CHANGES IN IMPORT TRENDS RESULTING FROM EXCLUDING SELECTED IMPORTS FROM CERTAIN COUNTRIES FROM THE GENERALIZED SYSTEM OF PREFERENCES

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Executive Summary

The Generalized System of Preferences (GSP) suspends U.S. tariffs on approximately 3,000 categories of products imported from 140 less developed countries (LDC's). The goal of the GSP is to aid the economic development of LDC's by increasing their exports to the United States. It was established under title V of the Trade Act of 1974 and was implemented on January 1, 1976. The authority for the U.S. program is scheduled to expire on January 4, 1985. Nineteen other industrialized countries have similar programs.

The U.S. GSP program contains a competitive-need limitation that is designed both to protect the domestic industry and to ensure that the benefits of the program are received by countries that truly are deserving. The competitive-need limitation states that if, in any calendar year, imports of an eligible product from an eligible country either exceed a given value or account for more than 50 percent of total U.S. imports of that product for that year, then that product from that country cannot receive duty-free treatment in the following GSP year. In addition, the President may in his discretion "graduate" a product from a particular country out of duty-free status if he believes imports of that product from that country do not need duty-free status to be competitive. 1/

In 1978, the U.S. GSP program contained 343 country-product exclusions. 2/ From 1979 to 1981, an additional 275 country-product exclusions were established: 144 in 1979, 54 in 1980, and 77 in 1981. This study examines these 275 country-product exclusions to determine the effects of losing duty-free status on import shares and real imports. 3/

Of the 275 country-product exclusions that were established between 1979, 86 were removed because the competitive-need limitation was no longer exceeded and 93 because of the de minimis waiver, which allows the President to prevent a country-product pair 4/ from being excluded if the value of imports of the pair is low. Three other exclusions involved products on which all tariffs had been dropped, and one involved a product that had been reclassified. The remaining 92 of the 275 country-product exclusions still existed in 1982. Approximately 40 percent of all country-product exclusions were removed the year after they were established, and another 15 percent were removed 2 years after. Thus, over half of all country-product exclusions were removed within 2 years of the time they were established.

1/ No formal definition of "graduation" exists. However, for purposes of this study, graduation will refer to the use of the President's discretionary powers to deny duty-free status to an otherwise eligible product from an eligible country.

2/ Instances in which imports of a particular GSP-eligible product from a particular GSP-eligible country are denied duty-free status--because of graduation or the competitive-need limitation--are called country-product exclusions.

3/ Real imports are the value of imports adjusted for inflation. All real amounts referred to in this study are based on 1977 dollars.

4/ A country-product pair refers to a particular product from a particular country. For example, drums from Taiwan would be a country-product pair.

The results of the study are based on the import trends of 143 country-product pairs that had adequate 3-year data and on subsamples for which 4-, 5-, and 6-year data were available. Twenty-four of the 143 pairs were excluded because the dollar limit was exceeded, 4 were excluded because both limits were exceeded, and 9 were excluded because of graduation. The remaining 106 were excluded because the 50-percent limit was exceeded.

Overall, the establishment of country-product exclusions did seem to affect imports of the country-product pairs. The effect, however, differed according to the reason the exclusions were established. Exclusions that were established because of the 50-percent limit tended to involve country-product pairs that constitute a rapidly rising share of the import market in the years before exclusion, but their import share tended to decline moderately after the exclusions were established. Overall, the establishment of the exclusion coincided with the end of the rapid rise in imports and with the lowering of the import share in subsequent years.

The effect on a country-product pair of an exclusion established because of the dollar limit was different from the effect of an exclusion established because of the 50-percent limit: import share increased in the year after exclusion before declining moderately in subsequent years. Real imports rose very rapidly before exclusion; the establishment of the exclusion coincided with the end of the rapid rise.

Very limited data on exclusions established because of both limits suggest that the average import share of the country-product pairs was relatively unaffected by the exclusions. Real imports, however, fell sharply, reflecting a general decline in imports of these products.

Similarly, limited data on country-product pairs excluded because of graduation suggest that the average import share of the country-product pairs was relatively unaffected by the exclusions. Real imports were also unaffected by the exclusions.

The countries benefitting most from the exclusions are advanced developing countries and developed countries - not less developed countries. Because the products that were involved in the majority of the exclusions were manufactured products, the countries that gained as a result of the exclusions tended to be the advanced developing countries and developed countries that produce the majority of manufactured products.

The countries that were involved in the exclusions did not seem to increase exports of similar products in the year after exclusions were established. The uncertain duration of exclusions and the difficulty in changing production plans are possible reasons why these countries did not noticeably increase exports of similar products.

No difference was discernible between the effect of country-product exclusions on mid-level developing countries and the effect on advanced developing countries. Because few country-product exclusions involved less developed developing countries, insufficient data were available on exclusions involving such countries.

Reclassifying product categories did not seem to affect any of the country-product pairs that were excluded.

Introduction

The Generalized System of Preferences (GSP) suspends U.S. tariffs on certain imports from many less developed countries (LDC's). The GSP was established under title V of the Trade Act of 1974 and was implemented on January 1, 1976. The authority for the program expires on January 4, 1985. The idea behind the GSP is to aid the economic development of LDC's by increasing their exports. The GSP offers duty-free entry to approximately 3,000 product categories from 140 LDC's. Nineteen other industrialized countries have similar programs. 1/

In 1981, U.S. imports from all countries amounted to $260 billion; imports from GSP-eligible countries amounted to $68.5 billion; imports of GSP-eligible goods from GSP-eligible countries amounted to $16.9 billion; and imports that actually entered the United States duty-free because of the GSP amounted to only $8.4 billion, or 3.2 percent of total imports. 2/

All countries are eligible for GSP treatment, except for generally recognized developed countries, countries that participated in the 1973-74 oil embargo, Communist countries that do not belong to the International Monetary Fund and the General Agreement on Tariffs and Trade, and special cases such as Afghanistan and Ethiopia. 3/ The President decides which countries are ineligible for GSP treatment according to guidelines given in section 502(b) of the Trade Act of 1974.

All products are eligible for GSP treatment, except for import-sensitive products, such as textiles, watches, steel, footwear, and glass. The President, with the advice of the U.S. International Trade Commission, decides which products should be eligible for GSP treatment according to guidelines given in section 503(a) and section 503(c) of the Trade Act of 1974. Eligible products are defined at the 5-digit level of the Tariff Schedules of the United States (TSUS).

The U.S. GSP program contains a competitive-need limitation that is designed both to protect the domestic industry and to ensure that the benefits of the program are received by countries that truly are deserving. The competitive-need limitation states that if, in any calendar year, imports of an eligible product from an eligible country either account for more than 50

1/ The 19 other countries are Austria, Australia, Belgium, Canada, Denmark, Finland, France, Greece, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Sweden, Switzerland, United Kingdom, and West Germany.

2/ The competitive-need limitation and the rules of origin combined to limit imports that actually entered the United States duty-free to about half the potential amount.

3/ Afghanistan was removed from the U.S. GSP system in 1980 after it was invaded by the Soviet Union. Ethiopia was removed in 1980 after it failed to compensate U.S. citizens and corporations for nationalized property.

percent of total U.S. imports of that product for that year, 1/ or exceed a given amount, 2/ 3/ then that product from that country cannot receive duty-free treatment in the following GSP year. 4/

In addition, the President may "graduate" a product from a particular country out of duty-free status if he believes imports of that product from that country do not need duty-free status to be competitive. 5/ The policy of graduation was officially begun in 1981 in an attempt to expand the benefits of the less developed developing countries by selectively limiting duty-free imports from the more developed developing countries such as Brazil, Hong Kong, Korea, Mexico, and Taiwan.

In this study we will examine the 275 country-product exclusions that were established between 1979 and 1981 to determine the effects of losing duty-free status. The appendix lists all country-product exclusions that existed between 1979 and 1981.

Country-product exclusions are examined in a number of different ways to determine what effect they had on country-product pairs. Country-product exclusions established because of the 50-percent limit, the dollar limit, and graduation are examined separately to determine if the effects of country-product exclusions differ according to the reason they were established.

Country-product exclusions that were established because of graduation involve country-product pairs that are competitive without the advantage of duty-free status. The import share of such country-product pairs should be less affected by the loss of duty-free status than country-product pairs that were excluded for other reasons. Exceeding the 50-percent limit indicates that a country-product pair has a fairly strong competitive position in the product and therefore, that such a country-product pair might be less affected by the loss of duty-free status than a country-product pair excluded because of the dollar limit. As a result, a country-product pair that was excluded because of the 50-percent limit might lose less of its share of the import market if removed from the GSP than would a country-product pair that was excluded because of the dollar limit.

This study will also examine whether countries still eligible for GSP treatment in a product increase their exports of the product when another country is denied duty-free status in that product and whether the

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1/ Hereafter, called the 50-percent limit.

2/ The figure is adjusted each year for changes in U.S. gross national product. In 1982, the limit was $50.9 million.

3/ Hereafter, called the dollar limit.

4/ The GSP year begins 90 days after the start of a calendar year.

5/ When imports of a particular GSP-eligible product from a particular GSP-eligible country are denied duty-free status because of graduation or the competitive-need limitation, such a denial will be called a country-product exclusion in this report.

establishment of a country-product exclusion causes the excluded country to increase exports of similar products. If other beneficiary countries increase their exports of a product when one country loses GSP status, the competitive-need limitation and graduation may help to distribute the benefits of GSP more evenly. Imports of similar products from an excluded country may increase if producers in the excluded country alter production to take advantage of the duty-free status on other products.

The effect that a country's level of development has on its response to a country-product exclusion is also examined, as is the effect when an associated product is reclassified. 1/

The GSP gives beneficiary countries a relative price advantage over nonbeneficiary countries in eligible products. Studies by Baldwin and Murray 2/ and Sapir and Lundberg 3/ estimated the effects of the GSP by multiplying the change in relative prices by an elasticity of import demand. Such an approach is appropriate when dealing with highly aggregated products, but is not appropriate when dealing with disaggregated products because of the difficulty in obtaining reliable elasticity estimates for individual products. Because estimating supply elasticities is notoriously difficult, this approach assumes that a shift in demand will not affect price. 4/

Because of the difficulty in estimating supply and demand elasticities, changes in import shares and real imports 5 /are examined in this study to determine the effects of country-product exclusions. 6/ Unless the import share of country-product pairs that are excluded from the GSP is noticeably affected by the establishment of the exclusion, the exclusion will be assumed to have little effect on the country-product pair.

