

**PRESIDENT'S LIST OF ARTICLES
WHICH MAY BE DESIGNATED
OR MODIFIED AS ELIGIBLE
ARTICLES FOR PURPOSES
OF THE U.S. GENERALIZED
SYSTEM OF
PREFERENCES**

**Report to the President
on Investigations
Nos. TA 503(a)-13
and 332-238**

Volume I

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.—The whole of the Commission's report to the President in November 1986 may not be made public since it contains information that has been classified by the United States Trade Representative or would result in the disclosure of the operations of individual concerns. This published report is the same as the report to the President, except that the above-mentioned information has been omitted. Such omissions are indicated by asterisks.

INTRODUCTION

On August 5, 1986, in accordance with sections 503(a) and 131(a) of the Trade Act of 1974 and section 332 of the Tariff Act of 1930, and pursuant to the authority of the President delegated to the U.S. Trade Representative (USTR) by Executive Order 11846, as amended by Executive Order 11947, the USTR requested advice related to the U.S. Generalized System of Preferences (GSP) as follows: 1/

- (1) pursuant to sections 503(a) and 131(a) of the Trade Act, to advise the President, with respect to each article listed in Part A of the USTR request, as to the probable economic effect on U.S. industries producing like or directly competitive articles and on consumers of the elimination of U.S. import duties under the U.S. Generalized System of Preferences (GSP). In providing its advice, the USTR requested the Commission to assume that benefits of the GSP would not apply to imports that would be excluded from receiving such benefits by virtue of the "competitive need" limitations specified in section 504(c) of the Act.
- (2) pursuant to section 332(g) of the Tariff Act and at the direction of the President—
 - (A) to advise the President, with respect to each article listed in Parts B and C of the USTR request, as to the probable economic effect on U.S. industries producing like or directly competitive articles and on consumers (a) of the removal of articles in Part B from eligibility for duty-free treatment under the GSP, (b) of the removal of the GSP duty-free status from articles in Part C of the list which are imported from the respective countries specified which currently receive GSP duty-free treatment, and (c) the redesignation for GSP duty-free treatment for articles in Part C of the list which are imported from a specified country which does not currently receive GSP duty-free treatment for the article;

1/ The USTR request, including listings of concerned articles, is contained in appendix A.

- (B) in accordance with section 504(c)(3)(A)(i) of the Trade Act, to advise the President on whether any industry in the United States is likely to be adversely affected by waiving the competitive need limits for the Republic of the Philippines with respect to the article listed in Part D of the USTR request; and
- (C) to advise the President, with respect to whether products like or directly competitive with those described in Part A of the USTR request were being produced in the United States on January 3, 1985, for purposes of section 504(d) of the Trade Act.

Subsequent to the initial request, the USTR notified the Commission that TSUSA item 732.3875 (bicycle caliper brakes) was being removed from consideration due to a withdrawal request from the petitioner.

In response to the USTR request, the Commission on August 27, 1986, instituted investigations Nos. TA-503(a)-13 and 332-238 for the purpose of obtaining, to the extent practicable, information for use in connection with the preparation of advice requested by the USTR. The Commission notice of investigation and hearing is contained in appendix B. 1/

1/ The following Federal Register notices were issued by the Commission related to Investigation Nos. TA-503(a)-13 and 332-238:

<u>Date</u>	<u>Notice</u>	<u>Subject</u>
Sept. 4, 1986	51 F.R. 31733	Initial notice of ITC investigation and hearing
Oct. 29, 1986	51 F.R. 39592	Elimination of item from investigation

A public hearing in connection with the investigation was held in the Commission hearing room, 701 E Street NW., Washington, D.C. 20436, on September 29 and 30, 1986. All interested parties were afforded an opportunity to appear by counsel or in person, to produce evidence, and to be heard. 1/

1/ A list of witnesses appearing at the Commission hearing is contained in app. D.

PRESENTATION OF PROBABLE EFFECT ADVICE

In response to the USTR request for probable effect advice, the Commission determined that an appropriate format for such an analysis would be commodity digests, each digest dealing with the effect of tariff modifications on a specific commodity area.

For each of the commodity areas being analyzed, the digests provide an analysis of the impact of the possible tariff modifications on U.S. import levels, industry, and the consumer. 1/ Within each digest the probable effect advice is provided in both a textual and code format. 2/ The following probable effect codes are used in cases where articles are being considered for designation as eligible articles for the GSP:

1. Level of U.S. imports, all sources
 - Code A: little or no increase (0-5 percent)
 - Code B: modest increase (6-15 percent)
 - Code C: significant increase (16-25 percent)
 - Code D: substantial increase (over 25 percent)
2. U.S. industry and employment
 - Code A: nil or negligible adverse impact
 - Code B: significant adverse impact (significant proportion of workers unemployed; declines in output; firms depart, but adverse impact not industry-wide)
 - Code C: substantial adverse impact (substantial unemployment; widespread idling of productive facilities; adverse impact on the industry as a whole)
3. U.S. consumer:
 - Code A: The bulk of the duty savings (greater than 75 percent) are expected to be absorbed by the foreign supplier.
 - Code B: Duty savings are expected to benefit both the foreign supplier and the domestic consumer (neither receiving more than 75 percent of the savings).
 - Code C: The bulk of the duty savings (greater than 75 percent) are expected to benefit the U.S. consumer.

1/ The "consumer" may be a firm/person receiving an intermediate good for further processing or the end-user in the case of a final good.

2/ Appendix C provides a brief textual and graphic presentation of the types of trade shifts which can result from modification of GSP eligibility. ⁴

The codes are provided below for Digests containing articles being considered for removal or country graduation:

1. Level of U.S. imports, all sources:
 - Code X: Nil or negligible decrease (0 to 5 percent).
 - Code Y: Modest decrease (6 to 15 percent)
 - Code Z: Significant decrease (16 to 25 percent)
2. U.S. industry and employment:
 - Code X: Nil or negligible beneficial impact.
 - Code Y: Significant beneficial impact (significant number of additional workers employed; increases in output; new firms; but beneficial impact not industrywide).
 - Code Z: Substantial beneficial impact (substantial increase in employment; widespread increased production; beneficial impact on the industry as a whole).
3. U.S. consumer:
 - Code X: The bulk of the duty increase (greater than 75 percent) is expected to be absorbed by the foreign supplier.
 - Code Y: The duty increase is expected to increase costs to both the foreign supplier and the domestic consumer.
 - Code Z: The bulk of the duty increase (greater than 75 percent) is expected to be passed on to the U.S. consumer.

DIGEST LOCATOR

Digest numbers, titles, contents by TSUS(A) items, and the assigned Commission trade analyst are provided below:

Digest		
No.	Digest title/TSUS(A) items	Analyst
A. Articles being considered for designation as eligible articles for the GSP.		
A101	Filberts 145.18 145.46	Burket
A102	Avocados 146.30	James
A103	Fresh olives 148.40	Reeder
A104	Certain fresh pineapple 148.96	Reeder
A105	Filler tobacco, other than cigarette leaf 170.40 170.45	Lipovsky
A106	Certain cordage of abaca fiber 315.35	Cook
A107	Certain benzenoid chemicals 402.56 403.45(pt.) 404.16 405.44 406.39(pt.)	Matusik
A108	Selected direct dyes 409.78 409.82	Wanser
A109	Selected pigments 410.28	Wanser
A110	Certain organic acids 425.9960	Michels
A111	Certain ceramic table and kitchen articles 533.30 533.64	McNay
A112	Enamels, colors, glazes, and fluxes, other than ground or pulverized 540.27	MacKay

Digest		
No.	Digest title/TSUS(A) items	Analyst
A113	Strontium, unalloyed, unwrought, and waste and scrap 632.46	DeSapio
A114	Ball or roller bearing type pillow block units 681.0410	Fravel
A115	Time switches, valued over \$1.10 but not over \$5.00 715.62 715.64	Garbecki
B. Articles being considered for removal as eligible articles for the GSP.		
B101	Phthalic anhydride 402.12	Matusik
B102	Phthalic acid esters 409.3410	Johnson
B103	Certain ceramic floor and wall tiles 532.22	Lukes
B104	Certain pipe and tube fittings of iron or steel 610.84 610.8413 610.8415 610.8418 610.8421 610.8424 610.8428	Dwyer
B105	Couplings of iron or steel 610.86	Reed
B106	Fittings of iron or steel for electrical conduit 688.32	Cutchin

Digest		
No.	Digest title/TSUS(A) items	Analyst
C. Articles being considered for removal of duty-free status from a beneficiary country for a product on the list of eligible articles for the GSP		
C101	Certain writing paper 252.75 (Brazil, Mexico)	Rhodes
C102	Miscellaneous articles of paper 256.9044 (Brazil, Mexico) 256.9052 (Brazil, Mexico) 256.9080(pt.) (Brazil)	Stahmer
C103	Acetylsalicylic acid (Aspirin) 410.72 (Turkey)	Nesbitt
C104	Sodium hydrosulfite 421.06 (Taiwan)	Greenblatt
C105	Butyl acetate 428.52 (Taiwan)	Michels
C106	Certain hinges, fittings, and mountings of base metal 647.03 (Taiwan)	Brandon
C107	Certain fabricated products of iron or steel 653.00 (Singapore, Taiwan)	Dwyer
C108	Porcelain on steel cooking and kitchen ware 654.08 (Mexico)	Reed
C109	Electronic fretted stringed instruments 725.46(pt.) (Korea, Taiwan)	Witherspoon
C110	Certain furniture and parts 727.23 (Thailand) 727.29 (Singapore, Yugoslavia) 727.35 (Singapore, Taiwan, Yugoslavia) 727.40 (Taiwan, Yugoslavia) 727.70 (Taiwan)	Leverett
C111	Inflatable play balls of polyvinyl chloride 735.0970(pt.) (Korea, Taiwan)	McGuyer
C112	Toy balloons 737.9536(pt.) (Korea, Taiwan)	Estes

Digest		
No.	Digest title/TSUS(A) items	Analyst
C113	Certain metal umbrella frames and skeletons 751.2015 (Taiwan)	Leverett
C114	Miscellaneous plastics products made of melamine 772.06(pt.) (Taiwan) 772.09(pt.) (Taiwan)	Frawley
D. Articles being considered for waiver of competitive need limit for a product on the list of eligible articles.		
D101	Certain surface-active fatty acid derivatives 465.05 (Rep. of the Philippines)	Land

COMMODITY DIGESTS

FILBERTS

DIGEST NO. A101

FILBERTS
DIGEST NO. A101 (GSP Addition)

Background

Description and uses

Filberts, or hazelnuts, are round or oblong edible nuts of a deciduous shrub or small tree grown commercially, primarily in the Mediterranean region and in the Pacific Northwest of the United States. Most filberts grown in Europe and Turkey are small in size compared with commercially grown filberts in the United States. Filberts are marketed both inshell and shelled. Nearly all inshell filberts sold in the United States are for household consumption during October through December, either alone or in mixtures with other nuts. A large portion of the shelled filberts are salted and roasted for use in nut mixes. Shelled filberts are also used by bakers, confectioners, and homemakers.

The TSUS item numbers for the articles under investigation are provided on the following page along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

U.S. customs treatment

Filberts imported into the customs territory of the United States are subject to quality grade requirements established pursuant to section 608(e) of the Agricultural Marketing Agreement Act of 1937, as amended, the act which authorizes the establishment of marketing agreements and orders for certain agricultural products. ^{1/} Under these provisions, entry of filberts into the United States is not permitted unless each shipment has been certified as passing grade requirements of the Agricultural Marketing Service of the U.S. Department of Agriculture.

^{1/} 7 CFR 982 and 999.

Digest No.
A101—Con.

Filberts: TSUS item number, description, tariff rate information, U.S. imports in 1985 and the GSP competitive status

		Col. 1 rate of duty effective during— 1/		
TSUS item No.	Description	1981	1985	1987
		cents per pound		
145.18	Filberts, not shelled.....	5.0	5.0	5.0
145.46	Filberts, shelled, blanched, or otherwise prepared or preserved.	8.0	8.0	8.0
		U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985	
145.18	Filberts, not shelled.....	149	Yes.	
145.46	Filberts, shelled, blanched, or otherwise prepared or preserved.	9,643	Yes.	

1/ The above item became eligible for duty-free treatment as of Jan. 1, 1984 when imported from designated beneficiary countries under the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702). Pursuant to the United States-Israel Free Trade Area Implementation Act of 1985 (19 Stat. 82) entered into April 22, 1985, imports of inshell filberts under TSUS item 145.18 are subject to a duty of 4¢ per pound and imports of shelled, blanched, or otherwise prepared or preserved filberts under TSUS item 145.46 are free of duty when imported from Israel.

U.S. producers and employment

It is estimated that there are over 1,100 growers of filberts in the United States with almost all of the growing operations being in Oregon. In the Commission's investigation 332-193 1/ industry sources indicated that about 50 percent of the growers are full-time operators where the grower's livelihood depends on filberts. Filbert growers largely operate their filbert

1/ Conditions of Competition Between the U.S. and Major Foreign Filbert Industries, Report to the United States Senate Committee on Finance, Investigation No. 332-193, Under Section 332 of the Tariff Act of 1930, USITC Publication 1683, April 1985.

orchards with owner and family members. Hired employment is for the most part a seasonal operation during the harvesting and pruning season. During 1982-84, the number of seasonal workers on filbert farms averaged 888 workers annually.

According to data gathered in investigation 332-193 there were about 10 firms that process domestically produced filberts. During 1979-83 the average number of persons employed annually in the filbert processing industry was 140 persons.

U.S. consumption and production

Inshell filberts.—U.S. production of inshell filberts rose from 16.8 million pounds in 1981 to a peak of 19.9 million pounds in 1982 (table A-1). Production then fell to 12.3 million pounds in 1983, as a result of adverse growing conditions in that year. Production increased in 1984 and 1985 and totaled 18.7 million pounds in 1985.

Domestic consumption of inshell filberts followed the same trend as domestic production during 1981-85. Apparent consumption increased from 12.3 million pounds in 1981 to 18.4 million pounds in 1982 before declining to 8.9 million pounds in 1983. Apparent consumption of inshell filberts increased in each of the next 2 years and totaled 15.7 million pounds in 1985. Domestic production of inshell filberts accounted for 90 percent or more of apparent consumption during 1981-85.

Shelled, blanched, or otherwise prepared or preserved filberts.—U.S. production of shelled, blanched, or otherwise prepared or preserved filberts, primarily filbert kernels, followed the same general trends as the production of inshell filberts. Domestic production of filbert kernels increased from

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5.1 million pounds (kernel weight) in 1981 to 7.1 million pounds in 1982 (table A-2). Production then declined sharply to 1.4 million pounds in 1983 as a result of the short U.S. filbert crop in that year. Production recovered in 1984 to 4.1 million pounds and then rose sharply to 12.0 million pounds in 1985. Likewise, apparent consumption of filbert kernels increased from 6.3 million pounds in 1981 to 11.2 million pounds in 1982 before declining to 4.4 million pounds in 1983. Apparent consumption of filbert kernels increased in each of the next 2 years and totaled 17.5 million pounds in 1985. In 1985, imports accounted for over 44 percent of apparent consumption. Most of the filbert kernels are consumed by institutional users and by nut roasters for mixed nut packs.

U.S. exports

U.S. exports of filberts (inshell filberts and shelled, blanched, or otherwise prepared or preserved filberts) during 1981-85 ranged from a high of 9.1 million pounds, valued at \$4.5 million, in 1983 to a low of 6.2 million pounds, valued at \$3.3 million, in 1984 (table B). Australia, Canada, and West Germany are the principal U.S. markets for filberts. Exports to Canada and West Germany consist primarily of inshell filberts, while exports to Australia consist primarily of shelled, blanched, or otherwise prepared or preserved filberts.

U.S. imports

Inshell filberts.—During 1981-85, imports of inshell filberts ranged from a low of 10,000 pounds, valued at \$7,000 in 1981 to a high of 1.5 million

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pounds, valued at \$913,000 in 1982 (table C-1). Italy was the principal source for inshell filberts during 1982-84. However, Turkey, a GSP beneficiary country, was the principal U.S. supplier in 1985.

Imports of inshell filberts from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Turkey.....	123	83
Total.....	123	83

Imports from GSP beneficiary countries ranged from none in 1983 to a high of 99,000 pounds in 1985 (table D-1).

Imports of inshell filberts have been a very small part of U.S. apparent consumption of inshell filberts. The ratio of imports to apparent consumption during 1982, the year of the largest volume of imports, was less than 9 percent.

Shelled, blanched, or otherwise prepared or preserved filberts.—U.S. imports of shelled, blanched, or otherwise prepared or preserved filberts ranged from a low of 3.1 million pounds (kernel weight basis), valued at \$5.2 million, in 1981 to a high of 8.6 million pounds, valued at \$8.8 million, in 1984 and totaled 7.7 million pounds, valued at \$9.6 million, in 1985 (table C-2). Turkey was the principal supplier of such filberts during 1981-85, accounting for 83 percent of the value of imports during the period. Italy, the only other supplier of note, accounted for 10 percent of the value of imports during the 1981-85 period.

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Imports of shelled, blanched, or prepared or preserved filberts from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Turkey.....	9,344	97
Indonesia.....	24	<u>1/</u>
Turkey.....	<u>4</u>	<u>1/</u>
Total.....	9,372	97

1/ Less than 0.5 percent.

Imports of shelled, blanched, or otherwise prepared or preserved filberts from GSP beneficiary countries other than Turkey during 1982-85 were quite small, never exceeding 23,000 pounds (table D-2).

During 1981-85, the ratio of shelled, blanched, or otherwise prepared or preserved filbert imports to the apparent consumption of such filberts ranged from 44 percent in 1985 to 123 percent in 1983, when the domestic crop was in short supply.

Conditions of competition in U.S. market

The U.S. market for filberts consists of separate markets for inshell filberts and shelled, blanched, or otherwise prepared or preserved filberts. The bulk of the inshell filberts are used in inshell nut mixtures. Packers of inshell nut mixtures prefer domestic filberts over those available from foreign suppliers because of their generally better appearance, larger size, convenience of ordering, delivery time, and payment terms. Shelled, blanched, or otherwise prepared or preserved filberts are used by institutional uses,

primarily bakeries, and roasters of mixed nuts. The imported filberts are preferred by these users because of flavour differences, a wider selection of products (e.g., blanched filbert kernels), and smaller sized kernels. Also, foreign filberts have an advantage in their abundance of supplies.

Position of interested parties

Turkey, the petitioner, did not provide a statement to the Commission regarding filberts.

The American Farm Bureau Federation (Farm Bureau) provided a written statement for the record to the USITC. The Farm Bureau, representing over 3 million member families, has opposed GSP since it was adopted in 1974. This position is in accordance with the Farm Bureau's general policy opposing unilateral tariff reductions without obtaining reciprocal tariff or trade concessions from foreign countries. In particular, the Farm Bureau opposes the Generalized System of Preferences for agricultural products, whereby developing countries are granted duty-free entry of certain products, since this runs counter to the Most-Favored-Nation principles of GATT.

The Associated Oregon Hazelnut Industries, representing the Associated Nut Packers of Oregon, The Filbert Growers Bargaining Association, The Oregon Filbert Commission, and the Nut Growers Society of Oregon, Washington and British Columbia is opposed to the Government of Turkey petition for inclusion of filberts to the listing of GSP eligible articles. Turkey has captured more than 80 percent, and in one year 93 percent, of the U.S. market for imported filberts under the existing tariff rates. This amounts to approximately one-half of all filberts consumed in the United States.

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Table A-1.—Filberts, inshell: U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981-85

Year	Production	Exports	Imports	Apparent consumption	Ratio (percent) of imports to consumption
Quantity (1,000 pounds, inshell weight)					
1981.....	16,800	4,498	11	12,313	<u>1/</u>
1982.....	19,940	3,113	1,527	18,354	8.3
1983.....	12,300	3,667	250	8,883	2.8
1984.....	15,440	2,915	624	13,149	4.7
1985.....	18,700	3,131	143	15,712	0.9
Value (1,000 dollars)					
1981.....	<u>2/</u>	3,553	7	<u>2/</u>	<u>2/</u>
1982.....	<u>2/</u>	2,166	913	<u>2/</u>	<u>2/</u>
1983.....	<u>2/</u>	2,164	119	<u>2/</u>	<u>2/</u>
1984.....	<u>2/</u>	2,013	237	<u>2/</u>	<u>2/</u>
1985.....	<u>2/</u>	2,050	149	<u>2/</u>	<u>2/</u>
Unit value (cents per pound)					
1981.....	—	79	63	—	—
1982.....	—	70	60	—	—
1983.....	—	59	47	—	—
1984.....	—	69	38	—	—
1985.....	—	65	104	—	—

1/ Less than 0.5 percent.

2/ Not available.

Source: Data on production compiled from official statistics of the U.S. Department of Agriculture, import and export data compiled from official statistics of the U.S. Department of Commerce.

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Table A-2.—Filberts, shelled, blanched, or otherwise prepared preserved:
U.S. production, exports of domestic merchandise, imports for consumption,
and apparent consumption, 1981-85

Year	Production	Exports	Imports	Apparent consumption 1/	Ratio (percent) of imports to consumption
Quantity (1,000 pounds, shelled weight)					
1981.....	5,080	1,196	3,140	6,304	49.8
1982.....	7,140	1,653	5,712	11,199	51.0
1983.....	1,440	2,434	5,387	4,393	122.6
1984.....	4,060	1,462	8,571	11,169	76.7
1985.....	12,040	2,282	7,746	17,504	44.3
Value (1,000 dollars)					
1981.....	2/	1,886	5,207	2/	2/
1982.....	2/	1,117	6,323	2/	2/
1983.....	2/	2,293	5,848	2/	2/
1984.....	2/	1,274	8,812	2/	2/
1985.....	2/	2,356	9,643	2/	2/
Unit value (cents per pound)					
1981.....	—	97	166	—	—
1982.....	—	68	111	—	—
1983.....	—	94	109	—	—
1984.....	—	87	103	—	—
1985.....	—	103	124	—	—

1/ Apparent consumption does not include changes in inventory levels.

2/ Not available.

Source: Data on production compiled from official statistics of the U.S. Department of Agriculture, import and export data compiled from official statistics of the U.S. Department of Commerce.

Table B.--Filberts: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	1981	1982	1983	1984	1985	January-June-- 1985	1986
Quantity (1,000 pounds)							
Austral	1,225	879	1,261	369	1,531	537	1,908
Canada	3,056	3,078	3,015	2,203	1,807	297	1,405
Fr Germ	1,882	991	2,331	539	1,848	2	1,103
Brazil	86	101	51	339	1,068	699	15
Mexico	477	543	13	405	351	225	67
Venez	507	457	162	325	335	5	6
Japan	451	0	106	100	176	24	59
Italy	0	0	41	88	337	0	0
All other	1,068	734	2,091	1,792	746	213	3,894
Total	8,751	6,783	9,071	6,161	8,201	2,003	8,458
Value (1,000 dollars)							
Austral	1,026	588	715	273	1,057	334	1,249
Canada	1,476	1,071	1,373	946	1,034	95	855
Fr Germ	1,472	676	1,158	351	967	2	652
Brazil	57	42	28	169	291	68	12
Mexico	307	238	6	219	254	174	58
Venez	262	286	112	187	158	3	5
Japan	47	-	68	93	131	35	44
Italy	-	-	25	52	107	-	-
All other	771	382	971	998	407	138	2,314
Total	5,419	3,282	4,457	3,287	4,406	848	5,189
Unit value (per pound)							
Austral	\$0.84	\$0.67	\$0.57	\$0.74	\$0.69	\$0.62	\$0.65
Canada	0.48	0.35	0.46	0.43	0.57	0.32	0.61
Fr Germ	0.78	0.68	0.78	0.65	0.52	1.09	0.59
Brazil	0.66	0.42	0.56	0.50	0.27	0.10	0.78
Mexico	0.64	0.44	0.47	0.54	0.72	0.72	0.87
Venez	0.52	0.63	0.70	0.57	0.47	0.60	0.77
Japan	0.10	-	0.65	0.92	0.75	1.44	0.74
Italy	-	-	0.61	0.60	0.32	-	-
All other	0.72	0.52	0.46	0.56	0.55	0.65	0.59
Average	0.62	0.48	0.49	0.53	0.54	0.42	0.61

1/ Less than 500.

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

Table C-1--Inshell filberts: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June-- 1985	1986
Quantity (1,000 pounds)							
Turkey-----	1	0	0	22	99	74	22
Italy-----	0	1,526	250	362	44	44	0
Canada-----	10	0	0	166	0	0	0
Spain-----	0	0	0	46	0	0	0
France-----	0	0	0	28	0	0	0
India-----	0	1/	0	0	0	0	0
Total-----	11	1,527	250	624	143	118	22
Value (1,000 dollars)							
Turkey-----	1	-	-	25	123	95	32
Italy-----	-	912	119	156	26	26	-
Canada-----	6	-	-	22	-	-	-
Spain-----	-	-	-	20	-	-	-
France-----	-	-	-	13	-	-	-
India-----	-	1	-	-	-	-	-
Total-----	7	913	119	237	149	122	32
Unit value (per pound)							
Turkey-----	\$0.50	-	-	\$1.13	\$1.24	\$1.29	\$1.46
Italy-----	-	0.60	0.47	0.43	0.60	0.60	-
Canada-----	0.64	-	-	0.13	-	-	-
Spain-----	-	-	-	0.43	-	-	-
France-----	-	-	-	0.49	-	-	-
India-----	-	2.29	-	-	-	-	-
Average-----	0.63	0.60	0.47	0.38	1.04	1.03	1.46

1/ Less than 500.

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

Table C-2. Filberts, shelled, blanched, or otherwise prepared or preserved: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June-- 1986
Quantity (1,000 pounds)						
Turkey	2,429	4,246	4,229	7,072	7,507	5,717
Belgium	122	103	69	148	118	38
Iran	0	0	0	0	54	54
Italy	196	1,316	942	1,240	28	26
Indonesia	0	0	0	0	22	22
Switzerland	2	6	24	4	7	2
France	2	2	15	1	4	0
Colombia	0	0	0	0	1	0
All other	389	40	108	107	6	3
Total	3,140	5,712	5,387	8,571	7,746	5,863
Value (1,000 dollars)						
Turkey	4,225	4,523	4,510	7,192	9,344	6,659
Belgium	193	127	73	141	148	36
Iran	-	-	-	-	65	65
Italy	357	1,613	1,078	1,352	34	28
Indonesia	-	-	-	-	24	24
Switzerland	4	12	33	9	11	3
France	4	4	28	2	5	4
Colombia	-	-	-	-	4	4
All other	424	44	126	116	8	3
Total	5,207	6,323	5,848	8,812	9,643	6,822
Unit value (per pound)						
Turkey	\$1.74	\$1.07	\$1.07	\$1.02	\$1.24	\$1.16
Belgium	1.58	1.23	1.06	0.95	1.26	0.95
Iran	-	-	-	-	1.21	1.21
Italy	1.82	1.23	1.14	1.09	1.21	1.09
Indonesia	-	-	-	-	1.11	1.11
Switzerland	2.66	2.14	1.38	2.13	1.64	1.36
France	1.70	2.24	1.87	1.94	1.30	1.36
Colombia	-	-	-	-	3.17	3.17
All other	1.09	1.11	1.17	1.09	1.36	1.00
Average	1.66	1.11	1.09	1.03	1.24	1.16

1/ Less than 500.

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

Table D-1--Inshell filberts: U.S. imports by certain world areas including designated GSP countries, 1982-85 and January - June 1986

Item	1982	1983	1984	1985	January - June 1986	
					Imports	Percentage distribution
Quantity (1,000 pounds)						
Gross imports-----	1,527	250	624	143	22	100
Developed countries, total	1,526	250	555	44	0	
GSP countries, total-----	2/	0	22	99	22	100
Turkey-----	0	0	22	99	22	100
India-----	2/	0	0	0	0	
Other-----	0	0	46	0	0	
Value (1,000 dollars)						
Gross imports-----	913	119	237	149	32	100
Developed countries, total	912	119	192	26	-	
GSP countries, total-----	1	-	25	123	32	100
Turkey-----	-	-	25	123	32	100
India-----	1	-	-	-	-	
Other-----	-	-	20	-	-	

1/ Less than 0.5 percent.
2/ Less than 500.

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

Table D-2.--Filberts, shelled, blanched, or otherwise prepared or preserved: U.S. imports by certain world areas including designated GSP countries, 1982-85 and January - June 1986

Item	1982	1983	1984	1985	January - June 1986	
					Imports	Percentage distribution
Quantity (1,000 pounds)						
Gross imports-----	5,712	5,387	8,571	7,746	2,199	100
Developed countries, total:	1,432	1,148	1,477	161	113	5
GSP countries, total-----	4,246	4,236	7,093	7,530	2,086	95
Turkey-----	4,246	4,229	7,072	7,507	2,086	95
Indonesia-----	0	0	0	22	0	
Colomb-----	0	0	0	1	0	
Mexico-----	0	0	0	0	0	
Brazil-----	0	0	22	0	0	
Thailand-----	0	1	0	0	0	
China t-----	0	6	0	0	0	
Tokelau-----	0	0	0	0	0	
Other-----	34	3	1	55	0	
Value (1,000 dollars)						
Gross imports-----	6,323	5,848	8,812	9,643	3,611	100
Developed countries, total:	1,763	1,329	1,592	204	178	5
GSP countries, total-----	4,523	4,515	7,218	9,372	3,434	95
Turkey-----	4,523	4,510	7,192	9,344	3,434	95
Indonesia-----	-	-	-	24	-	
Colomb-----	-	-	-	4	-	
Mexico-----	-	-	-	-	-	
Brazil-----	-	-	26	-	-	
Thailand-----	-	1	-	-	-	
China t-----	-	4	-	-	-	
Tokelau-----	-	-	-	-	-	
Other-----	36	4	2	67	-	

1/ Less than 0.5 percent.
2/ Less than 500.

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

AVOCADOS

DIGEST NO. A102

AVOCADOS
DIGEST NO. A102 (GSP Addition)

Background

Description and uses

The avocado, sometimes called the alligator pear, is a single-seeded fruit of a subtropical, broad-leaved evergreen tree. There are two distinct types of avocados produced in the United States; the Guatemalan or Mexican type is produced in California and is somewhat smaller than the West Indian type that is produced in Florida. The fruit sold in commerce is usually pear shaped and dark green in color; however, its shape may range from round to elongated and its color from yellow green to deep purple. The flesh of the fruit has a smooth buttery consistency and an oil content ranging up to 30 percent. The avocado is marketed principally as a fresh fruit for use mainly in salads. Avocados are also marketed as frozen slices and canned or frozen purees or dips made from the pulp of the fruit.

The TSUS item number for the article under investigation is provided below along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

Digest No.
A102—Con.

Avocados: TSUS item number, description, tariff rate information, U.S. imports in 1985, and the GSP competitive status

TSUS item No.	Description	Col. 1 rate of duty effective during— 1/ Cents per lb.		
		1981	1985	1987
146.30	Avocados, fresh, or prepared or preserved.	7.1	6.3 (18.9% AVE)	6
		U.S. imports in 1985 (\$1,000)		Product pro- duced in U.S., Jan. 3, 1985
146.30	Avocados, fresh, or prepared or preserved.	828	Yes.	

1/ Avocados became eligible for duty-free treatment as of Jan. 1, 1984 when imported from designated beneficiary countries under the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702). Pursuant to the United States-Israel Free Trade Area Implementation Act of 1985 (19 Stat. 82) entered in April 22, 1985, imports of avocados are subject to the following rates of duty: effective Sept. 1, 1985, 80 percent of the TSUS column 1 rate of duty on that date; effective Jan. 1, 1986, 70 percent of the TSUS column 1 rate of duty on that date; effective Jan. 1, 1987, 60 percent of the TSUS column 1 rate of duty on that date; and 5 further staged reductions concluding with duty free effective Jan. 1, 1995. Avocados became eligible for a rate of duty equal to the full tariff reduction without staging provided for in the Tokyo Round of the Multilateral Trade Negotiations as of Jan. 3, 1980 when imported from designated least developed developing countries (LDDCs).

U.S. customs treatment

Under section 8(e) of the Agricultural Marketing Act of 1937, imports of fresh avocados are required to meet the same minimum size and grade that are applicable to avocados produced in Florida. Such requirements apply whenever a Federal Marketing Order on Florida avocados is in effect. Imported avocados are also subject to plant quarantines administered by the U.S. Department of Agriculture to prevent the introduction of plant pests. The principal plant

pests affecting avocados are the avocado weevil and the avocado seed moth, which are found in Mexico and other Central and South American countries, and the Mediterranean fruit fly found in many countries. Few leading fresh avocado exporting countries are able to meet the stringent U.S. phytosanitary requirements. Imports of fresh avocados are banned from Mexico and most Central American countries unless the seed has been removed.

U.S. producers

The most recent Census of Agriculture reported that there were 7,173 farms producing avocados in the United States in 1982, up from 6,069 farms in 1979. These farms averaged 12 acres of avocados in both years. California had the largest number of farms in 1982 with 6,119 and Florida was next with 590 farms; farms in both States averaged 13 acres of avocados.

U.S. consumption and production

Apparent U.S. consumption of avocados varied during 1981-85, ranging from a low of 351 million pounds in 1982 to a high of 527 million pounds in 1984 (table A). Almost all U.S. consumption is accounted for by domestic production, and the year-to-year fluctuation in production is reflected in the consumption figures.

U.S. production of avocados varied with consumption over the years 1981-85, ranging from a low of 366 million pounds, valued at \$121 million, in 1982 to a high of 548 million pounds, valued at \$104 million, in 1984 (table A). Annual domestic production fluctuates, generally with a low production

year followed by a high production year, and is also influenced by weather conditions. U.S. avocado production has shown an upward trend over the past several years, doubling from an average 200 million pounds annually in the late 1970's to an average 474 million pounds during 1981-85. California is the major producing State, accounting for an average of 87 percent of domestic production during 1981-85.. Florida accounts for nearly all the remainder, while Hawaii and Texas are minor producing States. The marketing season for California avocados begins November 1 and runs to November of the following year, while that for Florida avocados runs from about June 20 to the end of the following February.

U.S. exports

U.S. exports of avocados dropped from 41 million pounds, valued at \$27 million, in 1981 to 16 million pounds, valued at \$11 million, in 1982, then rose to 28 million pounds, valued at \$17 million, in 1984 before dropping again to 12 million pounds, valued at \$8 million, in 1985 (table B). The high level of exports in 1981 resulted from a bumper crop that increased the available supply, and an increased European demand due to a poor crop in Israel. Part of the decline in 1982 exports was due to Japan's quarantine on U.S. shipments because of the Mediterranean fruit fly outbreak in California. The rise in exports in 1984 was also due in part to a good domestic crop. In both 1981 and 1984 there were unusually large exports to France most likely due to poor crops in Israel, an important source of supply for France. Part of the decline in exports in 1985 was due to a substantial drop in exports to Canada and France because of higher U.S. export prices that year. Adverse weather conditions in the United States in 1985 caused a lower than normal crop resulting in the higher export prices.

The principal markets for U.S. exports during 1981-85 were Japan, Canada, and France, which together accounted for between 65 and 85 percent of the total, by value, over the period. The primary market was France in 1981 and 1984, Canada in 1982 and 1983, and Japan in 1985.

U.S. imports

U.S. imports of avocados represented 1 percent or less of consumption during 1981-85. U.S. imports of all avocado products declined from 1.9 million pounds, valued at \$188,000, in 1981 to 1.5 million pounds, valued at \$127,000, in 1982, then rose to 7.3 million pounds, valued at \$645,000, in 1984 before declining again to 3.7 million pounds, valued at \$828,000, in 1985 (table C). The primary source of imports during 1981-85 was the Dominican Republic, although its share of the value of total imports declined from 98 to 33 percent over the period. Other significant sources were Chile and the Bahamas, with 64 and 1 percent of the value of 1985 imports, respectively. During January-June 1986, imports amounted to 6.0 million pounds, valued at \$1.3 million, up from 0.9 million pounds, valued at \$81,000, in the corresponding period of 1985; Costa Rica accounted for most of the imports during the 1986 period. The vast majority of avocado imports enter the United States through Puerto Rico.

GSP countries accounted for virtually all of U.S. imports of avocados during 1982-85. Only two countries were suppliers all 4 years; the Dominican Republic, whose share of the value of total imports declined from 91 to 33 percent, and the Bahamas, whose share declined from 8 to about 1 percent. Costa Rica supplied 38 percent of the total value in 1983, Honduras supplied

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16 percent in 1984, and Chile supplied 64 percent in 1985. Mexico, Guatemala, and Ivory Coast were other minor suppliers. Thus, there seems to be a great deal of variability in the major suppliers of avocados from year-to-year. This trend is likely the result of the bearing habit of the trees and the weather conditions in each country.

Imports of avocados from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Chile.....	531	64
The Dominican Republic....	277	33
The Bahamas.....	11	1
Other GSP.....	<u>9</u>	<u>1</u>
Total.....	828	100

Note.—Totals may vary because of rounding.

Conditions of competition in U.S. market

U.S. phytosanitary requirements have effectively limited U.S. imports of fresh avocados, with only a few small exporters able to meet the requirements.

U.S. imports of avocados were equivalent to 1 percent or less of U.S. production during 1981-85. U.S. consumption of avocados is thus effectively filled by U.S. production.

The types of avocados imported are virtually the same as the domestic types, and compete directly with these products. Information on price is not available, but the unit value of imported avocados has remained below the farm unit value of domestic avocados over the period. In 1985, the ad valorem equivalent of the duty on dutiable imports from GSP-eligible countries ranged from 13 percent for Ivory Coast to 87 percent for Mexico.

Position of interested parties

The petitioner is the Government of Mexico. The California Avocado Commission opposed in brief and through testimony the granting of GSP status for avocados. It maintained that the granting of GSP status would cause severe economic consequences to the U.S. industry; that the petitioner, Mexico, has failed to meet filing requirements; that GSP status may later lead to the lifting of the U.S. import quarantine against Mexican fresh avocados; and that Mexico already has sizable economic advantages over the U.S. industry.

The Florida Fresh Fruit and Vegetable Association through brief opposed the granting of GSP status for fresh avocados since this would result in severe harm to the Florida industry. The association alleged that Mexican avocados are hosts to destructive pests, that imports of these avocados could lead to losses to domestic fruit and vegetable growers; and that Mexico has the capability of supplying the entire U.S. avocado market, and thereby could harm U.S. producers.

The California Farm Bureau opposed in a brief the granting of GSP status for avocados. The bureau indicated that avocados already enter duty-free from CBERA countries, and that extending duty-free treatment to GSP countries would endanger the livelihood of the domestic industry. It also noted that it opposed the granting of GSP status to any additional agricultural products in the current period of severe stress to California agriculture.

The American Farm Bureau opposed in a brief the granting of GSP status to avocados; it is opposed to the granting of GSP status to any additional agricultural products. U.S. farmers are currently facing enough economic problems without having the added burden of increased preferential foreign competition, the bureau maintained.

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Table A.—Avocados, fresh, or prepared or preserved: U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981–85

(Quantity in thousands of pounds; value in thousands of dollars; unit value per pound)					
Year	U.S. production 1/	Exports	Imports	Apparent consumption	Ratio (percent) of imports to consumption
Quantity					
1981....	537,600	41,210	1,929	498,319	<u>2/</u>
1982....	365,600	16,359	1,487	350,728	<u>2/</u>
1983....	473,400	18,558	3,393	458,235	1
1984....	548,000	28,441	7,325	526,884	1
1985....	449,000	12,001	3,742	440,741	1
Value					
1981....	101,259	26,923	188	3/	3/
1982....	121,099	10,603	127	3/	3/
1983....	109,576	11,906	445	3/	3/
1984....	103,810	16,629	645	3/	3/
1985....	126,555	7,947	828	3/	3/
Unit value					
1981....	\$0.19	\$0.65	\$0.10	—	—
1982....	.33	.65	.09	—	—
1983....	.23	.64	.13	—	—
1984....	.19	.58	.09	—	—
1985....	.28	.66	.22	—	—

1/ Data are for season ending in year indicated.

2/ Less than 0.5 percent.

3/ Not meaningful.

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

Table B.--Avocados, fresh: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	1981	1982	1983	1984	1985	January-June-- 1985	1986
Quantity (1,000 pounds)							
Japan	3,064	1,214	3,510	4,958	4,054	3,374	3,642
Canada	7,265	6,594	6,930	6,205	3,778	2,210	1,403
France	12,578	3,671	4,975	11,700	2,053	1,928	1,664
U King	4,392	1,279	1,146	2,797	1,233	804	393
Sweden	2,302	459	1,032	502	269	235	598
Hg Kong	23	15	4	22	108	108	14
China	0	0	0	1	33	0	9
Mexico	8,375	2,528	422	1,386	214	180	7
All other	3,211	600	539	869	257	178	761
Total	41,210	16,359	18,558	28,441	12,001	9,017	8,492
Value (1,000 dollars)							
Japan	3,691	1,244	3,698	4,066	3,223	2,630	3,587
Canada	2,697	3,636	3,000	2,520	1,905	852	945
France	11,020	3,454	3,508	7,213	1,593	1,498	1,554
U King	2,351	690	440	1,454	713	488	287
Sweden	2,077	383	780	335	183	152	480
Hg Kong	12	6	4	25	109	109	11
China	-	-	-	1	49	-	10
Mexico	2,359	764	111	602	48	41	5
All other	2,717	426	365	413	124	81	746
Total	26,923	10,603	11,906	16,629	7,947	5,851	7,625
Unit value (per pound)							
Japan	\$1.20	\$1.03	\$1.05	\$0.82	\$0.79	\$0.78	\$0.98
Canada	0.37	0.55	0.43	0.41	0.50	0.39	0.67
France	0.88	0.94	0.71	0.62	0.78	0.78	0.93
U King	0.54	0.54	0.38	0.52	0.58	0.61	0.73
Sweden	0.90	0.83	0.76	0.67	0.68	0.65	0.80
Hg Kong	0.53	0.41	0.98	1.14	1.01	1.01	0.78
China	-	-	-	1.11	1.46	-	1.13
Mexico	0.28	0.30	0.26	0.43	0.22	0.23	0.71
All other	0.85	0.71	0.68	0.47	0.48	0.45	0.98
Average	0.65	0.65	0.64	0.58	0.66	0.65	0.90

1/ Less than 500.

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

Table C.--Avocados, fresh, or prepared or preserved: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June-- 1986
Quantity (1,000 pounds)						
Chile	1/	0	0	2	1,309	0
Dom Rep	1,846	1,243	2,556	2,631	2,194	692
Bahamas	83	244	315	10	200	165
Guatmal	0	0	0	34	6	0
Ivy Cst	0	0	0	0	6	0
Mexico	0	0	7	37	26	26
Ecuador	0	0	4	3,800	0	0
Hondura	0	0	0	805	0	0
All other	0	1/	512	0	0	0
Total	1,929	1,487	3,393	7,325	3,742	883
Value (1,000 dollars)						
Chile	2	-	-	1	531	-
Dom Rep	184	116	259	280	277	73
Bahamas	3	10	13	2	11	6
Guatmal	-	-	-	2	4	-
Ivy Cst	-	-	-	-	3	-
Mexico	-	-	1	6	2	2
Ecuador	-	-	2	252	-	-
Hondura	-	-	-	102	-	-
All other	-	1	170	1	-	-
Total	188	127	445	645	828	81
Unit value (per pound)						
Chile	\$5.33	-	-	\$0.43	\$0.41	-
Dom Rep	0.10	0.09	0.10	0.11	0.13	0.11
Bahamas	0.03	0.04	0.04	0.21	0.06	0.04
Guatmal	-	-	-	0.05	0.74	-
Ivy Cst	-	-	-	-	0.48	-
Mexico	-	-	0.20	0.17	0.07	0.07
Ecuador	-	-	0.44	0.07	-	-
Hondura	-	-	-	0.13	-	-
All other	-	10.00	0.33	0.09	-	-
Average	0.10	0.09	0.13	0.09	0.22	0.09
						0.13
						0.21

1/ Less than 500.

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

Table D.--Avocados, fresh, or prepared or preserved: U.S. imports by certain world areas including designated GSP countries, 1982-85 and January - June 1986

Item	1982	1983	1984	1985	January - June 1986	
					Imports	Percentage distribution
Quantity (1,000 pounds)						
Gross imports-----	1,487	3,393	7,325	3,742	6,014	100
26 developed cttries, total:	0	0	6	0	37	1
GSP countries, total-----	1,487	3,393	7,319	3,742	5,977	99
Chile -----	0	0	2	1,309	1,444	24
Dom Rep-----	1,243	2,556	2,631	2,194	556	9
Bahamas-----	244	315	10	200	0	
Guatmal-----	0	0	34	6	0	
Ivy Cst-----	0	0	0	6	0	
Mexico-----	0	7	37	26	0	
Hondura-----	0	0	805	0	0	
C Rica-----	0	509	0	0	3,977	66
Other GSP-----	2/	6	3,800	0	0	
Other-----	0	0	0	0	0	
Value (1,000 dollars)						
Gross imports-----	127	445	645	828	1,259	100
26 developed cttries, total:	-	-	1	-	5	1/
GSP countries, total-----	127	445	645	828	1,254	100
Chile -----	-	-	1	531	652	52
Dom Rep-----	116	259	280	277	93	7
Bahamas-----	10	13	2	11	-	
Guatmal-----	-	-	2	4	-	
Ivy Cst-----	-	-	-	3	-	
Mexico-----	-	1	6	2	-	
Hondura-----	-	-	102	-	-	
C Rica-----	-	169	-	-	509	40
Other GSP-----	1	2	252	-	-	
Other-----	-	-	-	-	-	

1/ Less than 0.5 percent.
2/ Less than 500.

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

FRESH OLIVES

DIGEST NO. A103

FRESH OLIVES
DIGEST NO. A103 (GSP Addition)

Background

Description and uses

Olives are the fruit of a subtropical, broad-leaved evergreen tree, which has been cultivated extensively in the Mediterranean area for centuries, and since the nineteenth century in the United States and several other non-Mediterranean countries as well. Because of their extreme bitterness, olives are not consumed fresh. Whereas in the Mediterranean countries and South America olives are used principally for oil, in the United States they are grown predominantly for processing as table olives. Varieties cultivated for table use are generally larger and have a lower oil content than those crushed for oil. Olives to be processed for table use are picked at various stages of maturity depending on the style of table olive desired.

Fresh olives are normally processed within 3-5 days after being picked to avoid problems of spoilage, wilting, and wrinkling which detract from the table olive's attractiveness. Fresh olive imports are believed to be purchased chiefly by U.S. processors for processing into table (California-style) olives.

The TSUS item number for the articles under investigation is provided below along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

Digest No.
A103—Con.

Fresh olives: TSUS item number, description, tariff rate information, U.S. imports in 1985 and the GSP competitive status

TSUS item No.	Description	Col. 1 rate of duty effective during— 1/		
		1981	1985	1987
148.40	Fresh olives.....	5¢ per lb.	5¢ per lb. (28.7% AVE)	5¢ per lb.
		U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985	
148.40	Fresh olives.....	1,152	Yes.	

1/ The above item became eligible for duty-free treatment as of Jan. 1, 1984 when imported from designated beneficiary countries under the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702). Pursuant to the United States-Israel Free Trade Area Implementation Act of 1985 (19 Stat.82), imports entered after April 22, 1985 are free of duty when imported from Israel.

U.S. producers and employment

Three distinct groups of producers are responsible for most of the olives produced in the United States—namely, the U.S. growers of olives, the processors of domestically grown olives, and the importer-repackers, which prepare imported processed olives for distribution. Fresh olives are handled only by growers and processors.

Growers.—Virtually all olives grown commercially in the United States are grown in California, where some 1,400 growers harvested olives from approximately 34,000 acres in crop year 1984/85. The area planted in olive trees in California ("bearing acreage") declined irregularly from 36,000 acres in 1980/81 to 34,000 acres in 1984/85. Approximately half of the

growers belong to one of the two cooperatives which process, pack, and sell olives; the rest sell to independent processors. Most olive growers derive a substantial part of their income from olives; they obtain much of the remainder from such crops as citrus fruits, nuts, cotton, and grapes.

As with many tree fruit crops, there tends to be a two-year production cycle, with a large crop followed by a small one. Cultural conditions, particular weather, affect both the quality and the size of the crop. The size and quality of the individual olives of each crop have an important influence on the income received by the growers, with larger olives bringing substantially higher prices than smaller ones.

Processors of domestic olives.—The number of firms processing domestic olives declined from 17 in 1966 to 13 in 1983. ^{1/} The 13 include 2 cooperatives and 11 independent processors; all are located in California. Seven of these firms produce California-style, Spanish-style, and Sicilian-style olives. Spanish-style olives are also processed by three other firms, which produce them almost exclusively. Other styles of olives are produced in small quantities by three other firms. Processing table olives is the main source of income for most of the processors.

U.S. consumption, production, and imports

During 1980/81 to 1984/85, the size of the olive crop ranged from a low of 90 million pounds in 1981 to an all time high of 293 million pounds in

^{1/} See United States International Trade Commission (USITC), Bottled Green Olives From Spain, Determination of the Commission in Inv. No. 104-TA-22, USITC Publication 1531, May 1984, pp. A-8 - A-9.

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1982, and averaged 181 million pounds annually (table A-1). The U.S. Department of Agriculture reported that the 1985 olive crop totaled 198 million pounds. In recent years, an average of about 70 percent of the crop has been processed as California-style olives and about 10 percent as Spanish-style olives. Greek, Sicilian, and other styles of olives accounted for about 16 percent of the crop, and the remainder has been crushed for oil.

U.S. consumption of table olives has increased substantially in recent years—largely reflecting the increased population but also resulting from greater appreciation of certain ethnic (Mexican and Italian) foods, fresh salads, and relishes, and intensified promotional efforts. During 1981-85, annual U.S. consumption of olives averaged 294 million pounds, compared with about 200 million pounds during the mid to late 1970's. Imports of all forms of olives (which are almost entirely processed olives) supplied 40 percent of the olives consumed during the 1981-85 period (table A-2). Imports of fresh olives supplied less than 1 percent of domestic consumption in this period.

U.S. exports

U.S. exports of fresh olives have been negligible or nil. Annual U.S. exports of processed olives have varied between 3 million and 5 million pounds in recent years, averaging about 4 million pounds, valued at \$3 million (table B). During this period, exports were equivalent, in terms of quantity, to about 2 percent of the U.S. production of olives. More than three-fourths of the exports consisted of California-style olives, and the remainder Spanish-style olives. Canada, the principal market for U.S. exports of olives, purchased about 60 percent of the exports during 1981-85.

U.S. imports

During 1981-85, U.S. imports of fresh olives amounted to less than 2 million pounds annually, except in 1985 when 7 million pounds were reported (table C-1). Imports of fresh olives reported from Panama are believed to have been recorded in error since Panama grows few if any olives. The fresh olive imports reported in 1985 from Panama are believed to have been fresh olives produced in Mexico. Other than in 1985, Mexico has been the chief source of U.S. fresh olive imports. It is believed that Mexican fresh olives are purchased by California processors directly from olive growers located in the states of Baja California and Sonora in Mexico. ^{1/} Mexico is also the principal GSP-eligible supplier of fresh olives to the United States other than Panama (table D). In 1985, the U.S. duty of 5 cents per pound for fresh olives was equivalent to 29 percent ad valorem for imports entering from all countries.

U.S. imports of processed olives vary considerably from year to year—largely in response to the size and quality of the Spanish crop. Total olive imports increased from 92 million to 150 million pounds during 1981-85, averaging 117 million pounds annually (table A-2). Pitted, stuffed, or otherwise prepared or preserved olives accounted for over 93 percent of total olive imports in 1981-85 (table C-2); Spain supplied about 90 percent of processed olive imports.

^{1/} See U.S. Dept. of Agriculture (USDA), Mexico's Expanding Olive Industry, Wash., D.C., April 1980, p. 6.

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Imports of fresh olives from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Panama <u>1/</u>	981	85
Mexico <u>1/</u>	65	6
Venezuela.....	3	<u>2/</u>
Other GSP.....	0	0
Total.....	1,050	91

1/ Imports reported from Panama are believed to be actually from Mexico.

2/ Less than 0.5 percent.

Conditions of competition in the U.S. market.

Mexico has supplied most U.S. imports of fresh olives in recent years. There are few domestic or international shipments of fresh olives, owing to problems with spoilage, and the generally strong marketing ties between olive growers and olive processors. Fresh olives per se are inedible, and must be processed before reaching the consumer.

Because of Mexican olive growers' proximity to the U.S. processing industry, U.S. processors have occasionally purchased directly from them when California olives were in short supply. The U.S. Department of Agriculture indicated in 1980 that Mexico olive shipments to the United States "probably will rise sharply as Mexico's olive production increases and the fruit quality improves." 1/ Indeed, Mexico's exports of processed olives to the United States did rise from 0.4 million pounds in 1981 to 7.6 million pounds in 1985 (table C-2). However, annual Mexican olive production, which averaged

1/ USDA, Ibid.

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24 million pounds during 1975-79 according to USDA, declined slightly to below 23 million pounds during 1982-85, according to petitioner data filed with the U.S. Trade Representative. 1/

Position of interested parties

The petitioner is the Government of Mexico. The California Farm Bureau, representing domestic olive growers, opposed in a brief the granting of GSP status to TSUS item 148.40. It contends that the domestic industry is in a period of severe stress and the addition of duty-free olives under GSP would endanger the livelihood of the domestic olive industry. Fresh olives already enter duty-free under the CBERA and from Israel, says the bureau. The American Farm Bureau also opposed in a brief the granting of GSP status to fresh olives or to any additional agricultural products since U.S. farmers currently face enough economic problems without having the added burden of increased preferential foreign competition.

1/ The International Olive Oil Council reported that Mexico produced 25 million pounds of table olives in crop year 1984/85, and 24 million pounds in 1985/86. Thus, during 1975-85, Mexican olive production was basically stagnant, fluctuating around 24 million pounds annually.

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Table A-1.—Olives, fresh: Production and use of the crop grown in California, crop years 1980/81 to 1984/85

(In millions of pounds)

Item	Crop Year (October–September)				
	1980/81	1981/82	1982/83 1/	1983/84 1/	1984/85 1/
Farm production, total...	218	90	293	122	181
Shipped fresh 2/.....	1	1	1	1	1
Processed, total.....	217	89	292	121	180
California-style.....	154	76	196	96	180
Spanish-style.....	35	3	23	3/	3/
Oil.....	7	4	5	3/	3/
Sicilian-style.....	2	2	3	3/	3/
Greek-style.....	4/	4/	1	3/	3/
Other 5/.....	19	4	64	3/	3/

1/ Beginning in 1982, crop year is reported from August 1 through July 31.

2/ Most of these olives were shipped to markets outside California for processing.

3/ Not available.

4/ Less than 500,000 pounds.

5/ Includes miscellaneous styles and quantities used on farms where grown.

Source: Compiled from data of the Olive Administrative Committee.

Note.—Olives are grown commercially in the United States only in California and Arizona; output in Arizona is negligible.

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Table A-2.—Olives: U.S. production, imports for consumption, exports of domestic merchandise, and apparent consumption, 1981-85, and January-June 1985 and 1986

Year	Production 1/	Imports			Exports	Apparent consumption	Ratio of
		Fresh	All other 2/	Total 2/			imports to
		Million pounds					consumption
							Percent
1981.....	218	3/	92	92	5	305	30
1982.....	90	3/	111	111	5	196	57
1983.....	293	2	112	114	4	403	28
1984.....	122	2	116	118	3	237	50
1985.....	181	7	143	150	4	327	46
Jan.—June:							
1985.....	181	5	62	67	2	246	27
1986.....	198	3/	63	63	1	260	24

1/ Inasmuch as olives are normally harvested only during the last three months of each year, the data for the years indicated are for olives harvested from the preceding year's crop.

2/ Includes all processed olive imports; imports of processed olives entering under TSUS items 148.44, 148.50, and 148.56 account for more than 90 percent of total olive imports.

3/ Less than 500,000 pounds.

Source: Production compiled from data of the Olive Administrative Committee; imports and exports compiled from official statistics of the U.S. Department of Commerce.

Table B.--Olives, in brine or otherwise prepared or preserved: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	1981	1982	1983	1984	1985	January-June-- 1985	1986
Quantity (1,000 pounds)							
Canada	3,716	2,626	2,447	2,177	2,235	886	608
Japan	218	385	463	447	611	311	282
Sweden	104	59	43	37	43	18	42
Hg Kong	104	44	85	37	58	36	28
Kor Rep	35	44	49	75	51	23	30
Spain	0	0	0	0	157	61	0
Singapr	97	166	92	74	46	30	47
Trinidad	23	13	28	15	31	16	8
All other	822	1,159	645	413	322	202	214
Total	5,118	4,497	3,851	3,275	3,553	1,584	1,259
Value (1,000 dollars)							
Canada	2,752	1,953	1,611	1,382	1,392	537	349
Japan	168	263	307	309	448	219	230
Sweden	147	87	70	57	64	28	22
Hg Kong	103	40	59	43	60	31	22
Kor Rep	37	54	49	73	57	29	38
Spain	-	-	-	-	57	20	-
Singapr	77	120	77	55	39	23	49
Trinidad	16	12	18	9	27	14	4
All other	594	830	559	389	257	139	154
Total	3,894	3,365	2,750	2,318	2,401	1,041	868
Unit value (per pound)							
Canada	\$0.74	\$0.74	\$0.66	\$0.63	\$0.62	\$0.61	\$0.58
Japan	0.77	0.69	0.66	0.69	0.73	0.70	0.81
Sweden	1.42	1.49	1.65	1.53	1.49	1.58	0.53
Hg Kong	0.99	0.91	0.69	1.17	1.03	0.86	0.79
Kor Rep	1.08	1.34	1.00	0.98	1.13	1.24	1.28
Spain	-	-	-	-	0.37	0.33	-
Singapr	0.79	0.72	0.84	0.75	0.85	0.79	1.03
Trinidad	0.71	0.87	0.65	0.62	0.88	0.85	0.46
All other	0.72	0.72	0.87	0.94	0.80	0.69	0.72
Average	0.76	0.75	0.71	0.71	0.68	0.66	0.69

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

Table C-1.--Olives, fresh: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	Quantity (1,000 pounds)					Value (1,000 dollars)					Unit value (per pound)				
	1981	1982	1983	1984	1985	1981	1982	1983	1984	1985	1981	1982	1983	1984	1985
Panama	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Spain	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mexico	3	3	1,564	553	1,249	3	3	1,564	553	1,249	3	3	1,564	553	1,249
Greece	55	60	69	31	56	55	60	69	31	56	55	60	69	31	56
Venez	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
China M	1	1	0	0	0	1	1	0	0	0	1	1	0	0	0
Guatmal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Israel	0	15	0	0	0	0	15	0	0	0	0	15	0	0	0
All other	3	1	39	37	0	3	1	39	37	0	3	1	39	37	0
Total	62	78	1,672	1,735	6,612	62	78	1,672	1,735	6,612	62	78	1,672	1,735	6,612
Panama	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Spain	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mexico	2	1	103	49	65	2	1	103	49	65	2	1	103	49	65
Greece	51	43	45	17	32	51	43	45	17	32	51	43	45	17	32
Venez	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China M	2	2	-	-	3	2	2	-	-	3	2	2	-	-	3
Guatmal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Israel	-	12	-	-	-	-	12	-	-	-	-	12	-	-	-
All other	1	1	49	13	-	1	1	49	13	-	1	1	49	13	-
Total	34	58	197	178	1,152	34	58	197	178	1,152	34	58	197	178	1,152
Panama	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Spain	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mexico	0.10	0.20	0.07	0.69	0.53	0.10	0.20	0.07	0.69	0.53	0.10	0.20	0.07	0.69	0.53
Greece	0.56	0.73	0.66	0.54	0.57	0.56	0.73	0.66	0.54	0.57	0.56	0.73	0.66	0.54	0.57
Venez	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China M	1.93	2.75	-	-	0.78	1.93	2.75	-	-	0.78	1.93	2.75	-	-	0.78
Guatmal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Israel	-	0.81	-	0.04	-	-	0.81	-	0.04	-	-	0.81	-	0.04	-
All other	0.49	1.26	1.25	2.31	-	0.49	1.26	1.25	2.31	-	0.49	1.26	1.25	2.31	-
Average	0.54	0.75	0.12	0.10	0.17	0.54	0.75	0.12	0.10	0.17	0.54	0.75	0.12	0.10	0.17

1/ Less than 500 pounds.

2/ Less than 500 dollars.

Note.--Imports from Panama are believed to be in error since that country grows few if any olives.

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

Table C-2.--Olives, in brine or otherwise prepared or preserved: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Sources, 1981-85, January-June 1985, and January-June 1986							
Source	1981	1982	1983	1984	1985	January-June--	
						1985	1986
Quantity (1,000 pounds)							
Spain-----	78,743	94,399	97,335	99,833	122,045	54,047	53,589
Greece-----	7,019	7,660	7,927	8,923	8,433	5,166	5,300
Mexico-----	378	333	0	3	7,553	8	274
Moroc-----	1,916	2,206	2,193	1,855	1,692	1,021	1,282
Israel-----	2,857	3,930	3,075	4,121	968	655	838
Italy-----	303	556	636	543	513	293	430
Portugl-----	604	802	549	672	626	363	414
France-----	90	72	81	116	266	94	98
All other-----	164	679	319	383	926	440	685
Total-----	22,074	110,636	112,115	116,450	143,021	62,086	62,910
Value (1,000 dollars)							
Spain-----	69,141	85,064	67,932	76,472	78,286	35,506	43,914
Greece-----	4,965	5,395	5,032	4,866	4,206	2,590	2,819
Mexico-----	135	114	-	6	978	4	106
Moroc-----	1,101	1,206	1,023	881	844	461	673
Israel-----	1,834	2,692	1,718	2,286	672	398	517
Italy-----	220	401	434	426	476	243	395
Portugl-----	313	524	332	428	327	185	186
France-----	102	89	131	169	267	89	117
All other-----	121	527	227	311	591	300	323
Total-----	77,931	96,012	76,829	85,836	86,649	39,777	49,119
Unit value (per pound)							
Spain-----	\$0.88	\$0.90	\$0.70	\$0.77	\$0.64	\$0.66	\$0.82
Greece-----	0.71	0.70	0.63	0.54	0.50	0.50	0.53
Mexico-----	0.36	0.34	-	1.60	0.13	0.59	0.39
Moroc-----	0.57	0.55	0.47	0.48	0.50	0.45	0.52
Israel-----	0.64	0.68	0.56	0.55	0.69	0.61	0.63
Italy-----	0.73	0.72	0.68	0.79	0.93	0.83	0.92
Portugl-----	0.52	0.65	0.61	0.64	0.52	0.51	0.45
France-----	1.13	1.24	1.61	1.46	1.00	0.96	1.19
All other-----	0.74	0.78	0.71	0.81	0.64	0.68	0.57
Average-----	0.85	0.87	0.69	0.74	0.61	0.64	0.78

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

Table D.--Olives, fresh: U.S. imports by certain world areas including designated GSP countries, 1982-85 and January - June 1986

Item	1982	1983	1984	1985	January - June 1986	
					Imports	Percentage distribution
Quantity (1,000 pounds)						
Gross imports-----	78	1,672	1,735	6,612	321	100
Developed countries, total:	1/	0	3	0	0	
GSP countries, total-----	18	1,604	1,674	6,423	227	71
Panama-----	0	0	0	5,164	0	
Mexico-----	3	1,564	553	1,249	75	24
Venez-----	0	0	0	10	6	2
Guatmal-----	0	0	1,081	0	21	7
Hondura-----	0	0	33	0	0	
Dom Rep-----	0	0	0	0	79	25
Colomb-----	0	38	0	0	0	
Turkey-----	0	1	0	0	0	
Other GSP-----	15	0	7	0	46	14
Other-----	60	69	58	188	94	29
Value (1,000 dollars)						
Gross imports-----	58	197	178	1,152	113	100
Developed countries, total:	2/	-	4	-	-	
GSP countries, total-----	13	152	139	1,050	53	47
Panama-----	-	-	-	981	-	
Mexico-----	1	103	69	65	15	13
Venez-----	-	-	-	3	1	1
Guatmal-----	-	-	46	-	9	8
Hondura-----	-	-	9	-	-	
Dom Rep-----	-	-	-	-	6	5
Colomb-----	-	48	-	-	-	
Turkey-----	-	2	-	-	-	
Other GSP-----	12	-	15	-	22	19
Other-----	45	45	35	103	60	53

1/ Less than 500 pounds.

2/ Less than \$500.

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

CERTAIN FRESH PINEAPPLE

DIGEST NO. A104

CERTAIN FRESH PINEAPPLE
DIGEST NO. A104 (GSP Addition)

Background

Description and uses

Pineapples are the fruit of a succulent perennial herb. The principal domestic product, the Hawaiian pineapple, known as the "Smooth Cayenne," tends to be more yellow, smaller and more acidic than the leading import, the Central American "Sugarloaf" pineapple, which has a yellow-white flesh and a sweeter taste. The juices of the two fruits can taste distinctively different. The Hawaiian juice "starts out sweet, but leaves an acid aftertaste," and the juice from the Central American sugarloaf "is pulpier but the taste is mellow without the extremes of the Hawaiian variety," says one food critic in a recent article. ^{1/} The outside of the Hawaiian fresh pineapple tends to be yellow in color while that of the Central American fruit tends to be green.

Pineapples are widely grown in tropical regions. The bulk of the pineapples entering international trade are in the form of canned fruit or juice processed near the growing area; trade in fresh pineapples is relatively small. Most processed pineapple is marketed in airtight containers as canned pineapple packed in sirup, pineapple juice, or water. Small quantities are also marketed in brine or as chilled or frozen preparations. Canned pineapples are used in salads, desserts, baked goods, and numerous other food preparations. Some canned pineapples are utilized in the manufacture of fruit cocktail.

^{1/} Larry Nagengast, "Exotica: Catching Up on Uncommon Fruits, "The Arlington Journal, p. B-8, May 14, 1986. See also The Packer 1986 Produce Availability & Merchandising Guide, 1986, p. B221.

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The TSUS item number for the articles under investigation is provided below along with information on the U.S. tariff rate, U.S. imports in 1985, and the GSP competitive status.

Certain fresh pineapple: TSUS item number, description, tariff rate information, U.S. imports in 1985 and the GSP competitive status

TSUS item No.	Description	Col. 1 rate of duty effective during— 1/		
		1981	1985	1987
148.96	Fresh pineapple: In packages, other than crates..	27¢ per 2.45 cubic feet	27¢ per 2.45 cubic feet	27¢ per 2.45 cubic feet
		(5.6% AVE)		
		U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985	
148.96	Fresh pineapple: In packages, other than crates..	10,775	Yes.	

1/ This item became eligible for duty-free treatment as of Jan. 1, 1984 when imported from designated beneficiary countries under the Caribbean Basin Economic Recovery Act (CBERA) (19 U.S.C. 2702). Pursuant to the United States-Israel Free Trade Area Implementation Act of 1985 (19 Stat. 82), imports entered after April 22, 1985 are free of duty when imported from Israel.

U.S. customs treatment

Most of the leading suppliers of fresh pineapple to the United States receive duty-free treatment under the CBERA. The principal fresh-pineapple suppliers which do not currently receive CBERA treatment are Mexico, Colombia, and Ecuador.

There are certain nontariff trade barriers to imports of fresh pineapple as relating to phytosanitary requirements administered by the U.S. Food and

Drug Administration (FDA). The FDA began rejecting many shipments of Mexican fresh pineapple in 1984 because of carbaryl pesticide residues in the fruit, according to the U.S. Department of Agriculture. FDA inspections have not apparently restricted imports from most other GSP-eligible countries as they have been able to meet the pesticide residue requirements.

U.S. producers and employment

According to the Hawaii Department of Agriculture, there were 18 farms growing pineapple on 36,000 acres in 1982, down from 43,000 acres in 1978; most of the output was for processing use. There were three firms in Hawaii processing pineapple in 1982.

There were 124 farms in Puerto Rico growing pineapple on 3,100 acres in 1982, an increase from the 70 farms with 2,500 acres of pineapple in 1978. Most of the Puerto Rican pineapple are believed to be consumed fresh within that region, although there is one canner producing pineapple products.

The three leading domestic producers of canned pineapple products are diversified multinational corporations, that own and operate processing operations (canneries), and also export fresh pineapple from several foreign countries, including several GSP-eligible countries.

U.S. consumption and production

During 1981-85, apparent U.S. consumption of pineapple for the fresh market showed little change, fluctuating between 458 million and 434 million pounds annually, and averaging 444 million pounds (table A). The share of

domestic consumption supplied by imports of all forms of fresh pineapple decreased irregularly from 32 to 27 percent during the period. Although most pineapple tend to be produced and consumed in the United States in the canned form (either as canned pineapple slices and chunks or as pineapple juice) rather than in the fresh form, there has been some long-term increase in the popularity of fresh pineapple. Sales of fresh Hawaiian pineapple rose from 7 percent of total sales of all types of Hawaiian pineapple products in 1975 to 22 percent in 1985. ^{1/}

U.S. production of pineapple for the fresh market increased from an estimated 313 million pounds in 1981 to 338 million pounds in 1982, declined to 322 million pounds in 1983, and thereafter increased to 330 million pounds in 1985. Hawaiian production amounted to 248 million pounds in 1985, with Puerto Rico producing the remaining 82 million pounds. In 1985, domestic production of fresh pineapple was valued at an estimated \$66 million.

U.S. exports

Data on U.S. exports of fresh pineapple are not specially provided; estimated exports of fresh pineapples amounted to 15 million pounds annually during 1981-85 (table A). Exports of fresh fruit, including fresh pineapple, not specially provided for, went principally to Japan, the European Community, and Canada during 1981-85 (table B).

^{1/} Brief of Dole Processed Foods Company, page 10.

U.S. imports

U.S. imports of all forms of fresh pineapple increased from about 138 million pounds in 1981 to 151 million pounds in 1983, and declined thereafter to 119 million pounds in 1985 (table C-1); imports were valued at \$11 million in 1985. Imports of fresh pineapple entering in packages other than crates (under TSUS item 148.96) accounted for 81 percent of imports of all forms of fresh pineapple during 1981-85 (tables C-1 and C-2). Pineapple entering under item 148.96 are believed to be packaged in cardboard boxes, each weighing around 40-50 pounds and holding about 8-12 pineapples. The cardboard box appears to be the preferred form of shipment owing to its ease of handling and its protection of the fruit during transit. Trade in bulk (unpackaged) pineapple entering under TSUS item 148.90 has declined sharply during 1981-85, and by 1985, only about 4 percent of total U.S. imports of fresh pineapple entered in bulk. Trade in fresh pineapple packed in wooden crates entering under TSUS item 148.93 has been very limited for the past 15-20 years, and amounted during 1981-85 for less than 2 percent of total trade in all forms of fresh pineapple.

Honduras was the leading U.S. supplier in 1982-85. Mexico had been the leading U.S. supplier of fresh pineapple until 1981, but its share of the total declined thereafter owing to sharply lower production in Mexico, and in 1984, because of pesticide residue problems resulting in rejection of certain U.S. imports from that country. 1/ GSP-eligible countries supplied virtually

1/ The U.S. Department of Agriculture (USDA) indicated that Mexican production of fresh pineapple would recover to 450,000 metric tons in 1986, up from the 260,000 tons produced in 1984 and the 350,000 tons in 1985. See USDA, "World Pineapple Output to Increase in 1986," World Production and Trade, April 23, 1986, pp. 3-4.

all U.S. imports of fresh pineapple in 1985 (table D), and all of the leading GSP countries but Mexico, Colombia, and Ecuador were also eligible for duty-free treatment under the CBERA.

Imports of fresh pineapple from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Honduras.....	5,541	51
Costa Rica.....	3,777	35
Dominican Republic.....	1,056	10
Guatemala.....	155	1
Colombia.....	130	1
Other GSP.....	98	1
Total <u>1/</u>	10,757	100

1/ Total may differ because of rounding.

