule B 1006.30.9020) and long grain rice (Schedule B 1006.30.9010), which accounted respectively for 31.3 and 22.2 percent of total U.S. rice exports in 2019. Additionally, paddy rice (Schedule B 1006.10.0000) accounted for about 25.0 percent of U.S. rice exports in 2019. Combined, these three products accounted for almost 80.0 percent of total U.S. rice exports.¹⁰⁴ Canada and Mexico import the majority of U.S. rice in each category of rice (using Schedule B categories), except for brown medium grain, non-parboiled white long grain, and non-parboiled white medium grain, which are mostly destined for South Korea, Haiti, and Japan, respectively.

¹⁰³ USITC, hearing transcript, June 19, 2020 (testimony of Peter Bachmann, USA Rice), 99–100.

¹⁰⁴ The U.S. exports 10 other rice schedule B products. The 2 largest are white rice, parboiled, long grain (Schedule B 1006.30.1020), which accounts for 7.9 percent of U.S. exports, and brown rice, other than basmati, medium grain (Schedule B 1006.20.4040), which accounts for 6.8 percent of U.S. exports. The remaining 8 Schedule B products each account for less than 2 percent of U.S. exports, with most accounting for less than 1 percent of exports. See appendix D for information pertaining to additional U.S. exports.

U.S. exports of rice experienced an overall decrease during 2015–19, dropping 8.2 percent (down \$203 million) for all types of rice combined. Increased competition from South American and Asian countries in many third-country export markets, particularly in Mexico—the largest market for U.S. rice of all types—has led to a decline in U.S. exports of rice to those markets.¹⁰⁵ While U.S. exports of non-parboiled medium grain white rice (Schedule B 1006.30.9020) recovered in 2019 to reach \$583 million, the highest level in the period (table 3.14), exports of U.S. non-parboiled long grain white rice (Schedule B 1006.30.9010) decreased in 2015–19, dropping 15.9 percent to the second-lowest level in the five-year period (table 3.15).¹⁰⁶ The decline in exports of the latter category of rice did not affect all export markets. For example, although exports to Colombia, the second-largest market for U.S. non-parboiled long grain white rice in 2015, decreased 88.6 percent (about \$70 million) during 2015–19, exports to Haiti, the largest market for this type of rice throughout the period, increased 10.5 percent (\$20 million). Similarly, exports to Mexico of non-parboiled long grain white rice dropped 67.9 percent, or \$36 million, in 2015–19, while exports to Canada of this type of rice increased 81.5 percent, or \$23 million.

Table 3.14 White rice, not parboiled: medium grain (Schedule B 1006.30.9020): U.S. exports of domestic merchandise by principal markets, 2015–19 (thousand dollars)

| Trading partner | 2015 | 2016 | 2017 | 2018 | 2019 |
|--------------------------|---------|---------|---------|---------|---------|
| Japan | 273,097 | 222,612 | 172,113 | 222,053 | 262,644 |
| Jordan ^a | 79,568 | 71,329 | 88,889 | 63,332 | 74,037 |
| Canada ^a | 37,280 | 35,394 | 34,791 | 44,626 | 45,506 |
| South Korea ^a | 47,198 | 34,834 | 25,443 | 27,286 | 34,670 |
| Saudi Arabia | 12,763 | 38,365 | 32,223 | 9,027 | 31,509 |
| Taiwan | 21,225 | 18,116 | 15,197 | 19,390 | 19,094 |
| Israel ^a | 9,241 | 13,231 | 9,669 | 9,270 | 17,834 |
| Mexico ^a | 8,459 | 8,919 | 12,090 | 14,972 | 12,253 |
| Vietnam | 0 | 0 | 0 | 74 | 10,514 |
| Hong Kong | 738 | 2,938 | 13,078 | 5,025 | 7,072 |
| All other | 90,413 | 111,925 | 80,817 | 60,849 | 68,264 |
| Total | 579,981 | 557,662 | 484,309 | 475,904 | 583,398 |

Source: USITC DataWeb/USDOC (accessed June 17, 2020).

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

^a FTA partner.

¹⁰⁵ Laws, “U.S. Rice Farmers Losing Market Share in Mexico,” September 6, 2018; USDA, ERS, “Rice Sector at a Glance: Trade,” August 20, 2019.

¹⁰⁶ While exports to Japan, the main destination for U.S. white non-parboiled medium grain rice, decreased, exports to Saudi Arabia, Israel, and Vietnam increased substantially from 2015 to 2019. USITC DataWeb/USDOC, HTS Schedule B 1006.30.9020 (accessed June 5, 2020).

Table 3.15 White rice, not parboiled: long grain (Schedule B 1006.30.9010): U.S. exports of domestic merchandise by principal markets, 2015–19 (thousand dollars)

| Trading partner | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------------------------|---------|---------|---------|---------|---------|
| Haiti | 186,783 | 190,075 | 228,777 | 204,297 | 206,355 |
| Iraq | 53,149 | 42,567 | 19,284 | 88,640 | 71,710 |
| Canada ^a | 28,040 | 28,789 | 24,104 | 28,958 | 50,887 |
| Mexico ^a | 53,307 | 24,996 | 43,398 | 21,708 | 17,104 |
| Dominican Republic ^a | 6,800 | 8,801 | 12,818 | 10,881 | 12,002 |
| Colombia ^a | 79,351 | 26,055 | 31,068 | 17,795 | 9,058 |
| Benin | 134 | 90 | 5,934 | 186 | 8,303 |
| Côte d'Ivoire | 0 | 11,393 | 0 | 8,121 | 4,513 |
| Bahamas | 3,958 | 3,752 | 3,786 | 4,237 | 3,993 |
| Guinea | 1,813 | 2,016 | 13,043 | 2,675 | 2,730 |
| All other | 77,855 | 37,573 | 44,909 | 32,248 | 26,221 |
| Total | 491,191 | 376,107 | 427,119 | 419,747 | 412,875 |

Source: USITC DataWeb/USDOC (accessed June 17, 2020).

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

^a FTA partner.

