

YARNS OF WOOL FROM URUGUAY AND BRAZIL

**Determinations of No Injury or
Likelihood Thereof in Investigations
Nos. 303-TA-4 and 303-TA-5
Under Section 303(b) of the
Tariff Act of 1930, as Amended,
Together With the Information
Obtained in the Investigations**

USITC PUBLICATION 940

FEBRUARY 1979



UNITED STATES INTERNATIONAL TRADE COMMISSION

COMMISSIONERS

Joseph O. Parker, Chairman

Bill Alberger, Vice Chairman

George M. Moore

Catherine Bedell

Paula Stern

Kenneth R. Mason, Secretary to the Commission

This report was prepared by
Marion Jacks, Investigator, Office of Operations
assisted by
Larry Clayton, Office of Industries

John M. MacHatton, Supervisory Investigator

Address all communications to
Office of the Secretary
United States International Trade Commission
Washington, D.C. 20436

C O N T E N T S

	<u>Page</u>
Determination of no injury or likelihood thereof-----	1
Statement of reasons of Chairman Joseph O. Parker and Commissioners George M. Moore and Catherine Bedell-----	3
Views of Commissioners Bill Alberger and Paula Stern-----	6
Information obtained in the investigation:	
Summary-----	A-1
Introduction-----	A-2
Description and uses-----	A-5
U.S. tariff treatment-----	A-5
Nature and extent of the bounties or grants being paid or bestowed-----	A-5
Uruguay-----	A-6
Brazil-----	A-6
The domestic industry profile-----	A-7
U.S. imports-----	A-8
Appendix A. Letter of advice from Robert H. Mundheim, General Counsel of the Treasury to the Chairman, United States International Trade Commission, with respect to imports from Uruguay, received November 22, 1978-----	A-11
Appendix B. Letter of advice from Robert H. Mundheim, General Counsel of the Treasury to the Chairman, United States International Trade Commission, with respect to imports from Brazil, received November 22, 1978-----	A-13
Appendix C. United States International Trade Commission notice of investigations and public hearing, issued December 8, 1978-----	A-17
Appendix D. Department of the Treasury's notice of its final counter- vailing duty determination with respect to imports from Uruguay (43 F.R. 53424), November 16, 1978-----	A-21
Appendix E. Department of the Treasury's notice of its final counter- vailing duty determination with respect to imports from Brazil (43 F.R. 53422), November 16, 1978-----	A-25
Appendix F. Department of the Treasury's notice of waiver of counter- vailing duties with respect to imports from Brazil (43 F.R. 53425), November 16, 1978-----	A-29
Appendix G. Statistical tables-----	A-33
Appendix H. Probable economic effects of tariff changes under Title I and Title V of the Trade Act of 1974 for Trade Agreement Digest No. 30030, July 1975-----	A-39

CONTENTS

Page

Tables

1. Yarns of wool, colored, and cut into uniform lengths of not over 3 inches, in immediate packages or containers not over 6 ounces in weight, including the weight of the immediate package or container: U.S. imports for consumption, by principal sources, 1972-77, January-September 1977, and January-September 1978-----	A-34
2. Yarns of angora rabbit hair: U.S. imports for consumption, by principal sources, 1972-77, January-September 1977, and January-September 1978-----	A-35
3. Yarns of wool or hair (except yarns of wool, colored, and cut into uniform lengths of not over 3 inches, in immediate packages or containers not over 6 ounces in weight including the weight of the immediate container, or yarns of angora rabbit hair): U.S. imports for consumption, by principal sources, 1972-77, January-September 1977, and January-September 1978-----	A-36
4. Yarns of wool or hair: U.S. imports for consumption, by principal sources, 1972-77, January-September 1977, and January-September 1978-----	A-37
5. Yarns of wool or hair: U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1973-77, January-September 1977, and January-September 1978-----	A-38

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

[303-TA-4 and 303-TA-5]

CERTAIN YARNS OF WOOL FROM URUGUAY AND BRAZIL

Determination of No Injury or Likelihood Thereof

On the basis of information developed during the course of investigations Nos. 303-TA-4 and 303-TA-5, undertaken by the United States International Trade Commission under section 303(b) of the Tariff Act of 1930, as amended, the Commission determines unanimously 1/ that an industry in the United States is not being injured, is not likely to be injured, and is not prevented from being established, by reason of the importation of certain duty-free yarns of wool from Uruguay or Brazil, provided for in item 307.60 of the Tariff Schedules of the United States (TSUS), upon which the Department of the Treasury has determined that a bounty or grant is being paid within the meaning of section 303 of the Tariff Act of 1930, as amended.

On November 22, 1978, the U.S. International Trade Commission received advice from the Department of the Treasury that a bounty or grant is being paid with respect to certain duty-free yarns of wool imported from Uruguay and Brazil that are entered under TSUS item 307.60. Accordingly, the Commission, on December 4, 1978, instituted investigations No. 303-TA-4 and 303-TA-5 under section 303(b) of the Tariff Act of 1930, as amended, to determine whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

1/ Chairman Joseph O. Parker, Vice Chairman Bill Alberger and Commissioners George M. Moore, Catherine Bedell, and Paula Stern concurred in the negative determinations.

Notice of the institution of the investigations and public hearing was published in the Federal Register of December 13, 1978 (43 F.R. 58233). On January 9, 1979, a public hearing was held in Washington, D.C., at which any person interested in the proceeding was given the opportunity to appear by counsel or in person, to present information, and to be heard.

The Treasury investigations resulting in the countervailing duty determinations were initiated as a result of a petition filed with the Treasury Department on November 7, 1977, by the Amalgamated Clothing and Textile Workers Union, Washington, D.C.

STATEMENT OF REASONS OF CHAIRMAN JOSEPH O. PARKER AND
COMMISSIONERS GEORGE M. MOORE AND CATHERINE BEDELL

On November 22, 1978, the United States International Trade Commission received advice from the Department of the Treasury that bounties or grants were being paid with respect to certain duty-free yarns of wool imported from Uruguay and Brazil. Accordingly, on December 4, 1978, the Commission instituted investigations Nos. 303-TA-4 and 303-TA-5 under section 303(b) of the Tariff Act of 1930, as amended, to determine whether an industry in the United States is being injured, is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

Determination

On the basis of the information obtained in the investigations, we determine that an industry in the United States is not being injured, is not likely to be injured, and is not prevented from being established, by reason of the importation of the duty-free yarns of wool, provided for under TSUS item 307.60, from Uruguay or Brazil which the Department of the Treasury has determined are receiving bounties or grants from the Governments of Uruguay and Brazil.

The product

The articles covered by these investigations are dyed yarns of wool, cut into uniform pieces of not more than 3 inches in length and packaged for retail sale in immediate packages or containers weighing no more than 6 ounces in weight, including the weight of the immediate package or container. These highly specialized yarns of wool are only used in the handicraft industry in making latch-hook rugs.

The U.S. industry

In making our determination in these investigations we have considered the relevant U.S. industry to consist of the U.S. facilities used in the cutting and packaging of the dyed wool yarns that are the subject of these investigations.

Only two U.S. firms are known to have cut and packaged such yarns during the period 1975-78. Both were in production in 1978. The largest is Emile Bernat and Sons Co., of Uxbridge, Mass.; the other is American Family Crafts, of Danbury, Conn.

No Injury or likelihood thereof by reason of subsidized imports

There was no evidence of injury that developed during the investigation. In fact, both domestic producers were completely unaware of the petition filed by the Amalgamated Clothing and Textile Workers Union, and indicated that they had no knowledge of any imports from Uruguay or Brazil. The two producers asserted that any injury they may have suffered during recent years could have been caused by a shift in the market place from yarns of wool to yarns of synthetic fiber. In addition, a spokesman for the petitioner indicated a lack of interest in pursuing the investigations in view of the limited importation of the product in recent years.

Total imports of the yarns in question from Uruguay and Brazil in recent years have been negligible and the Commission's investigations developed no information indicating that they were injurious to the domestic industry. Imports from Uruguay were accounted for by one entry, which occurred in May 1975, representing only 0.23 percent of all U.S. imports in that year. Total imports of the duty-free wool yarns from Brazil were accounted for by a single entry that occurred in March 1977, accounting for only 1.5 percent of imports of the product from all sources for that year.

Furthermore, there appears to be no likelihood of future injury to the domestic industry from subsidized imports of the wool yarns in question from either Uruguay or Brazil. In the case of Uruguay, no such imports have occurred since 1975 and there is no indication that any are expected in the future. Although Brazilian bounties and grants applicable to wool products have been in effect since at least 1974, the only imports from Brazil appear in a single entry which occurred in March 1977. No Brazilian imports of this product are expected in the future, and Brazilian bounties and grants are, according to Treasury, in the process of being phased out.

VIEWS OF COMMISSIONERS BILL ALBERGER AND PAULA STERN

In order for the Commission to make an affirmative determination in an investigation under Section 303(b) of the Tariff Act of 1930, as amended, it is necessary to find that an industry in the United States is being or is likely to be injured, or is prevented from being established, 1/ and the injury or likelihood thereof must be by reason of the importation into the United States of duty-free merchandise found by the Department of the Treasury (Treasury) to be receiving a bounty or grant from the exporting country.

Determination

On the basis of the information obtained in these investigations, we determine that an industry in the United States is not being injured or likely to be injured by reason of the importation of yarns of wool from Uruguay and Brazil which Treasury has determined are receiving bounties or grants from the Governments of Uruguay and Brazil, respectively.

The Product and the Domestic Industry

This investigation covers dyed yarns of wool, cut into uniform pieces of not more than three inches in length and packaged for retail sale in immediate packages or containers weighing no more than six ounces, including the weight of the package or container. These are highly specialized yarns of wool used only in the handicraft industry in making latch-hook rugs.

1/ Prevention of establishment of an industry in this investigation is not in question and will not be discussed further in these views.

The relevant industry consists of those U.S. production facilities used in cutting and packaging these yarns. Only two U.S. firms are known to have cut and packaged such yarns during the 1975-78 period. The larger is Emile Bernat and Sons Co., of Uxbridge, Massachusetts; the other is American Family Crafts, of Danbury, Connecticut. Both produced in 1978.