The duty on imports of fresh pineapple entering under TSUS item 148.96 amounted to 27 cents per 2.45 cubic feet or 5.6 percent AVE on dutiable imports in 1985. As noted above, most of the leading suppliers of fresh pineapple to the United States already have duty-free access under the CBERA, and thus pay no duty.

Conditions of competition in U.S. market

Imports from the GSP countries are competitive with U.S. fresh pineapple, grown chiefly in Hawaii. Pineapple from the Central American countries except Mexico tend to enjoy a transportation advantage over those from Hawaii, and tend to be marketed chiefly in the Eastern and Southeastern United States. Mexican pineapple tends to be marketed in the Western United States where it competes more directly with the Hawaiian product.

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Fresh pineapple have grown in popularity in recent years, particularly as consumer preference shifted towards fresh fruits and vegetables, and away from the canned products, and as year around availability of fresh pineapple stimulated consumer interest. There are some minor qualitative differences between the domestic and the leading import — the Central American sugarloaf pineapple. Most domestic and international trade in pineapple products occurs in the form of canned pineapple or as pineapple juice.

Position of interest parties

The petitioner is the Government of Colombia. A representative of the Pineapple Growers Association of Hawaii indicated in testimony and in a brief that the association opposes the granting of GSP since this would seriously and adversely affect the domestic pineapple industry in Hawaii. The Dole Processed Foods Company, a division of Castle & Cooke, Inc., indicated through a brief and in testimony of its counsel that it opposed the granting of GSP since this would have an adverse impact on the company and the economy of Hawaii; that many GSP beneficiary countries already receive duty-free access under the CBERA and are competitive suppliers already; and that GSP status for this one TSUS item would in effect grant duty-free entry to all other forms of fresh pineapple. The American Farm Bureau opposed in a brief the granting of GSP status to fresh pineapple or to any additional agricultural products since U.S. farmers are facing enough economic problems without the added burden of preferential foreign competition.

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Table A.—Pineapple for the fresh market: U.S. production, imports for consumption, exports of domestic merchandise, and apparent consumption, 1981-85, and January-June 1985 and 1986

Year	Production	Imports			Exports	Apparent consumption	Ratio of imports to consumption
		In packages other than crates 1/	All other	Total			
		Million pounds					Percent
1981.....	313	75	63	138	15	436	32
1982.....	338	82	48	130	15	453	29
1983.....	322	86	65	151	15	458	33
1984.....	320	99	35	134	15	439	31
1985.....	330	105	14	119	15	434	27
Jan.—June:							
1985.....	165	57	13	70	7	228	31
1986.....	2/	85	6	91	7	2/	2/

1/ Under TSUS item 148.96.

2/ Not available.

Source: Production and exports are estimated by the staff of the U.S. International Trade Commission; imports are compiled from official statistics of the U.S. Department of Commerce.

Note.—Production data include Hawaiian pineapple sold as fresh pineapple, and all pineapple produced in Puerto Rico (which is believed to be sold principally fresh).

Table B.--Fruit, fresh, n.e.s., including pineapples: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	1981	1982	1983	1984	1985	January-June-- 1986
Quantity (1,000 pounds)						
Japan-----	3,071	4,496	4,430	5,519	6,610	3,817
Nethlds-----	1,243	3,659	3,172	1,315	4,254	2,183
Canada-----	17,725	16,530	21,766	8,777	5,594	2,702
Fr Germ-----	410	762	1,133	239	1,121	3,241
Austral-----	191	265	491	602	951	995
Austria-----	257	85	1,087	593	642	499
U King-----	1,125	765	487	714	266	327
Sweden-----	291	333	335	444	513	584
All other-----	4,106	2,997	6,320	3,120	4,756	863
Total-----	28,419	29,891	39,221	21,324	25,233	18,375
Value (1,000 dollars)						
Japan-----	3,967	4,989	5,157	6,457	8,008	5,014
Nethlds-----	1,888	5,363	4,507	1,712	4,832	2,703
Canada-----	5,270	5,579	7,305	3,446	2,343	1,359
Fr Germ-----	602	1,140	1,295	276	1,323	902
Austral-----	137	243	488	793	996	795
Austria-----	173	79	1,499	723	736	665
U King-----	670	780	284	524	614	226
Sweden-----	86	52	201	535	548	318
All other-----	1,739	1,482	2,446	1,894	3,160	1,318
Total-----	14,532	19,707	23,180	16,361	22,560	13,103
Unit value (per pound)						
Japan-----	\$1.29	\$1.11	\$1.16	\$1.17	\$1.21	\$1.31
Nethlds-----	1.52	1.47	1.42	1.30	1.14	1.24
Canada-----	0.30	0.34	0.34	0.39	0.42	0.45
Fr Germ-----	1.47	1.50	1.14	1.15	1.18	1.21
Austral-----	0.72	0.92	0.99	1.32	1.05	1.27
Austria-----	0.67	0.93	1.38	1.22	1.15	1.25
U King-----	0.60	1.02	0.58	0.73	0.78	0.85
Sweden-----	0.30	0.16	0.60	1.21	1.07	1.08
All other-----	0.42	0.49	0.39	0.61	0.66	0.74
Average-----	0.51	0.66	0.59	0.77	0.89	1.01

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

Table C-1.-- Pineapples, fresh(all forms): U.S. Imports for consumption, by principal sources, 1981-85, January--
June 1985, and January-June 1986

Source	Quantity (1,000 pounds)				Value (1,000 dollars)				Unit value (per pound)			
	1981	1982	1983	1984	1985	1985	1986	1985	1986	1985	1986	1986
Hondura	63,520	65,861	64,015	66,857	64,042	42,076	38,59					
C Rica	2,503	4,291	8,193	20,934	27,371	10,279	35,853					
Dom Rep	5,159	12,404	13,080	11,251	12,943	5,742	8,87					
Mexico	66,514	46,865	63,403	33,142	12,160	11,338	5,550					
Guatmal	408	703	429	324	1,188	126	1,450					
Colomb	0	22	156	393	474	342	180					
Ecuador	74	0	32	0	522	236	22					
Panama	0	0	0	80	83	83	648					
All other	312	106	1,366	1,433	182	104	172					
Total	138,490	130,251	150,675	134,414	118,964	70,325	91,327					
Hondura	5,195	5,338	5,460	5,552	5,546	3,571	3,20					
C Rica	480	497	1,071	3,013	3,846	1,455	5,123					
Dom Rep	390	1,257	1,227	1,128	1,161	487	742					
Mexico	3,272	2,337	2,101	1,029	419	382	269					
Guatmal	58	57	31	35	185	16	170					
Colomb	-	3	34	92	141	97	37					
Ecuador	7	-	-	-	47	19	8					
Panama	-	-	-	-	20	20	185					
All other	60	18	125	215	62	29	3					
Total	9,463	9,505	10,053	11,074	11,428	6,075	9,766					
Hondura	\$0.08	\$0.08	\$0.09	\$0.08	\$0.09	\$0.08	\$0.08					
C Rica	0.19	0.12	0.13	0.14	0.14	0.14	0.14					
Dom Rep	0.08	0.10	0.09	0.10	0.09	0.08	0.08					
Mexico	0.05	0.05	0.03	0.03	0.03	0.03	0.05					
Guatmal	0.14	0.08	0.07	0.11	0.16	0.12	0.12					
Colomb	-	0.12	0.22	0.23	0.30	0.28	0.21					
Ecuador	0.09	-	0.10	-	0.09	0.08	0.36					
Panama	-	-	-	0.14	0.25	0.25	0.28					
All other	0.19	0.17	0.09	0.15	0.34	0.28	0.18					
Average	0.07	0.07	0.07	0.08	0.10	0.09	0.11					

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

Table C-2.-- Pineapples, fresh, in packages other than crates: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June-- 1986
Quantity (1,000 pounds)						
Hondura	63,520	65,831	62,655	66,617	64,016	42,076
C Rica	2,216	3,327	8,160	20,832	26,890	9,940
Dom Rep	5,066	12,101	12,494	9,647	11,651	4,602
Guatmal	364	692	429	43	1,010	126
Colomb	0	0	156	302	423	308
Ecuador	74	0	32	0	483	196
Panama	0	0	0	80	83	83
Mexico	3,360	317	1,318	3	88	897
All other	312	42	1,191	1,206	56	45
Total	74,912	82,310	86,435	98,730	104,700	57,465
Value (1,000 dollars)						
Hondura	5,195	5,334	5,354	5,530	5,561	3,571
C Rica	430	351	1,065	2,999	3,777	1,408
Dom Rep	379	1,207	1,122	983	1,056	401
Guatmal	52	52	31	4	155	16
Colomb	-	-	34	66	130	91
Ecuador	7	-	3	-	44	15
Panama	-	-	-	11	20	20
Mexico	235	18	103	1	19	59
All other	60	5	105	135	32	18
Total	6,359	6,968	7,818	9,729	10,775	5,560
Unit value (per pound)						
Hondura	\$0.08	\$0.08	\$0.09	\$0.08	\$0.09	\$0.08
C Rica	0.19	0.11	0.13	0.14	0.14	0.14
Dom Rep	0.07	0.10	0.09	0.10	0.09	0.08
Guatmal	0.14	0.07	0.07	0.10	0.15	0.12
Colomb	-	-	0.22	0.22	0.31	0.16
Ecuador	0.09	-	0.10	-	0.09	0.36
Panama	-	-	-	0.14	0.25	0.28
Mexico	0.07	0.06	0.08	0.25	0.21	0.07
All other	0.12	0.13	0.09	0.11	0.57	0.25
Average	0.08	0.08	0.09	0.10	0.10	0.11

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

Table D.--Pineapples, fresh, in packages other than crates: U.S. imports by certain world areas including designated GSP countries, 1982-85 and January - June 1986

Item	1982	1983	1984	1985	January - June 1986	
					Imports	Percentage distribution
Quantity (1,000 pounds)						
Gross imports-----	82,310	86,435	98,730	104,700	85,245	100
26 developed cties, total:	0	33	67	20	0	
GSP countries, total-----	82,310	86,402	98,663	104,680	85,245	100
Hondura-----	65,831	62,655	66,617	64,016	38,522	45
C Rica-----	3,327	8,160	20,832	26,890	35,304	41
Dom Rep-----	12,101	12,494	9,647	11,651	8,806	10
Guatmal-----	692	429	43	1,010	914	1
Colomb-----	0	156	302	423	149	1/
Ecuador-----	0	32	0	83	22	1/
Panama-----	0	0	80	88	567	1
Mexico-----	317	1,318	3	36	897	1
Other GSP-----	42	1,158	1,139	36	63	1/
Other-----	0	0	0	0	0	
Value (1,000 dollars)						
Gross imports-----	6,968	7,818	9,729	10,775	9,379	100
26 developed cties, total:	-	10	7	17	-	
GSP countries, total-----	6,968	7,808	9,722	10,757	9,379	100
Hondura-----	5,334	5,354	5,530	5,541	3,187	34
C Rica-----	351	1,065	2,999	3,777	5,077	54
Dom Rep-----	1,207	1,122	983	1,056	738	8
Guatmal-----	52	31	4	155	111	1
Colomb-----	-	34	66	130	25	1/
Ecuador-----	-	3	-	44	8	1/
Panama-----	-	-	11	20	159	2
Mexico-----	18	103	1	19	59	1
Other GSP-----	5	95	128	15	16	1/
Other-----	-	-	-	-	-	

1/ Less than 0.5 percent.

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

FILLER TOBACCO, OTHER THAN CIGARETTE LEAF

DIGEST NO. A105

FILLER TOBACCO, OTHER THAN CIGARETTE LEAF
DIGEST NO. A105 (GSP Addition)

BACKGROUND

Description and uses

Filler tobacco in U.S. tariff nomenclature is tobacco essentially in leaf form other than wrapper tobacco. The filler tobacco here described comprises the types of leaf tobacco (other than wrapper) which are used in the manufacture of tobacco products other than cigarettes. These types include, but are not limited to, tobacco used chiefly in the body or core of cigars (filler); leaf which is used to bind the cigar body or core (binder), thus sealing and shaping the cigar; fire-cured tobacco used primarily in the manufacture of snuff; chewing tobacco, and pipe-smoking tobacco; and sun-cured and dark air-cured tobacco used in chewing and snuff.

Imports of the leaf tobacco covered herein are chiefly used in the body or core of cigars as filler. The filler tobacco in a cigar normally supplies about 75 percent of the finished weight and determines the flavor or aroma of the cigar. Imported cigar filler consists predominantly of tropical or subtropical tobacco. Differences in plant strains, soil, climate, and method of curing account for important differences between continental domestic filler and imported filler. Other imports of the leaf tobacco covered herein are used for various manufactured tobacco products, including chewing tobacco and pipe-smoking tobacco.

The TSUS item numbers for the articles under investigation are provided below along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

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Filler tobacco, other than cigarette leaf: TSUS item number, description, tariff rate information, U.S. imports in 1985, and the GSP competitive status

TSUS item No.	Description	Col. 1 rate of duty effective during— 1/		
		1981	1985	1987
170.4000	Filler tobacco, other than cigarette, not stemmed.	16.1¢ per lb	16.1¢ per lb (16.6% ad val.)	16.1¢ per lb
170.4500	Filler tobacco, other than cigarette, stemmed.	20¢ per lb	20¢ per lb (11.9% ad. val.)	20¢ per lb
		U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985	
170.4000	Filler tobacco, other than cigarette, not stemmed.	4,244	Yes.	
170.4500	Filler tobacco, other than cigarette, stemmed.	5,857	Yes.	

1/ The above items became eligible for duty-free treatment as of Jan. 1, 1984 when imported from designated beneficiary countries under the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702). Pursuant to the United States-Israel Free Trade Area Implementation Act of 1985 (19 state. 82) entered into April 22, 1985, imports of tobacco under TSUS item 170.40 are subject to a duty rate of 12.9 cents per pound and imports entered under TSUS item 170.45 are free of duty when imported from Israel.

U.S. producers and employment

It is estimated from United States Department of Agriculture (USDA) data that the number of domestic farms in 1985 producing cigar filler and binder tobacco and certain other filler tobacco (other than cigarette filler) was about 25,000. Cigar filler is produced in Pennsylvania, Ohio, and Puerto

Rico. Cigar binder tobacco is produced in Connecticut, Massachusetts, and Wisconsin. Other types of filler tobacco (including fire-cured, dark air-cured, and sun-cured) are produced in Tennessee, Kentucky, and Virginia.

U.S. consumption and production

During 1981-85, total U.S. consumption of the items contained herein declined irregularly from 91.3 million pounds to 77.6 million pounds, in general, reflecting the declining demand for the manufactured tobacco products in which these leaf tobaccos are used (table A-1). Over the period, the ratio of imports to consumption increased irregularly from 8.9 percent to 13.3 percent. The ratio peaked in 1984, at 18.9 percent reflecting increased imports (primarily cigar tobacco) from the Dominican Republic. In 1984, imports of tobacco from the Dominican Republic, as well as certain other Caribbean countries, became eligible for duty-free treatment as a result of the Caribbean Basin Economic Recovery Act. During 1981-85, U.S. production of the tobacco considered herein declined irregularly from 111 million pounds, valued at \$140 million, to 101 million pounds, valued at \$128 million. In 1985, fire-cured tobacco made up 50 percent (by quantity) of U.S. production of filler tobacco (other than cigarette leaf), cigar filler and binder tobacco accounted for 35 percent, and dark-cured and sun-cured tobacco made up the remainder.

Fire-cured tobacco.—During 1981-85, U.S. consumption of fire-cured tobacco ranged from a high of 23.7 million pounds in 1982 to a low of 17.1 million pounds in 1985, but has declined steadily since 1982 reflecting a decline in demand for pipe-smoking tobacco and chewing tobacco (table A-2).

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Over the period, the estimated ratio of imports to consumption ranged from 6.6 percent in 1981 to .4 percent in 1982. The ratio was 3.5 percent in 1985. Production of fire-cured tobacco was irregular during 1981-85, ranging from 37.1 million pounds in 1983 to 56.6 million pounds in 1984. Production in 1985 was 50.4 million pounds.

Cigar tobacco.—U.S. consumption of cigar tobacco (cigar filler and binder) declined irregularly over 1981-85, 1/ from 60.8 million pounds to 48.9 million pounds, reflecting declining demand for cigars and chewing tobacco 2/ (table A-3). Over the period, the ratio of imports to consumption ranged from 9.7 percent in 1982 to 28.8 percent in 1984. The ratio was 21.1 percent in 1985. During 1981-85, U.S. production also declined irregularly from 57.1 million pounds to 35.2 million pounds or by 38 percent.

Dark air-cured and sun-cured tobacco.—During 1981-85, U.S. consumption of these tobaccos declined irregularly from 13.1 million pounds to 11.6 million pounds, also reflecting a declining demand for the products in which they are used (table A-4). Over the period, the ratio of imports to consumption ranged irregularly from 12.5 percent to 6.9 percent, while U.S. production declined irregularly from 16.4 million pounds to 15.4 million pounds.

U.S. exports

During 1981-85, U.S. exports of filler tobacco, other than cigarette leaf, increased irregularly from 30.5 million pounds, valued at \$78.4 million,

1/ Does not include imports of cigar scrap tobacco.

2/ USDA indicates that a portion of U.S. tobacco classified as cigar filler (types 41-46) and the majority of cigar binder (types 51-55) is used for chewing tobacco.

to 32.1 million pounds, valued at \$85.1 million (table B). In 1985, the most important markets were the Netherlands (19 percent, by value), France (10 percent), and the Soviet Union (9 percent). Exports primarily consisted of dark air-cured, fire-cured, sun-cured and other leaf tobacco not specially provided for. Exports of cigar filler and binder tobacco are minor and in 1985 made up about 2 percent (by value) of the exports in this category (filler tobacco, other than cigarette leaf).

U.S. imports

During 1981-85, U.S. imports of filler tobacco, other than cigarette leaf, increased irregularly from 8.1 million pounds, valued at \$8.7 million, to 10.3 million pounds, valued at \$10.1 million (table C). The Dominican Republic supplied about 50 percent (by value) of 1985 imports and was the primary supplier over 1981-85. Malawi and Mexico were also important suppliers and accounted for 12 and 11 percent, respectively, of 1985 imports. The majority of imports (about 85 percent) are believed to consist of cigar tobacco. During 1981-85, imports from GSP countries accounted for nearly 100 percent (by value) of total imports (table D). The Dominican Republic, Malawi, and Mexico were also the most important GSP suppliers over 1981-85. Imports of filler tobacco, other than cigarette leaf, from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

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<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Dominican Republic.....	\$5,000	50
Malawi.....	1,185	12
Mexico.....	1,147	11
Cameroons.....	469	5
Paraguay.....	384	4
Other GSP.....	<u>1,191</u>	<u>12</u>
Total.....	9,376	93

Conditions of competition in U.S. market

Imported tobacco which enters the United States classified as filler, other than cigarette leaf, is estimated to be predominantly tropical or subtropical cigar filler tobacco. Differences in plant strains, soil, climate, and method of curing account for important differences between continental domestic filler and imported filler. In general, cigar filler tobacco from GSP eligible countries is not directly competitive with domestic leaf, 1/ as it is used in combination with the relatively mild domestic leaf to provide flavor and bouquet in a cigar. Other tobacco which enters the United States classified as filler, other than cigarette leaf, is believed to consist primarily of fire-cured, dark air-cured, and binder tobacco types which in some cases, are competitive with similar domestic types and are used in the production of snuff, smoking tobacco, chewing tobacco and cigars. USDA sources indicate some of these tobaccos sell at prices similar to U.S. types and are not significantly different in quality than certain grades of U.S.

1/ Puerto Rican cigar tobacco is aromatic and can be used like other subtropical leaf to heighten the taste of a blend. However, in recent years Puerto Rican cigar filler tobacco has only accounted for about 1.5 percent of U.S. production.

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tobacco of the same type. USDA sources indicate Malawi is the primary GSP eligible country which supplies these tobacco types to the United States. In 1985, U.S. imports from Malawi (estimated by trade sources to be nearly all fire-cured tobacco) amounted to 720,747 pounds, with an average value of \$1.44 per pound (on a farm sales-weight basis). This tobacco is also subject to a U.S. duty of 20 cents per pound. USDA officials report that in 1985 the average price for U.S. fire-cured tobacco was about \$1.49 per pound and the support price was about \$1.23 per pound.

Position of interested parties

The Cigar Association of America, Inc., (representing domestic cigar manufacturers and importers accounting for more than 90 percent of the large cigar sold at retail) was the petitioner for designation of these items to be eligible articles under the Generalized System of Preferences. The petition requested duty-free treatment only for cigar tobacco intended for use in the manufacture or production of cigars and only for cigar filler tobacco (the inside core of a cigar). The Association states that there are no domestic tobaccos that alone (or when blended with other U.S.-grown tobaccos) have the qualities needed to manufacture cigars that meet the expectations of consumers. In addition, the limitation of duty-free status to cigar filler tobaccos intended for use in the manufacture or production of cigars eliminates the possibility of imports of cigar filler tobacco being used in the manufacture of chewing tobacco or of cigarette tobacco imports being misclassified or otherwise diverted to duty-free status. The Association further states that this limitation obviates any potential harm to U.S. growers of either cigarette

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tobaccos or cigar tobacco, most of which are not used to manufacture cigars. The Association also reports that the U.S. cigar industry has been in decline for a number of years and the benefits of duty-free status for the raw material would allow manufacturers either to enhance their profitability or to attempt to stimulate demand through price reductions.

The American Farm Bureau Federation, representing over 3 million member families, opposes unilateral tariff reductions without obtaining reciprocal concessions and has opposed GSP since it was adopted in 1974. The Farm Bureau is particularly concerned about the addition of cigar filler to the GSP and reports that this product competes directly with tobacco grown in several of the northern states. The Farm Bureau states that imports are in need of no additional preferential treatment in the U.S. market and that the substantial domestic production of this tobacco will be adversely affected by increased imports.

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Table A-1.—Filler tobacco, other than cigarette leaf: U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981-85

(Quantity in millions of pounds, farm-sales weight; value in millions of dollars; unit value per pound)

Year	Production 1/	Exports 2/	Imports 3/	Apparent consumption 4/	Ratio (percent) of imports to consumption
Quantity					
1981....	111.1	30.5	8.1	91.3	8.9
1982....	118.5	34.2	4.8	89.5	5.4
1983....	85.2	38.3	5.1	84.4	6.0
1984....	109.1	31.9	17.0	89.8	18.9
1985....	101.0	32.1	10.3	77.6	13.3
Value					
1981....	140.2	78.4	8.7	5/	-
1982....	151.2	99.7	6.7	5/	-
1983....	123.5	105.2	7.5	5/	-
1984....	147.5	86.7	19.7	5/	-
1985....	127.7	85.1	10.1	5/	-
Unit value					
1981....	\$1.26	\$2.57	\$1.08	-	-
1982....	1.28	2.92	1.41	-	-
1983....	1.45	2.75	1.46	-	-
1984....	1.35	2.72	1.15	-	-
1985....	1.26	2.65	98	-	-

1/ Includes production of cigar filler and binder, dark air-cured, fire-cured, and sun-cured tobaccos.

2/ Includes exports of filler tobacco, other than cigarette, on a declared weight basis.

3/ Includes imports of filler tobacco, other than cigarette.

4/ Adjusted for stock changes.

5/ Not meaningful since values at different trade levels are not comparable.

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

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Table A-2.—Fire-cured tobacco: U.S. production, exports of domestic merchandise, estimated imports for consumption, and apparent consumption, 1981-85

Year beginning Oct. 1—	Production	Exports	Imports 1/	Apparent consumption 2/	Ratio of imports to consumption
	Million pounds, farm-sales weight				Percent
1981....	37.6	21.2	1.1	17.4	6.3
1982....	52.9	22.1	.1	23.7	.4
1983....	37.1	22.7	.9	22.1	4.2
1984....	56.6	17.7	.4	17.2	2.3
1985....	50.4	24.0	.6	17.1	3.5

1/ Estimated by the U.S. Department of Agriculture.

2/ Adjusted for stock changes.

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

Table A-3.—Cigar tobacco (filler and binder): U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981-85

(Quantity in millions of pounds, farm-sales weight; value in millions of dollars; unit value per pound)

Year	Production 1/	Exports 2/	Imports 3/	Apparent consumption 4/	Ratio of imports to consumption
	Million pounds, farm-sales weight				Percent
1981....	57.1	5/	8.1	60.8	13.3
1982....	45.0	5/	4.8	49.7	9.7
1983....	33.4	5/	5.1	49.9	10.2
1984....	32.9	5/	17.0	59.0	28.8
1985....	35.2	5/	10.3	48.9	21.1

1/ Includes cigar filler and binder tobaccos, domestic types 41-46, and 51-55.

2/ Includes cigar filler tobacco, stemmed and unstemmed.

3/ Includes imports of filler tobacco, other than cigarette (TSUS items 170.40 and 170.45), but does not include cigar scrap (TSUS item 170.60). It is estimated that in 1985 about 86 percent of the quantity of these imports were made-up of cigar filler and binder.

4/ Adjusted for changes in stocks

5/ Less than 500,000 pounds.

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

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Table A-4.—Dark air-cured and sun-cured tobacco: U.S. production, exports of domestic merchandise, estimated imports for consumption, and apparent consumption, 1981-85

Year beginning Oct. 1—	Production	Exports	Imports 1/	Apparent consumption 2/	Ratio of imports to consumption
	Million pounds, farm-sales weight				Percent
1981....	16.4	2.0	.2	13.1	1.5
1982....	20.6	1.0	.8	16.1	5.0
1983....	14.7	2.3	.3	12.4	2.4
1984....	19.6	2.6	1.7	13.6	12.5
1985....	15.4	3.0	.8	11.6	6.9

1/ Estimated by the U.S. Department of Agriculture.

2/ Adjusted for stock changes.

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

Table B.--Filler tobacco, other than cigarette leaf: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	1981	1982	1983	1984	1985	January-June-- 1986
Quantity (1,000 pounds)						
Nethlds----	10,032	11,112	14,784	10,048	7,702	1,904
France-----	2,421	1,501	3,686	1,452	2,936	5,301
USSR-----	459	0	149	288	2,359	1,736
Sueden-----	91	1,107	1,064	910	2,665	0
Italy-----	1,806	91	291	850	2,607	18
Dom Rep-----	759	2,761	1,448	518	885	80
Fr Germ-----	1,832	1,619	1,051	1,151	968	417
Benin-----	13,070	1,508	1,595	909	1,035	593
All other-----	30,470	14,686	14,232	15,746	967	486
Total-----		34,185	38,281	31,872	10,878	5,269
					32,117	13,899
Value (1,000 dollars)						
Nethlds----	16,788	20,083	29,280	21,653	16,328	4,318
France-----	5,122	4,167	10,160	4,289	8,472	11,129
USSR-----	1,004	2,038	492	946	7,366	3,768
Sueden-----	231	245	813	2,197	5,526	49
Italy-----	12,638	24,686	13,327	2,004	5,470	214
Dom Rep-----	1,825	3,710	3,074	1,823	4,103	1,814
Fr Germ-----	5,641	5,128	4,872	3,731	3,456	1,729
Benin-----	35,157	39,625	40,933	2,937	3,262	1,647
All other-----	78,406	99,682	105,211	47,125	31,129	15,392
Total-----				86,705	85,112	35,941
					30,453	
Unit value (per pound)						
Nethlds----	\$1.67	\$1.81	\$1.98	\$2.15	\$2.12	\$2.10
France-----	2.12	2.78	2.75	2.95	2.89	2.17
USSR-----	2.19	1.84	3.29	3.12	3.12	2.71
Sueden-----	2.55	2.67	2.18	2.41	2.07	2.69
Italy-----	7.00	8.94	2.79	2.36	2.10	4.35
Dom Rep-----	2.40	2.61	9.20	3.52	6.24	2.91
Fr Germ-----	3.08	3.40	2.92	3.24	3.34	3.39
Benin-----	2.69	2.70	3.05	3.23	3.37	2.96
All other-----	2.57	2.92	2.88	2.99	2.86	2.88
Average-----			2.75	2.72	2.65	2.59

1/ Less than 500.

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

Table C.--Filler tobacco, other than cigarette leaf (farm sales weight equivalent): U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June-- 1985	January-June-- 1986
Quantity (1,000 pounds)							
Dom Rep-----	2,048	1,723	1,433	9,169	5,092	3,983	
Malawi-----	3	0	0	2,393	1,189	1,189	3,329
Mexico-----	1,838	1,299	1,313	1,552	587	340	114
Cameroon-----	71	31	83	90	108	61	231
Paraguay-----	922	7	4	0	677	677	28
Honduras-----	964	598	603	787	193	142	3
Rep Saf-----	56	0	0	887	548	544	204
Italy-----		0	35	1,016	785	358	0
All other-----	2,170	1,111	1,639	1,154	1,127	515	83
Total-----	8,072	4,769	5,110	17,048	10,306	7,807	798
Value (1,000 dollars)							
Dom Rep-----	2,391	2,354	2,137	10,692	5,000	3,994	
Malawi-----	1			2,544	1,185	1,185	3,646
Mexico-----	1,968	1,804	1,760	2,004	1,147	705	36
Cameroon-----	351	285	719	579	469	263	416
Paraguay-----	439	4	2		384	384	196
Honduras-----	1,340	916	1,071	1,346	357	261	2
Rep Saf-----	9		16	602	355	351	298
Italy-----				1,112	284	62	
All other-----	2,211	1,362	1,757	1,006	921	407	25
Total-----	8,711	6,732	7,462	19,683	10,101	7,611	704
Unit value (per pound)							
Dom Rep-----	\$1.17	\$1.37	\$1.49	\$1.17	\$0.98	\$1.00	\$1.10
Malawi-----	0.50			0.98	1.00	1.00	0.31
Mexico-----	1.07	1.39	1.34	1.29	1.95	2.07	1.80
Cameroon-----	4.95	9.23	8.72	6.42	4.33	4.34	7.08
Paraguay-----	0.48	0.62	0.46		0.57	0.57	0.62
Honduras-----	1.39	1.53	1.77	1.71	1.85	1.84	1.46
Rep Saf-----				0.68	0.65	0.65	
Italy-----	0.16		0.45	1.00	0.36	0.17	0.31
All other-----	1.02	1.23	1.07	0.87	0.82	0.79	0.88
Average-----	1.08	1.41	1.46	1.15	0.98	0.97	1.11

1/ Less than 500.

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

Table D.--Filler tobacco, other than cigarette leaf (farm sales weight equivalent): U.S. Imports by certain world areas including designated GSP countries, 1982-85 and January - June 1986

Item	1982	1983	1984	1985	January - June 1986	
					Imports	Percentage distribution
Quantity (1,000 pounds)						
Gross imports-----	4,769	5,110	17,048	10,306	4,789	100
Developed countries, total	305	247	2,315	1,468	431	9
GSP countries, total	4,464	4,863	14,686	8,838	4,358	91
Dom Rep-----	1,723	1,453	9,169	5,092	3,329	70
Malawi-----	0	0	2,393	1,189	114	2
Mexico-----	1,299	1,313	1,552	587	231	5
Cameroon-----	31	83	90	108	28	1
Paraguay-----	7	4	0	677	3	1/4
Honduras-----	598	603	787	193	204	2
Brazil-----	329	272	261	187	80	2
Indonesia-----	0	0	0	372	0	0
Other GSP-----	477	1,100	435	433	370	8
Other-----	0	55	47	0	0	0
Value (1,000 dollars)						
Gross imports-----	6,732	7,462	19,683	10,101	5,323	100
Developed countries, total	169	215	1,931	725	244	5
GSP countries, total	6,563	7,231	17,734	9,376	5,079	95
Dom Rep-----	2,354	2,137	10,692	5,000	3,646	69
Malawi-----	-	-	2,344	1,185	36	1
Mexico-----	1,804	1,760	2,004	1,147	416	8
Cameroon-----	285	719	579	469	196	4
Paraguay-----	4	2	-	384	2	1/6
Honduras-----	916	1,071	1,346	357	298	2
Brazil-----	375	329	310	233	95	2
Indonesia-----	-	-	-	184	-	-
Other GSP-----	824	1,213	461	416	391	7
Other-----	-	16	18	-	-	-

1/ Less than 0.5 percent.
2/ Less than 500.

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

CERTAIN CORDAGE OF ABACA FIBER

DIGEST NO. A106

CERTAIN CORDAGE OF ABACA FIBER
DIGEST NO. A106 (GSP Addition)

Background

Description and uses

TSUS item 315.35 provides for abaca cordage of stranded construction, measuring 3/16 inch or over but under 3/4 inch in diameter. Cordage is an assemblage of textile fibers or yarns, in approximately cylindrical form and of continuous length, whether or not bleached, colored, or treated, designed and chiefly used as an end product. Cordage of stranded construction is composed of three or more strands composed of two or more yarns each, whether or not containing a core, and comprising rope and cable. Abaca, also known as "manila" or "manila hemp", is the hard fiber obtained from the outer layer of the leaf of the abaca plant (Musa textilis) and is found primarily in the Philippines. Abaca should not be confused with "true hemp" (Cannabis sativa), which is a soft or bast fiber that is obtained from the stem of the hemp plant.

The abaca cordage discussed in this digest is purchased largely by retail hardware stores for resale. It is also used for certain industrial and agricultural applications, such as safety rope for utility linemen, animal halters, and general farm use. It is also used for marine decorative and utility purposes, such as to provide a nautical theme when decorating or a protective hand rail on small boats.

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The TSUS item number for the article under investigation is provided below along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

Certain cordage of abaca fiber: TSUS item number, description, tariff rate information, 1/ U.S. imports in 1985 and the GSP competitive status

TSUS item No.	Description	Col. 1 rate of duty effective during—		
		1981	1985	1987
315.35	Abaca cordage, of stranded construction, 3/16 inch or over but under 3/4 inch in diameter.	2¢ per lb + 10% ad val.	6.8% ad val.	6.8% ad val.
		U.S. imports in 1985 (\$1,000)	Product produced in U.S., Jan. 3, 1985	
315.35	Abaca cordage, of stranded construction, 3/16 inch or over but under 3/4 inch in diameter.	4,586	Yes.	

1/ Pursuant to the United States-Israel Free Trade Area Implementation Act of 1985, imports of abaca cordage under TSUS item 315.35 from Israel are subject to a 4.8-percent ad valorem rate of duty in 1986 and those from a designated beneficiary country pursuant to the Caribbean Basin Economic Recovery Act (CBERA) enter duty free. There have been no imports of the abaca cordage from these countries in recent years.

U.S. producers and employment

There are four or five domestic producers of abaca cordage, with the two largest producers, located in Ohio and Wisconsin, accounting for the majority of the output. Only one producer manufactures abaca cordage from fiber, all of which is imported, to finished product (i.e., rope). The other domestic

producers purchase imported abaca yarn, an intermediate product, and manufacture it into rope. Abaca cordage represents a very small part (less than 1 percent) of the total output of domestic cordage production; whereas, manmade-fiber cordage accounts for the largest share. Industry sources estimate that the number of employees involved in the production of abaca cordage totals less than 200 workers. Virtually all of these workers are also involved in the production of other types of cordage or products besides abaca rope.

U.S. consumption and production

Estimated U.S. consumption of abaca cordage declined irregularly from 10.3 million pounds, valued at \$10.1 million, in 1981 to 9.3 million pounds, valued at \$5.5 million, in 1985 (table A). However, the ratio of imports to consumption increased from 78.4 percent (in terms of quantity) and 46.9 percent (in terms of value) in 1981 to 92.7 percent and 83.3 percent, respectively, in 1985. This largely reflected the phasing out of the abaca cordage segment of the operations of several domestic manufacturers to concentrate on producing more profitable items, and the consequent greater use of the lower priced imported cordage.

U.S. production of abaca cordage declined from 2.5 million pounds, valued at \$5.8 million, in 1981 to 0.8 million pounds, valued at \$1.1 million, in 1985. The decline in production is due primarily to lower priced imports gaining acceptance and the displacement of abaca cordage by manmade-fiber cordage.

U.S. exports

Estimated U.S. exports of abaca cordage declined from 215,000 pounds, valued at \$378,000, in 1981 to 108,000 pounds, valued at \$152,000, in 1985 (table B). Exports during this period averaged less than 10 percent of domestic production. Canada, Mexico, and Honduras were the primary markets for this cordage in 1985.

U.S. imports

U.S. imports of the cordage included in this digest decreased from 8.1 million pounds, valued at \$4.8 million, in 1981 to 7.5 million pounds, valued at \$3.9 million, in 1983, and then increased to 8.6 million pounds, valued at \$4.6 million, in 1985 (table C). The increase since 1983 partly reflected the recovery and subsequent expansion of the U.S. economy and the corresponding increase in product demand by consumers. This resulted in a larger demand for abaca cordage, including the lower priced imported cordage.

The great bulk of the imports are supplied by GSP-beneficiary countries, especially the Philippines, the petitioner (table D). The Philippines accounted for 98.5 percent of the quantity and 98.2 percent of the value of total imports in 1981, but its share of total imports declined annually to 89.8 percent of the quantity and 85.3 percent of the value in 1985. Imports of abaca cordage from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

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<u>GSP country</u>	<u>Imports</u>	<u>Percent of total imports</u>
Philippines.....	3,912	85
Pacific Islands.....	50	1
Peru.....	35	1
Taiwan.....	33	1
Ecuador.....	18	<u>1/</u>
Other GSP.....	<u>13</u>	<u>1/</u>
Total.....	4,062	89

1/ Less than 0.5 percent.

Conditions of competition in U.S. market

In the U.S. market, imported and domestically produced abaca cordage compete primarily on price and, to a much lesser extent, quality. U.S. producers manufacturing the cordage from imported yarn believe that the quality of imported abaca cordage is generally comparable to the domestically produced cordage, although the imported cordage often contains a better grade of fiber. However, the domestic producer manufacturing the cordage from the fiber stated that his product is superior in quality to the imported product as a result of the preparation and treatment of the abaca fiber prior to spinning, such as using special waxes, softeners, and oils. The imported abaca cordage generally is not subject to such extensive treatment. In addition, the imported cordage is not always uniform in diameter and twist.

The majority of abaca rope is purchased for retail hardware sales, certain agricultural and industrial uses, and marine decorative purposes.

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Price is, for the most part, the basic determinant in the sale of abaca rope. However, for some end uses, product quality in terms of superior tensile strength, uniformity of diameter, and durability are important considerations to the consumer. Such end uses include safety rope used by linemen for utility companies and certain industrial applications that require a high melting point and a high resistance to abrasion, such as in foundries or steel mills. However, the major competition for domestic abaca cordage producers is not from imports, but from manmade-fiber cordage. Importers and domestic producers of manmade-fiber cordage have captured an increasingly larger share of the small abaca rope market by promoting and advertising the superiority of manmade-fiber cordage because of its greater tensile strength, lighter weight, and better durability.

Brand loyalty or preference is generally not a factor in the sale of domestically produced or imported abaca rope. Many domestic cordage producers apply their label to imported abaca rope. Most domestic producers and importers of abaca rope maintain an inventory of common diameter sizes to furnish the market demands quickly. Domestic manufacturers do have an advantage over importers when a order is placed for a specialty type of abaca rope or for a rope of non-standard diameter. The time lag from the placement of special orders to delivery for a domestic producer is usually 2 weeks, whereas the same order from a foreign producer would take about 3 months. However, this is a small segment of the abaca cordage market. Domestic manufacturers claim that higher costs for labor and for product liability insurance, and the lack of a domestic source of the raw material does not allow them to compete on the basis of price with imports.

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Position of interested parties

The Government of the Philippines, the petitioner requesting GSP status for abaca cordage under item 315.35, believes its exports of abaca cordage under the GSP would have little adverse impact on the U.S. producers. If GSP status is granted, the Philippine Government believes that abaca cordage production in the Philippines would increase, thus allowing a reduction in price and making it more competitive with other types of cordage. No submissions were received from U.S. producers.

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Table A.—Certain cordage of abaca fiber: U.S. producers' shipments, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981-85

(Quantity in thousands of pounds; value in thousands of dollars;
unit value per pound)

Year	Production 1/	Exports 1/	Imports	Apparent consumption	Ratio (percent) of imports to consumption
Quantity					
1981.....	2,450	215	8,112	10,347	78.4
1982.....	1,174	111	7,547	8,610	87.7
1983.....	1,973	173	7,476	9,276	80.6
1984.....	1,869	115	8,200	9,954	82.4
1985.....	792	108	8,642	9,326	92.7
Value					
1981.....	5,758	378	4,754	10,134	46.9
1982.....	2,465	285	4,230	6,410	66.0
1983.....	3,650	265	3,897	7,282	53.5
1984.....	2,990	216	4,363	7,137	61.1
1985.....	1,069	152	4,586	5,503	83.3
Unit value					
1981.....	2.35	1.76	0.59	—	—
1982.....	2.10	2.57	.56	—	—
1983.....	1.85	1.53	.52	—	—
1984.....	1.60	1.87	.53	—	—
1985.....	1.35	1.41	.53	—	—

1/ Estimated.

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

Table B.--Certain cordage of abaca fiber: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	1981	1982	1983	1984	1985	January-June-- 1985	1986
Quantity (1,000 pounds)							
Canada-----	49	18	56	15	18	14	4
Mexico-----	11	7	1	2	15	5	1
Hondura-----	3	1	4	4	13	6	2
Singapr-----	0	0	6	15	6	5	2
Japan-----	2	6	2	0	6	6	1
Chile-----	2	6	4	0	8	0	0
F. Guian-----	1	2	4	4	7	7	0
Italy-----	1	0	1	1	1	1	1
All other-----	147	72	95	75	34	21	13
Total-----	215	111	173	115	108	65	22
Value (1,000 dollars)							
Canada-----	76	43	134	35	41	33	8
Mexico-----	43	16	3	6	22	12	3
Hondura-----	4	1	4	4	13	5	1
Singapr-----	-	-	5	12	10	8	5
Japan-----	9	5	5	-	9	9	1
Chile-----	7	4	4	-	7	-	-
F. Guian-----	1	3	6	8	7	6	2
Italy-----	1	1	1	3	6	4	1
All other-----	236	214	103	148	37	15	18
Total-----	378	285	265	216	152	93	39
Unit value (per pound)							
Canada-----	\$1.57	\$2.40	\$2.38	\$2.37	\$2.30	\$2.30	\$2.10
Mexico-----	4.03	2.27	2.55	2.73	1.48	2.30	5.15
Hondura-----	1.56	4.08	1.14	0.88	0.96	0.91	0.81
Singapr-----	-	-	0.83	0.82	1.74	1.58	2.81
Japan-----	3.93	0.94	2.51	-	1.56	1.56	12.54
Chile-----	2.88	0.62	0.78	-	0.90	-	-
F. Guian-----	1.37	1.36	1.73	2.04	0.96	0.91	-
Italy-----	4.60	1.36	9.60	9.29	8.45	8.12	4.44
All other-----	1.60	2.95	1.08	1.97	1.07	0.72	1.34
Average-----	1.76	2.56	1.53	1.87	1.41	1.44	1.75

1/ Less than 500.

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

Table C.--Certain cordage of abaca fiber: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June-- 1986
Quantity (1,000 pounds)						
Phil R-----	7,987	7,412	7,322	7,598	7,760	4,130
Canada-----	6	4	2	299	468	4,753
Pacific-----	15	0	0	0	87	499
Portugal-----	0	12	0	94	66	0
Peru-----	0	0	0	0	71	0
China t-----	0	103	0	16	76	23
U King-----	0	0	0	1	30	49
Ecuador-----	0	14	65	90	46	30
All other-----	104	3	87	103	38	0
Total-----	8,112	7,547	7,476	8,200	8,642	5,354
Value (1,000 dollars)						
Phil R-----	4,669	4,148	3,813	3,902	3,912	2,035
Canada-----	7	4	2	319	443	2,442
Pacific-----	11	9	-	54	50	-
Portugal-----	-	-	-	-	46	-
Peru-----	-	58	-	8	35	-
China t-----	-	-	-	1	33	9
U King-----	-	8	25	36	28	37
Ecuador-----	67	2	56	44	20	11
All other-----	4,754	4,230	3,897	4,363	4,586	2,534
Unit value (per pound)						
Phil R-----	\$0.58	\$0.56	\$0.52	\$0.51	\$0.50	\$0.43
Canada-----	1.17	1.16	1.07	1.07	0.95	0.89
Pacific-----	0.74	0.75	-	0.57	0.58	-
Portugal-----	-	-	-	-	0.70	-
Peru-----	-	-	-	-	0.49	-
China t-----	-	0.57	-	0.50	0.44	0.39
U King-----	-	-	-	3.00	0.94	0.75
Ecuador-----	0.65	0.57	0.38	0.40	0.40	0.37
All other-----	0.59	0.88	0.65	0.43	0.53	-
Average-----	-	0.56	0.52	0.53	0.53	0.47

1/ Less than 500.

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

Table D.--Certain cordage of abaca fiber: U.S. imports by certain world areas including designated GSP countries, 1982-85 and January - June 1986

Item	1982	1983	1984	1985	January - June 1986	
					Imports	Percentage distribution
Quantity (1,000 pounds)						
Gross imports-----	7,547	7,476	8,200	8,642	5,354	100
Developed countries, total	4	89	344	509	548	10
GSP countries, total-----	7,531	7,387	7,762	8,066	4,806	90
Phil R-----	7,412	7,322	7,598	7,760	4,753	89
Pac Isl-----	0	0	0	87	0	
Peru-----	0	0	0	71	0	
China t-----	103	0	16	76	23	1/
Ecuador-----	14	65	90	46	30	1
Thailand-----	0	0	0	25	0	
Kor Rep-----	2/	0	22	1	0	
Brazil-----	0	0	27	0	0	
Other GSP-----	2	0	9	0	0	
Other-----	12	0	94	66	0	
Value (1,000 dollars)						
Gross imports-----	4,230	3,897	4,363	4,586	2,534	100
Developed countries, total	4	58	342	479	479	19
GSP countries, total-----	4,217	3,838	3,967	4,062	2,055	81
Phil R-----	4,148	3,813	3,902	3,912	2,035	80
Pac Isl-----	-	-	-	50	-	
Peru-----	-	-	-	35	-	
China t-----	58	-	8	33	9	1/
Ecuador-----	8	25	36	18	11	1/
Thailand-----	-	-	-	12	-	
Kor Rep-----	2/	-	10	1	-	
Brazil-----	-	-	7	-	-	
Other GSP-----	2	-	5	-	-	
Other-----	9	-	54	46	-	

1/ Less than 0.5 percent.
2/ Less than 500.

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

CERTAIN BENZENOID CHEMICALS

DIGEST NO. A107

CERTAIN BENZENOID CHEMICALS
DIGEST NO. A107 (GSP Addition)

Background

Description and uses

The benzenoid chemicals discussed in this digest are benzyl alcohol, benzyl chloride, N-tert-butyl-2-benzothiazolesulfenamide, terephthalic acid, and unmixed toluene diisocyanates. The uses for these chemicals are varied. The principal uses are: benzyl alcohol—used in photographic chemicals, fragrances, and pharmaceuticals; benzyl chloride—used to produce benzyl phthalate plasticizers; N-tert-butyl-2-benzothiazolesulfenamide—used as an accelerator in processing rubber; terephthalic acid—used in manufacturing polyester fibers and polyethyleneterephthalate (PET) resins for bottles; and, unmixed toluenediisocyanates—used to produce polyurethane resins and foams and synthetic elastomers.

The TSUS item numbers for the articles under investigation are provided in the table on the following page along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

U.S. producers and employment

The number of U.S. producers of these chemicals in 1981 and 1985 are given in the following tabulation:

<u>Product</u>	<u>Year</u>	
	<u>1981</u>	<u>1985</u>
Benzy alcohol.....	2	2
Benzyl chloride.....	2	3
N-tert-Butyl-2- benzothiazolesulfenamide.	2	3
Terephthalic acid.....	2	2
Toluenediisocyanates (unmixed).	4	3

Source: Synthetic Organic Chemicals, United States Production and Sales, 1981-85.

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Certain benzenoid chemicals: TSUS item number, description, tariff rate information, U.S. imports in 1985, and the GSP competitive status

TSUS item No.	Description	Col. 1 rate of duty effective during—		
		1981	1985	1987
		Percent ad valorem		
402.56	Benzyl chloride (α -chloro- toluene).	0.9¢ per lb. + 12.5% (14.5%) 1/	10.5%	7.9%
403.45(pt.)	Other: (Benzyl alcohol).....	11%	8.1%	6.6%
404.16	Terephthalic acid.....	23.3%	21.1%	20%
405.44	Toluenediisocyanates (unmixed).	0.4¢ per lb. + 12.5% (12.9%) 1/	9.2%	7.2%
406.39(pt.)	Other: Products provided for in the chemical Appendix to the Tariff Schedules N-tert-Butyl-2-benzothiazole- sulfenamide.	2/	1.7¢ per lb. + 16.2% (16.9%) 1/	1.7¢ per lb. + 16.2% (16.9%) 1/
		U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985	
402.56	Benzyl chloride (α -chloro- toluene).	500	Yes.	
403.45(pt.)	Other: (Benzyl alcohol).....	3,765 3/	Yes.	
404.16	Terephthalic acid.....	204	Yes.	
405.44	Toluenediisocyanates (unmixed)	175	Yes.	
406.39(pt.)	Other: Products provided for in the chemical Appendix to the Tariff Schedules N-tert-Butyl-2-benzothiazole- sulfenamide.	380 3/	Yes.	

1/ Figure in parenthesis is the percent ad valorem equivalent of the compound rate given in the TSUS for this item.

2/ TSUS item 406.39 was established September 1, 1985 from TSUS item 406.40 with a column 1 rate of duty identical to the 1985 rate.

3/ Estimated by the staff of the U.S. International Trade Commission.

Employment data for the U.S. producers of the products covered in this digest are not available.

U.S. consumption and production

The aggregated data for U.S. consumption and production for these chemicals are shown in Table A. Apparent consumption for this grouping of products increased in quantity by * * * million pounds, or * * * percent to * * * billion pounds in 1985 from 1981, but decreased in value by * * * percent to * * * million over the same period. Most of the increase in apparent consumption was due to an increase in consumption of terephthalic acid over this period, however, apparent consumption of * * *. U.S. consumption of this latter product, * * *, quadrupled over this period, with U.S. production accounting for the major portion of the increase. During 1981-85 the import to consumption ratio for this grouping of products was * * *.

U.S. production of these products increased from * * * billion pounds in 1981 to * * * billion pounds in 1985. Terephthalic acid accounted for * * * percent of the total production quantity of these chemicals in 1985. The two U.S. producers of terephthalic acid are Amoco and Cape Industries (formerly Hercofina). Amoco has historically accounted for around * * * percent of U.S. production of terephthalic acid * * *. Amoco is the world's leading producer of this chemical and, according to a trade

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journal, is the price setter for terephthalic acid. ^{1/} Benzyl chloride showed a decline in production from 1981-85, decreasing * * * million pounds, or * * * percent, to * * * million pounds in 1985. The unit value of sales of benzyl chloride also declined from * * * cents per pound in 1981 to * * * cents per pound in 1985.

U.S. exports

All of the chemicals covered by this digest are classified under residual (basket) Schedule B provisions, hence no individual export data are available. Based on estimates made by the Commission staff and industry representatives, exports of these products increased from 1981-85 by 144.7 million pounds to 260.6 million pounds. The value of such exports also increased over this period from \$63.1 million in 1981 to \$91.7 million in 1985. The principal markets for these exports in 1985 by percent of total value were Taiwan (22 percent), Canada (14 percent), the Republic of Korea (12 percent), and China (12 percent).

U.S. imports

U.S. imports of these chemicals from all sources increased from 2.1 million pounds, valued at \$2.3 million in 1981, to 9.0 million pounds, valued at \$5.0 million in 1985 (table C). Of the five products covered by this digest, only unmixed toluenediisocyanates showed a decline in imports. The principal sources of imports of all the chemicals covered in this digest by

^{1/} "Static para may boost fibers," European Chemical News, July 7, 1986, p. 9.

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value in 1985 were the Netherlands (24 percent), France (24 percent), and West Germany (21 percent).

Imports of this group of products from GSP-eligible countries accounted for 11 percent by quantity and 8 percent by value of imports from all sources in 1985 (table D). Mexico was the principal source of such imports in 1985 accounting for 88 percent by quantity and 79 percent by value of imports from all GSP-eligible countries.

Imports of certain benzenoid chemicals from GSP eligible countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Mexico.....	323	6
Argentina.....	74	2
Guyana.....	8	<u>1/</u>
Israel.....	<u>1</u>	<u>1/</u>
Total.....	406	8

1/ Less than 0.5 percent.

Conditions of competition in the U.S. market

All imports of these products are of similar quality to the U.S. products and can be substituted for like articles produced in the United States, and hence are competitive with domestic production. According to available data, the average U.S. price for these products is about 22 percent lower than the price of the imported chemicals. For four of the five chemicals covered in this digest there are one or two U.S. firms which are predominant in the domestic merchant markets for these products, and one additional producer with only * * * or less of the market share.

Position of interested parties

The petitioners requesting GSP eligibility for these products are: Compania Quimica Ameyal, S.A. De C.V. (Mexico), requesting that benzyl alcohol and benzyl chloride be added to the list of GSP-eligible products; Quimica Organica De Mexico, S.A. De C.V. (Mexico), requesting that N-tert-butyl-2-benzothiazolesulfenamide be added to the list of GSP-eligible products; Celanese Fibers, a division of Celanese Corporation (U.S.A.), requesting that terephthalic acid (TPA) be added to the list of GSP-eligible items; and, Industries Cydsa Bayer, S.A. De C.V. (Mexico), requesting that unmixed toluenediisocyanates (TDI) be added to the list of GSP-eligible items.

Compania Quimica Ameyal is partially owned (40 percent) by Uniroyal Chemical Company, Inc., a U.S. corporation. ^{1/} Industrias Cydsa Bayer is partially owned (40 percent) by Bayer, A.G., a West German corporation. Bayer, through their various multinational operations, is a world-scale producer of toluenediisocyanates. Uniroyal Chemical Corp. was not a U.S. producer of benzyl alcohol or benzyl chloride during 1981-85.

The only submission to the Commission concerning the proposed GSP-additions covered by this digest was a written opposition submitted by Mr. Thomas B. Evans, Jr., and Mr. Douglas E. Lavin, Counsels from the law firm of Manatt, Phelps, Rothenberg, Tunney, and Evans, on behalf of Cape Industries, a U.S. producer of terephthalic acid. This submission stated that the level of TPA imports into the United States from both Mexico and the Far East would be expected to dramatically exceed current imports if GSP were granted for TPA.

^{1/} "Uniroyal has recently signed an agreement with Avery Inc., for the purchase of Uniroyal Chemical." Chemical and Engineering News, August 18, 1986, p.8.

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These imports would have a serious detrimental effect on the U.S. TPA industry due to three factors: first, the U.S. capacity, utilization for this industry is currently low; second, the Mexican industry is benefited by a government feedstock subsidy for paraxylene; and third, subsidized TPA imports from Mexico would also pose a threat to the U.S. dimethylterephthalate industry, a product directly competitive to TPA.

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Table A.—Certain benzenoid chemicals: U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981–85

(Quantity in thousands of pounds; value in thousands of dollars;
unit value per pound)

Year	U.S. production	Exports 1/	Imports	Apparent consumption 1/	Ratio (percent) of imports to consumption
Quantity					
1981....	***	115,835	2,171	***	***
1982....	***	121,251	4,629	***	***
1983....	***	160,160	3,676	***	***
1984....	***	172,907	6,272	***	***
1985....	***	260,567	8,996	***	***
Value					
1981....	***	63,118	2,325	***	***
1982....	***	61,279	4,156	***	***
1983....	***	74,120	2,492	***	***
1984....	***	71,115	4,198	***	***
1985....	***	91,648	5,024	***	***
Unit value					
1981....	***	\$0.54	\$1.07	—	—
1982....	***	.51	.90	—	—
1983....	***	.46	.68	—	—
1984....	***	.41	.67	—	—
1985....	***	.35	.56	—	—

1/ Estimated by the staff of the U.S. International Trade Commission.

Source: Production, compiled from U.S. International Trade Commission, Synthetic Organic Chemicals, United States Production Sales, exports and imports, compiled from official statistics of the U.S. Department of Commerce.

Table B.--Certain benzenoid chemicals: U.S. exports of domestic merchandise, by principal markets, 1981-85,
January-June 1985, and January-June 1986

Market	1981	1982	1983	1984	1985	January-June-- 1986
	Quantity (1,000 pounds)					
China t-----	25,208	32,939	30,788	15,172	71,320	24,960
Canada-----	24,649	21,994	28,751	29,911	25,645	25,966
Kor Rep-----	12,284	5,798	21,990	35,373	42,785	20,396
China M-----	2,946	3,845	3,079	21,794	41,675	9,517
Indonesia-----	360	2,453	4,462	12,263	18,037	4,035
Japan-----	12,353	9,846	13,521	4,372	4,259	1,679
Fr Germ-----	1,815	3,342	5,520	2,542	3,953	2,698
Belgium-----	3,477	5,569	5,398	5,760	4,559	2,431
All other-----	32,743	35,464	4,652	47,720	48,333	1,137
Total-----	115,835	121,251	160,160	172,907	260,567	22,714
	Value (1,000 U.S. dollars)					
China t-----	8,067	9,363	8,732	4,921	19,689	6,916
Canada-----	12,834	10,962	14,669	13,908	12,937	6,368
Kor Rep-----	4,403	2,613	6,887	10,200	11,405	5,302
China M-----	1,064	1,578	1,313	6,374	11,312	2,677
Indonesia-----	231	884	1,442	3,475	4,888	1,055
Japan-----	7,713	5,964	8,110	3,749	3,629	1,534
Fr Germ-----	1,369	2,162	3,009	1,909	2,564	1,720
Belgium-----	2,092	3,332	4,155	2,829	2,196	815
All other-----	25,346	24,421	25,803	23,750	23,028	11,373
Total-----	63,118	61,279	74,120	71,115	91,648	38,494
	Unit value (per pound)					
China t-----	\$0.32	\$0.28	\$0.28	\$0.32	\$0.28	\$0.28
Canada-----	0.52	0.50	0.51	0.46	0.50	0.74
Kor Rep-----	0.36	0.45	0.31	0.29	0.27	0.28
China M-----	0.36	0.41	0.43	0.29	0.28	0.24
Indonesia-----	0.64	0.36	0.32	0.28	0.27	0.27
Japan-----	0.62	0.61	0.60	0.86	0.85	0.91
Fr Germ-----	0.75	0.65	0.67	0.75	0.65	0.60
Belgium-----	0.60	0.60	0.65	0.75	0.72	0.42
All other-----	0.77	0.69	0.55	0.50	0.48	0.47
Average-----	0.54	0.51	0.46	0.41	0.35	0.35

1/ Less than 500.

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

Table C.--Certain benzenoid chemicals: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June-- 1985	1986
	Quantity (1,000 pounds)						
Nethlds----	415	995	590	1,056	1,936	820	380
France-----	363	261	391	1,093	1,929	1,097	1,009
Fr Germ-----	1,117	2,018	504	1,576	2,127	853	1,689
U King-----	2	37	132	582	1,054	559	1,086
Mexico-----	0	580	872	223	844	87	0
Spain-----	0	141	175	401	582	223	267
Switzld-----	0	4	33	33	115	55	1
Belgium-----	235	390	516	306	218	179	41
All other-----	39	203	462	1,002	282	228	201
Total-----	2,171	4,629	3,676	6,272	8,936	4,100	4,674
	Value (1,000 dollars)						
Nethlds-----	370	869	475	746	1,224	530	294
France-----	330	274	326	709	1,184	629	706
Fr Germ-----	1,469	2,188	340	916	1,057	403	1,015
U King-----	4	54	128	366	439	224	592
Mexico-----	-	217	294	84	323	49	-
Spain-----	-	125	142	254	286	131	160
Switzld-----	101	34	72	50	139	58	36
Belgium-----	50	177	288	117	132	93	37
All other-----	50	220	427	957	240	171	272
Total-----	2,325	4,156	2,492	4,198	5,024	2,289	3,111
	Unit value (per pound)						
Nethlds-----	\$0.89	\$0.87	\$0.81	\$0.71	\$0.63	\$0.65	\$0.77
France-----	0.91	1.05	0.83	0.65	0.61	0.57	0.70
Fr Germ-----	1.32	1.08	0.67	0.58	0.50	0.47	0.60
U King-----	2.37	1.46	0.97	0.63	0.42	0.40	0.55
Mexico-----	-	0.37	0.34	0.38	0.38	0.56	-
Spain-----	-	0.87	0.81	0.63	0.57	0.59	0.60
Switzld-----	-	9.65	2.17	1.52	1.21	1.07	52.75
Belgium-----	0.43	0.45	0.56	0.38	0.61	0.52	0.91
All other-----	1.27	1.08	0.92	0.96	0.85	0.75	1.35
Average-----	1.07	0.90	0.68	0.67	0.56	0.56	0.67

1/ Less than 500.

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

Table D.--Certain benzenoid chemicals: U.S. imports by certain world areas including designated GSP countries, 1982-85 and January - June 1986

Item	1982	1983	1984	1985	January - June 1986	
					Imports	Percentage distribution
Quantity (1,000 pounds)						
Gross imports-----	4,629	3,676	6,272	8,996	4,674	100
Developed countries, total:	3,844	2,600	5,562	7,538	4,407	94
GSP countries, total-----	580	901	223	957	2/	1/
Mexico-----	580	872	223	844	0	
Argent-----	0	0	0	109	0	
Guyana-----	0	0	0	4	0	
Israel-----	0	0	0	2/	0	
China t-----	0	29	0	2/	0	
India-----	0	2/	0	2/	0	
Brazil-----	0	0	0	0	2/	1/
Kor Rep-----	0	2/	0	0	2/	1/
Other GSP-----	0	0	0	0	2/	1/
Other-----	205	175	488	502	267	6
Value (1,000 dollars)						
Gross imports-----	4,156	2,492	4,198	5,024	3,112	100
Developed countries, total:	3,769	2,031	3,799	4,330	2,943	95
GSP countries, total-----	217	319	84	407	1	1/
Mexico-----	217	294	84	323	74	
Argent-----	-	-	-	8	-	
Guyana-----	-	-	-	1	-	
Israel-----	-	-	-	2/	-	
China t-----	-	21	-	2/	-	
India-----	2/	1	2/	-	2/	1/
Brazil-----	-	-	-	-	2/	1/
Kor Rep-----	-	3	-	-	2/	1/
Other GSP-----	-	-	-	-	-	
Other-----	170	142	315	287	168	5

1/ Less than 0.5 percent.
2/ Less than 500.

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

SELECTED DIRECT DYES

DIGEST NO. A108

SELECTED DIRECT DYES
DIGEST NO. A108 (GSP Addition)

Background

Descriptions and uses

There are eight major commercial classes of synthetic organic dyes. Direct dyes is one of the eight major commercial dye classes, which in 1985, accounted for 13 percent of total U.S. production. Products represented by the two TSUS item numbers in this digest were supposedly not produced in the United States prior to 1979. Industry sources state, however, that virtually all these dyes are now produced domestically.

Direct dyes, which have been used since the late 1800's, are so named because they dye cellulosic fibers directly without any pre-processing (i.e. mordanting). These dyes represent an extensive range of products that are economical and easy to use. However, their physical properties such as light fastness can vary greatly from product to product.

The TSUS item numbers for the articles under investigation are provided in the table on the following page along with information on U.S. tariff rates, U.S. imports in 1985, and GSP competitive status.

U.S. producers and employment

Data reported to the commission indicate that 15 companies produced dyes covered by this digest in 1985. Total direct dye production accounted for 13 percent of all U.S. dye production.

According to industry sources, there are approximately * * * employees involved with the production, sales, and service of with direct dyes. Production facilities are located on the East Coast and the Southeast.

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Selected direct dyes: TSUS item number, description, tariff information, U.S. imports in 1983, and the GSP competitive status.

TSUS item No.	Description	Col. 1 rate of duty effective during—		
		1981	1985	1987
		—Percent ad valorem—		
409.78	Direct dyes: Direct black 51, 69, 112, 114, 118, 122; direct blue 74, 77, 90, 137, 156, 158, 158:1, 207, 211, 225, 244, 267; direct brown 97, 113, 157, 169, 170, 200, 212, 214; direct green 33, 59, 67, 68; direct orange 17, 60, 105, 106, 107, 118; direct red 9, 89, 92, 95, 111, 127, 173, 207, 221, direct violet 47, 93, and 95, 96, 98, 109, 110, 133, 134.	20.2%	13.1%	9.5%
409.82	Other: Products provided for in the Chemical Appendix to the Tariff Schedules.	26.5%	22.2%	20%
		U.S. imports Product pro- in 1985 duced in U.S., (\$1,000) Jan. 3, 1985		
409.78	Direct dyes: Direct black 51, 69, 112, 114, 118, 122; direct blue 74, 77, 90, 137, 156, 158, 158:1, 207, 211, 225, 244, 267; direct brown 97, 113, 157, 169, 170, 200, 212, 214; direct green 33, 59, 67, 68; direct orange 17, 60, 105, 106, 107, 118; direct red 9, 89, 92, 95, 111, 127, 173, 207, 221, direct violet 47, 93, and 95, 96, 98, 109, 110, 133, 134.	1,856	Yes.	
409.82	Other: Products provided for in the Chemical Appendix to the Tariff Schedules.	3,592	Yes.	

U.S. consumption and production

U.S. consumption of all direct dyes decreased from 37.5 million pounds in 1981 to 30.5 million pounds in 1983 before increasing to approximately 32.8 million pounds in 1985. In 1985, U.S. production of all direct dyes was estimated at approximately 30 million pounds, valued at \$79.3 million. U.S. production and consumption of direct dyes follow general conditions in the economy and particular conditions in the textile industry. Total U.S. production of direct dyes declined from 36 million pounds in 1981 to 27.7 million pounds in 1983. Production then increased to 30 million pounds in 1985. U.S. consumption and production data for the selected dyes covered in this digest are unavailable (table A). Industry sources state, however, that production and consumption of these dyes accounts for less than * * * percent of total dye production and consumption.

U.S. exports

U.S. exports of all direct dyes increased continuously from 1.0 million pounds, valued at \$2.7 million in 1982 to 2.0 million pounds, valued at \$5.5 million in 1985. More than 75 percent of U.S. exports went to Canada and Switzerland in 1985 (table B).

U.S. imports

During 1981-84, imports of selected direct dyes increased from approximately 1.9 million pounds, valued at some \$5.9 million to 2.3 million pounds, valued at \$6.3 million (table C). In 1985, imports declined slightly

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to 1.9 million pounds, valued at \$5.4 million. Imports of selected direct dyes in 1985, represented approximately 40 percent of all imported direct dyes.

Imports from Generalized System of Preferences (GSP) countries increased from 139,000 pounds, valued at \$398,000 in 1983, to 287,000 pounds, valued at \$701,000, in 1984 before declining to 214,000 pounds, valued at \$425,000 in 1985. Imports from GSP countries in 1985 represented 11 percent of all imports of direct dyes. The two major GSP suppliers during 1982-85 were Taiwan and India.

Imports of selected pigments from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Taiwan.....	165	3
India.....	116	2
Yugoslavia.....	57	1
Argentina.....	9	<u>1/</u>
Romania.....	<u>6</u>	<u>1/</u>
Total.....	353	6

1/ Less than 1 percent.

Conditions of competition in U.S. market

The dye industry is a mature industry with most new developments occurring in process design and applications technology. Marketing dyes in the United States usually requires the producer to have a technical service staff that assists users with applications problems. Many U.S. producers have either production facilities or technical service labs in the South Eastern

textile region. The dye industry is dominated by large European multinationals. Smaller exporters to the United States often market their products through small domestic producers and select limited end-use markets. Also, the current excess capacity in the industry has emphasized the need for lower costs and increased productivity. The larger companies with extensive experience will most likely develop this technology.

Position of interested parties

The Government of Argentina is the petitioner to add selected direct dyes to the list of eligible products under the GSP. Information given in its petition is aggregated for pigments, dyes, and certain chemical intermediates. The petition states that although their chemical industry currently has excess capacity, it is unable to sell its products in the United States, given its current domestic cost structure. The petition further states that profitability in these industries is approximately 3 percent of total sales. If preferential treatment is given, the action would strengthen the economic development in Argentina.

In a written brief, the AD Hoc U.S. Dye Manufacturers' Coalition opposed adding selected direct dyes to the list of GSP-eligible products. The petition stated that since the U.S. textile industry has suffered from substantial imports, the U.S. dye industry has substantial excess capacity. This condition has lowered prices and profit margins and caused a number of major U.S. companies (e.g., Dupont) to leave the industry.

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They point out that the production technology for direct dyes is readily available and producing direct dyes does not require a lot of sophisticated equipment. Given these two conditions, GSP countries enjoy significant cost advantages, relative to U.S. producers, because they have lower wage costs, no environmental costs, and duty-free access to dye intermediates.

They further note that there would be a strong economic incentive for these countries to import semi-finished dyes and then ship the finished goods to the United States duty free.

In oral testimony, David Alcorn, president of Krompton & Knowles, further opposed adding selected direct dyes to the list of GSP-eligible products. He noted that direct dyes are used extensively to dye cellulosic fibers such as cotton and rayon. Because they can be produced at low cost, direct dyes are a major product sold by the U.S. dye industry to the U.S. textile industry.

He stated that currently U.S. dye imports were, for the most part, specialty dyes not produced in the United States. If import duties were removed for GSP countries, they would be able to export large quantities of the major domestically produced dyes. A greater threat than dye imports from Argentina would be the large quantities available from Korea, Taiwan, Mexico, and Brazil. Since these countries severely limit their imports, Mr. Alcorn believes the United States should not give these countries exceptional trade advantages.

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Table A.—Selected direct dyes: U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981-85

Year	U.S. production 1/	Exports	Imports	Apparent consump- tion 1/	Ratio (percent) of imports to consumption 1/
Quantity (1,000 pounds)					
1981....		1,174	1,873		
1982....		1,041	1,869		
1983....		1,314	2,172		
1984....		1,425	2,280		
1985....		2,039	1,893		
Value (1,000 dollars)					
1981....		3,123	5,850		
1982....		2,712	5,178		
1983....		5,450	5,985		
1984....		4,685	6,269		
1985....		5,488	5,448		
Unit value (per pound)					
1981....		2.66	3.12		
1982....		2.61	2.77		
1983....		4.15	2.76		
1984....		3.29	2.75		
1985....		2.69	2.88		

1/ Not available.

Source: Production, compiled from U.S. International Trade Commission, Synthetic Organic Chemicals, United States Production and Sales, exports and imports, compiled from official statistics of the U.S. Department of Commerce.

Table B.--Selected direct dyes: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	1981	1982	1983	1984	1985	January-June-- 1985	1986
Quantity (1,000 pounds)							
Switzld-----	1/	63	386	507	574	326	312
Canada-----	899	783	791	799	626	266	317
Hg Kong-----	2	1	1	0	550	285	84
Brazil-----	0	1/	0	0	48	0	0
U King-----	23	27	10	7	57	3	18
Salvadr-----	1	2	1	1	15	9	4
Colomb-----	15	14	9	8	13	4	8
Peru-----	0	2	1	4	12	1	4
All other-----	235	150	115	99	146	55	100
Total-----	1,174	1,041	1,314	1,425	2,039	949	848
Value (1,000 dollars)							
Switzld-----	1	351	3,121	2,548	2,896	1,708	1,567
Canada-----	2,199	1,614	1,858	1,631	1,389	644	743
Hg Kong-----	7	5	4	-	359	185	68
Brazil-----	-	2	-	-	231	-	-
U King-----	50	51	41	15	119	15	58
Salvadr-----	7	20	11	12	82	47	29
Colomb-----	82	69	46	51	69	25	22
Peru-----	-	10	5	23	63	7	32
All other-----	779	590	364	406	279	147	246
Total-----	3,123	2,712	5,450	4,685	5,488	2,779	2,766
Unit value (per pound)							
Switzld-----	\$8.05	\$5.53	\$8.08	\$5.02	\$5.05	\$5.23	\$5.02
Canada-----	2.45	2.06	2.35	2.04	2.22	2.43	2.34
Hg Kong-----	3.99	5.56	3.90	-	0.65	0.65	0.81
Brazil-----	-	11.84	-	-	4.86	-	-
U King-----	2.19	1.87	4.07	2.15	2.08	5.26	3.23
Salvadr-----	8.71	11.41	11.98	10.19	5.39	5.54	6.76
Colomb-----	5.47	5.11	5.17	6.55	5.42	6.42	4.98
Peru-----	-	5.97	10.32	5.94	5.24	4.81	4.30
All other-----	3.32	3.95	3.17	4.12	1.92	2.68	2.47
Average--	2.66	2.61	4.15	3.29	2.69	2.93	3.26

1/ Less than 500.