Only a limited number of countries, including the United States, allow exports of paddy rice.¹⁰⁷ Many countries have applied export restrictions to ensure an affordable supply of rice, and others have done so to promote their own domestic milling industries.¹⁰⁸ Exports of U.S. paddy rice are mostly destined for Mexico, Central America, and South America (table 3.16). Although exports of paddy rice from the United States increased 11.1 percent from 2018 to 2019, they decreased 4.2 percent over the 2015–19 period, led by a decline in exports to Venezuela (down 71.7 percent or \$39 million) and Panama (down 51.9 percent or \$14 million). However, U.S. exports of paddy rice to Nicaragua and Mexico increased in the five-year period, gaining about \$40 million each.

Table 3.16 Paddy rice (Schedule B 1006.10.0000): U.S. exports of domestic merchandise by principal markets, 2015–19 (thousand dollars)

| Trading partner | 2015 | 2016 | 2017 | 2018 | 2019 |
|--------------------------|---------|---------|---------|---------|---------|
| Mexico ^a | 186,567 | 202,491 | 209,909 | 205,438 | 223,473 |
| Honduras ^a | 52,760 | 65,005 | 37,845 | 55,292 | 42,110 |
| Nicaragua ^a | 0 | 0 | 1,762 | 3,479 | 40,940 |
| Colombia ^a | 25,467 | 15,376 | 16,386 | 31,636 | 33,639 |
| Guatemala ^a | 30,047 | 33,644 | 27,546 | 35,876 | 30,996 |
| El Salvador ^a | 20,684 | 20,839 | 17,242 | 23,910 | 21,148 |
| Libya | 25,725 | 24,454 | 16,772 | 23,960 | 20,799 |
| Costa Rica ^a | 20,115 | 28,416 | 17,808 | 20,137 | 19,164 |
| Venezuela | 54,160 | 81,315 | 66,102 | 14,158 | 15,338 |
| Panama ^a | 27,332 | 11,933 | 10,234 | 4,945 | 13,149 |
| All other | 43,777 | 9,667 | 11,484 | 749 | 5,249 |
| Total | 486,634 | 493,140 | 433,089 | 419,581 | 466,005 |

Source: USITC DataWeb/USDOC (accessed June 17, 2020).

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

^a FTA partner.

¹⁰⁷ USDA, ERS, "Rice Sector at a Glance: Trade," August 20, 2019.

¹⁰⁸ Calpe, "Rice in World Trade" (accessed July 8, 2020).

Positions of Interested Parties

In support: USA Rice Federation filed written submissions, and a representative of USA Rice Federation appeared at the Commission hearing.¹⁰⁹

In opposition: The government of Brazil filed a written submission, and a representative of Brazil appeared at the Commission hearing.

In opposition: The government of India filed written submissions, and a representative of India appeared at the Commission hearing.

In opposition: The government of Pakistan filed a written submission.

No other statements were received by the Commission in support of, or in opposition to, the proposed modification to the GSP considered for this provision.

¹⁰⁹ The USA Rice Federation filed petitions with the USTR for the removal of HTS provisions 1006.10.00, 1006.20.20, 1006.20.40, 1006.30.10, 1006.30.90, and 1006.40.00 from the GSP program.

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Chapter 4

Summary Advice of Probable Economic Effects

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Appendix A

Request Letter



THE UNITED STATES TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON

May 1, 2020

The Honorable David S. Johanson
Chairman
United States International Trade Commission
500 E Street, S.W.
Washington, D.C. 20436

Dear Chairman Johanson:

As part of the 2020 Annual Review for modification of the Generalized System of Preferences (GSP) program, the Trade Policy Staff Committee (TPSC) has recently decided to accept certain product petitions for review. Modifications to the GSP program that may result from this review are expected to be announced on or before October 31, 2020, and to become effective on or before November 1, 2020.

In accordance with sections 503(a)(1)(A), 503(e), and 131(a) of the Trade Act of 1974, as amended ("the 1974 Act"), and pursuant to the authority of the President delegated to the United States Trade Representative (USTR) by sections 4(c) and 8(c) and (d) of Executive Order 11846 of March 31, 1975, as amended, and pursuant to section 332(g) of the Tariff Act of 1930, I hereby notify the Commission that the articles identified in Table A of the enclosed Annex are being considered for designation as eligible articles for purposes of the GSP program. I therefore request that the Commission provide its advice as to the probable economic effect on total U.S. imports, on U.S. industries producing like or directly competitive articles, and on U.S. consumers of the elimination of U.S. import duties on the articles in Table A for all beneficiary developing countries under the GSP program.

I hereby notify the Commission that the articles identified in Table B are being considered for removal from eligibility for duty-free treatment under the GSP program from all countries. Under authority delegated by the President, pursuant to section 332(g) of the Tariff Act of 1930, I request that the Commission provide its advice as to the probable economic effect of the removal from eligibility for duty-free treatment under the GSP program for these articles from all countries on total U.S. imports, on U.S. industries producing like or directly competitive articles, and on U.S. consumers.

To the extent possible, I would appreciate it if the probable economic effect advice and statistics (profile of the U.S. industry and market and U.S. import and export data) and any

other relevant information or advice is provided separately and individually for each U.S. Harmonized Tariff Schedule subheading for all products subject to this request.

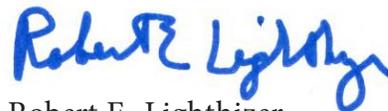
In accordance with USTR policy on implementing Executive Order 13526, as amended, I direct you to mark or identify as "Confidential," for a period of ten years, such portions of the Commission's report and its working papers that contain the Commission's advice and assessment of probable economic effects on domestic industries, on U.S. imports, and on U.S. consumers. Consistent with the Executive Order, this information is being classified on the basis that it concerns economic matters relating to national security. In addition, USTR considers the Commission's report to be an interagency memorandum that will contain pre-decisional advice and be subject to the deliberative process privilege.

I request that you submit an outline of this report as soon as possible to enable USTR officials to provide you with further guidance on its classification, including the extent to which portions of the report will require classification and for how long. Based on this outline, an appropriate USTR official will provide you with written instructions. All confidential business information contained in the report should also be clearly identified.

I would greatly appreciate if the requested advice, including those portions indicated as "Confidential" be provided to my office by August 31, 2020. Once the Commission's confidential report is provided to my office, and we review and approve the classification marking, the Commission should issue; as soon as possible thereafter, a public version of the report containing only the unclassified information, with any confidential business information deleted.