Background

In 1978, the U.S. GSP program contained 343 country-product exclusions. From 1979 to 1981, an additional 275 country-product exclusions were established: 144 in 1979, 54 in 1980, and 77 in 1981. Because many of the exclusions were removed soon after they were established, the GSP program contained only 230 country-product exclusions as of March 31, 1981. 1/

1/ The product that is involved in a country-product exclusion is the associated product.

2/ R.E. Baldwin and T. Murray, "MFN Tariff Reductions and Developing Country Trade Benefits Under the GSP," The Economic Journal, March 1977, pp. 30-46.

3/ Andre Sapir and Lars Lundberg, "The U.S. Generalized System of Preferences and its Impacts," presented at National Bureau of Economic Research Conference on Structure and Evolution of Recent U.S. Trade Policy, Cambridge, Mass., Dec. 3-4, 1982.

4/ The foreign supply curve is assumed to be perfectly elastic.

5/ Real imports are the value of imports adjusted for inflation. All real amounts referred to in this study are based on 1977 dollars.

6/ If a country lowers the price of its exports when denied duty-free status, the change in U.S. real imports from that country following the establishment of a country-product exclusion will be overstated. The volume of imports may be the same after the exclusion is established, but the lower price will lower the value of imports and, thus, lower real imports.

The sharp decline in new country-product exclusions after 1979 was the result of the de minimis waiver provision that was created by section 1111(a)(4)(b) of the Trade Act of 1979. Under this provision, if imports of a product from a particular country do not exceed a certain amount (the amount was originally set at $1 million in 1980 and is increased each year to reflect changes in the U.S. gross national product (GNP)), the President can prevent a country-product exclusion from being established. The de minimis waiver not only allowed a number of existing country-product exclusions to be removed in 1980, but it has limited the number of new country-product exclusions in all years since 1980. Because of the de minimis waiver, 88 of the country-product exclusions that were established in 1979 were removed in 1980; only 2 country-product exclusions that were established in 1980 were removed in 1981 because of the de minimis waiver.

Of the 275 country-product exclusions established between 1979 and 1981, 224 were established because of the 50-percent limit, 32 because of the dollar limit, 6 because of both limits, and 13 because of graduation. Thirty country-product exclusions that were established between 1979 and 1981 were actually reestablishments of country-product exclusions that had existed in either 1976, 1977, or 1978.

Of the 275 country-product exclusions that were established between 1979 and 1981, 179 were removed by 1982. Ninety-three were removed because of the de minimis waiver and 86 because the competitive-need limitation was no longer exceeded. All tariffs had been dropped from 3 associated products, and one involved a product that had been reclassified. The remaining 92 of the 275 country-product exclusions still existed in 1982. Of the 275 exclusions, 159 were removed in the year after they were established, 17 were removed 2 years after, and 3 were removed 3 years after.

Tables 1-4 show why the exclusions were established and when the exclusions were removed.

Effect of the Establishment of Country-Product Exclusions

Other studies that have looked at the effects of country-product exclusions only looked at the change in imports from the year before the establishment to the year after, a 2-year period. 2/ This approach ignores the possibility that one of the 2 years was an unusual year for the country-product pair. Yet the very establishment of a country-product exclusion when one did not exist in the previous year suggests that the year before a country-product exclusion is established may be unusual. Whether the pattern of trade in the country-product pair has changed temporarily or

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1/ A country-product exclusion can be removed by the President when the competitive-need limitation is no longer exceeded.

2/ See, for example, An Assessment of Korea's Experience with the United States GSP Program, International Business and Economic Research Corporation, Washington, D.C., September 1981, revised October 1982, and "GSP and Graduation," Michael Moore, U.S. Department of Labor, February 1979, mimeo.

Table 1.--Country-product exclusions that existed in both 1978 and 1979

Number that existed because of --	
The 50-percent limit	179
The dollar limit	26
Both	2
Graduation 1/	12
Total	219
Number removed in 1980 because of --	
The de minimis waiver	77
The competitive-need limitation was no longer exceeded	29
Total	106
Number removed in 1981 because of --	
The de minimis waiver	7
The competitive-need limitation was no longer exceeded	4
Total	11
Number never removed because of --	
The competitive-need limitation	75
Graduation	13
Total	88
Others	
Products on which all tariffs were removed	8
Products removed from GSP program	1
Products reclassified 2/	5
Total	14

1/ Although graduation did not officially begin until 1981, sugar imports from 12 different countries were not reclassified as duty-free when the competitive-need limitation was no longer exceeded.

2/ Reclassified products resulted in country-product exclusions involving some of the new products.

Table 2.--Country-product exclusions established in 1979

Number that were established because of --	
The 50-percent limit	130
The dollar limit	13
Both	1
Total	144
Number removed in 1980 because of --	
The de minimis waiver	88
The competitive-need limitation was no longer exceeded	22
Total	110
Number removed in 1981 because of --	
The de minimis waiver	1
The competitive-need limitation was no longer exceeded	7
Total	8
Number never removed because of --	
The competitive-need limitation	14
Graduation	9
Total	23
Others	
Products on which all tariffs were removed	2
Products reclassified 1/	1
Total	3

1/ The reclassified product resulted in country-product exclusions involving some of the new products.

Table 3.--Country-product exclusions established in 1980

Number that were established because of --	
The 50-percent limit	44
The dollar limit	8
Both	2
Total	54
Number removed in 1981 because of --	
The de minimis waiver	2
The competitive-need limitation was no longer exceeded	19
Total	21
Number never removed because of --	
The competitive-need limitation	27
Graduation	5
Total	32
Others	
Products on which all tariffs were removed	1

Table 4.--Country-product exclusions established in 1981

Number that were established because of --	
The 50-percent limit	51
The dollar limit	10
Both	3
Graduation	13
Total	77

permanently cannot be determined by looking at data from just 2 years--data from the year before the exclusion and data from the year after. Therefore, it seems more appropriate to look at the change in imports of the country-product pair over longer periods of time. In particular, imports at least 2 years before the country-product exclusion was established should be examined to properly indicate the pattern of trade in the country-product pair before the establishment of the exclusion.

This study examines the effects of country-product exclusions that were established between 1979 and 1981. Both real imports and import shares are examined to determine the effect of establishing the country-product exclusions. These effects are determined by looking at the changes in imports over 3-, 4-, 5-, and 6-year periods. 1/

Three-year data 2/.--Although 275 country-product exclusions were established from 1979 to 1981, adequate data for 3-year periods were available for only 143 products. 3/ Of the 143 country-product exclusions to be examined, 42 were established in 1979, 49 in 1980, and 52 in 1981. Fifty of these 143 exclusions were never removed. Twenty-four of the exclusions were established because the dollar limit was exceeded, 4 were established because both limits were exceeded, and 9 were established because of graduation. The remaining 106 were removed because the 50-percent limit was exceeded.

Exclusions established because the dollar limit was exceeded accounted for 52 percent of the value of real imports of the country-product pairs in the year before the exclusions were established; exclusions established because both limits were excluded accounted for 18 percent, exclusions established because of graduation accounted for 4 percent, and exclusions established because of the 50-percent limit accounted for 26 percent.

Real imports of the 143 country-product pairs amounted to $1.39 billion 2 years before country-product exclusions were established. Table 5 summarizes these findings. In the year before the exclusions were established, real imports rose to $2.12 billion, a 52-percent increase. In the year after the

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1/ For imports from 1978 to 1982, data from April 1 to March 31 were used. Because this period corresponds closely to a GSP year, data from such a period should better indicate the effects of country-product exclusions than calendar year data. (Before 1980, a GSP year began 60 days after the start of a calendar year.) For imports in 1976 and 1977, data from calendar years were used because computer data for 1976 and 1977 were not available by country on a quarterly basis.

2/ The 3-year period consists of the 2 years before exclusion and the year after exclusion.

3/ The 88 country-product exclusions that were established in 1979 and removed in 1980 because of the de minimis waiver were not included in the analysis because the import shares of these products were subject to very high variances. For example, of these country-product pairs, 50 were not imported at all by the United States in 1981. Therefore, including these country-product exclusions in the analysis would probably distort the results. The establishment of the de minimis waiver in 1980 prevented such highly variable country-product exclusions from being established after 1979. Nineteen country-product exclusions were associated with products that had been reclassified in either of the previous 2 years and for which adequate preexclusion data were not available. The remaining 25 country-product exclusions were reestablishments of country-product exclusions that had existed 2 years earlier. The effects of the earlier country-product exclusions could distort the effects of the later country-product exclusions.

Table 5.--Average import share of country-product pairs excluded in 1979-81

Number of country-product pairs	Years before establishment			Years after establishment		
	3	2	1	1	2	3
	Average import share (percent) 1/					
143 2/-------	-	34.9	54.2	41.7	-	-
128----------	30.0	34.9	52.6	41.0	-	-
78-----------	31.5	37.7	51.5	42.2	3/ 39.5	-
39-----------	32.2	34.1	47.0	42.2	4/ 38.2	5/ 34.8
	Real imports (million dollars) 6/					
143----------	-	1,390	2,120	2,030	-	-
128----------	1,000	1,380	2,070	1,998	-	-
78-----------	760	1,010	1,420	1,430	1,260	-
39-----------	329	390	743	711	677	699
	Average tariff rate (percent) 7/					
143----------	-	10.1	9.9	9.5	-	-
128----------	9.9	9.9	9.6	9.2	-	-
78-----------	9.7	9.7	9.7	9.3	8.8	-
39-----------	9.4	9.4	9.4	9.4	8.7	8.2

1/ The average import share is an unweighted average of the share of total imports that the country-product pairs accounted for.

2/ The number of country-product pairs that is examined is determined by the number that had adequate data. The number decreases as the data requirements increase. Thus, whereas 143 country-product pairs had adequate data for 3 years, 128 had adequate data for 4 years, 78 had adequate data for 5 years, and 39 had adequate data for 6 years. The requirement of 2 years of post-exclusion data eliminated all country-product exclusions that were established in 1981, while the requirement of 3 years of post-exclusion data eliminated all exclusions that were established in 1980 and 1981. As additional data are required, those country-product exclusions that do not have the required data are removed from the analysis.

3/ Thirty-three of the 78 exclusions were removed in the year after they were established.

4/ Seventeen of the 39 exclusions were removed in the year after they were established.

5/ Twenty-three of the 39 exclusions were removed within 2 years after they were established.

6/ Real imports are the total imports that the excluded country-product pairs accounted for, expressed in 1977 dollars.

7/ The average tariff rate is the unweighted average of the tariff rate on the country-product pairs that were excluded. The rate falls over time because of the Tokyo Round tariff reductions.

exclusions were established, real imports of these 143 country-product pairs fell to $2.03 billion, a 4-percent decrease from the previous year, but a 46-percent increase from what it was 2 years earlier. Therefore, despite the establishment of country-product exclusions, real imports rose sharply over the 3-year period.