No Injury or Likelihood Thereof by Reason of Subsidized Imports

Total imports of these yarns from Uruguay and Brazil in recent years have been negligible and could not have been injurious to the domestic industry. Imports from Uruguay were accounted for by only one entry, which occurred in May 1975, representing only 0.23 percent of all U.S. imports in that year. Total imports of the duty-free wool yarns from Brazil were accounted for by a single entry that occurred in March 1977, accounting for only 1.5 percent of imports of the product from all sources for that year.

Furthermore, there appears to be no likelihood of future injury to the domestic industry from subsidized imports of the wool yarns in question from either Uruguay or Brazil. It is highly unlikely that any Uruguayan subsidies of the wool yarns in question will cause any injury to the U.S. industry that manufactures this product since no such imports have occurred since 1975 and none are expected in the future. No Brazilian imports of this product are expected in the future, and Brazilian bounties and grants are, according to Treasury, in the process of being phased out.

This investigation resulted from a petition filed by the Amalgamated Clothing and Textile Workers Union covering men's and boys' wearing apparel and a multitude of textile mill products from eight countries, including

Uruguay and Brazil. Apparently Treasury listed the relevant products and corresponding TSUSA numbers, but this list was not adequately researched to reflect the specific interest of the petitioner. Both domestic producers of these yarns were completely unaware of the petition and indicated that they had no knowledge of any imports from Uruguay or Brazil. The two producers asserted that any injury they may have suffered during recent years could have been caused by a shift in the market place from yarns of wool to yarns of synthetic fiber. In addition, a spokesman for the petitioner indicated at the Commission's hearing a complete lack of interest in these investigations. Further, in view of the limited importation of the product in recent years, no witnesses at the hearing expressed any interest in imports of these articles from Uruguay or Brazil. Whether the blame lies with Treasury or the petitioners, these investigations have been a significant waste of government time and taxpayer's money. It is unfortunate that this product was not eliminated from the scope of the Treasury investigations before its procedures began. This should not be allowed to occur again.

Conclusion

There is no apparent injury to the domestic industry in either of these cases. However, even if there were, such injury would clearly not have been by reason of the importation of certain subsidized wool yarns from Uruguay or Brazil.

INFORMATION OBTAINED IN THE INVESTIGATION

Summary

On December 4, 1978, the U.S. International Trade Commission instituted investigations Nos. 303-TA-4 and 303-TA-5 to determine whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of certain yarns of wool imported from Uruguay and Brazil that enter the United States duty free under item 307.60 of the Tariff Schedules of the United States (TSUS). The Department of the Treasury advised the Commission, on November 22, 1978, that such yarns are subject to bounties or grants from Uruguay and Brazil. A public hearing was held in Washington, D.C., on Tuesday, January 9, 1979. The Commission's determination is due to be reported to the Secretary of the Treasury by February 22, 1979.

The bounties and grants found by Treasury are equivalent to 16.8 percent of the f.o.b. export price of the Uruguayan yarns and 37.2 percent of the f.o.b. export price of the subject Brazilian yarns. In its letter of advice to the Commission, Treasury indicated that conditions exist that make it appropriate to waive the assessment or collection of countervailing duties from Brazil in the event that the Commission makes an affirmative injury determination. In the case of imports from Uruguay, Treasury has found no factors that would warrant the waiving of assessment or collection of countervailing duties. Although Treasury's authority to grant waivers on the assessment or collection of countervailing duties expired on January 3, 1979, Treasury expects legislation to be passed in the near future that would extend its waiver authority retroactively to January 3, 1979. Meanwhile, in lieu of the deposit of estimated countervailing duties by importers, Treasury is requiring only the posting of bonds or irrevocable letters of credit to assure the payment of potential countervailing duties.

The articles covered by this investigation are specifically limited to dyed yarns of wool, cut into uniform pieces of no more than 3 inches in length and packaged. The entire package of wool yarns is limited to no more than 6 ounces in weight, including the weight of the package.

The domestic industry consists of two firms, Emile Bernat and Sons Co. and American Family Crafts. Bernat was the largest domestic manufacturer of these yarns of wool in 1977. Neither firm has indicated any interest in the investigations. In addition, in the public hearing, a spokesman for the original complainant, the Amalgamated Clothing and Textile Workers Union, indicated that the petitioner has no interest in pursuing the investigation either.

Imports from Uruguay and Brazil entering under TSUS item 307.60 were limited to a single entry from each of these countries during the last 10 years. Uruguay's single export shipment to the United States occurred in May 1975, amounting to 4,425 pounds of 3-inch wool yarns, accounting for 0.23 percent of total U.S. imports of this product from all sources for that year. Brazil's single shipment to the United States, amounting to 24,905 pounds, occurred in March 1977; it accounted for 1.5 percent of total imports of the product from all sources for that year. Total imports from all sources of the products in question exceeded 1.4 million pounds per year, each year during 1970-77.

Introduction

On November 22, 1978, the United States International Trade Commission received advice from the Department of the Treasury, in accordance with section 303(b) of the Tariff Act of 1930, as amended, that a bounty or grant is being paid with respect to certain yarns of wool imported from Uruguay 1/ and Brazil 2/ that enter the United States duty free under item 307.60 of the Tariff Schedules of the United States (TSUS). Accordingly, the U.S. International Trade Commission, on December 4, 1978, instituted investigations Nos. 303-TA-4 (certain yarns of wool from Uruguay) and 303-TA-5 (certain yarns of wool from Brazil) under section 303(b) of the Tariff Act of 1930, as amended (19 U.S.C. 1303(b)), to determine whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such duty-free merchandise into the United States.

The Commission's investigations on certain yarns of wool from Uruguay and Brazil were instituted simultaneously with related investigations Nos. 303-TA-6, 303-TA-7, and 303-TA-8, concerning certain leather wearing apparel from Colombia and Brazil, and certain gloves and glove linings from Brazil, all of which are also duty-free articles that Treasury, on November 22, 1978, advised the Commission are subject to countervailable bounties and grants.

A joint public hearing in connection with all five investigations cited above was held in Washington D.C., on January 9, 1979. A joint notice of the institution of the five investigations and public hearing was published in the Federal Register of December 13, 1978 (43 F.R. 58233). 3/

These five investigations resulted from a countervailing duty petition which was filed with the Treasury Department on November 7, 1977, by the Amalgamated Clothing and Textile Workers Union, Washington, D.C. The petition alleged that a wide variety of dutiable and duty-free textile products, imported under some 250 separate TSUSA items, from Uruguay, Brazil, Argentina, Colombia, India, the Philippines, the Republic of Korea (Korea), and the Republic of China (Taiwan) were subject to countervailable bounties and grants. Notice of Treasury's receipt of the countervailing duty petition and initiation of the investigations of men's and boy's apparel and textile mill products of cotton, wool, and man-made fibers from Uruguay, Brazil, Argentina, Colombia, India, the Philippines, South Korea, and Taiwan were published in the Federal Register of January 30, 1978 (see 43 F.R. 3977 and 43 F.R. 3964, respectively). These notices were amended slightly in a clarification of notices of receipt of countervailing duty petition and initiation of investigation published in the Federal Register of October 13, 1978 (43 F.R. 47340).

1/ A copy of Treasury's letter of advice with respect to imports from Uruguay is presented in app. A.

2/ A copy of Treasury's letter of advice with respect to imports from Brazil is presented in app. B.

3/ A copy of the Commission's notice of investigations and hearing is presented in app. C.

On June 1, 1978, following investigations of the various articles imported from the countries in question, Treasury published its preliminary countervailing duty determinations in the Federal Register with respect to imports from Uruguay (43 F.R. 23795) and Brazil (43 F.R. 23783), and on November 16, 1978, published its final countervailing duty determinations in the Federal Register with respect to Uruguay (43 F.R. 53424) 1/ and Brazil (43 F.R. 53422). 2/ In addition, on November 16, 1978, the Treasury Department also published a notice of waiver of countervailing duties on imports from Brazil (43 F.R. 53425) 3/ and, on January 2, 1979, the Treasury Department published a notice of the suspension of liquidation upon the expiration of its countervailing duty waiver authority (44 F.R. 141).

The Treasury investigations of foreign subsidies and grants resulted in determinations on November 16, 1978, that none of the imports of the dutiable and duty-free articles covered by the investigations manufactured in Argentina, India, the Philippines, Korea, and Taiwan are subject to bounties or grants within the meaning of section 303 of the Tariff Act of 1930. U.S. imports of wearing apparel from Colombia that are duty free were found to be subject to countervailable bounties or grants, but all other imports (both dutiable and duty free) manufactured in Colombia were determined by Treasury not to be subject to countervailable bounties and grants. All of the articles under investigation from Uruguay and Brazil, both dutiable and duty free, were found to be subject to countervailable bounties and grants. The duty-free articles covered by the determinations with respect to Uruguay and Brazil included the yarns covered by Commission investigations Nos. 303-TA-4 and 303-TA-5, that is, wool yarns imported under TSUS item 307.60, that are colored, cut into uniform lengths not exceeding 3 inches, in immediate packages and containers not exceeding 6 ounces in weight, including the weight of the immediate package or container. In addition to these duty-free wool yarns, the Department of the Treasury determined that certain related dutiable yarns of wool or hair, covered under TSUS items 307.62 and 307.64, were subject to countervailable bounties or grants. These articles, however, are not included in the Commission's investigations since they are subject to U.S. import duties.

As amended by the Trade Act of 1974, section 303 of the Tariff Act of 1930 provides that, for duty-free merchandise that has been found by the Secretary of the Treasury to be subject to bounties or grants paid or bestowed by a foreign country or other foreign entity, the Commission shall determine, within 3 months after being so advised by Treasury, whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States. In the event of an affirmative determination by the Commission, the law provides that the Secretary of the Treasury shall direct the assessment

1/ A copy of Treasury's notice of its final countervailing duty determination with respect to imports from Uruguay is presented in app. D.