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

Sincerely yours,



Robert E. Lighthizer

ANNEX

Products are listed by Harmonized Tariff Schedule of the United States (HTS) subheadings. The product descriptions in this list are for informational purposes only; the definitive tariff nomenclature for the products listed below can be found in the HTS. The descriptions below are not intended to delimit in any way the scope of the relevant subheadings. The petitions cited below may be found on www.regulations.gov in Dockets:

- Product Addition Petitions - USTR-2020-0004
- Product Removal Petitions - USTR-2020-0005

Table A: 2020 GSP Annual Review- Petitions submitted to add products to the list of eligible articles for the Generalized System of Preferences (GSP).

| HTS Subheading | Brief Description | Petitioner(s) |
|----------------|---|---|
| 06031100 | Sweetheart, Spray and other Roses, fresh cut | Association of Floral Importers of Florida, Society of American Florists, Republic of Ecuador |
| 0603110010 | Sweetheart roses, fresh, suitable for bouquets or for ornamental purposes | Society of American Florists |
| 0603110030 | Spray roses, fresh, suitable for bouquets or for ornamental purposes | Society of American Florists |
| 0603110060 | Roses, fresh, suitable for bouquets or for ornamental purposes, nesoi | Society of American Florists |

Table B: 2020 GSP Annual Review- Petitions submitted to remove duty-free status from the listed countries for a product on the list of eligible articles for the GSP program.

| HTS Subheading | Brief Description | Petitioner |
|----------------|--|---------------------|
| 1006.10.00 | Rice in the husk (paddy or rough) | USA Rice Federation |
| 1006.20.20 | Basmati rice, husked | USA Rice Federation |
| 1006.20.40 | Husked (brown) rice, other than Basmati | USA Rice Federation |
| 1006.30.10 | Rice semi-milled or wholly milled, whether or not polished or glazed, parboiled | USA Rice Federation |
| 1006.30.90 | Rice semi-milled or wholly milled, whether or not polished or glazed, other than parboiled | USA Rice Federation |
| 1006.40.00 | Broken rice | USA Rice Federation |

Appendix B

***Federal Register* Notice**

ponds adjacent to the Don Plant, which would require the acquisition of adjacent Federal lands. Additionally, this acquisition would allow Simplot to maximize the operational life of its ongoing phosphate processing operations at the Don Plant by expanding gypsum stacks onto adjacent land.

The formal public scoping process for the EIS began on May 20, 2019, with publication of a Notice of Intent in the **Federal Register**, which initiated a 45-day public comment period. Key resource issues identified during scoping include: Air quality, cultural resources, fish and wildlife, hazardous and solid wastes, lands and realty, recreation, socioeconomics, environmental justice, tribal treaty rights, visual resources, and water resources. The Notice of Availability for the Draft EIS was published on December 20, 2019, initiating a 45-day public comment period. The public comments resulted in the addition of: (1) Information on radioactivity and radionuclides, (2) information on water quality in the Portneuf River, including contributions from upstream sources, especially phosphorous and arsenic, and (3) qualitative information describing how a complete liner failure could occur and general types of effects/impacts. The BLM has responded to substantive comments and made appropriate revisions to the Final EIS or explained why a comment did not warrant a change.

The Final EIS evaluates the Proposed Action and two action alternatives, in addition to a No Action Alternative. The Proposed Action is to exchange 719 acres of Federal land for 667 acres of non-Federal land.

Alternative A (Increased Non-Federal Land Acreage) includes the same area of Federal (719 acres) and non-Federal lands (667 acres) as the proposed action, with the addition of voluntary mitigation and donation parcels (A and B) proposed by Simplot. Parcel A is voluntary mitigation that includes an additional 160 acres of non-Federal land within Blackrock Canyon to mitigate the net loss of Federal acres in the proposed action. The acquired lands would be available to tribal members for aboriginal purposes and would improve existing public access to the Chinese Peak/Blackrock Trail system. Parcel B is a proposed donation consisting of approximately 950 acres within the Fort Hall Reservation that would be offered to the Secretary of the Interior, or to the Shoshone-Bannock Tribes.

Alternative B (Avoiding the West Canyon) was developed from comments received during scoping to adjust the

boundary of the Federal lands to minimize impacts to cultural and tribal resources in the West Canyon area on the north side of Howard Mountain. The Federal lands that would be acquired by Simplot would be reconfigured to eliminate the West Canyon area from the land exchange. This alternative would involve exchanging 711 acres of Federal land for 667 acres of non-Federal land. This alternative also includes the voluntary mitigation and donation parcels (A and B). Simplot would donate \$25,000 to the Shoshone-Bannock Tribes' Language Program as voluntary mitigation for the BLM's conveyance of a National Register of Historic Places (NRHP)-eligible site within the Federal land.

Under the No Action Alternative, the proposed land exchange would not be authorized.

The BLM selected Alternative B as the Preferred Alternative, because it adjusts the boundary of the Federal lands to minimize impacts to cultural resources, allows for a net gain of public lands, and makes additional lands available for tribal uses. The BLM will continue consultation with Native American Tribes on a government-to-government basis in accordance with Executive Order 13175 and other policies. The BLM will give tribal concerns due consideration, including impacts on Native American trust assets and potential impacts to cultural resources.

Authority: 40 CFR 1506.6, 40 CFR 1506.10.

John F. Ruhs,

BLM Idaho State Director.

[FR Doc. 2020-11365 Filed 5-26-20; 8:45 am]

BILLING CODE 4310-GG-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 332-578]

Generalized System of Preferences: Possible Modifications, 2020 Review

AGENCY: United States International Trade Commission.

ACTION: Notice of institution of investigation and scheduling of public hearing.

SUMMARY: Following receipt of a request on May 4, 2020, from the United States Trade Representative (USTR), the U.S. International Trade Commission (Commission) instituted Investigation No. 332-578, *Generalized System of Preferences: Possible Modifications, 2020 Review*, for the purpose of providing advice and information relating to the possible addition of articles and removal of articles.

DATES:

June 3, 2020: Deadline for filing requests to appear at the public hearing.

June 3, 2020: Deadline for filing pre-hearing briefs and statements.

June 19, 2020: Public hearing.

June 29, 2020: Deadline for filing post-hearing briefs and statements.

June 29, 2020: Deadline for filing all other written submissions.

August 31, 2020: Transmittal of Commission report to the USTR.

Because COVID-19 mitigation measures are in effect, the Commission will hold the public hearing virtually. For further information on the hearing, see the section below on "public hearing" and also the Commission's ongoing investigations website (https://usitc.gov/research_and_analysis/what_we_are_working_on.htm), before June 22, 2020 for details about the hearing format.