The average import share for the 143 country-product pairs 2 years before the country-product exclusions were established was 34.9 percent. In the year before the country-product exclusions were established, the average import share rose to 54.2 percent, a 55-percent increase. In the year after the country-product exclusions were established, these country-product pairs had an average import share of 41.7 percent, down 23 percent from that of the previous year, but a 19-percent increase from that of 2 years earlier.

Four-year data 1/.--Table 5 shows the changes in real imports and import shares using 4-year data. Analysis of the 4-year data shows results similar to those found in the 3-year data, and therefore, will not be discussed.

Five-year data 2/.--Table 5 shows the changes in real imports and import shares using 5-year data. Analysis of the 5-year data shows results similar to those found in the 6-year data, and therefore, will not be discussed.

Six-year data 3/.--To better determine what happened to imports of the country-product pairs in the years after exclusion, data from the 3 years before establishment and the 3 years after were used. Adequate data for 6-year periods were available for 39 country-product pairs. Twenty-five of the exclusions were established because of the 50-percent limit, 13 because of the dollar limit, and 1 because of both limits. Twenty-three of the 39 exclusions were removed within 3 years of being established.

Exclusions established because the dollar limit was exceeded accounted for 77 percent of the value of real imports of the country-product pairs in the year before the exclusions were established; exclusions established because both limits were excluded accounted for 7 percent, and exclusions established because of the 50-percent limit accounted for 16 percent.

Real imports of these 39 country-product pairs amounted to $329 million 3 years before country-product exclusions were established. Such imports rose to $743 million in the year before the exclusions were established. In the year after the exclusions were established, real imports fell 4 percent to $711 million. Three years after the exclusions were established, real imports rose 3 percent to $699 million, a 112-percent increase from the level 5 years earlier, but a 6-percent drop from the level 3 years earlier.

Real imports reached their peak in the year before the exclusions were established and drifted downward over the next 2 years before recovering slightly in the following year. Over the entire 6-year period, however, real imports rose sharply.

1/ The 4-year period consists of the 3 years before exclusion and the year after.

2/ The 5-year period consists of the 3 years before exclusion and the 2 years after.

3/ The 6-year period consists of the 3 years before exclusion and the 3 years after.

The average import share of the 39 country-product pairs rose from 32.2 percent 3 years before the country-product exclusions were established to 47.0 percent in the year before the exclusions were established. The average import share fell to 42.2 percent in the year after and to 34.8 percent 3 years after. The level 3 years after was 8 percent above the level of 5 years earlier, but was 26 percent below the level of 3 years earlier.

The average import share 3 years before establishment is essentially the same as the average import share 3 years after establishment. Yet in the intervening years, the average import share was substantially higher. Combining the real import data with the average import shares tells us that although imports of the country-product pairs were increasing, the average import share of the country-product pairs remained unchanged.

<u>50-percent limit</u>

Of the 143 county-product exclusions for which adequate 3-year data are available, 24 were established because the dollar limit was exceeded, 4 were established because both limits were exceeded, and 9 were established because of graduation. The remaining 106 were removed because the 50-percent limit was exceeded.

Two years before the country-product exclusions were established, real imports of these 106 country-product pairs excluded because of the 50-percent limit amounted to $387 million; the year before, real imports were $544 million, a 41-percent increase; the year after, real imports were $453 million, a 17-percent decrease from the previous year, but a 17-percent increase from two years earlier. Table 6 summarizes these findings.

Real imports of country-product pairs that were excluded from duty-free treatment because of the 50-percent limit declined markedly in the year following exclusion. This decline was sharper than the decline in real imports of country-product pairs affected by all exclusions.

The decline in the average import share of country-product pairs excluded because of the 50-percent limit in the year after exclusion is about the same as for all country-product pairs. The average import share of these 106 country-product pairs was 38.9 percent 2 years before the country-product exclusions were established, 62.4 percent the year before, and 45.1 percent the year after.

Twenty-five country-product exclusions that were established because of the 50-percent limit had adequate data for 6 years. Real imports of these 25 country-product pairs amounted to $99 million 3 years before country-product exclusions were established. Real imports rose 29 percent to $128 million 2 years before, but fell 5 percent to $121 million in the year before. Real imports rose 16 percent to $140 million in the year after and an additional 6 percent to $148 million 2 years after. In the third year after, real imports fell 29 percent to $105 million. Over the 6-year period, real imports rose 6 percent.

The decline in real imports in the year before the exclusions were established and the increase in real imports in the year after are quite surprising. The difference in real imports between the 3-year data and the 6-year data is striking. Apparently the 81 country-product pairs that did not

Table 6.--Average import share and real imports of country-product pairs excluded in 1979-81 because of the 50-percent limit

Number of country-product pairs	Years before establishment			Years after establishment		
	3	2	1	1	2	3
	Average import share (percent) 1/					
107 2/	-	39.3	62.7	45.5	-	-
92	36.8	42.0	61.9	45.3	-	-
56	35.9	44.6	60.8	47.9	3/ 45.2	-
25	40.9	45.5	59.1	51.9	4/ 47.6	5/ 42.6
	Real imports (million dollars) 6/					
107	-	388	546	454	-	-
92	245	366	500	431	-	-
56	154	270	261	387	293	-
25	99	128	121	140	148	105
	Average tariff rate (percent) 7/					
107	-	10.7	10.5	10.2	-	-
92	10.5	10.5	10.2	9.8	-	-
56	10.7	10.7	10.7	10.3	9.7	-
25	11.5	11.5	11.5	11.5	10.4	9.8

1/ The average import share is an unweighted average of the share of total imports that the country-product pairs accounted for.

2/ The number of country-product pairs that is examined is determined by the number that had adequate data. The number decreases as the data requirements increase. Thus, whereas 107 country-product pairs had adequate data for 3 years, 92 had adequate data for 4 years, 56 had adequate data for 5 years, and 25 had adequate data for 6 years. The requirement of 2 years of post-exclusion data eliminated all country-product exclusions that were established in 1981, while the requirement of 3 years of post-exclusion data eliminated all exclusions that were established in 1980 and 1981. As additional data are required, those country-product exclusions that do not have the required data are removed from the analysis.

3/ Twenty-five of the 56 exclusions were removed in the year after they were established.

4/ Nine of the 25 exclusions were removed in the year after they were established.

5/ Fifteen of the 25 exclusions were removed within 2 years after they were established.

6/ Real imports are the total imports that the excluded country-product pairs accounted for, expressed in 1977 dollars.

7/ The average tariff rate is the unweighted average of the tariff rate on the products associated with country-product exclusions. The rate falls over time because of the Tokyo Round tariff reductions.

have adequate 6-year data suffered a sharp decline in postexclusion imports, whereas the 25 country-product pairs that had adequate data did not. The import-share analysis sheds more light on the subject.

The average import share of the 25 country-product exclusions rose from 40.9 percent 3 years before the country-product exclusions were established to 45.5 percent 2 years before and to 59.1 percent in the year before. The average import share fell to 51.9 percent in the year after and to 47.6 percent 2 years after and to 42.6 percent 3 years after. For the 6-year period, the average import share rose 4 percent.

The import-share analysis shows that although real imports fell in the year before the country-product exclusions were established and rose in the year after, the behavior of the average import share accounted for by the 25 country-product pairs was as expected for these 2 years. Thus, the decline in imports in the year before exclusion occurred because of a general decline in imports of the associated products. The country-product exclusions were established because the country-product pairs did not suffer the same percentage decline in imports as the nonexcluded country-product pairs. When total imports of the associated products increased the following year, imports of the excluded country-product pairs also increased, but by a smaller percentage than nonexcluded country-product pairs.

The behavior of imports that had 6-year data points out the danger in using only real imports as a guide to the effects of the country-product exclusions. The difference between the 6-year data and the 3-year data for real imports also demonstrates that because of the relatively small number of observations, a good deal of caution should be used in drawing any conclusions from the data.

Dollar limit

From 1979 to 1981, 31 country-product exclusions were established because of the dollar limit. Of these 31 country-product exclusions, 3 involved products that underwent classification changes shortly before the country-product exclusions were established and do not have sufficient preexclusion data for analysis, and 4 were country-product exclusions that had existed 2 years earlier. These four were not analyzed because the earlier exclusions could have affected trade flows in these products.

The remaining 24 country-product pairs had an average import share of 14.1 percent 2 years before the country-product exclusions were established, a 23.6-percent share the year before they were established, and a 24.1-percent share the year after they were established. Table 7 summarizes these findings.

Two years before the country-product exclusions were established, imports of the 24 country-product pairs amounted to $0.6 billion. Real imports rose to $1.1 billion in the year before the country-product exclusions were established, an 87-percent increase. In the year after the country-product exclusions were established, real imports rose to $1.2 billion, a 9-percent increase from the previous year, and a 103-percent increase from 2 years earlier.

Table 7.--Average import share of country-product pairs that were excluded in 1979-81 because of the dollar limit

Number of country-product pairs	Years before establishment			Years after establishment		
	3	2	1	1	2	3
	Average import share (percent) 1/					
24 2/	4.8	14.1	23.6	24.1	-	-
20	14.1	15.9	23.6	23.8	3/ 18.8	-
13	12.7	13.1	23.0	23.2	4/ 16.5	5/ 21.1
	Real imports (million dollars) 6/					
24	391	600	1,100	1,200	-	-
20	351	475	864	851	763	-
13	211	259	569	562	461	586
	Average tariff rate (percent) 7					
24	7.4	7.4	7.2	7.0	-	-
20	7.4	7.4	7.4	7.2	6.8	-
13	6.4	6.4	6.4	6.4	6.1	5.8

1/ The average import share is an unweighted average of the share of total imports that the country-product pairs accounted for.

2/ The number of country-product pairs that is examined is determined by the number that had adequate data. The number decreases as the data requirements increase. Thus, whereas 24 country-product pairs had adequate data for 4 years, 20 had adequate data for 5 years, and 13 had adequate data for 6 years. The requirement of 2 years of post-exclusion data eliminated all country-product exclusions that were established in 1981, while the requirement of 3 years of post-exclusion data eliminated all exclusions that were established in 1980 and 1981. As additional data are required, those country-product exclusions that do not have the required data are removed from the analysis.

3/ Six of the 20 exclusions were removed in the year after they were established.

4/ Six of the 13 exclusions were removed in the year after they were established.

5/ Seven of the 13 exclusions were removed within 2 years after they were established.

6/ Real imports are the total imports that the excluded country-product pairs accounted for, expressed in 1977 dollars.

7/ The average tariff rate is the unweighted average of the tariff rate on the products associated with country-product exclusions. The rate falls over time because of the Tokyo Round tariff reductions.