2/ A copy of Treasury's notice of its final countervailing duty determination with respect to imports from Brazil is presented in app. E.

3/ A copy of Treasury's notice of waiver of countervailing duties with respect to imports from Brazil is presented in app. F.

and collection of countervailing duties in the amount of the bounties or grants. An injury determination by the Commission is not required under the Trade Act if merchandise found to be subject to foreign bounties and grants is dutiable. Section 303 of the Trade Act provides that, for dutiable merchandise, upon a finding of countervailable bounties and grants by the Secretary of the Treasury, the Secretary of the Treasury shall direct the assessment and collection of countervailing duties in the amount of the bounties or grants.

Treasury's notice of its countervailing duty determinations announced that, effective November 16, 1978, there shall be collected in addition to any other duties estimated or determined to be due, countervailing duties of 16.8 to 42.8 percent of the f.o.b. value of imports of dutiable textile products from Uruguay covered by the Treasury investigation and 34.8 to 37.2 percent of the f.o.b. value of imports of such dutiable articles from Brazil. Section 303(d), however, provides for certain instances in which the collection of countervailing duties may be waived. In its notice of intention to waive the collection of countervailing duties for imports from Brazil, Treasury noted that extensive conversations were held with Brazilian officials which led to the substantial reduction of Brazil's subsidy programs and a commitment to participate actively in the Multilateral Trade Negotiations. On this basis, Treasury stated that conditions exist that make it appropriate to waive the collection of countervailing duties on the dutiable textile articles imported from Brazil that were found to be subject to countervailable bounties or grants. In the Treasury letter of advice to the Commission, the General Counsel of the Treasury stated that the factors making it appropriate to waive the collection of countervailing duties in the case of dutiable imports from Brazil also provide the basis for waiving the collection of countervailing duties on the duty-free merchandise covered by this investigation, even in the event the Commission makes an affirmative injury determination. In the case of imports from Uruguay, Treasury has found no factors that would warrant the waiving of assessment or collection of countervailing duties, whether the merchandise is duty free or dutiable.

The Department of the Treasury's authority to waive the assessment and collection of countervailing duties, provided for under section 303 of the Tariff Act of 1930, as amended by the Trade Act of 1974, expired on January 3, 1979. Because of Treasury's expectation that legislation extending the waiver authority retroactive to January 3, 1979, will be enacted by the current session of Congress, the Department of the Treasury published in the Federal Register of January 2, 1979, a notice that liquidation of entries of merchandise subject to waivers is to be suspended until further notice, and that in lieu of requiring the deposit of estimated countervailing duties, the posting of bonds or irrevocable letters of credit in an amount sufficient to cover potential liability for countervailing duties will be considered sufficient to meet the obligations of the Secretary of the Treasury for protecting the revenue.

Description and Uses

The products covered by this investigation are specifically limited to dyed yarns of wool, cut into uniform pieces of no more than 3 inches in length and packaged for retail sale. The entire package of wool yarns is limited to no more than 6 ounces in weight, including the weight of the package.

These highly specialized yarns of wool have always been used in the handicraft industry, by hobbyists, and by the handicapped, in making latch-hook rugs. These rugs vary in size but are most frequently made in standard sizes of 20 by 27 inches and 30 by 60 inches. Industry sources indicate that yarns of wool cut into 3-inch pieces are not used in the manufacture of any other products.

U.S. Tariff Treatment

The subject yarns of wool, i.e., colored, cut into uniform lengths of not over 3 inches, and put up in packages of not over 6 ounces, are provided for in TSUS item 307.60. Both column 1 and column 2 imports have been free of duty since September 4, 1957.

The rates of duty for the merchandise in question were provided for, prior to September 4, 1957, under paragraph 1107 of the Tariff Act of 1930. The rates of duty established in 1930 were 40 cents per pound plus 35 percent ad valorem for yarns valued at not more than \$1 per pound, 40 cents per pound plus 45 percent ad valorem for yarns valued at more than \$1 but not more than \$1.50 per pound, and 40 cents per pound plus 50 percent ad valorem for yarns valued at more than \$1.50 per pound. As a result of trade agreement concessions, the rates of duty applicable to entries from countries entitled to most-favored-nation treatment were reduced in 1945, in 1948, and again in 1951, at which time they were all made to equal 30 cents per pound plus 15 percent ad valorem. The latter rate remained in effect until 1957. Public Law 85-284 provided for duty-free treatment for all entries of the subject yarn, effective September 4, 1957, under paragraph 1822 of the Tariff Act of 1930. Since 1963, when the TSUS became effective, the subject yarns have been provided for free of duty under TSUS item 307.60.

Nature and Extent of the Bounties or Grants being Paid or Bestowed

In its countervailing duty investigations on duty-free yarns of wool, the Treasury Department determined that the Governments of Uruguay and Brazil have given benefits which constitute bounties or grants on the manufacture, production, or exportation of certain textile mill products of cotton, wool, and man-made fibers. Treasury determined that the bounties and grants amounted to 16.8 percent of the value of dutiable and duty-free imports of wool yarns from Uruguay and 37.2 percent of the f.o.b. price for export to the United States of the subject duty-free wool yarns from Brazil.

In accordance with section 303(a)(2) of the Tariff Act of 1930, as amended (19 U.S.C. 1303 (a)(2)), countervailing duties may not be imposed upon any article of merchandise which is free of duty in the absence of a determination

by the Commission that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such articles or merchandise into the United States.

The bounties or grants found by Treasury to be applicable to the subject merchandise from Uruguay and Brazil are described below. Treasury did not quantify the individual bounties or grants.

Uruguay

1. Reduction in the corporate income tax on export earnings of non-traditional exports.
2. The granting of tax certificates, known as "reintegros," calculated as a percentage of the value of exported goods.
3. Export financing at preferential rates.

Brazil

1. Certificates granted by the Brazilian Government in the amount of the IPI/ICM tax (Federal and State sales taxes) which are in addition to the ordinary exemption on export of the value added tax.
2. Preferential financing for exports.
3. Tax relief on equipment and earnings, in addition to grants to certain new industries located in economically depressed areas.
4. Partial exemption from payment of IPI (Federal sales taxes) and import duties on machinery purchases.
5. Cash assistance given to certain enterprises under BEFIEX, a government agency. Only one of the exporters investigated by Treasury was an eligible enterprise under the BEFIEX program. Benefits included the reduction in IPI taxes, as well as excusing a prior import deposit of customs duties on imported machinery.

Should the determination of the Commission be affirmative, the Department of the Treasury would consider it appropriate to waive countervailing duties for Brazil under section 303(d) of the Act, as a result of the Brazilian Government's commitment to doing the following:

- (1) A 25-percent reduction in the net bounty of 37.2 percent on all dutiable and duty-free merchandise by the imposition of an equivalent export tax on or before November 7, 1978;
- (2) A further 25-percent reduction of the bounty on January 3, 1979; and
- (3) The elimination of the remaining net bounty or grant of 18.6 percent by no later than January 1, 1980.

In addition, the Government of Brazil has committed itself to active participation in the Multilateral Trade Negotiations in Geneva.

Treasury officials indicated that Uruguayan governmental subsidies and grants applicable to wool products came into effect only in 1977. In the case of Brazil, however, subsidies and grants applicable to wool products have been in effect at least since 1974.

The Domestic Industry Profile

The Commission contacted a spokesman for the Amalgamated Clothing and Textile Workers Union, the petitioner, at the outset of investigations Nos. 303-TA-4 and 303-TA-5. The spokesman could not identify any U.S. producers of the subject yarns in these investigations, and went on to acknowledge that imports entering under TSUS item 307.60 from Uruguay and Brazil were very small. The Commission, however, was able to identify a domestic industry, composed of two firms that cut and package dyed yarns of wool, 3 inches in length, packaged in containers not weighing more than 6 ounces, including the weight of the immediate containers. Officials from the two U.S. firms were unaware of the petition that was filed by the Amalgamated Clothing and Textile Workers Union and were also unaware of any injury that they could have suffered from imports entering under TSUS item 307.60. They noted, further, that they had no knowledge of any imports from Uruguay or Brazil. The two producers asserted that any injury they may have suffered during recent years could have been caused by a shift in the market place from yarns of wool to yarns of synthetic fiber. 1/ Both firms, along with at least 30 other U.S. firms, are also producers of yarns of synthetic fibers.

The two known firms in the industry are Emile Bernat and Sons Co. and American Family Crafts. Emile Bernat and Sons Co., a firm located in Uxbridge, Mass., has been cutting its own yarn since 1968. Bernat was the largest domestic manufacturer of these yarns of wool in recent years with 1977 and 1978 production of these particular 3-inch wool yarns amounting to * * * pounds * * *, or approximately * * * percent of the firm's total sales. 2/ In 1975, the firm produced * * * pounds of the subject yarns. The number of production workers engaged in the manufacture of this product in 1977 was the equivalent of * * *. * * *

1/ At the Commission's public hearing (see transcript pp. 79-82 and 103-105), the spokesman for the petitioner indicated that the petitioner has no interest in the investigations concerning duty-free wool yarns from Uruguay and Brazil. When questioned by the Commission, the spokesman for the petitioner indicated that the petitioner's complaint did not originally include the duty-free yarns from Uruguay and Brazil that are the subject of these investigations, but that they were included in the Treasury listing of some 250 TSUSA items drawn up by Treasury as an all-inclusive list of products under investigation in response to the Amalgamated Clothing and Textile Workers' countervailing duty complaint with regard to imports of men's and boy's apparel and textile mill products.

2/ Total sales by Bernat in 1977 amounted to about * * * pounds of yarn.

American Family Crafts, the only other known domestic manufacturer, is located in Danbury, Conn. The firm started cutting and packaging imported wool yarns in 1977 when it produced about * * * pounds; its production in 1978 amounted to an estimated * * * pounds. * * *. Sales of the wool yarns in question accounted for less than * * * percent of the firm's total sales in 1978. * * *.