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

Table C.--Selected direct dyes: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	Quantity (1,000 pounds)				
	1981	1982	1983	1984	1985
					January-June-- 1985
					1986
Fr Germ-----	481	675	911	923	505
Nethlds-----	226	289	556	625	558
Switzld-----	110	149	122	163	192
U King-----	92	65	55	78	93
France-----	189	153	138	55	180
China t-----	7	7	17	28	146
Belgium-----	15	23	41	37	34
India-----	49	99	44	118	79
All other-----	705	410	288	253	11
Total-----	1,873	1,869	2,172	2,280	152
					923
					1,893
					1,165
Fr Germ-----	1,527	1,654	2,229	2,281	1,691
Nethlds-----	632	724	1,365	1,373	1,375
Switzld-----	622	757	552	663	682
U King-----	394	186	154	289	656
France-----	656	559	672	373	286
China t-----	21	14	35	78	165
Belgium-----	65	70	130	144	41
India-----	110	245	171	402	32
All other-----	1,822	968	677	666	49
Total-----	5,850	5,178	5,985	6,269	361
					182
					2,632
					4,020
Fr Germ-----	\$3.17	\$2.45	\$2.45	\$2.47	\$3.35
Nethlds-----	2.80	2.51	2.45	2.19	2.46
Switzld-----	5.66	5.09	4.53	4.05	3.55
U King-----	4.30	2.88	2.79	3.70	3.65
France-----	3.47	3.66	3.87	6.82	1.96
China t-----	3.23	1.85	2.09	2.80	2.08
Belgium-----	4.22	3.03	3.16	3.94	2.61
India-----	2.25	2.43	3.91	3.40	3.24
All other-----	2.59	2.36	2.35	2.64	2.37
Average-----	3.12	2.77	2.76	2.75	2.88
					2.85
					3.45

1/ Less than 500.

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

Table D.--Selected direct dyes: U.S. imports by certain world areas including designated GSP countries, 1982-85 and January - June 1986

Item	1982	1983	1984	1985	January - June 1986	
					Imports	Percentage distribution
Quantity (1,000 pounds)						
Gross imports-----	1,869	2,172	2,280	1,893	1,165	100
Developed countries, total:	1,627	1,996	1,951	1,666	1,034	89
GSP countries, total-----	153	123	218	148	82	7
China t-----	7	17	28	79	38	3
India-----	99	44	118	36	13	1
Yugosl v-----	33	28	37	31	31	3
Argent-----	0	0	0	1	0	
Romania-----	0	0	1	1	0	
Thailand-----	0	0	1	0	0	
Kor Rep-----	0	35	33	0	0	
Egypt-----	14	0	0	0	0	
Other-----	89	54	111	79	49	4
Value (1,000 dollars)						
Gross imports-----	5,178	5,985	6,269	5,448	4,020	100
Developed countries, total:	4,495	5,488	5,445	4,993	3,748	93
GSP countries, total-----	363	333	620	352	196	5
China t-----	14	35	78	165	107	3
India-----	245	171	402	116	31	1
Yugosl v-----	74	73	80	57	59	1
Argent-----	-	-	-	9	-	
Romania-----	-	-	6	6	-	
Thailand-----	-	-	4	-	-	
Kor Rep-----	-	54	51	-	-	
Egypt-----	30	-	-	-	-	
Other-----	320	164	204	103	75	2

1/ Less than 0.5 percent.
2/ Less than 500.

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

SELECTED PIGMENTS

DIGEST NO. A109

SELECTED PIGMENTS
DIGEST NO. A109 (GSP Addition)

Background

Descriptions and uses

The synthetic organic pigments covered in this report are derived from benzenoid crudes and chemical intermediates. Pigments are finely divided insoluble powders that are produced in a wide variety of hues, tints, and physical properties. Usually, a number of specific physical characteristics determine the final use. Principal uses of pigments include inks, coatings, and plastics. In the United States, there are more than 200 pigments produced in commercial quantities. The products covered in TSUS item 410.28 represent pigments that were supposedly not produced in 1979. By 1985, however, about 10 of these pigments were supposedly produced domestically.

The TSUS item numbers for the articles under investigation are provided in the table on the following page along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

U.S. producers and employment

Data reported to the Commission in 1985 indicate that at least 15 companies produced the chemicals covered by this digest. Since most pigment companies produce a variety of products, it is difficult to determine the exact number of product-related employees. According to industry sources, however, approximately * * * employees, involved with production, sales, and product service, were associated with the pigments covered in this digest in 1985.

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Selected Pigments: TSUS item number, description, tariff rate information,
U.S. imports in 1983, and the GSP competitive status

		Col. 1 rate of duty effective during—		
TSUS item No.	Description	1981	1985	1987
		Percent ad valorem		
410.28	Pigment black 1; Pigment blue 16, 18; Pigment brown 22, 23, 25, 32; Pigment green 8; Pigment range 31, 34, 36, 51; Pigment red 9, 14, 34, 48:3, 52, 68, 112, 139, 144, 146, 151, 166, 169, 170, 171, 175, 176, 177, 178, 180, 185, 188, 192, 199, 208, 209, 216, 220, 221; Pigment violet 32; Pigment yellow 16, 24, 49, 62:1, 81, 93, 95, 97, 101, 108, 109, 110, 113, 117, 127, 138, 153.	17.4%	11.3%	8.3%
		U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985	
410.28	Pigment black 1; Pigment blue 16, 18; Pigment brown 22, 23, 25, 32; Pigment green 8; Pigment range 31, 34, 36, 51; Pigment red 9, 14, 34, 48:3, 52, 68, 112, 139, 144, 146, 151, 166, 169, 170, 171, 175, 176, 177, 178, 180, 185, 188, 192, 199, 208, 209, 216, 220, 221; Pigment violet 32; Pigment yellow 16, 24, 49, 62:1, 81, 93, 95, 97, 101, 108, 109, 110, 113, 117, 127, 138, 153.	26,606	Yes.	

U.S. consumption and production

Data on U.S. consumption and production of the specific pigments in this report are unavailable (table A). Industry sources state, however, that production and consumption of these products accounts for less than * * * percent of total pigments production and consumption. Trends in production and consumption follow those of the whole pigments industry. The industry is a mature industry influenced by overall economic conditions and particular economic conditions in housing and printing. Total U.S. synthetic pigment production declined from 75.8 million pounds in 1981 to 71.3 million pounds in 1982. Production then increased to 85.7 million pounds in 1984, before decreasing to 80.3 million pounds in 1985. During 1981-82, total U.S. synthetic pigment consumption remained constant at approximately 61 million pounds. During 1983-85, consumption increased to 83.8 million pounds in 1984 before declining to 81.3 million pounds in 1985.

U.S. exports

U.S. exports of all synthetic pigments varied between 20 and 23 million pounds during 1981-83; exports then dropped to 18 million pounds in 1985. Average unit values for U.S. pigment exports are substantially lower than for both average overall industry and average import unit values. In 1985, the three largest markets for U.S. exports, were Canada, the Netherlands, and Japan, accounting for 46 percent of total exports.

U.S. imports

U.S. imports of all pigments increased steadily from 8.9 million pounds in 1981 to 19.3 million pounds in 1985. Imports of the selected pigments in this digest remained constant at approximately 2 million pounds during 1981-83 and then increased to approximately 3 million pounds during 1984-85 (Table C). Unit values for imports of the selected pigments were substantially higher than the average unit value for all imports. In 1985, the unit value for selected imports was \$8.66, while average unit value for all imported pigments was \$4.68. Of the 3.08 million pounds of selected dyes imported in 1985, 272,000 pounds (9 percent) came from Generalized System of Preferences (GSP) countries. The principal source of GSP imports in 1985 was Mexico with 245,000 pounds.

Imports of selected pigments from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars).

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Cameroon.....	117	1/
Mexico.....	105	1/
India.....	79	1/
Congo.....	46	1/
Taiwan.....	5	1/
Total.....	352	1

1/ Less than 1 percent.

Conditions of competition in U.S. market

Using pigments is a sophisticated process that requires applications expertise. Marketing pigments in the United States requires the producer to have a technical service staff that can assist the end user with applications

2. Argentine producers have available the latest technology and possess modern high-volume production facilities.

3. The U.S. pigments industry must adhere to strict and costly environmental regulations. The Argentine producers have no environmental regulations.

4. Many GSP-eligible countries subsidize industries for social reasons (i.e., employment) and are willing to produce products at any cost to enter a market. Eliminating U.S. duties on pigments could initiate this strategy in a number of GSP countries that have a pigment industry.

5. The average duty per pound was 81 cents. Adding this amount to the export tax benefits already provided by the Argentine government will greatly disort the cost advantage of the Argentine producers.

6. In Argentina, raw materials imported for further processing and eventual export are eligible for duty-drawback. There is no control over shipping partially processed European goods through the Argentine tariff-free system.

In addition to harming the U.S. pigments industry, the DCMA is concerned that the U.S. intermediates industry that supplies the pigments industry would also be harmed.

problems. The major end users are likely to buy from an established company with a reputation for good applications assistance. Smaller foreign exporters to the United States often market their products through small domestic producers and select product specific markets. The current excess capacity is keeping prices low and forcing all producers to increase productivity. Increases in productivity are likely to be developed in larger U.S. and European production facilities.

Position of interested parties

The Government of Argentina is the petitioner to add selected pigments to the list of eligible products under the GSP. Information given in its petition is aggregated for pigments, dyes, and certain chemical intermediates. The petition states that although it currently has excess capacity, it is unable to sell its pigments in the United States given its current domestic cost structure. If preferential treatment is given, the action would strengthen the economic development of the country.

In a written brief, the Dry Color Manufacturers' Association (DCMA) opposed adding the pigments found in item 410.28 to the list of GSP-eligible products. The DCMA is against allowing these products duty-free access to the United States for the following reasons:

1. The pigments industry is not a new industry in Argentina. It has been in existence since the 1950's and has at least 8 producers. For the last 20 years, the industry has been protected from foreign competition with high tariffs.

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Table A.—Selected pigments: U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981-85

Year	U.S. production 1/	Exports 1/	Imports	Apparent consump- tion 1/	Ratio (percent) of imports to consumption 1/
Quantity (1,000 pounds)					
1981....			2,023		
1982....			1,666		
1983....			2,368		
1984....			3,510		
1985....			3,078		
Value (1,000 dollars)					
1981....			18,389		
1982....			16,689		
1983....			22,850		
1984....			29,778		
1985....			26,666		
Unit value (per pound)					
1981....			9.09		
1982....			10.02		
1983....			9.65		
1984....			8.48		
1985....			8.66		

1/ Not available.

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

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Table B.---Selected pigments: U.S. exports of domestic merchandise, by principal markets, 1981-85,
January-June 1985, and January-June 1986

Data Not Available

Table C.--Selected pigments: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	and January-June 1986						
	1981	1982	1983	1984	1985	January-June--	
						1985	1986
Quantity (1,000 pounds)							
Fr Germ----	944	883	1,112	1,712	1,724	862	873
Switzld----	1,025	601	1,156	1,189	567	239	285
Japan-----	10	145	22	434	420	387	77
U King-----	5	9	9	76	44	23	53
Italy-----	6	7	17	20	11	7	4
Camroon----	0	0	0	0	12	0	0
Mexico-----	1	0	2	1	245	1	25
Belgium----	1	0	0	6	19	3	30
All other----	31	21	49	73	36	19	26
Total-----	2,023	1,666	2,368	3,510	3,078	1,539	1,372
Value (1,000 dollars)							
Fr Germ----	8,849	8,817	10,822	16,817	17,874	8,162	10,008
Switzld----	9,045	5,326	11,053	8,116	5,007	2,164	3,653
Japan-----	109	2,352	277	3,776	2,850	2,622	949
U King-----	96	74	111	253	228	133	226
Italy-----	17	30	137	169	125	85	51
Camroon----	-	-	-	-	117	-	-
Mexico-----	6	-	3	1	105	2	99
Belgium----	3	-	-	93	87	11	85
All other----	264	90	446	553	272	109	158
Total-----	18,389	16,689	22,850	29,778	26,666	13,286	15,228
Unit value (per pound)							
Fr Germ----	\$9.37	\$9.99	\$9.73	\$9.82	\$10.37	\$9.46	\$11.46
Switzld----	8.82	8.86	9.56	6.83	8.83	9.06	12.82
Japan-----	10.50	16.21	12.37	8.70	6.79	6.78	12.40
U King-----	20.41	7.91	11.73	3.33	5.22	5.90	4.23
Italy-----	2.73	4.50	8.09	8.62	11.24	12.89	14.45
Camroon----	-	-	-	-	9.68	-	-
Mexico-----	10.21	-	1.44	3.22	0.43	3.06	4.00
Belgium----	31.45	-	-	15.42	4.49	3.75	2.85
All other----	8.49	4.38	9.06	7.60	7.50	5.87	6.11
Average--	9.09	10.02	9.65	8.48	8.66	8.63	11.10

1/ Less than 500.

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

Table D.--Selected pigments: U.S. imports by certain world areas including designated GSP countries, 1982-85 and January - June 1986

Item	1982	1983	1984	1985	January - June 1986	
					Imports	Percentage distribution
Quantity (1,000 pounds)						
Gross imports-----	1,666	2,368	3,510	3,078	1,372	100
Developed countries, total:	1,666	2,366	3,507	2,805	1,344	98
GSP countries, total-----	0	2	2	269	28	2
Cameroon-----	0	0	0	12	0	
Mexico-----	0	2	2/	245	25	2
India-----	0	0	0	5	0	
Co. Craz-----	0	0	0	6	0	
China t-----	0	0	0	1	1	1/
Panama-----	0	0	0	0	0	
Colomb-----	0	0	0	0	0	
Israel-----	0	0	0	0	3	1/
Other GSP-----	0	0	2	0	0	
Other-----	0	1	1	4	0	
Value (1,000 dollars)						
Gross imports-----	16,689	22,850	29,778	26,666	15,228	100
Developed countries, total:	16,689	22,844	29,670	26,284	15,109	99
GSP countries, total-----	-	3	105	352	119	1
Cameroon-----	-	-	-	117	-	
Mexico-----	-	3	1	105	99	1
India-----	-	-	-	79	-	
Co. Craz-----	-	-	-	46	-	
China t-----	-	-	-	5	2	1/
Panama-----	-	-	-	-	-	
Colomb-----	-	-	-	-	-	
Israel-----	-	-	-	-	18	1/
Other GSP-----	-	-	104	-	-	
Other-----	-	4	3	30	-	

1/ Less than 0.5 percent.
2/ Less than 500.

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

CERTAIN ORGANIC ACIDS

DIGEST NO. A110

CERTAIN ORGANIC ACIDS
DIGEST NO. A110 (GSP Addition)

Background

Description and uses

Certain organic acids is a chemical group of acyclic carboxylic acids, including sulfonic acids and thiocarboxylic acids with more than one oxygen function. Examples of specific organic acids that have commercial markets include succinic, malonic, and fumaric acids. Certain organic acids are used in a wide variety of applications including food and medicinal additives, and other chemical intermediates.

The TSUS item number for the articles under investigation is provided below along with information on U.S. tariff rates, U.S. imports in 1985, and GSP competitive status.

Certain organic acids: TSUS item number, tariff rate information, U.S. imports in 1985, and the GSP competitive status

		Col. 1 rate of duty effective during—		
TSUS item	Description	1981	1985	1987
		Percent ad valorem		
425.9960	Certain organic acids.....	5.6%	4.7%	4.2%
		U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985	
425.9960	Certain organic acids.....	27,404	Yes.	

U.S. producers and employment

It is estimated that there are 10 domestic producers of certain organic acids. All are widely diversified and vertically integrated chemical firms.

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Actual employment data are not available concerning production of these acids.

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U.S. consumption and production

U.S. production of certain organic acids is estimated to have risen from 44 million pounds, valued at an estimated \$26 million, in 1981 to 52 million pounds, valued at \$31 million, in 1985 (table A). U.S. apparent consumption is estimated to have risen to 78 million pounds, valued at \$52 million, in 1985, an increase of 70 percent from an estimated 46 million pounds, valued at \$25 million, in 1981. The ratio of imports to consumption has varied erratically, from about 65 percent by quantity in 1981 to about 45 percent in 1985, due to shifts in the types of organic acids imported within this tariff classification.

U.S. exports

Exports of certain organic acids decreased from about 28 million pounds, valued at \$17 million, in 1981 to 9 million pounds, valued at \$7 million, in 1985 (table B). The major markets for these acids in 1985 were Canada, Mexico, Belgium, and Japan. Together, these four countries accounted for 84 percent of total exports. U.S. exports of these chemicals are high relative to the levels of U.S. production, because many of these chemicals are specialty intermediates or proprietary compounds destined for further processing outside the United States.

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U.S. imports

Imports of certain organic acids increased from about 30 million pounds, valued at \$17 million, in 1981 to about 35 million pounds, valued at \$27 million, in 1985 (table C). Imports of these acids from GSP beneficiary countries reached a level of 5.3 million pounds, valued at \$2.8 million, in 1985, or 15 percent by quantity of total imports (table D). Romania was the largest supplier of imports from GSP beneficiary countries in 1985, accounting for 70 percent by quantity of all such imports.

Imports of certain organic acids from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Romania.....	\$1,556	6
Brazil.....	436	2
Taiwan.....	299	1
Hong Kong.....	211	1
Tonga.....	139	<u>1/</u>
Other GSP countries....	<u>149</u>	<u>1/</u>
Total.....	2,790	10

1/ Less than 0.5 percent.

Conditions of competition in the U.S. market

Increased demand for certain organic acids led to a buildup of plants and capacities in the 1970's. The period 1981-85 was marked by capacity utilization of only about 60 percent and widespread discounting of prices for many of the organic acids classifiable in this category. Generally, the chemicals classified as certain organic acids are only moderately price sensitive. Most chemicals imported under this category are not produced in

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the United States. The certain organic acids produced in the United States are generally not available elsewhere.

Position of interested parties

The Colombian Government Trade Bureau (Proexpo) has petitioned for GSP duty-free treatment for fumaric acid. In a written submission to the Commission, the petitioner has stated that actual Colombian production of fumaric acid is at a level of about 617,000 pounds per year, or a capacity utilization of about 54 percent. The Colombian product is not currently exported to the United States. However, it is contended that shipments would occur if GSP-duty free treatment were granted for fumaric acid.

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Table A.—Certain organic acids: U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981–85, January–June 1985, and January–June 1986

Year	Production 1/	Exports	Imports	Apparent consumption 1/	Ratio (percent) of imports to consumption 1/
Quantity (1,000 pounds)					
1981.....	44,000	27,998	29,797	45,799	65
1982.....	42,000	22,338	48,972	68,634	71
1983.....	48,000	31,283	17,100	33,817	50
1984.....	50,000	26,182	22,474	58,515	38
1985.....	52,000	9,039	34,697	77,658	45
Jan.—June—					
1985.....	2/	2,541	15,830	2/	2/
1986.....	2/	4,039	38,697	2/	2/
Value (1,000 dollars)					
1981.....	25,520	17,044	16,677	25,153	66
1982.....	24,360	15,925	23,930	32,365	74
1983.....	27,840	16,333	13,971	25,478	55
1984.....	29,500	14,520	17,049	32,029	53
1985.....	31,200	6,987	27,404	51,617	53
Jan.—June—					
1985.....	2/	3,373	13,843	2/	2/
1986.....	2/	4,085	30,877	2/	2/
Average unit value (dollars per pound)					
1981.....	\$0.58	\$0.61	\$0.56	—	—
1982.....	.58	.71	.49	—	—
1983.....	.58	.52	.82	—	—
1984.....	.59	.55	.76	—	—
1985.....	.60	.77	.74	—	—
Jan.—June—					
1985.....	2/	.74	.87	—	—
1986.....	2/	1.01	.80	—	—

1/ Estimated by the staff of the U.S. International Trade Commission.

2/ Not available.

Source: Compiled from official statistics of the U.S. Department of Commerce and the U.S. International Trade commission.

Table B.--Certain organic acids: U.S. exports of domestic merchandise, by principal markets, 1981-85,
January-June 1985, and January-June 1986

Market	1981	1982	1983	1984	1985	January-June-- 1986
	Quantity (1,000 pounds)					
Canada-----	1,609	1,468	4,645	4,118	1,973	1,219
Mexico-----	714	1,521	1,914	2,443	3,173	483
Belgium-----	6,208	4,133	7,673	7,630	1,353	843
Japan-----	9,238	5,177	4,414	3,119	1,090	753
China t-----	855	961	2,160	87	156	116
Brazil-----	230	283	139	150	170	31
Venez-----	2,282	2,211	664	646	213	24
Italy-----	6,859	6,582	9,667	7,176	992	51
All other-----	27,998	22,338	31,283	26,182	9,039	4,039
Total-----						
	Value (1,000 dollars)					
Canada-----	1,474	1,197	3,187	2,702	2,221	986
Mexico-----	536	3,020	1,316	1,620	1,277	789
Belgium-----	3,164	2,715	3,745	4,037	845	349
Japan-----	6,321	3,388	2,302	1,444	634	806
China t-----	372	505	813	682	371	447
Brazil-----	658	791	438	349	248	229
Venez-----	1,061	1,008	291	279	221	107
Italy-----	3	5	8	4	180	25
All other-----	3,455	3,296	4,234	3,403	990	513
Total-----	17,044	15,925	16,333	14,520	6,987	4,085
	Unit value (per pound)					
Canada-----	\$0.92	\$0.82	\$0.69	\$0.66	\$1.13	\$0.74
Mexico-----	0.75	1.99	0.69	0.66	0.40	0.72
Belgium-----	0.51	0.66	0.49	0.53	0.62	0.96
Japan-----	0.68	0.65	0.52	0.46	0.58	0.59
China t-----	0.44	0.53	0.38	0.31	2.37	1.97
Brazil-----	2.86	2.80	3.14	2.32	3.54	3.46
Venez-----	0.46	0.76	0.64	0.35	1.04	1.05
Italy-----	0.45	2.05	1.15	1.66	10.09	10.13
All other-----	0.50	0.50	1.15	0.57	1.00	1.36
Average-----	0.61	0.71	3.52	0.55	0.77	1.01

1/ Less than 500.

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

Table C.--Certain organic acids: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June-- 1986
	Quantity (1,000 pounds)					
France-----	8,095	8,249	7,260	9,494	10,195	7,814
Japan-----	2,034	2,761	3,005	1,372	7,024	2,558
U Kingdom-----	611	552	654	657	1,106	457
Fr Germany-----	16,832	32,461	1,789	2,484	2,869	1,450
Canada-----	283	1,350	1,374	2,235	3,046	1,747
Romania-----	741	1,376	603	2,280	3,722	2,006
Netherlands-----	319	417	422	747	594	300
Belgium-----	446	1,049	460	288	1,345	416
All other-----	436	758	1,533	2,828	4,797	2,766
Total-----	29,797	48,772	17,100	22,374	34,697	15,330
	Value (1,000 dollars)					
France-----	4,451	4,388	3,658	5,125	6,860	3,595
Japan-----	2,413	2,885	2,546	1,015	6,325	2,270
U Kingdom-----	639	690	1,365	1,022	2,499	1,960
Fr Germany-----	5,573	10,611	1,366	1,569	2,390	1,242
Canada-----	211	1,026	1,102	1,492	2,065	1,171
Romania-----	512	1,565	254	1,004	1,556	304
Netherlands-----	235	373	604	807	1,355	494
Belgium-----	1,484	1,630	823	333	1,356	356
All other-----	1,359	1,783	2,445	3,161	5,242	1,951
Total-----	16,677	23,930	13,971	17,949	27,404	13,343
	Unit value (per pound)					
France-----	\$0.55	\$0.53	\$0.50	\$0.54	\$0.67	\$0.54
Japan-----	1.19	1.05	0.85	1.47	0.90	0.89
U Kingdom-----	1.05	1.25	2.09	1.55	2.26	0.93
Fr Germany-----	0.53	0.73	0.76	0.63	0.83	0.76
Canada-----	0.74	0.76	0.80	0.67	0.68	0.81
Romania-----	0.42	0.40	0.42	0.42	0.52	0.87
Netherlands-----	0.74	0.89	0.96	1.08	2.28	0.40
Belgium-----	3.32	1.55	1.80	2.89	0.93	1.64
All other-----	3.12	2.35	1.59	1.13	0.68	0.86
Average--	0.56	0.49	0.32	0.76	0.79	0.37

1/ Less than 500.

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

Table D.--Certain organic acids: U.S. imports by certain world areas including designated GSP countries, 1982-85 and January - June 1986

Item	1982	1983	1984	1985	January - June 1986	
					Imports	Percentage distribution
Quantity (1,000 pounds)						
Gross imports-----	48,972	17,100	22,474	34,697	38,697	100
Developed countries, total:	47,056	15,648	19,104	28,743	36,708	95
GSP countries, total-----	1,916	1,253	2,670	5,347	1,762	5
Romania-----	1,376	603	2,380	3,722	309	1
Brazil-----	0	0	0	809	769	2
China t-----	45	140	38	105	0	
Hg Kong-----	0	0	113	149	150	1/
Tonga-----	0	0	0	340	0	
Israel-----	378	411	55	107	467	1
Yugoslvia-----	0	0	0	34	0	
Malagas-----	0	0	0	81	0	
Other GSP-----	116	100	84	2/	67	1/
Other-----	2/	199	700	608	227	1
Value (1,000 dollars)						
Gross imports-----	23,930	13,971	17,049	27,404	30,877	100
Developed countries, total:	22,157	12,096	14,200	23,775	29,469	95
GSP countries, total-----	1,772	1,598	1,823	2,790	1,136	4
Romania-----	545	256	1,004	1,556	130	1/
Brazil-----	411	765	425	436	596	2
China t-----	-	-	171	299	-	
Hg Kong-----	-	-	-	211	187	1
Tonga-----	-	-	-	139	-	
Israel-----	743	508	61	75	169	1
Yugoslvia-----	-	-	-	44	-	
Malagas-----	-	-	-	29	-	
Other GSP-----	73	70	161	1	54	1/
Other-----	1	277	1,026	839	272	1

1/ Less than 0.5 percent.
2/ Less than 500.

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

CERTAIN CERAMIC TABLE AND KITCHEN ARTICLES

DIGEST NO. A111

CERTAIN CERAMIC TABLE AND KITCHEN ARTICLES
DIGEST NO. A111 (GSP ADDITION)

Background

Description and uses

The items included in this digest are fine-grained 1/ earthenware 2/ or stoneware 3/ mugs and other steins (TSUS item 533.30) and household ware of nonbone china 4/ or subporcelain 5/ available in specified sets 6/ the aggregate value of which is over \$56 (TSUS item 533.64), used for preparing, serving, or storing food or beverages, or food or beverage ingredients.

The TSUS item numbers for the articles under investigation are provided on the following page along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

U.S. producers and employment

There are an estimated 70 establishments, concentrated in the Appalachian and Middle Atlantic States, producing ceramic table and kitchen articles in the United States, employing roughly 10,000 workers in 1985. Of this total, approximately 4 producers manufacture the higher-valued chinaware subject to this investigation. Earthenware and stoneware mugs and other steins are manufactured by many studio craftsmen and less than 35 U.S. firms.

1/ See headnote 2(i) to schedule 5, pt. 2, of the TSUS.

2/ See headnote 2(b) to schedule 5, pt. 2, of the TSUS.

3/ See headnote 2(c) to schedule 5, pt. 2, of the TSUS.

4/ See headnote 2(e) to schedule 5, pt. 2, of the TSUS.

5/ See headnote 2(d) to schedule 5, pt. 2, of the TSUS.

6/ See headnote 2(c) to schedule 5, pt. 2, subpart C, of the TSUS.

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Certain ceramic table and kitchen articles: TSUS item number, description, tariff rate information, U.S. imports in 1985, and the GSP competitive status

		Col. 1 rate of duty effective during—				
TSUS item No.	Description	1981	1985	1987		
		Percent ad valorem				
533.30	Fine-grained earthenware or stone- ware mugs and other steins.....	13.5	13.5	13.5		
533.64	Household ware of nonbone china or subporcelain available in speci- fied sets valued over \$56.....	15.8	10.6	8.0		
		<table><tr><th>U.S. imports in 1985 (\$1,000)</th><th>Product pro- duced in U.S., Jan. 3, 1985</th></tr></table>			U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985
U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985					
533.30	Fine-grained earthenware or stone- ware mugs and other steins.....	75,096	Yes.			
533.64	Household ware of nonbone china or subporcelain available in speci- fied sets valued over \$56.....	89,036	Yes.			

U.S. consumption and production

U.S. consumption and shipment data for the articles subject to this investigation are not available; however, these items are believed to represent a small segment of the entire ceramic table and kitchen articles industry—less than 30 percent of total U.S. shipments (an estimated \$370.0 million) and less than 20 percent of total apparent consumption (an estimated \$903.7 million) in 1985 (table A). Total U.S. imports of ceramic table and

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kitchen articles accounted for an estimated 55 to 60 percent of apparent consumption of these articles in 1985. U.S. imports of earthenware mugs and other steins and higher-valued chinaware are believed to represent over 75 percent of apparent consumption of these articles due to the preference for imported merchandise, especially that produced by reputable European and Japanese manufacturers, their lower cost (particularly mugs and steins from the Asian countries), and the limited number of U.S. sources of these articles, particularly higher-valued chinaware.

U.S. exports

Official data for U.S. exports of earthenware and stoneware mugs and other steins and nonbone china and subporcelain household ware available in specified sets valued over \$56 are unavailable. Estimated U.S. exports fluctuated annually but exhibited an overall increase of 21 percent by value during 1981-85, from 437,000 dozen (\$7.4 million) to 1.2 million dozen (\$9.0 million) (table B). The primary export markets were the United Kingdom (27 percent of U.S. exports in 1985), Australia (16 percent), and Singapore (10 percent).

U.S. imports

U.S. imports of the articles under investigation increased irregularly in value by 37 percent during 1981-85, from 11.9 million dozen (\$120.1 million) to 21.8 million dozen (\$164.1 million) (table C). Japan was the principal

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supplier of these imports during the period, accounting for 54 percent in 1985. Korea, West Germany, and the United Kingdom were secondary sources.

Imports of these articles from GSP-eligible countries more than doubled during 1982-85, rising from 2.6 million dozen (\$15.4 million) to 6.6 million dozen (\$34.3 million) and represented 21 percent of total imports of these articles in 1985, up from 14 percent in 1982 (table D). The principal GSP-eligible source was Korea, with 45 percent of GSP imports and 9 percent of total imports in 1985. Secondary GSP-eligible sources were Taiwan (22 percent and 5 percent) and Brazil (19 percent and 4 percent). It should be noted that the principal beneficiaries of the GSP designation of these items would be established ceramics manufacturing countries such as Korea, Taiwan, and Brazil, which have already made significant inroads in the U.S. market.

Imports of earthenware mugs and other steins (TSUS item 533.30) from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Korea.....	15,254	20
Taiwan.....	7,610	10
Brazil.....	5,975	8
Hong Kong.....	697	1
Other GSP.....	163	<u>1/</u>
Total.....	29,699	39

1/ Less than 0.05 percent.

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Imports of high-valued chinaware (TSUS item 533.64) from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Sri Lanka.....	1,855	2
Philippines.....	1,772	2
Brazil.....	506	1
Hong Kong.....	363	<u>1/</u>
Other GSP.....	<u>112</u>	<u>1/</u>
Total.....	4,608	5

1/ Less than 0.05 percent.

Conditions of competition in U.S. market

In consumer goods such as ceramic table and kitchen articles, non-price factors such as design and quality are often more significant purchase factors than price. This is more prevalent in the higher-valued chinaware category, where consumers are willing to pay a much higher price for perceived higher quality and certain brand name products. The U.S. market for the mugs and steins subject to this investigation is generally more price sensitive due to the lower level of craftsmanship expected. The domestic market for ceramic tableware in general is associated with imported merchandise due to the limited number of domestic sources and the design and style offered by reputable and well-known sources in Japan and European countries which appeal to many U.S. consumers.

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Position of interested parties

Russ Berrie & Co., Inc., a U.S. importer and the petitioner for earthenware and stoneware mugs and other steins, supports the designation of TSUS item 533.30 for GSP eligibility. The petitioner states that such designation will benefit imports from developing countries vis-a-vis imports from Japan, create greater employment and capital investment in these countries, and would not adversely affect the U.S. industry.

The Government of the Philippines, the petitioner for household ware of nonbone china or subporcelain available in specified sets valued over \$56, supports the designation of TSUS item 533.64 for GSP eligibility. The petitioner states that without GSP eligibility, the Philippines is at a disadvantage in the U.S. market vis-a-vis imports from developed countries, that such eligibility would not adversely affect the U.S. industry and would benefit the Philippine industry, and that other developed countries have granted such treatment to this product.

The American Restaurant China Council, which represents domestic producers of commercial chinaware, states that the granting of GSP treatment to these articles (items 533.30 and 533.64) will adversely impact commercial chinaware manufacturers. The council claims that their industry has already been affected by lower cost imports of these mugs from GSP-eligible countries, and the domestic industry's competitive position would further deteriorate as a result of GSP designation. Concerning imports of higher-valued household

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chinaware, the council states that due to the wide disparity in tariff rates between commercial and household chinaware, GSP designation would result in greater incentive to misclassify U.S. commercial chinaware imports, which is already occurring to a limited degree. Increased misclassification would adversely affect the U.S. industry.

The Pfaltzgraff Company, Scio Pottery Company, and Homer Laughlin Company, all domestic producers of household earthenware (including mugs), state that there is a domestic industry producing these mugs, contrary to the petitioner's assertion, that duty-free treatment is not needed for the designated beneficiary countries to compete in the U.S. market, and claims that designation of these mugs (item 533.30) would adversely affect the U.S. industry.

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Table A.—Certain ceramic table and kitchen articles: U.S. producers' shipments, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981–85, January–June 1985, and January–June 1986

Period	U.S. producers' shipments	Exports 1/	Imports	Apparent consumption	Ratio (percent) of imports to consumption
Quantity (1,000 dozen)					
1981.....	2/	437	11,889	2/	—
1982.....	2/	1,141	12,387	2/	—
1983.....	2/	1,098	16,328	2/	—
1984.....	2/	1,757	18,440	2/	—
1985.....	2/	1,222	21,835	2/	—
January–June—					
1985.....	2/	769	10,288	2/	—
1986.....	2/	573	11,037	2/	—
Value (1,000 dollars)					
1981.....	2/	7,448	120,135	2/	—
1982.....	2/	11,078	113,256	2/	—
1983.....	2/	9,655	137,204	2/	—
1984.....	2/	12,989	163,121	2/	—
1985.....	2/	9,001	164,132	2/	—
January–June—					
1985.....	2/	5,284	79,898	2/	—
1986.....	2/	4,090	77,501	2/	—
Unit value (dollars per dozen)					
1981.....	—	\$17.03	\$10.10	—	—
1982.....	—	9.71	9.14	—	—
1983.....	—	8.80	8.40	—	—
1984.....	—	7.39	8.85	—	—
1985.....	—	7.36	7.52	—	—
January–June—					
1985.....	—	6.87	7.77	—	—
1986.....	—	7.14	7.02	—	—

1/ Estimated by the staff of the U.S. International Trade Commission.

2/ Not available.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Table B.--Certain ceramic table and kitchen articles: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	1981	1982	1983	1984	1985	January-June-- 1986
Quantity (1,000 dozen)						
U King	15	95	98	379	385	276
Austral	40	139	286	323	295	181
Singapr	4	20	53	50	58	37
Japan	3	225	90	38	46	36
Belgium	1/	106	140	177	153	87
Rep Saf	1	109	87	187	69	38
Canada	182	162	154	134	78	27
Hg Kong	3	13	3	22	11	8
All other	188	273	188	447	128	54
Total	437	1,141	1,098	1,757	1,222	769
Value (1,000 dollars)						
U King	316	1,219	971	2,761	2,415	1,796
Austral	423	1,555	1,524	2,285	1,472	863
Singapr	107	358	479	515	887	516
Japan	73	644	942	858	775	491
Belgium	3	396	621	769	692	386
Rep Saf	34	927	955	1,295	479	235
Canada	2,063	1,882	1,572	823	411	223
Hg Kong	15	73	130	325	260	168
All other	4,415	4,024	2,461	3,358	1,609	607
Total	7,448	11,078	9,655	12,989	9,001	5,284
Unit value (per dozen)						
U King	\$21.59	\$12.79	\$9.94	\$7.28	\$6.28	\$6.51
Austral	10.45	11.22	5.33	7.08	4.98	4.76
Singapr	29.85	18.32	9.08	10.24	15.43	10.72
Japan	22.50	2.86	10.47	22.49	16.94	13.70
Belgium	8.72	3.75	4.45	4.35	4.54	4.42
Rep Saf	30.38	8.51	11.01	6.93	6.90	6.26
Canada	11.31	11.64	10.24	6.14	5.28	4.28
Hg Kong	4.63	5.81	39.95	14.59	24.21	20.88
All other	23.44	14.73	13.07	7.52	12.53	11.31
Average	17.03	9.71	8.80	7.39	7.36	6.87

1/ Less than 500.

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

Table C.--Certain ceramic table and kitchen articles: U.S. imports for consumption, by principal sources,
1981-85, January-June 1985, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June-- 1985	1986
Quantity (1,000 dozen)							
Japan	6,847	6,515	8,517	9,291	10,661	4,823	5,701
Kor Rep	1,575	1,366	2,278	2,799	3,752	1,962	1,645
Fr Germ	841	1,393	1,207	913	1,306	465	501
U King	764	1,016	1,571	1,347	1,985	1,057	938
China t	797	830	1,053	1,650	1,784	755	289
Brazil	35	60	106	503	514	266	53
France	63	48	112	90	88	25	647
China M	240	382	694	1,031	678	387	586
All other	728	778	789	817	1,068	547	586
Total	11,889	12,387	16,328	18,440	21,835	10,288	11,037
Value (1,000 dollars)							
Japan	68,597	56,850	76,341	92,036	88,684	42,998	40,696
Kor Rep	6,754	5,947	8,058	12,993	15,274	8,652	6,749
Fr Germ	13,919	19,977	19,169	14,599	15,233	7,293	7,674
U King	7,841	8,205	9,333	9,437	11,583	5,834	4,917
China t	3,088	3,044	3,482	6,607	7,663	2,950	3,936
Brazil	803	1,555	2,196	5,932	6,481	3,062	2,718
France	3,186	2,476	2,565	3,662	4,181	1,481	2,516
China M	697	1,435	3,041	3,186	2,344	1,319	2,105
All other	15,250	13,766	13,019	14,669	12,690	6,308	6,190
Total	120,135	113,256	137,204	163,121	164,132	79,898	77,501
Unit value (per dozen)							
Japan	\$10.02	\$8.73	\$8.96	\$9.91	\$8.32	\$8.92	\$7.14
Kor Rep	4.29	4.35	3.54	4.64	4.07	4.41	4.10
Fr Germ	16.56	14.35	15.89	15.98	11.67	15.70	15.31
U King	10.26	8.08	5.94	7.01	5.84	5.52	7.27
China t	3.88	3.67	3.31	4.01	4.29	3.91	4.19
Brazil	23.07	26.04	20.69	11.80	12.62	11.50	9.41
France	50.46	52.13	22.84	40.80	47.65	58.26	47.83
China M	2.91	3.76	4.38	3.09	3.46	3.41	3.25
All other	20.95	17.69	16.50	17.95	11.88	11.52	10.57
Average	10.10	9.14	8.40	8.85	7.52	7.77	7.02

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

Table D.--Certain ceramic table and kitchen articles: U.S. imports by certain world areas including designated GSP countries, 1982-85 and January - June 1986

Item	1982	1983	1984	1985	January - June 1986	
					Imports	Percentage distribution
					Quantity (1,000 dozen)	
Gross imports-----	12,387	16,328	18,440	21,835	11,037	100
Developed countries, total:	9,272	11,645	11,910	14,368	7,115	64
GSP countries, total-----	2,565	3,837	5,309	6,607	3,178	29
Kor Rep-----	1,366	2,278	2,799	3,752	1,645	15
China t-----	830	1,053	1,650	1,784	938	9
Brazil-----	60	106	503	514	289	3
Sri Lanka-----	69	77	90	88	100	1
Phil R-----	159	252	105	61	52	1/
Hg Kong-----	71	45	129	317	153	1
Chile-----	1	2	4	12	10	1/
Romania-----	0	1	21	18	1	1/
Other GSP-----	8	23	10	49	2	1/
Other-----	550	846	1,221	861	744	7
					Value (1,000 dollars)	
Gross imports-----	113,256	137,204	163,121	164,132	77,501	100
Developed countries, total:	94,970	113,514	126,972	124,504	58,025	75
GSP countries, total-----	15,385	18,580	30,506	34,305	16,536	21
Kor Rep-----	5,947	8,058	12,993	15,274	6,749	9
China t-----	3,044	3,482	6,607	7,663	3,936	5
Brazil-----	1,555	2,196	5,932	6,481	2,718	4
Sri Lanka-----	1,459	1,448	1,635	1,855	1,368	2
Phil R-----	3,060	2,550	2,704	1,773	1,145	1
Hg Kong-----	216	191	368	1,059	536	1
Chile-----	11	24	45	87	63	1/
Romania-----	-	3	70	56	1	1/
Other GSP-----	93	628	152	55	20	1/
Other-----	2,901	5,110	5,642	5,322	2,939	4

1/ less than 0.5 percent.

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

ENAMELS, COLORS, GLAZES, AND FLUXES, OTHER THAN GROUND OR PULVERIZED

DIGEST NO. A112

ENAMELS, COLORS, GLAZES, AND FLUXES, OTHER THAN GROUND OR PULVERIZED
DIGEST NO. A112 (GSP Addition)

Background

Description and uses

The items included in this digest are enamels, colors, glazes, and fluxes of glass, frit, or calcine in other than ground or pulverized form. The main item of this group is vitreous enamel frit, an intermediate product used in the manufacture of porcelain enamel. Vitreous enamel frit is also employed as a constituent of ceramic glazes and other ceramic compositions.

The TSUS item number for the articles under investigation is provided below along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

Enamels, colors, glazes, and fluxes of glass, frit or calcine, other than ground or pulverized: TSUS item number, description, tariff rate information, U.S. imports in 1985, and the GSP competitive status

		Col 1 rate of duty effective during—		
TSUS item No.	Description	1981	1985	1987
		—Percent ad valorem—		
540.27	Enamels, colors, glazes, and fluxes of glass, frit, or calcine other than ground or pulverized.	28.9	18.7	13.6
		U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985	
540.27	Enamels, glazes, and fluxes of glass, frit, or calcine, other than ground or pulverized.....	49	Yes.	

U.S. producers and employment

The United States is probably the world's largest producer of vitreous enamel frit. It is estimated that there are approximately 10 domestic establishments producing frits for aluminum, steel, other metal substrates, and clayware. The industry is primarily concentrated in highly industrialized states, such as Pennsylvania and Ohio. Some producers are large multiproduct chemical firms manufacturing frit for sale to the trade; other producers manufacture frit exclusively for internal consumption. Employment in the industry is estimated at approximately 700.

U.S. consumption and shipments

In 1985 U.S. consumption of vitreous enamel was estimated at 127 million pounds, valued at approximately \$62 million (table A). During 1981-85 both consumption and shipments increased by slightly under 20 percent as a result of the economic recovery generating increased demand of consumer durable goods. In 1985 U.S. shipments were estimated at 130 million pounds (\$72 million). Since shipment figures do not include vitreous enamel frit produced for internal consumption, the actual U.S. consumption of this product is somewhat understated. Import penetration is very low, less than 1 percent of the U.S. market.

U.S. exports

Exports of the articles under investigation increased by 22 percent during 1981-85 to \$9.7 million (table B). Principal export markets were Japan and Canada, which together accounted for almost 65 percent of the U.S. exports of this product in 1985. During January-June 1986 U.S. exports increased by 14 percent compared to the first 6 months of the previous year primarily because of high-unit-value shipments to the United Kingdom. Shipments to Japan and Canada showed a slight decline.

U.S. imports

U.S. imports under TSUS item 540.27 consisted mainly of vitreous enamel frit and were minimal throughout the period (under \$50,000 each year). Imports increased by over 200 percent during 1981-85 to \$49,000 in 1985. Principal foreign sources were Japan, France, Spain, and the United Kingdom. Nearly all imports appeared to consist of specialty products not available in the United States. Ninety percent of the imports in 1985 originated in developed countries. Imports from GSP-eligible countries were zero in 1985 and negligible throughout the period.

Conditions of competition in U.S. market

In the case of vitreous enamels, buyers are willing to pay a higher price for non-price factors such as higher quality, timely deliveries, and technical support. These enamels are generally used on appliances, automotive parts,

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bathroom fixtures, and a number of other durable consumer items. The quality of the enamel, primarily rated on the basis of resistance to impact and appearance, is a determinant of the durability of the final product. Producers therefore look primarily for quality when selecting a supplier. Furthermore, chemical products have a short shelf life and buyers tend to restock at short intervals; reliability of deliveries is an important factor, because it ensures uninterrupted production. This need has become even stronger in recent times, since manufacturers are minimizing stocks and requiring the supplier to deliver the material "as needed". Domestic suppliers are therefore in a position to dominate the market, since they offer proven quality, timely deliveries, and technical support. Foreign suppliers primarily provide special types of vitreous enamel frit not manufactured in the United States either because of insufficient demand or because U.S. environmental regulations impose costs that impair the U.S. product's viability on the market.

Position of interested parties

The petitioners for the designation of TSUS item 540.27 for GSP eligibility are the Government of Mexico and Ferro Mexicana, S.A., Mexico, a subsidiary of Ferro Corporation, one of the largest U.S. producers of vitreous enamel frit. However, in recent correspondence with the U.S. Trade Representative Office, Ferro Mexicana indicated that it did not authorize the request to the Mexican Government to submit such petition to the United States

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Trade Representative Office, it does not consider it appropriate, and does not support it. Accordingly, Ferro Mexicana requested withdrawal of the petition.

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Table A.—Enamels, colors, glazes, and fluxes, not ground or pulverized:
U.S. producers' shipments, exports of domestic merchandise, imports for
consumption, and apparent consumption, 1981-85, January-June 1985, and
January-June 1986

Period		U.S. producers' shipments	Exports	Imports	Apparent consumption	Ratio of imports to consumption
Quantity (1,000 pounds)						
1981.....	<u>1/</u>	109,100	2,481	24	<u>1/</u> 106,600	<u>2/</u>
1982.....		108,600	2,065	22	106,557	<u>2/</u>
1983.....	<u>1/</u>	115,000	2,785	12	<u>1/</u> 112,200	<u>2/</u>
1984.....	<u>1/</u>	125,000	3,179	9	<u>1/</u> 122,000	<u>2/</u>
1985.....	<u>1/</u>	130,300	3,470	47	<u>1/</u> 126,900	<u>2/</u>
January-June—						
1985.....	<u>1/</u>	80,000	1,820	44	<u>1/</u> 78,200	<u>2/</u>
1986.....	<u>1/</u>	78,000	1,669	80	<u>1/</u> 76,400	<u>2/</u>
Value (1,000 dollars)						
1981.....	<u>1/</u>	60,075	7,955	11	<u>1/</u> 52,100	<u>2/</u>
1982.....		59,800	6,892	13	<u>1/</u> 52,921	<u>2/</u>
1983.....	<u>1/</u>	63,300	8,841	16	<u>1/</u> 54,475	<u>2/</u>
1984.....	<u>1/</u>	68,800	9,820	10	<u>1/</u> 59,000	<u>2/</u>
1985.....	<u>1/</u>	71,700	9,728	49	<u>1/</u> 62,000	<u>2/</u>
January-June—						
1985.....	<u>1/</u>	35,000	5,499	31	<u>1/</u> 29,500	<u>2/</u>
1986.....	<u>1/</u>	37,000	6,280	10	<u>1/</u> 30,700	<u>2/</u>
Unit value (dollars per pound)						
1981.....	<u>1/</u>	.55	\$3.21	\$0.46	—	—
1982.....		.55	3.34	.59	—	—
1983.....	<u>1/</u>	.55	3.17	1.35	—	—
1984.....	<u>1/</u>	.55	3.09	1.09	—	—
1985.....	<u>1/</u>	.55	2.80	1.04	—	—
January-June—						
1985.....	<u>1/</u>	.55	3.02	.70	—	—
1986.....	<u>1/</u>	.55	3.76	.13	—	—

1/ Estimated by the staff of the U.S. International Trade Commission.

2/ Less than 0.5.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Table B.--Enamels, colors, glazes, and fluxes: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	1981	1982	1983	1984	1985	January-June-- 1985	1986
Quantity (1,000 pounds)							
Japan-----	350	157	227	292	215	183	95
Canada-----	221	1,119	1,655	1,687	2,337	1,172	981
U King-----	112	101	72	36	98	69	62
Fr Germ-----	61	63	15	184	177	108	37
Venez-----	152	77	44	257	154	90	112
China t-----	3	8	4	9	43	7	66
Mexico-----	470	63	141	143	74	10	11
France-----	144	7	10	3	1	1	18
All other-----	968	471	616	568	371	181	287
Total-----	2,481	2,065	2,785	3,179	3,470	1,820	1,669
Value (1,000 dollars)							
Japan-----	1,657	1,862	2,403	3,548	3,122	2,068	1,948
Canada-----	2,429	2,851	3,345	2,814	3,079	1,377	1,681
U King-----	340	484	824	1,127	1,084	668	1,145
Fr Germ-----	454	231	252	461	493	258	316
Venez-----	178	73	43	315	336	229	192
China t-----	236	209	259	75	263	134	188
Mexico-----	577	196	195	185	164	34	86
France-----	498	112	239	122	164	102	80
All other-----	1,586	875	1,280	1,174	1,023	628	646
Total-----	7,955	6,892	8,841	9,820	9,728	5,499	6,280
Unit value (per pound)							
Japan-----	\$4.73	\$11.90	\$10.58	\$12.14	\$14.51	\$11.30	\$20.52
Canada-----	10.99	2.55	2.02	1.67	1.32	1.18	1.71
U King-----	3.04	4.82	11.39	31.65	11.06	9.69	18.42
Fr Germ-----	7.42	3.64	16.39	2.50	2.79	2.39	8.53
Venez-----	1.17	0.95	0.98	1.22	2.18	2.53	1.72
China t-----	79.27	27.33	73.19	8.46	6.13	19.24	2.85
Mexico-----	1.23	3.11	1.39	1.29	2.22	3.49	8.03
France-----	3.47	16.75	23.28	46.92	404.61	354.36	4.43
All other-----	1.64	1.86	2.08	2.07	2.76	3.47	2.25
Average-----	3.21	3.34	3.17	3.09	2.80	3.02	3.76

1/ Less than 500.

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

Table C.--Enamels, colors, glazes, and fluxes: U.S. imports for consumption, by principal sources, 1981-85,
January-June 1985, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June-- 1986
Quantity (1,000 pounds)						
Japan	24	20	11	0	3	3
France	0	0	0	0	3	0
Spain	0	0	0	0	39	0
U Kingdom	1/	1	0	3	1	39
Canada	0	1	0	0	1	1
Belgium	0	0	0	6	0	0
Hong Kong	0	0	0	1/	0	40
Mexico	0	0	1/	1/	0	0
All other	1/	1/	1/	1/	0	0
Total	24	22	12	9	47	80
Value (1,000 dollars)						
Japan	9	8	14	-	19	-
France	-	-	-	-	14	-
Spain	-	-	-	-	6	6
U Kingdom	1	4	-	4	5	2
Canada	-	1	-	-	5	-
Belgium	-	-	-	3	-	3
Hong Kong	-	-	-	1	-	-
Mexico	-	-	1	1	-	-
All other	1	1/	1/	1	-	-
Total	11	13	16	10	49	10
Unit value (per pound)						
Japan	\$0.38	\$0.39	\$1.29	-	\$5.83	-
France	-	-	-	-	5.02	-
Spain	-	-	-	-	0.15	0.15
U Kingdom	6.38	3.58	-	1.63	10.31	1.40
Canada	-	0.89	-	-	3.88	-
Belgium	-	-	-	0.52	-	0.07
Hong Kong	-	-	-	113.75	-	-
Mexico	-	-	3.00	3.00	-	-
All other	5.05	4.34	2.17	2.92	-	-
Average	0.46	0.59	1.35	1.09	1.04	0.13

1/ Less than 500.

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

Table D.--Enamels, colors, glazes, and fluxes: U.S. imports by certain world areas including designated GSP countries, 1982-85 and January - June 1986

Item	1982	1983	1984	1985	January - June 1986	
					Imports	Percentage distribution
Quantity (1,000 pounds)						
Gross imports-----	22	12	9	47	80	100
Developed countries, total:	22	11	9	8	41	51
GSP countries, total-----	0	2/	2/	0	0	0
Mexico-----	0	2/	2/	0	0	0
Hg Kong-----	0	0	2/	0	0	0
China-----	0	0	2/	0	0	0
Other-----	0	2/	0	39	39	49
Value (1,000 dollars)						
Gross imports-----	13	16	10	49	10	100
Developed countries, total:	13	14	8	43	4	43
GSP countries, total-----	-	1	2	-	-	-
Mexico-----	-	1	1	-	-	-
Hg Kong-----	-	-	1	-	-	-
China-----	-	-	2/	-	-	-
Other-----	-	2/	-	6	6	57

1/ Less than 0.5 percent.
2/ Less than 500.

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

STRONTIUM, UNALLOYED, UNWROUGHT, AND WASTE AND SCRAP
DIGEST NO. A113

STRONTIUM, UNALLOYED, UNWROUGHT, AND WASTE AND SCRAP
DIGEST NO. A113 (GSP Addition)

Background

Description and uses

Strontium is a metallic element of the alkaline group. It occurs in the minerals strontianite and celestite and resembles barium and calcium in its properties and combinations, but is slightly harder and less reactive than barium and is softer than calcium. The metal is silvery white and lustrous and it quickly forms a protective oxide coating in the air. Strontium combines readily with oxygen to form an oxide when heated. The melting point of strontium is approximately 770 degrees C. The metal is extracted from the ore through the process of electrolysis. Although strontium is used primarily as a compound, strontium metal, as an alloy with aluminum, has found applications in vacuum tubes, automotive wheels, and in engine blocks and other automotive parts, where it provides flexibility and machinability to the final product. Primary strontium compounds are used in the manufacture of glass for color television picture tube faceplates, 53%; pyrotechnics and signals, 14%; ferrite ceramic magnets, 11%; and other uses, 22%.

The TSUS item number for the articles under investigation is provided below along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

Digest No.
A113—Con.

Strontium, unalloyed, unwrought, and waste and scrap: TSUS item number, description, tariff rate information, U.S. imports in 1985, and the GSP competitive status

(Percent ad valorem)				
TSUS item No.	Description	Col. 1 rate of duty effective during—		
		1981	1985	1987
632.46	Strontium, unalloyed, unwrought and waste and scrap.	4.7%	4%	3.7%
		<div>U.S. imports in 1985 (\$1,000)</div> <div>Product produced in U.S., Jan. 3, 1985</div>		
632.46	Strontium, unalloyed, unwrought and waste scrap.	86		No.

U.S. producers and employment

There have been no U.S. producers of strontium metal since 1959. Only one U.S. company is a major producer of strontium compounds.

U.S. consumption, production, and imports

As there is presently no production of strontium metal, U.S. imports are equal to U.S. consumption. U.S. imports decreased from 33,382 pounds (\$331,000) in 1981 to 9,052 pounds (\$86,000) in 1985 (table A). Canada supplied all imports between 1981-85. There were no imports from GSP nations during 1981-85. Demand for strontium metal has been dependent on demand by aluminum alloyers which, in turn, depends on final demand for aluminum products and on strontium inventory levels.

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U.S. exports

U.S. exports of strontium metal are not separately reported in the official trade statistics, but are believed to total zero.

Conditions of competition in U.S. market

Since there is no domestic production of strontium metal, the United States is completely dependent on imports of this item at the present time.

Position of interested parties

The Fomento Y Desarrollo de Pequenos Mineras, a trade association representing Mexican producers of strontium metal, has petitioned for duty free treatment of strontium metal, TSUS 632.46, imported into the United States from Mexico.

Digest No.
A113--Con.

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A113—Con.

Table A.—Strontium, unalloyed, unwrought, and waste scrap: U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981–85, January–June 1985, and January–June 1986

Period	U.S. production	Exports	Imports	Apparent consumption	Ratio (percent) of imports to consumption
Quantity (pounds)					
1981.....	0	0	33,382	33,382	100
1982.....	0	0	14,633	14,633	100
1983.....	0	0	1,991	1,991	100
1984.....	0	0	1,424	1,424	100
1985.....	0	0	9,052	9,052	100
Jan.—June—					
1985.....	0	0	8,470	8,470	100
1986.....	0	0	29,954	29,954	100
Value (1,000 dollars)					
1981.....	0	0	331	331	100
1982.....	0	0	137	137	100
1983.....	0	0	23	23	100
1984.....	0	0	18	18	100
1985.....	0	0	86	86	100
Jan.—June—					
1985.....	0	0	82	82	100
1986.....	0	0	283	283	100
Unit value (dollars per pound)					
1981.....	—	—	\$9.90	—	—
1982.....	—	—	9.37	—	—
1983.....	—	—	11.45	—	—
1984.....	—	—	12.63	—	—
1985.....	—	—	9.52	—	—
Jan.—June—					
1985.....	—	—	9.68	—	—
1986.....	—	—	9.46	—	—

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

Table B.--Strontium, unalloyed, unwrought and waste and scrap: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June-- 1985	1986
Quantity (pounds)							
Canada-----	33,382	14,633	1,991	1,424	9,052	8,470	29,954
Total----	33,382	14,633	1,991	1,424	9,052	8,470	29,954
Value (1,000 dollars)							
Canada-----	331	137	23	18	86	82	283
Total----	331	137	23	18	86	82	283
Unit value (per pound)							
Canada-----	\$9.90	\$9.37	\$11.45	\$12.63	\$9.52	\$9.68	\$9.46
Average--	9.90	9.37	11.45	12.63	9.52	9.68	9.46

1/ Less than 500.

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

BALL OR ROLLER BEARING TYPE PILLOW BLOCK UNITS

DIGEST NO. A114

BALL OR ROLLER BEARING TYPE PILLOW BLOCK UNITS
DIGEST NO. A114 (GSP Addition)

Background

Description and uses

A ball or roller bearing type pillow block unit consists of a ball or roller bearing (called an "insert") implanted into a casing that allows the unit to be attached by bolts to a surface parallel to the bearing's axis, typically to a floor or other horizontal surface, such as on heavy equipment. When the casing allows for attachment perpendicular to the bearing's axis, usually to a vertical surface, this product is called a "flange" and is classified under Tariff Schedules of the United States (TSUS) item 681.10. Approximately 90 percent of all ball or roller bearing type pillow block units produced use an iron casting for housing the bearing insert—malleable metal was used until its price rose. The housing for the remaining 10 percent of production is of cast steel. Ball bearing type pillow block units are generally small (under 2-1/2 inches shaft size) and average about \$30 in price when sold to original equipment manufacturers (OEM's). Ball bearing type pillow block units are typically incorporated into agricultural and construction machinery and smaller industrial fans and blowers. Roller bearing pillow block units are relatively large (under 5 inches shaft size) and average about \$100 in price when sold to an OEM. Roller bearing type pillow block units are primarily used in heavy industrial applications, also including larger industrial fans and blowers. The Tariff Schedules of the United States Annotated (TSUSA) item number for the articles under investigation is provided below along with information on U.S. tariff rates, U.S. imports in 1985, and the Generalized System of Preferences (GSP) competitive status.

Digest No.
A114—Con.

Ball or roller bearing type pillow block units: TSUSA item number, description, tariff rate information, U.S. imports in 1985, and the GSP competitive status

(percent ad valorem)		Col. 1 rate of duty effective during—		
TSUSA item No.	Description	1981	1985	1987
681.0410	Ball or roller bearing type pillow block units.	8.6%	6.7%	5.7%
		U.S. imports in 1985 (\$1,000)		Product produced in U.S., Jan. 3, 1985
681.0410	Ball or roller bearing type pillow block units.	6,509		Yes.

U.S. producers and employment

Currently, there are approximately 22 U.S. producers of ball and roller bearing type pillow block units. The number of U.S. producers has decreased by about 10 firms since 1981. The most prominent U.S. producers of these articles are the Fafnir Div. of The Torrington Co., the Reliance Electric subsidiary of Dodge-Master Reeves, PT Components Inc., McGill Manufacturing Co. Inc., and the Browning Mfg. Div. of Emerson Electric Co. About 10 U.S. producers of these articles also were importers during 1982 through June 1986, several of which assemble ball or roller bearing type pillow block units in the United States with both foreign and domestically produced components. U.S. producers began to switch to foreign-built components in their assembly

operations in 1983. This occurred primarily in the production of ball bearing type pillow blocks because of the need to reduce high unit production costs in the face of increased domestic competition arising from: (1) the increased foreign sourcing of ball or roller bearing type pillow block units; and (2) a declining U.S. market resulting from depressed demand in the agricultural machinery industry. Employment for 1985 in the manufacture of ball or roller bearing type pillow block units is estimated at 5,000 workers. Approximately 30 percent of the labor content used in producing ball or roller bearing type pillow block units is directly related to the manufacture of the ball or roller bearing insert and 60 percent is dedicated to the manufacture and assembly of the casing for the bearing.

U.S. consumption and shipments

During 1981-85, estimated apparent U.S. consumption of ball or roller bearing type pillow block units increased from \$191.8 million to \$213.0 million, or by 11 percent (table A). The increase in consumption was primarily due to the growing demand for these products from OEM's of industrial fans and blowers and construction machinery. However, the increase in demand in these two industry sectors was partially offset by weak demand in the agricultural machinery industry, which has faced a depressed market since 1979. According to industry sources, the U.S. industry is currently operating significantly below capacity since there is relatively low demand for these

products. Industry sources also indicate that approximately two-thirds of the market for these products is accounted for by OEM's and the remaining third is accounted for by the replacement aftermarket. About half of the OEM market is serviced by distributors and half directly by manufacturers. Approximately two-thirds of market demand is for ball bearing type pillow block units with the remaining demand for roller bearing type pillow block units.

U.S. shipments of ball or roller bearing type pillow block units increased by almost 10 percent, rising from an estimated \$196.0 million in 1981 to \$215.1 million in 1985 (table A). The economic factors responsible for the increase in shipments were the same as those causing the increase in apparent consumption. The rate of growth in U.S. shipments during 1982-85 did not keep pace with that of apparent U.S. consumption because of increased import penetration in the market. The increasing import penetration was a result primarily of increased foreign sourcing by U.S. suppliers. The ratio of imports to estimated apparent consumption rose from 2 percent in 1981 to slightly below 4 percent in 1983-84, and then dropped to 3 percent in 1985.

U.S. exports

U.S. exports of ball or roller bearing type pillow blocks are not separately reported in the official U.S. trade statistics, but are grouped in a broader export classification that includes all mounted ball and roller bearings. Estimated exports of ball and roller bearing type units were valued at \$8.7 million in 1981 and remained relatively constant at that level through

1985, when they totaled an estimated \$8.5 million (table B). Estimated U.S. exports during January-June 1986 have decreased by 31 percent, compared with the corresponding period of 1985. During 1981-85, Canada was the principal export market and in 1985 accounted for 31 percent, or an estimated \$2.7 million of total U.S. exports of these articles. Mexico was the second largest export market during this period, and accounted for an estimated 19-percent share of total U.S. exports of these products, or \$1.6 million, in 1985. U.S. exports during 1981-85 remained stagnant primarily because of weak overseas demand in machinery producing industries, as well as the increased competition in world markets. U.S. export growth during 1982-85 was further hampered as a result of the highly valued U.S. dollar relative to the currencies of major U.S. trading partners, especially Japan and Western Europe, in markets where the principal competition was from Japanese and Western European producers.

U.S. imports

U.S. imports of ball and roller bearing type pillow block units rose from \$4.5 million in 1981 to \$7.3 million in 1984, before dropping to \$6.5 million in 1985. Overall, U.S. imports of these products increased by 44 percent during 1981-85 (table C). Japan, the United Kingdom, and Canada were the principal U.S. suppliers of these articles during 1981-85. In 1985, imports from Japan accounted for 56 percent of total U.S. imports (\$3.6 million), while those from the United Kingdom and Canada accounted for 14 percent

(\$904,000) and 12 percent (\$796,000), respectively. U.S. imports from all developed countries accounted for 83 percent of total imports in 1985. U.S. imports from GSP eligible countries increased from an estimated \$177,000 (4 percent of total imports) to an estimated \$1.1 million (17 percent of total imports) in 1985 (table D). U.S. imports from Taiwan accounted for an estimated 49 percent (\$549,000) of total imports from GSP eligible countries in 1985 and those from Korea accounted for 47 percent (\$524,000). The remainder of total estimated GSP imports in 1985 was accounted for by Brazil, Singapore, and Romania. According to industry sources, imports of roller bearing type pillow blocks tend to be sourced from developed countries whereas ball bearing type pillow blocks tend to be supplied by the GSP countries. Imports from Mexico totaled an estimated \$21,000 in 1984; there were no U.S. imports of these articles from Mexico during 1981–83 and January 1985–June 1986. Imports of ball and roller bearing type pillow block units from eligible GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Taiwan.....	\$ 549	8
Korea.....	524	8
Brazil.....	41	1
Singapore.....	9	<u>1/</u>
Romania.....	2	<u>1/</u>
Other GSP.....	—	—
Total.....	2/ 1,126	17

1/ Less than 0.5 percent.

2/ Total may not add due to rounding.

U.S. imports of these articles under TSUS item 806.30 totaled \$1,280 in 1982 and were supplied by Canada. During 1981-June 1986, no U.S. imports of these articles were entered under TSUS item 807.00.

Conditions of competition in the U.S. market

The most important factor influencing a U.S. purchaser's decision to buy ball or roller bearing type pillow block units is price, since foreign produced ball or roller bearing type pillow block units do not offer any significant design advantage over similar domestically produced articles. Closely following price as a factor in the U.S. buyer's purchasing decision are quality, brand loyalty, and service. OEM's are more concerned with price and delivery of these products, whereas distributors in the replacement market are more concerned with product quality and supplier relationships. According to industry sources, market prices for ball and roller bearing type pillow block units bottomed out in 1985 and have since started to increase. The decline in U.S. prices prior to 1985 was primarily due to weak demand for these products from OEM's, which have increasingly turned to purchasing foreign-built products as well as to the offshore sourcing of the products that incorporate these types of pillow block units. In the import market, the decline in U.S. prices prior to 1985 was heavily influenced by the low value of the Japanese yen and the United Kingdom pound relative to the U.S. dollar and thus an increasing volume of less expensive imports putting downward

pressure on domestic prices. Recently, prices have risen as the U.S. dollar has decreased in value relative to the currencies of major U.S. trading partners. Industry sources indicate that given comparable product quality, the price differential of foreign produced articles is between 5 and 10 percent below that of a domestically produced item. However, U.S. purchasers would likely buy the domestically built product because of such factors as engineering support and, in some cases, because of faster delivery times provided by the U.S. manufacturer. U.S. purchasers will buy ball and roller bearing type pillow block units from U.S. manufacturers of these articles because they frequently purchase other related components from these same firms. Prices of imports from developing countries, such as Taiwan, Korea, Brazil, and Romania, range between 30 to 40 percent below prices of domestically produced articles. However, such imports are usually of a lesser quality than those produced domestically.

Position of interested parties

The Government of Mexico has petitioned for duty-free treatment of U.S. imports of ball and roller bearing type pillow block units entering under TSUS item 681.04. The petitioner indicated that LKS Rodamientos y-Equipos, S.A. de C.V., Borg Warner of Mexico, S.A. de C.V. (a subsidiary of Borg Warner Corp. (United States), and DODGE de Mexico, S.A., will be the principal Mexican

firms to benefit from duty-free GSP status. The petition stated that current estimated production capacity in Mexico for the products covered by this digest is 60,000 pieces 1/ per month. Estimated capacity utilization at these plants in Mexico during 1984-86 declined from 30 percent to 25 percent.

No other interested parties have expressed a position with respect to the GSP eligibility status of TSUSA item 681.0410.

1/ Production of "pieces" (components) do not translate equally into production of units since a ball or roller bearing type pillow block unit consists of several components including inner and outer races, bearings, and housing. An accurate estimation of unit production can not be provided because the assembly plans (e.g., the number of components that are planned to be assembled into complete units versus the number of components to be shipped unassembled) of the Mexican facilities producing these products are not known.

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Table A.—Ball or roller bearing type pillow block units: U.S. producers' shipments, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981–85, January–June 1985, and January–June 1986

Period	U.S. producers' shipments 1/	Exports 1/	Imports	Apparent consumption 1/	Ratio (percent) of imports to consumption 1/
Value (1,000 dollars)					
1981.....	196,000	8,717	4,533	191,816	2.4
1982.....	168,000	8,494	4,176	163,682	2.6
1983.....	171,600	7,279	5,991	170,312	3.5
1984.....	208,900	8,816	7,268	207,352	3.5
1985.....	215,100	8,850	6,509	213,029	3.1
Jan.—June—					
1985.....	107,600	4,052	3,604	107,152	3.4
1986.....	108,600	2,816	3,466	109,250	3.2

1/ Estimated by the staff of the U.S. International Trade Commission.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Table B.--Ball or roller bearing type pillow block units: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	(In thousands of dollars)					January-June--	
	1981	1982	1983	1984	1985	1985	1986
Canada-----	2,033	2,403	3,189	4,003	2,704	1,656	506
Mexico-----	1,989	1,138	588	1,170	1,616	829	747
Fr Germ-----	228	109	160	59	1,010	55	96
Venez-----	263	381	144	148	322	119	90
Israel-----	84	72	171	264	274	139	78
U King-----	229	327	174	179	269	128	128
Italy-----	189	166	133	104	237	76	69
Phil R-----	275	343	200	361	208	120	80
All other-----	3,425	3,554	2,519	2,527	1,939	930	1,023
Total-----	8,717	8,494	7,279	8,816	8,581	4,052	2,816

Source: Estimated by the staff of the U.S. International Trade Commission based on official statistics of the U.S. Department of Commerce.

Table C.--Ball or roller bearing type pillow block units: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	(In thousands of dollars)					
	1981	1982	1983	1984	1985	January-June-- 1985 1986
Japan-----	2,842	2,524	4,328	4,264	3,625	2,275 1,241
U King-----	1,288	828	730	1,466	904	347 1,174
Canada-----	193	500	414	576	796	507 141
China t-----	69	173	255	248	549	198 402
Kor Rep-----	-	3	108	472	524	225 263
Brazil-----	-	-	-	-	41	- 112
Fr Germ-----	47	80	71	43	22	17 31
Sweden-----	69	14	56	146	17	17 1
All other-----	26	54	27	53	31	19 102
Total-----	4,533	4,176	5,991	7,268	6,509	3,604 3,466

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

Table D.—Ball or roller bearing type pillow block units: U.S. imports by certain world areas including designated GSP countries, 1982-85, and January-June 1986

(In thousands of dollars)

Item	1982	1983	1984	1985	January-June 1986	
					Imports	Percentage distribution
Gross imports...	4,176	5,991	7,268	6,509	3,466	100
Developed countries total.....	3,993	5,627	6,526	5,380	2,676	77
GSP countries, total.....	177	363	741	1,126	785	23
Taiwan.....	173	255	248	549	402	12
Korea.....	3	108	472	524	263	8
Brazil.....	—	—	—	41	112	3
Singapore.....	—	—	1	9	3	1/
Romania.....	—	—	—	2	5	1/
Mexico.....	—	—	21	—	—	—
Israel.....	1	—	—	—	—	—
Other.....	5	—	—	4	5	1/

1/ Less than 0.5 percent.