The pattern of trade that was shown for all imports affected by exclusions is repeated here: a sharp increase in both real imports and import market share in the year before establishment and a leveling off in the year after.

All 24 country-product pairs increased their share of the import market in the year before the country-product exclusions were established. Of the 24 country-product exclusions, 19 increased their import share from the year before the country-product exclusions were established to the year after; 26 increased their import share in the 2-year period preceeding the establishment of the country-product exclusions.

Of the 31 country-product exclusions that were established because of the dollar limit, 13 had adequate data for 6 years. Real imports of these 13 country-product pairs amounted to $211 million 3 years before country-product exclusions were established. Real imports rose 23 percent to $259 million 2 years before and an additional 120 percent to $569 million in the year before. Real imports fell 1 percent to $562 million in the year after and fell an additional 18 percent to $461 2 years after. Real imports rose 27 percent to $586 million 3 years after. Over the 6-year period, real imports rose 178 percent.

The average import share of these 13 country-product pairs rose from 12.7 percent 3 years before the country-product exclusions were established to 13.1 percent 2 years before and to 23.0 percent in the year before. The average import share rose to 23.2 percent in the year after, fell to 16.5 percent 2 years after, and rose to 21.1 percent 3 years after. For the 6-year period, the average import share rose 66 percent.

In the year after the exclusions were established, 9 of the 13 country-product pairs increased their import share. In the following year, 10 of the 13 lost import share. Three years after, 8 of the 13 gained import share.

Country-product pairs that were excluded because of the dollar limit seem to be relatively unaffected by the establishment of country-product exclusions. Their average import share increases in the year after the exclusions are established. Their share of the import market falls sharply 2 years after exclusion, but rises sharply 3 years after.

The data suggest that country-product pairs that were excluded because of the 50-percent limit are more affected by the loss of duty-free status than are country-product pairs that were excluded because of the dollar limit.

Tariffs tended to be lower on products that were associated with country-product exclusions that were established because of the dollar limit than for exclusions established because of the 50-percent limit. Lower tariffs would tend to reduce the importance of the GSP and, thus, would make the loss of duty-free treatment easier to cope with. Tables 6-7 show the average tariff rates for the associated products.

<u>Both limits</u>

From 1979 to 1981, six country-product exclusions were established because both the 50-percent limit and the dollar limit were exceeded. Of these six exclusions, four had adequate 3-year data.

Imports of the four country-product pairs amount to $322 million 2 years before the exclusions were established, rose 19 percent to $383 million in the year before, and fell 38 percent to $276 million in the year after, a 14-percent decline from 2 years earlier. Table 8 summarizes these findings.

The import share of these country-product pairs was 55.4 percent 2 years before, rose to 66.4 percent in the year before, and fell to 64.3 percent in the year after.

Although real imports fell sharply after the country-product exclusions were established, the average import share fell only slightly. This suggests that a severe decline in total imports of the associated products occurred in the year after the exclusions were established and that the country-product pairs were affected no less than other country-product pairs. No definite conclusion seems possible about country-product exclusions established because both limits were exceeded.

Graduation

The practice of establishing a country-product exclusion by graduation began officially in 1981, when 13 country-product pairs were graduated. 1/ Five of the associated products had been reclassified in the preceding 2 years and do not have enough preexclusion data to be analyzed.

Real imports of the other eight country-product pairs amounted to $70 million 3 years before the country-product exclusions were established, $92 million 2 years before, $87 million the year before, and $91 million the year after. Over the 4-year period, real imports rose 30 percent. However, over the most recent 3-year period real imports fell 1 percent. Table 9 summarizes these findings.

Real imports of country-product pairs that were graduated follow a different pattern than real imports of other country-product pairs. Real imports of the graduated pairs were not rapidly increasing in the years before establishment and do not seem very much affected by the establishment of the exclusions. Because relatively high tariff rates are associated with these products, this finding is surprising. Another year of postexclusion data would be useful in determining if the establishment of the exclusions really did not affect real imports of graduated country-product pairs.

The average import share of these eight country-product pairs was 23.9 percent 3 years before the country-product exclusions were established, 26.4 percent 2 years before, 26.3 percent 1 year before, and 30.7 percent the year after. Thus, the average import share rose in the year after the country-product exclusions were established. The contention that graduated

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1/ Earlier instances of graduation occurred in 1979 when sugar imports (TSUS item 155.20) from 12 different countries were not reclassified as duty-free when the competitive-need limitation was no longer exceeded. No mention of this graduation was made in the official GSP report of that year.

Table 8.--Average import share of country-product pairs that were excluded in 1979-81 because of both limits

Number of country-product pairs	Years before establishment			Years after establishment		
	3	2	1	1	2	3
	Average import share (percent) 1/					
4 2/----------	3/ 61.1	55.4	66.4	64.3	-	-
	Real imports (million dollars) 4/					
4------------	294	322	383	276	-	-
	Average tariff rate (percent) 5/					
4------------	5.6	5.6	5.3	4.9	-	-

1/ The average import share is an unweighted average of the share of total imports that the country-product pairs accounted for.

2/ The number of country-product pairs that is examined is determined by the number that had adequate data.

3/ Although the average import share of the 4 country-product pairs is above 50 percent, exclusions were not established because 2 of the products were added to the list of eligible GSP products in the same year the exclusions were established.

4/ Real imports are the total imports that the excluded country-product pairs accounted for, expressed in 1977 dollars.

5/ The average tariff rate is the unweighted average of the tariff rate on the products associated with country-product exclusions. The rate falls over time because of the Tokyo Round tariff reductions.

Table 9.--Average import share of country-product pairs that were excluded in 1979-81 because of graduation 1/

Number of country-product pairs	Years before establishment			Years after establishment		
	3	2	1	1	2	3
	Average import share (percent) 2/					
8 3/	23.9	26.4	26.3	30.7	-	-
	Real imports (million dollars) 4/					
8	70	92	87	91	-	-
	Average tariff rate (percent) 5/					
8	11.7	11.7	11.4	10.8	-	-

1/ Because graduation did not officially begin until 1981, only one year of post-exclusion data are available.

2/ The average import share is an unweighted average of the share of total imports that the country-product pairs accounted for.

3/ The number of country-product pairs that is examined is determined by the number that had adequate data.

4/ Real imports are the total imports that the excluded country-product pairs accounted for, expressed in 1977 dollars.

5/ The average tariff rate is the unweighted average of the tariff rate on the products associated with country-product exclusions. The rate falls over time because of the Tokyo Round tariff reductions.

pairs are relatively unaffected by the establishment of exclusions is supported by an analysis of import shares. Five of the eight country-product pairs that were excluded because of graduation increased their import share in the year after the exclusions were established. The small number of cases, however, prevents any strong conclusions from being made.

Level of development

Of the 275 product-country exclusions established between 1979 and 1981, 217 involved countries that were classified as advanced developing countries (ADC's) in the 5-year GSP summary, 42 involved countries classified as mid-level developing countries (MDC's), and 16 involved countries classified as less developed developing countries (LDDC's). 1/

The 16 product-country exclusions that involved LDDC's included 10 that were established in 1979 and were removed in 1980 because of the de minimis waiver and 2 that were reestablished in 1981 after having existed in 1978 and 1979. The four remaining product-country exclusions do not constitute a large enough sample on which to draw conclusions.

Of the 42 product-country exclusions that involved MDC's, 12 were established in 1979 and were removed in 1980 because of the de minimis waiver, and 5 were country-product exclusions that existed 2 years earlier. The remaining 25 included 8 that involved products that were reclassified the year before the product-country exclusions were established.

Real imports for the 10 product-country pairs that had adequate 5-year data were $274 million 3 years before the exclusions were established. Real imports rose 19 percent to $325 million 2 years before and an additional 12 percent to $363 the year before. Real imports fell 26 percent to $269 million in the year after exclusion, but rose 8 percent 2 years after exclusion. Over the 5-year period, real imports rose 6 percent. Table 10 summarizes these findings.

The average import share of these 10 country-product pairs rose from 37.4 percent 3 years before the country-product exclusions were established to 48.2 percent 2 years before and to 56.3 percent the year before. The average import share fell to 51.4 percent in the year after and to 45.7 percent 2 years after. Over the 5-year period, the average import share rose 22 percent.

The movement of import shares over the 5-year period is similar to that for all products: a sharp increase in import shares in the years before the product-country exclusions were established and a decline in the year after. The import-share pattern for the MDC's was slightly less volatile than for all countries, but the limited number of observations makes any definite statement impossible.

1/ Report to the Congress on the First Five Years' Operations of the U.S. Generalized System of Preferences (GSP), Committee on Ways and Means, April 21, 1980. The 5-year report classified countries according to per capita GSP: above $1100, a country was considered an ADC; between $300 and $1100, a country was considered an MDC; and below $300, a country was considered an LDDC.

Effect on other countries

When a country-product exclusion is established, other exporters of the product often increase their import share at the expense of the excluded country. Most country-product exclusions that are established involve ADC's. Taiwan was associated with 63 exclusions that were established from 1979 to 1981. Mexico and Hong Kong were associated with 35, Korea with 26, and Brazil with 16. Table 11 shows the number of times a country was associated with the establishment of a country-product exclusion in 1979-81.

To get an idea of the effect of country-product exclusions on other countries, exclusions that involved the five countries that were associated with the largest number of exclusions were examined. Data were segregated by the year of exclusion and by the excluded country. For example, the exclusions that were established in 1980 involving Taiwan were grouped together. Because of data limitations for 1977, only exclusions established in 1980 and 1981 were examined. The data were aggregated, and the percentage of total imports that each country accounted for was listed. Countries that increased their import share by more than one percentage point were assumed to have benefitted from the establishment of the exclusions. The results are shown in table 12.

In the year after the exclusions were established, the excluded country-product pairs lost import share about half the time and gained import share about half the time. 1/ In all cases examined, at least one country gained at least one percentage point in import share. Most of the time the countries that gained import share were either developed countries or ADC's. Only Ecuador, which is a MDC, and India, which is an LDDC, had significant increases in import share.

The five countries that were most often associated with country-product exclusions tend to export manufactured goods, and, thus, tend to be excluded from duty-free treatment in manufactured goods. The countries that increased their import share of the associated product also tend to export manufactured goods. Thus, developed countries and ADC's tended to gain import share in the year after an ADC lost duty-free status on a particular product.

LDDC's and MDC's tend to gain import share when the associated products are agricultural products or raw materials. Because LDDC's and MDC's primarily export agricultural products and raw materials, the countries that lose duty-free status in these products tend to be LDDC's and MDC's.