* * * * *

U.S. Imports

Imports from Brazil and Uruguay entering under TSUS item 307.60 were limited to a single entry from each of these countries during the last 10 years, as shown by the following table. Uruguay's single export shipment to the United States, amounting to 4,425 pounds of 3-inch wool yarns, occurred in May 1975; it accounted for 0.23 percent of total U.S. imports of this product from all sources for that year (table 1, app. G). Brazil's single shipment to the United States, amounting to 24,905 pounds, occurred in March 1977; it accounted for 1.5 percent of total U.S. imports of the product from all sources for that year.

As table 1 indicates, total imports remained generally at the same level from 1972 through 1976, but fell 23 percent from 2.1 million pounds in 1976 to 1.6 million pounds in 1977, and declined again from 1.5 million pounds in the period January-September 1977 to about 1 million pounds in the corresponding period of 1978. The ratio of imports from all sources to domestic consumption amounted to an estimated * * * percent in 1977. The ratio of imports from Brazil to domestic consumption, however, amounted to only an estimated * * * percent. The 1975 ratio of imports from all sources to domestic consumption amounted to an estimated * * * percent, but the ratio to consumption of imports from Uruguay was only * * * percent. Leading exporters to the United States from 1968 through 1977 were the United Kingdom, New Zealand, and Canada, accounting, in 1977, for 65 percent, 22 percent, and 8 percent, respectively, of total imports.

Tables 2 and 3 show imports, by country, of the two related dutiable items listed in the petition. Total imports of dutiable and duty-free yarns of wool or hair are shown in table 4. Imports of duty-free wool yarns entering under TSUS item 307.60 accounted for 46 percent in 1975, and 28 percent in 1977, of total U.S. imports of both dutiable and duty-free yarns of wool or hair.

Table 5 shows U.S. production, exports of domestic merchandise, and imports for consumption, of all yarns of wool or hair. This table, which includes all related dutiable yarns, as well as the yarns that are the subject of these investigations, shows that the ratio of imports to consumption, while small, climbed from 2.5 percent in 1973 to 4.0 percent in 1977.

The Commission contacted the U.S. embassies in Uruguay and Brazil through State Department airgrams in an attempt to obtain any information available on the industries in Uruguay and Brazil that cut and package 3-inch wool yarns.

lans of wool, colored, and cut into uniform lengths of not over 3 inches, in immediate packages or containers not over 6 ounces in weight, including the weight of the immediate package or container (TSUS item 307.60): U.S. imports for consumption, 1968-77, January-September 1977, and January-September 1978

(In thousands of pounds)

Source	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	Jan.-Sept.-- 1977 : 1978
Brazil	0	0	0	0	0	0	0	0	0	25	25
Uruguay	0	0	0	0	0	0	0	4	0	0	0
Subtotal	0	0	0	0	0	0	0	4	0	25	25
United Kingdom	730	588	1,151	1,152	1,218	1,250	1,649	1,248	1,337	1,041	964
New Zealand	57	261	289	383	410	427	373	355	387	355	319
Canada	7	17	7	106	177	259	202	227	266	131	94
Ireland	0	0	0	0	92	69	58	52	63	33	26
West Germany	0	5	3	1	1	1	6	7	6	10	8
The Netherlands	0	3	2	1	2	1/	1/	0	0	7	7
Colombia	0	0	1	3	41	11	14	11	8	5	5
Belgium	0	0	2	3	2	1/	0	0	2	2	2
France	0	0	0	0	0	8	0	0	0	1/	1/
Finland	0	0	0	0	0	0	0	0	6	0	0
Mexico	0	0	0	0	0	0	0	1/	1	0	0
Ecuador	0	0	0	0	0	0	0	1	0	0	0
Hong Kong	0	0	0	0	0	1	0	0	0	0	0
Switzerland	0	0	5	0	19	0	0	0	0	0	0
Denmark	0	0	1/	1/	0	0	0	0	0	0	0
Singapore	0	0	0	0	0	0	0	0	0	0	0
All other	1	1	1	0	0	1	1	1	1	2	1
Total	795	875	1,461	1,649	1,962	2,027	2,303	1,906	2,083	1,611	1,450
1/ Less than 500 pounds.											

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

The U.S. embassy in Uruguay reported that there are no known Uruguyan producers of the subject material and that no firms in the country are known to be planning any production or exportation of the product. No response has yet been received from the U.S. embassy in Brazil.

APPENDIX A

LETTER OF ADVICE FROM ROBERT H. MUNDHEIM, GENERAL COUNSEL OF THE
TREASURY TO THE CHAIRMAN, UNITED STATES INTERNATIONAL TRADE
COMMISSION WITH RESPECT TO IMPORTS FROM URUGUAY, RECEIVED
NOVEMBER 22, 1978

SECRET
NUMBERTHE OFFICIAL COUNCIL OF THE TREASURY
WASHINGTON, D. C. 20530

#544

NOV 20 1978

Office of the
Secretary
Int'l Trade Commission

Dear Mr. Chairman:

In accordance with section 303(b) of the Tariff Act of 1930, as amended, you are hereby advised that a bounty of grant is being paid with respect to certain textiles and textile products imported from Uruguay and entered under TSUS item number 307.60, which merchandise from said country is accorded duty-free treatment.

The U.S. Customs Service will make available to the U.S. International Trade Commission as promptly as possible its files on the instant bounties being paid or bestowed for the Commission's use in the investigation as to whether an industry in the U.S. is being, or likely to be injured, or is prevented from being established, by reason of the importation of this merchandise into the United States.

Since some of the data in this file is regarded by the Customs Service to be of a confidential nature, it is requested that the U.S. International Trade Commission consider all information therein contained for the official use of the International Trade Commission only, and not to be disclosed to others without prior clearance with Customs.

Sincerely yours,


Robert H. Mundheim

The Honorable
Joseph O. Parker
Chairman, U.S. International
Trade Commission
Washington, D. C. 20436

APPENDIX B

LETTER OF ADVICE FROM ROBERT H. MUNDHEIM, GENERAL COUNSEL OF THE
TREASURY TO THE CHAIRMAN, UNITED STATES INTERNATIONAL TRADE
COMMISSION WITH RESPECT TO IMPORTS FROM BRAZIL, RECEIVED
NOVEMBER 22, 1978

THE GENERAL COMMISSION OF THE TREASURY
WASHINGTON, D. C. 20220

#546

Office of the
Secretary

Int'l Trade Commission

NOV 20 1978

Dear Mr. Chairman:

In accordance with section 303(b) of the Tariff Act of 1930, as amended, you are hereby advised that a bounty of grant is being paid with respect to certain textiles and textile products imported from Brazil and entered under TSUS item numbers 307.60, 705.30 and 791.76, which merchandise from said country is accorded duty-free treatment.

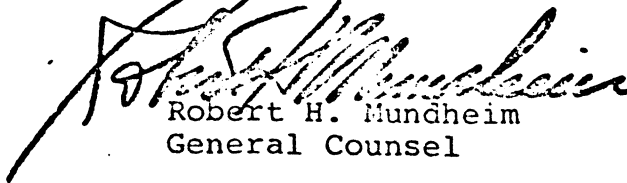
The U.S. Customs Service will make available to the U.S. International Trade Commission as promptly as possible its files on the instant bounties being paid or bestowed for the Commission's use in the investigation as to whether an industry in the U.S. is being, or likely to be injured, or is prevented from being established, by reason of the importation of this merchandise into the United States.

In this connection, your attention is drawn to a statement on page 6 in the attached notice indicating the Treasury's belief that it is appropriate to waive countervailing duties on these items under section 303(d) in the event the Commission's decision is affirmative. Extensive conversations were held with Brazilian officials which led to the substantial reduction of their subsidy programs and a commitment to actively participate in the Multilateral Trade Negotiations. On the basis of these actions, the Treasury is waiving countervailing duties on imports of certain dutiable textiles and textile products from Brazil which were the object of a parallel countervailing duty investigation by the Treasury. We are of the opinion that these actions provide a basis to waive for duty-free textile and textile products.

Since some of the data in this file is regarded by the Customs Service to be of a confidential nature, it is requested that the U.S. International Trade Commission

consider all information therein contained for the official use of the International Trade Commission only, and not to be disclosed to others without prior clearance with Customs.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Robert H. Mundheim", is written over the typed name and title.

Robert H. Mundheim
General Counsel

The Honorable
Joseph O. Parker
Chairman, U.S. International
Trade Commission
Washington, D. C. 20436

Attachment

APPENDIX C

UNITED STATES INTERNATIONAL TRADE COMMISSION NOTICE OF
INVESTIGATIONS AND PUBLIC HEARING, ISSUED DECEMBER 8,
1978

United States International Trade Commission
Washington, D.C.

CERTAIN YARNS OF WOOL FROM URUGUAY AND BRAZIL
[303-TA-4 and 5]

CERTAIN LEATHER WEARING APPAREL FROM COLOMBIA AND BRAZIL
[303-TA-6 and 7]

CERTAIN GLOVES AND GLOVE LININGS FROM BRAZIL
[303-TA-8]

Notice of Investigations and Hearing

Having received advice from the Department of the Treasury on November 22, 1978, that a bounty or grant is being paid with respect to--

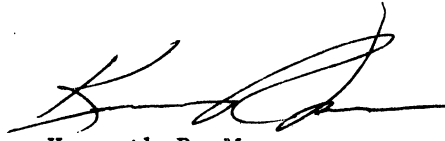
- (1) yarns of wool imported from Uruguay and Brazil, provided for in item 307.60 of the Tariff Schedules of the United States (TSUS);
- (2) wearing apparel, of leather, for men and boys, or of types commonly worn by both sexes, from Colombia and Brazil, provided for in item 791.76 of the TSUS; and
- (3) gloves and glove linings, of fur on the skin, from Brazil, provided for in item 705.30 of the TSUS--

which merchandise from said countries is accorded duty-free treatment, the United States International Trade Commission on December 4, 1978, instituted investigations Nos. 303-TA-4 through 8, inclusive, under section 303(b) of the Tariff Act of 1930, as amended (19 U.S.C. 1303(b)), to determine whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

A public hearing in connection with the investigations will be held in the Commission's Hearing Room, United States International Trade Commission, 701 E Street, NW., Washington, D.C. 20436, beginning at 10:00 a.m., e.s.t., on Tuesday, January 9, 1979. All persons shall have the right to appear by counsel or in person, to present evidence and be heard. Requests to appear at the public hearing shall be filed with the Secretary of the Commission at his office in Washington, D.C. not later than noon, Thursday, January 4, 1979.