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

TIME SWITCHES, VALUED OVER \$1.10 BUT NOT OVER \$5.00

DIGEST NO. A115

TIME SWITCHES, VALUED OVER \$1.10 BUT NOT OVER \$5.00
DIGEST NO. A115 (GSP ADDITION)

Background

Description and uses

Time switches are devices which regulate the operation of various control switches on a timed basis. They are usually components of larger systems that make or break an electric circuit automatically. Time switches are used in such areas as home appliances, heating and air-conditioning systems, and lighting circuits. They usually contain clock movements or modules, and fall into one of three types: mechanical, electromechanical and electronic. Mechanical time switches are springwound and are most often used in appliances. Electromechanical time switches, which generally have a synchronous motor, are employed when precision or switching power somewhat greater than that of mechanical time switches is required; they are found in both household and industrial applications. Electronic time switches have a solid-state module, making them the most precise of the three types, and have applications in both industry and the home.

The TSUS item numbers for the articles under investigation are provided in the tabulation on the next page along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

U.S. producers and employment

There are approximately 50 domestic producers of time switches. Most producers specialize in one type of switch and some import to fill out their lines. Producers are concentrated in the Eastern States, however, a large number of producers are also located in the Chicago area and California. For statistical reporting purposes this industry is often grouped with clock

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Time switches, valued over \$1.10 but not over \$5.00: TSUS item number, description, tariff rate information, U.S. imports in 1985, and the GSP competitive status

		Col. 1 rate of duty effective during—		
TSUS item No.	Description	1981	1985	1987
		Percent		
	Time switches with watch or clock movements, or with synchronous or subsynchronous motors:			
715.62	Valued over \$1.10 but not over \$2.25 each.....	21¢ each + 13.6% ad val. + 5.3¢ for each jewel, if any (29.3% AVE)	13¢ each + 8.8% ad val. + 3.4¢ for each jewel, if any (17.5% AVE)	10¢ each + 6.4% ad val. + 2.5¢ for each jewel, if any
715.64	Valued over \$2.25 but not over \$5.00 each.....	31¢ each + 8.5% ad val. + 5.3¢ for each jewel, if any 16.8% AVE)	20¢ each + 5.5% ad val. + 3.4¢ for each jewel, if any (14.0% AVE)	15¢ each + 4% ad val. + 2.5¢ for each jewel, if any
		U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985	
	Time switches with watch or clock movements, or with synchronous or subsynchronous motors:			
715.62	Valued over \$1.10 but not over \$2.25 each.....	1,862	Yes.	
715.64	Valued over \$2.25 but not over \$5.00 each.....	2,173	Yes.	

manufacturers and producers of other timing devices. Specific employment data for the time switch industry is not available, however, industry sources indicate that there are less than 5,000 employees in the industry.

U.S. consumption and production

Shipment data on time switches, valued over \$1.10 but not over \$5.00, are not available and consumption data cannot be calculated (table A). Estimated U.S. producers' shipments of all time switches declined during 1981-82 and then increased 43 percent from \$14 million in 1982 to \$20 million in 1985. Estimated apparent U.S. consumption of all time switches followed a similar pattern as it also decreased during 1981-82 and then increased 54 percent from \$13 million in 1982 to \$20 million in 1985. The ratio of total imports to estimated apparent consumption for all time switches decreased from 50 percent in 1981 to 40 percent in 1985 and the ratio of potential GSP imports to estimated apparent consumption decreased from 32 percent in 1981 to 15 percent in 1985.

U.S. exports

U.S. export data for time switches valued over \$1.10 but not over \$5.00 are not available. U.S. exports of all time switches increased annually from \$5.3 million in 1981 to \$8.2 million in 1985, or by 56 percent. Canada was the leading U.S. export market during the period and received \$4.4 million in 1985. Canada's share of total exports increased from 43 percent to 53 percent during the period. Mexico rose from the third leading market in 1981 to second in 1985 as U.S. exports to Mexico increased 108 percent, from \$476,000 to \$993,000, during the period.

U.S. imports

U.S. imports of time switches valued over \$1.10 but not over \$5.00 decreased by 6 percent from \$4.3 million in 1981 to \$4.0 million in 1985, and accounted for 53 percent of imports of all time switches in 1985 (table B). Imports of the subject articles from Japan, the leading source of U.S. imports in 1985, rose from 425,000 units, valued at \$1.6 million, in 1981 to 1.1 million units, valued at \$2.5 million, in 1985, or by 162 percent and 53 percent, respectively. Concurrently, imports of such products from Mexico, the leading supplier in 1981, decreased from 721,000 units, valued at \$2.6 million, in 1981 to 311,000 units, valued at \$868,000, in 1985, or by 56 percent and 67 percent, respectively. Together, these two countries accounted for 83 percent of total U.S. imports of such products in 1985. The average unit value of imports of time switches in this category decreased 35 percent during the period, from \$3.72 to \$2.42. The unit value of such imports from Japan decreased more than average, from \$3.80 to \$2.22 or by 42 percent, and that of such imports from Mexico decreased less than average, from \$3.68 to \$2.79 or by 24 percent.

Imports of time switches valued over \$1.10 but not over \$5.00 from GSP countries during 1982-85 decreased by 12 percent from \$1.2 million to \$1.1 million (table C). Imports from these countries as a share of total imports declined from 52 percent to 27 percent during the period. Mexico was the leading supplier among GSP countries during the period and accounted for 79 percent of total imports from those countries in 1985. Hong Kong and Korea

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followed as the second and third leading GSP country suppliers with 11 percent and 9 percent of such imports in 1985, respectively.

Imports of time switches under TSUS item 715.62 from potential GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Republic of Korea....	26	1
Mexico.....	19	1
Hong Kong.....	7	<u>1/</u>
Total.....	47	2

1/ Less than 0.5 percent.

Imports of time switches under TSUS item 715.64 from potential GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Mexico.....	849	39
Hong Kong.....	118	5
Republic of Korea....	69	3
Taiwan.....	19	<u>1</u>
Total.....	1,055	48

Conditions of competition in U.S. market

The U.S. market for time switches is very broad and complex. Time switches have numerous industrial, commercial, and residential applications. These different applications require variations in product which include, among other factors, size specifications and precision of the time-keeping function. To further add to the complexity of these variations, the electrical current and operating standards in the United States (ie.,

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electrical standards required by Underwriters Laboratories) are different from that in most other major developed markets. According to industry sources, imported products are generally smaller than domestic switches, and are most competitive in the low-price end of the market, where domestic producers are noncompetitive. It is also reported that most Asian producers currently are competitive and are flexible enough to expand and adapt their production to increase their share of the U.S. market. However, most domestic producers indicated that the quality of domestically produced time switches is better. In addition, marketing advantages held by domestic producers, particularly speed of delivery and communications, reportedly aid the domestic industry.

Position of interested parties

A petition for the addition of the subject products to the list of articles receiving duty-free treatment was received from the Admiral Division of Magic Chef, Inc., Galesburg, IL. Admiral is a domestic manufacturer of various types of home appliances and is primarily concerned with "refrigerator defrost control timers" which are used exclusively as a component in household refrigerators. According to Admiral, the U.S. Customs Service classifies the subject articles under TSUS item numbers 715.62 and 715.64, depending upon the unit value. Admiral imports these articles from Korea because they believe the quality is superior to those produced domestically. Admiral also recognizes that the Customs Service classifies other types of products under these time switch provisions. Admiral noted that among these other products are a wireless remote control module which is used for waking a person by means of the radio, as well as controlling the overall musical system

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consisting of a cassette deck, tuner, and turntable, and also microwave oven timers. According to Admiral, the basis for their petition lies in large measure on the premise that granting GSP eligibility to these products from Korea would be mutually beneficial to original equipment manufacturers (OEM), such as Admiral, as well as to the incipient time switch/defrost control industry in Korea. Admiral believes that designating TSUS items 715.62 and 715.64 as GSP eligible would benefit domestic OEM producers of refrigerators that use the defrost control timers, as well as the U.S. consumer through lower prices and corresponding quality considerations. They further noted that designation of these articles as eligible for GSP would likely further the economic development of Korea through the expansion of exports, primarily to the United States. Admiral also believes that there would be little, if any, impact upon domestic producers of a like or directly competitive product in the United States.

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Table A.—Time switches, valued over \$1.10 but not over \$5.00: Producers' shipments, exports of domestic merchandise, imports for consumption, apparent consumption, 1981–85, January–June 1985, and January–June 1986

(Value in millions of dollars)

Year	Producers' shipments	Exports	Imports	Apparent consumption	Ratio (percent) of imports to consumption
1981.....	<u>1/</u>	<u>1/</u>	4	<u>2/</u>	<u>2/</u>
1982.....	<u>1/</u>	<u>1/</u>	2	<u>2/</u>	<u>2/</u>
1983.....	<u>1/</u>	<u>1/</u>	3	<u>2/</u>	<u>2/</u>
1984.....	<u>1/</u>	<u>1/</u>	3	<u>2/</u>	<u>2/</u>
1985.....	<u>1/</u>	<u>1/</u>	4	<u>2/</u>	<u>2/</u>
January–June:					
1985.....	<u>1/</u>	<u>1/</u>	1	<u>2/</u>	<u>2/</u>
1986.....	<u>1/</u>	<u>1/</u>	3	<u>2/</u>	<u>2/</u>

1/ Data are not available.

2/ Cannot be calculated.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Source	Quantity (1,000 units)						Value (1,000 dollars)	
	1981	1982	1983	1984	1985	1986	1985	1986
Japan	425	329	453	842	1,114	283		909
Mexico	721	357	639	277	311	117		144
Fr Germ	3	1/	5	16	88	26		42
Hg Kong	1	41	1	66	47	46		38
Kor Rep	1	6	1/	0	39	17		159
France	0	9	0	22	26	20		10
China M	0	0	0	0	21	21		0
Canada	1	0	0	0	11	0		0
All other	5	6	16	16	12	5		18
Total	1,156	748	1,114	1,238	1,669	534		1,320
Japan	1,614	1,151	1,318	2,204	2,469	680		1,819
Mexico	2,649	1,101	1,607	756	868	336		379
Fr Germ	12	1	14	61	300	68		178
Hg Kong	5	107	1	145	120	118		82
Kor Rep	3	18	1	50	96	43		337
France	-	13	-	50	57	44		24
China M	-	-	-	-	49	49		-
Canada	2	-	-	-	31	-		-
All other	16	25	39	44	45	22		48
Total	4,302	2,416	2,980	3,259	4,035	1,360		2,866
Unit value								
Japan	\$3.80	\$3.49	\$2.91	\$2.62	\$2.22	\$2.40		\$2.00
Mexico	3.68	3.09	2.51	2.73	2.79	2.88		2.64
Fr Germ	4.15	4.00	3.08	3.72	3.41	2.60		4.25
Hg Kong	4.21	2.60	1.61	2.21	2.57	2.17		2.17
Kor Rep	4.00	3.30	2.13	-	2.47	2.57		2.11
France	-	1.39	-	2.29	2.19	2.16		2.40
China M	-	-	-	-	2.37	2.37		-
Canada	2.95	-	-	-	2.77	-		-
All other	3.13	3.83	2.47	2.78	3.80	4.74		2.62
Average	3.72	3.23	2.68	2.63	2.42	2.55		2.17

1/ Less than 500.

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

Table C.--Time switches, valued over \$1.10 but not over \$5.00: U.S. imports by certain world areas including designated GSP countries, 1982-85 and January - June 1986

Item	1982	1983	1984	1985	January - June 1986	
					Imports	Percentage distribution
Quantity (1,000 units)						
Gross imports-----	748	1,114	1,238	1,669	1,320	100
Developed countries, total:	340	459	887	1,247	966	73
GSP countries, total-----	408	655	351	401	354	27
Mexico-----	357	639	277	311	144	11
Hg Kong-----	41	1	66	47	38	3
Kor Rep-----	6	2	0	39	159	12
China t-----	5	14	2	4	13	1
Singapr-----	2	2	7	0	0	
Other-----	0	0	0	21	0	
Value (1,000 dollars)						
Gross imports-----	2,416	2,980	3,259	4,035	2,866	100
Developed countries, total:	1,169	1,335	2,334	2,883	2,037	71
GSP countries, total-----	1,247	1,645	926	1,103	830	29
Mexico-----	1,101	1,607	756	868	379	13
Hg Kong-----	107	1	145	120	82	3
Kor Rep-----	18	1	-	96	337	12
China t-----	19	35	5	19	32	1
Singapr-----	1	1	20	-	-	
Other-----	-	-	-	49	-	

1/ Less than 0.5 percent.
2/ Less than 500.

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

PHTHALIC ANHYDRIDE

DIGEST NO. B101

PHTHALIC ANHYDRIDE
DIGEST NO. B101 (GSP Removal)

Background

Description and uses

Phthalic anhydride is a benzenoid intermediate chemical primarily produced from o-xylene feedstocks. This chemical is commercially available in molten and flaked forms. The principal uses for phthalic anhydride, expressed as a percentage of consumption, are plasticizers (51 percent), polyester resins (25 percent), and alkyd resins (19 percent).

The TSUS item number for the chemical under investigation is provided below along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

Phthalic anhydride: TSUS item number, description, tariff rate information, U.S. imports in 1985, and the GSP competitive status

		Col. 1 rate of duty effective during—		
TSUS item No.	Description	1981	1985	1987
		Percent ad valorem		
402.12	Phthalic anhydride.....	1.2¢ per lb + 8.6% (13.0%) 1/	1.2% per lb + 8.6% (10.4%) 1/	1.2¢ per lb + 8.6% (14.0%) 1/ 2/
		U.S. imports in 1985 (\$1,000)		Product pro- duced in U.S., Jan. 3, 1985
402.12	Phthalic anhydride.....	2,203	Yes.	

1/ The figure in parentheses is the ad valorem equivalent rate of the compound column 1 rate of duty given in the TSUS for item 402.12.

2/ Estimated by the staff of the U.S. International Trade Commission.

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U.S. customs treatment

Prior to the Tokyo Round of the Multilateral Trade Negotiations, phthalic anhydride was classified under TSUS item 403.08. The present item number and column 1 rate of duty were established on July 1, 1980, with no provisions for a staged reduction in the column 1 rate of duty. GSP eligibility for imports of phthalic anhydride became effective on January 1, 1976, under Executive Order No. 11888, dated November 24, 1975, which modified the TSUS to implement the GSP as authorized by title V of the Trade Act of 1974. In 1984, Brazil was granted a waiver of the competitive-need limit as defined under the de minimis provision of the GSP. Brazil has petitioned for a continuation of this waiver.

U.S. producers and employment

The number of U.S. producers of phthalic anhydride increased from 8 in 1981 to 9 in 1982 and 1983 before declining to 6 in 1984. At present, there are 6 U.S. producers of phthalic anhydride. Of the 6 producers of phthalic anhydride, only 3 produce the flaked form of this chemical.

Exact employment figures for the industry producing phthalic anhydride are not available; however, U.S. Department of Labor statistics for all domestic producers of industrial organic chemicals show only a 1 percent increase in all employees in that sector from 163,000 in 1983 to 164,000 in 1985. Data from the same source show no change in the number of production workers employed during 1985 (84,000 workers) compared with the number employed during 1983.

U.S. consumption and production

Phthalic anhydride is consumed domestically in two forms—molten or flaked. The particular form used by the consumer depends upon the equipment available for handling the raw material. Generally, plants consuming large quantities of phthalic anhydride will use the molten form, however inventories of flaked phthalic anhydride are kept on hand as a backup feedstock should problems develop in the system designed to handle the molten product. A product produced from phthalic anhydride will have identical chemical and physical characteristics regardless of which of the two forms of phthalic anhydride was used in the process.

Apparent consumption of all forms of phthalic anhydride declined from 853 million pounds, valued at \$290 million in 1981 to * * * million pounds valued at * * * million in 1985. U.S. production of all forms of this chemical decreased from 870 million pounds valued at \$296 million in 1981 to * * * million pounds valued at * * * million in 1985.

According to industry sources and certain independent market research studies, production of the flaked form of phthalic anhydride can vary from * * * percent of the total annual production of this chemical. One trade journal 1/ stated that the U.S. production of flaked phthalic anhydride was about 88 million pounds in 1984 or about 10 percent of total production during that year. Using this 10 percent estimate, the 1985 production of the flaked form of phthalic anhydride would have been approximately * * * million pounds, and U.S. apparent consumption of flaked phthalic anhydride in 1985 would have been about * * * million pounds.

1/ "Phthalic: Something Has to Give," Chemical Business, July 1985, pp.44-48.

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U.S. exports

U.S. exports of phthalic anhydride are of the flaked product only. U.S. exports decreased from a high of 22 million pounds, valued at \$7.7 million in 1981 to 13 million pounds, valued at \$3.7 million in 1985 (table B). As phthalic anhydride capacity was brought on-stream in developing countries, these former U.S. markets began supplying their own demand as well as exporting to other world markets. The value of exports to value of production ratio declined from 2.6 in 1981 to * * * in 1985. Some additional capacity is expected to be built worldwide in the near future which could further reduce U.S. exports markets. Because of this situation, it is doubtful that any significant increase in U.S. exports of this chemical will occur in the next few years.

U.S. imports

U.S. imports of phthalic anhydride are solely of the flaked product. Total U.S. imports increased from 5.6 million pounds, valued at \$1.6 million in 1981 to 12.0 million pounds valued at \$2.2 million in 1985 (table C). The principal sources of the imports during 1985 by value were Brazil (43 percent), the Republic of Korea (15 percent), Mexico (12 percent), Venezuela (11 percent), and Israel (10 percent). ^{1/} Imports from all sources increased by 44 percent in quantity to 9.1 million pounds and by 72 percent in value to \$1.9 million during the first half of 1986 compared with the corresponding period in 1985. From January-June 1986, the principal sources of these

^{1/} Approximately 94 percent by value of imports from Israel during 1985 were GSP imports, the remainder were entered duty free under the provisions of the United States-Israel Free Trade Area Act of 1985 effective September 1, 1985.

imports by value were Venezuela (30 percent), Mexico (20 percent), Brazil (10 percent), and Romania (7 percent).

GSP imports increased from 5.2 million pounds, valued at \$1.5 million in 1981 to 11.8 million pounds valued at \$2.1 million in 1985 (table D).

Imports of phthalic anhydride from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Brazil.....	944	43
Republic of Korea...	340	15
Mexico.....	269	12
Venezuela.....	235	11
Israel.....	198	9
Other GSP.....	152	7
Total.....	2,138	97

The ratio of imports from all sources to apparent consumption (on a value basis) went from 0.6 percent in 1981 to 1.5 percent in 1983 and then declined to * * * percent in 1985. Estimates of this ratio for the domestic flaked phthalic anhydride market are 8 percent in 1981; 3 percent in 1982; 15 percent during 1983; 12 percent in 1984; and * * * in 1985.

On a value basis, total imports as a percentage of domestic apparent consumption of the estimated 1985 flake phthalic anhydride market were * * * percent. The percentage of apparent consumption represented by GSP imports in 1985 of the U.S. flaked product market was estimated to be * * * percent. In 1985, GSP imports accounted for 97 percent of the value of imports of this product from all sources. Imports are of similar quality to the domestic product.

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According to the official import statistics, the unit value of GSP imports in 1985 was 18 cents per pound. For comparison, the unit value of all sales of phthalic anhydride in 1985 was * * * cents per pound as calculated from data submitted to the Commission by all domestic phthalic anhydride producers. 1/ However, according to a published article in an industry trade journal, a spokesman for one domestic phthalic anhydride manufacturer, namely, USS Chemical, questioned the validity of the reported import prices and stated that the company did not consider imports as being competitive with the USS product. 2/

Conditions of competition in U.S. market

Imports of this product from all sources are of similar quality to the U.S. product and can be substituted for the like product produced in the United States. According to available data, the average U.S. price for the flake form of this chemical is about * * * than the price of the imported chemical. However these estimates are not based on actual transaction prices between buyers and sellers in the U.S. market as such data are confidential and are not available.

1/ Synthetic Organic Chemicals, Production and Sales 1985, USITC publication in preparation.

2/ Chemical Business, July 1985, p. 48.

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Position of interested parties

The petitioner for the removal of GSP-eligibility for this chemical is the United States Steel Corporation (USX). In a written brief and in hearing testimony, Mr. Peter J. Koenig of USX and, in addition, acting as counsel for the Committee on Flake Phthalic Anhydride Imports, supported the petition for removal of GSP eligibility for phthalic anhydride. Mr. Koenig argued that the domestic market for the flaked production constitutes a unique industry separate from the market for the molten form of this chemical. The market for the flake form is small and sensitive to imports because of similarity between imported and domestic products.

In a written brief, Mr. Alan H. Price, and Mr. Donald Cameron, Counsels for Oxidaciones Organicas, (Oxidor), the principal manufacturer and exporter of phthalic anhydride from Venezuela, opposed the removal of GSP eligibility for such imports. Counsels stated that the molten and flake markets are not separate and constitute a single U.S. market for this product. In hearing testimony, Mr. Pablo Pick, President of American Petrochemical Corp., the exclusive importer of phthalic anhydride from Oxidor, concurred with the written submission of Oxidor's counsels.

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Table A.—Phthalic anhydride: U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981-85

(Quantity in thousands of pounds; value in thousands of dollars;
unit value per pound)

Year	Production	Exports	Imports	Apparent consumption	Ratio (percent) of imports to consumption
Quantity					
1981.....	869,520	22,387	5,641	852,774	0.7
1982.....	684,391	11,124	1,897	675,164	0.3
1983.....	838,305	10,880	13,242	840,667	1.6
1984.....	870,245	9,561	10,194	870,878	1.2
1985.....	***	12,961	11,964	***	***
Value					
1981.....	295,637	7,701	1,641	289,577	0.6
1982.....	212,161	4,007	550	208,704	0.3
1983.....	209,576	4,079	3,012	208,509	1.5
1984.....	234,966	3,204	2,599	234,361	1.1
1985.....	***	3,688	2,203	***	***
Unit value					
1981.....	\$0.34	\$0.34	\$0.29	—	—
1982.....	.31	.36	.29	—	—
1983.....	.25	.37	.23	—	—
1984.....	.27	.34	.25	—	—
1985.....	***	.28	.18	—	—

Source: Production, compiled from U.S. International Trade Commission, Synthetic Organic Chemicals, United States Production and Sales, 1981-85; exports and imports, compiled from official statistics of the U.S. Department of Commerce.

Table B.--Phthalic anhydride: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	1981	1982	1983	1984	1985	January-June-- 1985	January-June-- 1986
Quantity (1,000 pounds)							
Canada	12,035	7,343	9,728	8,169	11,630	7,322	3,145
U King	20	0	2	2	75	0	0
Mexico	6,614	2,992	124	42	981	899	105
Fr Germ	117	68	326	7	40	35	37
Kor Rep	0	0	340	0	159	0	0
Venez	0	0	0	0	54	54	0
Brazil	12	0	0	0	2	2	0
Nethlds	0	8	36	0	4	0	0
All other	3,589	714	324	1,341	17	10	3
Total	22,387	11,124	10,880	9,561	12,961	8,322	3,289
Value (1,000 dollars)							
Canada	3,406	2,178	2,541	2,061	2,953	1,827	618
U King	15	-	3	13	287	-	-
Mexico	2,888	1,114	48	15	285	255	42
Fr Germ	32	24	88	15	102	97	43
Kor Rep	-	-	634	-	34	-	-
Venez	-	-	-	-	12	12	-
Brazil	13	-	-	-	6	6	-
Nethlds	-	10	94	-	5	-	-
All other	1,348	682	672	1,100	5	2	5
Total	7,701	4,007	4,079	3,204	3,688	2,199	709
Unit value (per pound)							
Canada	\$0.28	\$0.30	\$0.26	\$0.25	\$0.25	\$0.25	\$0.20
U King	0.72	-	1.35	7.05	3.84	-	-
Mexico	0.44	0.37	0.39	0.37	0.29	0.28	0.40
Fr Germ	0.28	0.35	0.27	2.01	2.58	2.74	1.17
Kor Rep	-	-	1.86	-	0.21	-	-
Venez	-	-	-	-	0.21	0.21	-
Brazil	1.02	-	-	-	3.16	3.16	-
Nethlds	-	1.29	2.62	-	1.28	-	-
All other	0.38	0.96	2.07	0.82	0.28	0.21	1.86
Average	0.34	0.36	0.37	0.34	0.28	0.26	0.22

1/ Less than 500.

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

Table C.--Phthalic anhydride: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June-- 1985	January-June-- 1986
Quantity (1,000 pounds)							
Brazil-----	3,368	533	7,240	5,340	5,858	5,012	897
Kor Rep-----	0	0	0	865	1,562	0	220
Mexico-----	0	0	0	725	1,362	611	1,812
Venez-----	1,102	2	1,769	1,080	1,330	0	2,778
Israel-----	0	0	0	568	923	612	373
Romania-----	220	258	2,983	1,345	655	0	655
Fr Germ-----	12	33	0	60	64	64	2
China t-----	0	0	39	0	154	0	0
All other-----	938	1,070	1,212	212	55	16	2,331
Total-----	5,641	1,897	13,242	10,194	11,964	6,314	9,068
Value (1,000 dollars)							
Brazil-----	979	147	1,470	1,500	944	776	178
Kor Rep-----	-	-	-	205	340	-	54
Mexico-----	-	-	-	149	269	119	377
Venez-----	326	1	372	228	235	-	549
Israel-----	-	-	-	134	210	129	85
Romania-----	64	70	749	303	111	-	123
Fr Germ-----	7	21	-	37	42	42	9
China t-----	-	-	11	-	33	-	-
All other-----	264	311	411	44	20	12	475
Total-----	1,641	550	3,012	2,599	2,203	1,078	1,849
Unit value (per pound)							
Brazil-----	\$0.29	\$0.28	\$0.20	\$0.28	\$0.16	\$0.15	\$0.20
Kor Rep-----	-	-	-	0.24	0.22	-	0.25
Mexico-----	-	-	-	0.21	0.20	0.19	0.21
Venez-----	0.30	0.29	0.21	0.21	0.18	-	0.20
Israel-----	-	-	-	0.24	0.23	0.21	0.23
Romania-----	0.29	0.27	0.25	0.23	0.17	-	0.19
Fr Germ-----	0.62	0.62	-	0.61	0.66	0.66	5.46
China t-----	-	-	0.27	-	0.21	-	-
All other-----	0.28	0.29	0.34	0.21	0.37	0.75	0.20
Average-----	0.29	0.29	0.23	0.25	0.18	0.17	0.20

1/ Less than 500.

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

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Table D.—Phthalic anhydride: U.S. imports for consumption under the GSP,
by principal GSP sources, 1981-85, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June 1986
Quantity (1,000 pounds)						
Brazil	3,368	533	7,240	5,340	5,858	826
Republic of Korea	-	-	-	528	1,562	220
Mexico	-	-	-	725	1,362	1,812
Venezuela	1,102	2	1,769	1,080	1,330	2,778
Israel	-	-	-	568	877	178
Romania	220	258	2,983	726	655	655
Taiwan	-	-	39	-	154	-
Argentina	468	848	724	77	39	957
Total	5,158	1,641	12,755	9,044	11,837	7,426
Value (1,000 dollars)						
Brazil	979	147	1,470	1,500	944	164
Republic of Korea	-	-	-	125	340	54
Mexico	-	-	-	149	269	377
Venezuela	326	1	372	228	235	549
Israel	-	-	-	134	198	41
Romania	64	70	749	163	111	123
Taiwan	-	-	11	-	33	-
Argentina	139	246	170	17	8	182
Total	1,508	464	2,772	2,316	2,138	1,490
Unit value (per pound)						
Brazil	0.29	0.28	0.20	0.28	0.16	0.20
Republic of Korea	-	-	-	.24	.22	.25
Mexico	-	-	-	.21	.20	.21
Venezuela	.30	.29	.21	.21	.18	.20
Israel	-	-	-	.24	.23	.23
Romania	.29	.27	.25	.22	.17	.19
Taiwan	-	-	.27	-	.21	-
Argentina	.30	.29	.24	.22	.21	.19
Average	.29	.28	.22	.26	.18	.20

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

Note.—This table contains actual GSP imports only (i.e., "CSC 4" trade data).

PHTHALIC ACID ESTERS

DIGEST NO. B102

PHTHALIC ACID ESTERS
DIGEST NO. B102 (GSP Removal)

Background

Description and uses

Phthalic acid esters are chemicals of a type called plasticizers in commerce. Plasticizers are organic chemicals that are added to synthetic plastics and resin materials to (1) improve workability during fabrication, (2) extend or modify the natural properties of these materials, or (3) develop new improved properties not present in the original material.

The TSUS item numbers for the articles under investigation are provided below along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

		Col. 1 rate of duty effective during—		
TSUSA item No.	Description	1981	1985	1987
		Cents per pound; percent ad valorem		
409.3410	Phthalic acid esters.....	1.3¢ + 17.7%	0.5¢ + 17.7%	0.1¢ + 17.7%
		U.S. imports in 1985 (\$1,000)		Product pro- duced in U.S., Jan. 3, 1985
409.3410	Phthalic acid esters.....	5,061		Yes.

U.S. customs treatment

Products chiefly used as plasticizers, TSUS item 409.34, which includes TSUSA item 409.3410, phthalic acid esters, is currently eligible for duty-free treatment under the Generalized System of Preference (GSP) and has been since its institution on July 1, 1976. All beneficiary developing countries

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enumerated in General Headnote 3(e) of the TSUS are eligible and have been since January 1, 1976 with no exclusions. None of the eligible countries which exported phthalic acid esters to the United States during 1981-85 lost their GSP eligibility at any time during the period.

U.S. producers and employment

In 1984, the last year for which data are available, there were 21 U.S. producers of phthalic acid esters who produced over 35 different chemicals used primarily as plasticizers, 12 produced dioctyl phthalates, the class of phthalic acid esters concentrated on in the submission by petitioner. These plasticizer producers range from small companies with only a few product lines, to large multinational corporations for which these products are a relatively small part of their overall operations. The producers of phthalic acid esters are primarily located in the Atlantic Coast, Gulf Coast, and Midwestern States. Information on employment in this industry segment is not available.

U.S. consumption and production

U.S. consumption (table A) of phthalic acid esters decreased from \$497 million in 1981 to \$365 million in 1982, increased to \$426 million in 1984, then declined to an estimated \$422 million in 1985, in line with the trends in the general end-use markets for these products.

U.S. production closely followed the production trends, decreasing from an estimated \$538 million in 1981 to an estimated \$400 million in 1982,

increasing to an estimated \$460 million in 1984, then declining to an estimated \$454 million in 1985.

Imports were less than 0.3 percent of consumption during 1981–84 and increased to 1.7 percent in 1985.

U.S. exports

Annual U.S. exports of phthalic acid esters (table B) ranged from \$35 million to \$42 million during 1981–85. Exports for January–June 1986 amounted to \$39 million, a significant increase over the \$18 million exported during the corresponding period in 1985. The increase is partly the result of a difference in the product mix of imports and a consequent increase of average unit value, and partly an increase in demand by Taiwan. Exports to Taiwan increased ten-fold from \$2 million in January–June 1985, to \$20 million in January–June 1986. Belgium and Canada were the largest markets for U.S. exports of phthalic acid esters in 1985, together accounting for about 54 percent of the total. In January–June 1986, Taiwan was the largest market, accounting for 51 percent of the total, while Belgium and Canada together accounted for 30 percent.

U.S. imports

During 1981–85 U.S. imports (table C) ranged from a low of \$233,000 in 1982 to \$5 million in 1985. In 1985 the largest suppliers of phthalic acid esters to the U.S. marketplace were Brazil (35 percent) Taiwan (24 percent), Israel (14 percent), and Mexico (17 percent), all of which were eligible for duty-free treatment under the GSP. Not all was entered duty free, however, as seen in comparing tables C and D.

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Supporters of the petition have alleged that some dioctyl phthalates (DOP), which should be classified in statistical annotation 409.3410 are misclassified in annotation 409.3450. Inspection of imports classified in 409.3450 yields the observation that imports from Taiwan have a unit value low enough to indicate that the material could be DOP, since, as petitioner points out, DOP is the lowest priced plasticizer imported. However, several other factors, such as clerical errors in preparation of the statistics or filing of the import documents, lower quality of the material, and the like could account for the lower unit value. In addition, while DOP is the lowest priced plasticizer imported, some others are not much more expensive. Information gathered to compile the Commission Annual report Synthetic Organic Chemicals, U.S. Production and Sales indicates several plasticizers very nearly as low priced as DOP. The U.S. Customs Service has not reported any reclassification of material as a result of their testing programs, and the Census Bureau indicates that there is no apparent clerical error to account for the low unit value. In short, although the theory of a misclassification as alleged by petitioner is plausible and supported by speculation by other members of the industry and the trade press, no factual information is available to indicate if, or to what extent, the alleged misclassification occurred. As to the alleged transshipment of Romanian DOP through the Netherlands, if it occurred, duties were collected on these imports and removal of GSP eligibility would have no effect.

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Imports of phthalic acid esters from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Brazil.....	\$1,766	35
Taiwan.....	1,196	24
Mexico.....	837	17
Israel.....	688	14
Total.....	4,487	<u>1/</u> 89

1/ Numbers may not add to total due to rounding.

Conditions of competition in the U.S. market

Imports and domestic products are fungible chemicals with no significant quality, grade, or other differences which would impact on trade in the U.S. marketplace. Price appears to be the most significant factor in purchasing agents' buying decisions with service, response time, and brand loyalty as minor considerations. There appears to be little in the way of non-price purchasing incentives in this industry.

Imports are small relative to the total phthalic acid esters market. However, they do appear to exert a significant influence on the pricing structure of the total market. A threat of shifting to imports by a purchaser may be used to secure a lower price, and the trend in average unit prices, would indicate that imports played a significant roll in 1985 in a overall unit price decline of about 12 percent, from 34 cents per pound to 30. GSP imports increased from zero in 1984 to \$4.5 million in 1985 while domestically produced material showed an overall decrease of about 4 cents per pound in

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average unit value during that period. Overall capacity utilization in this industry is not available. However, submissions from the petitioner indicate that their utilization rate actually increased slightly during 1985, the year of maximum import penetration, over the 1984 rate.

Position of interested parties

The petitioner in this case is the United States Steel Corp., which petitioned for removal of GSP status for dioctyl phthalates, a part of the phthalic acid esters covered in TSUSA item 409.3410. No other submissions from interested parties were received prior to the hearing. Since the hearing, submissions from Exxon Chemicals Corp., U.S. Diversified Group, BASF Corp., Nuodex Inc., and The Ad Hoc Committee on DOP Imports have been received, all supporting the petition.

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Table A.—Phthalic acid esters: U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981–85, January–June 1985, and January–June 1986

Year	U.S. production	Exports	Imports	Apparent consumption	Ratio (percent) of imports to consumption
Quantity (1,000 pounds)					
1981....	1,119,823	82,543	3,479	1,040,759	0.3
1982....	951,641	76,135	119	875,625	<u>1/</u>
1983....	1,146,595	95,293	2,308	1,053,610	.2
1984....	1,179,054	78,908	2,948	1,103,094	.3
1985.... <u>2/</u>	1,136,000	91,122	17,842 <u>2/</u>	1,062,720	<u>2/</u> 1.7
Jan.—June—					
1985..	<u>3/</u>	43,443	7,317	<u>3/</u>	<u>3/</u>
1986..	<u>3/</u>	50,255	3,001	<u>3/</u>	<u>3/</u>
Value (1,000 dollars)					
1981....	<u>2/</u> 537,515	42,020	1,476	<u>2/</u> 496,971	<u>2/</u> 0.3
1982....	<u>2/</u> 399,689	35,056	233	<u>2/</u> 364,866	<u>2/</u> .1
1983....	<u>2/</u> 424,240	36,039	912	<u>2/</u> 421,543	<u>2/</u> .2
1984....	<u>2/</u> 459,831	35,372	1,323	<u>2/</u> 425,782	<u>2/</u> .3
1985....	<u>2/</u> 454,400	37,037	5,061	<u>2/</u> 422,424	<u>2/</u> 1.2
Jan.—June—					
1985..	<u>3/</u>	17,923	2,158	<u>3/</u>	<u>3/</u>
1986..	<u>3/</u>	38,923	993	<u>3/</u>	<u>3/</u>
Unit value (per pound)					
1981....	\$0.48	\$0.51	\$0.42	—	—
1982....	.42	.46	1.92	—	—
1983....	.37	.38	.39	—	—
1984....	.39	.45	.45	—	—
1985.... <u>2/</u>	.40	.41	.28	—	—
Jan.—June—					
1985..	<u>3/</u>	.41	.29	—	—
1986..	<u>3/</u>	.77	.33	—	—

1/ Less than 0.05 percent.

2/ Estimated.

3/ Not available.

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

Table B.--Phthalic acid esters: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	1981	1982	1983	1984	1985	January-June-- 1985	January-June-- 1986
Quantity (1,000 pounds)							
Belgium-----	12,632	10,752	13,030	14,455	13,756	5,681	7,018
Canada-----	20,458	12,608	18,904	21,061	24,870	10,565	15,656
China t-----	9,605	7,091	23,470	13,358	10,576	7,566	9,176
Japan-----	7,804	5,682	6,527	5,437	6,048	3,012	3,835
Hg Kong-----	10,974	9,854	4,551	8,706	13,186	4,795	6,874
Mexico-----	1,224	1,725	1,209	2,441	3,860	2,083	2,677
Singapr-----	928	3,326	3,878	3,664	8,042	3,804	1,836
Nethlds-----	956	1,207	122	1,587	3,380	2,385	863
All other-----	17,962	23,889	23,603	8,199	7,404	3,553	2,321
Total-----	82,543	76,135	95,293	78,908	91,122	43,443	50,255
Value (1,000 dollars)							
Belgium-----	9,208	6,178	8,279	9,817	10,241	4,703	5,757
Canada-----	9,302	6,552	7,560	8,791	9,782	4,400	5,846
China t-----	3,916	2,580	7,400	4,396	3,302	2,414	19,701
Japan-----	4,668	3,325	3,426	2,746	3,193	1,609	2,085
Hg Kong-----	4,460	4,082	1,251	2,668	3,013	1,138	1,804
Mexico-----	1,048	963	964	1,583	2,530	1,038	1,574
Singapr-----	415	1,226	604	951	1,737	798	465
Nethlds-----	637	1,062	127	910	1,029	719	356
All other-----	8,365	9,088	6,429	3,509	2,210	1,105	1,334
Total-----	42,020	35,056	36,039	35,372	37,037	17,923	38,923
Unit value (per pound)							
Belgium-----	\$0.73	\$0.57	\$0.64	\$0.68	\$0.74	\$0.83	\$0.82
Canada-----	0.45	0.52	0.40	0.42	0.39	0.42	0.37
China t-----	0.41	0.36	0.32	0.33	0.31	0.32	2.15
Japan-----	0.60	0.59	0.52	0.51	0.53	0.53	0.54
Hg Kong-----	0.41	0.41	0.27	0.31	0.23	0.24	0.26
Mexico-----	0.86	0.56	0.80	0.65	0.66	0.50	0.59
Singapr-----	0.45	0.37	0.16	0.26	0.22	0.21	0.25
Nethlds-----	0.67	0.88	1.04	0.57	0.30	0.30	0.41
All other-----	0.47	0.38	0.27	0.43	0.30	0.31	0.57
Average-----	0.51	0.46	0.38	0.45	0.41	0.41	0.77

1/ Less than 500.

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

Table C.--Phthalic acid esters: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	Quantity (1,000 pounds)					Value (1,000 dollars)					Unit value (per pound)				
	1981	1982	1983	1984	1985	1981	1982	1983	1984	1985	1981	1982	1983	1984	1985
Brazil	0	0	0	0	6,615	0	0	0	0	0	0	0	0	0	0
China	0	0	0	0	4,531	0	0	0	0	2,271	0	0	0	2,271	720
Israel	0	0	1,722	0	3,274	0	0	0	0	3,274	0	0	0	3,274	0
Mexico	0	0	0	0	2,875	0	0	0	0	1,594	0	0	0	1,594	1,557
Japan	1/	0	0	0	2	0	0	0	1	2	0	0	0	2	0
Italy	0	0	485	611	362	0	0	0	0	165	0	0	0	0	463
U King	129	81	66	2,248	110	0	0	0	0	0	0	0	0	0	86
Canada	1,001	21	22	76	38	0	0	0	0	11	0	0	0	11	11
All other	2,349	17	13	12	35	0	0	0	0	0	0	0	0	0	164
Total	3,479	119	2,308	2,948	17,842	0	0	0	0	7,317	0	0	0	7,317	3,001
Value (1,000 dollars)															
Brazil	-	-	-	-	1,766	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	1,196	-	-	-	-	619	-	-	-	619	282
Israel	-	-	543	-	921	-	-	-	-	921	-	-	-	921	403
Mexico	-	-	-	-	837	-	-	-	-	478	-	-	-	478	-
Japan	1	-	-	1/	112	-	-	-	1/	83	-	-	-	83	-
Italy	-	-	172	181	98	-	-	-	181	44	-	-	-	44	129
U King	79	52	50	880	82	-	-	-	880	-	-	-	-	-	51
Canada	413	162	135	252	38	-	-	-	252	13	-	-	-	13	23
All other	983	20	12	10	12	-	-	-	10	-	-	-	-	-	106
Total	1,476	233	912	1,323	5,061	-	-	-	1,323	2,158	-	-	-	2,158	993
Unit value (per pound)															
Brazil	-	-	-	-	\$0.27	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	0.26	-	-	-	-	0.27	-	-	-	0.27	0.39
Israel	-	-	0.32	-	0.28	-	-	-	-	0.28	-	-	-	0.28	-
Mexico	-	-	-	-	0.29	-	-	-	-	0.30	-	-	-	0.30	0.26
Japan	4.36	-	-	0.42	50.06	-	-	-	0.42	43.54	-	-	-	43.54	-
Italy	-	-	0.36	0.30	0.27	-	-	-	0.30	0.27	-	-	-	0.27	0.28
U King	0.62	0.64	0.75	0.39	0.75	-	-	-	0.39	0.75	-	-	-	0.75	0.59
Canada	0.41	7.88	6.16	3.30	1.01	-	-	-	3.30	1.01	-	-	-	1.18	2.14
All other	0.42	1.18	0.95	0.84	0.33	-	-	-	0.84	0.33	-	-	-	0.33	0.65
Average	0.42	1.97	0.39	0.45	0.28	-	-	-	0.45	0.29	-	-	-	0.29	0.33

1/ Less than 500.

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

Digest No.
B102—Con.

Table D.—Phthalic acid esters: U.S. imports for consumption under the GSP, by principal GSP source, 1981-85, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June 1986
Quantity (1,000 pounds)						
Brazil	-	-	-	-	6,615	-
Israel	-	-	1,722	-	2,381	-
South Korea	-	-	-	-	-	35
Mexico	-	-	-	-	2,875	1,557
Romania	2,339	-	-	-	-	-
Taiwan	-	-	-	-	4,531	720
All other	-	-	-	-	-	-
Total	2,339	-	1,722	-	16,412	2,312
Value (1,000 dollars)						
Brazil	-	-	-	-	1,766	-
Israel	-	-	543	-	688	-
South Korea	-	-	-	-	-	10
Mexico	-	-	-	-	837	403
Romania	974	-	-	-	-	-
Taiwan	-	-	-	-	1,196	282
All other	-	-	-	-	-	-
Total	974	-	543	-	4,487	695
Unit value (per pound)						
Brazil	-	-	-	-	\$0.27	-
Israel	-	-	\$0.32	-	.29	-
South Korea	-	-	-	-	-	0.30
Mexico	-	-	-	-	.29	.26
Romania	\$0.42	-	-	-	-	-
Taiwan	-	-	-	-	.26	.39
All other	-	-	-	-	-	-
Average	0.42	-	0.32	-	.27	.30

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

Note.—This table contains actual GSP imports only (i.e., "CSC 4" trade data).

CERTAIN CERAMIC FLOOR AND WALL TILES

DIGEST NO. B103

CERTAIN CERAMIC FLOOR AND WALL TILES
DIGEST NO. B103 (GSP Removal)

Background

Description and uses

Ceramic floor and wall tiles are used as decorative veneers on floors and walls. This digest covers certain small and/or irregularly shaped ceramic mosaic tiles mounted in sheets, hereafter referred to as mosaic specialties. All mosaic tiles have a facial area of less than 6 square inches; mosaic specialties have over 300 tiles per square foot and/or tiles most of which do not have faces bounded entirely by straight lines. These tiles differ aesthetically from the 1-inch and 2-inch squares and 1 x 2 inch rectangles that comprise the bulk of U.S. production and consumption of mosaic tiles but have the same function. The bulk of mosaic specialties are glazed, i.e., coated with a glassy coating. Glazes make a tile face impervious to moisture and impart a decorative appearance but are susceptible to wear in heavily trafficked floor installations. Glazed tiles tend to be used primarily as wall coverings, and unglazed tiles tend to be used primarily as floor coverings. The petitioner states that glazed mosaic tiles, which include glazed mosaic specialties, represent the product most like the tiles now receiving GSP treatment. 1/

The TSUS item number for the article under investigation is provided on the following page along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

1/ Prehearing submission by the Tile Council of America, Inc., p. 3.

Digest No.
B103—Con.

Certain ceramic floor and wall tiles: TSUS item number, description, tariff rate information, U.S. imports in 1985, and the GSP competitive status

TSUS item No.	Description	Col. 1 rate of duty effective during—		
		1981	1985	1987
		Percent ad valorem		
532.22	Certain ceramic floor and wall tiles.	23.4%	21.1%	20%
		U.S. imports in 1985 (\$1,000)		Product pro- duced in U.S., Jan. 3, 1985
532.22	Certain ceramic floor and wall tiles.	16,154	Yes.	

U.S. customs treatment

On March 30, 1980, these tiles were designated as eligible articles under the GSP. The Governments of Colombia and Malaysia, the Guatemala Export Promotion Center, and Stylex, S.A., Honduras, had petitioned the U.S. Trade Representative seeking duty-free treatment for all mosaic tiles under the GSP. Such treatment was granted only to mosaic specialties covered under TSUS item 532.22, which were not produced or consumed in significant quantities in the United States. All other ceramic mosaic tiles, covered under TSUS item 532.20 and including the bulk of mosaic tiles produced in the United States, remained ineligible for duty-free treatment under the GSP.

Korea, the principal source of GSP imports during 1980-82, became ineligible for GSP treatment on these tiles on April 1, 1982, and was graduated from the GSP for this item on March 30, 1984.

U.S. producers and employment

Mosaic tiles were produced by an estimated 10 U.S. establishments and 1,200 employees in 1985, and at least some of these establishments and employees produced mosaic specialties. ^{1/} Mosaic specialties tend to be glazed, and glazed mosaic tiles were produced by an estimated 4 firms and 75 employees in 1985.

U.S. consumption and producers' shipments

Data are unavailable for U.S. consumption and producers' shipments of mosaic specialties, but they are available for glazed mosaic tiles. Imports accounted for the bulk of U.S. consumption of glazed mosaic tiles during the period, representing 96 percent in 1985 (table A). Consumption increased by about 53 percent during 1981-85 to 61 million square feet (\$38 million) in 1985, following the upward trend in construction activity. U.S. producers' shipments increased by 9 percent to 2 million square feet (\$2 million) in 1985.

U.S. exports

There were no known U.S. exports of either mosaic specialties or glazed mosaic tiles during 1981-85.

^{1/} Transcript of hearing, pp. 408, 420-423.

U.S. imports

U.S. imports of mosaic specialties roughly doubled during 1981–85 to about 30 million square feet (\$16 million) in 1985 (table B). Imports for consumption under the GSP accounted for about a third of the growth in imports of mosaic specialties (table C). Japan, Korea, Taiwan, and Thailand supplied the bulk of U.S. imports of mosaic specialties in 1985. Japan and Korea had begun the period as the leading suppliers, but after Korea lost its GSP eligibility for mosaic specialties in 1982, GSP imports from Taiwan and Thailand gained U.S. market share at Korea's expense.

Imports of mosaic specialties from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Taiwan.....	\$4,690	29
Thailand.....	2,930	18
Brazil.....	291	2
Israel.....	83	1
Indonesia.....	51	1/
Other GSP.....	115	1
Total.....	8,160	51

1/ Less than 0.5 percent.

Conditions of competition in the U.S. market

Competition in the U.S. market for mosaic tiles is based on a number of factors. U.S. producers of mosaic tiles tend to do well in nonresidential markets, where they enjoy competitive advantages in the availability of both tiles and technical assistance over imports. Domestic producers can supply

large quantities of specific types of tiles more quickly than foreign producers and have factory personnel available to assist consumers with problems. Imported tiles tend to do well in residential markets, where they enjoy competitive advantages in price and aesthetic appeal over domestic tiles. Imported tiles are available in a wider range of sizes, shapes, colors, and surface decorations than domestic tiles. Imports compete with each other primarily on the basis of price and aesthetic qualities.

Changes in the U.S. market for glazed mosaic tiles should be put in perspective. The composition of U.S. imports of glazed mosaic tiles has changed since GSP eligibility was granted on mosaic specialties, but their overall share of U.S. imports of mosaic tiles has not changed. In 1979, the year before mosaic specialties became eligible for the GSP, mosaic specialties and glazed mosaic nonspecialties represented 94 percent of the quantity of mosaic tiles imported into the United States; mosaic specialties represented 4 percent and glazed mosaic nonspecialties 90 percent. In 1985, the share of total mosaic imports remained at 94 percent, but mosaic specialties represented 49 percent and glazed mosaic nonspecialties 45 percent. Imports of mosaic specialties increased from about 3 million square feet annually before GSP eligibility to 30 million square feet in 1985. Some of this growth in mosaic specialties most likely was an attempt by certain foreign producers to modify their products to take advantage of product eligibility under GSP provisions, but some of the growth reflected a change in consumer preference, since roughly half of the quantity imported in 1985 came from countries not eligible for GSP treatment on mosaic specialties.

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Position of interested parties

The Tile Council of America, Inc., a trade association representing U.S. producers of ceramic floor and wall tiles, has petitioned to have these tiles removed from the list of articles eligible for GSP. The petitioner states that the U.S. industry has been adversely affected by import competition and alleged unfair trade practices. The petitioner believes that GSP treatment for TSUS item 532.22 allows foreign manufacturers to avoid duties of about 20 percent ad valorem by making minor product alterations, such as slightly rounding corners or making the tile edges slightly wavy, and entering the resultant tiles under the GSP provisions. The petitioner maintains that TSUS item 532.22 was intended to cover very small hobby tiles that are not commercially produced in the United States rather than the altered products entering under this number that do compete with U.S.-produced tiles. The Tile Council believes that imports are competitive in the U.S. market and do not need duty-free treatment under the GSP to remain competitive.

The Government of Thailand opposes the petition. Thailand's position has four major points: first, that the U.S. ceramic industry is experiencing strong growth; second, that GSP imports entering under TSUS item 532.22 are not adversely affecting the U.S. industry; third, that GSP imports from Thailand in particular do not pose a threat to the U.S. industry; and finally, that the loss of GSP benefits for ceramic mosaic tile would adversely affect Thailand's economy.

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Table A.—Ceramic floor and wall tiles, glazed mosaic: 1/ U.S. producers' shipments, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981–85, January–June 1985, and January–June 1986

Year	U.S. producers' shipments	Exports 3/	Imports 3/	Apparent consump- tion 3/	Ratio (percent) of imports to consumption 3/
Quantity (1,000 square feet)					
1981....	2/ 2,004	0	37,576	39,580	95
1982....	2/ 2,379	0	33,438	35,817	93
1983....	2/ 1,997	0	33,022	35,019	94
1984....	2/ 1,942	0	48,655	50,597	96
1985....	2/ 2,179	0	58,575	60,754	96
Jan.—June—					
1985..	3/ 1,098	0	40,376	41,474	97
1986..	3/ 1,123	0	34,740	35,863	97
Value (1,000 dollars)					
1981....	3/ 2,886	—	25,260	28,146	90
1982....	3/ 3,592	—	21,409	25,001	86
1983....	3/ 2,816	—	19,460	22,276	87
1984....	3/ 2,894	—	30,890	33,784	91
1985....	3/ 3,203	—	34,665	37,868	92
Jan.—June—					
1985..	3/ 1,559	—	23,114	24,673	94
1986..	3/ 1,729	—	18,018	19,747	91
Unit value (per square foot)					
1981....	3/ \$1.44	—	\$0.67	—	—
1982....	3/ 1.51	—	.64	—	—
1983....	3/ 1.41	—	.59	—	—
1984....	3/ 1.49	—	.63	—	—
1985....	3/ 1.47	—	.59	—	—
Jan.—June—					
1985..	3/ 1.42	—	.57	—	—
1986..	3/ 1.54	—	.52	—	—

1/ Product coverage includes more than those tiles described under item number 532.22 of the Tariff Schedules of the United States.

2/ U.S. producers' shipments estimated by the Tile Council of America, Inc., except as noted.

3/ Estimated by the staff of the United States International Trade Commission.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Table B.--Certain ceramic floor and wall tiles: U.S. imports for consumption, by principal sources, 1981-85,
January-June 1985, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June-- 1985	January-June-- 1986
	Quantity (1,000 square feet)						
Japan	2,540	1,470	2,277	3,833	6,940	4,875	3,523
China	25	197	1,596	7,176	9,947	6,510	3,980
Thailand	118	127	545	4,065	6,103	3,619	3,828
Kor Rep	12,008	12,811	5,449	8,143	5,568	3,285	3,249
Brazil	0	21	0	179	677	299	243
Italy	85	220	534	198	402	296	202
Israel	0	0	0	0	240	240	0
Portugal	2	37	22	13	60	19	40
All other	98	290	98	569	504	233	862
Total	14,877	15,173	10,521	24,174	30,440	19,176	15,928
	Value (1,000 dollars)						
Japan	2,024	1,101	1,641	3,006	4,756	2,975	2,002
China	12	133	940	3,471	4,690	2,638	1,703
Thailand	78	75	258	2,323	2,930	1,722	1,522
Kor Rep	6,797	7,908	2,616	3,840	2,757	1,778	1,274
Brazil	-	11	-	65	291	172	125
Italy	63	116	246	142	242	165	197
Israel	-	-	-	-	83	83	-
Portugal	13	21	17	8	67	19	22
All other	79	348	88	376	339	176	265
Total	9,068	9,713	5,806	13,231	16,154	9,728	7,110
	Unit value (per square foot)						
Japan	\$0.80	\$0.75	\$0.72	\$0.78	\$0.69	\$0.61	\$0.57
China	0.50	0.67	0.59	0.48	0.47	0.42	0.43
Thailand	0.66	0.59	0.47	0.57	0.48	0.48	0.40
Kor Rep	0.57	0.62	0.48	0.47	0.50	0.54	0.39
Brazil	-	0.55	-	0.36	0.43	0.58	0.51
Italy	0.74	0.53	0.46	0.72	0.60	0.56	0.97
Israel	-	-	-	-	0.34	0.34	-
Portugal	5.87	0.57	0.76	0.67	1.11	0.99	0.55
All other	0.81	1.20	0.90	0.66	0.67	0.76	0.31
Average	0.61	0.64	0.55	0.55	0.53	0.51	0.45

1/ Less than 500.

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

Table C.—Certain ceramic floor and wall tiles: U.S. imports for consumption under the GSP, by principal GSP source, 1981–85, and January–June 1986

Source	1981	1982	1983	1984	1985	January–June 1986
Quantity (1,000 square feet)						
Taiwan	25	197	1,476	7,034	9,588	3,890
Thailand	118	127	545	3,805	6,024	3,583
Brazil	0	21	0	142	605	227
Portugal	2	37	22	12	60	14
Indonesia	0	0	0	0	38	0
Korea	11,616	9,117	52	19	72	223
Hong Kong	16	21	21	52	40	18
Uruguay	0	0	0	0	60	48
All other	16	6	0	53	104	401
Total	11,793	9,526	2,116	11,117	16,591	8,404
Value (1,000 dollars)						
Taiwan	12	133	896	3,384	4,486	1,661
Thailand	78	75	258	2,075	2,888	1,431
Brazil	—	11	—	50	235	123
Portugal	13	21	17	7	67	9
Indonesia	—	—	—	—	51	—
Korea	6,573	5,957	37	10	39	82
Hong Kong	10	13	9	23	38	11
Uruguay	—	—	—	—	31	23
All other	6	7	—	22	55	46
Total	6,692	6,217	1,217	5,571	7,890	3,386
Unit value (per square foot)						
Taiwan	\$0.50	\$0.67	\$0.61	\$0.48	\$0.47	\$0.43
Thailand	.66	.59	.47	.55	.48	.40
Brazil	—	.55	—	.35	.39	.54
Portugal	5.87	.57	.76	.61	1.11	.67
Indonesia	—	—	—	—	1.35	—
Korea	.57	.65	.71	.52	.55	.37
Hong Kong	.66	.65	.42	.45	.95	.60
Uruguay	—	—	—	—	.52	.48
All other	.38	1.17	—	.42	.53	.11
Average	.57	.65	.58	.50	.48	.40

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

Note.—This table contains actual GSP imports only (i.e., "CSC 4" trade data).

CERTAIN PIPE AND TUBE FITTINGS OF IRON OR STEEL

DIGEST NO. B104

CERTAIN PIPE AND TUBE FITTINGS OF IRON OR STEEL
DIGEST NO. B104 (GSP Removal)

Background

Description and uses

The subject of this digest is flanged pipe fittings. In a piping system, pipe fittings join lengths of pipe, change the direction or diameter of the system, and provide access for cleaning the system. Flanges usually have one beveled end and one flanged end; the beveled end is welded to pipe, and the flanged end is bolted to a similarly flanged pipe. Flanges thus facilitate the removal and replacement of pipe in a system.

The TSUS(A) item numbers for the articles under investigation are provided below along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

Certain pipe and tube fittings of iron or steel: TSUS(A) item number, description, tariff rate information, U.S. imports in 1985, and the GSP competitive status

TSUS(A) item No. 1/	Description	Col. 1 rate of duty effective during--			U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985
		1981	1985	1987		
610.84	Flanges.....	11%	7.8%	6.2%	51,176	Yes.
	Under 14 inches (inside diameter):					
610.8413	Other than alloy iron or steel.....	11%	7.8%	6.2%	27,620	Yes.
	Alloy iron or steel:					
610.8415	Stainless steel.....	11%	7.8%	6.2%	11,048	Yes.
610.8418	Other.....	11%	7.8%	6.2%	2,713	Yes.
	14 inches and over (inside diameter):					
610.8421	Other than alloy iron or steel.....	11%	7.8%	6.2%	7,472	Yes.
	Alloy iron or steel:					
610.8424	Stainless steel.....	11%	7.8%	6.2%	750	Yes.
610.8428	Other.....	11%	7.8%	6.2%	1,574	Yes.

1/ Prior to 1984, flanges were included in TSUS item 610.80.

U.S. customs treatment

Flanges were granted GSP treatment beginning in 1976. No exclusions have occurred since that time. The products of all beneficiary developing countries are eligible for GSP benefits with respect to these items.

U.S. producers and employment

There are approximately 50 forges in the United States that produce forged steel fittings and flanges. The petitioner, the American Pipe Fittings Association, estimates that 54 percent of the value of shipments of fittings and flanges in 1984 consisted of flanges. Producers of flanges tend to specialize in that product. Employment of production and related workers in the industry producing fittings and flanges fell from 2,327 in 1981 to 912 in 1984, a decline of 61 percent over the 4 years. The decline in employment was particularly sharp during 1982-83 when construction and oilfield markets slumped. 1/

U.S. consumption and shipments

The demand for forged steel fittings and flanges is directly influenced by demand in the oil field and off-highway equipment markets; consequently, the contraction in demand in these markets during 1982-84 significantly affected the industry. 2/ The quantity of apparent U.S. consumption of flanges declined by 51 percent from 349,584 short tons (\$340.6 million) in 1981 to 171,985 short

1/ Competitive Assessment of the U.S. Forging Industry, inv. No. 332-216, USITC Publication 1833, April 1986, pp. V-5-V-6.

2/ Ibid., p. V-11.

tons (\$152.9 million) in 1983. Consumption increased by 19 percent between 1983 and 1985, to 204,220 short tons (\$197.8 million) (table A). U.S. producers' shipments of flanges dropped by 53 percent from 312,574 short tons (\$322.8 million) in 1981 to 147,318 short tons (\$152.1 million) in 1983. Shipments increased by 6 percent between 1983 and 1985, to 156,409 short tons (\$161.5 million). The ratio of imports to apparent U.S. consumption increased from 13.2 percent in 1981 to 24.7 percent in 1985.

U.S. exports

Exports of flanges by U.S. producers represented a relatively small portion of total shipments, averaging 3 percent during the period 1981-85. Moreover, exports continually declined over the period, from 9,188 short tons (\$39.9 million) in 1981 to 2,601 short tons (\$14.9 million) in 1985 (table B). Principal markets for exports of flanges are Canada and Mexico. The relatively low levels of U.S. exports in recent years can be attributed in part to the price and cost advantages held by foreign producers. 1/

U.S. imports

From 1981 to 1983, the quantity of imports declined from 46,198 short tons (\$57.7 million) to 30,355 short tons (\$27.3 million) (tables C-1 through C-7). In 1984 and 1985 imports increased, to 50,412 short tons (\$51.2 million). The 1983-85 growth in imports amounted to a 66 percent increase in terms of quantity and 88 percent in terms of value. GSP imports declined from 20,746 short tons (\$23.8 million) in 1981 to 9,152 short tons (\$8.2 million) in 1983

1/ Competitive Assessment of the U.S. Forging Industry, inv. No. 332-216, USITC Publication 1833, April 1986, pp. V-17.

(table D). In 1984 and 1985 such imports increased, to 23,704 short tons (\$20.6 million). The share of GSP trade in total imports fell from 45 percent (on the basis of quantity) in 1981 to 30 percent in 1983, before rising to period highs of 47 percent in 1985 and 63 percent during January-June 1986. The main suppliers of imports under the GSP were the Republic of Korea, Taiwan, and Brazil.

Imports of flanges under each of the TSUS(A) items covered by this digest, and the total of all such items from GSP beneficiary countries in 1985 are shown in the following tabulations (in thousands of dollars):

Item 610.8413:

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Republic of Korea.....	\$7,845	28
Taiwan.....	1,874	7
Brazil.....	2,748	10
Romania.....	1,046	4
Israel.....	0	0
Other GSP countries...	387	1
Total.....	13,900	50

Item 610.8415:

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Republic of Korea.....	\$1,677	15
Taiwan.....	1,055	10
Brazil.....	14	1/
Romania.....	0	0
Israel.....	632	6
Other GSP countries...	0	0
Total.....	3,378	31

1/ Less than 0.5 percent.

Item 610.8418:

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Republic of Korea.....	\$985	36
Taiwan.....	561	21
Brazil.....	65	2
Romania.....	37	1
Israel.....	111	4
Other GSP countries...	<u>43</u>	<u>2</u>
Total.....	1,802	66

Item 610.8421:

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Republic of Korea.....	\$593	8
Taiwan.....	76	1
Brazil.....	507	7
Romania.....	242	3
Israel.....	0	0
Other GSP countries...	<u>106</u>	<u>1</u>
Total.....	1,524	20

Item 610.8424:

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Republic of Korea.....	\$0	0
Taiwan.....	25	3
Brazil.....	12	2
Romania.....	0	0
Israel.....	11	1
Other GSP countries...	<u>0</u>	<u>0</u>
Total.....	48	6

Item 610.8428:

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Republic of Korea.....	\$375	24
Taiwan.....	124	8
Brazil.....	64	4
Romania.....	0	0
Israel.....	52	3
Other GSP countries...	<u>10</u>	<u>1</u>
Total.....	625	40

Total of the above items:

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Republic of Korea.....	\$11,475	22
Taiwan.....	3,715	7
Brazil.....	3,410	7
Romania.....	1,325	3
Israel.....	806	2
Other GSP countries...	<u>546</u>	<u>1</u>
Total.....	21,277	42

Conditions of competition in the U.S. market 1/

With regard to the overall market for forged steel fittings and flanges, U.S. producers and importers generally agree that foreign-made items have an overall competitive advantage because of lower purchase prices. Such prices reflect lower costs of production and favorable exchange rates in recent years. U.S. purchasers also describe lower purchase prices as the most important reason for buying foreign-made forged steel fittings and flanges, while shorter delivery times and reliability of suppliers were the principal reasons for buying domestically-produced items. U.S. producers indicate that neither they nor foreign producers have an advantage in production technology.

Position of interested parties

The petitioner is the American Pipe Fittings Association. The Association asserts that GSP imports increased dramatically in 1985, and the U.S. industry has serious problems, as evidenced in part by plant closings. This information, the Association argues, combined with provisions in the Trade and Tariff Act of 1984 designed to safeguard U.S. producers from any adverse impact

1/ The information in this section is derived from Competitive Assessment of the U.S. Forging Industry, inv. No. 332-216, USITC Publication 1833, April 1986, pp. V-7-V-15.

caused by according GSP treatment to an already competitive country, constitute "changed circumstances" over the 1983 GSP review and justify including the items in the 1986 review.

The Korea Flange Company, Ltd., asserts that GSP imports of flanges have remained relatively constant as a share of total imports, and that such imports declined between January-March 1985 and January-March 1986. The U.S. industry, it notes, was experiencing plant closings during the 1983 GSP review. Thus, there are no "changed circumstances" justifying a review in 1986.

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Table A.--Certain pipe and tube fittings of iron or steel: U.S. producers' shipments, exports, imports, and apparent consumption, 1981-85, January-June 1985, and January-June 1986

Period	U.S. ship- ments <u>1/</u>	Exports	Imports	Apparent consumption	Ratio of imports to consumption
Quantity					
-----short tons-----					percent
1981-----	312,574	9,188	46,198	349,584	13.2
1982-----	241,821	7,406	44,238	278,653	15.9
1983-----	147,318	5,688	30,355	171,985	17.6
1984-----	153,985	4,163	36,491	186,313	19.6
1985-----	156,409	2,601	50,412	204,220	24.7
January-June--					
1985-----	<u>2/</u>	1,263	24,672	<u>2/</u>	<u>2/</u>
1986-----	<u>2/</u>	731	22,384	<u>2/</u>	<u>2/</u>
Value					
-----1,000 dollars-----					percent
1981-----	322,822	39,884	57,707	340,645	16.9
1982-----	249,750	32,212	58,158	275,696	21.1
1983-----	152,148	26,535	27,258	152,871	17.8
1984-----	159,034	23,083	31,589	167,540	18.9
1985-----	161,537	14,867	51,176	197,846	25.9
January-June--					
1985-----	<u>2/</u>	7,408	23,604	<u>2/</u>	<u>2/</u>
1986-----	<u>2/</u>	4,424	23,732	<u>2/</u>	<u>2/</u>

1/ Shipments of flanges by the U.S. industry are estimated by (1) increasing the value of shipments of flanges and fittings as reported in Competitive Assessment of the U.S. Forging Industry, inv. No. 332-216, USITC Publication 1833, April 1986, p. V-11, to levels comparable to 1982 shipments as reported by the Census of Manufactures; (2) multiplying the value of shipments of fittings and flanges by 0.54 to arrive at the value of shipments of flanges alone (the 0.54 figure is estimated by the petitioner); and (3) multiplying the value of shipments by the value per short ton, as reported by the Census of Manufactures, to arrive at the quantity of shipments. Data for 1985 are estimated using annualized January-August information.

2/ Not available.

Source: Compiled from official statistics of the U.S. Department of Commerce and from Competitive Assessment of the U.S. Forging Industry, inv. No. 332-216, USITC Publication 1833, April 1986.

Table B.--Certain pipe and tube fittings of iron or steel: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	1981	1982	1983	1984	1985	January-June-- 1986
Quantity (short tons)						
Canada	2,112	1,643	1,025	795	692	341
Mexico	1,217	259	430	968	411	112
Japan	160	8	27	6	88	106
S Arab	1,986	2,281	1,593	679	257	24
Arab Em	62	99	98	17	34	8
Austral	50	52	39	13	51	1
Kor Rep	249	526	668	365	60	14
Chile	47	16	2	36	12	22
All other	3,305	2,522	1,806	1,284	136	24
Total	9,188	7,406	5,688	4,163	911	275
Value (1,000 dollars)						
Canada	11,760	9,458	5,363	5,191	4,309	1,894
Mexico	5,102	1,595	1,876	2,653	2,718	1,022
Japan	945	179	422	166	923	696
S Arab	5,354	5,595	4,443	2,428	854	751
Arab Em	164	355	323	149	573	97
Austral	152	312	434	246	362	279
Kor Rep	2,042	1,913	4,865	3,984	359	178
Chile	258	126	48	138	254	77
All other	14,106	12,680	8,760	8,128	4,421	2,237
Total	39,884	32,212	26,535	23,083	14,867	7,408
Unit value (per short ton)						
Canada	\$5,568.38	\$5,756.27	\$5,232.06	\$6,529.34	\$6,226.93	\$5,945.96
Mexico	4,191.99	6,158.47	4,362.64	2,740.97	6,613.25	5,370.14
Japan	5,908.79	22,365.75	15,643.93	27,662.33	10,488.86	5,296.17
S Arab	2,696.09	2,452.95	2,789.37	3,576.19	3,324.00	8,098.13
Arab Em	2,648.00	3,582.19	3,300.54	8,750.47	16,866.94	100,441.00
Austral	3,046.10	6,002.63	11,136.13	18,901.31	6,025.32	8,867.71
Kor Rep	8,202.06	3,637.67	7,282.50	10,914.49	29,883.33	15,909.14
Chile	5,491.68	7,853.88	23,959.50	3,830.97	2,735.58	3,197.92
All other	4,267.97	5,027.70	4,850.49	6,330.54	4,853.23	5,394.98
Average	4,340.93	4,349.50	4,665.09	5,544.77	5,715.83	6,052.26

1/ Less than 500.

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

Table C-1. Certain pipe and tube fittings of iron or steel: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June-- 1986
	Quantity (short tons)					
Japan-----	5,976	6,231	3,148	3,480	7,836	2,904
Kor Rep-----	5,724	4,675	3,791	6,217	12,833	7,348
Italy-----	7,477	7,394	7,026	8,017	8,168	4,440
Fr Germ-----	6,455	5,258	4,512	4,512	5,734	3,423
China t-----	1,194	1,161	1,769	2,205	3,174	1,393
Brazil-----	6,416	4,916	2,816	4,030	4,972	1,719
Spain-----	3,314	2,809	1,212	2,390	1,870	1,292
Romania-----	1,291	492	39	240	2,301	552
All other-----	8,351	11,302	8,847	5,400	3,524	1,601
Total-----	46,198	44,238	30,355	36,491	50,412	24,672
	Value (1,000 dollars)					
Japan-----	10,164	12,112	5,205	5,873	13,388	4,960
Kor Rep-----	5,671	4,275	3,798	5,996	11,475	6,412
Italy-----	8,010	8,515	5,118	5,115	6,695	3,299
Fr Germ-----	7,644	6,856	1,975	3,661	5,263	3,044
China t-----	1,751	1,519	1,599	2,255	3,715	1,652
Brazil-----	7,047	5,491	1,950	2,441	3,410	1,287
Spain-----	4,740	4,120	711	1,523	1,363	880
Romania-----	1,273	477	22	135	1,325	326
All other-----	11,407	14,792	6,879	4,588	4,542	1,387
Total-----	57,707	58,158	27,258	31,589	51,176	23,604
	Unit value (per short ton)					
Japan-----	\$1,700.83	\$1,943.84	\$1,653.35	\$1,687.78	\$1,708.59	\$1,841.18
Kor Rep-----	1,990.67	914.51	1,001.94	964.47	894.16	872.64
Italy-----	1,071.31	1,151.67	728.47	638.08	819.68	743.05
Fr Germ-----	1,184.20	1,303.88	1,156.97	811.38	917.94	889.30
China t-----	1,466.80	1,308.04	903.93	1,022.68	1,170.40	1,186.00
Brazil-----	1,098.31	1,117.05	692.39	605.75	685.90	748.69
Spain-----	1,430.19	1,466.62	586.77	637.32	728.66	680.87
Romania-----	986.11	970.25	565.41	563.60	575.71	591.04
All other-----	1,365.96	1,308.82	777.58	849.61	1,288.88	1,045.99
Average-----	1,249.12	1,314.66	897.96	865.65	1,015.16	956.70

1/ Less than 500.