LDDC's and MDC's might gain import share in manufactured goods more than three years after exclusion, but the data suggest that the competition from developed countries and ADC's makes it difficult for these countries to benefit from the competitive-need limitation.

1/ The large number of country-product pairs that increased market share in the year after they were excluded suggests that imports from the larger ADC's were less affected by the exclusions than imports from the other ADC's. A possible explanation for this is that a large number of exclusions that involved the larger ADC's were established because of the dollar limit.

Table 10.--Average import share of country-product pairs that were associated with mid-level developing countries

Number of country-product pairs	Years before establishment			Years after establishment		
	3	2	1	1	2	3
	Average import share (percent) 1/					
17 2/----------	37.0	47.5	61.1	54.1	-	-
10------------	37.4	48.2	56.3	51.4	3/ 45.7	-
	Real imports (million dollars) 4/					
17------------	286	346	383	283	-	-
10------------	274	325	363	269	291	-
	Average tariff rate (percent) 5/					
17------------	5.9	5.9	5.6	5.4	-	-
10------------	3.9	3.9	3.9	3.8	3.6	-

1/ The average import share is an unweighted average of the share of total imports that the country-product pairs accounted for.

2/ The number of country-product pairs that is examined is determined by the number that had adequate data.

3/ Six of the 10 exclusions were removed in the year after they were established.

4/ Real imports are the total imports that the excluded country-product pairs accounted for, expressed in 1977 dollars.

5/ The average tariff rate is the unweighted average of the tariff rate on the products associated with country-product exclusions. The rate falls over time because of the Tokyo Round tariff reductions.

Table 11.--Country classifications 1/ and number of times that countries have been involved in country-product exclusions that were established, 1979-81

Country	Number
Taiwan (ADC 2/)	63
Hong Kong (ADC)	35
Mexico (ADC)	35
Korea (ADC)	26
Brazil (ADC)	16
Argentina (ADC)	13
Israel (ADC)	10
India (LLDC 3/)	9
Philippines (MDC 4/)	8
Thailand (MDC)	7
Peru (MDC)	6
Chile (ADC)	5
Haiti (LLDC)	4
Colombia (MDC)	3
Honduras (MDC)	3
Portugal (ADC)	3
Cayman Islands (ADC)	2
Dominican Republic (MDC)	2
Malaysia (MDC)	2
Panama (ADC)	2
Romania (ADC)	2
Singapore (ADC)	2
Bangladesh (MDC)	1
Bolivia (MDC)	1
Costa Rica (ADC)	1
Cyprus (ADC)	1
Egypt (MDC)	1
El Salvador (MDC)	1
Guatemala (MDC)	1
Ivory Coast (MDC)	1
Jamaica (ADC)	1
Kenya (MDC)	1
Malagasy Republic (LLDC)	1
Nicaragua (MDC)	1
Somalia (LLDC)	1
Syria (MDC)	1
Turkey (ADC)	1
Venezuela (ADC)	1
Zambia (MDC)	1

1/ These country classifications are based on per capita GNP as given in the Report to the Congress on the First Five Years' Operation of the U.S. Generalized System of Preferences (GSP), U.S. House of Representatives, 1980.

2/ Advanced Developing Country

3/ Less Developed Developing Country

4/ Mid-level Developing Country

Table 12.--Average import share of selected country-product pairs

Country	Average import share 1/ — Years before establishment: 2	Years before establishment: 1	Year after establishment
Taiwan (1980,13) 2/	11.0	14.2	12.6
Japan	49.9	46.6	51.3
Taiwan (1981,11)	19.9	27.0	33.1
Canada	2.7	4.0	7.4
Mexico (1980,7)	46.6	47.2	49.7
Canada	3.8	5.8	7.5
South Africa	7.1	8.7	10.0
Mexico (1981,5)	40.6	54.7	52.7
India	0	3.9	9.9
Japan	11.9	10.6	11.8
Hong Kong (1980,8)	15.0	26.2	19.5
Japan	59.5	53.6	58.0
Korea	3.3	2.1	3.9
Hong Kong (1981,9)	24.1	35.8	39.7
Taiwan	6.7	11.7	20.9
Korea (1980,4)	58.0	56.4	33.3
Japan	42.1	18.7	33.3
Taiwan	11.9	10.3	14.3
Korea (1981,9)	17.2	19.6	19.9
Japan	44.1	42.9	45.5
Taiwan	16.3	16.5	17.5
Brazil (1980,4)	9.3	83.4	26.5
Canada	7.2	0	56.7
China	0	5.4	9.9
Ecuador	5.0	0	3.0
West Germany	4.9	0.3	2.8
Brazil (1981,2)	54.6	60.8	51.2
Japan	0	0	20.2
Uruguay	3.5	2.5	3.9

1/ The average import share was determined by adding up total imports from each country for the products associated with exclusions and dividing by total imports of those products from all countries.

2/ The country that was associated with the country-product exclusions is given, followed in parenthesis by the year in which the exclusions were established and the number of exclusions that occurred. Indented in the line(s) below are those countries that gained at least one percentage point in import share.

Effect of losing duty-free status on similar products

An analysis of the data shows that in the year after a country loses duty-free status on one of its products, that country does not seem to export more of the similar products to the United States. A country's producers might respond to losing duty-free status on one item by shifting production into similar articles, but the data do not indicate such shifts.

The possible reasons why such shifts have not occurred are many. Producers of agricultural products and raw materials may not be able to produce different goods because of geographical constraints. Producers of manufactured goods may require time to reeducate workers and acquire the necessary equipment to produce the new goods. As a result, production shifts would not be instantaneous and might take longer than a year. In addition, the United States in many cases is not the major market for these products, so that the loss of U.S. GSP benefits may have only a small effect on the production plans of foreign producers.

If a country has been removed from duty-free status on a particular product because of the competitive-need limitation, then presumably that country has some sort of comparative advantage in producing the product that it would probably not be willing to throw away simply because of an increase in the tariff rate.

The uncertainties surrounding the loss of duty-free status also makes a country reluctant to alter production because it has temporarily lost duty-free status. A country-product pair can bounce from eligible to ineligible and back to eligible again. For example, TSUS No. 740.75 (chains etc., of base metal, for jewelry, not over $.30 yard) from Korea was removed from the eligible list in 1979, reinstated in 1980, removed in 1981, and reinstated in 1982. It may be worthwhile for producers to keep exporting their products despite higher tariffs to keep their customers happy in the hopes of regaining duty-free status in a year or two. Approximately 40 percent of all country-product exclusions are removed the year after they are established, and another 15 percent are removed 2 years after. Thus, within 2 years, over half of all country-product exclusions are removed.

Effect of product reclassifications on existing country-product exclusions

From 1979 to 1981, 12 products have been reclassified while they were associated with a country-product exclusion. 1/ These 12 products were divided into 30 products. Of these 30 products, 18 regained eligibility in the year after they were reclassified, 2 regained eligibility 2 years after they were reclassified, and 10 never regained eligibility. Table 13 lists these 12 country-product pairs.

Eleven of these reclassifications occurred on January 1, 1980 and one on March 31, 1981. Because product-country exclusions were established for all subdivisions of the product reclassified on March 31, imports of this product should not have changed because of the reclassification.

1/ Products in the TSUS schedules are reclassified when a more detailed product breakdown is required. For example, on January 1, 1980, TSUS No. 130.35 (corn or maize, except certified seed) was reclassified as TSUS No. 130.32 (corn, yellow dent, except certified seed) and TSUS No. 130.37 (corn or maize, except certifed seed).

Table 13.--Products that were reclassified while associated with a country-product exclusion

130.35 Argentina on 1-1-80 was split into
130.32 regained eligibility in 1980
130.37 regained eligibility in 1980

145.60 Taiwan on 1-1-80 was split into
145.65 regained eligibility in 1980
145.70 regained eligibility in 1980

148.25 Mexico on 1-1-80 was split into
148.19 regained eligibility in 1981
148.27 still ineligible

154.55 Taiwan on 1-1-80 was split into
154.43 regained eligibility in 1980
154.53 regained eligibility in 1980, lost eligibility in 1981

168.15 Trinidad on 1-1-80 was split into
168.12 regained eligibility in 1980
168.13 regained eligibility in 1980

256.85 Mexico on 1-1-80 was split into
256.84 regained eligibility in 1980
256.87 still ineligible

660.44 Mexico on 1-1-80 was split into
660.48 regained eligibility in 1981
660.56 regained eligibility in 1980
660.58 regained eligibility in 1980

688.40 Hong Kong on 3-1-80 was split into
688.44 regained eligibility in 1980
688.45 still ineligible

692.27 Mexico on 1-1-80 was split into
692.29 regained eligibility in 1980
692.32 still ineligible

740.10 Hong Kong on 3-31-81 was split into
740.11 still ineligible
740.12 still ineligible
740.13 still ineligible
740.14 still ineligible
740.15 still inelibible

774.60 Hong Kong on 1-1-80 was split into
774.45 still ineligible
774.50 regained eligibility in 1980
774.55 regained eligibility in 1980

774.60 Taiwan on 1-1-80 was split into
774.45 regained eligibility in 1980
774.50 regained eligibility in 1980
774.55 regained eligibility in 1980, lost eligibility in 1981

For the other 11 country-product exclusions, real imports amounted to $401 million in the year before the products were reclassified. Real imports fell by 6 percent to $380 million in the year the products were reclassified and by another 13.2 percent to $330 million in the year after they were reclassified. Two years after the products were reclassified, the real value of imports rose 13 percent to $372 million. This, however, was down 7 percent from the levels of 3 years earlier. Table 14 summarizes these findings.

Reclassifying these products has not led to an increase in imports of the newly classified products. In fact, imports of the newly classified products are substantially less than imports of the original products had been. Reclassifying the products probably did not contribute to the fall in imports, but neither did reclassifying them cause an increase in imports.

The average import share of the country-product pairs moved within a very narrow range. The average share moved from 44.9 percent in the year before the products were reclassified, to 43.6 percent in the year the products were reclassified, to 45.1 percent in the year after the products were reclassified, and to 46.0 percent 2 years after. Reclassifying the products seems to have had little effect on the import share of the countries that were excluded from GSP-treatment on these products.

Conclusion

The results of this analysis show that both real imports and import share data should be examined when attempting to determine the causes and effects of country-product exclusions. Real imports and import share data combine to present a better picture of what happens when a country-product exclusion is established than either real imports or import share data alone. For example, in some cases, exclusions were established because of an increase in import share that occurred despite a fall in real imports. These exclusions were established because imports of a product from all countries fell dramatically, while imports of the product from the associated country fell only moderately. The associated country increased its market share to over 50 percent and was excluded. In the following year, while the value of imports of the product from all countries soared, the value of imports from the associated country rose only modestly, and its import share fell below 50 percent.