There will be a prehearing conference in connection with these investigations which will be held in Washington, D.C. at 10:00 a.m., e.s.t., on Friday, January 5, 1979, in Room 117, U.S. International Trade Commission Building, 701 E Street, NW.

By order of the Commission.



Kenneth R. Mason
Secretary

Issued: December 8, 1978

APPENDIX D

DEPARTMENT OF THE TREASURY'S NOTICE OF ITS FINAL COUNTERVAILING DUTY
DETERMINATION WITH RESPECT TO IMPORTS FROM URUGUAY (43 F.R. 53424),
NOVEMBER 16, 1978

from Uruguay. Both dutiable and duty-free merchandise are included in this determination. Estimated countervailing duties in the amount of these benefits will be collected in addition to duties normally due on dutiable shipments of this merchandise. The case involving the duty-free merchandise is being referred to the International Trade Commission for an injury determination.

EFFECTIVE DATE: November 16, 1978.

FOR FURTHER INFORMATION CONTACT:

Michael Ready, Duty Assessment Division, U.S. Customs Service, 1301 Constitution Avenue NW., Washington, D.C. 20229, 202-566-5492.

SUPPLEMENTARY INFORMATION:

On June 1, 1978, a "Preliminary Countervailing Duty Determination" was published in the FEDERAL REGISTER (43 FR 23795). The notice stated that it had been preliminarily determined that benefits had been received by Uruguayan manufacturers/exporters of men's and boys' apparel and textile mill products of cotton, wool and man-made fibers which might constitute bounties or grants within the meaning of section 303 of the Tariff Act of 1930, as amended (19 U.S.C. 1303) (referred to in this notice as "the Act").

For purposes of this notice "textile mill products" include yarns, fabrics, household textiles, miscellaneous products of textile mills, and certified handloomed and folklore products made of cotton, wool and manmade fibers, as specified in U.S. bilateral textile agreements and described by the Tariff Schedules of the United States Annotated (TSUSA) item numbers set forth in the Appendix to the FEDERAL REGISTER notice published on October 13, 1978 (43 FR 47340). "Men's and boys' apparel" includes those items described by TSUSA item numbers in the Appendix to the above-cited FEDERAL REGISTER notice.

The textile mill products from Uruguay which are classified under item 307.60 of the TSUSA are free of duty.

A program of tax concessions and services for firms located within free ports and zones was determined not to be utilized by the investigated industry.

Programs found not to be bounties or grants include:

(1) Corporate tax holidays for new export-oriented businesses. It was found that qualifying new businesses receive the same tax exemption as already established businesses.

(2) Rebates of value-added taxes upon export of the goods. The Treasury has consistently held that the not excessive rebate or remission of indirect taxes directly related to the pro-

[4810-22-M]

[T.D. 78-444]

PART 159—LIQUIDATION OF DUTIES

Countervailing Duties—Certain Textile Products From Uruguay

AGENCY: U.S. Customs Service, Treasury Department.

ACTION: Final Countervailing Duty Determination.

SUMMARY: This notice is to inform the public that a countervailing duty investigation has resulted in a determination that the Government of Uruguay has given benefits which constitute bounties or grants under the countervailing duty law on the manufacture, production or exportation of certain textiles and textile products

duction of a good does not constitute a bounty or grant.

(3) Rebate of import duties paid on raw materials used in the production of goods for export.

Benefits found to constitute bounties or grants were conferred under the following programs:

(1) Corporate income tax exemptions on certain export related income. Under this program, companies may be exempted from the 25 percent income tax on the portion of their net income related to exports as long as the company contributed at least 15 percent of the value of the product.

(2) Short-term financing at preferential rates for export industries. The Government of Uruguay claims that the rate charged in their export financing program has been changed and is now equal to commercial rates of interest and, therefore, is not a bounty or grant. However, no documentation has been supplied to show the change or relate the new interest rate on export financing to existing commercial rates. The Treasury considers this program a bounty or grant at this time, but would revise this determination if appropriate documentation is provided.

(3) The granting of tax certificates, known as "reintegros", to manufacturers upon the exportation of goods. A number of offsets to the face value of the "reintegros" have been claimed by the Government of Uruguay, including the incomplete rebate of the Uruguayan value-added tax upon export, a number of export taxes and taxes on inputs and raw materials used in the manufacture of these products. Although a number of these offsets would be permissible, sufficient documentation has not been supplied at this time to permit the accurate calculation of the offset. Therefore, the Treasury considers the full value of the "reintegros" to be a bounty or grant at this time. If appropriate documentation is subsequently provided, a review of the size of the net bounty or grant would be undertaken.

The notice announcing the preliminary determination offered interested persons an opportunity to submit any relevant data, views, or arguments in writing with respect to the preliminary determination on or before July 11, 1978.

After consideration of all information received subsequent to the preliminary determination, it is hereby determined that exports of men's and boys' apparel and textile mill products of cotton, wool, and manmade fibers from Uruguay benefit from bounties or grants within the meaning of section 303 of the Act. The bounties or grants are in the form of corporate income tax exemptions, the granting of reintegros, and preferential export

financing. Accordingly, notice is hereby given that the dutiable merchandise which is the subject of this determination, imported directly or indirectly from Uruguay, if entered, or withdrawn from warehouse, for consumption on or after November 16, 1978, will be subject to payment of countervailing duties equal to the net amount of any bounty or grant determined or estimated to have been paid or bestowed.

In accordance with section 303 of the Act and until further notice, the net amount of such bounties or grants has been estimated to be the following percentages of the f.o.b. price for export to the United States of the dutiable merchandise from Uruguay covered by this notice:

	Pct.
Yarns.....	16.8
Fabric.....	38.8
Apparel.....	42.8

Effective on or after November 16, 1978, and until further notice, upon the entry, or withdrawal from warehouse, for consumption of the dutiable merchandise from Uruguay which benefits from these bounties or grants, there shall be collected, in addition to any other duties estimated or determined to be due, countervailing duties in the amount estimated in accordance with the above declaration. To the extent that it can be established to the satisfaction of the Commissioner of Customs that imports of the dutiable merchandise in this investigation are subject to a bounty or grant smaller than the amount which otherwise would be applicable under the above declaration the smaller amount so established shall be assessed and collected.

Any merchandise subject to the terms of this order shall be deemed to have benefited from a bounty or grant if such bounty or grant has been or will be credited or bestowed, directly or indirectly, upon the manufacture, production or exportation.

The duty-free merchandise referred to in this notice is included in the above determination that bounties or grants were paid or bestowed within the meaning of section 303 of the Act. In accordance with section 303(a)(2) of the Act (19 U.S.C. 1303(a)(2)), countervailing duties may not be imposed upon any article or merchandise which is free of duty in the absence of a determination by the U.S. International Trade Commission that an industry in the United States is being, or is likely to be, injured, or is prevented from being established, by reason of the importation of such article or merchandise into the United States. Accordingly, the International Trade Commission is being advised of this determination, and the liquidation of entries, or of withdrawals from ware-

house, for consumption of the duty-free apparel in question will be suspended pending the determination of the Commission. Accordingly, effective on or after November 16, 1978, and until further notice, upon the entry, or withdrawal from warehouse, for consumption of such duty-free merchandise, liquidation will be suspended pending the determination of the U.S. International Trade Commission.

The table in § 159.47(f) of the Customs Regulations (19 CFR 159.47(f)) is amended by inserting under the column headed "Country" the word "Uruguay", inserting under the column headed "Commodity" the words "textile mill products and men's and boys' apparel", inserting under the column headed "Treasury Decision" the number of this Treasury Decision, and inserting under the column headed "Action" the words "Bounty Declared-Rate".

(R.S. 251, as amended, secs. 303, 624, 46 Stat. 687, as amended, 759; 19 U.S.C. 66, 1303, as amended 1624).

Pursuant to Reorganization Plan No. 26 of 1950 and Treasury Department Order 190 (Revision 15), March 16, 1978, the provisions of Treasury Department Order 165, Revised, November 2, 1954, and § 159.47 of the Customs Regulations (19 CFR 159.47), insofar as they pertain to the issuance of a final countervailing determination by the Commissioner of Customs, are hereby waived.

ROBERT H. MUNDHEIM,
General Counsel
of the Treasury.

NOVEMBER 7, 1978.

(FR Doc. 78-32180 Filed 11-15-78; 8:45 am)

APPENDIX E

DEPARTMENT OF THE TREASURY'S NOTICE OF ITS FINAL COUNTERVAILING
DUTY DETERMINATION WITH RESPECT TO IMPORTS FROM BRAZIL
(43 F.R. 53422), NOVEMBER 16, 1978

[4810-22-M]

PART 159—LIQUIDATION OF DUTIES

Countervailing Duties—Certain Textiles and Textile Products From Brazil

AGENCY: U.S. Customs Service, Treasury Department.

ACTION: Final countervailing duty determination.

SUMMARY: This notice is to inform the public that a countervailing duty investigation has resulted in a determination that the Government of Brazil has given benefits which constitute bounties or grants under the countervailing duty law on the manufacture, production, or exportation of certain textiles and textile products from Brazil. Both dutiable and duty-

FEDERAL REGISTER, VOL. 43, NO. 222—THURSDAY, NOVEMBER 16, 1978

free merchandise are included in this determination. The case involving the duty-free merchandise is being referred to the International Trade Commission for an injury determination. Countervailing duties on dutiable items are being waived based on actions by the Brazilian Government to reduce their adverse effect.

EFFECTIVE DATE: November 16, 1978.

FOR FURTHER INFORMATION CONTACT:

Richard B. Self, Director, Office of Tariff Affairs, Department of Treasury, 15th and Pennsylvania Avenue NW., Washington, D.C. 20220, 202-566-8585.