ADDRESSES: All Commission offices are located in the United States International Trade Commission Building, 500 E Street SW, Washington, DC. All written submissions should be addressed to the Secretary, United States International Trade Commission, 500 E Street SW, Washington, DC 20436. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <https://edis.usitc.gov>.

FOR FURTHER INFORMATION CONTACT:

Information specific to this investigation may be obtained from Sharon Ford, Project Leader, Office of Industries (202-205-3084 or sharon.ford@usitc.gov), or Greg LaRocca, Deputy Project Leader, Office of Industries (202-205-3405 or gregory.larocca@usitc.gov) or Marin Weaver, Technical Advisor, Office of Industries (202-205-3461 or marin.weaver@usitc.gov). For information on the legal aspects of this investigation, contact William Gearhart of the Commission's Office of the General Counsel (202-205-3091 or william.gearhart@usitc.gov). The media should contact Margaret O'Laughlin, Office of External Relations (202-205-1819 or margaret.olaughlin@usitc.gov). Hearing-impaired individuals may obtain information on this matter by contacting the Commission's TDD terminal at 202-205-1810. General information concerning the Commission may also be obtained by accessing its website (<http://www.usitc.gov>). Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000.

Background: In his letter, the USTR requested the advice and information described below.

(1) *Advice as to the probable economic effect on total U.S. imports, on U.S. industries producing like or directly competitive articles, and on U.S. consumers of the elimination of U.S. import duties on the articles in Table A for all beneficiary developing countries under the GSP program.* In accordance with sections 503(a)(1)(A), 503(e), and 131(a) of the Trade Act of 1974, as amended (“the 1974 Act”) and pursuant to the authority of the President delegated to the USTR by sections 4(c) and 8(c) and (d) of Executive Order 11846 of March 31, 1975, as amended, and pursuant to section 332(g) of the Tariff Act of 1930, the USTR notified the Commission that the articles identified in Table A of the Annex to the USTR request letter are being considered for designation as eligible articles for purposes of the GSP program. The USTR requested that the Commission provide its advice as to the probable economic effect on total U.S. imports, U.S. industries producing like or directly competitive articles, and on U.S. consumers of the elimination of U.S. import duties on the articles identified in Table A of the Annex to the USTR request letter for all beneficiary developing countries under the GSP program (see Table A below).

TABLE A—2020 GSP ANNUAL REVIEW—PETITIONS SUBMITTED TO ADD PRODUCTS TO THE LIST OF ELIGIBLE ARTICLES FOR THE GENERALIZED SYSTEM OF PREFERENCES (GSP)

| HTS provision | Brief description |
|------------------|--|
| 0603.11.00 | Sweetheart, Spray and other Roses, fresh cut. |
| 0603.11.0010 | Sweetheart roses, fresh, suitable for bouquets or for ornamental purposes. |
| 0603.11.0030 | Spray roses, fresh, suitable for bouquets or for ornamental purposes. |
| 0603.11.0060 | Roses, fresh, suitable for bouquets for ornamental purposes, nesoi. |

(2) *Advice as to the probable economic effect of the removal from eligibility for duty-free treatment under the GSP program for these articles from all countries on total U.S. imports, on U.S. industries producing like or directly competitive articles, and on U.S. consumers.* The USTR notified the Commission that six articles from all beneficiary developing countries are being considered for removal from eligibility for duty-free treatment under the GSP program. Under authority

delegated by the President, pursuant to section 332(g) of the Tariff Act of 1930, with respect to the articles listed in Table B of the Annex to the USTR request letter, the USTR requested that the Commission provide its advice as to the probable economic effect of the removal from eligibility for duty-free treatment under the GSP program for these articles from all beneficiary developing countries on total U.S. imports, on U.S. industries producing like or directly competitive articles, and on U.S. consumers (see Table B below).

TABLE B—2020 GSP ANNUAL REVIEW—PETITIONS SUBMITTED TO REMOVE DUTY-FREE STATUS FOR A PRODUCT ON THE LIST OF ELIGIBLE ARTICLES FOR THE GSP PROGRAM

| HTS provision | Brief description |
|------------------|---|
| 1006.10.00 | Rice in the husk (paddy or rough). |
| 1006.20.20 | Basmati rice, husked. |
| 1006.20.40 | Husked (brown) rice, other than Basmati. |
| 1006.30.10 | Rice semi-milled or wholly milled, whether or not polished or glazed, parboiled. |
| 1006.30.90 | Rice semi-milled or wholly milled, whether or not polished or glazed, other than parboiled. |
| 1006.40.00 | Broken rice. |

Time for reporting, HTS detail, portions of report to be classified. As requested by the USTR, the Commission will provide the requested advice and information by August 31, 2020. The USTR asked that the Commission issue, as soon as possible thereafter, a public version of the report containing only the unclassified information, with any confidential business information deleted. As requested, the Commission will provide its probable economic effect advice and statistics (profile of the U.S. industry and market and U.S. import and export data) and any other relevant information or advice separately and individually for each U.S. Harmonized Tariff Schedule provision for all products subject to the request. The USTR indicated that those sections of the Commission’s report and working papers that contain the Commission’s advice and assessment of probable economic effects on domestic industries, on U.S. imports, and on U.S. consumers, will be classified as “confidential.” The USTR also stated that his office considers the Commission’s report to be an inter-agency memorandum that will contain pre-decisional advice and be subject to the deliberative process privilege.

Public Hearing: A public hearing in connection with this investigation will be held beginning at 9:30 a.m. on June 19, 2020, virtually. Information about the virtual hearing and how to participate will be posted on the Commission’s website at (https://usitc.gov/research_and_analysis/what_we_are_working_on.htm). Once on that web page, scroll down to the entry for investigation No. 332–578, *Generalized System of Preferences: Possible Modifications, 2020 Review*, and click on the link to “hearing instructions”. Requests to appear at the public hearing should be filed with the Secretary no later than 5:15 p.m., June 3, 2020. All pre-hearing briefs and statements should be filed no later than 5:15 p.m., June 3, 2020; and all post-hearing briefs and statements should be filed no later than 5:15 p.m., June 29, 2020. All requests to appear, and pre- and post-hearing briefs and statements should be filed in accordance with the requirements of the “written submissions” section below.