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

Table C-2.—Flanges under 14 inches, other than alloy iron or steel (TSUS item 610.8413): U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986 1/

Item	1981	1982	1983	1984	1985	January-June—	
						1985	1986
	Quantity (short tons)						
Japan—	2,426	2,276	1,735	1,400	2,585	807	894
South Korea—	4,775	3,853	2,407	4,477	10,097	5,964	4,871
Italy—	6,747	6,138	5,744	5,185	6,484	3,694	1,809
West Germany—	4,862	3,491	785	3,001	4,174	2,660	988
Taiwan—	934	981	1,437	1,723	2,210	977	1,481
Brazil—	5,667	3,123	2,108	3,340	4,194	1,426	2,323
Spain—	2,644	2,149	895	1,969	1,415	1,028	262
Romania—	1,291	492	20	202	1,869	525	1,470
All other—	6,632	7,832	5,513	4,001	2,313	880	1,332
Total—	35,978	30,335	20,642	25,296	35,341	17,960	15,430
	Value (1,000 dollars)						
Japan—	3,439	3,677	2,195	1,590	2,929	875	975
South Korea—	4,870	3,482	2,200	3,685	7,845	4,422	4,477
Italy—	6,674	5,497	3,596	2,968	4,414	2,284	1,139
West Germany—	5,517	4,449	825	2,203	3,475	2,108	933
Taiwan—	1,163	943	983	1,324	1,874	810	1,232
Brazil—	6,170	2,970	1,221	1,946	2,748	1,067	1,620
Spain—	3,060	2,181	421	1,097	931	647	216
Romania—	1,273	477	10	114	1,046	288	785
All other—	7,645	7,380	3,988	2,636	2,358	707	969
Total—	39,810	31,057	15,439	17,563	27,620	13,207	12,345
	Unit value (dollars per short ton)						
Japan—	1,417.67	1,615.33	1,265.55	1,135.50	1,133.13	1,084.36	1,091.00
South Korea—	1,019.76	903.82	913.89	823.10	776.99	741.52	919.13
Italy—	989.19	895.52	626.09	572.53	680.79	618.37	629.74
West Germany—	1,134.64	1,274.44	1,052.06	734.23	832.39	792.49	943.43
Taiwan—	1,244.94	962.13	684.35	768.63	848.37	828.70	831.89
Brazil—	1,088.68	950.90	579.13	582.56	655.27	748.18	697.58
Spain—	1,157.22	1,014.97	470.06	557.05	657.76	628.81	823.69
Romania—	986.36	970.27	525.17	567.20	559.48	548.39	533.69
All other—	1,152.73	942.28	723.42	658.79	1,019.47	803.57	727.17
Average—	1,106.50	1,023.80	747.98	694.29	781.54	735.36	800.07

1/ Prior to 1984, such products were classified in TSUS item 610.8013.

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

Table C-3.—Flanges under 14 inches, stainless steel (TSUS item 610.8415): U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986 1/

Item	1981	1982	1983	1984	1985	January-June—		
					1985	1985	1986	
	Quantity (short tons)							
Japan	463	483	247	470	1,637	802	764	
South Korea	—	113	286	390	624	441	199	
Italy	21	119	132	301	361	91	91	
West Germany	5	45	1	61	35	16	—	
Taiwan	115	66	98	206	269	111	224	
Brazil	11	19	8	6	22	—	62	
Spain	219	210	15	107	18	18	—	
All other	276	211	204	297	259	183	66	
Total	1,110	1,266	990	1,839	3,225	1,661	1,406	
	Value (1,000 dollars)							
Japan	2,197	2,998	1,146	1,894	6,655	2,808	2,987	
South Korea	0	116	602	1,163	1,677	1,198	633	
Italy	135	503	198	505	673	233	147	
West Germany	4	46	11	150	79	56	0	
Taiwan	364	408	316	648	1,055	483	1,044	
Brazil	15	35	6	3	14	0	40	
Spain	1,219	1,338	60	193	36	36	0	
All other	1,531	1,166	764	925	859	414	450	
Total	5,464	6,610	3,103	5,480	11,048	5,228	5,301	
	Unit value (dollars per short ton)							
Japan	4,741.92	6,210.99	4,636.98	4,032.04	4,064.58	3,500.98	3,910.28	
South Korea	—	1,026.60	2,105.05	2,979.81	2,687.37	2,714.57	3,190.95	
Italy	6,402.59	4,213.18	1,504.14	1,673.88	1,865.12	2,577.79	1,605.51	
West Germany	905.32	1,027.15	10,550.84	2,454.50	2,280.98	3,555.84	—	
Taiwan	3,157.22	6,205.30	3,220.96	3,140.08	3,925.71	4,353.05	4,662.81	
Brazil	1,433.30	1,876.63	716.47	527.33	615.06	—	636.36	
Spain	5,554.37	6,358.23	4,126.13	1,800.57	2,039.27	2,039.27	—	
All other	5,541.72	5,531.12	3,755.57	3,112.84	3,311.29	2,260.91	6,822.45	
Average	4,920.96	5,223.46	3,133.47	2,979.89	3,425.63	3,147.03	3,770.10	

1/ Prior to 1984, such products were classified in TSUS item 610.8015.

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

Table C-4.—Flanges under 14 inches, other alloy iron or steel (TSUS item 610.8418): U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986 1/

Item	1981	1982	1983	1984	1985	January-June—		
						1985	1986	
	Quantity (short tons)							
Japan	767	1,785	180	423	121	40	40	
South Korea	114	133	334	611	1,136	426	778	
Italy	108	168	310	1,441	58	45	51	
West Germany	88	174	76	95	126	62	—	
Taiwan	112	81	168	187	533	183	355	
Brazil	105	285	102	38	91	46	15	
Spain	160	108	140	126	71	28	24	
Romania	—	—	19	—	46	4	56	
All other	198	1,707	162	379	229	124	89	
Total	1,651	4,441	1,492	3,298	2,410	959	1,409	
	Value (1,000 dollars)							
Japan	1,219	2,748	484	886	321	87	134	
South Korea	112	117	286	388	985	319	911	
Italy	241	377	484	810	79	58	63	
West Germany	146	432	213	96	137	45	0	
Taiwan	165	80	211	200	561	205	478	
Brazil	114	504	74	22	65	39	9	
Spain	197	263	58	79	92	32	45	
Romania	0	0	12	0	37	2	35	
All other	423	3,742	254	292	437	166	123	
Total	2,617	8,262	2,074	2,772	2,713	953	1,797	
	Unit value (dollars per short ton)							
Japan	1,588.48	1,539.16	2,690.34	2,095.42	2,660.0766	2,152.78	3,331.87	
South Korea	984.92	877.79	855.39	634.60	866.8807	749.50	1,171.11	
Italy	2,229.85	2,240.34	1,559.20	562.16	1,365.3781	1,285.25	1,219.09	
West Germany	1,670.31	2,488.31	2,788.75	1,010.31	1,086.7733	725.05	—	
Taiwan	1,477.18	982.45	1,251.55	1,067.97	1,052.9872	1,121.59	1,344.95	
Brazil	1,086.84	1,769.95	720.93	592.30	714.6016	843.13	613.98	
Spain	1,231.54	2,444.85	415.74	626.81	1,301.5658	1,134.72	1,853.71	
Romania	—	—	612.28	—	793.9526	525.84	627.95	
All other	2,139.40	2,191.91	1,568.19	770.86	1,907.2110	1,329.86	1,382.15	
Average	1,585.42	1,860.48	1,390.11	840.41	1,125.5689	993.18	1,275.41	

1/ Prior to 1984, such products were classified in TSUS item 610.8018.

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

Table C-5.—Flanges 14 inches and over, other than alloy iron or steel (TSUS item 610.8421): U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986 1/

Item	1981	1982	1983	1984	1985	January-June—	
						1985	1986
	Quantity (short tons)						
Japan	1,889	1,459	904	867	3,176	1,156	1,198
South Korea	834	545	723	562	583	364	201
Italy	496	726	682	336	1,123	602	150
West Germany	1,427	1,201	716	1,289	1,350	656	439
Taiwan	30	9	28	29	69	51	47
Brazil	618	1,368	589	503	608	203	398
Spain	290	338	162	92	364	218	70
Romania	—	—	—	20	386	23	969
All other	1,015	1,337	2,284	634	504	261	142
Total	6,600	6,983	6,088	4,333	8,164	3,535	3,615
	Value (1,000 dollars)						
Japan	2,405	1,817	921	776	2,676	933	1,086
South Korea	687	531	673	569	593	351	186
Italy	783	1,073	622	223	1,202	676	159
West Germany	1,773	1,442	601	1,120	1,402	753	450
Taiwan	30	16	29	24	76	48	40
Brazil	731	1,599	641	380	507	160	318
Spain	263	333	172	90	296	165	52
Romania	0	0	0	12	242	36	567
All other	1,466	1,890	1,459	437	478	267	158
Total	8,139	8,700	5,118	3,631	7,472	3,389	3,015
	Unit value (dollars per short ton)						
Japan	1,273.11	1,244.80	1,019.46	894.14	842.69	807.51	906.02
South Korea	824.00	975.06	929.80	1,012.47	1,016.38	964.74	924.50
Italy	1,577.79	1,477.03	911.84	662.64	1,070.51	1,121.54	1,059.31
West Germany	1,242.87	1,201.00	839.03	868.61	1,037.96	1,147.24	1,025.45
Taiwan	985.19	1,718.04	1,053.34	823.12	1,096.12	940.12	843.86
Brazil	1,183.05	1,169.13	1,088.48	756.02	833.95	785.53	799.96
Spain	906.54	985.47	1,062.42	979.52	812.54	757.42	735.93
Romania	—	—	—	590.32	626.59	1,580.54	585.61
All other	1,444.32	1,413.68	638.83	689.12	949.93	1,023.25	1,107.29
Average	1,233.18	1,245.94	840.69	837.83	915.29	958.78	834.18

1/ Prior to 1984, such products were classified in TSUS item 610.8021.

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

Table C-6.—Flanges 14 inches and over, stainless steel (TSUS item 610.8024): U.S. imports for consumption,
by principal sources, 1981-85, January-June 1985, and January-June 1986 1/

Item	1981	1982	1983	1984	1985	January-June—		
						1985	1986	
	Quantity (short tons)							
Japan	59	102	49	85	158	39	100	
South Korea	—	—	—	2	—	—	2/	
Italy	—	95	27	25	14	3	2	
West Germany	6	11	43	2	16	2/	—	
Taiwan	3	2	12	15	6	5	2	
Brazil	—	4	2	2/	8	—	—	
Spain	—	—	—	2	2	—	—	
All other	15	2/	42	18	5	1	3	
Total	83	214	175	148	210	48	107	
	Value (1,000 dollars)							
Japan	357	579	377	304	528	158	314	
South Korea	0	0	0	7	0	0	6	
Italy	0	450	48	89	94	30	21	
West Germany	61	41	37	3	35	4	0	
Taiwan	30	24	25	14	25	23	13	
Brazil	0	11	1	1	12	0	0	
Spain	0	0	0	4	8	0	0	
All other	82	3	144	96	47	25	11	
Total	530	1,107	631	517	750	240	365	
	Unit value (dollars per short ton)							
Japan	6,031.81	5,664.05	7,622.36	3,559.80	3,335.20	4,057.71	3,144.10	
South Korea	—	—	—	4,028.74	—	—	35,628.32	
Italy	—	4,755.58	1,774.03	3,533.08	6,815.58	9,434.31	10,712.80	
West Germany	10,982.49	3,859.62	853.30	13,629.44	2,194.67	10,393.40	—	
Taiwan	11,486.80	9,467.88	2,073.50	895.22	4,442.21	4,225.45	7,034.15	
Brazil	—	2,608.93	716.53	1,890.00	1,374.25	—	—	
Spain	—	—	—	2,339.81	3,334.02	—	—	
All other	5,308.05	12,515.54	3,425.44	5,346.62	9,389.89	38,937.06	3,942.80	
Average	6,398.34	5,168.20	3,598.24	3,497.22	3,572.31	4,944.19	3,418.78	

1/ Prior to 1984, such products were classified in TSUS item 610.8024.

2/ Value or quantity less than 0.5.

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

Table C-7.—Flanges 14 inches and over, other than alloy iron or steel (TSUS item 610.8428): U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986 1/

Item	1981	1982	1983	1984	1985	January-June—	
					1985	1986	

1/ Prior to 1984, such products were classified in TSUS item 610.8024.

2/ Value or quantity less than 0.5.

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

Table D.--Certain pipe and tube fittings of iron or steel: U.S. imports for consumption under the GSP, by principal GSP source, 1981-85, and January-June 1986

	1981	1982	1983	1984	1985	January- June 1986
Quantity (short tons)						
Republic of Korea-----	5,701	4,657	3,773	6,042	12,375	5,991
Taiwan-----	1,180	1,152	1,713	2,105	3,116	2,088
Brazil-----	6,367	4,909	2,761	3,991	4,936	2,741
Romania-----	1,291	492	39	240	2,267	2,429
Israel-----	202	103	45	122	125	31
India-----	5,958	2,127	693	999	615	332
Venezuela-----	0	0	0	715	97	454
Yugoslavia-----	0	102	98	0	104	4
All other-----	48	521	30	45	69	7
Total-----	20,746	14,064	9,152	14,261	23,704	14,077
Value (1,000 dollars)						
Republic of Korea-----	5,643	4,260	3,781	5,869	11,087	6,293
Taiwan-----	1,727	1,504	1,557	2,136	3,644	2,799
Brazil-----	7,000	5,484	1,917	2,418	3,346	1,954
Romania-----	1,273	477	22	135	1,317	1,344
Israel-----	1,259	492	294	685	710	224
India-----	6,581	2,185	424	451	349	202
Venezuela-----	-	-	-	369	50	395
Yugoslavia-----	-	122	58	-	46	8
All other-----	269	1,597	192	54	91	14
Total-----	23,751	16,122	8,245	12,117	20,640	13,231
Unit value						
Republic of Korea-----	\$989.76	\$914.71	\$1,001.91	\$971.38	\$895.97	1,050.43
Taiwan-----	1,463.15	1,305.20	908.88	1,014.39	1,169.28	1,340.53
Brazil-----	1,099.39	1,117.14	694.26	605.85	677.95	712.70
Romania-----	986.36	970.27	567.99	562.59	580.81	553.12
Israel-----	6,244.49	4,783.46	6,499.19	5,614.54	5,664.60	7,130.47
India-----	1,104.54	1,027.41	611.68	451.11	567.82	609.63
Venezuela-----	-	-	-	515.28	510.67	870.33
Yugoslavia-----	-	1,187.83	598.03	-	438.08	1,761.83
All other-----	5,604.17	3,065.26	6,400.00	1,200.00	1,318.84	2,000.00
Average-----	1,144.82	1,146.28	900.93	849.64	870.74	939.95

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

Note.--This table contains actual GSP imports only (i.e., "CSC 4" trade data). Because of rounding, figures may not add to the totals shown.

**PRESIDENT'S LIST OF ARTICLES
WHICH MAY BE DESIGNATED
OR MODIFIED AS ELIGIBLE
ARTICLES FOR PURPOSES
OF THE U.S. GENERALIZED
SYSTEM OF
PREFERENCES**

**Report to the President
on Investigations
Nos. TA 503(a)-13
and 332-238**

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COUPLINGS OF IRON OR STEEL

DIGEST NO. B105

COUPLINGS OF IRON OR STEEL
DIGEST NO. B105 (GSP Removal)

Background

Description and uses

A coupling of iron or steel is a relatively short tubular product, threaded on the inside. The purpose of a coupling is to join two or more sections of pipe or tubing in such a way as to allow for the conveyance of gases or liquids. A coupling usually refers to a component when used to join pipe or tube in a straight line configuration. There are three basic types of steel pipe and tube couplings: standard, which are made of carbon steel and used frequently in plumbing applications; casing or oil country tubular good (OCTG) couplings, which are primarily alloy steel produced to the standards of the American Petroleum Institute ("API") and used with casing, tubing and drill pipe in drilling oil and gas wells and for transporting oil and gas to the surface; and conduit couplings, which are used as conduits for electrical wiring. The last, is not covered in this digest but is addressed in digest no. B106.

The TSUS item number for the articles under investigation is provided below along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

Digest No.
B105—Con.

Couplings of iron or steel: TSUS item number, description, tariff rate information, U.S. imports in 1985, and the GSP competitive status

		Col. 1 rate of duty effective during—		
TSUS item No.	Description	1981	1985	1987
		Percent ad valorem		
610.86	Couplings of iron or steel.....	11%	7%	6.2
		U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985	
610.86	Couplings of iron or steel.....	20,883	Yes.	

U.S. customs treatment

Couplings of iron or steel are provided for in item No. 610.86 of the Tariff Schedules of the United States Annotated (TSUSA). The current column 1 or most-favored-nation duty rate is 7 percent ad valorem. The rate which is applicable to such imports from least developed developing countries (LDDC) is 6.2 percent ad valorem, and the column 2 rate which is applicable to imports from Communist countries is 45 percent ad valorem. Couplings of iron or steel have been eligible for GSP treatment since the program began in 1976. No countries are currently ineligible for GSP under TSUS item 610.86.

U.S. producers and employment

During 1981-85, the number of U.S. firms producing couplings of iron or steel declined. No firm data exist on the number of firms manufacturing in 1981, but industry estimates place the number at 50-70 firms. The number of manufacturers began to decline around 1982 when the oil market began to collapse and drilling slowed. A number of firms went out of business and

others filed under Chapter 11 or 13 of U.S. bankruptcy law. By 1985 approximately 12 manufacturers remained although not all of them were producing by the end of the year. Employment also declined as firms went out of business or were absorbed by other manufacturers. The industry has no firm documentation on the number of employees, but petitioners have estimated that peak employment was approximately 3,200 persons. By 1985 employment had declined to between * * * as about * * * persons lost their jobs while * * * were on lay-off.

U.S. consumption and shipments

The market for couplings can be separated into two areas. Standard couplings, also known as merchant couplings, are sold to the commercial building industry (such as shopping centers) for plumbing applications. Oil country tubular good (OCTG) couplings are used by the oil industry to drill wells and to transport liquids or gases. OCTG couplings are sold to oil drilling companies, steel mills, or threader yards.

The couplings industry has undergone contraction during the last five years. According to industry sources, during 1980-81 the market was relatively stable. In late 1981, the U.S. couplings industry had excess capacity because larger firms in the industry had expanded in light of continued expected demand from the oil industry. Shortly thereafter, the oil market began to collapse and demand for OCTG couplings declined. In conjunction with the depression in the commercial building industry in 1982-83, both shipments and imports declined. With so much excess capacity and low demand, the industry experienced a number of firms closing

and mergers, leaving about 12 companies remaining in 1985, not all of which were operating.

Apparent consumption of couplings of iron or steel fluctuated during 1981–85, declining overall from * * * million tons (* * * million) in 1981 to * * * million tons (* * * million) in 1985 (table A). Consumption most likely declined as a result of the recession in the United States during 1982–83, the collapse of oil market and the subsequent drop in demand for OCTG. U.S. shipments of couplings of iron or steel declined from * * * million tons (* * * million) in 1981 to a low during 1982, then rose during 1983–84, only to decline to * * * million tons (* * * million) in 1985. Based on quantity the ratio of imports to consumption fluctuated during 1980–85 from a high of * * * percent in 1982 to a low of * * * percent in 1983 before increasing to * * * percent in 1985.

U.S. exports

U.S. exports of iron or steel couplings fluctuated during 1981–85, declining from 5,530 tons (\$40.4 million) in 1981 to 3,130 tons (\$28.4 million) in 1985 (table B). The principal U.S. market for these exports was Canada, which in 1985 accounted for 49 percent of total exports. The petitioner believes that exports of couplings contain reporting errors and are greatly overstated, because those firms for whom data is presented in the petition export very little. The petitioner believes that the firms in the petition presently represent approximately 60–70 percent of the industry.

U.S. imports

U.S. imports of couplings of iron or steel declined overall during 1981-85, from 23,161 tons (\$59.9 million) in 1981 to 11,657 tons (\$20.8 million) in 1985, or by 50 percent (table C). The largest sources of U.S. imports were Japan and Canada, which together accounted for 59 percent of the quantity of total U.S. imports in 1985.

U.S. imports of iron or steel couplings from GSP countries increased from 1,113 tons (\$3.1 million) in 1981 to 2,405 tons (\$4.5 million) in 1984, then declined slightly to 2,004 tons (\$4.4 million) in 1985, increasing overall by 80 percent (table D). The largest GSP country source by quantity has been Korea. On a value basis however, the largest GSP supplier of imports has been Taiwan. This is because Korea is the largest GSP supplier of standard couplings, which are a lower valued product, whereas Taiwan is primarily the supplier of OCTG couplings, which are more expensive. Korea generally has not participated in exports of OCTG couplings to the United States.

Imports of couplings of iron or steel from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports 1/</u>
Taiwan.....	2,366	11
Korea.....	1,452	7
Israel.....	584	3
Argentina.....	61	2/
Brazil.....	50	2/
Other GSP.....	51	2/
Total.....	4,564	22

1/ Percentages are rounded.

2/ Less than 0.5 percent.

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Conditions of competition in U.S. market

Imports have been able to compete effectively against the domestic producers on the basis of both quality and price. Imports from Japan and Canada are considered to be of comparable quality with the U.S. product and can be purchased for about the same cost or less than domestically produced couplings. Couplings imports from Korea and Taiwan are of equal or lower quality than the U.S. product and can be purchased generally for less.

Position of interested parties

The petitioner, Picoma Industries, Inc., requests the withdrawal of GSP eligibility for steel couplings classified under TSUS item 610.86. The petitioner asserts that couplings are "import sensitive steel articles" ^{1/} and as such should be exempt from eligibility for duty-free treatment under the GSP. Additionally, the petitioner believes that the effects of the steel product voluntary restraint agreements (VRA's) has been to encourage foreign coupling producers to shift their exports to the "loose" coupling (i.e. not attached to a pipe or tube and therefore not covered by the VRA's) market, thereby circumventing the VRA's and avoiding duties (GSP is not available for attached couplings and is subject to the VRA's).

^{1/} Within the meaning of section 503(c)(1)(D) of the Trade Act of 1974.

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Table A.--Couplings of iron or steel: U.S. shipments, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981-85, January-June 1985 and January-June 1986

Year	U.S. shipments 1/	Exports	Imports	Apparent consumption 1/	Ratio of imports to consumption 1/
Quantity (tons)					
1981....	***	5,530	23,161	***	***
1982....	***	6,844	16,137	***	***
1983....	***	4,805	6,461	***	***
1984....	***	3,281	15,741	***	***
1985....	***	3,130	11,657	***	***
Jan.-June--					
1985..	***	1,660	7,325	***	***
1986..	***	1,636	3,522	***	***
Value (1,000 dollars)					
1981....	***	40,443	59,949	***	***
1982....	***	45,212	41,430	***	***
1983....	***	30,820	11,109	***	***
1984....	***	31,555	25,221	***	***
1985....	***	28,409	20,883	***	***
Jan.-June--					
1985..	***	14,850	12,527	***	***
1986..	***	13,824	7,750	***	***
Unit value (per ton)					
1981....	***	7,313.29	2,588.37		--
1982....	***	6,606.14	2,567.41		--
1983....	***	6,414.08	1,719.45		--
1984....	***	9,617.64	1,602.26		--
1985....	***	9,076.26	1,791.46		--
Jan.-June--					
1985..	***	8,945.73	1,710.17		--
1986..	***	8,450.06	2,200.33		--

1/ * * *.

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

Table B.--Couplings of iron or steel: U.S. exports of domestic merchandise, by principal markets, 1981-85,
January-June 1985, and January-June 1986

Market	1981	1982	1983	1984	1985	January-June-- 1985	1986
	Quantity (short tons)						
Canada-----	1,759	1,318	1,053	1,527	1,525	837	790
U King-----	81	68	115	381	105	54	76
Fr Germ-----	168	219	125	112	212	119	114
Austral-----	94	95	288	71	104	57	61
France-----	107	147	83	49	95	45	39
Nethlnds-----	142	131	47	78	72	40	34
Thailnd-----	8	7	7	0	4	1	0
Japan-----	142	30	37	41	131	12	12
All other-----	3,029	4,829	3,050	1,022	882	495	510
Total-----	5,530	6,844	4,805	3,281	3,130	1,660	1,636
	Value (1,000 dollars)						
Canada-----	12,792	7,915	7,857	10,457	10,510	5,387	4,609
U King-----	1,164	1,573	1,855	5,660	3,176	2,025	1,801
Fr Germ-----	1,257	1,385	1,102	2,149	2,401	1,594	1,449
Austral-----	940	781	676	843	1,280	552	487
France-----	1,401	1,591	1,295	1,124	1,145	719	682
Nethlnds-----	1,253	1,412	648	991	1,033	595	353
Thailnd-----	31	54	28	6	892	8	1
Japan-----	677	593	396	644	801	441	233
All other-----	20,927	29,909	17,163	9,682	7,172	3,528	4,408
Total-----	40,443	45,212	30,820	31,555	28,409	14,850	13,824
	Unit value (per short ton)						
Canada-----	\$7,272.18	\$6,005.06	\$7,462.01	\$6,848.05	\$6,892.00	\$6,436.60	\$5,834.65
U King-----	14,372.35	23,130.46	16,128.87	14,855.02	30,245.06	37,495.09	23,694.28
Fr Germ-----	7,484.13	6,324.98	8,819.58	19,185.21	11,325.39	13,393.92	12,707.84
Austral-----	10,000.91	8,218.95	1,653.05	11,880.17	12,303.49	9,687.93	7,982.75
France-----	13,091.96	10,824.90	15,597.70	22,940.18	12,052.16	15,976.00	12,369.95
Nethlnds-----	8,824.26	10,779.31	13,597.70	12,710.06	14,340.92	14,884.48	10,395.06
Thailnd-----	3,893.13	7,699.29	3,980.29	-	223,081.75	7,671.00	-
Japan-----	4,766.50	19,769.73	10,695.00	15,700.05	6,112.85	36,783.75	19,437.33
All other-----	6,908.98	6,193.54	5,627.09	9,473.15	8,130.96	7,127.86	8,643.81
Average--	7,313.29	6,606.14	6,414.08	9,617.64	9,076.26	8,945.73	8,450.06

1/ Less than 500.

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

Table C.--Couplings of iron or steel: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June-- 1985	1986
	Quantity (short tons)						
Japan-----	17,442	10,633	4,069	8,547	5,123	3,137	1,157
Canada-----	3,050	1,588	127	1,130	1,808	1,145	476
China t-----	172	263	593	808	827	416	622
Fr Germ-----	192	142	168	1,796	647	603	91
Kor Rep-----	803	354	874	1,418	1,074	749	455
Austral-----	57	293	35	435	1,023	0	0
Israel-----	45	118	97	166	68	44	97
France-----	861	1,106	293	499	319	167	213
All other-----	539	1,640	205	942	768	613	411
Total-----	23,161	16,137	6,461	15,741	11,657	7,325	3,522
	Value (\$1,000 dollars)						
Japan-----	46,008	28,579	5,897	12,529	8,681	5,247	2,597
Canada-----	7,120	4,312	527	2,220	3,321	1,941	786
China t-----	358	507	1,049	1,706	2,366	1,343	1,587
Fr Germ-----	1,199	927	731	2,710	1,661	968	455
Kor Rep-----	1,806	887	1,373	1,933	1,452	855	584
Austral-----	83	359	29	416	853	674	-
Israel-----	234	310	584	931	584	362	344
France-----	1,149	1,902	385	664	579	268	538
All other-----	1,992	3,646	533	2,111	1,386	869	859
Total-----	59,949	41,430	11,109	25,221	20,883	12,527	7,750
	Unit value (per short ton)						
Japan-----	\$2,637.77	\$2,687.80	\$1,449.20	\$1,465.95	\$1,694.48	\$1,672.51	\$2,244.67
Canada-----	2,334.58	2,715.35	4,147.72	1,964.90	1,836.85	1,695.49	1,651.32
China t-----	2,079.72	1,929.27	1,769.17	2,111.92	2,861.27	3,228.47	2,551.04
Fr Germ-----	6,244.84	6,524.66	4,351.01	1,508.66	2,566.80	2,146.62	5,003.02
Kor Rep-----	2,249.10	2,507.01	1,571.38	1,363.45	1,352.10	1,417.49	1,283.35
Austral-----	1,464.26	1,225.18	840.94	955.53	834.07	900.09	-
Israel-----	5,192.98	2,626.62	6,023.14	5,607.00	8,591.63	8,224.86	3,543.65
France-----	1,334.31	1,720.15	1,315.13	1,330.96	1,814.43	1,605.07	2,524.50
All other-----	3,695.88	2,223.24	2,601.52	2,241.37	1,804.40	1,417.59	2,090.15
Average--	2,588.37	2,567.41	1,719.45	1,602.26	1,791.46	1,710.17	2,200.33

1/ Less than 500.

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

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Table D.—Couplings of iron or steel U.S. imports for consumption under the GSP, by principal GSP source, 1981-85, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June 1986
Quantity (tons)						
Taiwan	172	262	577	787	775	607
Korea	803	354	874	1,378	1,051	449
Israel	25	118	92	166	65	81
Argentina	0	479	0	11	42	-
Brazil	0	0	0	1	27	-
Antigua	0	0	0	0	23	-
India	0	0	0	1/	18	5
Mexico	4	0	1	1/	4	5
All other	109	269	2	62	0	13
Total	1,113	1,482	1,546	2,405	2,004	1,160
Value (1,000 dollars)						
Taiwan	357	480	1,003	1,587	2,291	1,516
Korea	1,806	887	1,373	1,851	1,428	573
Israel	213	309	528	931	555	186
Argentina	-	513	-	17	54	-
Brazil	-	-	-	10	50	-
Antigua	-	-	-	-	31	-
India	-	-	-	4	5	12
Mexico	17	-	4	1	4	4
All other	753	805	18	1	1	26
Total	3,146	2,994	2,926	4,515	4,419	2,317
Unit value (Dollars per ton)						
Taiwan	2,082.64	1,830.24	1,738.33	2,016.79	2,955.61	2,498.92
Korea	2,249.16	2,504.81	1,570.84	1,343.19	1,359.12	1,275.16
Israel	8,529.80	2,625.79	1,570.84	5,615.54	8,602.37	2,301.68
Argentina	-	1,071.28	5,757.79	1,573.24	1,279.43	-
Brazil	-	-	-	8,331.25	1,886.01	-
Antigua	-	-	-	-	1,354.58	-
India	-	-	-	42,553.19	305.83	2,255.00
Mexico	3,910.56	-	-	5,595.46	972.51	944.63
All other	6,908.26	2,992.57	2,849.39	1,838.72	-	2,000.00
Total	2,827.76	2,021.08	1,892.67	1,877.22	2,205.32	1,996.92

1/ Less than .05 ton.

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

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Note.—This table contains actual GSP imports only (i.e., "CSC 4" trade data).

FITTINGS OF IRON OR STEEL FOR ELECTRICAL CONDUIT

DIGEST NO. B106

FITTINGS OF IRON OR STEEL FOR ELECTRICAL CONDUIT
DIGEST NO. B106 (GSP Removal)

Background

Description and uses

The conduit fittings which are the subject of this digest are articles of iron or steel that are coated or lined to make them suitable for use with conduit for electrical wire and cable. The coatings that are most often applied to the exteriors and or interiors of these fittings are zinc (galvanizing), to improve resistance to routine corrosion, and various plastic materials, to protect the metal in highly corrosive environments (e.g., chemical plants, salt spray, etc.). According to past U.S. Custom Service rulings, the items classified as conduit fittings under TSUSA items 688.3210 and 688.3220, include any articles that are used to join together two or more sections of conduit in a straight line (a.k.a. couplings), with a bend (such as an elbow), or both (in the case of a tee). There are three basic lines of conduit fittings, depending upon whether they are employed with rigid conduit, electrical metallic tubing, or flexible steel tubing. Fittings for rigid conduit come in standard and intermediate weights corresponding to the respective gauges of this type of conduit. Due to the heavy gauge of this conduit, fittings and conduit alike are most often threaded and various types of fittings (ells, offsets, etc.) are employed to change the direction of the conduit. Compression or set-screw type fittings are commonly employed with the bendable electrical metallic tubing and flexible steel tubing.

The TSUS item number for the articles under investigation, along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status are provided below.

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Fittings of iron or steel for electrical conduit: TSUS item number, description, tariff rate information, U.S. imports in 1985, and the GSP competitive status

		Col. 1 rate of duty effective during—		
TSUS item No.	Description	1981	1985	1987
		Percent ad valorem		
	Iron or steel pipes or tubes prepared and coated or lined in any manner suitable for use as conduits for electrical conductors, and iron or steel fittings therefor:			
688.32	Fittings.....	9.0	6.9	5.8
		U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985	
688.32	Fittings.....	6,456	Yes.	

U.S. customs treatment

Since 1981, imported fittings of iron or steel for electrical conduit from all designated beneficiary countries have been eligible for duty-free status under the GSP.

U.S. producers and employment

During 1981-85, the number of U.S. producers of fittings of iron or steel of all types of electrical conduit is estimated to have increased from 42 to 45. The petitioner in the instant investigation indicates that four firms (including themselves) currently account for the majority of U.S. production

in the segment of the U.S. industry (couplings) in which they are involved and that at least * * * other manufacturers ^{1/} of couplings, have ceased production since 1981. The petitioner has also stated that the level of their production operations, but not their * * * , has been sustained as the result of industry consolidations. Total employment in the companies which were able to report * * * from * * * persons in 1983 to * * * employees in 1985, or by * * * percent; the number of production and related workers reported for these companies * * * from * * * workers in 1983 to * * * workers in 1985, or by * * * percent.

U.S. consumption and shipments

Apparent U.S. consumption of all types of fittings for electrical conduit is estimated to have increased erratically from \$147.7 million in 1981 to \$170.9 million in 1984, or by 16 percent, before declining by 3 percent to \$165.9 million in 1985 (table A).

U.S. producers' shipments of fittings for electrical conduit followed the same trend as that for consumption while rising erratically from an estimated \$180.1 million in 1981 to \$192.1 million in 1984 and then declining to \$190.7 million in 1985. U.S. producers' shipments of conduit couplings are estimated to have accounted for * * * percent, or approximately * * * of the 1985 total. The trend in U.S. industry shipments of fittings for electrical conduit is closely related to the level of U.S. commercial and

^{1/} Many of these producers were reportedly very small shops which consequently were not counted in the U.S. Department of Commerce survey for the product grouping covering fittings (MA36K).

industrial construction activity which accounts for the bulk of U.S. consumption of these products. This is why U.S. producers' shipments fell substantially during 1982, a recession year, but have since recovered. The ratio of imports to consumption for all fittings of iron or steel for electrical conduit increased erratically from 2.4 percent in 1981 to 3.9 percent in 1984 and 1985. The estimated ratio of imports to consumption for conduit couplings alone was approximately * * * percent in 1985.

U.S. exports

U.S. exports of iron or steel conduit fittings declined annually from \$35.9 million in 1981 to \$27.8 million in 1984, or by 23 percent, but then recovered by 12 percent to \$31.2 million in 1985 (table B-1). Exports during the period were nearly equally divided between threaded (47 percent) and unthreaded fittings (53 percent) (tables B-2 and B-3). The threaded fittings were principally exported to Canada and Saudi Arabia, although exports to the latter market dropped dramatically during 1983-85. The two leading foreign markets for other fittings were Mexico and Saudi Arabia, with exports to the latter also declining sharply during 1983-85. Nearly \$5.0 million in exports of other than threaded fittings were shipped to Israel during the second half of 1985, but these shipments showed no evidence of sustaining themselves during the first half of 1986.

U.S. imports

U.S. imports of iron or steel conduit fittings increased erratically from \$3.5 million in 1981 to \$6.6 million in 1984, or by 88 percent, before declining slightly to \$6.5 million in 1985 (table C-1). The increase in the

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poundage of these imports was even more dramatic, however, as fitting entries increased annually from nearly 2.9 million pounds in 1981 to 7.2 million pounds in 1985, or by 152 percent. The average unit value of imports consequently declined from \$1.23 per pound in 1981 to \$0.89 per pound in 1985, or by nearly 28 percent. Approximately 40 percent of the quantity and value of imports during 1981-85 were of threaded fittings (tables C-2 and C-3). The majority of the imports during the period, and 63 and 73 percent of the value and weight, respectively, of the 1985 total, were entered from France and Korea. The value of imports from Mexico, the third leading source in terms of value in 1985, has shown a strong upward growth trend since 1983, however, the poundage of these imports is still considerably below that of the leading suppliers. Most of the Mexican imports during the period were entered by U.S. producers under TSUS item 806.30.

U.S. imports of fittings under the GSP accounted for approximately one third of the weight and value of total imports during 1981-85 (table D). Korea was by far the leading supplier of these imports, accounting for 81 percent of the total poundage and 72 percent of the total value of GSP imports during 1981-85. The only other significant GSP supplier was Israel, GSP entries from which declined from just under \$1.0 million in 1981 to zero in 1985.

Imports of conduit fittings from GSP beneficiary countries in 1985 are shown in the following (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Korea.....	\$1,851	29
Mexico.....	899	14
Hong Kong.....	147	2
Taiwan.....	123	2
Other GSP.....	—	—
Total.....	3,020	47

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Conditions of competition in the U.S. market

Imported and domestically produced conduit fittings are sold in U.S. markets in much the same way, either directly to large original equipment manufacturers of conduit, or to large national or regional electrical equipment wholesale distributors, such as the General Electric Supply Co. While U.S. producers indicate that the quality of imported fittings is generally * * * to similar types of domestic merchandise, they also suggest that the lower prices offered on a wide range of these fittings are sufficiently attractive to U.S. purchasers to overcome differences in quality. The petitioner indicates that in certain product lines, fittings have been offered to U.S. customers at prices below the petitioner's cost of production. As U.S. production operations are reportedly more * * * than those of foreign producers, the price differentials between U.S. and foreign merchandise are believed to be the result of higher U.S. material and overhead costs. Material costs often account for * * * percent of the total cost of fittings produced by the petitioner.

Position of interested parties

The petitioner, Picoma Industries, Inc. of Houston, TX., is requesting the permanent withdrawal of GSP duty-free status with respect to TSUS item 688.32, or at the very least, the suspension of GSP eligibility on this provision for the duration of the voluntary restraint agreements (VRA's) on

imported steel. ^{1/} In its petition, Picoma indicates that it, and the other three remaining U.S. producers of conduit "couplings," have suffered significant losses of capacity utilization and profitability as the result of intense price competition from and penetration of the U.S. market by imported fittings from Korea and Taiwan. The couplings produced by Picoma are distinguished from all other conduit fittings in that they are only designed to effect a linear (or straight line) connection between two pieces of rigid conduit or electrical metallic tubing. Picoma and the other three U.S. manufacturers of these products thus represent only a portion of the total U.S. industry producing iron or steel fittings for electrical conduit.

The American Couplings Coalition (ACC), of which Picoma is a member, has also presented written and oral statements, in support of the permanent withdrawal of GSP duty-free status with respect to TSUS item 688.32, or at the very least, the suspension of GSP eligibility on this provision for the duration of the voluntary restraint agreements on imported steel products. The specific fittings which the ACC wants removed from GSP eligibility are conduit "couplings" which are designed to effect a linear (or straight line) connection between rigid conduit or electrical metallic tubing. The ACC is an

^{1/} On September 18, 1984, the President established a nine-point policy to address the concerns of the U.S. steel industry. Under this policy, the President directed the United States Trade Representative to negotiate VRA's to cover a five-year period (from October 1, 1984 through September 30, 1989) with countries whose exports to the United States had increased significantly in recent years due to an unfair surge in imports. The agreements have taken the form of market share arrangements and quotas, or a combination thereof. The agreements are tailored to each country, with considerable variation in the number of individual product categories subject to limitation.

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ad hoc association of which Beck Manufacturing Co. of Waynesboro, PA.,
Wheatland Tube Co. of Collingswood, NJ., L.B. Foster Co. of Pittsburgh, PA.,
and Picoma are members.

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Table A.—Fittings of iron or steel for electrical conduit: U.S. producers' shipments, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981-85, January-June 1985, and January-June 1986

Period	U.S. producers' shipments 1/	Exports	Imports	Apparent consumption 1/	Ratio of imports to consumption 1/
	<u>1,000 dollars</u>				<u>Percent</u>
1981....	180,086	35,929	3,506	147,663	2.4
1982....	164,354	30,887	3,045	136,512	2.2
1983....	168,463	30,118	4,764	143,109	3.3
1984....	192,114	27,820	6,601	170,895	3.9
1985....	190,672	31,239	6,456	165,889	3.9
Jan.—June—					
1985..	86,000	13,957	4,140	76,183	5.4
1986..	82,000	11,152	3,315	74,163	4.5

1/ Estimated by the staff of the U.S. International Trade Commission.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Table B-1--Fittings of iron or steel for electrical conduit: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	1981	1982	1983	1984	1985	January-June-- 1986
	Quantity (pounds)					
Mexico	1,062,067	258,855	590,792	2,255,858	1,938,217	904,597
Canada	3,027,854	1,715,505	4,864,116	8,259,173	7,580,643	3,682,773
Israel	19,618	12,079	14,838	2,139	166,399	240
S Arab	7,421,419	7,228,372	6,860,959	2,165,350	1,010,628	731,776
Japan	124,626	175,546	140,441	124,539	318,495	96,178
U King	199,584	117,553	135,389	158,976	224,148	129,789
Singapr	416,849	371,584	263,600	154,326	296,339	249,298
Fr Germ	136,212	72,614	120,996	190,234	141,220	78,743
All other	7,983,382	4,987,683	5,034,856	2,852,063	1,916,308	873,908
Total	20,391,611	14,939,791	18,025,987	16,162,658	13,592,397	6,747,302
	Value (1,000 dollars)					
Mexico	1,884	551	1,639	5,854	7,473	3,740
Canada	4,542	3,203	5,842	6,982	7,424	3,567
Israel	71	94	141	21	4,855	4
S Arab	9,435	10,075	10,031	4,216	2,007	1,469
Japan	519	1,032	832	891	1,163	572
U King	549	571	610	784	857	539
Singapr	1,547	1,434	985	687	848	670
Fr Germ	924	413	495	934	803	421
All other	16,458	13,513	9,543	7,451	5,809	2,978
Total	35,929	30,887	30,118	27,820	31,239	13,957
	Unit value (per pound)					
Mexico	\$1.77	\$2.13	\$2.78	\$2.59	\$3.86	\$4.13
Canada	1.50	1.87	1.20	0.85	0.98	0.97
Israel	3.61	7.81	9.48	10.03	29.18	14.60
S Arab	1.27	1.39	1.46	1.95	1.99	2.01
Japan	4.17	5.88	5.92	7.16	3.65	5.94
U King	2.75	4.86	4.50	4.93	3.82	4.15
Singapr	3.71	3.86	3.73	4.45	2.86	2.69
Fr Germ	6.78	5.68	4.09	4.91	5.68	5.34
All other	2.06	2.71	1.90	2.61	3.03	3.41
Average	1.76	2.07	1.67	1.72	2.30	2.07

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

Table B-2--Threaded fittings of iron or steel for electrical conduit: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	1981	1982	1983	1984	1985	January-June-- 1986
Quantity (pounds)						
Canada-----	2,713,151	1,419,086	4,588,367	8,130,224	7,334,057	3,551,634
Japan-----	97,516	104,197	115,643	106,926	213,625	90,214
Fr Germ-----	129,227	71,469	77,907	149,762	134,289	72,256
Singapr-----	349,775	259,211	220,159	150,605	166,405	123,855
U King-----	121,977	113,328	121,223	126,943	150,797	80,942
S Arab-----	2,964,194	1,740,104	1,959,865	502,154	241,990	207,261
Italy-----	65,692	73,615	47,987	57,619	64,194	37,557
Austral-----	43,942	63,074	91,872	63,306	87,652	41,655
All other-----	2,652,569	2,158,725	2,114,198	1,091,454	425,707	237,816
Total-----	9,138,043	6,002,809	9,337,221	10,378,993	8,818,716	4,443,190
Value (1,000 dollars)						
Canada-----	3,966	2,918	5,342	6,644	6,801	3,280
Japan-----	460	568	709	677	998	565
Fr Germ-----	896	386	402	848	748	376
Singapr-----	1,211	1,143	783	661	680	518
U King-----	462	529	545	613	677	403
S Arab-----	2,407	1,856	1,924	1,091	465	295
Italy-----	317	429	328	343	429	160
Austral-----	227	344	596	318	293	158
All other-----	6,463	6,509	4,118	3,341	1,912	1,119
Total-----	16,410	14,683	14,747	14,537	13,003	6,875
Unit value (per pound)						
Canada-----	\$1.46	\$2.06	\$1.16	\$0.82	\$0.93	\$0.92
Japan-----	4.71	5.46	6.13	6.33	4.67	6.27
Fr Germ-----	6.93	5.40	5.16	5.66	5.57	5.21
Singapr-----	3.46	4.41	3.56	4.39	4.09	4.18
U King-----	3.79	4.67	4.50	4.83	4.49	4.98
S Arab-----	0.81	1.07	0.98	2.17	1.92	1.42
Italy-----	4.83	5.83	6.84	5.95	6.68	4.26
Austral-----	5.17	5.45	6.49	5.03	3.35	3.80
All other-----	2.44	3.02	1.95	3.06	4.49	4.71
Average-----	1.80	2.45	1.58	1.40	1.47	1.55

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

Table B-3.--Other fittings of iron or steel for electrical conduit: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	1981	1982	1983	1984	1985	January-June-- 1986
	Quantity (pounds)					
Mexico-----	903,869	185,435	588,562	2,251,214	1,927,307	916,613
Israel-----	8,109	416	679	491	166,103	0
S Arab-----	4,457,225	5,488,268	4,901,094	1,663,196	768,638	524,515
Canada-----	314,703	296,419	275,749	128,949	246,586	131,139
Kor Rep-----	29,586	85,055	599,541	523,945	109,905	23,793
Venez-----	159,341	169,001	226,247	22,606	110,320	14,814
France-----	265,800	95,532	60,940	80,851	146,949	57,756
Co Craz-----	0	0	0	0	54,063	8,779
All other-----	5,114,935	2,616,856	2,035,954	1,112,413	1,243,810	593,435
Total-----	11,253,568	8,936,982	8,688,766	5,783,665	4,773,681	2,304,112
	Value (\$1,000 dollars)					
Mexico-----	1,296	387	1,625	5,838	7,451	3,003
Israel-----	25	7	9	4	4,850	97
S Arab-----	7,027	8,218	8,107	3,125	1,542	1,174
Canada-----	576	285	500	338	624	287
Kor Rep-----	118	236	941	1,506	572	166
Venez-----	465	459	314	149	375	68
France-----	577	265	226	247	324	161
Co Craz-----	-	-	-	-	253	253
All other-----	9,435	6,347	3,649	2,076	2,243	1,234
Total-----	19,519	16,203	15,371	13,284	18,236	7,083
	Unit value (per pound)					
Mexico-----	\$1.43	\$2.09	\$2.76	\$2.59	\$3.87	\$4.13
Israel-----	3.12	16.19	12.58	8.38	29.20	-
S Arab-----	1.58	1.50	1.65	1.88	2.01	2.24
Canada-----	1.83	0.96	1.81	2.62	2.53	2.19
Kor Rep-----	3.97	2.78	1.57	2.87	5.21	6.99
Venez-----	2.92	2.71	1.39	6.60	3.40	4.61
France-----	2.17	2.77	3.71	3.06	2.21	2.79
Co Craz-----	-	-	-	-	4.68	4.68
All other-----	1.84	2.43	1.79	1.87	1.80	2.08
Average-----	1.73	1.81	1.77	2.30	3.82	3.07

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

Table C-1.-Fittings of iron or steel for electrical conduit: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June-- 1986
Quantity (pounds)						
France-----	48	190,519	2,561,473	3,850,484	3,132,224	1,960,789
Kor Rep-----	761,461	1,329,717	1,196,091	1,829,436	2,149,542	1,566,508
Mexico-----	0	3	53,285	12,094	326,339	57,922
Switzld-----	31	0	117,507	239,226	583,536	583,536
Fr Germ-----	790,192	990,370	1,079,476	267,095	249,481	62,712
Hg Kong-----	787	48,115	1,500	83,786	212,220	0
China t-----	185	43,209	111,370	73,914	87,991	37,787
Canada-----	266,944	58,473	10,216	125,013	19,339	3,966
All other-----	1,038,840	453,417	642,718	602,606	456,643	389,753
Total-----	2,858,488	3,113,823	5,773,636	7,083,654	7,217,315	4,662,973
Value (1,000 dollars)						
France-----	10	142	1,770	3,070	2,233	1,480
Kor Rep-----	553	804	959	1,873	1,851	1,374
Mexico-----	-	1	44	138	899	422
Switzld-----	1/	-	91	196	421	421
Fr Germ-----	842	969	981	279	240	86
Hg Kong-----	9	153	2	68	147	-
China t-----	1	48	129	99	123	39
Canada-----	604	92	44	375	112	32
All other-----	1,487	837	745	504	429	285
Total-----	3,506	3,045	4,764	6,601	6,456	4,140
Unit value (per pound)						
France-----	\$205.31	\$0.75	\$0.69	\$0.80	\$0.71	\$0.75
Kor Rep-----	0.73	0.60	0.80	1.02	0.86	0.88
Mexico-----	-	193.67	0.83	11.42	2.75	7.28
Switzld-----	8.77	-	0.78	0.82	0.72	0.72
Fr Germ-----	1.07	0.98	0.91	1.05	0.96	1.38
Hg Kong-----	11.12	3.18	1.07	0.82	0.69	-
China t-----	5.95	1.11	1.16	1.33	1.40	1.04
Canada-----	2.26	1.57	4.29	3.00	5.79	8.09
All other-----	1.43	1.85	1.16	0.84	0.94	0.73
Average-----	1.23	0.98	0.83	0.93	0.89	0.89

1/ Less than 500.

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

Table C-2.--Threaded fittings of iron or steel for electrical conduit: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June-- 1985	1986
	Quantity (pounds)						
Kor Rep-----	761,461	1,250,892	1,151,857	1,812,892	2,079,819	1,535,344	1,231,707
Hg Kong-----	0	30,250	1,500	83,596	211,200	0	0
France-----	0	189,088	1,574,139	1,280,099	120,185	120,185	78,096
Switzld-----	0	0	0	0	83,638	83,638	0
China t-----	0	15,279	0	0	15,613	0	180,233
U King-----	58,258	15,218	31	385	4,292	4,292	0
Italy-----	0	1,287	0	0	223	0	0
Japan-----	45,575	44,494	46,652	0	2,906	110	5,247
All other-----	117,187	29,684	208,241	12,471	0	0	82,035
Total-----	982,481	1,576,192	2,982,420	3,189,443	2,517,876	1,743,569	1,577,318
	Value (1,000 dollars)						
Kor Rep-----	553	751	927	1,864	1,804	1,352	978
Hg Kong-----	-	86	2	67	141	-	-
France-----	-	138	1,058	883	88	88	52
Switzld-----	-	-	-	-	55	55	-
China t-----	-	26	-	-	37	-	228
U King-----	191	51	1	6	11	11	-
Italy-----	-	11	-	-	10	-	-
Japan-----	39	46	59	-	7	3	9
All other-----	158	78	173	34	-	-	55
Total-----	941	1,187	2,219	2,854	2,153	1,509	1,322
	Unit value (per pound)						
Kor Rep-----	\$0.73	\$0.60	\$0.80	\$1.03	\$0.87	\$0.88	\$0.79
Hg Kong-----	-	2.83	1.07	0.81	0.67	-	-
France-----	-	0.73	0.67	0.69	0.73	0.73	0.67
Switzld-----	-	-	-	-	0.65	0.65	-
China t-----	-	1.71	-	-	2.35	-	1.26
U King-----	3.28	3.34	30.52	14.55	2.65	2.65	-
Italy-----	-	8.39	-	-	46.83	-	-
Japan-----	0.86	1.03	1.26	-	2.42	22.93	1.63
All other-----	1.35	2.64	0.83	2.71	-	-	0.68
Average-----	0.96	0.75	0.74	0.89	0.85	0.87	0.84

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

Table C-3.--Other fittings of iron or steel for electrical conduit: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June-- 1986
Quantity (pounds)						
France	48	1,431	987,334	2,570,385	3,012,039	1,840,604
Mexico	0	3	53,285	12,094	326,339	57,922
Switzld	31	0	117,507	239,226	499,898	499,898
Fr Germ	725,486	966,182	1,079,412	265,565	249,481	62,712
Canada	214,463	53,087	7,466	114,312	19,339	3,966
Japan	250,889	159,588	105,038	89,837	52,296	20,625
China M	0	0	103,657	370,031	270,893	11,680
U King	2,730	406	4,143	5,747	14,371	151,104
All other	682,360	356,934	333,374	227,014	254,783	323,826
Total	1,876,007	1,537,631	2,791,216	3,894,211	4,699,439	1,914,661
Value (\$1,000 dollars)						
France	10	5	712	2,187	2,145	1,393
Mexico	-	1	44	138	899	422
Switzld	1	-	91	196	367	367
Fr Germ	751	913	980	277	240	86
Canada	537	69	30	343	112	32
Japan	288	336	180	132	57	33
China M	-	-	51	147	100	100
U King	15	19	11	22	98	46
All other	964	515	445	305	241	129
Total	2,565	1,858	2,544	3,747	4,303	2,632
Unit value (per pound)						
France	\$205.31	\$3.44	\$0.72	\$0.85	\$0.71	\$0.76
Mexico	-	193.67	0.83	11.42	2.75	7.28
Switzld	8.77	-	0.78	0.82	0.73	0.73
Fr Germ	1.04	0.95	0.91	1.04	0.96	1.38
Canada	2.50	1.31	4.04	3.00	5.79	8.09
Japan	1.15	2.11	1.71	1.47	1.92	2.75
China M	-	-	0.49	0.40	0.37	0.37
U King	5.37	45.97	2.57	3.82	6.82	3.94
All other	1.41	1.44	1.34	1.34	0.95	0.85
Average	1.37	1.21	0.91	0.96	0.92	0.90

1/ Less than 500.

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

Digest No.
B106—Con.

Table D.—Fittings of iron or steel for electrical conduit: U.S. imports for consumption under the GSP, by principal GSP source, 1981-85, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June 1986
Quantity (pounds)						
Korea	469,731	1,231,606	1,196,091	1,829,436	2,132,015	1,252,879
Taiwan	185	36,405	111,370	73,899	65,980	278,188
Israel	678,388	222,105	185,797	93,607	—	—
Hong Kong	787	13,835	—	70,785	1,020	—
Mexico	—	—	53,285	—	—	—
All other	—	—	452	—	—	—
Total	1,149,091	1,503,951	1,546,992	2,067,968	2,199,015	1,531,067
Value (1,000 dollars)						
Korea	343	721	959	1,873	1,835	994
Taiwan	1	24	129	98	105	336
Israel	947	348	292	150	—	—
Hong Kong	9	55	—	60	6	—
Mexico	—	—	44	—	—	—
All other	—	—	1	—	—	—
Total	1,300	1,148	1,425	2,181	1,946	1,330
Unit value (Dollars per pound)						
Korea	0.73	0.59	0.80	1.02	0.86	0.79
Taiwan	5.95	.66	1.16	1.33	1.60	1.21
Israel	1.39	1.57	1.57	1.60	—	—
Hong Kong	11.12	3.95	—	.85	5.95	—
Mexico	—	—	.83	—	—	—
All other	—	—	2.48	—	—	—
Average	1.13	.76	.92	1.05	.89	.87

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

Note.—This table contains actual GSP imports only (i.e., "CSC 4" trade data).

CERTAIN WRITING PAPER

DIGEST NO. C101

CERTAIN WRITING PAPER
DIGEST NO. C101 (GSP Graduation)

Background

Description and uses

The papers covered in this digest are uncoated writing papers, weighing over 18 pounds per ream. ^{1/} The industry definition of a writing paper versus a printing paper is somewhat indistinct, whereas in the TSUS the definition of a writing paper is exclusive of the definition of a printing paper. Entering under TSUS item 252.75 is paper in rolls or paper in sheets that is cut to no less than 15 inches in any rectangular direction. Most bond papers are available in rolls or sheets. Some of the types of paper entering here include typewriter paper, computer bond, tablet paper, letter paper, onionskin paper, register bond, school drawing paper and other assorted uncoated grades of paper.

Certain writing paper: TSUS item number, description, tariff rate information, U.S. imports in 1985, and the GSP competitive status

TSUSA item No.	Description	Col. 1 rate of duty effective during— 1/		
		1981	1985	1987
252.75	Writing paper weighing over 18 pounds per ream.	5.1%	3.3%	2.4%
		U.S. imports in 1985 (\$1,000)		Product pro- duced in U.S., Jan. 3, 1985
252.75	Writing paper weighing over 18 pounds per ream.	72,701	Yes.	

^{1/} Imports under TSUS item No. 252.75 from certain countries and under certain conditions are free of duty. Those from countries designated as beneficiary developing countries may enter duty-free under the Generalized System of Preferences established pursuant to the Trade Act of 1974, and those from Israel may enter free of duty pursuant to the United States-Israel Free Trade Area Implementation Act of 1985. Also those imports from countries designated as beneficiary countries under the Caribbean Basin Economic Recovery Act may enter duty free under that Act.

If not eligible for duty-free entry under any of the above provisions, imports under item 252.75 may be eligible for entry at 2.4 percent ad valorem under the Trade Agreements Act of 1979 if from countries designated as least developed developing countries.

^{1/} The TSUS definition of a ream is 432,000 square inches.

U.S. customs treatment

Since the inception of the GSP almost all imports from Brazil and Mexico classified under TSUS item 252.75 have received the duty-free treatment. Imports from Brazil started entering under the GSP provision in 1979, however, prior to 1984, total imports from Brazil never exceeded \$2 million in any one year. No U.S. imports from Mexico were classified under this TSUS item until 1983. Since 1983, about 98 percent of all imports classified under TSUS item 252.75, from Brazil and Mexico, received duty-free treatment.

U.S. producers and employment

There are about 50 U.S. producers, operating some 60 plants, that manufacture all grades of uncoated printing/writing paper. Most of the plants are located in the Northeastern and North Central States. The majority of the producers are large paper companies that also manufacture other grades of paper. Employment for printing/writing paper producers is estimated to range between 30,000 and 50,000.

U.S. consumption and production

During 1981-85, consumption of the uncoated writing papers covered here is estimated to have ranged between \$1.2 billion and \$1.4 billion per year and production is estimated to have ranged between \$1.2 billion and \$1.3 billion per year. Imports classified under TSUS item 252.75, on a value basis, represented about 6 percent of U.S. apparent consumption in 1985. During 1981-85, GSP imports represented a high of 3 percent (in 1984) of domestic consumption (total imports represented 8 percent of domestic consumption in 1984). Total imports should represent between 5 and 10 percent of domestic

consumption during the next 5 years and demand for uncoated printing/writing paper should continue to be strong for the next 5-10 years.

U.S. exports

U.S. exports during 1981-85 declined from \$48.9 million in 1981 to \$26.2 million in 1985. U.S. exports tend to be the higher grades of uncoated writing paper. Canada accounted for about 40 percent of U.S. exports during 1981-85 and the remaining 60 percent of U.S. exports went to numerous other markets. There were essentially no U.S. exports to Brazil; exports to Mexico declined sharply from \$9.9 million in 1981 to \$1.5 million in 1985.

U.S. imports

According to the definition in the TSUS, imports classified under item 252.72 are papers in rolls exceeding 6 inches in width or rectangular sheets of paper exceeding 15 inches in either length or width. The petitioner (in favor of graduating GSP treatment for Brazil and Mexico) received a letter from New York Seaport Customs on October 19, 1984 stating that the samples of filler and typing paper submitted (sizes were: 10 1/2" by 8"; 11" by 8 1/2"; and 9 1/2" by 6") were classified under TSUS item 252.75.

The headnote definitions in the TSUS and a hasty and crude analysis of custom's entry forms (Customs Form 7501) for various TSUS item numbers seem to suggest that cut to size (less than 15 inches in either length or width) uncoated writing paper is classified under TSUS item number 256.20 ("cut to size writing paper and correspondence cards weighing over 18 pounds per ream"). Imports under this TSUS item number are also entitled to GSP treatment (the 1987 MFN rate of duty will be 3.2 percent ad valorem). In 1985, imports classified under TSUS 256.20 totaled \$15.3 million. During that year imports

from Brazil amounted to \$3.3 million (almost all imports from Brazil received GSP treatment) and imports from Mexico amounted to less than \$5,000.

U.S. imports classified under TSUS item 252.75 the TSUS number cited in the petition and the TSUS number analyzed in this digest, increased dramatically from \$4.7 million (0.4 percent of apparent consumption) in 1981 to \$110.3 million (7.9 percent of apparent consumption) in 1984, but then declined to \$72.7 million (5.6 percent of apparent consumption) in 1985. Canada was the leading supplier of imports classified under TSUS item 252.75, accounting for slightly more than two-thirds of all imports during 1981-86. Almost all GSP imports entered from Brazil and Mexico. Prior to 1983, GSP imports were insignificant; in 1983, GSP imports amounted to \$6.9 million and then increased to \$48.2 million in 1984 before dropping to \$9.3 million in 1985 (table D).

Imports of certain writing papers from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Brazil.....	\$4,940	7
Mexico.....	4,557	6
Argentina.....	37	<u>1/</u>
Chile.....	<u>12</u>	<u>1/</u>
Total.....	9,546	13

1/ Less than 0.5 percent.

Conditions of competition in the U.S. market

Price is by far the primary factor in a purchasing decision concerning printing/writing papers. Product quality, brand loyalty, and marketing effectiveness are minor factors that enter into a purchasing decision.

Imported products from Brazil and Mexico are sometimes sold below the price offered by domestic producers. There is usually little or no quality difference between an imported product and a domestic product. Neither the imported product nor the domestic product has a clear advantage in any of the nonprice factors.

Position of interested parties

The petition was filed on behalf of the Stationery International Trade Committee (SITC) which claims to represent more than one-half of all U.S. producers of converted paper-related school and office supplies. The petitioner requests that TSUS item 252.75 (which they believed was cut to size typing paper) and six other TSUS items (filler paper, wirebound notebooks, composition books and memorandum pads) be withdrawn from GSP eligibility for Brazil and Mexico. The petitioner, in their post-hearing brief, stated that they do not request GSP graduation for uncut or unconverted paper.

In opposition to the petition, from Brazil, were four Brazilian trading companies. They claim that the typing paper described by the petitioner cannot legally be classified under TSUS item 252.75 and consequently the petition for TSUS item 252.75 should be denied.

In opposition to the petition, from Mexico, were two relatively large Mexican paper companies. They claim Mexican imports of typing paper represent an insignificant portion of U.S. consumption; Mexican production is primarily oriented to the Mexican market; and Mexican technology (or lack thereof) makes Mexico uncompetitive in the world market.

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Table A.—Certain writing paper: U.S. production, imports for consumption, exports of domestic merchandise, and apparent consumption, 1981-85, and January-June 1985 and 1986

Year	Production 1/	Exports	Imports	Apparent consumption 1/	Ratio of imports to consumption 1/ 2/
Quantity (1,000 pounds)					
1981.....	3,200,000	90,782	16,820	3,100,000	1
1982.....	3,100,000	52,467	40,517	3,100,000	1
1983.....	3,500,000	38,018	149,298	3,600,000	4
1984.....	3,700,000	36,472	405,383	4,100,000	10
1985.....	3,900,000	45,689	291,450	4,100,000	7
Jan.—June—					
1985...	4/	25,675	139,682	4/	4/
1986...	4/	20,467	183,295	4/	4/
Value (1,000 dollars)					
1981.....	1,200,000	48,881	4,729	1,200,000	3/
1982.....	1,100,000	30,303	12,096	1,100,000	1
1983.....	1,200,000	25,665	38,298	1,200,000	3
1984.....	1,300,000	26,345	110,275	1,400,000	8
1985.....	1,300,000	26,207	72,701	1,300,000	6
Jan.—June—					
1985...	4/	13,838	36,152	4/	4/
1986...	4/	13,249	43,797	4/	4/

1/ Estimated by the staff of the U.S. International Trade Commission.

2/ Because of rounding figures may not add to totals.

3/ Less than 0.5 percent.

4/ Not available.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Table B.--Certain writing papers: U.S. exports of domestic merchandise, by principal markets, 1981-85,
January-June 1985, and January-June 1986

Market	1981	1982	1983	1984	1985	January-June-- 1985	1986
Quantity (1,000 pounds)							
Canada-----	27,453	18,637	19,911	18,997	29,640	16,510	10,562
U King-----	1,608	2,105	2,219	2,499	2,326	1,075	849
Mexico-----	20,516	2,511	1,321	2,800	1,878	893	1,121
Fr Germ-----	1,330	329	513	231	235	77	187
Dom Rep-----	1,307	1,470	1,260	1,115	1,272	501	398
Argent-----	893	791	641	1,248	298	293	0
Japan-----	342	283	546	715	363	254	246
Austral-----	12,529	13,743	2,048	244	1,011	649	87
All other-----	24,804	12,598	9,558	8,622	8,666	5,423	7,018
Total-----	90,781	52,467	38,018	36,472	45,689	25,675	20,467
Value (1,000 dollars)							
Canada-----	15,713	10,638	11,375	10,989	15,132	8,084	7,440
U King-----	1,290	1,829	1,699	2,475	2,279	976	602
Mexico-----	9,901	2,822	2,492	3,153	1,519	728	1,224
Fr Germ-----	1,047	594	1,613	204	598	183	501
Dom Rep-----	1,590	610	369	377	595	131	231
Argent-----	1,324	1,259	981	1,845	513	475	-
Japan-----	370	424	403	597	471	316	259
Austral-----	4,658	4,804	958	227	418	276	111
All other-----	13,987	7,323	5,775	6,479	4,682	2,669	2,880
Total-----	48,881	30,303	25,665	26,345	26,207	13,838	13,249
Unit value (per 1,000 pounds)							
Canada-----	\$572.35	\$570.78	\$571.27	\$578.46	\$510.51	\$489.62	\$704.40
U King-----	802.52	868.86	765.84	990.51	979.95	908.22	709.37
Mexico-----	482.60	1,123.87	1,886.10	1,126.18	808.70	814.92	1,091.78
Fr Germ-----	787.25	1,804.78	3,144.81	882.23	2,544.49	2,371.29	2,677.47
Dom Rep-----	451.80	415.27	292.95	337.87	467.42	261.17	580.15
Argent-----	1,482.98	1,591.18	1,530.24	1,478.14	1,722.17	1,622.65	-
Japan-----	1,081.53	1,499.98	738.72	834.59	1,298.84	1,244.71	1,054.12
Austral-----	371.75	349.55	467.58	929.13	413.88	425.52	1,280.74
All other-----	563.91	581.27	604.20	751.40	540.25	492.10	410.43
Average--	538.45	577.56	675.07	722.33	573.60	538.95	647.32

1/ Less than 500.

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

1985, and January-June 1986

1985, and January-June 1986						
	1981	1982	1983	1984	1985	January-June-- 1986
Source	:	:	:	:	:	:
Quantity (1,000 pounds)	:	:	:	:	:	:
Canada-----	6,713 :	40,153 :	84,887 :	125,470 :	165,072 :	84,006 : 73,814
Finland-----	10,031 :	43 :	33,774 :	55,321 :	66,746 :	29,347 : 55,075
Brazil-----	5 :	0 :	10,019 :	113,963 :	21,938 :	5,215 : 13,746
Mexico-----	0 :	0 :	17,607 :	73,739 :	16,210 :	7,581 : 16,844
Rep Saf-----	0 :	1/ :	0 :	4,722 :	16,021 :	10,020 : 21,413
Japan-----	0 :	1/ :	1 :	149 :	1,254 :	926 : 1,619
Sweden-----	0 :	0 :	879 :	18,745 :	2,275 :	1,672 : 67
U King-----	1/ :	1/ :	0 :	1,950 :	605 :	402 : 2
All other----	70 :	320 :	2,131 :	11,324 :	1,330 :	514 : 715
Total-----	16,820 :	40,517 :	149,298 :	405,383 :	291,450 :	139,682 : 183,295
Value (1,000 dollars)	:	:	:	:	:	:
Canada-----	1,993 :	11,829 :	24,269 :	37,971 :	42,508 :	21,726 : 19,397
Finland-----	2,668 :	11 :	6,331 :	13,886 :	14,776 :	6,998 : 11,296
Brazil-----	2 :	- :	2,109 :	27,786 :	4,940 :	1,248 : 3,083
Mexico-----	- :	- :	4,864 :	20,911 :	4,557 :	2,257 : 4,254
Rep Saf-----	- :	1/ :	- :	1,137 :	3,392 :	2,183 : 4,254
Japan-----	- :	2 :	2 :	100 :	965 :	699 : 1,213
Sweden-----	- :	- :	211 :	4,787 :	617 :	477 : 22
U King-----	1 :	- :	- :	611 :	438 :	331 : 2
All other----	66 :	253 :	511 :	3,086 :	509 :	232 : 275
Total-----	4,729 :	12,096 :	38,298 :	110,275 :	72,701 :	36,152 : 43,797
Unit value (per 1,000 pounds)	:	:	:	:	:	:
Canada-----	\$296.94 :	\$294.60 :	\$285.90 :	\$302.63 :	\$257.51 :	\$258.63 : \$262.75
Finland-----	265.96 :	263.14 :	187.45 :	251.01 :	221.37 :	238.46 : 205.10
Brazil-----	318.20 :	- :	210.51 :	243.82 :	225.16 :	239.35 : 224.32
Mexico-----	- :	- :	276.27 :	283.58 :	281.12 :	297.73 : 252.53
Rep Saf-----	- :	- :	- :	240.87 :	211.72 :	217.83 : 198.66
Japan-----	- :	- :	2,198.00 :	668.99 :	769.38 :	754.60 : 759.25
Sweden-----	- :	- :	239.81 :	255.36 :	271.34 :	285.56 : 332.94
U King-----	- :	- :	- :	313.42 :	723.81 :	823.43 : 800.00
All other----	942.34 :	789.33 :	239.98 :	272.48 :	382.74 :	450.94 : 385.23
Average---	281.18 :	298.53 :	256.52 :	272.03 :	249.45 :	258.81 : 238.90

1/ Less than 500.

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

Digest No.
C101—Con.