SUPPLEMENTARY INFORMATION: On June 1, 1978, a "Preliminary Countervailing Duty Determination" was published in the *FEDERAL REGISTER* (43 FR 23783). The notice stated that it had been preliminarily determined that benefits had been received by Brazilian manufacturers/exporters of men's and boys' apparel and textile mill products of cotton, wool, and man-made fiber which may constitute bounties or grants within the meaning of section 303 of the Tariff Act of 1930, as amended (19 U.S.C. 1303) (referred to in this notice as "the Act").

For purposes of this notice "textile mill products" include yarns (except cotton yarn, item numbers 300.60 through 302.98 TSUSA, which was the subject of a previous countervailing duty investigation), fabrics, household textiles, miscellaneous products of textile mills, and certified handloomed and folklore products, made of cotton, wool and manmade fibers, as specified in U.S. bilateral textile agreements and described by the Tariff Schedules of the United States Annotated (TSUSA) item numbers set forth in the Appendix to the *FEDERAL REGISTER* notice published on October 13, 1978 (43 FR 47340). "Men's and boys' apparel" includes those items described by TSUSA item numbers in the Appendix to the above-cited *FEDERAL REGISTER* notice.

The men's and boys' apparel and textile mill products from Brazil which are classified under items 307.60, 705.30 and 791.76 are free of duty.

The preliminary determination stated that the programs under which benefits were conferred include the following:

1. Certificates granted by the Brazilian Government in the amount of the IPI/ICM tax which are in addition to the ordinary exemption on export of the value added tax.
2. Preferential financing for exports under Resolution 398.
3. Tax relief on equipment and earnings, in addition to grants to certain

new industries and industries located in economically depressed areas under Law 1137.

4. Partial exemption from payment of IPI and import duties on machinery purchases.

5. Cash assistance given to certain enterprises under BEFLEX, a government agency.

Programs preliminarily determined not to be bounties or grants within the meaning of the Act included the following:

1. Exemption from the Industrial Products Tax (IPI), a value added tax, and the ICM tax, a provincial value added tax, on export transactions. The Department has consistently held that the nonexcessive rebate or remission of indirect taxes, directly related to an exported product, does not constitute a bounty or grant within the meaning of the law.

2. Exemption from the payment of import duties and the IPI tax on imports that are incorporated in finished products for export. This follows internationally recognized principles of drawback.

The notice offered interested parties an opportunity to submit any relevant data, views, or arguments in writing with respect to the preliminary determination on or before July 1, 1978.

Subsequent information derived from submission by the Government of Brazil revealed the following:

(1) Short-term financing provided by the Government under Resolution 398 resulted in a weighted average bounty of 6 percent based on a survey of those firms comprising a majority of Brazil's exports. The bounty is the difference in terms provided by the Government loans as compared to those available commercially.

(2) The duty-free treatment of imported machinery under Law 1189 is considered as a bounty or grant since the concept of drawback cannot be applied to imported capital items that subsequently would not be exported. The bounty derived from this benefit is computed by taking the amount of the duty saved over the useful life of the imported capital item.

(3) Only one of the exporters investigated was an eligible enterprise under the BEFLEX program. Benefits included the reduction in IPI taxes, as well as the forgiveness of a prior import deposit of customs duties on imported machinery. The benefit was calculated in a manner similar to that under Law 1189.

(4) None of the companies investigated were the recipient of tax breaks for locating facilities in specifically designated geographic areas of Brazil.

(5) While export earnings are exempted from the payment of income taxes and therefore a bounty, the possible benefits derived there-

from were not computed into the final bounty in view of the uncertainty of the overall tax effect of the IPI/ICM credits, which themselves are treated as income.

(6) The benefit derived from the IPI/ICM credits was computed by taking the total credits utilized by the firms representing a majority of Brazil's textile exports with the final amount of 30.3 percent reflecting a weighted average based on the firms' sales. It should be noted that all credits cannot be utilized to the extent that domestic tax obligations, for which these credits are used, have been exhausted by the end of a business year.

After consideration of all information received, it is hereby determined that textiles and textile mill products which are the subject of this investigation from Brazil are subject to bounties or grants within the meaning of section 303 of the Act. The bounties or grants are in the form of the IPI/ICM credits, preferential financing under resolution 398, remission of customs duties on imported capital equipment under Law 1189, and benefits received under the BEFLEX program. The net amount of the bounty or grant has been ascertained and determined to be 37.2 percent of the f.o.b. price for export to the United States of textiles and textile mill products from Brazil. The net bounty for leather wearing apparel has been ascertained and determined to be 34.8 percent of the f.o.b. price.

Effective on or after November 16, 1978, and until further notice, upon the entry, or withdrawal from warehouse, for consumption of such dutiable textile products imported directly or indirectly from Brazil, which benefit from these bounties or grants, there shall be collected, in addition to any other duties estimated or determined to be due, countervailing duties in the amount ascertained in accordance with the above declaration. To the extent that it can be established to the satisfaction of the Commissioner of Customs that imports of textiles and textile mill products from Brazil are benefitting from a bounty or grant smaller than the amount which otherwise would be applicable under the above declaration, the smaller amount so established shall be assessed and collected.

Any merchandise subject to the terms of this Order shall be deemed to have benefitted from a bounty or grant if such bounty or grant has been or will be credited or bestowed, directly or indirectly, upon the manufacturer, production, or exportation of textiles and textile mill products from Brazil.

Notwithstanding the above, a notice of waiver of countervailing

duties" is being published concurrently with this Order which covers textiles and textile mill products from Brazil subject to this investigation in accordance with section 303(d) of the Act. At such time as the waiver ceases to be effective, in whole or in part, a notice will be published setting forth the deposit of estimated countervailing duties which will be required at the time of entry, or withdrawal from warehouse, for consumption of each product then subject to the payment of countervailing duties.

Further, the textiles and textile mill products subject to this determination which are classified under item 307.60, 791.76 and 705.30 of the Tariff Schedules of the United States, Annotated (TSUSA), are entered duty-free pursuant to the U.S. Generalized System of Preferences, authorized by Title V of the Trade Act of 1974 (19 U.S.C. 2461-2465, 88 Stat. 2066-2071).

In accordance with section 303(a)(2) of the Tariff Act of 1930, as amended (19 U.S.C. 1303(a)(2)), countervailing duties may not be imposed upon any article of merchandise which is free of duty in the absence of a determination by the U.S. International Trade Commission that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such article or merchandise into the United States.

Accordingly, the U.S. International Trade Commission is being advised of this determination and the liquidation of entries, or withdrawals from warehouse, for consumption of the duty-free items subject to this investigation will be suspended pending the determination of the Commission.

Should the determination of the Commission be affirmative, the Treasury would consider it appropriate to waive countervailing duties under section 303(d) of the Act. The Government of Brazil is committed toward the removal of the effective net bounty derived from the IPI/ICM credits, preferential financing under resolution 398, and duty-free treatment of imported machinery under Law 1189. This action will be accomplished as follows:

- (1) A 25 percent reduction in the net bounty of 37.2 percent by the imposition of an equivalent export tax on or before November 7, 1978;
- (2) A further 25 percent reduction of the bounty on January 3, 1979;
- (3) The remaining net bounty or grant of 18.6 percent would be eliminated by no later than January 1, 1980.

In addition the Government of Brazil has committed itself to active participation in the multilateral trade negotiations in Geneva, has agreed on a number of principles that should be

included in a code governing the use of subsidies and countervailing duties and will endeavor, with the United States, to reach an agreement on that code during the negotiations in Geneva this month. In addition the Government of Brazil has agreed to make reductions in its overall export incentive program as a contribution to more discipline in international trade.

Effective on or after November 16, 1978, and until further notice, upon the entry for consumption of withdrawal from warehouse for consumption of such duty-free textile products, liquidation will be suspended pending the determination of the U.S. International Trade Commission.

The table in § 159.47(f) of the Customs Regulations (19 CFR 159.47(f)) is amended by inserting under the column headed "country", the name "Brazil", and inserting the words "durable textile products", in the column headed "commodity", the number of this Treasury Decision in the column headed "Treasury Decision", and the words "bounty declared-rate" in the column headed "action".

(R.S. 251, as amended, secs. 303, 624, 46 Stat. 687, as amended, 759 (19 U.S.C. 66, 1303), as amended, 1624).

Pursuant to Reorganization Plan #26 of 1950 and Treasury Department Order 190 (revision 15), March 16, 1978, and the provisions of the Treasury Department Order #165, Revised, November 2, 1954, and § 159.47 of the Customs Regulations (19 CFR 159.47), insofar as they pertain to the issuance of a countervailing duty determination by the Commissioner of Customs, are hereby waived.

ROBERT H. MUNDHEIM,
General Counsel
of the Treasury.

NOVEMBER 8, 1978.

[FR Doc. 78-32182 Filed 11-15-78; 8:45 am]

APPENDIX F

DEPARTMENT OF THE TREASURY'S NOTICE OF WAIVER OF COUNTERVAILING DUTIES
WITH RESPECT TO IMPORTS FROM BRAZIL (43 F.R. 53422), NOVEMBER 16, 1978

[4810-22-M]

[T.D. 78-447]

PART 159—LIQUIDATION OF DUTIES

**Waiver of Countervailing Duties—
Textiles from Brazil**

AGENCY: Department of the Treasury, U.S. Customs Service.

ACTION: Waiver of Countervailing Duties.

SUMMARY: This notice is to inform the public that a determination has been made to waive countervailing duties that would otherwise be required by section 303 of the Tariff Act of 1930 on imports of textiles from Brazil. The waiver is issued based on actions by the Brazilian Government to reduce the adverse effects of the subsidy on these items. The waiver will expire on January 4, 1979, unless revoked earlier.

EFFECTIVE DATE: November 16, 1978.

FEDERAL REGISTER, VOL. 43, NO. 222—THURSDAY, NOVEMBER 16, 1978

FOR FURTHER INFORMATION CONTACT:

Richard B. Self, Director, Office of Tariff Affairs, Department of the Treasury, 15th and Pennsylvania Avenue NW., Washington, D.C. 20220 202-566-8585.