Written Submissions: In lieu of or in addition to participating in the hearing, interested parties are invited to file written submissions concerning this investigation. All written submissions should be addressed to the Secretary, and should be received not later than 5:15 p.m., June 29, 2020. All written submissions must conform to the provisions of section 201.8 of the Commission’s Rules of Practice and Procedure (19 CFR 201.8), as temporarily amended by 85 FR 15798 (March 19, 2020). Under that rule waiver, the Office of the Secretary will accept only electronic filings at this time. Filings must be made through the Commission’s Electronic Document Information System (EDIS, <https://edis.usitc.gov>). No in-person paper-based filings or paper copies of any electronic filings will be accepted until further notice. Persons with questions regarding electronic filing should contact the Office of the Secretary, Docket Services Division (202–205–1802), or consult the Commission’s Handbook on Filing Procedures.

Confidential Business Information: Any submissions that contain confidential business information must also conform with the requirements of section 201.6 of the Commission’s Rules of Practice and Procedure (19 CFR 201.6). Section 201.6 of the rules requires that the cover of the document and the individual pages be clearly marked as to whether they are the “confidential” or “non-confidential” version, and that the confidential business information is clearly identified by means of brackets. All

written submissions, except for confidential business information, will be made available for inspection by interested parties.

The Commission may include some or all of the confidential business information submitted in the course of this investigation in the report it sends to the USTR. Additionally, all information, including confidential business information, submitted in this investigation may be disclosed to and used: (i) By the Commission, its employees and Offices, and contract personnel (a) for developing or maintaining the records of this or a related proceeding, or (b) in internal investigations, audits, reviews, and evaluations relating to the programs, personnel, and operations of the Commission including under 5 U.S.C. Appendix 3; or (ii) by U.S. government employees and contract personnel for cybersecurity purposes. The Commission will not otherwise disclose any confidential business information in a manner that would reveal the operations of the firm supplying the information.

Summaries of Written Submissions: Persons wishing to have a summary of their position included in the report should include a summary with their written submission and should mark the summary as having been provided for that purpose. The summary should be clearly marked as “summary for inclusion in the report” at the top of the page. The summary may not exceed 500 words, should be in MS Word format or a format that can be easily converted to MS Word, and should not include any confidential business information. The summary will be published as provided if it meets these requirements and is germane to the subject matter of the investigation. The Commission will list the name of the organization furnishing the summary and will include a link to the Commission’s Electronic Document Information System (EDIS) where the full written submission can be found.

By order of the Commission.

Issued: May 21, 2020.

Lisa Barton,

Secretary to the Commission.

[FR Doc. 2020–11359 Filed 5–26–20; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 337–TA–1201]

Certain Liquid Crystal Display Devices, Components Thereof, and Products Containing the Same; Institution of Investigation

AGENCY: U.S. International Trade Commission

ACTION: Notice

SUMMARY: Notice is hereby given that a complaint was filed with the U.S. International Trade Commission on April 21, 2020, under section 337 of the Tariff Act of 1930, as amended, on behalf of Sharp Corporation of Japan and Sharp Electronics Corporation of New Jersey. Supplements to the complaint were filed on April 22, 2020, May 4, 2020, and May 12, 2020. The complaint, as supplemented, alleges violations of section 337 based upon the importation into the United States, the sale for importation, and the sale within the United States after importation of certain liquid crystal display devices, components thereof, and products containing the same by reason of infringement of certain claims of U.S. Patent No. 7,245,329 (“the ‘329 patent”); U.S. Patent No. 7,372,533 (“the ‘533 patent”); U.S. Patent No. 8,022,912 (“the ‘912 patent”); U.S. Patent No. 8,451,204 (“the ‘204 patent”); and U.S. Patent No. 8,847,863 (“the ‘863 patent”). The complaint further alleges that an industry in the United States exists as required by the applicable Federal Statute.

The complainants request that the Commission institute an investigation and, after the investigation, issue a limited exclusion order and cease and desist orders.

ADDRESSES: The complaint, as supplemented, except for any confidential information contained therein, may be viewed on the Commission’s electronic docket (EDIS) at <https://edis.usitc.gov>. For help accessing EDIS, please email EDIS3Help@usitc.gov. Hearing impaired individuals are advised that information on this matter can be obtained by contacting the Commission’s TDD terminal on (202) 205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at (202) 205–2000. General information concerning the Commission may also be obtained by accessing its internet server at <https://www.usitc.gov>.

FOR FURTHER INFORMATION CONTACT: Katherine Hiner, Office of the Secretary,

Docket Services Division, U.S. International Trade Commission, telephone (202) 205–1802.

SUPPLEMENTARY INFORMATION: Authority: The authority for institution of this investigation is contained in section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. 1337, and in section 210.10 of the Commission’s Rules of Practice and Procedure, 19 CFR 210.10 (2020).

Scope of Investigation: Having considered the complaint, the U.S. International Trade Commission, on May 20, 2020, ordered that—

(1) Pursuant to subsection (b) of section 337 of the Tariff Act of 1930, as amended, an investigation be instituted to determine whether there is a violation of subsection (a)(1)(B) of section 337 in the importation into the United States, the sale for importation, or the sale within the United States after importation of certain products identified in paragraph (2) by reason of infringement of one or more of claims 1 and 4–6 of the ‘329 patent; claims 1–2 and 11–13 of the ‘533 patent; claims 1, 4, 6, 11–12, 15, 17, and 22 of the ‘912 patent; claims 1, 3, 5, 10–11, 13, 15, 17, and 22 of the ‘204 patent; and claims 8–13 of the ‘863 patent, and whether an industry in the United States exists as required by subsection (a)(2) of section 337;

(2) Pursuant to section 210.10(b)(1) of the Commission’s Rules of Practice and Procedure, 19 CFR 210.10(b)(1), the plain language description of the accused products or category of accused products, which defines the scope of the investigation, is “high definition televisions and display screens, LCD panels, LCD modules (consisting of LCD panels as well as a controller and backlight), and components of each”;

(3) For the purpose of the investigation so instituted, the following are hereby named as parties upon which this notice of investigation shall be served:

(a) The complainants are:
Sharp Corporation, 1 Takumi-cho, Sakai-ku, Sakai City, Osaka, 590–8522 Japan
Sharp Electronics Corporation, 100 Paragon Drive, Montvale, New Jersey 07645

(b) The respondents are the following entities alleged to be in violation of section 337, and are the parties upon which the complaint is to be served:
VIZIO Inc., 39 Tesla, Irvine, CA 92618
Xianyang CaiHong Optoelectronics Technology Co., Ltd., No.1, Gaoke Yilu, Qindu District, Xianyang, Shaanxi, 712000, China
TPV Technology, Ltd., Units 1208–16, 12/F, C-Bons International Center, 108

Appendix C

Calendar of Hearing Witnesses

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission’s hearing:

Subject: Generalized System of Preferences: Possible Modifications,
2020 Review

Inv. No.: 332-578

Date & Time: June 19, 2020 – 9:30 a.m.