Table D.—Certain writing papers: U.S. imports for consumption under the GSP, by principal GSP source, 1981–85, and January–June 1986

Source	1981	1982	1983	1984	1985	January–June 1986
Quantity (1,000 pounds)						
Brazil	5	0	9,545	111,874	20,909	10,923
Mexico	0	0	17,459	73,570	16,210	16,844
All other GSP	0	1	135	725	248	216
GSP total	5	1	27,139	186,169	37,367	27,983
All other	16,815	40,516	122,159	219,214	254,083	155,312
Total	16,820	40,517	149,298	405,383	291,450	183,295
Value (1,000 dollars)						
Brazil	2	0	2,007	27,179	4,732	2,403
Mexico	0	0	4,827	20,856	4,557	4,254
All other GSP	0	2	40	200	49	62
GSP total	2	2	6,874	48,235	9,338	6,719
All other	4,727	12,094	31,424	62,040	63,363	37,078
Total	4,729	12,096	38,298	110,275	72,701	43,797
Unit value (per 1,000 pounds)						
Brazil	318.20	—	210.26	242.94	226.31	219.99
Mexico	—	—	276.48	283.49	281.12	252.55
All other GSP	—	229.00	296.30	275.86	197.58	287.04
GSP average	318.20	229.00	253.29	259.09	249.90	240.11
All other average	281.15	298.54	257.24	283.01	249.38	238.73
Grand average	281.18	298.53	256.52	272.03	249.45	238.94

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

Note.—This table contains actual GSP imports only (i.e., "CSC 4" trade data).

MISCELLANEOUS ARTICLES OF PAPER

DIGEST NO. C102

MISCELLANEOUS ARTICLES OF PAPER
DIGEST NO. C102 (GSP Graduation)

Background

Description and uses

The specific products included in this report are memorandum pads and looseleaf filler paper; and paper paint strainers.

Memorandum pads come in a variety of sizes, and may be gummed, perforated or non-perforated, stapled, covered or not covered, scratch, sketch, drawing, writing, filler, and usually contain white, yellow, or other colored paper. Pads are sold in a wide variety of sheet counts. Looseleaf filler paper sheets are usually horizontally lined on each side with a vertical red margin line 1-1/4 inches from the left edge. The sheets generally are punched with three or five holes so that they can be accommodated in a three-ring looseleaf binder. They are sold in various sizes and in packages of 100, 150, 200 or 300 sheets. Paint strainers made of paper are conical in shape, with the open end generally made of cup stock paper and the small end containing several perforations covered by cotton gauze. These strainers are used primarily by auto body shops to remove lumps and thoroughly mix paint before it is placed in spray guns.

The TSUS item numbers for the articles under investigation are provided below along with information on U.S. tariff rates, U.S. imports in 1985, and GSP competitive status.

Digest No.
C102—Con.

Miscellaneous Articles of Paper: TSUS item number, description, tariff rate information, U.S. imports in 1985 and the GSP competitive status

TSUS item No.	Description	Col. 1 rate of duty effective during—		
		1981	1985	1987
256.9044	Looseleaf filler paper.....	<u>1/</u>	<u>1/</u>	5.3% ad val.
256.9052	Memorandum pads.....	<u>2/</u>	<u>2/</u>	5.3% ad val.
256.9080 (pt.)	Paint strainers.....	7.7% ad val.	6.1% ad val.	5.3% ad val.
		U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985	
256.9044	Looseleaf filler paper.....	<u>3/</u>	Yes.	
256.9052	Memorandum pads.....	<u>4/</u>	Yes.	
256.9080 (pt.)	Paint strainers.....	<u>5/</u>	Yes.	

1/ Prior to January 1, 1986, looseleaf filler paper was classified under TSUS 256.9080

2/ Prior to January 1, 1986, memorandum pads were classified under TSUS 256.9040.

3/ Prior to January 1, 1986, imports of looseleaf filler paper was an unknown share of TSUS 256.9080.

4/ Prior to January 1, 1986, imports of memorandum pads were an unknown share of TSUS 256.9040.

5/ Paint strainers in 1985 are estimated at less than 5 percent of imports under TSUS 256.9080.

U.S. custom treatment

Looseleaf filler paper and memorandum pads.—GSP statistics prior to 1986 on looseleaf filler paper and memorandum pads are not available since these paper were classified under basket categories: TSUS 256.9080, articles of paper etc., n.s.p.f., and TSUS 256.9040, respectively. Beginning on January 1, 1986 looseleaf filler paper was classified under TSUS 256.9044.

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Through June of 1986 approximately three-quarter of item 256.9044 imports entered the United States duty free, under GSP, primarily from Mexico and Brazil. Memorandum pads since January 1, 1986 are classified under TSUS 256.9052. Through June of 1986 approximately eighty percent of item 256.9052 imports entered the United States duty-free under GSP, primarily from Taiwan, Mexico, and Hong Kong.

Paint strainers.—GSP statistics on paint strainers are not available from official sources since these paper type strainers are classified in a basket category; TSUS 256.9080, articles of paper etc., n.s.p.f. However based on information gathered from the petition, and an ongoing Commission investigation on paint strainers from Brazil ^{1/} it is believed that the bulk of imports under TSUS 256.9080 from Brazil are paint strainers. Based on these estimates, virtually all known imports of paint strainers have entered free of duty and are currently duty free.

U.S. producers and employment

Looseleaf filler paper and memorandum pads.—There are an estimated 72 establishments with some 7,800 employees that produce looseleaf filler paper, pads and related products. Memorandum pad and looseleaf filler paper production is believed to account for the bulk of these establishments' products.

^{1/} On July 15, 1986 the U.S.I.T.C. instituted investigations Nos. 701-TA-280 (Prelim.) and 731-TA-337 (Prelim.) on certain paint filters and strainers from Brazil. The Commission notified the Dept. of Commerce August 29 that there was a reasonable indication of material injury to the domestic industry.

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Paint strainers.—There are only two U.S. producers of these paper type strainers. Employment is estimated at * * *.

U.S. consumption and production

Looseleaf filler paper and memorandum pads.—U.S. production (shipments) of looseleaf filler paper and memorandum pads is estimated at about * * * million in 1985, up from * * * million in 1981. U.S. consumption is supplied primarily by domestic production, with imports and exports currently close to the same level. Imports as a share of consumption remained at between 1 and 2 percent of consumption during the period 1981-85.

Paint strainers.—U.S. production was valued at about * * * million in 1985 down about * * * percent from 1983, the earliest year of production statistics available. U.S. consumption is also valued at somewhat more than * * * million up about * * * percent from 1983. Imports as a share of consumption increased from * * * percent in 1983 to * * * percent in 1985. In Jan-June 1986, the share was * * * percent.

U.S. exports

Looseleaf filler paper and memorandum pads.—U.S. exports reached almost * * * million in 1985, up from almost * * * million in 1981. Principal export markets in 1985, were Canada, Mexico, Australia, and the Federal Republic of Germany. Exports accounted for about 2 percent of production in 1985.

Paint strainers.—U.S. exports were estimated at somewhat more than * * * million in 1985. This was about the same level as in 1983, the first year of statistical data supplied.

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U.S. imports

Looseleaf filler paper and memorandum pads.—Imports increased between 1981 and 1985, reaching a high of about * * * million in 1985, up from about * * * million in 1981. The principal sources of imports were Taiwan, Japan, and Canada. GSP imports increased dramatically from one-fifth of all imports in 1981 to roughly one-half in 1985. The leading suppliers were Taiwan, Brazil, Hong Kong, Mexico, and Korea.

Imports of looseleaf filler paper and memorandum pads from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Taiwan.....	***	21
Brazil.....	***	9
Hong Kong.....	***	8
Mexico.....	***	4
Korea.....	***	1
Other.....	***	6
Total.....	***	49

Paint strainers.—U.S. imports are supplied by one foreign producer. Imports in 1985 were * * * valued at an estimated * * *, up from * * * valued at an estimated * * * in 1983, the first year of import data supplied. The petitioner states that all imports from Brazil, the only source of imports, receive GSP duty-free treatment. Statistical data show that 96 percent of 256.9080 imports from Brazil entered under GSP in 1985.

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Conditions of competition in U.S. market

Looseleaf filler paper and memorandum pads.---The increased imports of these items, as alleged by the petitioner, have forced U.S. producers to minimize necessary price increases in order to avoid losing greater sales to low-priced imports. The imported items are similar to the domestic product and most foreign producers enjoy labor cost advantages. These advantages, together with GSP duty free treatment, give price advantages to GSP eligible countries such as Brazil and Mexico when entering the U.S. market. Imports of these items as a share of domestic consumption prior to 1986 when data on these items were not directly comparable were estimated at about 1 percent of apparent consumption. It is estimated that imports to consumption in 1986, with directly comparable data will be less than 1 percent. Domestic market growth is estimated at about 2 percent annually over the next 5 years.

Paint strainers.---The domestic firms in the United States continue to be competitive by producing generic type lower cost paint strainers that are competitive with the imported product. However, Brazilian imports have increased rapidly. The petitioner alleges that GSP duty-free treatment for Brazil has caused price competition that, at least in one instance, caused a U.S. producing firm to stop making paint strainers (used in their production of other consumer products) and to import the lower priced strainers from Brazil. The petitioner also alleges that subsidies, and non-adherence to correct customs classification has led to further unfair advantage. The U.S. and foreign paper products are virtually identical and price is the leading competitive factor. Imports as a share of consumption have increased from about * * * percent in 1981 to * * * percent in 1986.

Position of interested parties

Looseleaf filler paper and memorandum pads.—The petitioner is the Stationery International Trade Committee (SITC) an association comprised of 7 U.S. companies which manufacture converted paper-related school and office supplies. The petition is to withdraw duty-free treatment under GSP from Brazil and Mexico. Spokesman at the Commission hearings was John C. McCurrah, President of Mead Products.

In opposition to the removal of GSP from Mexico on these products are Kimberly Clark de Mexico and San Cristobol, two foreign producers of these products located in Mexico, and represented at the Commission hearings by Brownstein, Zeidman and Schomer, Counsel.

In opposition to the removal of GSP from Brazil on these products are a group of Brazilian producers represented by Klaymen and Gurley, counsel at the Commission hearings.

Paint strainers.—The petitioner is the Louis M. Gerson Company, the leading domestic producer of paper type paint strainers. The petition is to remove GSP eligibility for paint strainers manufactured in Brazil. Mr. Gerson presented testimony at the Commission hearings.

In opposition to the removal of GSP from Brazil on paint strainers is the sole Brazilian producer, Celupa, represented by Klayman and Gurley, counsel at the Commission hearings.

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Table A.—Miscellaneous articles of paper: U.S. shipments, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981-85, and January-June 1985 and 1986

Year	Shipments	Exports 1/	Imports	Apparent consumption 1/	Ratio (percent)
					of imports to
					consumption
Million dollars				Percent	
1981.....	440.0	8.8	3.6	434.8	0.8
1982.....	465.0	9.8	3.1	458.3	0.7
1983.....	510.0	10.1	3.9	503.8	0.8
1984.....	535.0	9.2	6.5	532.3	1.2
1985.....	550.0	11.9	8.7	546.8	1.6
Jan.—June					
1985...	2/	5.7	3.3	2/	2/
1986...	2/	5.6	6.7	2/	2/

1/ Exports include notebooks, and diaries, but exclude an unknown share of looseleaf filler paper under Schedule B, number 256.7190.

2/ Not available.

Source: Shipments, exports, and imports estimated by the staff of the U.S.I.T.C. based on statistics of the U.S. Department of Commerce and other industry sources.

Table B.--Miscellaneous articles of paper: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	(In thousands of dollars)					
	1981	1982	1983	1984	1985	January-June-- 1985 1986
Canada-----	2,491	2,138	2,754	3,257	3,488	1,501 1,718
Mexico-----	844	1,364	1,358	1,154	2,433	1,171 1,206
Austral-----	237	202	211	282	756	430 138
Fr Germ-----	246	384	82	139	698	354 160
Bahamas-----	310	998	824	700	678	347 401
Japan-----	249	458	196	401	590	249 220
N Antil-----	214	204	393	376	441	290 239
U King-----	315	333	177	241	330	125 145
All other-----	3,915	3,724	4,082	2,653	2,522	1,225 1,332
Total----	8,821	9,805	10,077	9,202	11,936	5,692 5,560

1/ Less than 500.

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

Table C-1. --Filler paper and memo pads : U.S. imports for consumption, by principal sources, 1981-85,
January-June 1985, and January-June 1986

Source	(In thousands of dollars)					
	1981	1982	1983	1984	1985	January-June-- 1985 1986
China t-----						
Canada-----						
Japan-----						
Brazil-----	***	***	***	***	***	***
Hg Kong-----						
U King-----						
Fr Germ-----						
Mexico-----						
All other-----						
Total-----						

1/ Less than 500.

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

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Table C-2.—Paint stainers from Brazil: U.S. imports for consumption,
1981-85, January-June 1985, and January-June 1986

Year	Quantity Million Units	Value 1/ 1,000 dollars
1981.....	2/	2/
1982.....	2/	2/
1983.....	xxx	xxx
1984.....	xxx	xxx
1985.....	xxx	xxx
Jan.—June —		
1985.....	xxx	xxx
1986.....	xxx	xxx

1/ Estimated by the staff of the U.S. International Trade Commission.

2/ Not available.

Source: Investigation Nos. 701-TA-280 (Prelim.) and 731-TA-337 (Prelim.),
Certain Paint Filters and Strainers from Brazil.

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Table D.—Miscellaneous articles of paper: U.S. imports for consumption under the GSP, by principal GSP source, 1981-85, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June 1986
	Value (1,000 dollars)					
Taiwan	254	436	435	977	1,568	2,762
Brazil	30	111	310	1,172	1,599	1,068
Hong Kong	300	339	353	777	589	313
Mexico	45	45	78	48	324	665
Korea	77	81	96	115	103	99
All other	29	39	49	200	412	160
Total	735	1,051	1,321	3,289	4,595	5,067

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

Note.—This table contains actual GSP imports only (i.e., "CSC 4" trade data).

ACETYLSALICYLIC ACID (ASPIRIN)

DIGEST NO. C103

ACETYLSALICYLIC ACID (ASPIRIN)
DIGEST NO. C103 (GSP Graduation)

Background

Description and uses

Acetylsalicylic acid (aspirin) is a non-steroidal anti-inflammatory, analgesic, and antipyretic agent. It is used extensively in the treatment of mild to moderate pain, fever, and inflammatory diseases such as rheumatoid arthritis, juvenile arthritis, and osteoarthritis. The Food and Drug Administration (FDA) has recommended that aspirin be approved for the use of reducing the risk of strokes in males with recurrent transient ischemic attacks. Recently, the FDA's committee on cardiovascular and renal drugs has allowed drug firms to promote the use of aspirin to reduce the chance of a second heart attack. The promotional information is to appear with a statement indicating that the use of aspirin entails the risk of side effects such as gastrointestinal irritation. Aspirin's therapeutic effects appear to be derived primarily from its inhibition of prostaglandin synthesis.

Aspirin is manufactured by the acetylation of salicylic acid with acetic anhydride. It occurs as white crystals or as a white crystalline powder. Commercially, aspirin is available in capsules, tablets, chewing gum, and suppositories. It is also available in buffered form, as well as in a variety of combinations with other products such as acetaminophen, caffeine, opiates, salicylamide, and/or other agents.

The TSUS item number for the article under investigation is provided below along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

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C103—Con.

Acetylsalicylic acid (aspirin): TSUS item number, description, tariff rate information, U.S. imports in 1985, and the GSP competitive status

		Col. 1 rate of duty effective during—		
TSUS item No.	Description	1981	1985	1987
		Percent ad valorem		
	Products suitable for medicinal use, and drugs: Obtained, derived, or manu- factured in whole or in part from any product provided for in subpart A or B of this part: Drugs:			
410.72	Acetylsalicylic acid (aspirin).....	21.8%	14.1%	10.2%
		U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985	
	Products suitable for medicinal use, and drugs: Obtained, derived, or manu- factured in whole or in part from any product provided for in subpart A or B of this part: Drugs:			
410.72	Acetylsalicylic acid (aspirin).....	5,737	Yes.	

U.S. customs treatment

Currently, aspirin is classified in TSUS item 410.72 with a column 1 rate of duty of 12.1 percent ad valorem. As of January 1, 1987, the column 1 rate will be 10.2 percent ad valorem. The column 2 rate of duty is 7 cents per pound plus 82 percent ad valorem. The duty rate applicable to products of

least developed developing countries (LDDC's) is 10.2 percent ad valorem. 1/ Prior to the Trade Agreements Act of 1979, aspirin was classified in TSUS item 407.25 with a column 1 rate of duty of 1.7 cents per pound plus 22.7 percent ad valorem. Effective July 1, 1980, TSUS item 410.72 was established, with staged reductions in the column 1 duty rate, by Proclamation 4768 of June 28, 1980 (45 F.R. 45135) following the Tokyo Round of the Multilateral Trade Negotiations (MTN).

Imports of aspirin under item 410.72 are eligible for duty-free treatment under the GSP and the Caribbean Basin Economic Recovery Act (CBERA). 2/ Item 410.72 has been eligible for GSP treatment since the implementation of the program. No GSP-beneficiary countries are currently, or have been in the past, excluded from duty-free entry of this product into the United States. U.S. imports of aspirin from Israel would enter under a staged concessionary

1/ Preferential rates of duty in the Special column of the TSUS followed by the code "D" reflect the full U.S. MTN concession rates implemented without staging for particular products of least developed developing countries (LDDC's) enumerated in general headnote 3(e)(vi) of the TSUS. Where no rate of duty is provided for LDDC's in the Special column for a particular tariff item, the rate of duty in column 1 applies.

2/ The CBERA affords nonreciprocal tariff preferences to developing countries in the Caribbean Basin area to aid their economic development and to diversify and expand their production and exports. The CBERA, enacted in title II of Public Law 98-67 and implemented by Presidential Proclamation 5133 of November 30, 1983, applies to merchandise entered, or withdrawn from warehouse for consumption, on or after January 1, 1984; it is scheduled to remain in effect until September 30, 1995. It provides duty-free entry to eligible articles imported directly from designated Basin countries.

rate applicable under the United States-Israel Free Trade Area Implementation Act of 1985, as indicated in the Special rates of duty column. 1/

The Commission staff was informed that during the recent GSP hearings at USTR a question arose as to whether any country (or countries) other than the United States accords Turkey preferential treatment for its aspirin exports. The question specifically concerned the member countries of the European Community (EC). Counsel on behalf of Monsanto made a statement to the effect that he did not believe that the EC granted duty-free entry to Turkish aspirin. A subsequent inquiry by the staff to an Information Specialist with the European Community Information Service determined that Turkish exports of this product are allowed to enter member countries duty-free under a provision other than their GSP.

U.S. producers and employment

According to Commission records, four firms produce aspirin in the United States. They are Dow Chemical Co., Monsanto Co., Norwich Eaton Pharmaceutical Inc., and Sterling Drug Inc. Dow Chemical and Monsanto manufactured approximately * * * percent of total domestic production in 1985. Sterling Drug, according to industry sources, is the only firm that does not make merchant sales of aspirin. The firm's production is totally intended for captive consumption.

1/ Preferential rates of duty in the Special column of the TSUS followed by the code "I" reflect the rates of duty applicable to products of Israel under the United States-Israel Free Trade Area Implementation Act of 1985, as provided in general headnote 3(e)(viii) of the TSUS. Where no rate of duty is provided for products of Israel in the Special column for a particular tariff item, the rate of duty in column 1 applies.

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In 1984, total domestic nameplate capacity for the production of aspirin totaled 44.4 million pounds per year. Monsanto and Dow each accounted for 45 and 27 percent of the total, or 20 million pounds and 12 million pounds, respectively. Sterling and Norwich Eaton together made up the remaining 28 percent, or 12.4 million pounds. Overall capacity utilization in 1985 was estimated by industry sources to be 50–60 percent, compared with 70–80 percent in 1984. 1/ * * *. Dow has recently completed the construction of replacement capacity of 12 million pounds. According to industry sources, the state-of-art facility, which was scheduled to open in January 1986, has just begun commercial operation. No other new capacity has been brought onstream in the last five years.

According to a submission on Monsanto's behalf, 2/ there are currently approximately 140 workers producing aspirin in the United States, compared with 170 in 1985 and 180 in 1984. Employment in 1983 was estimated at 200 workers. * * *.

1/ Written submission to the Trade Policy Staff Committee Office of the United States Trade Representatives, from Stewart and Stewart, special counsel for Monsanto.

2/ Written submission from Stewart and Stewart, op. cit.

U.S. consumption and production

Production decreased erratically, in terms of quantity, during 1981-85 from 29.7 million pounds to * * * million pounds, or by * * * percent. In terms of value, during 1981-85, production decreased from \$* * * million to \$* * * million, or by * * * percent (table A). U.S. apparent consumption increased in quantity during 1981-85, from 28.7 million pounds to * * * million pounds, or by * * * percent, but decreased in value, from \$* * * million to \$* * * million, or by * * * percent (table A).

The market for aspirin is considered to be mature and, as such, demand for the product is primarily affected by the emergence of new applications and/or an increase in the size of the consuming population. In January 1984, an industry journal estimated that the market would grow by about 1 percent annually through 1988. It stated that "Despite its low growth rate, it is practically recession-proof." ^{1/} Currently, the newest applications are in the prevention of heart attacks and strokes. The increase in demand that should be associated with these applications has been offset to a large degree

^{1/} Chemical Marketing Reporter, "Chemical Profile," January 9, 1984.

by concern over the possible link between aspirin and the occurrence of Reyes Syndrome, a children's disease that is often fatal. Potential applications that could increase demand for aspirin are in the treatment of AIDS and diabetes. Demand for aspirin is also affected by the emergence of new products/applications for acetaminophen and ibuprofen, which can be substituted for aspirin in certain applications.

U.S. exports

Although exports of aspirin increased in quantity during 1981-85 by 12 percent from 2.7 million pounds to 3.0 million pounds, they decreased erratically in value by 2 percent to \$4.7 million from \$4.8 million (table B). The unit price of the exports decreased from \$1.82 per pound in 1981 to \$1.58 per pound in 1985, reaching a high of \$1.88 per pound in 1982 (table B).

The value of aspirin exports decreased by 22 percent in 1982 to \$3.8 million and remained at that level in 1983. The value increased to \$4.8 million in 1984 before decreasing by 2 percent to \$4.7 million in 1985.

The principal export markets for domestically produced aspirin in 1985 were Thailand and Canada, accounting for 47 percent and 30 percent of total exports. This is a reversal of the trend during 1981-84. The next largest markets were Liberia, Ireland, Japan, Paraguay, Venezuela, and the United Kingdom, accounting for a total of 14 percent.

U.S. imports

U.S. imports of aspirin from all sources increased steadily during 1981–85, from 1.7 million pounds in 1981, valued at \$1.6 million, to 4.3 million pounds in 1985, valued at \$5.7 million (table C). The percentage increase in quantity during this period was 156 percent, while the value increased by 256 percent. The unit value of these imports increased by 39 percent, from \$0.97 per pound in 1981 to \$1.35 per pound in 1985, reaching a high of \$1.57 per pound in 1983. The unit value of imports from Turkey in 1985 was \$1.14.

The primary sources of aspirin imports in 1985, in terms of value, were West Germany (38 percent), France (22 percent), and Turkey (20 percent). Approximately 95 percent of the imports from Turkey entered the United States duty free. Imports from Spain and Turkey have experienced the largest increases in their respective percentages of total imports during 1984–85 and during the first six months of 1986, compared with the corresponding period in 1985. Imports from Spain increased their share of total imports by 8 percent in these periods, while imports from Turkey gained 15 percent. In January–June 1986, Turkish imports accounted for 33 percent of the total, compared with 17 percent in January–June 1985.

Turkey and Romania were the major GSP sources of these products in 1985, accounting for 76 percent and 11 percent of total GSP imports, respectively. Imports from GSP sources declined from 1981 to 1982, and then increased steadily during 1982–85 to \$1.4 million, or 25 percent of total imports (table D). Industry sources attributed the increase during 1982–85 to the

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strength of the U.S. dollar, the countries' efforts to obtain foreign currency, and a shift from traditional export markets. Although all three are applicable to Turkey, the latter reason is more valid for Turkey than other GSP countries. Markets for which Turkey was traditionally the main supplier have allegedly been looking to other sources, including the United States. According to an industry source, Atabay is said to have increased its production capacity. According to a representative of Atabay, "Atabay has not made any new investments and/or expansion plans for aspirin at this time." ^{1/} At least one of the Turkish manufacturers is said to have "state-of-the-art facilities."

Imports of aspirin from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Turkey.....	1,085 ^{1/}	19
Romania.....	168	3
Yugoslavia.....	89	2
Ecuador.....	76	1
Dominican Republic.....	3	—
Total.....	1,421	^{2/}

^{1/} Total U.S. imports of aspirin from Turkey in 1985 totaled \$1.4 million.

^{2/} Less than 1 percent.

^{1/} Written submission to the International Trade Commission by Mr. Gene Anders, on behalf of Atabay Kimya Sanayi ve Ticaret A.S.

Conditions of competition in the U.S. market

In the past few years, imports of aspirin from Turkey have become very competitive with U.S.-produced aspirin in the domestic market. There are three major producers of aspirin in Turkey with an estimated employment of * * *. Production of aspirin in Turkey is estimated to amount to * * * million pounds. Bayer, a subsidiary of a foreign-based multinational, is said to manufacture about * * * percent of domestic Turkish production and to mainly sell to the approximately 2.2 million pound Turkish market. The second largest firm, Atabay Kimya Sanayi, a domestic firm, is said to supply the remainder of Turkish demand and to export the balance of its production. According to a company representative, Atabay's production, accounts for about * * * percent of total annual Turkish production. Their capacity, about * * * million pounds, was said to be incompletely utilized. 1/ According to the representative, approximately * * * pounds of Atabay's production capacity, or * * * percent, can be exported. The representative has stated that the firm's sales projections to the U.S. market for 1987 and 1988 will be approximately * * * pounds annually. 2/ The third firm, Proses Kimya, also a domestic firm is said to manufacture about * * * pounds per

1/ Telephone conversation with and telex from Mr. Koksai of Atabay Kimya Sanayi ve Ticaret A.S.; written submission from Gene Ander, President, Andex, Inc., on behalf of Atabay Kimya Sanayi ve Ticaret A.S.

2/ Written submission to the Commission by Mr. Gene Anders, op. cit.

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year, intended primarily for export. According to U.S. industry sources, the United States has become the primary market for the Turkish exporter primarily because of the softness in the European market and increased competition from Chinese material. The representative of Atabay has stated that the firm exports aspirin primarily to the United States, the European Community (EC), and Eastern countries. He also stated that in the United States, Atabay deals with * * *. 1/ Proses Kimya exports primarily to the United States through a private agent that has recently set up operations in the United States. 2/ A U.S. industry source has stated that the Turkish manufacturers have increased the quality of their product. Quality is said to no longer be an issue for Turkish imports. The Turkish representatives have also stated that Turkish producers of aspirin import the raw materials, creating the aspirin by the acetylation process. The representative for Atabay stated that they import salicylic acid from * * *. He estimated that the firm imports about \$* * * million annually of raw materials for aspirin and other products from the United States. The spokesman for Proses Kimya has stated that they import the acetic anhydride from * * *. * * *.

1/ Telephone conversation with Mr. Atabay of Atabay Kimya Sanayi.

2/ Telephone conversation with Mr. Sedal Birrol of Proses Products, Somerville, N.J.

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U.S. production costs for aspirin in 1985 were estimated to be * * * per pound, of which raw materials accounted for * * * percent and wages and salaries accounted for * * * percent. The remainder of the cost was marketing research and development and "other manufacturing costs and utilities." 1/ * * *. Industry sources have stated that aspirin cannot be produced domestically at a comparable, or competitive, price to the Turkish imports. Export prices for Atabay are approximately * * * per pound landed costs in New York. A representative of Atabay has stated that the F.O.B. export price is * * * per pound. The material is picked up by a distributor and delivered to the end-user at an approximate price of * * * per pound, "depending on the volume, distance, credit terms, etc." 2/ The representative from Atabay has stated that Proses Kimya's export prices are allegedly lower than Atabay's. * * *. The distributor for Proses Kimya indicated that he buys the product

1/ Written submission from Stewart and Stewart, op cit.

2/ Telex from Atabay; written submission from Andex Inc.

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at about * * * per pound from Proses Kimya and then sells it to the enduser for about * * * per pound. The average unit value for imports of this product from Turkey was \$1.14 per pound in 1985 and \$1.18 per pound during the first six months of 1986. The only U.S. imports of aspirin lower in unit value than Turkey's are those from China and Yugoslavia. China's material has been criticized as being inconsistent in quality. Yugoslavia is said to depend primarily on government policies on pricing and supply that are mainly motivated by an effort to obtain Western currency. This results in uncertainty as to the continued availability of supply. An industry source has stated that he believes that most imports of aspirin are in the crystalline form.

In 1984, two out of the four domestic companies lowered their prices for aspirin by 10-15 percent. Dow, for example, lowered its market price of aspirin crystals from \$2.25 per pound to \$1.95 per pound. * * *. The move was attributed to extreme import pressure, "particularly from France." 1/ "Dow estimates that the price it receives for its aspirin in 1986 will be * * * per pound less than it would have received without the severe price undercutting by Turkish manufacturers." 2/ Domestic producers also

1/ Chemical Marketing Reporter, June 16, 1986, p. 19.

2/ Written submission to the staff of the U.S. International Trade Commission by Mr. R.L. Andrews, on behalf of the Dow Chemical Company.

implemented a temporary voluntary allowance of 30 cents per pound. 1/ Profit margins were said to erode as feedstock prices increased during the first quarter of 1985. In the Stewart and Stewart Submission, Monsanto has stated that it has "been submitted to significant price underselling, the need to lower price to maintain volume, and often continued reductions in prices from the Turkish producers. Dow is the only domestic company back integrated at least as far as the production of phenol. Since Monsanto closed its phenol capacity in 1983, it has been buying from Dow and on the open market. Monsanto states that within the raw material costs, roughly half are sensitive to moves in petrochemical prices. Currently, feedstock prices have dipped, following the softening of the market for benzene. The dollar's strength has also been decreasing. During the first six months of 1986, the quantity of these imports increased from the like period in 1985, but the value decreased. Recently, Dow instituted a price hike of about \$0.10 per pound for all of its aspirin formulations. According to an industry publication, Monsanto is evaluating a similar move. 2/ The publication sees aspirin prices continuing to firm during 1986.

Dow is in favor of the withdrawal of duty-free entry for imports of aspirin from Turkey stating that they base their decision upon "the present and potential injury to the domestic aspirin industry and the demonstrated ability of Turkish manufacturers to very successfully compete in the United States market." They specifically cite their new aspirin plant, whose start-up is said to have contributed to a reduction in their profit in

1/ Chemical Marketing Reporter, April 29, 1985, p. 19.

2/ Chemical Marketing Reporter, June 16, 1986, p. 19.

1985 and the first half of 1986. Dow is currently "unable to realize profits from its sales of aspirin." A representative of the company states that if Dow has difficulty in the future in justifying expansion or upgrading of the new facility because of a continuation of the present situation, it will "not be able to remain a viable, long-term producer of aspirin in the United States." 1/

Position of interested parties

The petitioner is Monsanto Company. Monsanto states that "it has been subjected to significant price underselling, the need to lower prices to maintain volume, and often continued reductions in prices of imports from the Turkish producers." 2/ This price competition is considered one of the primary reasons that the company has suffered significant reductions in production, capacity utilization, employment, and average unit prices since 1984. Monsanto contends that the ability of the Turkish producer to severely underprice U.S. producers like Monsanto would be significantly reduced through the withdrawal of GSP eligibility under TSUS item 410.72 for Turkey.

Andex Inc. has submitted a written statement, on behalf of Atabay Kimya Sanayi ve Ticaret A.S., stating that it is opposed to Monsanto's request. Atabay, according to the submission from Andex Inc., objects primarily on the basis that U.S. imports from Turkey have not exceeded the 50 percent competitive need limit of aspirin and that the imports of this product from Turkey represent an estimated \$1 million, or 20 percent, of total U.S. imports

1/ Written submission to the staff of the U.S. International Trade Commission by Mr. R.L. Andrews, on behalf of the Dow Chemical Company, op cit.

2/ Written submission from Stewart and Stewart, op cit.

of this product valued at approximately \$6 million. As such, they state that these imports should be considered "de minimis," and "do not warrant GSP elimination." They also state that Turkey, as the "only NATO country farthest in the East having borders with Russia, Bulgaria, Iran, Iraq, Syria, and Greece," has always been "a good friend" of the U.S. and that this "balance" would be "severely affected" should duty-free status for this product be withdrawn. The submission also includes a comment on the fact that U.S. exports of chemicals to Turkey presently enter the country duty-free, but that this could change if Turkey is required to pay duties on their exports to the United States.

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Table A.—Acetylsalicylic acid (aspirin): U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981-85,

Year	U.S. production	Exports	Imports	Apparent consumption	Ratio (percent) of imports to consumption
Quantity					
1981....	29,656	2,662	1,665	28,659	5.8
1982....	23,420	2,006	2,194	23,608	9.3
1983....	30,748	2,106	2,201	30,843	7.1
1984....	33,938	2,771	3,628	34,795	10.4
1985....	***	2,990	4,256	***	***
Value					
1981....	***	4,839	1,612	***	***
1982....	***	3,770	2,589	***	***
1983....	60,266 <u>1/</u>	3,768	3,450	59,948	5.8
1984....	70,252 <u>1/</u>	4,832	5,047	70,467	7.2
1985....	***	4,736	5,737	***	***
Unit value					
1981....	***	1.82	0.97	—	—
1982....	***	1.88	1.18	—	—
1983....	1.96 <u>2/</u>	1.79	1.57	—	—
1984....	2.07 <u>2/</u>	1.74	1.39	—	—
1985....	***	1.58	1.35	—	—

1/ Calculated using sales data from the written submission to the Trade Policy Staff Committee, Office of the United States Trade Representative, from Stewart and Stewart, Special Counsel to Monsanto Company.

2/ Sales data from the Stewart and Stewart submission.

Source: Production, quantity compiled from U.S. International Trade Commission, Synthetic Organic Chemicals, United States Production and Sales, Production value, compiled from U.S. International Commission records and data submitted to the Office of the United States Trade Representative by Stewart and Stewart, Special Counsel to Monsanto Company exports and imports, compiled from official statistics of the U.S. Department of Commerce.

Table B.--Acetylsalicylic acid (aspirin): U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	1981	1982	1983	1984	1985	January-June-- 1985	1986
	Quantity (1,000 pounds)						
Thailand	521	229	583	927	1,549	1,192	1,072
Canada	809	915	1,075	999	921	505	320
Liberia	0	8	1	0	36	18	0
Ireland	0	1	38	123	99	33	0
Japan	80	159	80	54	61	19	53
Paraguay	2	0	5	4	31	26	1
Venezuela	38	56	26	49	31	0	0
U Kingdom	497	311	96	47	193	126	20
All other	715	328	203	611	193	126	403
Total	2,662	2,006	2,106	2,771	2,990	1,909	1,869
	Value (1,000 dollars)						
Thailand	736	338	893	1,337	2,210	1,734	1,363
Canada	1,376	1,669	2,062	2,038	1,429	812	415
Liberia	-	40	3	-	189	95	-
Ireland	-	1	63	224	168	56	-
Japan	117	249	130	99	101	13	102
Paraguay	33	-	7	5	75	53	8
Venezuela	67	98	61	173	55	277	9
U Kingdom	907	424	94	947	423	277	916
All other	1,632	952	454	947	423	3,041	2,813
Total	4,839	3,770	3,768	6,832	6,736	3,041	2,813
	Unit value (per pound)						
Thailand	\$1.41	\$1.47	\$1.53	\$1.44	\$1.43	\$1.46	\$1.27
Canada	1.70	1.82	1.92	2.04	1.55	1.61	1.30
Liberia	-	4.96	3.15	-	5.32	5.30	-
Ireland	-	5.71	1.67	1.82	1.70	1.70	-
Japan	1.47	1.57	1.64	1.84	1.89	4.44	1.92
Paraguay	1.36	-	1.36	1.36	1.36	1.36	13.49
Venezuela	1.77	1.75	2.33	3.53	2.44	2.04	-
U Kingdom	1.83	1.36	0.98	2.21	1.18	-	0.47
All other	2.28	2.90	2.24	1.55	2.19	2.20	2.27
Average	1.82	1.88	1.79	1.74	1.58	1.59	1.50

1/ Less than 500.

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

Table C. --Acetylsalicylic acid (aspirin): U.S. imports for consumption, by principal sources, 1981-85,
January-June 1985, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June-- 1986
Quantity (1,000 pounds)						
Fr Germ	43	728	881	1,251	1,481	867
France	707	472	368	1,239	941	553
Turkey	0	0	101	238	1,001	424
Spain	0	0	0	1	330	90
Sweden	0	0	155	61	41	33
Romania	174	138	250	138	144	56
China M	269	397	75	379	148	44
Yugosl	0	0	0	105	86	40
All other	472	459	370	216	85	76
Total	1,665	2,194	2,201	3,628	4,256	2,183
Value (1,000 dollars)						
Fr Germ	39	1,023	1,231	1,835	2,157	1,213
France	756	588	476	1,684	1,268	740
Turkey	-	-	118	270	1,143	493
Spain	-	-	-	1	440	119
Sweden	-	-	771	272	194	154
Romania	173	137	277	166	168	66
China M	216	322	70	386	149	44
Yugosl	-	-	-	130	89	44
All other	428	520	507	302	129	83
Total	1,612	2,589	3,450	5,047	5,737	2,957
Unit value (per pound)						
Fr Germ	\$0.91	\$1.41	\$1.40	\$1.47	\$1.46	\$1.40
France	1.07	1.25	1.29	1.36	1.35	1.34
Turkey	-	-	1.17	1.13	1.14	1.16
Spain	-	-	-	1.34	1.33	1.32
Sweden	-	-	4.97	4.47	4.74	4.64
Romania	0.99	1.00	1.11	1.20	1.17	1.17
China M	0.80	0.81	0.93	1.02	1.01	0.99
Yugosl	-	-	-	1.23	1.04	1.11
All other	0.91	1.13	1.37	1.40	1.52	1.09
Average	0.97	1.18	1.57	1.39	1.35	1.35

1/ Less than 500.

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

Table D. Acetylsalicylic acid (aspirin): U.S. imports for consumption under the GSP, by principal GSP source, 1981-85, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June 1986
	Quantity (pounds)					
Turkey	-	-	90	216	957	771
Romania	174	138	250	138	144	40
Yugoslavia	-	-	-	105	86	40
Ecuador	-	-	40	-	75	-
Dominican Republic	-	-	-	1	1	-
All other	-	-	-	-	-	-
Total	174	138	380	460	1,263	851
	Value (1,000 dollars)					
Turkey	-	-	106	248	1,085	906
Romania	173	137	277	166	168	41
Yugoslavia	-	-	-	130	89	34
Ecuador	-	-	58	-	76	-
Dominican Republic	-	-	-	2	3	-
All other	-	-	-	-	-	-
Total	173	137	431	546	1,421	981
	Unit value (per pound)					
Turkey	-	-	\$1.1802	\$1.1499	\$1.1340	\$1.1757
Romania	\$0.9887	\$0.9979	1.1076	1.2003	1.1669	1.0291
Yugoslavia	-	-	-	1.2344	1.0396	0.8681
Ecuador	-	-	1.4740	-	1.0113	-
Dominican Republic	-	-	-	3.5060	2.9420	-
All other	-	-	-	-	-	-
Average	0.9887	0.9979	1.1342	1.1870	1.1251	1.1528

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

Note: This table contains actual GSP imports only (i.e., "CSC 4" trade data).

SODIUM HYDROSULFITE

DIGEST NO. C104

SODIUM HYDROSULFITE
DIGEST NO. C104 (GSP Graduation)

Background

Description and uses

Sodium hydrosulfite is a light-colored solid which is normally used as a bleaching agent for pulp and clay and in dyeing textiles. In the United States, most sodium hydrosulfite is produced in the Southeast from sodium formate, sodium hydroxide, and sulfur dioxide or on the site of use by the reaction of sodium borohydride with sulfur dioxide. In Taiwan, sodium hydrosulfite is produced by a zinc-based process in which zinc carbonate or zinc oxide or hydroxide is produced as a by-product. Although sodium hydrosulfite at one time was also produced in significant quantities in the United States by a zinc-based process, U.S. producers have switched to using non-zinc based processes which are considered less environmentally threatening than production processes employing zinc.

The TSUS item number for the article under investigation is provided below along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

Sodium hydrosulfite: TSUS item number, description, tariff rate information, U.S. imports in 1985, and the GSP competitive status

TSUS item No.	Description	Col. 1 rate of duty effective during—		
		1981	1985	1987
		Percent ad valorem		
421.06	Sodium hydrosulfite.....	17.5%	17.5%	17.5%
		U.S. imports in 1985 (\$1,000)		Product pro- duced in U.S., Jan. 3, 1985
421.06	Sodium hydrosulfite.....	3,111	Yes.	

U.S. customs treatment

U.S. imports of sodium hydrosulfite (TSUS Item 421.06) have been eligible for duty-free treatment from all GSP eligible countries since January 1976, except during the period February 29, 1976, to February 28, 1977, when imports of sodium hydrosulfite from Columbia were excluded from GSP eligibility. During this period, U.S. imports of sodium hydrosulfite from Columbia were dutiable because such imports during the previous year had exceeded the competitive need limits.

U.S. producers and employment

There are currently two major domestic producers of sodium hydrosulfite. Virginia Chemicals, the largest sodium hydrosulfite producer with a total production capacity of about 56,000 short tons, operates two large facilities in Bucks, AL, and Leads, SC, and a smaller facility located in Kalama, WA. Olin Corp. operates two sodium hydrosulfite producing plants in Augusta, GA, and Charleston, TN, with a combined production capacity of about 20,000 short tons. Unlike Virginia Chemicals, which sells sodium hydrosulfite either powdered or in solution form to both large and small users (small users generally purchase sodium hydrosulfite powders in drum-size containers), Olin caters to large users in the Southeast who purchase sodium hydrosulfite from Olin in solution form. In addition to the two sodium hydrosulfite producers, sodium borohydride which is reacted with sulfur dioxide at the site of use to form sodium hydrosulfite, is produced by Ventron Corp. at plants located in

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Danvers, MA. and Elma, WA. According to one estimate, roughly 12,500 short tons of sodium hydrosulfite are produced annually at pulp mills by reacting sulfur dioxide with sodium borohydride.

The number of employees in the United States involved in producing and marketing sodium hydrosulfite declined from an estimated * * * in January 1981 to an estimated * * * in May 1986.

U.S. consumption and production

U.S. consumption of sodium hydrosulfite rose by * * * percent from * * * million pounds in 1981 to * * * million pounds in 1985 (table A). According to industry sources, consumption of sodium hydrosulfite increased primarily because of increased use of the product in coated paper production from mechanical pulps and in clay bleaching. On the negative side, domestic demand for sodium hydrosulfite in bleaching textiles declined because of the sluggish state of the domestic textile industry which faced strong competition from imports and because domestic demand declined for denim products, a major consumer of sodium hydrosulfite in dyeing applications.

Currently, about 45 percent of domestic consumption of sodium hydrosulfite is used in pulp bleaching, about 35 percent in textile dyeing, and about 15 percent in clay bleaching. Industry sources expect that total demand for sodium hydrosulfite will grow in volume at a rate of no more than 1 to 2 percent per year through 1990.

U.S. production of sodium hydrosulfite grew by about * * * percent from an estimated * * * million pounds in 1981 to an estimated * * * million pounds

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in 1985. During 1981-85, U.S. production of sodium hydrosulfite grew less rapidly than U.S. consumption, because U.S. producers of sodium hydrosulfite faced increased competition from imports while exports declined in 1984 and in 1985 relative to those in 1981-83. The share of sodium hydrosulfite consumed in the United States that was accounted for by imports rose from * * * percent in 1981 to * * * percent in 1984 and then declined to * * * percent in 1985.

U.S. exports

U.S. exports of sodium hydrosulfite, most of which went to Canada, rose from 31 million pounds in 1981 to 35 million pounds in 1982 and then declined to 28 million pounds, valued at \$9.8 million, in 1984 (table B). In 1985, U.S. exports of sodium hydrosulfite rose slightly relative to the previous year to 29 million pounds, valued at \$11.9 million. In addition to Canada, significant amounts of sodium hydrosulfite were also exported to South Africa, Brazil, Argentina, Venezuela, Chile and the United Kingdom during 1981-85.

U.S. imports

U.S. imports of sodium hydrosulfite which amounted to less than 1 million pounds in 1981 rose to 10.6 million pounds in 1984 and then declined to 8.6 million pounds, valued at \$3.1 million, in 1985 (table C). Most of these imports came from Belgium, Taiwan, the United Kingdom, West Germany, and Spain. According to one industry source, U.S. imports of sodium hydrosulfite rose in 1982 primarily because of the strength of the dollar.

Virtually all GSP imports of sodium hydrosulfite during 1981-85 came from Taiwan (table D). U.S. imports of sodium hydrosulfite from Taiwan which were

zero in 1981 rose to 2.3 million pounds, valued at \$987,000, in 1985 and continued to rise in the first half of 1986 relative to the first half of the previous year. During 1981-85, the share of U.S. imports of sodium hydrosulfite that came from Taiwan rose from zero to 27 percent in terms of quantity. During the first half of 1986, about 36 percent of U.S. imports of sodium hydrosulfite came from Taiwan as compared with 19 percent in the first half of the previous year.

Imports of sodium hydrosulfite from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousand of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Taiwan.....	987	32

Conditions of competition

Because of the strength of the U.S. dollar and the installation of new capacity, imports, which were negligible before 1982, captured about * * * percent of the U.S. market for sodium hydrosulfite in 1984 and about * * * percent of the U.S. market in 1985 (table A). According to an industry source, imports are expected to stabilize as the U.S. dollar weakens against other currencies. Another factor that may prevent imports from rising is the price of zinc which has been rising recently and is used by several foreign producers, including the two Taiwanese producers, to synthesize sodium hydrosulfite for export to the United States. On the other hand, U.S. imports of sodium hydrosulfite from Taiwan increased by 75 percent in the first 8 months of 1986 relative to the first 8 months of the previous year, as the

result of capacity which was recently installed by the two major Taiwanese sodium hydrosulfite producers. According to industry sources, Taiwan sodium hydrosulfite production capacity about * * * in 1985 rising from * * * metric tons. However, despite this increase in capacity, U.S. imports of sodium hydrosulfite from Taiwan are expected to level off after 1986 because much of Taiwan's increased production is slated to be used in markets other than the United States and the Taiwanese producers are reportedly having problems increasing production, because of disposal problems that they have encountered with the zinc based byproduct. According to industry sources, there are no further plans by either of the Taiwanese producers to increase production capacity for sodium hydrosulfite in the foreseeable future.

As with many other imports, a major reason why foreign-origin sodium hydrosulfite is imported into the United States is because its price is more competitive than the price of the domestic material. Although industry sources have expressed conflicting information as to the price difference between imported sodium hydrosulfite and the domestic product, there is general agreement that imports especially from Taiwan have not only prevented price increases but have in many instances forced price rollbacks for sodium hydrosulfite in the United States.

Despite U.S. Department of Commerce figures for the period 1981-85 which appeared to indicate that U.S. imports of sodium hydrosulfite from Taiwan are higher-priced than imports from Europe, industry sources report that in fact during this period, the Taiwanese material has been substantially cheaper than

the sodium hydrosulfite imported from Europe by as much as 10¢ per pound and that this price gap although it has narrowed somewhat recently remains significant. 1/ In the summer of 1986, however, one of the two Taiwan producers of sodium hydrosulfite raised its price for sodium hydrosulfite by about * * * percent and some industry sources believe that the sodium hydrosulfite produced by this firm is no longer competitive in the U.S. market.

Position of interested parties

According to representatives from Virginia Chemicals, the petitioner, imports of sodium hydrosulfite are forcing price reductions and losses in sales, which is causing serious harm and may cause irreparable damage to the company approximately * * * of whose business is in the production and marketing of sodium hydrosulfite. Because Virginia Chemicals is the only domestic producer of powdered sodium hydrosulfite which is believed to correspond to all imports, it more than any other sodium hydrosulfite producer is impacted by imports from Taiwan and other sources.

In contrast to the duty-free status that Taiwanese exports of sodium hydrosulfite enjoy, U.S. producers of sodium hydrosulfite must pay duties of 35 percent ad valorem to export to Taiwan. Because of the inequitable relationship between the U.S. and Taiwan trading partners in sodium

1/ Some industry sources believe that differences in U.S. Customs valuations practices regarding whether or not the cost of the container is to be included in a determination of U.S. customs value, accounts for the seemingly high unit value of the sodium hydrosulfite imported from Taiwan relative to the material imported from Europe.

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hydrosulfite and the alleged threat posed to the domestic producers of sodium hydrosulfite, the petitioner requests that Taiwan lose its GSP eligibility for sodium hydrosulfite.

According to spokesmen for the importer, maintaining GSP eligibility for sodium hydrosulfite ensures that U.S. consumers of sodium hydrosulfite receive a high-quality product at a competitive price. According to these spokesmen were Taiwan to be graduated from the GSP for TSUS item 421.06, the domestic sodium hydrosulfite producers would immediately seize the first opportunity to raise prices as much as the market could bear. They contend that U.S. producers of paper and textiles, the leading consumers of sodium hydrosulfite, would then be faced with a price increase which they would pass on to the general consuming public, and only by maintaining GSP eligibility for sodium hydrosulfite from Taiwan, can the domestic consumer be assured that prices will remain competitive.

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Table A.—Sodium hydrosulfite: U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981–86

(Quantity in thousands of pounds; value in thousands of dollars;
unit value per pound)

Year	U.S. production	Exports	Imports	Apparent consumption	Ratio (percent) of imports to consumption
Quantity (million pounds)					
1981....	*** 1/	31.2	0.7	***	***
1982....	*** 1/	35.3	6.3	***	***
1983....	*** 1/	33.7	10.3	***	***
1984....	*** 1/	28.1	10.6	***	***
1985....	*** 1/	29.2	8.6	***	***
Jan.–June:					
1985..	*** 1/	14.3	5.1	***	***
1986..	*** 1/	16.1	4.2	***	***
Value (million dollars)					
1981....	*** 1/	12.0	0.2	***	***
1982....	*** 1/	14.6	2.7	***	***
1983....	*** 1/	13.7	4.7	***	***
1984....	*** 1/	9.8	4.1	***	***
1985....	*** 1/	11.9	3.1	***	***
Jan.–June:					
1985..	2/	5.8	1.9	2/	2/
1986..	2/	7.0	1.4	2/	2/
Unit value (cents per pound)					
1981....	*** 1/	38	32	—	—
1982....	*** 1/	41	43	—	—
1983....	*** 1/	41	45	—	—
1984....	*** 1/	35	39	—	—
1985....	*** 1/	41	36	—	—
Jan.–June:					
1985..	2/	41	38	—	—
1986..	2/	44	33	—	—

1/ Estimated by the staff of the U.S. International Trade Commission; based on 90 percent sodium hydrosulfite which is believed to correspond to nearly all imports.

2/ Not available.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Table B.--Sodium hydrosulfite: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	1981	1982	1983	1984	1985	January-June-- 1985	January-June-- 1986
Quantity (1,000 pounds)							
Canada	22,539	19,247	25,709	18,931	25,284	12,398	13,038
Rep Saf	4,411	4,662	1,536	635	1,920	862	1,693
Brazil	1,357	1,156	1,581	654	600	494	534
Argent	107	464	881	640	0	0	282
Venez	399	89	47	340	258	149	309
Austral	529	282	529	482	212	141	35
Guatmal	107	110	103	136	144	46	23
Mexico	344	14	656	132	90	80	113
All other	1,373	9,321	2,656	6,173	208	106	77
Total	31,166	35,346	35,698	28,123	29,210	14,277	16,104
Value (1,000 dollars)							
Canada	8,450	8,037	10,542	7,766	10,105	4,971	5,794
Rep Saf	1,752	2,246	757	241	867	410	631
Brazil	573	520	746	316	262	216	234
Argent	61	249	437	337	230	-	135
Venez	192	44	21	183	154	87	163
Austral	195	107	209	151	57	53	13
Guatmal	48	50	49	66	57	19	15
Mexico	144	4	152	26	28	25	29
All other	573	3,374	835	706	82	38	35
Total	11,991	14,632	13,747	9,792	11,864	5,820	7,049
Unit value (per pound)							
Canada	\$0.37	\$0.42	\$0.41	\$0.41	\$0.40	\$0.40	\$0.44
Rep Saf	0.40	0.48	0.49	0.38	0.45	0.48	0.37
Brazil	0.42	0.45	0.47	0.48	0.44	0.44	0.44
Argent	0.57	0.54	0.50	0.53	0.46	-	0.48
Venez	0.49	0.50	0.44	0.54	0.60	0.59	0.53
Austral	0.37	0.38	0.40	0.31	0.37	0.37	0.37
Guatmal	0.44	0.45	0.47	0.49	0.40	0.42	0.66
Mexico	0.42	0.32	0.23	0.20	0.31	0.31	0.26
All other	0.42	0.36	0.31	0.11	0.39	0.35	0.45
Average	0.38	0.41	0.41	0.35	0.41	0.41	0.44

1/ Less than 500.

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

Table C.--Sodium hydrosulfite: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June-- 1985	1986
Quantity (1,000 pounds)							
Belgium-----	0	132	1,990	2,404	3,130	1,579	1,728
China t-----	0	225	2,655	2,234	2,337	949	1,529
U King-----	40	3,544	2,440	3,808	2,096	1,834	240
Fr Germ-----	602	1,235	1,429	1,061	619	326	526
Spain-----	0	946	1,519	1,029	182	111	150
Nethlds-----	0	185	261	80	186	37	36
Germ Dr-----	0	0	0	0	37	37	0
China M-----	0	0	34	0	35	35	0
All other-----	20	37	0	1	0	0	40
Total-----	662	6,304	10,329	10,616	8,622	5,053	4,249
Value (1,000 dollars)							
Belgium-----	-	67	876	848	1,014	574	509
China t-----	-	102	1,333	1,067	987	440	565
U King-----	16	1,584	1,075	1,342	732	652	72
Fr Germ-----	196	488	634	418	214	118	141
Spain-----	-	390	630	416	71	71	51
Nethlds-----	-	76	114	28	69	40	9
Germ Dr-----	-	-	-	-	14	14	-
China M-----	-	-	11	-	10	10	-
All other-----	2	17	-	1	-	-	51
Total-----	213	2,725	4,673	4,120	3,111	1,918	1,398
Unit value (per pound)							
Belgium-----	-	\$0.51	\$0.44	\$0.35	\$0.32	\$0.36	\$0.29
China t-----	-	0.46	0.50	0.48	0.42	0.46	0.37
U King-----	0.39	0.45	0.44	0.35	0.35	0.36	0.30
Fr Germ-----	0.33	0.40	0.44	0.39	0.35	0.36	0.27
Spain-----	-	0.41	0.41	0.40	0.39	0.39	0.34
Nethlds-----	-	0.41	0.44	0.35	0.37	0.36	0.24
Germ Dr-----	-	-	-	-	0.38	0.38	-
China M-----	-	-	0.33	-	0.28	0.28	-
All other-----	0.08	0.47	-	0.69	-	-	1.27
Average-----	0.32	0.43	0.45	0.39	0.36	0.38	0.33

1/ Less than 500.

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

Table D.—Sodium hydrosulfite: U.S. imports for consumption under the
GSP, by GSP sources, 1981-85, and January-June 1986 ^{1/}

Source	1981	1982	1983	1984	1985	January-June 1986
Quantity (1,000 pounds)						
Taiwan	0	150	2,655	2,160	2,257	1,449
Total	0	150	2,655	2,160	2,257	1,499
Value (1,000 dollars)						
Taiwan	-	68	1,333	1,033	952	535
Total	-	68	1,333	1,033	952	535
Unit value (cents per pound)						
Taiwan	-	45	50	48	42	37
Average	-	45	50	48	42	37

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

Note.—This table contains actual GSP imports only (i.e., "CSC 4" trade data).

BUTYL ACETATE

DIGEST NO. C105 (GSP Graduation)

BUTYL ACETATE
DIGEST NO. C105 (GSP Graduation)

Background

Description and uses

Butyl acetate is an ester of an organic alcohol. It is typically produced by the reaction of butyl alcohol with acetic acid and has a light agreeable odor. Butyl acetate is capable of dissolving a variety of other organic compounds and evaporates very quickly. Because of these and other properties, it is used as a solvent in many sectors of the chemicals and finished products industries, particularly in lacquer and adhesives formulations.

The TSUS item number for the article under investigation is provided below along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

Butyl acetate: TSUS item number, description, tariff rate information, U.S. imports in 1985, and the GSP competitive status

TSUS item No.		Col. 1 rate of duty effective during—		
		1981	1985	1987
		Percent ad valorem		
428.52	Butyl acetate.....	15.9%	15.9%	15.9%
		U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985	
428.52	Butyl acetate.....	2,852	Yes.	

Digest No.
C105—Con.

U.S. customs treatment

Butyl acetate was granted duty-free status under the GSP on January 1, 1976. No GSP-eligible countries have been excluded from their eligible status since that time.

U.S. producers and employment

There are four domestic producers of butyl acetate. All are widely diversified and vertically integrated firms. Plants that produce butyl acetate typically produce other organic esters also. The total number of persons involved in production of butyl acetate is estimated to have been * * * during 1981-85.

U.S. consumption and production

U.S. production of butyl acetate gradually rose from 192 million pounds, valued at \$73 million, in 1981 to 238 million pounds, valued at \$95 million, in 1984, or an increase of 24 percent by quantity (table A). U.S. apparent consumption gradually rose to 205 million pounds, valued at \$86 million, in 1984. Although data are not available for 1985, production and apparent consumption are not believed to have changed appreciably since 1984. Imports made up increasingly larger percentages of apparent consumption, from almost negligible in 1981 to 2 percent in 1984, resulting from lower costs of production and lower pricing of imported product.

U.S. exports

Exports of butyl acetate rose from 33 million pounds, valued at \$10 million, in 1981 to 64 million pounds, valued at \$16 million, in 1985, reflecting an increase of 95 percent by quantity although values increased by 59 percent during this same period (table B). This reflects increasing export markets for the United States such as the Netherlands. Exports to other countries such as Canada and Venezuela, have remained level or increased only slowly throughout this period.

U.S. imports

U.S. imports increased from 2,000 pounds, valued at \$3,000, in 1981 to 6 million pounds, valued at \$2.9 million, in 1985 (table C). U.S. imports of butyl acetate, which were granted duty-free treatment under GSP provisions, amounted to 3 million pounds, valued at \$818,000 dollars, in 1985 only. Of these, nearly all imports were from Taiwan with a small amount from Mexico. Imports from Taiwan made up nearly 50 percent of total imports of this chemical in 1985. There were no GSP imports of butyl acetate in the first 6 months of 1986.

Imports of butyl acetate from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Taiwan.....	\$741	26
Mexico.....	77	3
Total.....	818	29

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Conditions of competition in the U.S. market

Butyl acetate has been fully explored for end uses as a thinner and solvent. * * *. There are no differences between the imported and domestic product. There are some substitutes for butyl acetate under certain conditions in the formulation of inks and lacquers, although butyl acetate is generally preferred due to its environmentally safe properties.

Positions of interested parties

The petitioner is Thomas R. Graham and William P. Ingram acting on behalf of Celanese Chemical Company, Inc., and BASF Corp. The petitioner has stated that due to modernized processes for butyl acetate in a Taiwanese plant, the importers are able to compete more effectively with U.S. producers and do not need GSP status for this chemical. They further stated that because of the levels of imports from Taiwan, the domestic chemical industry has suffered injury.

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Table A.—Butyl acetate: U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981–85

Year	U.S. production	Exports	Imports	Apparent consumption	Ratio (percent) of imports to consumption
Quantity (1,000 pounds)					
1981....	191,744	33,018	2	158,728	1/
1982....	188,943	38,574	1	150,370	1/
1983....	202,583	34,692	945	169,092	1
1984....	237,583	35,952	3,390	205,021	2
1985....	2/	64,535	6,237	2/	2/
Jan.—June—					
1985..	2/	29,571	1,578	2/	2/
1986..	2/	29,391	2,305	2/	2/
Value (1,000 dollars)					
1981....	72,863 3/	10,287	3	62,579 3/	1/
1982....	75,577 3/	11,663	2	63,916 3/	1/
1983....	79,107 3/	10,288	271	69,090 3/	1/
1984....	95,033 3/	10,318	1,094	85,809 3/	1
1985....	2/	16,355	2,852	2/	2/
Jan.—June—					
1985..	2/	7,580	702	2/	2/
1986..	2/	7,842	2,018	2/	2/
Average unit value (per pound)					
1981....	\$0.38 3/	\$0.31	\$1.56	—	—
1982....	.40 3/	.30	2.74	—	—
1983....	.39 3/	.30	.29	—	—
1984....	.49 3/	.29	.32	—	—
1985....	2/	.25	.46	—	—
Jan.—June—					
1985..	2/	.26	.44	—	—
1986..	2/	.27	.88	—	—

1/ Less than 0.5 percent.

2/ Not available.

3/ Estimated by the staff of the U.S. International Trade Commission.

Source: Production, compiled from official statistics of the U.S. International Trade Commission, except as noted; exports and imports, compiled from official statistics of the U.S. Department of Commerce.

Table B.--Butyl acetate: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	1981	1982	1983	1984	1985	January-June-- 1985	January-June-- 1986
Quantity (1,000 pounds)							
Nethlds----	13,623	17,087	17,561	14,304	21,613	9,219	7,426
Belgium----	3,682	1,174	1,174	4,674	9,259	8,499	1,800
Kor Rep-----	1,274	1,379	1,711	4,197	6,721	2,190	4,116
Venez-----	1,004	1,898	2,375	1,275	2,835	1,147	1,444
Canada-----	3,866	2,724	3,338	3,070	4,076	1,512	2,769
Portugl-----	0	0	0	0	3,814	1,333	0
Switzld-----	0	5	3	8	3,491	7	0
Thailnd-----	0	417	566	824	2,624	1,430	1,026
All other-----	9,569	15,064	7,983	7,600	10,302	4,234	10,811
Total-----	33,018	38,574	34,692	35,932	64,335	29,271	29,391
Value (1,000 dollars)							
Nethlds----	3,568	4,668	4,350	3,771	4,998	2,289	1,843
Belgium----	980	1	290	1,224	1,890	1,661	551
Kor Rep-----	394	430	462	1,121	1,803	533	975
Venez-----	1,775	616	707	500	1,465	965	483
Canada-----	-	1,202	1,670	1,250	1,400	558	875
Portugl-----	-	-	-	-	758	309	-
Switzld-----	-	2	2	4	713	3	-
Thailnd-----	-	125	160	217	628	351	240
All other-----	3,175	4,620	2,646	2,232	2,459	911	2,875
Total-----	10,287	11,663	10,288	10,318	16,355	7,580	7,842
Unit value (per pound)							
Nethlds----	\$0.26	\$0.27	\$0.25	\$0.26	\$0.23	\$0.25	\$0.25
Belgium----	0.27	1.33	0.25	0.26	0.20	0.20	0.31
Kor Rep-----	0.31	0.31	0.27	0.27	0.27	0.24	0.24
Venez-----	0.39	0.32	0.30	0.39	0.52	0.84	0.33
Canada-----	0.46	0.44	0.50	0.41	0.35	0.37	0.32
Portugl-----	-	-	-	-	0.25	0.23	-
Switzld-----	-	0.42	0.60	0.48	0.20	0.42	-
Thailnd-----	-	0.30	0.28	0.26	0.24	0.25	0.23
All other-----	0.33	0.31	0.33	0.29	0.24	0.22	0.27
Average-----	0.31	0.30	0.30	0.29	0.25	0.26	0.27

1/ Less than 500.

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

Table C.--Butyl acetate: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June-- 1985	January-June-- 1986
	Quantity (1,000 pounds)						
France	0	0	0	4	626	101	656
China	0	1/	0	0	3,115	32	0
Fr Germ	1/	0	5	1,003	1,327	951	1,098
Italy	0	0	1/	1,728	1,566	346	220
Nethlds	0	0	843	1,364	213	96	87
Mexico	0	0	0	0	327	37	0
Canada	0	1	4	90	50	3	219
Belgium	2	0	9	62	12	12	23
All other	0	0	83	139	1/	1/	2
Total	2	1	945	3,390	6,237	1,578	2,305
	Value (1,000 dollars)						
France	-	-	-	8	1,283	214	1,435
China	-	1/	-	-	741	11	-
Fr Germ	1	-	11	376	465	315	381
Italy	-	-	1/	215	153	101	51
Nethlds	-	-	217	388	92	30	37
Mexico	-	-	-	-	77	8	-
Canada	-	1	9	29	24	6	81
Belgium	2	-	11	28	15	15	32
All other	-	-	22	48	2	2	1
Total	3	2	271	1,094	2,832	702	2,018
	Unit value (per pound)						
France	-	-	-	\$2.41	\$2.05	\$2.11	\$2.19
China	-	5.44	-	-	0.24	0.34	-
Fr Germ	4.42	-	2.12	0.37	0.35	0.33	0.35
Italy	-	-	2.28	0.30	0.27	0.29	0.23
Nethlds	-	-	0.26	0.28	0.43	0.32	0.43
Mexico	-	-	-	-	0.24	0.23	-
Canada	-	2.38	2.10	0.33	0.47	2.07	0.37
Belgium	1.26	-	1.18	0.46	1.27	1.27	1.42
All other	-	-	0.27	0.35	5.85	5.85	0.80
Average	1.56	2.74	0.29	0.32	0.46	0.44	0.88

1/ Less than 500.

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

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Table D.—Butyl acetate: U.S. imports for consumption under the GSP,
by principal GSP source, 1981-85, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June 1986
Quantity (1,000 pounds)						
Taiwan	-	-	-	-	3,115	-
Mexico					327	
All other						
Total					3,442	
Value (1,000 dollars)						
Taiwan	-	-	-	-	741	-
Mexico	-	-	-	-	77	-
All other						
Total					818	
Unit value ()						
Mexico					\$0.24	
Taiwan	-	-	-	-	.24	-
All other						
Average					.24	

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

Note.—This table contains actual GSP imports only (i.e., "CSC 4" trade data).

CONFIDENTIAL

CERTAIN HINGES, FITTINGS, AND MOUNTINGS OF BASE METAL

DIGEST NO. C106

CERTAIN HINGES, FITTINGS, AND MOUNTINGS OF BASE METAL
DIGEST NO. C106 (GSP Graduation)

BACKGROUND

Description and uses

This digest encompasses a wide variety of hardware items such as hinges, which are largely used on luggage, furniture, cabinets, and doors; and fittings and mountings, which include hood and trunk ornaments and emblems, door sill and other trim, latches, window regulators, side-view mirror arms and housings, door handles, and kickplates.

The TSUS item numbers for the articles under investigation are provided below along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

Certain hinges, fittings, and mountings of base metal: TSUS item number, description, tariff rate information, U.S. imports in 1985, and the GSP competitive status

		Col. 1 rate of duty effective during—		
TSUS item No.	Description	1981	1985	1987
		Percent ad valorem		
647.03	Hinges, fittings, and mountings, n.s.p.f., not coated or plated with precious metal.	8.6% ad val.	6.7% ad val.	5.7% ad val.
		U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985	
647.03	Hinges, fittings, and mountings, n.s.p.f., not coated or plated with precious metal.	123,584	Yes.	

U.S. customs treatment

The products covered under TSUS item 647.03 became eligible for GSP treatment in 1976. There have been no country exclusions with respect to imports under TSUS item 647.03.

U.S. producers and employment

Certain hinges, fittings, and mountings of base metal are produced by approximately 35 establishments with production facilities located throughout the United States; the majority are concentrated in California and the Midwest and Northeast regions of the country. During 1981-85, the number of production workers in the industry declined from an estimated 3,500 workers to approximately 3,100 workers, or by 11 percent. The decline in the number of production workers occurred with increasing competition from principal foreign suppliers, plant closings, and the restructuring of operations as producers sought to improve their competitiveness. In addition, in lieu of domestic production some producers have established operations in foreign countries which provides convenient access to principal export markets. In response to the increased costs of labor, raw materials, and energy, U.S. producers have intensified their efforts to automated operations, resulting in an industry which has become increasingly capital intensive.

U.S. consumption and shipments

Apparent U.S. consumption of certain hinges fittings, and mountings of base metal declined 20 percent during the economic downturn of 1981-82, from \$574 million to \$461 million.

During 1982–85, however, apparent consumption increased by 51 percent to \$694 million (table A). The ratio of imports to consumption increased from 9 percent to 18 percent during the 5-year period.

U.S. producers' shipments of certain hinges, fittings, and mountings of base metal also declined during 1981–82, from \$530 million to \$520 million, or by 2 percent. During 1982–84, U.S. shipments increased 13 percent to \$589 million before declining 2 percent to \$577 million in 1985. Approximately 50 percent of U.S. producers' shipments during 1981–85 consisted of various types of hinges.

U.S. exports

U.S. exports of certain hinges, fittings, and mountings of base metal fluctuated downward during 1981–85, from \$7.6 million to \$5.9 million (table B). In 1985, exports to Canada (the largest export market) accounted for almost 40 percent of total U.S. exports. Exports to Saudi Arabia (the second largest export market) represented 14 percent of total exports.

U.S. imports

The value of U.S. imports of certain hinges, fittings, and mountings, of base metal increased during 1981–85, from \$52 million to \$124 million, or by 138 percent (table C). In 1983, Taiwan surpassed Japan as the leading foreign source of imports, increasing its share of total imports from 26 percent in 1983 to 38 percent in 1985. During the same period, the share of imports from Japan to total imports declined from 22 percent to 15 percent.

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U.S. imports of certain hinges, fittings, and mountings of base metal imported under the GSP increased from about \$13 million in 1981 to \$52 million in 1985, or by 315 percent (table D). Taiwan, the principal foreign source, increased its share of total GSP imports from 74 percent in 1981 to 87 percent in 1985. During the same period, the share of imports from Hong Kong (the second largest supplier) to total GSP imports declined from 13 percent to 4 percent.

Imports of certain hinges, fittings, and mountings of base metal from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Taiwan.....	\$46,466	37
Hong Kong.....	2,134	2
Singapore.....	1,179	1
Korea.....	1,224	1
Other GSP.....	<u>2,397</u>	<u>2</u>
Total.....	53,400	43

Conditions of competition in the U.S. market

There are no major differences in the methods used to market imported or domestically produced hinges, fittings, and mountings. In the United States these products are generally sold first to distributors and then to wholesalers and retailers, which in turn sell to the ultimate consumer.

The most significant purchasing consideration for the preponderance of products covered in this digest is price. Prices made available by

***, ***, and *** major domestic producers of

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products included in this digest, indicated that the prices of hinges, fittings, and mountings offered by domestic producers may range from about * * * higher than the retail prices of comparable products imported from Taiwan. Reportedly, these imports from Taiwan are improving in quality and design features and have become increasingly accepted in the domestic hardware industry. Because of Taiwan's price advantage, certain domestic producers are supplementing their product line with these relatively low-priced products to broaden their product offerings.

Position of interested parties

Counsel representing Stanley Hardware (petitioner) requests withdrawal of duty-free treatment accorded under the GSP for hinges and other products classified under TSUS item 647.03 that are imported from Taiwan. Counsel asserts that Taiwan is an advanced developing country and currently accounts for the overwhelming value of duty-free imports entering the United States under TSUS item 647.03. According to counsel, imports from Taiwan have had an adverse impact on sales and profitability of Stanley Hardware.