Overall, the establishment of country-product exclusions did seem to affect imports of the country-product pairs. The effect, however, differed according to the reason the exclusions were established. Exclusions that were established because of the 50-percent limit tended to involve country-product pairs that constitute a rapidly rising share of the import market in the years before exclusion, but their import share tended to decline moderately after the exclusions were established. Overall, the establishment of the exclusions coincided with the end of the rapid rise in imports and with the lowering of the import share in subsequent years.

The effect of the establishment of an exclusion because of the dollar limit on a country-product pair was different from the effect of an establishment of an exclusion because of the 50-percent limit: import share increased in the year after exclusion before declining moderately in subsequent years. Real imports rose very rapidly before exclusion; the establishment of the exclusion coincided with the end of the rapid rise.

Table 14.--Average import share of country-product pairs that were reclassified in 1979-81 while excluded

Number of country-product pairs	Years before reclassification		Year of reclassification	Years after reclassification		
	2	1		1	2	3
	Average import share (percent) 1/					
11 2/	48.0	44.9	43.6	45.1	46.0	-
	Real imports (million dollars) 3/					
11	342	401	380	330	372	-
	Average tariff rate (percent) 4/					
11	13.7	13.7	13.7	13.5	13.3	-

1/ The average import share is an unweighted average of the share of total imports that the country-product pairs accounted for.

2/ The number of country-product pairs that is examined is determined by the number that had adequate data.

3/ Real imports are the total imports that the excluded country-product pairs accounted for, expressed in 1977 dollars.

4/ The average tariff rate is the unweighted average of the tariff rate on the products associated with country-product exclusions. The rate falls over time because of the Tokyo Round tariff reductions.

Very limited data on exclusions established because of both limits suggest that the average import share of the country-product pairs was relatively unaffected by the exclusions. Real imports, however, fell sharply, reflecting a general decline in imports of these products.

Similarly, limited data on country-product pairs excluded because of graduation suggest that the average import share of the country-product pairs was relatively unaffected by the exclusions. Real imports were also unaffected by the exclusions.

No difference was discernible between the effect of country-product exclusions on MDC's and ADC's. Sufficient data were not available on country-product exclusions involving LDDC's.

Imports of similar products from associated countries did not seem to increase in the year after exclusions were established. The uncertain duration of exclusions and the difficulty in changing production plans are possible reasons why similar imports did not increase noticeably.

The reclassification of product categories did not seem to affect any of the country-product pairs that were excluded.

APPENDIX

LIST OF COUNTRY-PRODUCT EXCLUSIONS, 1979-81

This appendix lists all country-product exclusions that existed between 1979 and 1981. The list begins with country-product exclusions that existed in 1979 but were not originally established in that year and then lists all country-product exclusions that were established between 1979 and 1981.

Besides giving the 5-digit TSUS number and country name for each country-product exclusion, the list gives other information. The year in which a country-product exclusion was removed appears in parenthesis after the country name. If no year appears after the country name, then that country-product exclusion still exists. A country-product exclusion that was removed because of the de minimis waiver is denoted by "demin." followed by the year(s) in which the de minimis waiver was used. A country-product exclusion that had existed previously (in either 1976, 1977, or 1978) is denoted by having the year(s) that it had previously existed enclosed in brackets [].

A country-product exclusion that was originally established in the 1979-81 period, subsequently removed, and later reestablished is denoted by "<u>added</u>" followed by the year in which it was reestablished. If a year in parenthesis follows the added year, the country-product exclusion was removed in the year in parenthesis. A country-product exclusion that was graduated is denoted by "grad." followed by the year(s) in which graduation occurred. If a country-product exclusion was established because of graduation, a "G" appears after the product number. A country-product exclusion that was removed because the tariff on the associated product was removed is denoted by "no tariff." A country-product exclusion that was established in the first year that the associated product was added to the list of eligible GSP products is denoted by "product added."

A product number that was redefined while associated with a county-product exclusion is denoted by having all new product numbers that were created listed below the original number but indented two spaces. In such cases, the original country-product exclusion is denoted by an asterisk (*) appearing in parenthesis following the country name. If a country-product exclusion was established because of the dollar limit, a "C" appears after the product number. If a country-product exclusion was established because both the dollar limit and the 50-percent limit were violated, a "B" appears after the product number. For the country-product exclusions that were established after 1978, the numbers on the far right are the values in thousands of U.S. imports of the country-product pairs in the calendar year before the country-product exclusions were established. An "A" preceding a number means that the value of U.S. imports was estimated because the product was redefined in the previous year.

A country-product exclusion that was associated with a product that was removed from the list of products eligible for the GSP is denoted by "product removed." Section 504(d) of the Trade Act of 1974 exempts any eligible article from the 50-percent limit if a like or directly competitive article was not produced on January 3, 1975. A country-product exclusion that was removed because of section 504(d) is denoted by "no like product."

Country-product exclusions that existed in 1979 but were not originally established in 1979

TSUS item No.	Country and year
114.05	Korea (*)
114.04	Korea (1980)
114.06	Korea (1980)
121.15	Mexico (1980), demin. 1980
121.52	India (1980), demin. 1980-81
130.35	Argentina (*)
130.32	Argentina (1980)
130.37	Argentina (1980)
130.40	Mexico (1980), demin. 1980-81
135.80	Nicaragua (1980), demin. 1980-81
135.90	Mexico
136.00	Dominican Republic
136.80	Mexico
137.40	Mexico
137.71	Mexico
137.75	Costa Rica (1980), demin. 1980-81
138.05	Mexico
140.21	Mexico
141.35	Turkey (1980), demin. 1980-81
141.55	Dominican Republic (1980), no tariff
141.70	Taiwan
141.77	Mexico
145.53	Turkey (1980), demin. 1980-81
145.60	Taiwan (*)
145.65	Taiwan (1980), no like product
145.70	Taiwan (1980), demin. 1980
146.22	Turkey
146.44	Philippines
147.33	Jamaica (1980), demin. 1980
147.85	Brazil (1980), demin. 1980-1981
147.88	Mexico (*)
147.98	Mexico, grad. 1981-81
148.12	Mexico
148.72	Chile
148.77	Korea (1980), demin. 1980
152.43	Dominican Republic (1980), demin. 1980-81
155.20 G	Argentina (1980), <u>added 1981C</u>
155.20 C	Brazil
155.20 G	Colombia (1980), <u>added 1981C</u>
155.20 C	Dominican Republic
155.20 G	El Salvador (1980)
155.20 G	Guatemala (1980), <u>added 1981C</u>
155.20 G	Guyana (1980)
155.20 G	India (1980)
155.20 G	Jamaica (1980)
155.20 G	Nicaragua (1980)
155.20 G	Panama (1980), <u>added 1981C</u>
155.20 G	Peru (1980)

Country-product exclusions that existed in 1979 but were not originally established in 1979--Continued

TSUS item No.	Country and year
155.20 C	Philippines
155.20 G	Taiwan (1980)
155.20 G	Thailand (1980)
155.35	Barbados (1980)
156.40 C	Brazil (1981)
168.15	Trinidad (*)
168.12	Trinidad (1980), demin. 1980-81
168.13	Trinidad (1980), demin. 1980-81
176.33	Malaysia (1980), no tariff
177.72	Cayman Islands (1980), demin. 1980
182.90	Panama (1980), demin. 1980-81
184.65	Taiwan (1980), demin. 1980-81
186.20	Brazil (1980)
186.40	Mexico (1980), demin. 1980
190.68	Mexico (1980), demin. 1980
192.85	Mexico
202.40	Philippines (1980), no tariff
202.62 C	Mexico
206.45	Philippines (1980), demin. 1980
206.47	Taiwan
206.60	Mexico
206.98	Taiwan
220.10	Portugal (1980), demin. 1980-81
220.15	Portugal (1980), demin. 1980-81
220.20	Portugal
220.25	Portugal
220.35	Portugal (1980), demin. 1980-81
220.37	Portugal (1980), demin. 1980-81
220.41	Portugal (1980), demin. 1980-81
220.48	Portugal
222.10	Hong Kong
240.02	Philippines (1981), no tariff
240.19	Taiwan (1981), demin. 1981
256.60	Korea (1981)
256.85	Mexico (*)
256.84	Mexico (1980), demin. 1980
256.87	Mexico
304.04	Philippines (1980), demin. 1980
304.44	Brazil (1980), demin. 1980-81
305.22	India (1980), demin. 1980-81
305.30	Thailand (1980), demin. 1980
306.52	Peru (1980), demin. 1980
308.30	Brazil (1980), demin. 1980-81
308.50	Korea (1980)
319.01	India
319.03	India (1980), demin. 1980, added 1981
319.05	India
319.07	India (1980), demin. 1980-81
335.50	India (1980), demin. 1980-81

Country-product exclusions that existed in 1979 but were not originally established in 1979--Continued

TSUS item No.	Country and year
347.30	India (1980), demin. 1980, added 1981
355.04	Mexico (1980)
360.35	India
389.61	Hong Kong, grad. 1981
403.58	Israel (*)
406.20	Israel (1980), demin. 1980
403.79	Mexico (*)
406.96	Mexico (1980), demin. 1980
408.75	Romania (*)
413.36	Romania (1980), demin. 1980
416.05	Mexico (1980), demin. 1980-81
422.76	Mexico
425.84	Netherlands Antilles
437.16	India (1980), demin. 1980-81
437.64	Brazil (1981)
446.10	Malaysia (1980), demin. 1980-81
461.15	Bermuda (1980), demin. 1980-81
465.70	Argentina (1980), demin. 1980-81
473.52	Mexico
473.56	Mexico
473.82	Korea (1980), demin. 1980-81
493.21	Taiwan (1980), no tariff
511.31	Mexico
514.11	Dominican Republic (1980), no tariff
514.54	Mexico (1980), demin. 1980-81
516.24	India (1980), demin. 1980
516.71	India
516.73	India (1980), demin. 1980-81
516.74	India (1980), demin. 1980-81
516.76	India (1980), demin. 1980-81
518.41	Mexico
520.35	Thailand (1981), no tariff
533.26	Romania, product removed
535.31	Mexico (1981)
545.37	Taiwan (1980), demin. 1980-81
545.53	Mexico
545.65	Mexico
545.85	Taiwan (1981), demin. 1981
547.41	Hong Kong (1980), demin. 1980-81
612.06 C	Chile
612.06 C	Peru
612.06 C	Zambia (1980), added 1981C
612.15	Mexico (1980), demin. 1980-81
613.15	Mexico (1980), demin. 1980-81
646.86	Hong Kong (1980), demin. 1980
646.98	Mexico (1980), demin. 1980-81
649.75	Taiwan (1980), demin. 1980-81
650.87	Hong Kong (1980), demin. 1980-81