Sessions were held in connection with these investigations via videoconference and/or through written testimony.

EMBASSY APPEARANCES:

Embassy of Brazil
Washington, DC

Secretary Gabriel Braga, Economic Section, Agricultural Issues

Embassy of India
Washington, DC

Dr. Manoj Kumar Mohapatra, Minister, Commerce

ORGANIZATION AND WITNESSES:

Rice: In Favor of Removal

USA Rice Federation
Arlington, VA

Peter Bachmann, Vice President, International Trade Policy

Roses: In Favor of Addition

Association of Floral Importers of Florida
Doral, FL

Christine Boldt, Executive Vice President

ORGANIZATION AND WITNESSES (continued):

Society of American Florists
Alexandria, VA

Bill LaFever, President, Bill Doran Company

Ben Powell, President, Mayesh

Tim Dewey, Vice President, DV Flora

Oscar Fernandez, Director of Sales, Equiflor

Roses: In Opposition to Addition

The Bristol Group PLLC
Washington, DC
on behalf of

California Cut Flower Commission

Dave Pruitt, Chief Executive Officer/Ambassador,
California Cut Flower Commission and Certified American Grown

Rene VanWingerden, Owner and President, Ocean Breeze Farms

Erik VanWingerden, Chief Executive Officer, Myriad Flowers

Adam H. Gordon) – OF COUNSEL

The Bristol Group PLLC
Washington, DC
on behalf of

Certified American Grown

Danielle Hahn, Owner, Rose Story Farm

Adam H. Gordon) – OF COUNSEL

-END-

Appendix D

Additional Data: U.S. Rice Exports

Table D.1 Brown basmati rice (Schedule B 1006.20.2000): U.S. exports of domestic merchandise by principal markets, 2015–19 (thousand dollars)

| Trading partner | 2015 | 2016 | 2017 | 2018 | 2019 |
|-----------------------------|-------|-------|------|------|------|
| Mexico ^a | 18 | 243 | 53 | 51 | 65 |
| Japan | 0 | 24 | 26 | 26 | 52 |
| Costa Rica ^a | 15 | 33 | 37 | 31 | 32 |
| St. Kitts and Nevis | 7 | 3 | 14 | 12 | 28 |
| India | 46 | 73 | 137 | 34 | 24 |
| Guatemala ^a | 0 | 7 | 21 | 16 | 22 |
| Jamaica | 10 | 23 | 0 | 0 | 20 |
| Guyana | 3 | 15 | 16 | 17 | 13 |
| French Guiana ^b | 0 | 0 | 3 | 113 | 12 |
| Cayman Islands ^c | 37 | 13 | 0 | 15 | 11 |
| All other | 1,484 | 961 | 592 | 389 | 50 |
| Total | 1,619 | 1,394 | 898 | 704 | 330 |

Source: USITC DataWeb/USDOC (accessed June 17, 2020).

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

^a FTA partner.

^b An overseas region of France.

^c An overseas territory of the United Kingdom.

Table D.2 Brown rice, other than basmati: long grain (Schedule B 1006.20.4020): U.S. exports of domestic merchandise by principal markets, 2015–19 (thousand dollars)

| Trading partner | 2015 | 2016 | 2017 | 2018 | 2019 |
|-----------------------|--------|--------|--------|--------|--------|
| Canada ^a | 19,218 | 19,618 | 21,232 | 20,947 | 18,251 |
| Mexico ^a | 2,945 | 2,508 | 2,256 | 1,917 | 2,266 |
| Taiwan | 4,379 | 12,100 | 3,091 | 341 | 1,276 |
| United Kingdom | 369 | 492 | 0 | 5,095 | 1,040 |
| Cayman Islands | 467 | 543 | 585 | 655 | 652 |
| Colombia ^a | 3 | 257 | 488 | 524 | 371 |
| Aruba | 29 | 11 | 0 | 0 | 207 |
| Jamaica | 127 | 87 | 248 | 137 | 191 |
| Venezuela | 0 | 605 | 136 | 35 | 137 |
| Panama ^a | 73 | 87 | 112 | 147 | 132 |
| All other | 6,816 | 5,560 | 4,009 | 1,471 | 258 |
| Total | 34,425 | 41,867 | 32,157 | 31,268 | 24,781 |

Source: USITC DataWeb/USDOC (accessed June 17, 2020).

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

^a FTA partner.

Table D.3 Brown rice, other than basmati: medium grain (Schedule B 1006.20.4040): U.S. exports of domestic merchandise by principal markets, 2015–19 (thousand dollars)

| Trading partner | 2015 | 2016 | 2017 | 2018 | 2019 |
|--------------------------|---------|--------|--------|--------|---------|
| South Korea ^a | 83,196 | 68,735 | 59,650 | 61,554 | 100,406 |
| Taiwan | 8,122 | 1,816 | 5,632 | 7,509 | 18,284 |
| Canada ^a | 4,669 | 3,768 | 3,650 | 4,361 | 4,038 |
| Honduras ^a | 0 | 0 | 4 | 0 | 2,333 |
| Japan | 149 | 153 | 745 | 431 | 576 |
| Belgium | 0 | 0 | 0 | 0 | 495 |
| Italy | 0 | 0 | 0 | 661 | 435 |
| United Kingdom | 228 | 298 | 113 | 136 | 292 |
| New Zealand | 98 | 112 | 100 | 190 | 181 |
| Venezuela | 0 | 93 | 155 | 200 | 78 |
| All other | 6,270 | 3,111 | 1,153 | 526 | 254 |
| Total | 102,732 | 78,087 | 71,203 | 75,568 | 127,372 |

Source: USITC DataWeb/USDOC (accessed June 17, 2020).