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Table A.—Certain hinges, fittings, and mountings of base metal: U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981–85, and January–June 1986

Value (1,000 dollars)					Ratio (percent) of imports to consumption
Year	U.S. shipments 1/	Exports	Imports	Apparent consumption	
1981....	529,890	7,638	51,819	574,071	9
1982....	519,500	6,581	52,006	460,913	11
1983....	571,450	8,171	72,161	635,440	11
1984....	588,593	5,817	110,209	692,985	16
1985....	576,821	5,908	123,584	694,497	18
Jan.—June—					
1985..	288,411	3,380	61,258	346,289	18
1986..	294,418	2,371	80,769	372,816	22

1/ Estimated from official statistics of the U.S. Department of Commerce.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Table B.--Certain hinges, fittings, and mountings of base metal: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	(In thousands of dollars)					
	1981	1982	1983	1984	1985	January-June-- 1985 1986
Canada-----	3,207	2,171	2,473	2,253	2,333	1,289 754
S. Arab-----	1,160	1,665	3,985	717	798	660 138
Mexico-----	639	344	73	282	338	153 166
Japan-----	91	152	92	60	315	169 211
U. King-----	257	225	168	261	285	131 165
Panama-----	58	142	20	127	285	233 67
China t-----	1	8	7	80	127	55 210
Austral-----	86	97	30	42	84	32 31
All other-----	2,132	1,777	1,322	1,995	1,342	657 629
Total-----	7,638	6,581	8,171	5,817	5,908	3,380 2,371

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

Table C.--Certain hinges, fittings, and mountings of base metal: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	(In thousands of dollars)					
	1981	1982	1983	1984	1985	January-June-- 1986
China t-----	9,477	11,721	18,954	33,006	46,466	22,097
Japan-----	15,065	11,943	16,141	21,296	18,665	8,928
Austria-----	3,771	5,558	10,007	12,887	13,657	7,570
Canada-----	7,142	6,248	8,924	11,782	12,958	6,707
Fr Germ-----	5,731	6,569	7,274	12,180	10,749	5,268
Italy-----	1,309	1,419	2,332	3,064	3,620	1,753
Nethlds-----	607	237	591	1,627	2,357	1,113
Hg Kong-----	1,679	1,495	1,555	2,424	2,134	1,174
All other-----	7,038	6,816	6,381	11,943	12,979	6,748
Total-----	51,819	52,006	72,161	110,209	123,584	61,258
						80,769

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

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Table D.—Certain hinges, fittings, and mountings of base metal: U.S. imports for consumption under the GSP, by principal GSP source, 1981–85, and January–June 1986

Value (1,000 dollars)						
Source	1981	1982	1983	1984	1985	January–June 1986
Taiwan	9,279	11,574	18,742	32,345	45,669	28,753
Hong Kong	1,608	1,427	1,462	2,392	2,071	850
Singapore	583	893	638	808	1,179	341
Korea	250	259	428	553	1,142	783
India	270	171	177	368	543	258
Brazil	3	50	50	418	297	66
Portugal	106	181	196	213	174	24
Israel	420	159	95	153	70	59
All other	80	136	85	888	1,122	524
Total	12,599	14,850	21,873	38,138	52,267	31,658

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

Note.—This table contains actual GSP imports only (i.e., "CSC 4" trade data).

CERTAIN FABRICATED PRODUCTS OF IRON OR STEEL

DIGEST NO. C107

CERTAIN FABRICATED PRODUCTS OF IRON OR STEEL
DIGEST NO. C107 (GSP Graduation)

Background

Description and uses

This digest covers certain fabricated products of iron or steel such as hangars and other buildings, bridges, bridge sections, lock-gates, towers, lattice masts, roofs, roofing frameworks, shutters, balustrades, and other structures and parts of structures classified in TSUS item 653.00. Item 653.00 encompasses only those imports which enter the United States as entireties (i.e., complete, or substantially complete). Other provisions (such as items 652.94-652.96) affect trade in parts of these products.

The TSUS item numbers for the articles under investigation are provided below along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

Certain fabricated products of iron or steel: TSUS item number, description, tariff rate information, U.S. imports in 1983, and the GSP competitive status

TSUS item No.	Description	Col. 1 rate of duty effective during--			U.S. imports in 1985 (\$1,000)	Product produced in U.S., Jan. 3, 1985
		1981	1985	1987		
653.00	Hangars and other buildings, bridges, bridge sections, lock-gates, towers, lattice masts, roofs, roofing frameworks, shutters, balustrades, and other structures and parts of structures, other than offshore drilling platforms, all the foregoing of iron or steel.....	8.6%	6.7%	5.7%	96,852	Yes.

U.S. customs treatment

The material currently classified under TSUS item 653.00 became eligible for GSP treatment beginning in 1976. The Republic of Korea was graduated from GSP treatment with respect to this item as a result of the 1983 review.

U.S. producers and employment

The U.S. fabricated structural steel industry is made up of approximately 1,100 firms. The industry's markets are local in nature because of high freight charges. The typical market area is rarely more than 200 miles from production. Data on employment are available regarding the fabricated structural metal industry. An estimated 73 percent of the value of shipments of this industry consists of products like those covered by this digest. Employment of production workers in the industry fell from 87,300 in 1981 to 75,400 in 1982, and 67,200 in 1983. In 1984, employment increased to 71,000, and in 1985 increased again to 76,200.

U.S. consumption and shipments

The quantity of apparent U.S. consumption of certain fabricated products of iron or steel increased by 5 percent during 1981-82 and then fell by 8 percent during 1982-83 (table A). Then, for the following two years, consumption increased--by 17 percent during 1983-84 and by 4 percent during 1984-85. Information on the estimated quantity of U.S. producers' shipments shows trends virtually identical to those of U.S. consumption; such shipments averaged 96 percent of the value of consumption during 1981-85.

U.S. exports

Exports of certain fabricated products of iron or steel by U.S. producers were a relatively small portion of the quantity of total shipments, averaging 2 percent during the period 1981-85 (table B). Moreover, exports generally declined over the period, from 193,000 short tons (\$427 million) in 1981 to 55,000 short tons (\$108 million) in 1985.

U.S. imports

From 1981 to 1983, the quantity of imports classified under TSUS item 653.00 fell by 49 percent, from 37,000 short tons (\$77 million) to 19,000 short tons (\$34 million) (table C). In 1984 and 1985, imports more than doubled, rising to 74,000 short tons (\$97 million). GSP imports declined from 4,387 short tons (\$4.4 million) in 1981 to 713 short tons (\$2.9 million) in 1982 (table D). During 1982-84, GSP imports increased, reaching 14,803 short tons (\$10 million). In 1985, the quantity of GSP imports declined to 11,148 short tons but the value increased to \$13 million.

GSP imports from Singapore first appeared in 1985, when they accounted for 0.4 percent of all GSP imports. During January-June 1986, this ratio increased to 66.7 percent. The sharp increase in imports most likely reflects the country's success in recent contract awards for steel-framed buildings on the west coast. GSP imports from Taiwan accounted for 0.8 percent of all GSP imports in 1981, 0.3 percent in 1982, 1.7 percent in 1983, 3.0 percent in 1984, 25.0 percent in 1985, and 24.3 percent during January-June 1986.

Imports of the subject products from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Brazil.....	\$5,193	5
Republic of Korea.....	7,457	8
Taiwan.....	2,631	3
Mexico.....	458	<u>1</u> /
Singapore.....	177	<u>1</u> /
Other GSP countries...	<u>597</u>	<u>1</u>
Total.....	16,513	17

1/ Less than 0.5 percent.

Conditions of competition in the U.S. market 1/

The competitive strengths of U.S. producers of fabricated structural metal generally lie in marketing-related factors, such as transportation, supplier reliability, availability of material, delivery time, and servicing capability. These advantages have sharply limited import competition, which has nonetheless intensified in recent years, particularly in areas served by waterways convenient to large importers, e.g., the West Coast and cities adjacent to rivers and the Great Lakes. The success of imports has been based largely on highly competitive prices.

Position of interested parties

The petitioner is the American Institute of Steel Construction, Inc., which requests that GSP treatment be withdrawn from items classified under item 653.00 from Singapore and Taiwan. It contends that there is a close relationship between imports under this item and the net income of domestic steel fabricators. The surge in such imports during the last several years has adversely affected such fabricators. Surges from Singapore and Taiwan are expected to continue, as the countries refuse to participate in Voluntary Restraint Agreements governing imports of fabricated structural steel. Loss of GSP treatment might not affect the overall level of imports from the countries, but it could help to relieve price pressures.

1/ U.S. Department of Commerce, 1986 U.S. Industrial Outlook, p. 2-3.

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Table A.--Certain fabricated products of iron or steel: U.S. producers' shipments, exports, imports, 1/ and apparent consumption, 1981-85, January-June 1985, and January-June 1986

Period	U.S. ship- ments 2/	Exports	Imports		Apparent U.S. con- sumption	Ratio of imports to consumption		
			Total 3/	Item 653.00		Total 3/	Item 653.00	
			Quantity					
			-----thousands of short tons-----				-----percent-----	
1981-----	5,277	193	156	37	5,240	3.0	0.7	
1982-----	5,494	132	144	23	5,506	2.6	.4	
1983-----	4,947	79	197	19	5,065	3.9	.4	
1984-----	5,732	93	278	47	5,917	4.7	.8	
1985-----	5,904	55	319	74	6,168	5.2	1.2	
January-June--								
1985-----	4/	29	174	39	4/	4/	3/	
1986-----	4/	20	156	39	4/	4/	3/	
			Value					
			-----million dollars-----				-----percent-----	
1981-----	6,072	427	161	77	5,806	2.8	1.3	
1982-----	5,825	300	133	48	5,658	2.4	.9	
1983-----	5,245	156	138	34	5,227	2.6	.7	
1984-----	6,077	155	188	60	6,110	3.1	1.0	
1985-----	6,260	108	249	97	6,401	3.9	1.6	
January-June--								
1985-----	4/	58	131	49	4/	4/	3/	
1986-----	4/	41	143	58	4/	4/	3/	

1/ Data on two categories of imports are provided in this table. The column entitled "Total" describes imports that are approximately comparable to the products included in the estimate for U.S. producers' shipments. The column entitled "Item 653.00" describes those imports covered by the petition, i.e., those under TSUS item 653.00.

2/ Shipments of certain fabricated products of iron or steel by the U.S. industry are estimated by (1) totaling the quantity and value of shipments for categories of products in the 1982 Census of Manufactures that are closest to those covered by TSUS item 653.00 (i.e., iron or steel for buildings, fabricated structural metal for bridges (including aluminum), and iron and steel for transmission towers and "other" (including lock-gates)); (2) taking the ratios of such totals to the 1982 value of shipments for all fabricated metal products (SIC 3441) as reported in U.S. Department of Commerce, 1986 U.S. Industrial Outlook, p. 2-3; and (3) multiplying the value of shipments of all fabricated metal products in years other than 1982 by such ratios.

3/ Total imports under TSUS items 609.84, 609.86, 652.94, 652.95, 652.96, and 653.00.

4/ Not available.

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

Table B.--Certain fabricated products of iron or steel: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	1981	1982	1983	1984	1985	January-June-- 1986
Quantity (short tons)						
Canada-----	18,576	13,026	9,525	11,977	11,765	5,142
S. Arab-----	20,477	27,035	19,717	10,063	3,561	2,329
Nigeria-----	2,735	662	24	225	5,354	1,661
Mexico-----	74,361	13,682	5,613	4,390	4,890	2,643
Colomb-----	1,082	1,552	320	1,073	1,632	884
Israel-----	758	203	1,342	257	772	585
Kor Rep-----	1,192	1,917	1,012	25,146	2,207	1,327
Bahamas-----	6,375	6,527	5,820	7,063	4,192	2,347
All other-----	66,988	67,496	36,115	32,860	20,346	12,063
Total-----	192,544	132,100	79,488	93,054	54,719	28,981
Value (1,000 dollars)						
Canada-----	31,086	24,219	15,185	15,923	19,587	8,936
S. Arab-----	45,155	63,114	47,730	40,510	11,669	7,772
Nigeria-----	17,374	2,282	149	625	10,513	2,943
Mexico-----	168,917	23,174	11,145	7,096	8,091	5,253
Colomb-----	3,035	2,222	369	2,894	6,319	3,217
Israel-----	1,586	426	2,038	2,476	5,669	4,935
Kor Rep-----	4,130	6,419	4,098	8,986	5,073	1,968
Bahamas-----	5,689	4,714	3,898	9,172	4,605	2,185
All other-----	149,603	173,589	71,499	67,237	36,664	20,935
Total-----	426,575	300,159	156,110	154,919	108,191	58,144
Unit value (per short ton)						
Canada-----	\$1,673.43	\$1,859.29	\$1,594.25	\$1,329.47	\$1,664.86	\$1,737.89
S. Arab-----	2,205.14	2,334.52	2,420.76	4,025.61	3,276.94	3,336.84
Nigeria-----	6,352.57	3,447.01	6,204.29	2,776.08	1,963.50	1,771.72
Mexico-----	2,271.58	1,693.74	1,985.54	1,616.37	1,654.60	1,987.37
Colomb-----	2,804.55	1,431.90	1,153.32	2,697.55	3,871.96	3,639.68
Israel-----	2,092.61	2,099.00	1,518.46	9,633.75	7,343.52	8,436.66
Kor Rep-----	3,465.14	3,348.44	4,049.30	357.34	2,298.80	1,483.36
Bahamas-----	892.42	722.28	669.72	1,298.66	1,098.42	930.83
All other-----	2,233.29	2,571.84	1,979.75	2,046.18	1,802.04	1,735.48
Average--	2,215.47	2,272.21	1,963.95	1,664.83	1,977.20	2,006.29

1/ Less than 500.

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

Table C.--Certain fabricated products of iron or steel: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June-- 1986
Quantity (short tons)						
Canada-----	26,959	13,872	12,492	19,431	34,030	15,779
Japan-----	3,884	4,393	438	705	13,159	11,040
Kor Rep-----	3,927	430	2,663	13,061	8,924	4,666
Brazil-----	0	0	0	230	2,121	1,390
Fr Germ-----	382	1,071	416	1,317	2,136	1,495
Denmark-----	21	5	13	1,249	1,652	476
N Zealand-----	16	56	114	214	2,275	100
China t-----	37	3	43	447	2,830	1,156
All other-----	1,959	3,653	2,957	10,262	6,754	3,142
Total-----	37,185	23,483	19,136	46,916	73,881	39,244
Value (1,000 dollars)						
Canada-----	63,226	30,410	22,211	35,240	49,006	22,275
Japan-----	5,362	5,395	1,700	964	12,873	10,322
Kor Rep-----	3,662	465	1,436	9,054	7,457	4,111
Brazil-----	-	-	-	171	5,193	3,391
Fr Germ-----	1,412	2,153	1,027	2,390	2,999	1,579
Denmark-----	13	10	39	5,563	2,992	1,219
N Zealand-----	11	39	92	197	2,722	100
China t-----	26	8	78	387	2,631	1,096
All other-----	3,065	9,099	6,944	8,243	10,979	5,066
Total-----	76,776	47,580	33,527	60,210	96,852	49,159
Unit value (per short ton)						
Canada-----	\$2,345.26	\$2,192.21	\$1,778.02	\$1,813.59	\$1,440.08	\$1,411.68
Japan-----	1,380.54	1,228.15	3,880.49	1,367.42	978.30	934.93
Kor Rep-----	932.59	1,082.20	539.09	693.22	835.61	881.07
Brazil-----	-	-	-	741.74	2,448.43	2,439.24
Fr Germ-----	3,695.35	2,009.88	2,469.63	1,814.55	1,403.87	1,056.34
Denmark-----	603.57	2,060.00	2,990.08	2,852.70	1,810.88	2,561.65
N Zealand-----	683.75	697.61	805.55	922.46	1,196.29	998.98
China t-----	705.81	2,555.00	1,822.14	866.88	929.84	948.02
All other-----	1,564.90	2,490.90	2,348.23	803.28	1,625.58	1,612.42
Average-----	2,064.71	2,026.14	1,752.01	1,283.35	1,310.92	1,252.64

1/ Less than 500.

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

Table D.--Certain fabricated products of iron or steel: U.S. imports for consumption under the GSP, by principal source, 1981-85, and January-June 1986

	1981	1982	1983	1984	1985	January- June 1986
Quantity (short tons)						
Brazil-----	0	0	0	230	2,019	0
Republic of						
Korea-----	3,927	430	2,030	12,719	5,292	0
Taiwan-----	37	2	43	443	2,782	563
Mexico-----	360	162	322	1,270	599	77
Singapore-----	0	0	0	0	46	1,548
Portugal-----	56	89	84	89	34	5
India-----	6	0	17	8	278	17
Israel-----	0	0	10	19	54	0
All other-----	1	30	0	25	44	111
Total-----	4,387	713	2,506	14,803	11,148	2,321
Value (1,000 dollars)						
Brazil-----	-	-	-	171	5,052	-
Republic of						
Korea-----	3,662	464	1,171	8,881	4,733	-
Taiwan-----	26	7	64	383	2,577	298
Mexico-----	630	232	305	790	414	40
Singapore-----	-	-	-	-	165	914
Portugal-----	86	148	164	151	163	17
India-----	6	-	19	6	138	18
Israel-----	-	1	31	32	134	1
All other-----	2	1/ 2,016	-	4	76	278
Total-----	4,412	2,868	1,754	10,418	13,452	1,566
Unit value						
Brazil-----	-	-	-	\$743.48	\$2,502.23	-
Republic of						
Korea-----	\$932.52	\$1,079.07	\$576.85	698.25	894.37	-
Taiwan-----	702.70	3,500.00	1,488.37	864.56	926.31	529.31
Mexico-----	1,750.00	1,432.10	947.20	622.05	691.15	519.48
Singapore-----	-	-	-	-	3,586.96	590.44
Portugal-----	1,535.71	1,662.92	1,952.38	1,696.63	4,794.12	3,400.00
India-----	1,000.00	-	1,117.65	750.00	496.40	1,058.82
Israel-----	-	-	3,100.00	1,684.21	2,481.48	-
All other-----	2,000.00	67,200.00	-	160.00	1,727.27	2,504.50
Average----	1,005.70	4,022.44	699.92	703.78	1,206.67	674.71

1/ The value of 1982 imports from Argentina is unusually high compared to the quantity. If the 1981 average unit value is used to estimate the value of 1982 imports from Argentina, the value of the "all other" category becomes \$30,000 and the total 1982 value becomes \$882,000; the unit value of the "all other" category becomes \$1,000, and the average 1982 unit value becomes \$1,237.

Source: Compiled from official statistics of the U.S. Department of Commerce. 10

Note.--This table contains actual GSP imports only (i.e., "CSC 4" trade data). Because of rounding, figures may not add to the totals shown.

PORCELAIN ON STEEL COOKING AND KITCHEN WARE

DIGEST NO. C108

PORCELAIN-ON-STEEL COOKING AND KITCHEN WARE
DIGEST NO. C108 (GSP Graduation)

Background

Description and uses

Porcelain-on-steel cooking and kitchen ware consists of articles of porcelain coated steel used in the home for cooking, heating, processing, and handling of food. Typical articles are skillets, roasters, saucepans, teakettles, dutch ovens, mixing bowls, and colanders. Porcelain-on-steel cooking and kitchen ware is sold in a variety of shapes, sizes, designs, and price ranges.

The TSUS item number for the article under investigation is provided below along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

Porcelain-on-steel cooking and kitchen ware: TSUS item number, description, tariff rate information, U.S. imports in 1985 and the GSP competitive status

		Col. 1 rate of duty effective during—		
TSUS item No.	Description	1981	1985	1987
		Percent ad valorem		
654.08	Cooking and kitchen ware of steel, enameled or glazed with vitreous glasses.	3.2%	2.9%	2.7%
		U.S. imports Product pro- in 1985 duced in U.S., (\$1,000) Jan. 3, 1985		
654.08	Cooking and kitchen ware of steel, enameled or glazed with vitreous glasses.	\$63,581	Yes.	

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U.S. customs treatment

Porcelain-on-steel cooking and kitchen ware is provided for in item no. 654.08 of the TSUS. Following an investigation in which the Commission determined that imports of porcelain-on-steel cooking ware under \$2.25 per pound had suffered injury from increased imports (TA-201-39, ITC Publ. no. 1008), the President granted import relief in the form of additional duties for the period January 17, 1980-January 17, 1984. The action affected imports which are currently classified under TSUS item 654.0824. During the period of relief, GSP status was also suspended.

On January 17, 1984, following a petition by General Housewares Corporation, Taiwan was graduated from the GSP for imports of porcelain-on-steel cooking and kitchen ware under TSUS item 654.08.

Porcelain-on-steel cookware has been subject to both antidumping and countervailing duty investigations during 1985-1986. On December 4, 1985, the Commission instituted countervailing duty investigations on imports from Mexico and Taiwan and antidumping investigations on imports from Mexico, The People's Republic of China, and Taiwan. On October 2, 1986 the Department of Commerce made final affirmative determinations in each of the three antidumping cases. On the final countervailing duty investigations, Commerce found affirmatively in the case of imports from Mexico and negatively in the case of imports from Taiwan. The Commission is scheduled to make its final determinations on these investigations by November 17, 1986.

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On June 30, 1986, the Commission instituted countervailing duty and antidumping investigations on porcelain-on-steel imports from Spain. On August 11, 1986, the Commission made affirmative preliminary injury decisions in both cases, which are now before the Commerce Department.

U.S. producers and employment

Since 1978 there has been only one U.S. producer of porcelain-on-steel cooking and kitchen ware. The number of production and related workers * * * during 1981-85, from * * * persons in 1981 to * * * persons in 1985, a * * * of * * * percent. The average number of employees for the first six months of 1986 was * * *, or * * * percent * * * than the * * * person average for the first six months of 1985.

U.S. consumption and shipments

Apparent consumption of porcelain-on-steel cooking and kitchen ware increased from * * * million units (* * * million) in 1981 to * * * million units (* * * million) in 1985 (table A). The decrease in the total dollar value of U.S. consumption of porcelain-on-steel cooking ware between 1984 and 1985 (from * * * million to * * * million) generally reflects a decline in the prices of this cookware, since total unit consumption remained relatively stable. Based on quantity, the ratio of imports to apparent consumption has increased to * * * percent in 1985 from * * * percent in 1981. U.S. shipments of porcelain-on-steel cooking and kitchen ware * * * by * * * percent during 1981-85, from * * * million units (* * * million) in 1981 to * * * million units (* * * million) in 1985.

U.S. exports

U.S. exports of porcelain-on-steel cooking and kitchen ware fluctuated irregularly during 1981-85, declining from 2.1 million units (\$4.4 million) in 1981 to 928,256 units (\$2.3 million) in 1985 (table B). The principal U.S. market for these exports was Canada, which in 1985 received 74 percent of total U.S. exports of porcelain-on-steel cooking and kitchen ware.

U.S. imports

U.S. imports of porcelain-on-steel cooking and kitchen ware increased from 10.3 million units (\$27.1 million) in 1981 to 26.6 million units (\$63.6 million) in 1985 (table C). The largest sources of U.S. imports were Taiwan, Japan, Spain, Mexico, and China, which together accounted for 83 percent of the quantity of total U.S. imports in 1985.

U.S. imports of porcelain-on-steel cooking and kitchen ware under the GSP increased from 2.3 million units (\$3.4 million) in 1981 to 5.1 million units (\$8.5 million) in 1984, or by 118 percent, before declining slightly to 5.0 million units (\$6.2 million) in 1985 (table D). Imports from Mexico, the largest overall source of imports under the GSP during 1981-85, rebounded strongly following Taiwan's graduation from GSP in 1984 and rose from 869,000 units (\$446,000) in 1983 to 3.2 million units (\$4.2 million) in 1985, or by 271 percent.

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Imports of porcelain-on-steel cooking and kitchen ware from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u> <u>1/</u>
Mexico.....	4,265	7
Hong Kong.....	1,360	2
Romania.....	592	1
Korea.....	390	1
Brazil.....	72	<u>2/</u>
Other GSP.....	64	<u>2/</u>
Total.....	6,743	11

1/ Percents are rounded.

2/ Less than 0.5 percent.

Conditions of competition in U.S. market

Most porcelain-on-steel cooking and kitchen ware sold in the United States by domestic and foreign producers is either sold to large retailers, such as mass merchandisers and mail-order houses, or to large housewares distributors which serve the smaller retailers. A relatively small proportion is sold through supermarkets.

Porcelain-on-steel cooking ware is priced in the low and middle range of the cookware spectrum, and accounts for about 10 percent of total U.S. consumption of all types of cookware. During 1981-85, imports of these articles were imported in a variety of styles and price ranges. Imports from Spain and West Germany are generally high quality, expensive cookware, whereas

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those from the People's Republic of China, Taiwan, and Mexico represent the middle to lower end of imports, both in terms of quality and expense. The U.S. producer competes against imports from Mexico, China, and Taiwan in a number of styles and price ranges in the low and middle segment of the market. More recently the domestic producer began a program to improve the quality of its cookware to compete against the higher quality cookware coming into the United States.

Position of interested parties

The petitioner, General Housewares Corporation, requests the graduation of GSP status for Mexico on TSUS item no. 654.08, for Mexico. General Housewares Corp. asserts that the Mexican producers are internationally competitive and that Mexico is one of the more economically advanced beneficiary countries and does not need GSP preference. Additionally, as the Department of Commerce has issued preliminary antidumping and countervailing duty determinations with respect to porcelain-on-steel cooking ware from Mexico, the petitioner notes that it could be both illogical and against public policy to continue to accord duty free treatment to such imports under the GSP.

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Table A.—Porcelain-on-steel cooking and kitchen ware: U.S. shipments, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981-85, January-June 1985 and January-June 1986

Year	U.S. shipments 1/	Exports	Imports	Apparent consumption	Ratio of imports to consumption
(Quantity (1,000 units))					
1981....	***	2,147	10,340	***	***
1982....	***	1,477	12,890	***	***
1983....	***	1,634	19,782	***	***
1984....	***	1,471	25,663	***	***
1985....	***	928	26,572	***	***
Jan.—June—					
1985..	***	430	12,081	***	***
1986..	***	308	13,168	***	***
Value (1,000 dollars)					
1981....	***	4,355	27,141	***	***
1982....	***	3,711	41,521	***	***
1983....	***	3,840	64,920	***	***
1984....	***	3,293	72,765	***	***
1985....	***	2,307	63,581	***	***
Jan.—June—					
1985..	***	1,082	30,190	***	***
1986..	***	1,841	28,587	***	***
Unit value (per unit)					
1981....	***	2.03	2.62	—	—
1982....	***	2.51	3.22	—	—
1983....	***	2.35	3.28	—	—
1984....	***	2.24	2.84	—	—
1985....	***	2.49	2.39	—	—
Jan.—June—					
1985..	***	2.52	2.50	—	—
1986..	***	5.98	2.17	—	—

1/ * * *.

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

Table B.--Porcelain on steel cooking and kitchenware: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	1981	1982	1983	1984	1985	January-June-- 1986
	Quantity (number)					
Canada-----	1,814,207	1,183,071	1,363,233	1,223,740	686,597	357,685
Austral-----	22,398	10,103	1,691	67	76,054	0
Japan-----	21,186	105,303	25,667	270	22,449	21,399
S Arab-----	15,404	7,076	61,761	2,312	11,174	5,123
C Rica-----	0	190	3,429	33,994	27,402	4,810
Mexico-----	17,365	15,301	9,198	30,947	26,517	9,650
Trinidad-----	5,957	15,972	30,785	19,684	8,442	0
Guatmal-----	0	150	0	6,851	13,841	8,760
All other-----	250,271	139,490	138,715	153,484	55,780	22,560
Total-----	2,146,788	1,476,656	1,634,479	1,471,349	928,256	429,674
	Value (\$1,000 dollars)					
Canada-----	3,149	2,232	2,600	2,386	1,332	690
Austral-----	45	37	24	1	201	780
Japan-----	119	609	140	2	160	612
S Arab-----	85	22	243	10	118	82
C Rica-----	116	54	13	92	95	20
Mexico-----	23	65	30	70	88	36
Trinidad-----	1	1	84	98	59	158
Guatmal-----	819	690	706	616	45	24
All other-----	4,355	3,711	3,840	3,293	2,307	1,082
Total-----						1,841
	Unit value					
Canada-----	\$1.74	\$1.89	\$1.91	\$1.95	\$1.94	\$1.93
Austral-----	2.01	3.65	14.19	11.55	2.64	94.87
Japan-----	5.62	5.78	5.47	8.84	7.12	11.40
S Arab-----	5.52	3.14	3.93	4.12	10.58	4.03
C Rica-----	6.65	4.16	3.85	2.71	3.46	3.37
Mexico-----	3.80	3.55	3.24	2.27	3.30	5.84
Trinidad-----	3.27	4.06	2.72	4.97	7.03	5.38
Guatmal-----	2.03	4.45	5.09	2.49	3.27	3.93
All other-----		4.95	5.09	4.02	3.74	6.86
Average--		2.51	2.35	2.24	2.49	5.98

1/ Less than 500.

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

Table C.--Porcelain on steel cooking and kitchenware: U.S. imports for consumption, by principal sources,
1981-85, January-June 1985, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June-- 1986
Quantity (number)						
China t-----	1,682,004	2,166,061	6,383,936	10,170,061	9,738,225	4,768,917
Japan-----	2,624,021	4,697,525	6,285,131	5,955,895	3,377,841	1,495,526
Spain-----	1,231,073	1,493,933	1,401,437	1,880,903	3,050,748	1,633,857
Mexico-----	2,803,116	2,687,753	2,148,196	3,273,660	3,230,672	1,245,483
China M-----	380,776	495,735	1,072,692	1,092,351	2,784,410	1,333,248
Fr Germ-----	143,207	170,278	235,064	486,372	837,876	285,717
Hg Kong-----	287,592	176,591	868,525	675,115	1,002,568	249,295
France-----	218,782	132,855	361,591	342,368	126,576	20,561
All other-----	969,767	869,363	1,025,334	1,786,427	2,423,575	1,048,740
Total-----	10,340,038	12,889,894	19,781,906	25,663,152	26,572,291	12,081,344
Value (1,000 dollars)						
China t-----	4,931	7,598	22,620	29,948	26,518	12,702
Japan-----	10,957	20,347	26,872	22,441	12,717	5,954
Spain-----	3,384	5,666	4,900	6,900	10,232	5,769
Mexico-----	2,935	3,101	2,758	4,536	4,265	1,682
China M-----	165	223	450	1,605	4,237	1,673
Fr Germ-----	1,495	1,476	1,842	1,689	2,503	800
Hg Kong-----	253	263	681	726	1,360	241
France-----	1,492	1,086	2,833	2,478	1,176	202
All other-----	1,528	1,761	1,963	2,444	2,573	1,168
Total-----	27,141	41,521	64,920	72,765	65,581	30,190
Unit value						
China t-----	\$2.93	\$3.51	\$3.54	\$2.94	\$2.52	\$2.66
Japan-----	4.18	4.33	4.28	3.77	3.76	3.98
Spain-----	2.75	3.79	3.50	3.67	3.35	3.53
Mexico-----	1.05	1.15	1.28	1.39	1.32	1.35
China M-----	0.43	0.45	0.42	1.47	1.52	1.26
Fr Germ-----	10.44	8.67	7.84	3.47	2.99	2.80
Hg Kong-----	0.88	1.49	0.78	1.08	1.36	0.97
France-----	6.82	8.17	7.84	7.24	9.31	9.83
All other-----	1.58	2.03	1.91	1.37	1.06	1.11
Average-----	2.62	3.22	3.28	2.84	2.39	2.50

1/ Less than 500.

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

Table D.—Porcelain-on-steel cooking and kitchen ware: U.S. imports for consumption under the GSP, by principal GSP source, 1981-85, and January-June 1986 ^{1/}

Source	1981	1982	1983	1984	1985	January-June 1986
Quantity (1,000 units)						
Mexico	1,641	1,189	869	3,054	3,222	2,022
Taiwan ^{2/}	553	903	2,582	1,073	207	103
Hong Kong	32	139	748	377	511	165
South Korea	20	89	49	246	470	57
Romania	-	-	-	309	575	350
Brazil	-	2	-	-	5	-
Thailand	-	2	-	10	26	-
Mozambique	-	-	-	-	6	-
All other	90	21	40	35	17	2
Total	2,336	2,345	4,288	5,104	5,039	2,699
Value (1,000 dollars)						
Mexico	997	794	446	4,297	4,245	2,719
Taiwan	2,196	3,572	10,674	3,312	569	156
Hong Kong	30	186	521	297	502	119
South Korea	51	135	84	331	390	61
Romania	-	-	-	238	372	274
Brazil	-	17	-	-	59	-
Thailand	-	1	-	8	25	-
Mozambique	-	-	-	-	17	-
All other	88	65	129	44	19	8
Total	3,362	4,770	11,854	8,527	6,198	3,337
Unit value (\$ per item)						
Mexico	.61	.67	.51	1.41	1.32	1.34
Taiwan	3.97	3.96	4.13	3.09	2.75	1.51
Hong Kong	.92	1.34	.70	.79	.98	.72
South Korea	2.58	1.51	1.71	1.35	.83	1.08
Romania	-	-	-	.77	.65	.78
Brazil	-	8.37	-	-	11.72	-
Thailand	-	.26	-	.80	.94	-
Mozambique	-	-	-	-	2.87	-
All other	.98	3.10	3.23	1.26	1.12	4.00
Average	1.44	2.03	2.76	1.67	1.23	1.24

^{1/} GSP was suspended during January 17, 1980 to January 17, 1984 on TSUS item 654.0224 (now 654.0824) as a result of a Presidential decision to grant import relief to the cookware industry following a 201 "escape clause" case.

^{2/} Taiwan was graduated from GSP on January 17, 1984 on TSUS item 654.08.

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

Note.—This table contains actual GSP imports only (i.e., "CSC 4" trade data).

ELECTRONIC FRETTED STRINGED INSTRUMENTS

DIGEST NO. C109

ELECTRONIC FRETTED STRINGED INSTRUMENTS
DIGEST NO. C109 (GSP GRADUATION)

Background

Description and uses

Products covered in this digest are electronic fretted stringed musical instruments, virtually all of which are electric guitars and hereafter referred to as such. The sounds or tones of these instruments must be created or amplified electrically in order to be heard. Electric guitars are used principally in creating, learning, and performing popular music.

The TSUS item number for the article under consideration is provided below along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

Electronic fretted stringed instruments: TSUS item number, description, tariff rate information, U.S. imports in 1985, and the GSP competitive status

TSUS item No.	Description	Col. 1 rate of duty effective during—		
		1981	1985	1987
		Percent		
725.46(pt.) <u>1/</u>	Electronic fretted stringed instruments.	14.5%	9.4%	6.8%
		U.S. imports in 1985 (\$1,000)		Product pro- duced in U.S., Jan. 3, 1985
725.46(pt.) <u>1/</u>	Electronic fretted stringed instruments.	28,176		Yes.

1/ The USTR requested advice on that part of TSUS item 725.46 pertaining to electronic guitars; however, since virtually all trade entering under that item consists of electronic guitars, the advice is given on the entire item.

U.S. customs treatment

Articles imported in 1986 under TSUS item 725.46 are currently dutiable at 8.1 percent ad valorem. Item 725.46 has been eligible for GSP treatment since inception of the program. There are no prior or current exclusions for item 725.46.

U.S. producers and employment

Approximately 12 firms produced electric guitars during 1985, down from about 15 firms in 1981. Manufacturers are concentrated in California and the Northeast (New York, New Jersey, and Connecticut). There is also significant production in Mississippi and Tennessee.

Total estimated employment for the electric guitar industry decreased from about 2,000 to 1,100 workers during the period.

U.S. consumption and production

Estimated U.S. producers' shipments of electric guitars decreased irregularly from 156,000 units, valued at \$101 million, in 1981 to 99,000 units, valued at \$67 million in 1985, or by 37 percent in quantity and 34 percent in value (table A).

Consumption increased while price declined, indicating supply increased by more than any decline in demand due to shifts in music tastes. Estimated apparent consumption increased in quantity from 275,000 units in 1981 to 465,000 units in 1985, or by 69 percent; however, the value of consumption decreased from \$101.5 million to \$93.2 million, or by 8 percent. These changes indicated the larger presence of lower priced imports in the U.S.

market as some domestic producers increasingly sourced more of their product from abroad in order to compete in the moderate and lower price ranges.

U.S. exports

U.S. exports of electric guitars decreased markedly during 1981–85. The quantity of such exports decreased by 77 percent, from over 33,000 units to nearly 8,000 units; similarly the value dropped by 79 percent, from \$9.6 million to \$2.0 million (table B). Japan, the United Kingdom, Canada, and West Germany were the leading export markets during the period, and together accounted for 69 percent of the value in 1985. The decline is attributable, in part, to prohibitive prices for the U.S. products, and increased competition from other suppliers, notably those in the Orient.

U.S. imports

U.S. imports of electric guitars increased substantially during 1981–85. The quantity of imports more than doubled (up 145 percent) from over 152,000 units to over 373,000 units. Similarly, the value of such imports increased by 179 percent, from \$10.1 million to \$28.2 million (table C). Japan and Korea were the dominant suppliers during the period, and together accounted for 94 percent of the value of such imports in 1985. The resurgence of electronic music, along with the increased availability of high quality, moderately priced instruments have contributed to the rise in imports.

Imports under the GSP also increased significantly during 1981–85. GSP imports rose from 78,000 units, valued at \$3.1 million, in 1981 to 181,000 units, valued at \$9.4 million, in 1985 (table D). The totals represent increases of 132 percent, in terms of quantity, and 201 percent, in

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terms of value. Korea was the dominant supplier of GSP imports during the period and accounted for 83 percent of the quantity and 84 percent of the value of GSP imports during 1985. GSP imports of electric guitars are generally lower priced, lower quality instruments than those produced by U.S. manufacturers.

Imports of electronic fretted stringed instruments from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Korea.....	8,008	28
Taiwan.....	1,423	5
Israel.....	40	<u>1/</u>
India.....	18	<u>1/</u>
Mexico.....	15	<u>1/</u>
Other GSP.....	<u>7</u>	<u>1/</u>
Total.....	9,511	34

1/ Less than 0.5 percent.

Conditions of competition in the U.S. market

Both imported and domestically-made electric guitars are principally used for popular music, and as such, are generally marketed towards teenagers, younger adults, and professional musicians. Domestic producers, along with those in other developed nations, emphasize high priced, high quality instruments, which are generally aimed at advanced students or professionals. Additionally, some American manufacturers produce moderately priced, moderate quality instruments for the same audience. GSP imports of electric guitars are generally marketed towards beginning students and non-serious players, and

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usually lack the quality and service support available for domestic and other imported guitars.

Position of interested parties

The petitioner, Mr. Hartley Peavey of Peavey Electronics, Meridian, Mississippi, believes that Korea and Taiwan should be graduated from GSP eligibility for electric guitars, since the musical instruments industries in both nations are fully developed and competitive with the musical instruments industries in the United States and in other developed nations.

Representatives of the National Council of Music Importers and Exporters, the Music Distributors Association, and the Guitar and Accessories Marketing Association, and counsel for the Foreign Board of Trade of Taiwan testified in opposition to the petition. Their main assertions were as follows:

1. Imports from Korea and Taiwan consist of inexpensive guitars that do not compete with U.S. products.
2. These imports are sold in the beginner or student markets and serve as an introduction to the instrument that eventually results in sales of U.S. guitars as the purchaser improves in skill and upgrades his instrument.
3. The loss of GSP benefits for these imports would raise prices on the beginner guitars to the point that the entire market would be depressed at a time when the U.S. industry was beginning to recover.

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Table A.—Electronic fretted stringed instruments: U.S. producers' shipments, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981–85, January–June 1985, and January–June 1986

Year	Producers' shipments 1/	Exports	Imports	Apparent consumption	Ratio (percent) of imports to consumption
Quantity (units)					
1981.....	156,000	33,103	152,101	274,998	55
1982.....	138,000	30,916	135,632	242,716	56
1983.....	117,000	23,247	170,847	264,600	65
1984.....	94,000	19,905	285,262	359,357	79
1985.....	99,000	7,614	373,339	464,725	80
January–June:					
1985.....	50,000	2,740	187,355	234,615	80
1986.....	65,000	5,607	182,877	242,270	75
Value (1,000 dollars)					
1981.....	101,000	9,584	10,097	101,513	10
1982.....	74,000	9,068	9,362	74,294	13
1983.....	67,000	6,307	11,391	72,084	16
1984.....	58,000	4,216	19,011	72,795	26
1985.....	67,000	1,978	28,176	93,198	30
January–June:					
1985.....	29,000	832	14,060	42,228	33
1986.....	51,000	1,463	15,944	65,481	24
Unit value					
1981.....	\$647	\$290	\$56	—	—
1982.....	536	293	69	—	—
1983.....	573	271	67	—	—
1984.....	617	212	67	—	—
1985.....	677	260	75	—	—
January–June:					
1985.....	580	304	75	—	—
1986.....	785	261	87	—	—

1/ Estimated from data supplied by the American Music Conference.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Table B.--Electronic fretted stringed instruments: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	1981	1982	1983	1984	1985	January-June-- 1985	1986
Quantity (units)							
Japan-----	1,971	3,444	2,823	5,093	2,552	707	1,208
U King-----	9,357	5,474	5,027	5,104	1,199	218	970
Canada-----	4,215	4,000	2,134	1,769	925	309	478
Fr Germ-----	2,162	3,753	2,294	1,784	662	355	180
France-----	1,915	998	728	263	360	266	147
Austral-----	878	480	1,441	705	497	181	49
Spain-----	482	664	463	438	148	51	31
Switzld-----	1,056	896	1,245	406	107	12	208
All other-----	11,067	11,207	7,092	4,343	1,164	641	2,336
Total-----	33,103	30,916	23,247	19,905	7,614	2,740	5,607
Value (\$1,000 dollars)							
Japan-----	1,006	1,275	980	834	530	160	404
U King-----	2,531	1,478	1,436	628	308	87	215
Canada-----	1,188	1,148	682	414	307	116	126
Fr Germ-----	544	920	778	697	227	118	71
France-----	541	313	247	145	138	104	73
Austral-----	290	133	188	165	105	58	17
Spain-----	124	167	121	128	50	24	10
Switzld-----	321	282	252	111	44	4	72
All other-----	3,038	3,350	1,623	1,094	268	161	475
Total-----	9,584	9,068	6,307	4,216	1,978	832	1,463
Unit value							
Japan-----	\$510.21	\$370.25	\$347.11	\$163.82	\$207.55	\$226.55	\$334.79
U King-----	270.54	269.99	285.66	123.01	257.12	397.65	221.40
Canada-----	281.93	287.01	319.75	234.02	332.18	374.96	264.13
Fr Germ-----	251.75	245.19	338.96	390.72	343.18	333.30	395.18
France-----	282.31	313.53	338.90	552.32	383.53	389.49	497.31
Austral-----	330.25	277.99	130.30	234.17	210.90	320.67	355.27
Spain-----	257.84	252.21	262.30	292.42	340.41	477.80	316.81
Switzld-----	303.96	315.18	202.55	272.59	409.40	318.33	344.37
All other-----	274.53	298.93	228.83	251.93	230.67	251.37	203.15
Average-----	289.51	293.30	271.30	211.83	259.78	303.65	260.94

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

Table C.--Electronic fretted stringed instruments: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June 1986
	Quantity (units)					
Japan-----	61,340	58,417	79,983	106,600	188,156	102,687
Kor Rep-----	68,809	63,121	76,451	133,220	151,061	69,170
China t-----	21,678	13,755	14,073	45,191	31,492	13,431
U King-----	6	9	2	1	1,317	1,278
Israel-----	0	0	0	0	90	0
Fr Germ-----	249	164	236	183	95	16
India-----	0	0	0	24	444	144
Mexico-----	0	0	75	0	107	0
All other-----	19	166	27	43	577	443
Total-----	152,101	135,632	170,847	285,262	373,339	187,335
	Value (1,000 dollars)					
Japan-----	6,408	5,954	7,405	11,033	18,493	9,534
Kor Rep-----	3,002	2,976	3,527	6,477	8,008	3,647
China t-----	641	390	407	1,448	1,423	697
U King-----	2	5	1	12	132	118
Israel-----	-	-	-	-	40	-
Fr Germ-----	37	25	32	33	23	23
India-----	-	-	-	1	9	21
Mexico-----	-	-	3	-	15	-
All other-----	7	12	15	9	24	17
Total-----	10,097	9,362	11,391	19,011	28,176	14,060
	Unit value					
Japan-----	\$104.46	\$101.92	\$92.59	\$103.50	\$98.29	\$92.84
Kor Rep-----	43.63	47.15	46.14	48.62	53.01	52.73
China t-----	29.56	28.34	28.92	32.03	45.20	51.92
U King-----	373.83	516.56	554.50	11,868.00	100.17	92.50
Israel-----	-	-	-	-	442.22	-
Fr Germ-----	147.73	153.55	136.35	179.84	237.89	237.89
India-----	-	-	-	40.67	39.98	62.85
Mexico-----	-	-	37.15	-	142.99	142.99
All other-----	365.26	75.29	548.00	198.84	41.69	37.57
Average-----	66.38	69.03	66.67	66.65	75.47	75.04
Japan-----						\$137.40
Kor Rep-----						51.25
China t-----						50.33
U King-----						1,523.53
Israel-----						-
Fr Germ-----						169.38
India-----						30.32
Mexico-----						-
All other-----						96.84
Average-----						87.18

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

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Table D.—Electronic fretted stringed instruments: U.S. imports for consumption under the GSP, by principal GSP source, 1981–85, and January–June 1986

Source	1981	1982	1983	1984	1985	January–June 1986
Quantity (1,000 units)						
Korea.....	57	63	76	131	151	89
Taiwan.....	21	14	14	45	30	17
Israel.....	—	—	—	—	1/	—
India.....	—	—	—	1/	1/	1
Kenya.....	—	—	—	—	1/	1/
Hong Kong....	—	1/	—	—	—	—
Mexico.....	—	—	1/	—	—	—
All other....	—	—	—	—	—	—
Total....	78	77	90	176	181	107
Value (1,000 dollars)						
Korea.....	2,519	2,976	3,515	6,328	7,994	4,554
Taiwan.....	617	390	401	1,447	1,393	837
Israel.....	—	—	—	—	40	—
India.....	—	—	—	1	9	21
Kenya.....	—	—	—	—	7	5
Hong Kong....	—	9	—	—	—	—
Mexico.....	—	—	—	—	—	—
All other....	—	—	—	—	—	—
Total....	3,136	3,375	3,916	7,776	9,443	5,417
Unit value (per unit)						
Korea.....	\$44.01	\$47.15	\$46.18	\$48.28	\$53.06	\$51.25
Taiwan.....	28.82	28.34	28.75	32.03	45.68	50.32
Israel.....	—	—	—	—	442.22	—
India.....	—	—	—	40.00	29.00	30.32
Kenya.....	—	—	—	—	55.30	49.98
Hong Kong....	—	57.35	—	—	—	—
Mexico.....	—	—	8.28	—	—	—
All other....	—	—	—	—	—	—
Average..	40.21	43.83	43.51	44.18	52.17	50.63

1/ Less than 500.

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

Note.—This table contains actual GSP imports only (i.e., "CSC 4" trade data).

CERTAIN FURNITURE AND PARTS

DIGEST NO. C110

CERTAIN FURNITURE AND PARTS
DIGEST NO. C110 (GSP GRADUATION)

Background

Description and uses

The products covered in this digest include all directors' chairs of wood and nonfolding wood chairs; all wood furniture produced in the United States, other than chairs, including household and business and institutional furniture; and parts of all wood furniture. It also includes miscellaneous items of furniture other than wood, rubber, plastic, or copper, a classification composed primarily of metal (household, business and institutional) furniture.

The TSUS item numbers for the articles under investigation are provided in the tabulation on the next page, along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

U.S. customs treatment

Directors' chairs of wood (TSUS item 727.23).—Taiwan has been ineligible for GSP eligibility for this item since it was graduated on March 31, 1983. Thailand is currently eligible for GSP for this item and has never been excluded from GSP eligibility.

Nonfolding chairs of wood (TSUS item 727.29).—Taiwan was graduated from GSP eligibility for this item on July 1, 1985. Singapore and Yugoslavia are both eligible for GSP treatment. Singapore has not been excluded from GSP eligibility Yugoslavia lost GSP eligibility for these chairs on March 31, 1983, but regained eligibility on March 27, 1984.

Furniture of wood, except chairs (TSUS item 727.35).—Taiwan has been ineligible for GSP benefits since March 31, 1981, because its shipments have

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Certain furniture and parts: TSUS number, description, tariff rate information, U.S. imports in 1985, and the GSP competitive status

		Col. 1 rate of duty effective during—		
TSUS item No.	Description	1981	1985	1987
		Percent		
727.23A	Directors chairs of wood.....	7.7%	6.1%	5.3%
727.29A	Nonfolding chairs of wood.....	7.7%	6.1%	5.3%
727.35A	Wood furniture, other than chairs...	4.7%	3.1%	2.5%
727.40A	Parts of wood furniture.....	8.5%	6.4%	5.3%
727.70A <u>1/</u>	Furniture other than of wood, rubber, plastic, or copper (mostly metal furniture).	8.5%	5.5%	4%

		U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985
727.23A	Directors chairs of wood.....	6,710	Yes.
727.29A	Nonfolding chairs of wood.....	272,432	Yes.
727.35A	Wood furniture, other than chairs...	1,088,550	Yes.
727.40A	Parts of wood furniture.....	161,891	Yes.
727.70A <u>1/</u>	Furniture other than of wood, rubber, plastic, or copper (mostly metal furniture).	422,694	Yes.

1/ On April 1, 1984, as a result of a previous GSP petition on waterbed mattresses and liners, this item was renumbered from 727.55 to 727.70.

equaled or exceeded the competitive-need limits. Singapore and Yugoslavia are both eligible for GSP treatment and have not been excluded from GSP eligibility.

Furniture parts of wood (TSUS item 727.40).—Taiwan lost GSP eligibility for this item on March 31, 1986. Yugoslavia is currently eligible for GSP and has not been excluded from GSP eligibility for furniture parts of wood.

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Miscellaneous articles of furniture, mostly metal furniture (TSUS item 727.70 (prior to Jan. 1, 1984, item 727.55)).—Taiwan has been ineligible for GSP eligibility for this item since March 31, 1982, because its shipments have exceeded the competitive-need limits.

U.S. producers and employment

There were an estimated 3,500 firms producing the various types of furniture covered by this digest during 1981–85, with employment fluctuating somewhat but averaging 160,000 to 170,000 workers annually during 1981–85. The smallest category is directors' chairs of wood with 3 to 4 small manufacturers; between 2,500 to 3,000 firms produce some wood furniture. The majority of these firms are small, with less than 100 employees.

U.S. consumption and production

U.S. producers' shipments of the furniture covered in this digest increased from an estimated \$13.5 billion in 1981 to \$16.5 billion in 1984, or by 22 percent (table A). U.S. consumption of these products increased from \$13.8 billion in 1981 to \$18.5 billion in 1985, or by 33 percent. This increase is due in part to the improved housing market in the United States and the growth of households in the age brackets (35 to 44) that purchase more furniture. The import to consumption ratio for these furniture items doubled from 1981–85, rising from 6 percent to 12 percent with this increase expected to continue.

Representatives of the American Furniture Manufacturers Association testified at the Commission's hearing that profitability was down and that production was flat, barely keeping pace with inflation. Other industry

sources dispute this testimony, alleging that profitability for most large furniture manufacturers is up and that production increases are much larger than the rate of inflation.

U.S. exports

U.S. exports of the products covered in this digest declined annually from 1981-85, from \$445,000 to \$299,000, or by 33 percent, as a result of the strong value of the dollar during the period and increased competition from foreign producers, chiefly the leading import sources for the United States (table B). Exports to the four leading U.S. markets (Canada, Saudi Arabia, Mexico and the United Kingdom) declined during the period 1981-85.

U.S. imports

U.S. imports of the items covered in this digest nearly tripled in the period 1981-85, rising from \$795 million to \$2.3 billion (table C). Virtually every supplier showed significant increases over the period, with Taiwan, Canada, and Italy the principal sources.

Except for Taiwan and Yugoslavia, all of the principal suppliers were non-GSP eligible countries. However, for individual product items such as directors' chairs or nonfolding chairs of wood, GSP eligible countries were leading suppliers. Considering that imports from Taiwan were ineligible for GSP benefits for all of the TSUS items covered by this digest except that for furniture parts of wood, GSP imports totaled nearly \$410 million in 1985, 18 percent of all imports in that year.

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The following tabulations show GSP imports for each of the TSUS item numbers included in this digest.

Imports of directors' shcair (TSUS item 727.23) from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country 1/</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Thailand.....	1,786	27
Singapore.....	682	10
Hong Kong.....	367	5
Chile.....	11	<u>2/</u>
Columbia.....	11	<u>2/</u>
All other.....	<u>121</u>	<u>2</u>
Total.....	2,978	44

1/ Taiwan lost GSP eligibility for this item effective March 31, 1983.

2/ Less than 0.5 percent.

Imports of non-folding chairs of wood (TSUS item 727.29) from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country 1/</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Yugoslavia.....	66,721	24
Singapore.....	16,347	6
Romania.....	5,881	2
Mexico.....	4,682	2
Korea.....	4,459	2
All other.....	<u>12,420</u>	<u>5</u>
Total.....	110,510	41

1/ Taiwan lost GSP eligibility for this item effective July 31, 1985.

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Imports of furniture of wood, except chairs, (TSUS item 727.35) from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country 1/</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Yugoslavia.....	39,344	4
Mexico.....	29,603	3
Singapore.....	28,252	3
Korea.....	18,935	2
Brazil.....	15,460	1
All other.....	<u>52,834</u>	<u>5</u>
Total.....	184,428	17

1/ Taiwan lost GSP eligibility for this item effective March 31, 1981.

Imports of furniture parts of wood (TSUS item 727.40) from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Taiwan 1/.....	78,898	49
Yugoslavia.....	29,311	18
Mexico.....	4,719	3
Singapore.....	3,166	2
Brazil.....	1,812	1
All other.....	<u>7,288</u>	<u>5</u>
Total.....	125,194	77

1/ Taiwan lost GSP eligibility for this item effective March 31, 1986.

Imports of miscellaneous articles of furniture (TSUS item 727.70) from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

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<u>GSP country 1/</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Mexico.....	21,518	3
Korea.....	7,359	1
Brazil.....	2,022	<u>2/</u>
Hong Kong.....	1,349	<u>2/</u>
Israel.....	1,211	<u>2/</u>
All other.....	<u>3,791</u>	<u>2/</u>
Total.....	37,250	<u>5</u>

1/ Taiwan lost GSP eligibility for this item effective March 31, 1982.

2/ Less than 0.5 percent.

Conditions of competition in the U.S. market

Most imported furniture products are highly competitive in the U.S. market. Foreign manufacturers, particularly those located in Taiwan, Singapore and other Far Eastern countries, have shipped their products unassembled or knocked-down (KD) to the United States for a number of years, thereby greatly reducing their transportation costs. Several of the large manufacturers have established regional assembly plants in the United States, further reducing their transportation costs. Also, during the past 5 years, most foreign manufacturers have significantly improved their quality and the finish on the wood. Previously, especially prior to 1980, most imported furniture from the Far East was generally very inexpensive and was viewed as low-end furniture, sold chiefly by discount mass merchants. This is no longer true and much imported furniture, particularly from Taiwan, is sold by all types of furniture stores at the mid-price range. Furniture from Taiwan, particularly chairs, dining tables and other furniture, competes equally with U.S.-produced furniture and many consumers are unable to recognize the imported products. Yugoslavia has specialized in Early American furniture,

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especially rocking chairs and dinette sets and, reportedly, has a number of plants manufacturing exclusively for the U.S. market. This furniture is generally very competitive with U.S.-produced furniture at the low end and in some middle level quality lines of furniture.

Concurrent with the overall improvement in quality has been an increased awareness of U.S. marketing techniques. Virtually all the major producers from Taiwan, Singapore, Thailand and Yugoslavia are represented at the major furniture shows for retailers, particularly those in High Point, North Carolina. Many of these companies advertise in the leading trade periodicals and have sales representatives covering the United States. Indeed, several of the major foreign producers that assemble furniture in the United States are members of the American Furniture Manufacturers Association (AFMA), the petitioner in this case.

Overall, most of the imported products covered in this digest offer the same levels of quality, service, and styles as those offered by many U.S. manufacturers. One of the chief reasons for the large increase in the level of imported parts of furniture is because many domestic producers have begun importing parts, particularly those that are especially labor intensive, for inclusion in their own products.

Position of interested parties

The petition in this digest was submitted by AFMA, a trade association representing about 300 U.S. household furniture manufacturers, accounting for 75 to 80 percent of all household furniture produced in the United States. AFMA also testified at the Commission's hearing.

The association contends that each of the countries for which it has requested graduation (Taiwan, Singapore, Thailand and Yugoslavia), produces highly competitive furniture items and each no longer needs the assistance of GSP to compete successfully in the U.S. market. AFMA also believes that each of these countries exhibits a high level of general economic development and has a fully developed furniture industry with the same equipment and technological capability as the industry in the United States.

The Yugoslavia wood furniture industry submitted a brief and testified at the Commission's hearing opposing the AFMA requests with regard to Yugoslavia. The Yugoslav industry contends that GSP benefits are essential for the industry to modernize and for Yugoslavia to recover from its prolonged economic recession. The group also states that duty-free entry under the GSP has not injured the domestic wood furniture industry and that Yugoslavia needs the assistance afforded under GSP to compete in the U.S. market with imports from Taiwan and other non-GSP countries. The Yugoslav group was joined by Mr. Robert Friedman of U.S. Furniture Industries, a member of AFMA in opposing the AFMA petition.

Another member of AFMA, Universal Furniture Industries, submitted a brief and testified at the Commission's hearing in opposition to the AFMA request with regards to Taiwan and Singapore. Their main objection rests on the assertion that domestic consumers will be injured by the removal of GSP benefits from these two countries. Since Universal purchases much of the raw materials and finishing products for its furniture production from the United States, they believe that removal of GSP benefits will have a direct adverse impact on the U.S. economy. Universal also uses U.S. Department of Commerce 9

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data to demonstrate that U.S. wood furniture manufactures are in a growth period with increased shipments and are not harmed by imports from Taiwan and Singapore.

The Government of Singapore which submitted a brief, also testified at the Commission's hearing in opposition to the AFMA petition regarding Singapore. They state that the U.S. furniture industry is increasing production and not facing economic difficulty. They also believe that total GSP imports have had no appreciable impact on the domestic industry and that Singapore is not sufficiently competitive with respect to wood furniture products to warrant removal of GSP benefits.

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Table A.—Certain furniture and parts: U.S. producers' shipments, exports, imports, apparent consumption and ratio of imports to consumption, 1981–85

(Value in millions of dollars)

Year	Producers' shipments 1/	Exports 2/	Imports	Apparent consumption	Ratio (percent) of imports to consumption
1981....	13,500	445	795	13,850	6
1982....	14,880	413	884	15,351	5
1983....	14,500	369	1,207	15,388	8
1984....	15,250	350	1,710	16,610	10
1985....	16,500	299	2,271	18,472	12

1/ Estimated by the staff of the U.S. International Trade Commission.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Table B.--Certain furniture and parts: U.S. exports of domestic merchandise, by principal markets, 1981-85,
January-June 1985, and January-June 1986

Market	(In thousands of dollars)					
	1981	1982	1983	1984	1985	January-June-- 1985 1986
Canada-----	119,005	76,205	84,857	89,166	73,805	34,976
S Arab-----	104,380	143,975	123,882	90,941	52,882	31,027
Mexico-----	25,689	16,026	6,869	11,885	19,782	7,765
U King-----	28,964	21,240	20,088	19,340	19,608	9,490
Japan-----	6,794	6,069	7,083	10,467	11,924	5,772
Austral-----	7,398	7,307	4,534	8,033	11,491	5,152
Bahamas-----	10,425	11,180	12,868	13,599	10,150	4,750
Fr Germ-----	8,879	8,040	6,662	10,983	8,587	4,330
All other-----	133,409	123,197	102,635	95,970	90,710	46,555
Total-----	444,943	413,239	369,478	350,384	298,939	149,817
						131,124

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

Table C.--Certain furniture and parts: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	(In thousands of dollars)					
	1981	1982	1983	1984	1985	January-June-- 1985 1986
China t-----	186,234	209,612	314,169	428,155	588,438	314,454
Canada-----	159,533	180,874	236,812	327,448	404,901	184,573
Italy-----	50,830	60,531	91,919	163,164	259,460	125,339
Denmark-----	59,960	76,670	103,237	161,093	183,371	91,603
Yugoslavia-----	80,816	82,133	87,433	112,747	135,512	72,599
Fr Germ-----	23,290	32,973	53,172	83,988	132,016	59,028
U King-----	37,548	36,600	47,035	53,325	66,503	30,887
Japan-----	13,723	14,026	24,069	39,762	62,078	28,166
All other-----	183,012	190,325	249,556	340,758	439,042	210,552
Total-----	794,947	883,744	1,207,401	1,710,439	2,271,319	1,117,200
						1,351,141

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

Table D-1.—Directors' chairs of wood (TSUS 727.23): U.S. imports for consumption, by principal GSP countries, 1981-85, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June 1986
Quantity (1,000 units)						
Taiwan.....	211	256	390	599	485	367
Thailand.....	101	171	209	296	223	132
Singapore....	41	137	86	80	78	8
Hong Kong....	—	7	49	88	87	14
Brazil.....	—	1	1/	32	2	1
Korea.....	2	1	1/	7	7	9
All other....	7	38	25	17	23	1
Total....	362	611	759	1,119	905	532
Value (1,000 dollars)						
Taiwan.....	2,127	2,031	3,044	3,769	2,763	2,137
Thailand.....	1,024	1,691	2,044	2,777	1,786	1,023
Singapore....	374	1,261	782	661	682	77
Hong Kong....	—	41	378	608	367	40
Brazil.....	—	14	3	211	3	12
Korea.....	98	230	20	41	10	50
All other....	4	23	194	57	130	5
Total....	3,627	5,291	6,465	8,124	5,741	3,345
Unit value (units)						
Taiwan.....	\$10.08	\$7.93	\$7.81	\$6.29	\$5.70	\$5.82
Thailand.....	10.10	9.88	9.77	9.39	8.01	7.75
Singapore....	9.19	9.19	9.08	8.24	8.74	9.62
Hong Kong....	—	5.61	7.73	6.87	4.21	2.86
Brazil.....	—	10.05	7.16	6.58	1.50	12.00
Korea.....	11.64	6.37	3.95	3.01	1.43	5.55
All other....	0.57	0.61	7.76	3.35	5.65	5.00
Average..	10.01	8.66	8.51	7.26	6.34	6.29

1/ Less than 500.

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

Note.—This table contains total imports from GSP countries.

Table D-2.—Nonfolding chairs of wood (TSUS 727.29): U.S. imports for consumption, by principal GSP countries, 1981-85, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June 1986
Quantity (1,000 units)						
Yugoslavia...	2,402	2,927	2,246	2,871	3,945	1,963
Taiwan.....	1,785	2,228	3,470	3,741	3,584	1,665
Singapore....	651	556	721	708	694	256
Romania.....	407	449	523	578	678	195
All other....	664	492	593	621	841	398
Total....	5,909	6,652	7,553	8,519	9,742	4,477
Value (1,000 dollars)						
Yugoslavia...	38,542	43,325	60,479	62,684	54,708	23,879
Taiwan.....	43,794	54,733	37,342	51,003	66,721	32,684
Singapore....	11,481	9,977	14,171	14,948	16,347	6,172
Romania.....	3,663	4,154	4,781	4,775	5,881	1,952
All other....	14,554	13,276	13,618	15,983	18,801	10,055
Total....	112,034	125,455	130,391	149,393	162,458	74,742
Unit value (units)						
Yugoslavia...	\$18.23	\$18.70	\$16.62	\$17.76	\$16.91	\$16.65
Taiwan.....	21.59	19.45	17.43	16.76	15.26	14.34
Singapore....	17.63	17.96	19.66	21.12	23.55	24.11
Romania.....	8.99	9.25	9.15	8.26	8.67	10.01
All other....	21.92	26.98	22.96	25.74	22.36	25.26
Average..	18.96	18.86	17.26	17.54	16.68	16.69

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

Note.—This table contains total imports from GSP countries.

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Table D-3.—Wood furniture (TSUS 727.35): U.S. imports for consumption,
by principal GSP countries, 1981-85, and January-June 1986

(Value in thousands of dollars)						
Source	1981	1982	1983	1984	1985	January-June 1986
Taiwan.....	68,184	84,395	126,204	167,662	253,125	153,292
Yugoslavia...	13,382	19,104	20,501	29,790	39,344	19,915
Mexico.....	10,396	9,991	12,325	21,192	29,603	15,496
Singapore....	7,294	10,915	18,377	20,608	28,252	14,338
All other....	40,356	45,151	56,783	63,330	75,625	41,979
Total....	139,612	169,556	234,190	302,582	425,949	245,020

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

Note.—This table contains total imports from GSP countries.

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Table D-4.—Parts of wood furniture (TSUS 727.40): U.S. imports for consumption, by principal GSP countries, 1981-85, and January-June 1986

(Value in thousands of dollars)						
Source	1981	1982	1983	1984	1985	January-June 1986
Taiwan.....	17,592	14,359	24,492	48,530	78,074	47,644
Yugoslavia...	23,546	8,211	29,380	31,697	29,311	13,928
Mexico.....	2,670	1,880	3,071	3,039	4,719	4,081
Singapore....	2,934	3,447	2,882	2,595	3,116	1,576
All other....	7,441	4,804	4,868	6,572	8,233	4,340
Total....	54,183	32,701	64,693	92,433	123,453	71,569

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

Note.—This table contains total imports from GSP countries.

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Table D-5.—Miscellaneous furniture (except of wood, rubber, plastic, or copper). (TSUS 727.70): U.S. imports for consumption, by principal GSP countries, 1981-85, and January-June 1986

(Value in thousands of dollars)						
Source	1981	1982	1983	1984	1985	January-June 1986
Taiwan.....	59,788	65,502	99,950	145,509	198,944	157,991
Mexico.....	7,346	7,646	10,086	21,426	21,518	11,345
All other....	9,927	9,233	12,084	16,894	12,252	9,653
Total....	77,061	82,381	122,120	183,829	232,714	178,989

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

Note.—This table contains total imports from GSP countries.

INFLATABLE PLAY BALLS OF POLYVINYL CHLORIDE

DIGEST NO. C111

INFLATABLE PLAY BALLS OF POLYVINYL CHLORIDE
DIGEST NO. C111 (GSP GRADUATION)

Background

Description and uses

Inflatable play balls of polyvinyl chloride, most of which are beach balls, range in diameter from 4 to 20 inches and are available in assorted colors, both solids and patterns. Although the configuration of these balls may resemble footballs, basketballs, and other sports-oriented balls, they are not considered an athletic product because they are not used in a recognized sports event and because they usually do not meet weight and size requirements for balls used in organized sports. The vast majority of inflatable play balls of polyvinyl chloride are used for playing catch or other tossing games.

The TSUS item number for the articles under investigation is provided in the tabulation on the next page, along with information on U.S. tariffs, U.S. imports in 1985, and the Generalized System of Preferences (GSP) competitive status.

U.S. customs treatment

TSUS item 735.09, of which inflatable play balls of polyvinyl chloride is a part, has been eligible for duty-free treatment under the GSP since its inception in 1976. Taiwan, however, exceeded the competitive need limit in 1978 when it accounted for \$6.7 million of the total of \$12.9 million of imports under item 735.09. Thus Taiwan has been ineligible for GSP treatment for this item since 1979. In 1985 it was estimated that Taiwan supplied 82 percent of the imports of inflatable play balls of polyvinyl chloride (\$1.3 million out of \$1.6 million), whereas Korea furnished less than 1 percent (\$11,000).

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Inflatable play balls of polyvinyl chloride: TSUS item number, description, tariff rate information, U.S. imports in 1985, and the GSP competitive status

		Col. 1 rate of duty effective during—				
TSUS item No. 1/	Description	1981	1985	1987		
		Percent				
	Inflatable balls:					
	Other:					
735.0970	Of polyvinyl chloride.....	10.5%	6%	6%		
		<table><tr><th>U.S. imports in 1985 2/ (\$1,000)</th><th>Product pro- duced in U.S., Jan. 3, 1985</th></tr></table>			U.S. imports in 1985 2/ (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985
U.S. imports in 1985 2/ (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985					
	Inflatable balls:					
	Other:					
735.0970	Of polyvinyl chloride.....	1,635	Yes.			

1/ Prior to 1986, U.S. imports of inflatable balls of polyvinyl chloride were provided for under TSUSA item 735.0990, inflatable balls not specially provided for. Additionally, the duty on certain articles valued not over five cents per unit is temporarily suspended. See TSUS item 912.20 in part 1B of schedule 9, Appendix to the Tariff Schedules, and general headnote 3(d)(ii).

2/ Estimate based upon imports of inflatable balls of polyvinyl chloride accounting for 20 percent of total imports previously reported under TSUSA item 735.0990.

U.S. producers and employment

It is believed that there were less than 10 domestic producers of inflatable play balls of polyvinyl chloride during 1981-85. Some of these firms may also produce games and toys. Further, it is estimated that the number of employees allocated to the production of these balls fluctuated within a narrow range, from 600 to 650, during the period.

U.S. consumption and production

The estimated value of apparent consumption of inflatable play balls of polyvinyl chloride rose from \$4.7 million in 1981 to \$5.5 million in 1982, before decreasing to a record low for the period of \$4.2 million in 1983. However, as the market for these balls improved, apparent consumption increased annually to \$6.2 million in 1985 (table A). The share of apparent U.S. consumption of such balls accounted for by imports increased from 17 percent to 26 percent during 1981-85. U.S. producers' shipments mirrored the trend exhibited in apparent consumption, vascillating between a low of \$3.2 million in 1983 and a high of \$4.6 million in 1985.

U.S. exports

U.S. export data for inflatable play balls of polyvinyl chloride are not available. However, it is believed that U.S. exports of these balls are nil or negligible.

U.S. imports

U.S. imports of inflatable play balls of polyvinyl chloride increased annually from \$814,000 in 1981 to \$1.6 million in 1985, and accounted for approximately 20 percent of total imports of inflatable balls, not specifically provided for. Imports of the subject balls from Taiwan, by far the leading source, accounted for 82 percent of the total in 1985, and rose from 1.2 million balls, valued at \$567,000, in 1981 to 3.5 million balls, valued at \$1.3 million in 1985, or by nearly 200 percent and 137 percent, respectively (table B). Concurrently, imports of such products from Korea,

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the second leading source in 1981, decreased from 280,000 balls, valued at \$82,000, in 1981 to 13,000 balls, valued at \$11,000, in 1985 or by 95 percent and 86 percent, respectively. The average unit value of all imports of inflatable play balls of polyvinyl chloride decreased 15 percent during the period, from \$0.48 to \$0.41. The average unit value of such imports from Taiwan decreased more than the average from all sources, from \$0.48 to \$0.38, or by 21 percent. However, the unit value of imports from Korea vascillated upward between \$0.29 and \$1.71.

Imports of these balls from GSP eligible countries during 1981-85 decreased from 483,000 balls, valued at \$155,000, in 1981 to 297,000 balls, valued at \$109,000 (table C). GSP imports from Mexico, the leading supplier of such imports throughout the period, fluctuated but increased from 110,000 balls, valued at \$49,000, in 1981 to 116,000 balls, valued at \$59,000, in 1985. Such imports from Korea decreased substantially, from 280,000 balls, valued at \$81,000 to 6,000 balls, valued at \$8,000. The share of total imports accounted for by GSP imports decreased from 19 percent in 1981 to nearly 7 percent in 1985 and to nearly 4 percent in the first half of 1986.

Imports of inflatable play balls of polyvinyl chloride from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

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<u>GSP country 1/</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Mexico.....	59	3.6
Brazil.....	14	0.8
Korea.....	11	0.6
Israel.....	4	<u>2/</u>
Pakistan.....	3	<u>2/</u>
Thailand.....	3	<u>2/</u>
Hong Kong.....	2	<u>2/</u>
Other GSP.....	<u>-</u>	<u>-</u>
Total.....	109	6.6

1/ Taiwan was ineligible for GSP during the period and any imports of this item reported under the GSP were improperly classified.