Country-product exclusions that existed in 1979 but were not originally established in 1979--Continued

TSUS item No.	Country and year
651.01	Hong Kong (1980), demin. 1980
652.84	Mexico, grad. 1981
653.02	Mexico (1980), no tariff
653.47	Korea (1980)
653.70	Hong Kong (1980), demin. 1980-81
653.85	Taiwan
653.93	Taiwan, grad. 1981
657.24	Taiwan
660.44 C	Mexico (*)
660.48	Mexico (1981)
660.56	Mexico (1980)
660.58	Mexico (1980)
662.18	Korea (1980), demin. 1980
662.35	Mexico
672.10	Hong Kong (1980), demin. 1980-81
674.56	Mexico (1980)
676.23	Argentina (1980), demin. 1980-81
676.52 C	Hong Kong
676.52 C	Mexico
678.50 C	Korea, grad. 1981
678.50 C	Taiwan
683.70	Hong Kong, grad. 1981
683.80	Hong Kong
684.50 C	Hong Kong (*)
684.48	Hong Kong
684.53	Hong Kong
684.55	Hong Kong
685.24 C	Hong Kong
685.24 C	Korea
685.24 C	Singapore
685.24 C	Taiwan
685.90 C	Mexico
686.30	Taiwan
688.10	Taiwan
688.12	Mexico
688.40 C	Hong Kong (*)
688.44	Hong Kong (1980), no like product
688.45	Hong Kong, grad. 1981
672.10	Hong Kong (1980), demin. 1980-81
674.56	Mexico (1980)
676.23	Argentina (1980), demin. 1980-81
676.52 C	Hong Kong
676.52 C	Mexico
678.50 C	Korea, grad. 1981
678.50 C	Taiwan
683.70	Hong Kong, grad. 1981
683.80	Hong Kong

Country-product exclusions that existed in 1979 but were not originally established in 1979--Continued

TSUS item No.	Country and year
684.50 C	Hong Kong (*)
684.48	Hong Kong
684.53	Hong Kong
684.55	Hong Kong
685.24 C	Hong Kong
685.24 C	Korea
685.24 C	Singapore
685.24 C	Taiwan
685.90 C	Mexico
686.30	Taiwan
688.10	Taiwan
688.12	Mexico
688.40 C	Hong Kong (*)
688.44	Hong Kong (1980), no like product
688.45	Hong Kong, grad. 1981
690.15 B	Mexico (1980)
692.27 C	Mexico (*)
692.29	Mexico (1980)
692.32	Mexico
696.35	Taiwan
702.15	Taiwan (1980), demin. 1980
702.45	Mexico (1980), demin. 1980-81
703.65	Mexico
703.75	Mexico (1981), demin. 1981
704.34	Taiwan (1980), demin. 1980-81
706.40	Hong Kong (*)
706.44	Hong Kong
713.15	Mexico
713.19	Mexico (1980), demin. 1980-81
726.70	Mexico (1980)
727.31	Korea (*)
727.23	Korea, grad. 1981
730.25	Turkey (1980), demin. 1980
730.27	Philippines (1980), demin. 1980
730.29	Brazil (1981), demin. 1981
730.41	Brazil (1981), demin. 1981
734.10	Taiwan
734.25	Hong Kong
734.30	Hong Kong (1980), demin. 1980-81
734.34	Hong Kong
734.51	Taiwan
734.56	Haiti
734.60	Taiwan (1980), demin. 1980-1981
734.75	Korea (1980), demin. 1980
734.87	Taiwan
735.11	Taiwan (1980), demin. 1980-81
737.25	Korea (1980)
737.30	Korea
737.50	Hong Kong

Country-product exclusions that existed in 1979 but were not originally established in 1979--Continued

TSUS item No.	Country and year
737.80	Hong Kong
737.95 C	Hong Kong
740.10 C	Hong Kong (*)
740.11	Hong Kong, grad. 1981
740.12	Hong Kong, grad. 1981
740.13	Hong Kong, grad. 1981
740.14	Hong Kong, grad. 1981
740.15	Hong Kong, grad. 1981
740.30	Hong Kong
740.38	Hong Kong (1980)
741.20	Hong Kong (1980), demin. 1980-81
741.50	Hong Kong (1980)
745.08	Hong Kong (1980), demin. 1980-81
750.05	Hong Kong (1981), demin. 1981
750.35	Taiwan (1981), demin. 1981
751.05 C	Taiwan
751.10	India (1980), demin. 1980-81
751.20	Taiwan (1980), demin. 1980-81
760.65	Taiwan (1980), demin. 1980
772.03	Hong Kong
772.35	Taiwan
772.51 C	Korea
772.97	Hong Kong
773.10	Hong Kong (1980)
774.60 C	Hong Kong (*)
774.45	Hong Kong
774.50	Hong Kong (1980)
774.55	Hong Kong (1980)
790.39	Taiwan
790.61	Taiwan (1980), added 1981
790.62	Taiwan (1980), added 1981
790.70 B	Korea
791.80	Taiwan (1980), demin. 1980
792.50	Philippines
792.60	Hong Kong
792.75	Hong Kong

Country-product exclusions established in 1979

TSUS item No.	Country and year	Value (1,000)
106.70	Mexico (1980), demin. 1980	19
107.48	Argentina (1980), [1977]	34,500
107.65	Bangladesh (1980), demin. 1980	118
107.80	Argentina (1981)	954
121.55	India, [1977]	6,104
121.56	Argentina (1980)	5,467
135.51	Mexico (1980), demin. 1980-81, [1977]	145
136.30	Mexico, product added 1979	6,425
136.92	Israel (1980), demin. 1980	82
140.25	Mexico (1980), no tariff	27
145.08	Philippines (1980), product added, no tariff	36,819
146.12	Argentina (1981), [1976-77]	412
147.36	Israel (1980), demin. 1980	4
147.80	Mexico (1980), demin. 1980, [1976]	4
148.25	Mexico (*)	3,521
148.19	Mexico (1981)	
148.30	Mexico	
148.35	Mexico (1980), demin. 1980, [1976]	149
149.50	Mexico	257
152.54	Brazil (1980), [1977]	1,004
152.58	India (1980), demin. 1980	265
154.40	Taiwan (1980), demin. 1980-81, [1977]	251
154.55	Taiwan (*)	818
154.43	Taiwan (1980)	
154.53	Taiwan (1980), added 1981	
156.40 C	Ivory Coast (1980)	40,812
161.53	Egypt (1980), demin. 1980	8
161.69	Mexico (1980), demin. 1980-81, [1977]	12
162.11	Syria (1980), demin. 1980	2
177.12	Panama (1980), demin. 1980-81	24
200.06	Hong Kong (1980), demin. 1980	18
200.91	Honduras, [1977]	2,399
203.20	Malaysia (1980), demin. 1980	23
220.50	Portugal (1980), [1977]	933
222.34	Philippines (1980), demin. 1980, [1977]	26
240.10	Nicaragua (1980)	611
240.12	Brazil (1980), demin. 1980-81, [1976]	24
240.16	Taiwan (1980), demin. 1980	63
240.21	Mexico (1980)	3,949
240.30	Mexico (1980), demin. 1980	9
240.34	Taiwan (1980), demin. 1980	183
240.50	Taiwan (1980), demin. 1980	1
240.56	Honduras (1980), demin. 1980	3
245.00	Romania (1980), demin. 1980	135
245.20	Brazil, grad. 1981	15,545
252.25	Argentina (1980), demin. 1980	450
254.56	Hong Kong (1980), demin. 1980	13
254.58	Hong Kong (1980), demin. 1980	2
304.40	Thailand (1980), demin. 1980, [1977]	7

Country-product exclusions established in 1979--Continued

TSUS item No.	Country and year	Value (1,000)
304.48	Kenya (1980)	41
304.58	India (1980), demin. 1980, [1976-77]	20
305.28	Thailand (1980), demin. 1980-81	184
308.35	Hong Kong (1981)	281
308.55	Korea (1980), demin. 1980	63
355.20	Taiwan (1980), demin. 1980	0
364.14	Haiti (1980), demin. 1980	1
365.05	Haiti (1980), demin. 1980, [1977]	4
408.40	Mexico (*)	378
413.20	Mexico (1980), demin. 1980	
417.22	Mexico (1980), demin. 1980	823
418.24	India (1980), demin. 1980-81	116
418.78	Mexico (1980), demin. 1980	239
420.78	Turkey (1980), demin. 1980, [1976]	170
420.98	Brazil (1980), demin. 1980-81	303
422.24	Mexico (1980), demin. 1980	54
426.34	Taiwan (1980), demin. 1980	776
427.08	Hong Kong (1980), demin. 1980	0
427.16	Argentina (1980), demin. 1980	115
437.24	Brazil (1980)	482
455.16	Taiwan (1980), demin. 1980	1
455.30	Israel (1980), demin. 1980	1
460.60	India (1980), demin. 1980, [1977]	167
465.15	Cayman Islands (1980), demin. 1980	356
466.05	Jamaica (1980), demin. 1980-81	18
473.32	Cyprus (1980), demin. 1980	0
473.50	Mexico (1980), demin. 1980-81	14
522.71	Somalia (1980), demin. 1980	29
531.21	Mexico (1980), demin. 1980	19
544.11	Romania (1980)	467
545.31	Taiwan (1980), demin. 1980, [1977]	4
545.81	India (1980), demin. 1980	50
546.21	Taiwan (1980), demin. 1980	37
603.45	Korea (1980), demin. 1980, [1976]	1,556
610.66	Israel (1980), demin. 1980	8
610.71	Israel (1980), demin. 1980-81	19
612.03 B	Chile (1980), added 1981B, [1976-77]	49,537
612.03 C	Peru (1981), [1976]	45,953
612.40	Cayman Islands (1980)	1
622.40	Brazil (1981), demin. 1981	21,702
626.22	Peru (1980), demin. 1980	57
632.60	Peru (1980), demin. 1980	462
646.82	Taiwan (1980), demin. 1980, [1976]	117
650.83	Hong Kong (1980), demin. 1980-81, [1977]	7
650.89	Hong Kong, grad. 1981	778
651.13	Hong Kong	985
651.45	Taiwan (1980), demin. 1980	9
651.51	Hong Kong (1980), demin. 1980	61
651.62	Peru (1980), demin. 1980	1
653.25	Peru (1980), demin. 1980	327