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

^a FTA partner.**Table D.4** Brown rice, other than basmati: short grain (Schedule B 1006.20.4060): U.S. exports of domestic merchandise by principal markets, 2015–19 (thousand dollars)

| Trading partner | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------------------------|-------|-------|-------|-------|-------|
| Mexico ^a | 19 | 39 | 0 | 378 | 4,858 |
| Canada ^a | 1,734 | 1,575 | 1,455 | 1,575 | 1,448 |
| Germany | 63 | 1,060 | 902 | 609 | 810 |
| Venezuela | 5 | 0 | 0 | 63 | 201 |
| Colombia ^a | 68 | 65 | 92 | 91 | 111 |
| Chile ^a | 4 | 48 | 83 | 117 | 81 |
| El Salvador ^a | 0 | 0 | 0 | 0 | 65 |
| Bahamas | 3 | 0 | 0 | 12 | 51 |
| Austria | 22 | 0 | 0 | 124 | 43 |
| Dominican Republic ^a | 45 | 51 | 54 | 29 | 37 |
| All other | 994 | 1,854 | 370 | 760 | 84 |
| Total | 2,956 | 4,692 | 2,956 | 3,757 | 7,791 |

Source: USITC DataWeb/USDOC (accessed June 17, 2020).

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

^a FTA partner.

Table D.5 Brown rice, other than basmati: mixtures of grains (Schedule B 1006.20.4080): U.S. exports of domestic merchandise by principal markets, 2015–19 (thousand dollars)

| Trading partner | 2015 | 2016 | 2017 | 2018 | 2019 |
|-------------------------------------|-------|-------|-------|-------|-------|
| Canada ^a | 7,236 | 5,861 | 5,860 | 5,647 | 3,896 |
| El Salvador ^a | 0 | 0 | 0 | 0 | 313 |
| Mexico ^a | 0 | 115 | 162 | 247 | 223 |
| Bermuda | 33 | 49 | 115 | 142 | 160 |
| Bahamas | 196 | 228 | 115 | 195 | 130 |
| British Virgin Islands ^b | 83 | 77 | 76 | 95 | 86 |
| Kuwait | 5 | 9 | 3 | 0 | 82 |
| United Arab Emirates | 0 | 0 | 81 | 85 | 79 |
| Panama ^a | 216 | 36 | 0 | 76 | 68 |
| Aruba | 16 | 14 | 9 | 23 | 61 |
| All other | 1,863 | 1,722 | 2,026 | 627 | 435 |
| Total | 9,648 | 8,111 | 8,447 | 7,137 | 5,532 |

Source: USITC DataWeb/USDOC (accessed June 17, 2020).

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

^a FTA partner.^b An overseas territory of the United Kingdom.**Table D.6** White rice, parboiled: long grain (Schedule B 1006.30.1020): U.S. exports of domestic merchandise by principal markets, 2015–19 (thousand dollars)

| Trading partner | 2015 | 2016 | 2017 | 2018 | 2019 |
|----------------------|---------|---------|---------|---------|---------|
| Saudi Arabia | 73,761 | 53,891 | 55,847 | 63,987 | 65,160 |
| Canada ^a | 32,814 | 27,435 | 28,235 | 38,103 | 38,426 |
| Guinea | 81 | 1,858 | 907 | 0 | 5,673 |
| Mexico ^a | 10,242 | 10,781 | 14,693 | 10,632 | 4,686 |
| Liberia | 300 | 309 | 3,867 | 3,633 | 4,204 |
| Sierra Leone | 0 | 0 | 0 | 1,001 | 3,272 |
| Morocco ^a | 0 | 0 | 29 | 1,256 | 2,295 |
| United Kingdom | 2,813 | 1,545 | 6,388 | 1,044 | 2,284 |
| Bahamas | 2,056 | 1,760 | 1,757 | 2,217 | 2,211 |
| Lebanon | 1,217 | 1,256 | 896 | 867 | 1,707 |
| All other | 28,028 | 15,641 | 23,668 | 19,345 | 17,068 |
| Total | 151,312 | 114,474 | 136,287 | 142,085 | 146,987 |

Source: USITC DataWeb/USDOC (accessed June 17, 2020).

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

^a FTA partner.

Table D.7 White rice, parboiled: other than long grain (Schedule B 1006.30.1040): U.S. exports of domestic merchandise by principal markets, 2015–19 (thousand dollars)

| Trading partner | 2015 | 2016 | 2017 | 2018 | 2019 |
|-------------------------|--------|--------|-------|--------|-------|
| Canada ^a | 3,574 | 2,957 | 3,963 | 7,119 | 7,442 |
| Mexico ^a | 2,636 | 1,032 | 1,830 | 4,457 | 204 |
| Colombia ^a | 27 | 20 | 31 | 64 | 184 |
| Jamaica | 39 | 20 | 8 | 46 | 70 |
| Saint Maarten | 10 | 15 | 35 | 9 | 65 |
| Anguilla | 12 | 19 | 19 | 49 | 49 |
| Aruba | 41 | 86 | 81 | 103 | 48 |
| Barbados | 76 | 47 | 14 | 77 | 38 |
| Costa Rica ^a | 3 | 6 | 0 | 0 | 22 |
| Egypt | 0 | 0 | 15 | 21 | 22 |
| All other | 5,567 | 7,965 | 2,693 | 1,933 | 251 |
| Total | 11,984 | 12,167 | 8,689 | 13,878 | 8,395 |

Source: USITC DataWeb/USDOC (accessed June 17, 2020).

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

^a FTA partner.**Table D.8** White rice, not parboiled: long grain (Schedule B 1006.30.9010): U.S. exports of domestic merchandise by principal markets, 2015–19 (thousand dollars)

| Trading partner | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------------------------|---------|---------|---------|---------|---------|
| Haiti | 186,783 | 190,075 | 228,777 | 204,297 | 206,355 |
| Iraq | 53,149 | 42,567 | 19,284 | 88,640 | 71,710 |
| Canada ^a | 28,040 | 28,789 | 24,104 | 28,958 | 50,887 |
| Mexico ^a | 53,307 | 24,996 | 43,398 | 21,708 | 17,104 |
| Dominican Republic ^a | 6,800 | 8,801 | 12,818 | 10,881 | 12,002 |
| Colombia ^a | 79,351 | 26,055 | 31,068 | 17,795 | 9,058 |
| Benin | 134 | 90 | 5,934 | 186 | 8,303 |
| Côte d'Ivoire | 0 | 11,393 | 0 | 8,121 | 4,513 |
| Bahamas | 3,958 | 3,752 | 3,786 | 4,237 | 3,993 |
| Guinea | 1,813 | 2,016 | 13,043 | 2,675 | 2,730 |
| All other | 77,855 | 37,573 | 44,909 | 32,248 | 26,221 |
| Total | 491,191 | 376,107 | 427,119 | 419,747 | 412,875 |

Source: USITC DataWeb/USDOC (accessed June 17, 2020).