SUPPLEMENTARY INFORMATION:

In T.D. 78-446, published concurrently with this determination, it has been determined that bounties or grants within the meaning of section 303 of the Tariff Act of 1930, as amended (19 U.S.C. 1303), are being paid or bestowed directly or indirectly upon the manufacture, production, or exportation of textiles from Brazil.

Section 303(d) of the Tariff Act of 1930, as amended by the Trade Act of 1974 (Pub. L. 93-618, January 3, 1975), authorizes the Secretary of the Treasury to waive the imposition of countervailing duties during the 4-year period beginning on the date of enactment of the Trade Act of 1974, if he determines that:

(1) Adequate steps have been taken to reduce substantially or eliminate during such period the adverse effect of a bounty or grant which he has determined is being paid or bestowed with respect to any article or merchandise;

(2) There is a reasonable prospect that under section 102 of the Trade Act of 1974, successful trade agreements will be entered into with foreign countries or instrumentalities providing for the reduction or elimination of barriers to or other distortions of international trade; and

(3) The imposition of the additional duty under this section with respect to such article or merchandise would be likely to seriously jeopardize the satisfactory completion of such negotiations.

Based upon analysis of all the relevant factors and after consultation with agencies and parties with direct interest in this proceeding, I have concluded that steps have been taken to reduce substantially the adverse effects of the bounty or grant. Specifically the Government of Brazil on November 7, 1978, acted to reduce the net bounty of 37.2 percent by 25 percent by the imposition of an equivalent export tax. A further reduction of 25 percent will be accomplished in a similar manner on or before January 3, 1979. The remaining bounty of 18.6 percent will be eliminated by no later than January 1, 1980. In addition the Government of Brazil has committed itself to active participation in the multilateral trade negotiations in Geneva, has agreed on a number of principles that should be included in a code governing the use of subsidies and countervailing duties and will endeavor, with the United States, to reach an agreement on that code

during the negotiations in Geneva this month. In addition the Government of Brazil has agreed to make reductions in its overall export incentive program as a contribution to more discipline in international trade.

After consulting with appropriate agencies, including the Department of State, the Department of Labor, and the Office of the Special Representative for Trade Negotiations, I have further concluded:

(1) That there is a reasonable prospect that, under section 102 of the Trade Act of 1974, successful trade agreements will be entered into with foreign countries or instrumentalities providing for reduction or elimination of barriers to or other distortions of international trade; and

(2) That the imposition of countervailing duties on textiles from Brazil would be likely to seriously jeopardize the satisfactory completion of such negotiations.

Accordingly, pursuant to section 303(d) of the Tariff Act of 1930, as amended (19 U.S.C. 1303(d)), I hereby waive the imposition of countervailing duties on textiles from Brazil.

This determination may be revoked, in whole or in part, at any time and shall be revoked whenever the basis supporting such determination no longer exists. Unless sooner revoked or made subject to a resolution of disapproval adopted by either House of the Congress of the United States pursuant to section 303(e) of the Tariff Act of 1930, as amended (19 U.S.C. 1303(e)), this waiver of countervailing duties will in any event by statute, cease to have force and effect on January 4, 1979.

On or after the date of publication in the *FEDERAL REGISTER* of a notice revoking this determination, in whole or in part, the day after the date of adoption by either House of Congress of a resolution disapproving this "waiver of countervailing duties," or January 4, 1979, whichever occurs first, countervailing duties will be assessable on textiles imported directly or indirectly from Brazil in accordance with T.D. 78-446, published concurrently with this determination.

The table in § 159.47(f) of the Customs Regulations (19 CFR 159.47(f)) is amended by inserting after the last entry from Brazil under the commodity heading "textiles," the number of this Treasury decision in the column heading "Treasury Decision," and the words "imposition of countervailing

duties waived" in the column headed "action."

(R.S. 251, secs. 303, as amended, 624; 46 Stat. 687, 759, 88 Stat. 2051, 2052 (19 U.S.C. 66, 1303), as amended, 1624.)

ROBERT H. MUNDHEIM,
General Counsel
of the Treasury.

NOVEMBER 8, 1978.

[FR Doc. 78-32183 Filed 11-15-78; 8:45 am]

APPENDIX G
STATISTICAL TABLES

Table 1.--Yarns of wool, colored, and cut into uniform lengths of not over 3 inches, in immediate packages or containers not over 6 ounces in weight, including the weight of the immediate package or container (TSUS item 307.60): U.S. imports for consumption, by principal sources, 1972-77, January-September 1977, and January-September 1978

Source	1972	1973	1974	1975	1976	1977	January-September--	
							1977	1978
	Quantity (pounds)							
Brazil-----	0:	0:	0:	0:	0:	24,905:	24,905:	0
Uruguay-----	0:	0:	0:	4,425:	0:	0:	0:	0
Subtotal-----	0:	0:	0:	4,425:	0:	24,905:	24,905:	0
United Kingdom----	1,218,595:	1,249,915:	1,648,962:	1,248,342:	1,336,783:	1,041,201:	964,183:	851,432
New Zealand-----	410,139:	427,459:	373,462:	355,020:	386,763:	355,747:	319,222:	39,363
Canada-----	176,877:	259,309:	202,026:	226,996:	266,381:	131,496:	93,940:	54,758
Ireland-----	91,728:	69,048:	58,011:	52,468:	63,296:	33,361:	25,612:	3,051
West Germany-----	1,430:	819:	6,014:	6,720:	6,479:	9,836:	8,514:	18,466
All other-----	63,092:	20,253:	14,227:	12,120:	23,227:	14,557:	13,998:	5,448
Total-----	1,961,861:	2,026,803:	2,302,702:	1,906,091:	2,082,929:	1,611,103:	1,450,374:	972,518
	Value (dollars)							
Brazil-----	-:	-:	-:	-:	-:	24,401:	24,401:	-
Uruguay-----	-:	-:	-:	4,259:	-:	-:	-:	-
Subtotal-----	-:	-:	-:	4,259:	-:	24,401:	24,401:	-
United Kingdom----	2,428,262:	3,108,951:	4,883,051:	3,944,659:	4,398,076:	3,946,276:	3,666,659:	4,017,489
New Zealand-----	767,628:	1,031,829:	1,158,190:	772,051:	1,113,068:	1,176,747:	1,053,305:	126,514
Canada-----	370,429:	701,402:	617,702:	662,958:	830,247:	407,147:	292,675:	168,699
Ireland-----	136,403:	157,206:	150,652:	119,831:	147,525:	105,731:	80,413:	10,789
West Germany-----	4,937:	4,073:	23,996:	25,076:	23,219:	28,412:	23,643:	69,074
All other-----	136,809:	54,742:	52,947:	44,587:	74,673:	55,951:	53,603:	25,943
Total-----	3,844,468:	5,058,203:	6,886,538:	5,573,421:	6,586,808:	5,744,665:	5,194,699:	4,418,508
	Unit value (per pound)							
Brazil-----	-:	-:	-:	-:	-:	\$0.98:	\$0.98:	-
Uruguay-----	-:	-:	-:	\$0.96:	-:	-:	-:	-
Subtotal-----	-:	-:	-:	.96:	-:	.98:	.98:	-
United Kingdom----	\$1.99:	\$2.49:	\$2.96:	3.16:	\$3.29:	3.79:	3.80:	\$4.72
New Zealand-----	1.87:	2.41:	3.10:	2.17:	2.88:	3.31:	3.30:	3.21
Canada-----	2.09:	2.70:	3.06:	2.92:	3.12:	3.10:	3.12:	3.08
Ireland-----	1.49:	2.28:	2.60:	2.28:	2.33:	3.17:	3.14:	3.54
West Germany-----	3.45:	4.97:	3.99:	3.73:	3.58:	2.89:	2.78:	3.74
All other-----	2.17:	2.70:	3.72:	3.68:	3.13:	3.84:	3.83:	4.76
Total-----	1.96:	2.50:	2.99:	2.92:	3.16:	3.57:	3.58:	4.54

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

Table 2.--Yarns of angora rabbit hair (TSUS item 307.62): U.S. imports for consumption, by principal sources, 1972-77, January-September 1977, and January-September 1978

Source	1972	1973	1974	1975	1976	1977	January-September--	
							1977	1978
Quantity (pounds)								
Brazil-----	0	0	0	0	0	0	0	0
Uruguay-----	0	0	0	0	0	0	0	0
Subtotal-----	0	0	0	0	0	0	0	0
Belgium-----	212,527	67,617	5,470	8,251	34,373	846,818	670,755	178,404
France-----	32,304	21,625	5,278	5,799	10,555	27,943	12,945	22,942
United Kingdom---	322	1,443	176	176	0	9	9	12
Canada-----	434	0	246	0	600	0	0	0
New Zealand-----	0	38,223	0	0	0	0	0	0
All other-----	485	629	0	0	0	2,393	2,393	0
Total-----	246,072	129,537	11,170	14,226	45,528	877,163	686,102	201,358
Value (dollars)								
Brazil-----	-	-	-	-	-	-	-	-
Uruguay-----	-	-	-	-	-	-	-	-
Subtotal-----	-	-	-	-	-	-	-	-
Belgium-----	818,074	387,995	32,958	31,401	158,857	4,359,546	3,431,160	995,220
France-----	328,962	368,897	106,364	115,628	183,221	433,301	250,704	530,613
United Kingdom---	749	22,052	2,204	2,202	-	1,370	1,370	461
Canada-----	4,435	-	3,114	-	4,268	-	-	-
New Zealand-----	-	93,248	-	-	-	-	-	-
All other-----	3,339	6,663	-	-	-	14,327	14,327	-
Total-----	1,155,559	878,855	144,640	149,231	346,346	4,808,544	3,697,561	1,526,294
Unit Value (per gross)								
Brazil-----	-	-	-	-	-	-	-	-
Uruguay-----	-	-	-	-	-	-	-	-
Subtotal-----	-	-	-	-	-	-	-	-
Belgium-----	\$3.85	\$5.74	\$6.03	\$3.81	\$4.62	\$5.15	\$5.11	\$5.58
France-----	10.18	17.06	20.15	19.94	17.36	15.51	19.37	23.13
United Kingdom---	2.32	15.28	12.52	12.51	-	15.22	15.22	38.42
Canada-----	10.22	-	12.66	-	7.11	-	-	-
New Zealand-----	-	2.44	-	-	-	-	-	-
All other-----	6.88	10.59	-	-	-	5.99	6.50	-
Total-----	4.70	6.78	12.95	10.49	7.61	5.48	5.39	7.58