Country-product exclusions established in 1979--Continued

TSUS item No.	Country and year	Value (1,000)
653.47	Taiwan	1,927
653.48	Taiwan, grad. 1981	A18,652
657.30	Taiwan (1980)	2,007
660.42 C	Brazil, grad. 1981	54,192
676.20 C	Taiwan (1980)	38,537
678.50 C	Hong Kong, grad. 1981	38,102
682.60 C	Mexico	38,205
683.15	Mexico	19,770
684.10	Taiwan (1980), demin. 1980-81	348
684.70 C	Taiwan	66,318
685.40 C	Korea (1980)	38,868
686.24	El Salvador	2,855
687.30	Malaysia, [1977]	8,153
688.30	Korea (1980), demin. 1980	552
696.10 C	Taiwan	39,586
696.50	Brazil (1980), demin. 1980, added 1981	13,598
702.14	Korea (1981)	1,138
702.20	Korea (1980), demin. 1980	332
702.47	Mexico	475
703.20	Portugal (1980), demin. 1980	30
706.47	Taiwan (1980), demin. 1980	138
708.57	Korea (*)	27
708.63	Korea (1980), demin. 1980	
708.91	Korea (1980), demin. 1980	36
710.36	Korea (1980), demin. 1980	12
722.55	Hong Kong (1980), demin. 1980	1,456
724.35	Korea (1980)	1
725.32	Taiwan (1981)	3,753
726.90	Mexico (1981)	10,201
731.10	Taiwan (1980), demin. 1980-81	339
731.30	Taiwan (1980), demin. 1980, added 1981, [1976]	301
732.62	Taiwan (1980), demin. 1980	139
734.20 C	Hong Kong	44,890
735.09	Taiwan, grad. 1981	6,493
735.20 C	Taiwan, grad. 1981	38,004
737.35	Hong Kong (1980)	2,610
737.95 C	Taiwan	53,329
740.34	Hong Kong, product added	2,803
740.75	Korea (1980), added 1981	3,882
741.15	Taiwan (1980)	2,162
748.12	Haiti (1980), demin. 1980-81, [1977]	15
748.15	Taiwan (1980), demin. 1980	125
748.40	Korea (*)	32,847
748.50	Korea (1980)	
748.55	Korea (1980)	
751.15	Taiwan (1980), demin. 1980-81	75
756.40	Hong Kong (1980), demin. 1980-81	67
760.38	Mexico (1980), demin. 1980-81	94
774.35	Taiwan (1980), demin. 1980	1

Country-product exclusions established in 1979--Continued

TSUS item No.	Country and year	Value (1,000)
774.60 C	Taiwan (*)	42,362
774.45	Taiwan (1980)	
774.50	Taiwan (1980)	
774.55	Taiwan (1980), <u>added 1981C</u>	
790.07	Hong Kong (1980), demin. 1980, [1976]	3
790.59	Taiwan (1980), demin. 1980-81	140
791.17	Argentina (1980), demin. 1980, [1977]	9

Country-product exclusions established in 1980

TSUS item No.	Country and year	Value (1,000)
114.04	Thailand	A4,410
114.06	Thailand (1981)	A224
121.62	India, product added	6,022
135.30	Mexico (1981), [1977]	835
155.35	Dominican Republic (1981), [1976]	1,644
176.15	Brazil, [1977-78]	2,150
176.17 B	Philippines (1981), product added, no tariff	353,485
192.21 B	Colombia, product added	A58,507
192.45	Israel	2,425
204.30	Mexico (1981)	1,534
206.50	Honduras (1981)	5,222
240.10	Brazil (1981), demin. 1981, [1976]	712
315.25	Mexico, product added	4,977
419.60	Chile, [1976]	2,208
420.82	Israel (1981), demin. 1981, [1977-78]	1,052
425.86	Brazil (1981), [1977]	1,011
428.34	Brazil (1981)	2,019
517.24	Malagasy Republic (1981), [1976-78]	1,351
522.21	Mexico, product added	23,546
532.31	Mexico	938
534.94 C	Taiwan	46,352
603.40	Chile	10,817
603.50	Chile (1981)	4,873
618.15	Venezuela (1981)	14,267
648.97 C	Taiwan	50,546
651.21	Taiwan	3,742
654.07	Taiwan, grad. 1981	3,074
654.12	Taiwan	3,815
674.35 C	Taiwan	47,089
676.20 C	Hong Kong	45,975
684.15	Singapore	7,467
684.20	Hong Kong (1981)	23,637
685.40 C	Taiwan	48,883
686.50	Mexico	1,299
688.15 C	Mexico	44,536
688.35	Korea (1981)	2,460
692.32 C	Brazil, grad. 1981	A51,296
709.40	Hong Kong	2,844
722.44	Hong Kong	2,609
725.08	Korea (1981)	2,429
725.46	Korea (1981)	6,909
727.15	Taiwan (1981)	17,449
727.35 C	Taiwan	51,702
734.15	Taiwan	35,567
734.90	Taiwan	13,766
735.07	Korea (1981)	6,472
737.25	Taiwan	6,291
737.45	Hong Kong (1981)	5,129
737.60	Hong Kong	5,689
740.70	Israel	17,270

Country-product exclusions established in 1980--Continued

TSUS item No.	Country and year	Value (1,000)
741.25	Hong Kong	1,503
755.25	Hong Kong	10,176
771.45	Taiwan (1981), [1977-78]	1,952
790.25	Philippines (1981)	2,189

Country-product exclusions established in 1981

TSUS item No.	Country and year	Value (1,000)
107.48 B	Brazil, [1977]	66,841
113.01	Thailand	1,468
136.97	Taiwan	573
137.02	Dominican Republic	1,100
137.79	Mexico	809
137.88 G	Colombia, grad. 1981	A1,300
138.35	Costa Rica	1,532
140.14	Thailand, [1976-78]	1,355
147.98	Haiti	626
240.21	Philippines	4,634
240.38	Philippines [1976-78]	7,431
315.80	Thailand, product added	1,876
337.40 G	Hong Kong, product added, grad. 1981	96
337.40 G	Korea, product added, grad. 1981	338
355.81 G	Taiwan, product added, grad. 1981	5,524
418.80	Argentina	11,265
437.60	Argentina	3,421
547.37	Taiwan	6,025
602.10	Peru	13,293
605.66	Argentina	1,284
610.62	Korea	1,599
632.02	Bolivia	4,366
642.14	Korea	1,907
642.16 G	Korea, grad. 1981	36,950
642.17	Korea	2,155
646.90	Mexico	3,672
650.89	Taiwan	834
652.60	Taiwan	3,556
653.30	Hong Kong [1978]	1,048
653.94 G	Korea, grad. 1981	32,344
654.13	Hong Kong	7,325
656.10	Argentina	3,758
661.06 C	Hong Kong	82,310
684.70 C	Korea	45,954
685.29 C	Singapore	52,372
696.50	Brazil	1,657
702.32	Mexico	1,549
703.55	Portugal	813
706.27 G	Hong Kong (*), product added, grad. 1981	3,011
706.39	Hong Kong	
706.27 G	Taiwan (*), product added, grad. 1981	6,729
706.39	Taiwan	
706.61 G	Hong Kong, product added, grad. 1981	9,000
706.61 G	Taiwan, product added, grad. 1981	12,104
708.47 G	Hong Kong, grad. 1981	18,074
711.77	Mexico	750
712.15	Israel	8,326
727.06	Mexico	25,867
727.11 G	Hong Kong, product added, grad. 1981	14,022

Country-product exclusions established in 1981--Continued

TSUS item No.	Country and year	Value (1,000)
727.11 G	Philippines, product added, grad. 1981	16,163
727.12	Philippines	13,287
727.47	Taiwan	3,872
731.20	Korea	1,766
731.30	Taiwan, [1976]	457
732.52	Taiwan	1,470
734.20 C	Taiwan	93,907
734.54	Korea, [1976-78]	25,516
737.15 B	Hong Kong	47,079
737.21	Hong Kong	9,152
740.11	Israel	A5,481
750.25	Hong Kong, [1977]	2,804
750.50	Korea	1,127
790.10	Taiwan	4,570
791.28	Mexico	3,004

Country-product exclusions established in 1982

TSUS item No.	Country and year	Value (1,000)
112.21	Peru	2,698
121.35	India	4,029
121.61 B	Argentina, product added	109,396
135.95	Mexico, product added	A19,524
136.20	Mexico, product added	6,365
136.22	Mexico, product added	2,276
137.10 B	Mexico, product added	54,621
137.50	Mexico, product added	21,995
137.63 B	Mexico, product added	56,334
140.11	Chile	2,179
145.09	Dominican Republic, [1977]	971
146.76	Mexico, product added	22,961
148.03	Mexico, product added	A1,000
148.17	Mexico, product added	16,004
148.25	Mexico	3,334
155.20 C	Swaziland	63,015
168.98	Mexico	14,946
169.46	Mexico	873
222.50	Taiwan, product added	3,740
245.30	Brazil	3,733
356.25	Israel	978
365.84	Philippines	3,649
386.09	Taiwan	11,274
389.61 C	Taiwan	60,120
402.12	Brazil	979
406.96	Korea	958
407.09	Argentina	3,199
407.15	Argentina	2,058
413.24	Korea	3,741
428.30	Brazil	6,313
428.86	Brazil	16,080
445.42 G	Taiwan, grad. 1982	10,205
452.44	Brazil, product added	1,256
532.22	Korea	6,797
618.02 C	Ghana	100,319
646.32	Korea	1,123
650.48	Taiwan	790
651.33	Hong Kong, [1978]	4,321
651.37	Taiwan	6,196
651.46 G	Korea, grad. 1982	2,695
651.46 G	Taiwan, grad. 1982	9,289
651.49	Taiwan	1,344
651.53	Taiwan	1,848
653.99	Taiwan	1,399
661.06 C	Taiwan	99,578
661.09 G	Singapore, grad. 1982	23,096
672.16 C	Taiwan	55,788
682.35 B	Mexico	52,388
682.60 C	Hong Kong	56,839
683.05 G	Taiwan, grad. 1982	3,567

Country-product exclusions established in 1982--Continued

TSUS item No.	Country and year	Value (1,000)
683.70 G	Taiwan, grad. 1982	2,066
684.53 G	Taiwan, grad. 1982	1,799
690.15	Romania	12,649
706.39 G	Korea, grad. 1982	766
709.15	Israel	5,276
713.17	Taiwan	921
727.23	Taiwan	2,127
727.55 C	Taiwan	59,788
730.91	Mexico	720
734.40	Taiwan, [1976, 1978]	820
734.70	Korea	7,944
734.85	Korea	990
734.86	Taiwan	9,930
735.12	Taiwan	1,514
737.07	Hong Kong	17,716
737.23	Taiwan, product added	11,018
771.43 C	Taiwan	55,356
790.03	Taiwan	5,617

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