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

^a FTA partner.

Table D.9 White rice, not parboiled: medium grain (Schedule B 1006.30.9020): U.S. exports of domestic merchandise by principal markets, 2015–19 (thousand dollars)

| Trading partner | 2015 | 2016 | 2017 | 2018 | 2019 |
|--------------------------|---------|---------|---------|---------|---------|
| Japan | 273,097 | 222,612 | 172,113 | 222,053 | 262,644 |
| Jordan ^a | 79,568 | 71,329 | 88,889 | 63,332 | 74,037 |
| Canada ^a | 37,280 | 35,394 | 34,791 | 44,626 | 45,506 |
| South Korea ^a | 47,198 | 34,834 | 25,443 | 27,286 | 34,670 |
| Saudi Arabia | 12,763 | 38,365 | 32,223 | 9,027 | 31,509 |
| Taiwan | 21,225 | 18,116 | 15,197 | 19,390 | 19,094 |
| Israel ^a | 9,241 | 13,231 | 9,669 | 9,270 | 17,834 |
| Mexico ^a | 8,459 | 8,919 | 12,090 | 14,972 | 12,253 |
| Vietnam | 0 | 0 | 0 | 74 | 10,514 |
| Hong Kong | 738 | 2,938 | 13,078 | 5,025 | 7,072 |
| All other | 90,413 | 111,925 | 80,817 | 60,849 | 68,264 |
| Total | 579,981 | 557,662 | 484,309 | 475,904 | 583,398 |

Source: USITC DataWeb/USDOC (accessed June 17, 2020).

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

^a FTA partner.**Table D.10** White rice, not parboiled: short grain (Schedule B 1006.30.9030): U.S. exports of domestic merchandise by principal markets, 2015–19 (thousand dollars)

| Trading partner | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------|--------|--------|--------|--------|--------|
| Canada ^a | 4,582 | 4,794 | 5,902 | 5,065 | 5,121 |
| Japan | 3,832 | 6,490 | 8,466 | 6,118 | 4,379 |
| Colombia ^a | 649 | 2,684 | 2,753 | 3,716 | 3,682 |
| Togo | 613 | 384 | 8 | 308 | 3,547 |
| Chile ^a | 374 | 2,234 | 2,509 | 2,799 | 2,752 |
| Cameroon | 6,939 | 6,943 | 63 | 837 | 2,563 |
| Australia ^a | 2,035 | 1,906 | 2,168 | 2,310 | 2,075 |
| Côte d'Ivoire | 0 | 1,889 | 1,720 | 1,975 | 1,353 |
| Republic of the Congo | 0 | 160 | 131 | 884 | 1,270 |
| Burkina Faso | 0 | 0 | 0 | 0 | 651 |
| All other | 49,210 | 26,491 | 17,787 | 27,910 | 6,084 |
| Total | 68,235 | 53,976 | 41,504 | 51,922 | 33,476 |

Source: USITC DataWeb/USDOC (accessed June 17, 2020).

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

^a FTA partner.

Table D.11 White rice, not parboiled: mixtures of grains (Schedule B 1006.30.9040): U.S. exports of domestic merchandise by principal markets, 2015–19 (thousand dollars)

| Trading partner | 2015 | 2016 | 2017 | 2018 | 2019 |
|--------------------------|--------|-------|--------|-------|--------|
| Canada ^a | 3,957 | 3,492 | 3,713 | 2,877 | 4,464 |
| Nigeria | 0 | 0 | 20 | 0 | 2,285 |
| Mexico ^a | 7,290 | 2,328 | 923 | 1,964 | 1,816 |
| Colombia ^a | 48 | 28 | 87 | 103 | 1,022 |
| Turks and Caicos Islands | 112 | 3 | 69 | 159 | 550 |
| Israel ^a | 57 | 189 | 231 | 285 | 364 |
| United Kingdom | 338 | 480 | 376 | 523 | 319 |
| El Salvador ^a | 0 | 0 | 8 | 67 | 240 |
| Bahamas | 82 | 99 | 225 | 125 | 159 |
| Venezuela | 0 | 90 | 209 | 279 | 139 |
| All other | 6,354 | 2,273 | 6,914 | 2,678 | 1,359 |
| Total | 18,239 | 8,983 | 12,775 | 9,060 | 12,717 |

Source: USITC DataWeb/USDOC (accessed June 17, 2020).

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

^a FTA partner.**Table D.12** Broken rice (Schedule B 1006.40.0000): U.S. exports of domestic merchandise by principal markets, 2015–19 (thousand dollars)

| Trading partner | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------------|--------|--------|--------|--------|--------|
| Canada ^a | 17,037 | 14,630 | 14,659 | 15,243 | 14,195 |
| Mexico ^a | 10,190 | 10,081 | 5,488 | 6,007 | 7,923 |
| Japan | 93 | 4,678 | 8,048 | 2,989 | 7,536 |
| Barbados | 480 | 523 | 524 | 506 | 459 |
| Jordan ^a | 0 | 0 | 0 | 0 | 376 |
| Panama ^a | 23 | 8 | 403 | 487 | 277 |
| Venezuela | 0 | 30 | 17 | 47 | 237 |
| Jamaica | 199 | 193 | 126 | 271 | 225 |
| Bermuda | 358 | 270 | 378 | 286 | 174 |
| Somalia | 0 | 0 | 0 | 0 | 131 |
| All other | 2,554 | 2,891 | 19,862 | 1,540 | 564 |
| Total | 30,933 | 33,304 | 49,506 | 27,375 | 32,097 |

Source: USITC DataWeb/USDOC (accessed June 17, 2020).

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

^a FTA partner.

Appendix E

Supplementary Technical Information Pertaining to the Economic Model

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