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

Table 3.--Yarns of wool or hair (except yarns of wool, colored, and cut into uniform lengths of not over 3 inches, in immediate packages or containers not over 6 ounces in weight including the weight of the immediate package or container, or yarns of angora rabbit hair) (TSUS item 307.64): U.S. imports for consumption, by principal sources, 1972-77, January- September 1977, and January-September 1978

Source	1972	1973	1974	1975	1976	1977	January-September--	
							1977	1978
Quantity (pounds)								
Brazil-----	138,498	46,382	1,932	5,598	233,612	237,254	108,597	88,781
Uruguay-----	139,476	10,140	17,468	29,270	6,167	83,746	67,550	48,192
Subtotal----	277,974	56,522	19,400	34,868	239,779	321,000	176,147	136,973
United Kingdom--	714,875	718,850	770,313	728,960	701,367	671,477	553,141	573,969
France-----	267,618	283,272	237,723	131,904	264,730	388,822	331,476	347,427
Spain-----	1,136	0	96	51,070	288,343	366,724	234,154	396,486
Belgium-----	292,408	374,827	310,830	197,740	266,149	366,198	321,499	82,067
Iceland-----	123,721	93,284	57,674	135,013	119,491	194,011	144,568	109,828
Canada-----	109,633	94,560	112,539	145,772	125,716	184,992	132,137	102,090
All other-----	2,315,400	1,153,499	1,570,196	774,078	1,238,660	818,878	653,806	1,262,822
Total-----	4,102,765	2,774,814	3,078,771	2,199,405	3,244,235	3,312,102	2,546,928	3,011,662
Value (dollars)								
Brazil-----	147,647	63,177	4,523	13,656	478,378	536,378	265,119	204,332
Uruguay-----	119,796	23,322	40,088	56,056	14,733	186,547	155,286	134,104
Subtotal----	267,443	86,499	44,611	69,712	493,111	722,925	420,405	338,436
United Kingdom--	1,500,403	2,165,342	2,605,735	2,171,540	2,103,722	2,578,029	2,113,885	2,509,344
France-----	1,040,741	1,478,639	1,769,196	936,871	1,651,118	1,876,579	1,620,495	1,913,453
Spain-----	2,458	-	265	157,477	982,141	1,311,239	829,439	1,312,076
Belgium-----	737,267	1,145,877	1,035,861	668,135	875,932	1,295,973	1,105,362	424,546
Iceland-----	239,794	213,942	166,453	406,385	339,718	633,526	474,474	400,679
Canada-----	212,646	219,849	337,255	438,527	392,445	519,943	370,662	290,375
All other-----	5,407,287	4,294,793	1,585,812	2,596,062	4,758,797	3,177,265	2,572,864	4,611,306
Total-----	9,408,039	9,604,941	7,545,168	7,444,709	11,596,984	12,115,479	9,507,586	11,800,215
Unit value (per pound)								
Brazil-----	\$1.07	\$1.36	\$2.34	\$2.44	\$2.05	\$2.26	\$2.44	\$2.30
Uruguay-----	.86	2.30	2.29	1.92	2.39	2.23	2.30	2.78
Subtotal----	.96	1.53	2.30	2.00	2.06	2.25	2.39	2.47
United Kingdom--	2.10	3.01	3.38	2.98	3.00	3.84	3.82	4.37
France-----	3.89	5.22	7.44	7.10	6.24	4.83	4.89	5.51
Spain-----	2.16	-	2.76	3.08	3.41	3.58	3.54	3.31
Belgium-----	2.52	3.06	3.33	3.38	3.29	3.54	3.44	5.17
Iceland-----	1.94	2.29	2.89	3.01	2.84	3.27	3.28	3.65
Canada-----	1.94	2.32	3.00	3.01	3.12	2.81	2.81	2.84
All other-----	2.34	3.72	1.01	3.35	3.84	3.88	3.94	3.65
Total-----	2.29	3.46	2.45	3.38	3.57	3.66	3.73	3.92

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

Table 4.--Yarns of wool or hair (TSUS items 307.60, 307.62, and 307.64): U.S. imports for consumption, by principal sources, 1972-77, January- September 1977, and January-September 1978

Source	1972	1973	1974	1975	1976	1977	January-September--		
							1977	1978	
	Quantity (pounds)								
Brazil-----	138,498	46,382	1,932	5,598	233,612	262,159	133,502	88,781	
Uruguay-----	139,476	10,140	17,468	33,695	6,167	83,746	67,550	48,192	
Subtotal-----	277,974	56,522	19,400	39,293	239,779	345,905	201,052	136,973	
United Kingdom---	1,933,793	1,970,208	2,419,451	1,977,478	2,038,150	1,712,687	1,517,333	1,425,413	
Belgium-----	506,828	442,717	316,300	205,991	302,141	1,215,034	992,254	260,471	
France-----	300,076	312,475	243,001	137,703	275,285	417,263	344,421	370,369	
Spain-----	1,136	0	96	51,070	288,343	366,724	234,154	396,486	
New Zealand-----	424,487	485,076	387,250	358,901	386,763	356,670	319,222	44,943	
Japan-----	969,526	188,038	722,718	274,271	435,746	340,061	287,818	356,982	
Canada-----	286,944	353,869	314,811	372,768	392,697	316,488	238,508	156,848	
Iceland-----	123,721	93,284	57,674	135,013	119,491	194,011	144,568	109,828	
All other-----	1,486,214	1,028,965	911,942	567,234	894,297	535,525	404,074	927,225	
Total-----	6,310,698	4,931,154	5,392,643	4,119,722	5,372,692	5,800,368	4,683,404	4,185,538	
	Value (dollars)								
Brazil-----	147,647	63,177	4,523	13,656	478,378	560,779	265,143	204,332	
Uruguay-----	119,796	23,322	40,088	60,315	14,733	186,547	155,286	134,104	
Subtotal-----	267,443	86,499	44,611	73,971	493,111	747,326	420,429	338,436	
United Kingdom---	4,241,858	5,296,345	7,490,990	6,118,401	6,501,798	6,524,442	5,780,681	6,527,294	
Belgium-----	1,559,779	1,534,966	1,068,819	699,536	1,041,970	5,663,102	4,536,522	1,419,766	
France-----	1,370,101	1,866,091	1,875,560	1,052,499	1,834,339	2,310,719	1,871,199	2,444,066	
Spain-----	2,458	-	265	157,477	982,141	1,311,239	829,439	1,312,076	
New Zealand-----	795,264	1,171,862	1,158,190	783,123	1,124,224	1,178,616	1,053,305	141,310	
Japan-----	1,846,980	611,978	1,980,199	764,264	1,705,931	1,181,773	1,010,022	1,152,027	
Canada-----	587,510	921,251	958,071	1,101,485	1,226,960	927,090	663,337	459,074	
Iceland-----	239,794	213,942	166,453	406,385	339,718	633,526	474,474	400,679	
All other-----	3,496,879	3,839,065	4,085,198	2,010,220	3,279,946	2,189,622	1,760,434	3,550,289	
Total-----	14,408,066	15,541,999	18,828,356	13,167,361	18,530,138	22,667,455	18,399,846	17,745,017	
	Unit value (per pound)								
Brazil-----	\$1.07	\$1.36	\$2.34	\$2.44	\$2.05	\$2.14	\$1.99	\$2.30	
Uruguay-----	.86	2.30	2.29	1.79	2.39	2.23	2.30	2.78	
Subtotal-----	.96	1.53	2.30	1.88	2.06	2.16	2.10	2.47	
United Kingdom---	2.19	2.68	3.10	3.09	3.19	3.81	3.81	4.58	
Belgium-----	3.08	3.47	3.38	3.40	3.45	4.66	4.57	5.45	
France-----	4.57	5.97	7.72	7.64	6.66	5.54	5.43	6.60	
Spain-----	2.16	-	2.76	3.08	3.41	3.58	3.54	3.31	
New Zealand-----	1.87	2.42	2.99	2.18	2.91	3.30	3.30	3.14	
Japan-----	1.91	3.25	2.74	2.79	3.92	3.48	3.51	3.23	
Canada-----	2.05	2.60	3.04	2.95	3.12	2.93	2.78	2.92	
Iceland-----	1.94	2.29	2.89	3.01	2.84	3.27	3.28	3.65	
All other-----	2.35	3.73	4.48	3.54	3.67	4.09	4.36	3.83	
Total-----	2.28	3.15	3.49	3.20	3.45	3.91	3.93	4.24	

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

Table 5.--Yarns of wool or hair (TSUS items 307.60, 307.62, and 307.64): U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1973-77, January-September 1977, and January-September 1978.

Period	Production	Exports	Imports	Apparent consumption	Ratio of imports to consumption
	1,000 pounds				Percent
1973-----	195,235	395	4,931	199,771	2.5
1974-----	141,821	550	5,393	146,664	3.7
1975-----	117,904	812	4,120	121,212	3.4
1976-----	134,146	768	5,373	138,751	3.9
1977-----	140,968	1,476	5,800	145,292	4.0
January-September--					
1977-----	<u>1/</u>	972	4,684	<u>1/</u>	<u>1/</u>
1978-----	<u>1/</u>	1,009	4,186	<u>1/</u>	<u>1/</u>

1/ Not available.

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

APPENDIX H

PROBABLE ECONOMIC EFFECTS OF TARIFF CHANGES UNDER TITLE I AND TITLE V OF
THE TRADE ACT OF 1974 FOR TRADE AGREEMENT DIGEST NO. 30030, JULY 1975

* * * * *