2/ Less than 0.5 percent.

Conditions of competition in the U.S. market

According to industry sources, imported inflatable play balls of polyvinyl chloride are price sensitive products. Profits in the domestic industry producing these balls are declining while production costs are increasing 4 to 5 percent annually. Furthermore, prices for similar domestic balls have been suppressed in order to remain competitive with the increasing volume of low-priced imports. Manufacturers of inflatable play balls of polyvinyl chloride located in Taiwan and Korea are described as highly sophisticated producers using competitive production techniques. The domestic industry has expressed concern that a potential increase in imports of such balls is likely as a result of the large production capacity and the inability of the home market in Taiwan and Korea to absorb all or more of what is produced there.

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Position of interested parties

The petitioner, The National Latex Products Company, of Ashland, Ohio, which originally requested the withdrawal of eligibility for duty-free treatment ("graduation") under the U.S. Generalized System of Preferences Program for inflatable play balls of polyvinyl chloride from Korea and Taiwan, withdrew the petition with regard to Korea, effective Sept. 25, 1986. The petitioner requests that GSP eligibility for such balls from Taiwan should be withdrawn because: (1) Taiwan is among the most developed of all GSP beneficiary countries and among the 5 largest recipients of GSP benefits; (2) producers in Taiwan of inflatable play balls are extremely competitive in both the United States and in other world markets; and (3) producers of these play balls in Taiwan have already captured a segment of the U.S. market with imports which are priced below similar U.S.-manufactured products and now threaten to enlarge their shares of the U.S. market to the detriment of the U.S. industry.

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Table A.—Inflatable play balls of polyvinyl chloride: U.S. producers' shipments, exports of domestic merchandise, imports for consumption, and apparent consumption, 1981–85, January–June 1985, and January–June 1986

Year	Producers' shipments 1/	Exports 2/	Imports	Apparent consumption	Ratio (percent) of imports to consumption
	—1,000 dollars—				
1981.....	3,877	—	814 3/	4,691	17.4
1982.....	4,450	—	1,013 3/	5,463	18.5
1983.....	3,166	—	1,058 3/	4,224	25.0
1984.....	4,125	—	1,451 3/	5,576	26.0
1985.....	4,583	—	1,635 3/	6,218	26.3
January–June:					
1985.....	4/	—	1,048 3/	4/	4/
1986.....	4/	—	1,135	4/	4/

1/ Estimated by the staff of the U.S. International Trade Commission from information provided by industry sources.

2/ Estimated to be nil or negligible.

3/ It is estimated that inflatable play balls of polyvinyl chloride accounted for roughly 20 percent of imports classified under TSUSA item 735.0990.

4/ Not available.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Table B.—Inflatable play balls of polyvinyl chloride ^{1/}: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June	
						1985	1986
Quantity (thousands)							
Taiwan.....	1,186	1,736	2,018	3,049	3,529	2,693	3,049 ²
Mexico.....	110	78	111	132	116	80	0
Canada.....	1	1	21	36	61	44	193
China.....	6	49	10	12	43	19	0
Japan.....	13	12	7	43	37	34	0
Italy.....	21	20	16	36	12	10	0
West Germany.....	2/	1	1	26	23	22	6
Brazil.....	48	24	31	41	37	24	0
Korea.....	280	16	10	4	13	12	8
Spain.....	0	0	2	3	18	0	0
All other.....	35	55	39	39	54	22	15
Total.....	1,699	1,992	2,265	3,420	3,941	2,959	3,270
Value (1,000 dollars)							
Taiwan.....	567	786	905	1,213	1,342	864	980
Mexico.....	49	80	43	56	59	38	-
Canada.....	2	2	19	33	57	42	103
China.....	5	39	11	18	41	22	-
Japan.....	49	26	16	32	38	28	-
Italy.....	32	33	24	51	29	17	-
West Germany.....	3	3	4	11	16	14	11
Brazil.....	16	8	9	13	14	8	-
Korea.....	82	17	9	7	11	7	38
Spain.....	-	-	2/	2/	6	-	-
All other.....	7	20	17	15	21	10	4
Total.....	814	1,013	1,058	1,451	1,635	1,048	1,135
Unit value (per item)							
Taiwan.....	\$0.48	\$0.45	\$0.45	\$0.40	\$0.38	\$0.32	\$0.32
Mexico.....	.45	1.03	.39	.43	.51	.47	-
Canada.....	1.97	1.39	.90	.93	.94	.95	.53
China.....	.83	.79	1.03	1.51	.95	1.14	-
Japan.....	3.90	2.20	2.30	.75	1.03	.81	-
Italy.....	1.54	1.65	1.52	1.43	2.42	1.71	-
West Germany.....	3/	2.49	6.92	.42	.70	.62	1.80
Brazil.....	.34	.32	.30	.33	.38	.32	-
Korea.....	.29	1.05	.97	1.71	.83	.56	4.68
Spain.....	-	-	.14	.16	.37	-	-
All other.....	.21	.37	.44	.40	.40	.45	.26
Average.....	.48	.51	.47	.42	.41	.35	.35

^{1/} Prior to Jan. 1, 1986, U.S. imports of inflatable play balls of polyvinyl chloride were provided for under TSUSA item 735.0990, inflatable balls not specially provided for, and were estimated to account for 20 percent of the total. Data reported for imports of inflatable play balls of polyvinyl chloride during January-June 1986 were provided for under TSUSA item 735.0970.

^{2/} Less than 500.

^{3/} Not available.

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

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Table C.—Inflatable play balls of polyvinyl chloride: U.S. imports for consumption under the GSP, by principal GSP sources, 1981-85, and January-June 1986

Source	1981	1982	1983	1984	1985	January-June 1986
Quantity (thousands)						
Mexico.....	110	75	110	122	116	0
Taiwan 1/....	21	41	41	16	27	0
Brazil.....	48	24	31	41	37	0
Korea.....	280	16	9	4	6	8
Israel.....	8	3	3	0	30	0
Pakistan.....	0	2/	2/	2/	2/	0
Thailand.....	0	2	2/	0	5	0
Hong Kong....	16	8	20	11	4	15
All other....	2/	2/	2/	2/	0	0
Total....	483	169	215	194	297	23
Value (1,000 dollars)						
Mexico.....	49	66	43	52	59	-
Taiwan 1/....	6	13	17	9	16	-
Brazil.....	16	8	9	13	14	-
Korea.....	81	16	9	7	8	38
Israel.....	1	1	1	-	4	-
Pakistan.....	-	2	2	1	3	-
Thailand.....	-	2	1	-	3	-
Hong Kong....	1	4	3	4	2	4
All other....	2/	2/	1	2/	-	-
Total....	155	112	86	87	109	42
Unit value (per item)						
Mexico.....	\$0.45	\$0.88	\$0.39	\$0.42	\$0.51	-
Taiwan 1/....	.28	.31	.43	.57	.61	-
Brazil.....	.34	.32	.30	.33	.38	-
Korea.....	.29	1.03	.97	1.70	1.36	4.68
Israel.....	.15	.49	.46	-	.13	-
Pakistan.....	-	3.40	4.50	5.13	6.99	-
Thailand.....	-	1.05	5.01	-	.52	-
Hong Kong....	.06	.53	.15	.39	.44	.26
All other....	8.36	5.60	10.06	1.88	-	-
Average..	.32	.67	.40	.45	.37	1.80

1/ Taiwan was ineligible for GSP during the period and any imports of this item reported under the GSP were improperly classified.
2/ Less than 500.

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

Note.—This table contains actual GSP imports only (i.e., "CSC 4" trade data).

TOY BALLOONS

DIGEST NO. C112

TOY BALLOONS
DIGEST NO. C112 (GSP GRADUATION)

Background

Description and uses

There are two main types of toy balloons—latex balloons and foil balloons. The latex balloon, the product that is commonly evoked by the term "balloon", is an one-piece inflatable thin-walled article made of natural rubber latex. ^{1/} A latex balloon expands as it is inflated with gas, usually air or helium. The more recently developed foil balloon is a thin-walled article made of two or more pieces of "metallized" plastic sheet that has been heat-sealed along the seams. Foil balloons do not expand as they are inflated; and are usually filled with helium so that they will float. Because latex balloons have flexible walls and are made by dipping solid forms called mandrels into the latex, they are limited to a relatively small number of shapes, but can be made in a wide range of sizes from 4 inches in diameter and greater. Foil balloons may be cut into more shapes, but must be at least 18 inches in size to hold enough helium to float. There are foil balloons intended for decorative use made in "micro" sizes of 3 to 5 inches in diameter and "mini" sizes about 9 inches in diameter, but the preponderance of trade in foil balloons is in those 18 inches or larger.

^{1/} TSUSA item 737.9536 covers inflatable toy balloons and punchballs of rubber or plastics. Although this digest officially covers only part of these products—toy balloons—the discussion to follow, including all the data, combines the punchballs with the balloons. Although punchballs generally are thicker-walled than most balloons, latex balloons and punchballs are indistinguishable from a customs classification viewpoint, and any attempt to treat balloons separately from punchballs would be both artificial and arbitrary.

Of the two types, the latex balloon is the more versatile in its uses. Latex balloons are marketed in a number of ways, both inflated and uninflated. They may be sold in packages containing varying numbers of pieces as party decorations for both children and adults, sold inflated, singly or in groups, by street vendors, carnival vendors, and retail stores, or given away both uninflated and inflated by businesses as gifts or advertising premiums. A relatively recent marketing development has been the sale and delivery of "bouquets" of balloons in a manner similar to that used for flowers. Foil balloons are more limited in use; most are inflated with helium and sold singly or in small bunches, either as toys, as decorations, or in the previously mentioned bouquet manner. Both types of balloons may be printed to show humorous, advertising, or special occasion messages.

The TSUSA item number for the articles under investigation are provided in the tabulation on the next page along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

U.S. customs treatment

The products classified under TSUS item 737.95 have been eligible for GSP benefits since the program was instituted in 1976. Imports from Hong Kong have never been eligible for GSP treatment because they exceeded the competitive need limits every year. Imports from Taiwan have exceeded the competitive need limits every year since 1978 and have been ineligible for duty-free treatment since March 1979. Imports from Mexico, the largest source of imports, are eligible for GSP treatment, but are assessed a 4.54% countervailing duty as a result of an affirmative finding of unfair subsidies

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Toy balloons: TSUSA item number, description, tariff rate information,
U.S. imports in 1985, and the GSP competitive status

		Col. 1 rate of duty effective during—		
TSUSA item No.	Description	1981	1985	1987
		Percent ad valorem		
737.9536	Toy balloons.....	14.9%	9.6%	7%
		U.S. imports in 1985 (\$1,000)		Product pro- duced in U.S., Jan. 3, 1985
737.9536	Toy balloons.....	8,231		Yes.

by the U.S. Department of Commerce on December 7, 1982. The National Latex Products Company, the petitioner in this GSP review, was the petitioner in that case as well. Prior to the countervailing duty case, National Latex had twice unsuccessfully petitioned the TPSC concerning the GSP eligibility of balloons, once to have eligibility removed for the entire classification and once to have Mexico's GSP-eligibility alone removed.

U.S. producers and employment

There are at least eleven U.S. producers of latex balloons; in addition to the petitioner and the seven major producers listed in the petition, there are at least three smaller firms that manufacture specialty sizes exclusively for the major producers. One of the majors entered the market during 1981-85. At least eight producing establishments are located in Ohio, two are in Texas, and one each are in New Hampshire and California. One major producer also has a production facility in Canada. There are at least 10 U.S.

producers of foil balloons, including two of the major latex balloon producers. The remaining latex balloon producers contract to the other foil producers for their foil balloon purchases. Foil balloon production, like that of latex balloons, is concentrated in Ohio, with other producers in Texas, Kansas, and California. Data on employment in this industry are not available; however, the petition estimates employment for the eight major latex balloon producers at 805 in 1985, up 55 workers from employment in 1983.

U.S. consumption and production

Estimated U.S. producers' shipments of toy balloons rose annually from \$72 million in 1981 to \$90 million in 1985 (table A). Latex balloons accounted for more than 90 percent of the quantity of shipments, but only one-half the value in 1985. Furthermore, foil balloons accounted for about two-thirds of the growth during the period. Estimated apparent U.S. consumption of balloons grew at a 8.4 percent annual rate from 1982-85 to total \$98.2 million. Import penetration grew from 7 percent in 1982 to 8 percent in 1983, where it remained through 1985. This measure of import penetration is somewhat misleading, however, because the import value is roughly that of the f.o.b. value at the foreign port. If the import value is increased to a value equivalent to the first U.S. billing value of producers' shipments, the share of imports to consumption shows an increase from 13 percent in 1982 to 16 percent in 1983 and 1984, and to 17 percent in 1985. An imports to consumption ratio based on quantity would be higher still, because imports are far more heavily weighted toward the lower valued latex balloons.

U.S. exports

Exports data for toy balloons are not separately reported in official statistics, but exports are reported by the industry to be negligible.

U.S. imports

U.S. imports of toy balloons increased annually from \$5.1 million in 1982 to \$8.2 million in 1985, and continued to increase into 1986 as imports during January-June were \$4.7 million, up 20 percent over imports in the corresponding period of 1985 (table B). Mexico, which is the site of the world's largest balloon producer, was the primary source of imports during the period. However, Mexico's share of total imports declined steadily from 79 percent in 1982 to 52 percent in 1985; imports from Mexico accounted for 44 percent of the total during the first six months of 1986. The next largest sources were Taiwan, Canada, Korea, Brazil, and Belgium, accounting for 16 percent, 11 percent, 7 percent, 5 percent, and 4 percent of the value of imports, respectively, in 1985. Imports from each of these suppliers increased during 1982-85, and continue to increase in 1986.

Duty-free imports under the GSP ranged from a low of \$4.1 million in 1982 to a high of \$5.1 million in 1983, and amounted to just under \$5.1 million in 1985, accounting for 62 percent of the total value of imports in the latter year (table C). The fluctuation in the total GSP levels were due to changes in imports from Mexico, the leading GSP supplier; GSP imports from Korea and Brazil, the other two large GSP suppliers, showed annual increases over the period. GSP imports from Mexico rose from \$3.9 million in 1982 to peak at

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\$4.8 million in 1983, and then declined to \$4.0 million in 1985. GSP imports from Korea rose from \$25,000 in 1982 to \$558,000 in 1985, and imports from Brazil rose from zero in 1982 to \$423,000 in 1985. Together these three suppliers accounted for more than 99 percent of the value of GSP imports in 1985 and January–June 1986.

Imports of toy balloons from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country 1/</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Mexico.....	4,245	52
Republic of Korea....	592	7
Brazil.....	435	5
Thailand.....	36	<u>2/</u>
Malaysia.....	<u>7</u>	<u>2/</u>
Total (GSP).....	5,315	65

1/ Imports from Hong Kong and Taiwan are ineligible for GSP treatment.

2/ Less than 0.5 percent.

Almost all imports of balloons during 1981–85 were latex balloons. Korea and Taiwan did supply a small number of foil balloons to the United States, but these balloons were reportedly of low quality, with a large percentage having walls that were too thick to allow the balloons to float. Latex balloons from Mexico and Taiwan tend to be thin-walled balloons, and those from Korea and Brazil tend to be thicker-walled.

Conditions of competition

U.S. producers of balloons concentrate on a number of different market segments in order to compete domestically. As indicated previously, foil balloons are marketed primarily as floating balloons and imports do not

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generally compete with the domestic goods because they do not float. However, at least one major U.S. producer is trying to expand the foil balloon market with smaller nonfloating decorative balloons. The Korean and Taiwan suppliers' current inability to consistently produce foil balloons that are thin enough to float is not a factor in this market segment, and imports from these suppliers could well compete solely on a price basis. Foil balloons wholesale at approximately 10 times the price of comparably-sized latex balloons.

The * * * * * compete primarily in the children and adult play and party markets with packages of eight or more balloons sold primarily in super markets, drug stores, and discount chains. Balloons in this market need not be as thickly walled as those intended for inflation with helium, and it is in this market that most imports compete, particularly those from Mexico and Taiwan. Imports from both suppliers compete on one basis, that of price. Taiwan is reported to be able to undercut prices on comparably-sized domestic products by 20 percent. The remaining major U.S. producers manufacture thicker-walled balloons that compete in the higher scale package balloon market, such as gift shops, the premium and advertising markets, including printed balloons, and the inflated balloon markets, such as carnival, street vendors, florists, home delivery services, etc. Even in these markets there is intentional differentiation and segmentation—one major latex producer does all its own printing on balloons, in order to sell directly to advertising firm, whereas until recently, one of the largest manufacturers refused to sell its balloons for printing. It is in these markets that the thick-walled imports from Canada, Korea, Brazil, and 7

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Belgium compete; those from Canada and Belgium on the basis of quality and unique size or design, and those from Korea and Brazil on the basis of price. Imports from Korea are reported to undercut the price of comparably-sized domestic balloons by 20 to 30 percent, which allows them to compete in the packaged balloon market as well. Although imports of latex balloons from Korea have experienced rapid growth, an apparently undeserved reputation for low quality had somewhat countered the price advantage. This reputation appears to be fading.

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Imports from

Brazil, Korea, and Taiwan have been the primary competition to imports from Mexico.

Although advertisers and the larger retailers may import directly or buy balloons directly from the manufacturer or importer, most balloons are sold through 20 master distributors, many of which also sell balloon hardware for use in inflating balloons. Furthermore, most of these distributors will import to some extent; this ranges from a firm that will buy only a few types of balloons not produced domestically to firms that import the major part of their product lines.

Position of interested parties

The petitioner, the National Latex Products Company of Ashland, OH, withdrew their petition with respect to Korea on September 25, 1986. National

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Latex continued their petition concerning Taiwan because even though Taiwan has not had GSP-eligibility for these products since 1979, some imports from Taiwan were reported in official statistics of the U.S. Department of Commerce as having entered duty-free under the GSP in 1983, 1984, and 1986. 1/

The Korea Consumer Goods Exporters Association submitted a brief in opposition to the petition to remove GSP eligibility for imports of toy balloons from Korea, on the grounds that the Korean balloon industry is in its infancy, imports from Korea in 1985 accounted for at most only 1 percent of the U.S. market, and Korean balloons are sold primarily in markets abandoned by U.S. producers, and, therefore, imports from Korea represent no competitive threat to the U.S. industry.

1/ A small amount of imports of toy balloons from Taiwan were reported in official statistics as having entered duty-free under the GSP in 1983, 1984, and 1986 (e.g., imports valued at \$2,904, or 0.4 percent of the total from Taiwan, were reported as GSP imports from Taiwan during Jan.-June 1986). However, these "GSP" imports are believed to be the result of statistical coding or reporting errors only; there is no evidence that duties were not collected on all imports of toy balloons from Taiwan.

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Table A.—Toy balloons: U.S. producers' shipments, exports of domestic merchandise, imports for consumption, apparent consumption, 1981–85, January–June 1985, and January–June 1986

(Value in thousands of dollars)					Ratio (percent) of imports to consumption 3/
Year	Producers' shipments 1/	Exports 2/	Imports	Apparent consumption 3/	
1981.....	72,000		4/	4/	4/
1982.....	79,500		5,119	77,119	7
1983.....	83,000		6,981	83,481	8
1984.....	86,000		7,109	93,109	8
1985.....	96,000		8,231	98,231	8
January–June:					
1985.....	4/		3,962	4/	4/
1986.....	4/		4,739	4/	4/

1/ Estimated by the staff of the International Trade Commission based on data supplied by U.S. industry representatives and official statistics of the U.S. Department of Commerce.

2/ Not available, estimated to be negligible.

3/ Calculated without export data.

4/ Not available.

Source: Official statistics of the U.S. Department of Commerce, except as noted.

Table B.--Toy balloons: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	(In thousands of dollars)					
	1981 1/	1982	1983	1984	1985	January-June-- 1985 1986
Mexico-----		4,066	4,813	4,450	4,245	2,067
Taiwan-----		594	1,043	1,038	1,318	637
Canada-----		170	490	634	908	453
Korea-----		25	155	155	592	263
Brazil-----		-	37	148	435	260
Belgium-----		-	12	49	311	88
Austral-----		-	-	186	109	37
Hg Kong-----		26	60	64	95	26
All other-----		239	371	384	217	131
Total-----		5,119	6,981	7,109	8,231	3,962
						4,739

1/ Not available.

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

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Table C.—Toy balloons: U.S. imports for consumption under the GSP, by principal GSP source, 1981–85, and January–June 1986

(Value in thousands of dollars)						
Source	1981 1/	1982	1983	1984	1985	January–June 1986
Mexico.....		3,881	4,813	4,382	4,043	2,032
Republic of Korea..		25	142	155	558	461
Brazil.....		—	36	148	423	328
Thailand.....		144	71	45	36	16
Malaysia.....		22	43	19	7	8
Singapore.....		—	—	—	—	4
Macao.....		—	6	—	—	—
All other.....		—	—	—	—	—
Total.....		4,072	5,112	4,748	5,067	2,848

1/ Not available.

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

Note.—This table contains actual GSP imports only (i.e., "CSC 4" trade data). Because of rounding, figures may not add to totals shown.

CERTAIN METAL UMBRELLA FRAMES AND SKELETONS

DIGEST NO. C113

CERTAIN METAL UMBRELLA FRAMES AND SKELETONS
DIGEST NO. C113 (GSP GRADUATION)

Background

Description and uses

This digest includes metal umbrella frames and skeletons designed principally for beach and patio umbrellas. These articles consist of a radiating frame which collapses around a central supporting shaft. Additional material, usually fabric, paper, or plastic, is attached to the frame to form a completed umbrella. These items are only a part of the entire tariff number which includes all metal parts for umbrellas, walking sticks, canes, seat sticks and riding crops.

The TSUS item number for the articles under investigation is provided below along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

Umbrella frames and skeletons: TSUS item number, description, tariff rate information, U.S. imports in 1985, and the GSP competitive status

		Col. 1 rate of duty effective during—				
TSUS item No.	Description	1981	1985	1987		
		Percent				
751.2015	Metal parts for umbrellas, walking sticks, canes, seat sticks and riding crops.	24%	12%	12%		
		<table><tr><td>U.S. imports in 1985 (\$1,000)</td><td>Product pro- duced in U.S., Jan. 3, 1985</td></tr></table>			U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985
U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985					
751.2015	Metal parts for umbrellas, walking sticks, canes, seat sticks and riding crops.	4,356	Yes. <u>1/</u>			

1/ There are no known producers of metal umbrella frames and skeletons for hand-held umbrellas chiefly used for protection against the rain.

U.S. customs treatment

Metal frames and skeletons for umbrellas are classified under TSUS item 751.20, a basket provision which includes all metal parts for umbrellas, walking sticks, canes, seat sticks, whips and riding crops. Prior to January 1, 1985 imports for all umbrella frames and skeletons of metal were classified under the provisions of TSUSA item 751.2020. As a result of a 484(e) petition, separate statistical breakouts were created effective January 1, 1985 for metal frames and skeletons for hand-held umbrellas chiefly used for protection against rain (TSUSA item 751.2005) and metal frames and skeletons for other umbrellas, including patio and beach umbrellas (TSUSA item 751.2015). Because there is no U.S. production of metal umbrella frames for hand-held umbrellas chiefly used for protection against the rain, legislation was passed which temporarily suspends the duty on these items (in TSUSA item 751.2005) and classifies them under the provisions of TSUS item 912.45 in part 1-B of schedule 9, Appendix to the Tariff Schedules. TSUS item 751.20 has been eligible for GSP since 1976 and Taiwan qualified for GSP status under the de minimus waiver until April 1, 1984 when Taiwan exceeded the de minimus waiver total and lost GSP eligibility. On June 30, 1985, after the levels for the de minimus waiver were raised, Taiwan regained its GSP eligibility.

U.S. producers and employment

There are believed to be an estimated 8 to 10 companies that manufacture umbrella frames for larger umbrellas, such as patio or beach umbrellas, although 4 companies account for the bulk of domestic production. These

companies generally maintain their own metal works and usually produce complete lines of patio, garden, and beach furniture, including chairs and tables. Less than an estimated 1,000 persons are employed by the industry producing patio and beach umbrella skeletons.

U.S. consumption and production

Because of the unavailability of separate import data prior to 1985, there is no estimated U.S. consumption until 1985, when consumption was estimated at *** (table 4). U.S. producers' shipments of umbrella frames and skeletons of metal for beach and patio umbrellas were erratic during the period, rising from *** frames in 1981 to *** frames in 1983, then declining to *** frames in 1985. In terms of value, the ratio of imports to consumption is estimated at ***.

U.S. exports

U.S. exports of metal frames and skeletons for beach and patio umbrellas were also erratic in the period 1981-85. In terms of quantity, exports increased from *** frames in 1981 to *** frames in 1982, then declined to *** frames in 1985 (table 1). In terms of value, exports increased from *** in 1981 to *** in 1982, then declined sharply to *** in 1985. Exports of all parts of umbrellas, whips, riding crops, and canes also declined during the period, falling from *** in 1981 to *** in 1985.

U.S. imports

Separate data on U.S. imports of metal frames and skeletons for patio and beach umbrellas are not available prior to January 1, 1985. Data for 1985

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show U.S. imports of these articles at 634,000 frames valued at \$2.3 million (table A). Industry sources and U.S. Customs' officials believe that these data are somewhat overstated and may contain imports of umbrella frames for hand-held umbrellas chiefly used for protection against the rain. Imports of all metal parts for umbrellas, whips, riding crops, and canes have increased sharply from 1981-85, rising from \$654,000 to \$4.4 million, with Taiwan supplying 97 percent of total imports in 1985 (table C). GSP imports nearly tripled from 1981-85, rising from \$611,000 to \$1.7 million (table D). Taiwan was the principal supplier of such imports, accounting for 99 percent of GSP imports in 1985, up from 80 percent in 1981. GSP imports also increased sharply for the first six months of 1986, totaling \$4.1 million, more than double the total for 1985. Virtually all of the increase was accounted for by imports from Taiwan and consisted of metal umbrella frames.

Imports of parts of umbrellas, whips, riding crops, and canes (TSUS item 727.20) from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Taiwan.....	4,239	97
Korea.....	9	<u>1/</u>
Hong Kong.....	7	<u>1/</u>
Total.....	4,255	98

1/ Less than 0.5 percent.

Conditions of competition in the U.S. market

Metal frames and skeletons for patio and beach umbrellas are a speciality product, sold only to manufacturers of beach and patio umbrellas. Because these frames contain so many different parts and are generally assembled by ⁴

hand, the manufacturing process is highly labor intensive. The low cost of labor in Taiwan enables it to be very price competitive on these articles even though the quality of the frame may be somewhat lower than that for a domestically produced frame. Since these items are only components used in a manufacturing process, U.S. manufacturers purchase the frames for use in their patio and beach umbrellas, rather than manufacture the frame itself or buy a domestically-produced one.

Position of interested parties

Petitioners in this case are 2 domestic producers, Almet/Lawnlite and California Umbrella. These two companies are among the largest beach and patio umbrella manufacturers in the United States; they also produce frames. They contend that imports of metal frames for patio and beach umbrellas from Taiwan under the GSP are injuring their domestic production of the frames in two ways. First, the petitioners are not selling actual frames to other manufacturers and second, by utilizing imported components, other manufacturers are able to sell their patio and beach umbrellas at a lower price. These companies want to eliminate GSP eligibility for Taiwan on metal frames and skeletons for patio and beach umbrellas (TSUSA item 751.2015). These companies are aware that there is no domestic production of metal frames for hand-held umbrellas and are not opposed to imports of these items (TSUS item 751.2005) from Taiwan entering free of duty.

The Government of Taiwan submitted a brief in opposition to the petition by Almet/Lawnlite and California Umbrella Co. with regards to imports of certain metal umbrella frames and skeletons from Taiwan. The brief states

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that there is no indication that the U.S. industry producing these frames is being adversely affected by imports. They also allege that the import situation is difficult to assess since there exists no reliable data on U.S. imports of patio and beach umbrella frames. Also, they believe that the removal of Taiwan from GSP benefits would adversely affect both U.S. producers and those in Taiwan.

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Table A.—Umbrella frames and skeletons of metal for beach and patio umbrellas: U.S. producers' shipments, exports, imports, apparent consumption, and ratio of imports to consumption, 1981-85

Year	Producers' shipments 1/	Exports 2/	Imports	Apparent consumption	Ratio (percent) of imports to consumption
(Quantity in thousands of units)					
1981....	***	***	3/	NA	NA
1982....	***	***	3/	NA	NA
1983....	***	***	3/	NA	NA
1984....	***	***	3/	NA	NA
1985....	***	***	634 4/	***	***
(Value in thousands of dollars)					
1981....	***	***	3/	NA	NA
1982....	***	***	3/	NA	NA
1983....	***	***	3/	NA	NA
1984....	***	***	3/	NA	NA
1985....	***	***	2,266 4/	***	***

1/ Estimated by the staff of the International Trade Commission.

2/ Based on data supplied by the petitioner.

3/ Separate import statistics were unavailable prior to Jan. 1, 1985.

4/ Industry sources and Customs officials feel that these figures are somewhat overstated.

Source: Based on information supplied by the petitioners and from official statistics of the U.S. Department of Commerce, except as noted.

Table B.---Parts of umbrellas, whips, riding crops, and canes: U.S. exports of domestic merchandise, by principal markets, 1981-85, January-June 1985, and January-June 1986

Market	(In thousands of dollars)					
	1981	1982	1983	1984	1985	January-June-- 1985 1986
Japan	9	-	-	1	345	137
Canada	396	364	5	346	108	40
Kor Rep	-	3	363	6	22	50
Mexico	22	14	24	8	19	4
N Zeal	-	-	-	32	9	61
Haiti	1	-	-	-	8	-
U King	60	51	28	9	5	-
France	-	-	2	-	4	-
All other	208	122	80	89	11	53
Total	696	555	503	491	532	177

1/ Less than 500.

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

Table C.--Metal parts of umbrellas, whips, riding crops, and canes: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	(In thousands of dollars)					
	1981	1982	1983	1984	1985	January-June-- 1985 1986
China t-----	498	1,012	1,957	4,010	4,239	2,137 4,279
Italy-----	3	-	8	28	58	24 5
Canada-----	-	-	17	26	31	25 5
U King-----	11	14	12	20	10	- 5
Kor Rep-----	91	37	36	44	9	4 7
Hg Kong-----	17	12	3	4	7	- 6
Fr Germ-----	22	24	35	10	2	- 3
France-----	-	5	10	5	1	1 13
All other-----	14	1	5	45	-	-
Total-----	654	1,107	2,084	4,192	4,356	2,198 4,323

1/ Less than 500.

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

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Table D.—Metal parts for umbrellas, whips, riding crops, and canes (TSUS item 751.20): U.S. imports for consumption under the GSP, by principal GSP source, 1981–85, and January–June 1986

(Value in thousands of dollars)						
Source	1981	1982	1983	1984	1985	January–June 1986
Taiwan.....	489	983	1,930	1,923	1,728	4,105
Korea.....	91	37	36	28	9	3
Hong Kong....	17	12	1	4	7	—
All other....	14	—	—	42	—	11
Total....	611	1,032	1,967	1,997	1,744	4,119

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

Note.—This table contains actual GSP imports only (i.e., "CSC 4" trade data).

MISCELLANEOUS PLASTICS PRODUCTS MADE OF MELAMINE

DIGEST NO. C114

MISCELLANEOUS PLASTICS PRODUCTS MADE OF MELAMINE
DIGEST NO. C114 (GSP Graduation)

Background

Description and uses

The imported products from Taiwan consist of tableware made of melamine, a synthetic plastic. Such tableware includes various kinds of plates, cups, saucers, and bowls. The imported product also includes various serving pieces such as platters, vegetable dishes, sugar bowls, creamers, and trays. These articles are chiefly used for preparing, serving, or storing food or beverages. The products are sold to institutional users such as hospitals, prisons, and schools, and directly in the retail housewares market.

The TSUS item numbers for the articles under investigation are provided on the following page along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status.

U.S. customs treatment

Imports from Taiwan under TSUS item Nos. 772.06 and 772.09 currently enter the United States duty free under the Generalized System of Preferences (GSP) Program. TSUS item No. 772.06, of which melamine tableware is a part, has been eligible for duty-free treatment under the GSP since the initiation of the Generalized System of Preference program in 1976. Taiwan has not exceeded the competitive-need limit in imports under item No. 772.06 during the period 1978-85.

Similarly, TSUS item 772.09, which includes melamine trays, also became eligible for duty-free treatment under the GSP on January 1, 1976, and has not exceeded the competitive-need limits during 1976-85.

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Miscellaneous plastics products made of melamine: TSUS item number, description, tariff rate information, U.S. imports in 1985 and the GSP competitive status

TSUS item No.	Description	Col. 1 rate of duty effective during—		
		1981	1985	1987
		Percent ad valorem		
	Articles chiefly used for pre- paring, serving, or storing food or beverages, or food or beverage ingredients; and household articles not specially provided for; all the foregoing of rubber or plastics:			
772.06(pt.)	Plates, cups, saucers, soup bowls, cereal bowls, sugar bowls, creamers, gravy boats serving dishes and platters.	7¢ per lb. + 8%	2¢ per lb. + 8%	7%
772.09(pt.)	Trays,.....	7.7%	6.1%	5.3%
		U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985	
	Articles chiefly used for pre- paring, serving, or storing food or beverages, or food or beverage ingredients; and household articles not specially provided for; all the foregoing of rubber or plastics:			
772.06(pt.)	Plates, cups, saucers, soup bowls, cereal bowls, sugar bowls, creamers, gravy boats serving dishes and platters.	12,366	Yes.	
772.09(pt.)	Trays,.....	12,163	Yes.	

U.S. producers and employment

There are 15 known manufacturers of melamine tableware products in the United States. The trade group representing several U.S. producers of melamine tableware estimated that 95 percent of U.S. production destined for the institutional market for melamine tableware is produced by the following three U.S. firms: the National Plastics Corporation, P.O. Box 568, Port Gibson, MS. 39158; Plastics Manufacturing Company, 2700 South Westmoreland, P.O. Box 24645, Dallas, TX. 75224; and Silite Incorporated, 2600 North Pulaski Road, Chicago, IL. 60639. Total employment by these firms is estimated at approximately * * * workers.

U.S. consumption and production

No official statistics are available for consumption and production of melamine tableware. However, statistics provided by the association representing several U.S. melamine producers provided the following estimates of U.S. production during 1983-85:

<u>1983</u>	<u>1984</u>	<u>1985</u>
<u>—Millions of U.S. dollars—</u>		
***	***	***

These production values represent "value of sales" and are only estimates as some producers of melamine furnished production data for both the institutional and housewares (retail) market while others reported values only for melamine products destined for the institutional market. The ratio of imports to consumption was 29 percent in 1983 and rose to 50 percent by the end of 1985 (table A).

U.S. exports

No official statistics are available from published sources on U.S. exports of melamine tableware because these products are classified under a residual Schedule B item number. However, the industry trade association representing several melamine producers stated that most of their members did not export melamine tableware. However, one firm did annually export approximately * * * percent of its production during 1983-85. Overall, exports of these products are assumed to be negligible compared with U.S. consumption.

U.S. imports

The aggregation of all imports under TSUS items 772.06 and 772.09 is shown in table B. During 1981-85, aggregate imports from Taiwan increased from \$799,000 to \$4.4 million, or by 451 percent. The other major sources of imports were Japan, Hong Kong, and Italy. In 1985, aggregate imports from Taiwan, the major source of GSP imports, represented 18 percent of imports from all sources. On the basis of trade under the GSP program, Taiwan supplied 38 percent of GSP imports under item 772.06 in 1985 (\$3.6 million out of \$9.3 million in total GSP imports). In 1985, Taiwan supplied 40 percent of GSP imports under item 772.09 (\$789,000 out of \$2.0 million in total GSP imports). Overall, GSP imports from all sources represented 76 percent of total imports under item 772.06 in 1985 and 16 percent of total imports under item 772.09.

No published data are available on importation of melamine tableware into the United States as these products are classified in basket TSUS item numbers.

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However, the petitioner estimates that about 90 percent of imports under item 772.06 and 50 percent of imports under item 772.09 consist of melamine. All industry sources, however, indicate an inability to quantify precisely actual imports of melamine tableware and trays into the United States.

Imports of rubber or plastics tableware (item 772.06) from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Taiwan.....	3,595	38
Hong Kong.....	2,563	27
Costa Rica.....	1,246	13
Venezuela.....	694	7
Mexico.....	390	4%
Dominican Republic...	350	4%
Thailand.....	207	2%
Korea.....	77	1
Other GSP.....	231	3
Total.....	9,354	99 1/

1/ Total does not add to 100 percent because of rounding.

Imports of rubber or plastics trays (item 772.09) from GSP beneficiary countries in 1985 are shown in the following tabulation (in thousands of dollars):

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<u>GSP country</u>	<u>1985 imports</u>	<u>Percent of total imports</u>
Taiwan.....	\$789	40
Korea.....	519	26
Hong Kong.....	305	15
Sri Lanka.....	109	5
Jamacia.....	97	5
Argentina.....	66	3
Thailand.....	65	3
Mexico.....	18	1
Other GSP.....	29	2
Total.....	1,997	100

Conditions of competition in U.S. market

The U.S. market for melamine tableware can be divided into two parts: the institutional market, which comprises sales to institutional customers such as school systems, hospitals, cafeterias; and retail housewares market, which comprises sales to retailers who in turn sell to household consumers. Approximately * * * percent of total melamine tableware sales are to the institutional market, the remaining * * * percent is sold to retail establishments. Approximately 95 percent of domestic production destined for the institutional market is accounted for by three U.S. firms.

The manufacturers of institutional melamine tableware sell their products primarily to food service equipment dealers and distributors. The dealers and distributors then resell the tableware to various restaurants, schools, and hospitals. Sales often take place through competitive bidding, and the three domestic producers are competitive with each other.

The domestic producers of melamine experience competition from Taiwanese imports, which have increased significantly during 1981-85. The petitioner claims that melamine tableware from Taiwan is currently being sold in the United States at list prices ranging from 20 to 36 percent below the prices set for similar U.S. products and that their members production has decreased anywhere from * * * percent to * * * percent during the period 1983 to 1985. There are conflicting claims about the quality of the imported products relative to those of domestic manufacture.

Position of interested parties

The petitioner, the American Melamine Institutional Tableware Association, has requested that melamine tableware and trays from Taiwan be removed from the list of products eligible for duty-free treatment under the GSP. The petitioner estimates that its members account for approximately 95 percent of the domestic production of melamine tableware and trays destined for the institutional market. The petitioner believes that melamine tableware and trays from Taiwan compete directly with domestically produced melamine tableware, and that Taiwanese imports pose similar problems in both the institutional and retail markets. Accordingly, the petitioner requests that all melamine tableware and trays from Taiwan imported under TSUS No. 772.03, 772.06, 772.09, and 772.15 be removed from the list of GSP-eligible articles.

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The Board of Foreign Trade of the Republic of China on Taiwan and the Ad Hoc Committee of American Producers, Distributors, and Importers of Melamine Tableware and Trays, oppose the removal of duty-free treatment from Taiwan under the GSP for imports of melamine tableware and trays. Counsel for the respondents state that the continuance of duty-free treatment under the GSP for Taiwan would have no adverse affect on U.S. producers or the U.S. economy, but would be a substantial benefit to U.S. consumers. Counsel for the respondents also state that imports of melamine tableware and trays are of significantly better quality than the U.S. produced product. Finally, counsel for the respondents state that because of the traditional oriental patterns found on melamine dinnerware from Taiwan, imports from this country are supplying customers with very traditional Oriental tastes and demands. The net effect is that imported melamine tableware competes in different markets for different customers than U.S.-produced melamine products.

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Table A.—Miscellaneous plastics products made of melamine: U.S. producers' domestic shipments, imports for consumption, and apparent U.S. consumption, by sources, 1981–1986

(Value in thousands of dollars)

Year	U.S. production 1/	Exports	Imports 2/	Apparent consumption 3/	Ratio (percent) of imports to consumption 4/
1981....	5/	5/	4,800	5/	5/
1982....	5/	5/	6,600	5/	5/
1983....	18,500	5/	7,700	26,200	29
1984....	18,100	5/	13,500	31,600	43
1985....	17,100	5/	17,200	34,300	50
Jan.—June—					
1985..	5/	5/	8,100	5/	5/
1986..	5/	5/	11,100	5/	5/

1/ Production values based on estimates provided by American Melamine Institutional Tableware Association.

2/ Estimated trade in imports based on melamine being 90 percent of trade in TSUS item 772.06 and 50 percent of trade in TSUS item 772.09, as suggested by staff estimates as noted above.

3/ Sum of estimated imports and estimated production on the assumption that exports are not significant.

4/ In view of potential nature of imports and consumption, these ratios should be used with caution.

5/ Not available.

Source: U.S. International Trade Commission staff estimates.

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Table B.—Miscellaneous plastics products made of melamine: U.S. imports for consumption, by principal sources, 1981–85, and January–June 1985, and January–June 1986

Source	Value (1,000 dollars) 1/					January–June—	
	1981	1982	1983	1984	1985	1985	1986
Taiwan.....	799	833	1,132	2,743	4,385	1,804	5,218
Japan.....	2,389	2,573	4,812	9,103	9,043	4,169	3,064
Hong Kong.....	1,262	2,263	1,305	2,477	2,867	1,582	2,088
Italy.....	592	896	983	1,255	1,390	638	505
Costa Rica....	138	270	556	898	1,257	596	589
Canada.....	328	231	307	553	856	543	358
Venezuela.....	10	7	20	150	694	439	379
Korea.....	148	266	317	520	597	263	187
All other.....	1,343	1,891	2,196	2,513	3,440	1,430	2,075
Total.....	7,009	9,231	11,628	20,211	24,529	11,465	14,465

1/ Values represent aggregated imports in TSUS items 772.06 and 772.09. This is a more inclusive category than that covered by production made of melamine.

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

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Table C.—Miscellaneous plastics products made of melamine: U.S. imports for consumption under the GSP, by principal GSP source, 1981–85, and January–June 1986

Value (1,000 dollars) 1/						
Source	1981	1982	1983	1984	1985	January–June 1986
Taiwan.....	785	821	1,090	2,673	4,297	5,109
Hong Kong.....	1,224	2,227	1,287	2,423	2,784	2,053
Costa Rica.....	138	270	539	887	1,216	580
Venezuela.....	2/	2/	15	135	693	81
Korea.....	139	255	364	498	593	179
Mexico.....	96	246	36	327	399	175
Dominican Republic..	2/	254	292	200	340	108
Thailand.....	70	74	90	76	252	244
All other.....	81	138	153	203	508	491
Total.....	2,533	4,285	3,866	7,422	11,082	9,020

1/ Values are trade accorded GSP status an entry under TSUS items 772.06 and 772.08.

2/ Less than \$500.

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

Note.—This table contains actual GSP imports only (i.e., "CSC 4" trade data).

CERTAIN SURFACE--ACTIVE FATTY ACID DERIVATIVES

DIGEST NO. D101

CERTAIN SURFACE--ACTIVE FATTY ACID DERIVATIVES 1/
DIGEST NO. D101

Background

Description and uses

Products properly classified under TSUS item 465.05 are the polyhydric alcohol esters of certain fatty acids. However it is believed that it is the coconut oil fatty acids that are currently entering under TSUS item 465.05. These items, which are straight-chain monocarboxylic acids containing at least six carbon atoms in the chain, should instead be classified in TSUS item 490.24.

The most common components of these coconut oil acids are lauric and myristic acids, together accounting for approximately 65 percent of the total fatty acid composition. 2/ These fatty acids are used primarily in the production of surface-active agents for detergents and inclusion in other products such as industrial lubricants and greases. They may also be used along with the less harsh fatty alcohols (a derivative of the fatty acids) in certain cosmetics or toiletries.

The TSUS item numbers for the articles under investigation are provided in the following tabulation along with information on U.S. tariff rates, U.S. imports in 1985, and the GSP competitive status. 3/

1/ It has been determined through contacts with importers of the material and the U.S. Customs Service that the material in question is not as described by the petitioner for the waiver of the competitive-need limit. The material which entered under TSUS item no. 465.05 from the Philippines during 1984-86 was the coconut oil fatty acids, which should have been classified, according to the importer, in TSUS item no. 490.24, fatty acids of coconut oil, palm oil, or palm-kernel oil.

2/ U.S. International Trade Commission, USITC Pub. No. 841, Summary of Trade and Tariff Information, Fatty Acids of Animal or Vegetable Origin, July 1981.

3/ Information is being provided for TSUS item nos. 465.05 and 490.24. The importer currently is attempting to correct the current classification situation by having the material currently classified in TSUS item no. 465.05 moved to TSUS item no. 490.24.

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Certain surface-active fatty acid derivatives: TSUS item number, description, tariff rate information, U.S. imports in 1985, and the GSP competitive status

		Col. 1 rate of duty effective during—		
TSUS item No.	Description	1981	1985	1987
		Percent ad valorem		
465.05	Certain surface-active fatty acid derivatives.	8.1%	7.0%	1/
490.24	Fatty acids derived from coconut, palm-kernel, or palm oil.	5%	5%	5%
		U.S. imports in 1985 (\$1,000)	Product pro- duced in U.S., Jan. 3, 1985	
465.05	Certain surface-active fatty acid derivatives.	10,680	Yes.	
490.24	Fatty acids derived from coconut, palm-kernel, or palm oil.	10,471	Yes.	

1/ Not applicable.

U.S. customs treatment

The material, which was the subject of the petition for this digest, is currently classified as a surface-active agent in TSUS item 465.05. However, according to the major importer of record, * * * an error was made by the import broker, which resulted in the material being incorrectly placed in TSUS item 465.05 instead of TSUS item 490.24, which includes coconut oil fatty acids.

U.S. producers and employment

U.S. producers of fatty acids use various feedstocks, such as tallow (beef fat), lard (hog fat), coconut oil, palm oil, palm kernel oil, babassu oil, byproducts of the sulfate (kraft) process of pulping, and cooking oils recovered from fast food restaurants and institutional kitchens. Most U.S.

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producers are not limited to a single feedstock and change feedstocks in response to availability and market conditions and to the varying product specifications of their sales. Approximately 25–50 percent of all fatty acids produced in the United States are further processed into salts, esters, ethers, and other derivatives, either captively or by other producers in the fatty acids industry.

Of the 25 to 30 U.S. producers of fatty acids, * * * are believed to regularly use coconut oil in their operations. Fatty acid producers (the first step in chemically utilizing fats and oils) typically produce fatty alcohols, fatty amines, and other derivatives. Some producers may have an orientation toward one particular fat or oil feedstock, or instead may use a range of feedstocks.

Total employment in SIC 2899, which includes the fatty acids industry, was reported to be slightly less than 40,000 workers in the 1982 Census of Manufacturers. The number or proportion of these workers employed in the production of coconut oil fatty acids is not available, but is believed to represent less than 5 percent.

U.S. consumption and production

About * * * were manufactured in the United States in 1985, plus * * * fractionated fatty acids that might reasonably have been derived from coconut oil, for a total of * * *. * * *.

Information on consumption, as distinguished from production, is not available, because successive stages of production, often by different firms, is difficult to estimate and prone to double counting.

U.S. exports

U.S. exports of coconut oil fatty acids are classified in Schedule B item 490.3420, along with other fatty acids derived from animal or vegetable materials. ^{1/} Total exports in that classification increased from 18.5 million pounds valued at \$10.1 million in 1981, to 27.2 million pounds valued at \$9.5 million in 1983. Exports declined during 1984-85 to 14.7 million pounds, valued at \$7.9 million, primarily owing to the entrance into the world fatty acid market of several Far East nations, such as the Philippines and Malaysia. U.S. industry sources reported that in 1985, the U.S. fatty acids industry exported * * * of whole coconut oil acid products as such, plus * * * of fractionated products reasonably derivable from coconut oil. In addition, an unknown amount of derivative products of coconut oil fatty acids were exported.

U.S. imports

U.S. imports of coconut oil fatty acids from the Philippines, both the major overall and the major GSP source of this item, began in 1984. Total imports increased from \$6.0 million to \$12.2 million during 1981-85 (table A). However, those imports from the Philippines, which entered under TSUS item 465.05, were eliminated from GSP eligibility in October 1985 as the

^{1/} It is not clear what share of these exports are of coconut oil fatty acids; or if these items are classified in any other schedule B items.

competitive-need limit was exceeded. Total imports of these materials reported in TSUS item 465.05 in 1984 were 7.8 million pounds valued at \$5.1 million and increased in 1985 to 27.6 million pounds valued at \$10.7 million (table B-1). Imports of these materials under GSP from the Philippines were also reported in TSUS item 490.24; imports in 1984 from the Philippines under TSUS item 490.24 were 4.2 million pounds, valued at \$2.0 million, and in 1985 were 5.8 million pounds, valued at \$2.0 million (table B-2).

The following tabulation shows, for TSUS items 465.05 and 490.24, the GSP imports and their sources during 1984-85, January-June 1985, and January-June 1986 (in thousands of dollars):

	<u>1984</u>	<u>1985</u>	<u>January-June</u> <u>1985</u>	<u>1986</u>
TSUS 465.05:				
GSP imports:				
Philippines....	2,631	6,912	3,830	—
Malaysia.....	—	644	635	155
Other:				
Philippines....	—	657	—	836
Other.....	2,487	2,467	1,007	1,544
Total.....	5,118	10,680	5,472	2,535
TSUS 490.24:				
GSP imports:				
Philippines....	2,001	2,016	1,525	505
Malaysia.....	2,184	1,470	944	1,694
Other.....	6,929	6,985	4,739	2,535
Total.....	11,114	10,471	7,208	4,734

Conditions of competition in U.S. market

Fatty acids are incorporated in formulated products, usually as a minor constituent, though they often represent a significant element of ingredient cost. Fatty acids are often bought/sold on specifications agreed upon between

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the buyer and the seller rather than on fully standardized commodity specifications. U.S. producers, because of their proximity and variable range of feedstocks (either natural or synthetic), may have a competitive advantage when compared with the Philippine producers. Strong technical backup, i.e., problem resolution, assistance in formulation, etc., characterize much of the domestic industry and are considered a non-price competitive advantage. The Philippine producers, however, have a locational advantage with respect to the use of coconut oil as a raw material, both in terms of cost and freshness of the oil to be processed. Custom tailoring of products and partial formulation are services more often available from domestic producers than from foreign suppliers. Other than these non-price factors, price is the most important factor of competition. * * *

Position of interested parties

The petitioner for this item is the Government of the Philippines. Several U.S. producers of fatty alcohols, a direct product of the fatty acids and a competitor for the market segment shared by these fatty acids and/or fatty acid esters, have voiced opposition, primarily related to the condition of the petition and the inability to intelligently respond to the positions of the petitioner.

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Table A.--Certain surface-active fatty acid derivatives: U.S. producer's domestic shipments, imports for consumption, and apparent consumption, 1981-85, January-June 1985, and January-June 1986 1/

Period	U.S. domestic production	Imports	Apparent consump- tion	Ratio to consumption of--	
				Production	Imports
		\$1,000		Percent	
1981.....	<u>2/</u>	6,035	<u>2/</u>	<u>2/</u>	<u>2/</u>
1982.....	<u>2/</u>	4,705	<u>2/</u>	<u>2/</u>	<u>2/</u>
1983.....	<u>2/</u>	6,967	<u>2/</u>	<u>2/</u>	<u>2/</u>
1984.....	<u>2/</u>	12,977	<u>2/</u>	<u>2/</u>	<u>2/</u>
1985.....	<u>3/</u>	12,207	<u>3/</u>	<u>3/</u>	<u>3/</u>
January-June--					
1985.....	<u>2/</u>	7,909	<u>2/</u>	<u>2/</u>	<u>2/</u>
1986.....	<u>2/</u>	5,873	<u>2/</u>	<u>2/</u>	<u>2/</u>

1/ Import data is total imports under TSUS item no. 490.24 plus imports from the Philippines classified under TSUS item no. 465.05. There are no export data for the items being considered in this digest.

2/ Not available.

3/ [In 1985 there were approximately 80 million pounds of whole coconut oil acids produced in the United States plus a like quantity of fractionated fatty acids that might reasonably have been derived from coconut oil. The value of these materials, which may be considered to be competitive with the imported material from the Philippines, is estimated to have ranged from \$0.60-\$0.95 per pound. The value of domestic production of such materials in 1985 would have been between \$96 million and \$152 million. As there are negligible exports of the coconut oil fatty acids, apparent consumption would have been between \$108.2 million and 164.2 million in 1985; the ratio of production to apparent consumption would have been between 89 percent and 93 percent; and the ratio of imports to consumption would have been between 7 percent and 11 percent.]

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

Table B-1.--Certain surface-active fatty acid derivatives ^{1/}: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

Source	January-June--						
	1981	1982	1983	1984	1985	1985	1986
Quantity (1,000 pounds)							
Philippines....	0	0	0	5,256	23,105	10,276	8,490
FR Germany....	1,658	1,581	2,208	2,053	2,456	1,178	1,309
Malaysia.....	0	0	0	0	1,287	1,237	697
Denmark.....	0	0	384	245	417	206	293
France.....	4	6	66	187	170	84	81
Sweden.....	0	0	0	0	85	0	0
Japan.....	1	2	27	15	10	7	10
Switzerland....	25	20	7	1	11	0	0
All other.....	139	263	235	101	55	36	31
Total.....	1,827	1,872	2,927	7,827	27,595	13,026	10,911
Value (1,000 dollars)							
Philippines....	-	-	-	2,631	7,570	3,830	836
FR Germany....	1,547	1,396	1,773	1,863	1,736	701	1,139
Malaysia.....	-	-	-	-	644	635	155
Denmark.....	-	-	322	219	424	210	288
France.....	4	4	94	251	175	78	101
Sweden.....	-	-	-	-	87	-	-
Japan.....	4	5	21	31	22	11	14
Switzerland....	29	23	8	1	13	-	-
All other.....	125	153	203	121	10	7	3
Total.....	1,709	1,581	2,422	5,118	10,680	5,472	2,535
Unit value (per pound)							
Philippines....	-	-	-	\$0.50	\$0.33	\$0.37	\$0.10
FR Germany....	\$0.93	\$0.88	\$0.80	.91	.71	.59	.87
Malaysia.....	-	-	-	-	.50	.51	.22
Denmark.....	-	-	.84	.90	1.02	1.01	.98
France.....	.88	.65	1.42	1.35	1.03	.93	1.25
Sweden.....	-	-	-	-	1.02	-	-
Japan.....	3.48	2.33	.81	2.03	2.10	1.68	1.46
Switzerland....	1.14	1.16	1.26	.88	1.16	-	-
All other.....	.90	.58	.86	1.20	.18	.20	.09
Average...	.94	.84	.83	.65	.39	.42	.23

^{1/} The materials being considered in this digest are coconut oil fatty acids. This table, however, only contains data for TSUS item 465.05, the item specified by the petitioner. Import data for TSUS item 490.24 in which the coconut oil fatty acids are classified are shown in Table C.

Digest No.
D101--Con

Table B-2.--Certain surface-active fatty acid derivatives ^{1/}: U.S. imports for consumption, by principal sources, 1981-85, January-June 1985, and January-June 1986

	January-June--						
Source	1981	1982	1983	1984	1985	1985	1986
Quantity (1,000 pounds)							
FR Germany.....	5,349	4,619	5,697	7,976	8,507	6,041	3,064
Philippines....	0	0	0	4,246	5,795	3,249	550
Malaysia.....	946	1,267	1,629	5,228	4,359	2,175	8,129
Canada.....	591	434	1,111	410	1,168	367	599
Netherlands....	538	273	714	587	773	394	573
China.....	0	0	0	203	210	0	595
Denmark.....	802	424	1,585	1,268	367	37	124
Indonesia.....	0	0	33	0	1,097	1,097	0
All other.....	392	483	270	261	424	336	270
Total.....	8,617	7,500	11,039	20,179	22,702	13,696	13,904
Value (1,000 dollars)							
FR Germany.....	3,099	2,295	2,573	4,871	5,166	3,910	1,138
Philippines....	-	-	-	2,001	2,016	1,525	505
Malaysia.....	248	194	724	2,184	1,470	944	1,694
Canada.....	287	200	555	192	451	157	206
Netherlands....	253	160	353	343	383	246	231
China.....	-	-	-	311	349	-	791
Denmark.....	310	155	843	925	191	12	57
Indonesia.....	-	-	11	-	162	162	-
All other.....	291	306	135	287	282	250	111
Total.....	4,488	3,309	5,194	11,114	10,471	7,208	4,734
Unit value (per pound)							
FR Germany.....	\$0.58	\$0.50	\$0.45	\$0.61	\$0.61	\$0.65	\$0.37
Philippines....	-	-	-	.47	.35	.47	.92
Malaysia.....	.26	.15	.44	.42	.34	.43	.21
Canada.....	.49	.46	.50	.47	.39	.43	.34
Netherlands....	.47	.58	.50	.58	.50	.62	.40
China.....	-	-	-	1.53	1.66	-	1.33
Denmark.....	.39	.36	.53	.73	.52	.39	.46
Indonesia.....	-	-	.33	-	.15	-	.15
All other.....	.74	.63	.50	1.10	.67	.74	.41
Average...	.52	.44	.47	.55	.46	.53	.34

^{1/} The materials being considered in this digest are coconut oil fatty acids. This table only contains data for TSUS item No. 490.24, the proper classification for the item imported from the petitioner.

Digest No.
D101--Con

Table C.--Certain surface-active fatty acid derivatives 1/: U.S. imports for consumption under the GSP, by principal GSP sources, 1981-85, January-June 1985, and January-June 1986

	January-June--						
Source	1981	1982	1983	1984	1985	1985	1986
	Quantity (1,000 pounds)						
Philippines....	0	0	0	9,502	26,322	13,525	1,137
Malaysia.....	946	1,267	1,629	5,228	4,359	2,175	8,129
Indonesia.....	0	0	33	0	1,097	1,097	0
Singapore.....	0	0	0	0	131	131	47
Morocco.....	0	0	0	0	50	50	149
Taiwan.....	0	0	0	0	44	0	0
Mali.....	0	0	0	0	2	2	0
India.....	0	0	1	2	0	0	0
Thailand.....	0	0	10	0	0	0	0
Hong Kong.....	0	2/	0	0	0	0	0
Mexico.....	17	0	0	0	0	0	0
Turkey.....	0	0	0	0	0	0	6
Brazil.....	0	0	0	0	0	0	2
Total.....	963	1,267	1,677	14,732	32,005	16,980	9,470
	Value (1,000 dollars)						
Philippines....	-	-	-	4,632	8,928	5,355	505
Malaysia.....	248	194	724	2,184	1,470	944	1,694
Indonesia.....	-	-	11	-	162	162	-
Singapore.....	-	-	-	-	102	102	21
Morocco.....	-	-	-	-	16	16	26
Taiwan.....	-	-	-	-	15	-	-
Mali.....	-	-	-	-	2	2	-
India.....	-	-	2	5	-	-	-
Thailand.....	-	-	10	-	-	-	-
Hong Kong.....	-	5	-	-	-	-	-
Mexico.....	15	-	-	-	-	-	-
Turkey.....	-	-	-	-	-	-	2
Brazil.....	-	-	-	-	-	-	12
Total.....	263	199	747	6,821	10,695	6,581	2,260

Footnotes follow at the end of the table.

Digest No.
D101--Con

Table C.--Certain surface-active fatty acid derivatives 1/: U.S. imports for consumption under the GSP, by principal GSP sources, 1981-85, January-June 1985, and January-June 1986--Con.

	<u>January-June--</u>						
<u>Source</u>	1981	1982	1983	1984	1985	1985	1986
	<u>Unit value (per pound)</u>						
Philippines....	-	-	-	\$0.49	\$0.34	\$0.40	\$0.44
Malaysia.....	\$0.26	\$0.15	\$0.44	.42	.34	.43	.21
Indonesia.....	-	-	.33	-	.15	.15	-
Singapore.....	-	-	-	-	.78	.78	.45
Morocco.....	-	-	-	-	.33	.33	.17
Taiwan.....	-	-	-	-	.34	-	-
Mali.....	-	-	-	-	.88	.88	-
India.....	-	-	2.52	2.42	-	-	-
Thailand.....	-	-	1.04	-	-	-	-
Hong Kong.....	-	13.23	-	-	-	-	-
Mexico.....	.89	-	-	-	-	-	-
Turkey.....	-	-	-	-	-	-	.26
Brazil.....	-	-	-	-	-	-	6.25
Average...	.27	.16	.45	.46	.33	.39	.24

1/ [The materials being considered in this digest are coconut oil fatty acids. This table contains data for GSP trade in TSUS item 490.24, along with GSP trade from the petitioner, the Philippines, included in TSUS item 465.05, the classification in which the materials in question were classified.]

2/ Less than 500.

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

APPENDIX A

U.S. Trade Representative Request of August 5, 1986,
for Probable Effect Advice

THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON
20506

August 5, 1986

The Honorable Susan Liebeler
Chairman
United States International Trade
Commission
701 E Street, N.W.
Washington, D.C. 20436

86 AUG 15 10:48
U.S. TRADE REPRESENTATIVE

Dear Chairman Liebeler:

In accordance with sections 503(a) and 131(a) of the Trade Act of 1974 (the Act), and pursuant to the authority of the President delegated to the United States Trade Representative by sections 4(c) and 8(c) and (d) of Executive Order 11846 of March 31, 1975, as amended, I hereby notify the International Trade Commission that the articles identified in Part A of the enclosed list are being considered for designation as eligible articles for purposes of the United States Generalized System of Preferences (GSP), set forth in Title V of the Act.

Pursuant to sections 503(a) and 131(a) of the Act, I request that the Commission provide its advice, with respect to each article listed in Part A of the enclosed list, as to the probable economic effect on United States industries producing like or directly competitive articles and on consumers of the elimination of United States import duties under the GSP.

In providing its advice, I request the Commission to assume that benefits of the GSP would not apply to imports that would be excluded from receiving such benefits by virtue of the "competitive need" limits specified in section 504(c) of the Act.

At the direction of the President, pursuant to section 332(g) of the Tariff Act of 1930, I further request:

(a) with respect to each article listed in Parts B and C of the enclosed list, including the supplement to the list, that the Commission provide its advice as to the probable economic effect on United States industries producing like or directly competitive articles and on consumers (1) of the removal of articles in Part B of the list from eligibility for duty-free treatment under the GSP; (2) of the removal of the GSP duty-free status from articles in Part C of the list which are imported from the respective countries specified which currently receive

The Honorable Susan Liebeler
August 5, 1986
Page Two

GSP duty-free treatment; and (3) the redesignation for GSP duty-free treatment for articles in Part C of the list which are imported from a specified country which does not currently receive GSP duty-free treatment for the article; and

(b) in accordance with section 504(c)(3)(A)(i) of the Act, that the Commission provide advice as to the probable economic effect on domestic industries producing like or directly competitive articles and on U.S. consumers of waiving the competitive need limits for the Republic of the Philippines with respect to the article listed in Part D of the list.

Section 504(d) of the Act exempts from one of the competitive need limits in section 504(c) articles for which no like or directly competitive article was being produced in the United States on January 3, 1985. Accordingly, pursuant to the authority of section 332(g) of the Tariff Act of 1930, I request that the Commission provide advice with respect to whether products like or directly competitive with those described in Part A of the enclosed list were being produced in the United States on January 3, 1985.

Under the provisions of the Act, the Commission has six months to provide the advice requested herein on Part A of the enclosed list. However, it would be greatly appreciated if all of the requested advice could be provided by November 1, 1986, in order to permit any actions to be taken on these items to be included in the Executive Order which should be issued in early March, 1987.

Sincerely,



Clayton Yeutter

Enclosure

CY:sbw

7-18-86
Vol. 51 No. 138
Pages 25991-26146

Friday
July 18, 1986

Briefings on How To Use the Federal Register—

For information on briefings in Seattle, WA, see announcement
on the inside cover of this issue.

FEDERAL REGISTER

(d) Create a broader based delivery system to the small business community.

SBDC Program Organization

SBDC's are organized to provide maximum services to the local small business community. The lead SBDC receives financial assistance from the SBA to operate a statewide SBDC Program. In states where more than one organization receives SBA financial assistance to operate an SBDC, each lead SBDC is responsible for Program operations throughout a specific regional area to be served by the SBDC. The lead SBDC is responsible for establishing a network of SBDC subcenters to offer service coverage to the small business community. The SBDC network is managed and directed by a single full-time Director. SBDC's must ensure that at least 80 percent of Federal funds provided are used to provide services to small businesses. To the extent possible, SBDC's provide services by enlisting volunteer and other low cost resources on a statewide basis.

SBDC Services

The specific types of services to be offered are developed in coordination with the SBA district office which has jurisdiction over a given SBDC. SBDC's emphasize the provision of indepth, high-quality assistance to small business owners or prospective small business owners in complex areas that require specialized expertise. These areas may include, but are not limited to: Management, marketing, financing, accounting, strategic planning, regulation and taxation, capital formation, procurement assistance, human resource management, production, operations, economic and business data analysis, engineering, technology transfer, innovation and research, new product development, product analysis, plant layout and design, agribusiness, computer application, business law information, and referral (any legal services beyond basic legal information and referral require the endorsement of the State Bar Association.) exporting, office automation, site selection, or any other areas of assistance required to promote small business growth, expansion, and productivity within the State.

The degree to which SBDC resources are directed towards specific areas of assistance is determined by local community needs, SBA priorities and SBDC Program objectives and agreed upon by the SBA district office and the SBDC.

The SBDC must offer quality training to improve the skills and knowledge of existing and prospective small business

owners. As a general guideline, SBDC's should emphasize the provision of training in specialized areas other than basic small business management subjects. SBDC's should also emphasize training designed to reach particular audiences such as members of SBA priority and special emphasis groups.

SBDC Program Requirements

The SBDC is responsible to the SBA for ensuring that all programmatic and financial requirements imposed upon them by statute or agreement are met. The SBDC must assure that quality assistance and training in management and technical areas is provided to the State small business community through the State SBDC network. As a condition of this agreement, the SBDC must perform, but not be limited to, the following activities.

(a) The SBDC ensures that services are provided as close as possible to small business population centers. This is accomplished through the establishment of SBDC subcenters.

(b) The SBDC ensures that lists of local and regional private consultants are maintained at the lead SBDC and each SBDC subcenter. The SBDC utilizes and provides compensation to qualified small business vendors such as private management consultants, private consulting engineers, and private testing laboratories.

(c) The SBDC is responsible for the development and expansion of resources within the State, particularly the development of new resources to assist small businesses that are not presently associated with the SBA district office.

(d) The SBDC ensures that working relationships and open communications exist within the financial and investment communities, and with legal associations, private consultants, as well as small business groups and associations to help address the needs of the small business community.

(e) The SBDC ensures that assistance is provided to SBA special emphasis groups throughout the SBDC network. This assistance shall be provided to veterans, women, exporters, the handicapped, and minorities as well as any other groups designated a priority by SBA. Services provided to special emphasis groups shall be performed as part of the Cooperative Agreement.

Advance Understandings

(a) Lead SBDC's shall operate on a 40-hour-week basis, or during normal State business hours, with National holidays or State holidays as applicable excluded.

(b) SBDC subcenters shall be operated on a full-time basis. The lead SBDC shall ensure that staffing is adequate to meet the needs of the small business community.

(c) All counseling assistance offered through the Small Business Development Center network shall be provided at no cost to the client.

Dated: July 10, 1986.

Charles L. Heatherly,
Acting Administrator.

Addresses of Proposed SBDC's and
Proposal Developers—

Ms. Robin Zerbel, Administrative
Assistant to the Director of Business
Programs, Anchorage Community
College, 2533 Providence Drive,
Anchorage, Alaska 99508-4670, (907)
786-1129

Ms. Bonnie Franke, Director of Research
Development, Dallas Community
College District, 701 Elm Street,
Dallas, Texas 75202, (214) 746-2456

[F.R. Doc. 86-16214 Filed 7-17-86; 8:45 am]

BILLING CODE 8025-01-M

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

**Generalized System of Preferences;
Notice of Review of Petitions, Public
Hearings, and List of Articles To Be
Sent to the U.S. International Trade
Commission (USITC) for Review**

SUMMARY: The purpose of this notice on the Generalized System of Preferences (GSP) annual review is (1) to announce the acceptance for review of petitions to modify the list of articles eligible to receive duty-free treatment under the GSP; (2) to announce the timetable for public hearings to consider petitions accepted for review; and (3) to announce that the list of articles herein to be sent by the United States Trade Representative to the United States International Trade Commission with respect to designating articles as eligible for GSP.

I. Acceptance of Petitions for Review

Notice is hereby given of acceptance for review of petitions requesting modification of the list of articles eligible to receive duty-free treatment under the GSP, as provided for in Title V of the Trade Act of 1974 (the Act) (19 U.S.C. 2461-2465). These petitions were submitted, and will be reviewed, pursuant to regulations codified at 15 CFR Part 2007.

1. Requests for "Graduation" of Products from Countries

Petitions have been submitted by interested parties or foreign governments: (1) To designate additional articles as eligible for the GSP; or (2) to withdraw, suspend or limit GSP duty-free treatment accorded either to eligible articles under the GSP or to individual beneficiary developing countries with respect to specific GSP eligible articles; or (3) to otherwise modify GSP coverage. In addition, requests have been received requesting that the GSP status of certain beneficiary developing countries be reviewed with respect to the criteria listed in subsections 502(b) or 502(c) of the Act.

As in previous reviews, requests to add products to or remove them from the list of articles eligible for GSP duty-free treatment will be evaluated in accordance with the "graduation" policy. In considering GSP eligibility for products, limitations on GSP benefits will be considered for the more economically advanced beneficiary developing countries in specific products where it is determined that they have demonstrated sufficient competitiveness. Four criteria will be taken into account when any such graduation action is considered: the development level of individual beneficiary countries; their competitive position in the product concerned; the countries' practices relating to trade, investment and worker rights; and the overall economic interests of the United States. The GSP Subcommittee will review information for the relevant U.S. industry as enumerated in 15 CFR 2007.1 (5) when considering the removal of any beneficiary developing country from GSP eligibility.

Product designations announced at the conclusion of the review process, therefore, may be made on a differential basis. This means that certain beneficiary developing countries may not be designated for GSP benefits on certain products even though those countries are not excluded under the competitive need provisions set forth in section 504(C)(1) of the Trade Act of 1974, as amended. It also is possible to withdraw GSP treatment from certain beneficiary developing countries, or reduce the competitive need limit applicable to the countries and product in question, rather than remove the product entirely from GSP coverage.

2. Information Subject to Public Inspection

Information submitted in connection with the hearings will be subject to public inspection by appointment with

the staff of the GSP Information Center, except for information granted "business confidential" status pursuant to 15 CFR 2003.6 and 15 CFR 2006.10. Parties submitting briefs or statements containing confidential information must indicate clearly on the cover page of each of the twenty copies submitted and on each page within the document, where appropriate, that confidential material is included. Non-confidential summaries of all confidential material must be submitted in twenty copies at the same time that confidential submissions are filed.

3. Communications

All communications with regard to these hearings should be addressed to: GSP Subcommittee, Office of the United States Trade Representative, 600 17th St., NW., Room 517, Washington, D.C. 20508. The telephone number of the Secretary of the GSP Subcommittee is (202) 395-6971. Questions may be directed to any member of the staff of the GSP Information Center.

Acceptance for review of the petitions listed herein does not indicate any opinion with respect to a disposition on the merits of the petitions. Acceptance indicates only that the listed petitions have been found to be eligible for review by the GSP Subcommittee and the TPSC, and that such review will take place.

II. Deadline for Receipt of Requests To Participate in the Public Hearings

The GSP Subcommittee of the Trade Policy Staff Committee invites submissions in support of or in opposition to any petition or request contained in this notice. All such submissions should conform to 15 CFR 2007, particularly §§ 2007.0, 2007.1(a)(1), 2007.1(a)(2), and 2007.1(a)(3).

Requests to present oral testimony in connection with public hearings should be accompanied by twenty copies, in English, of all written briefs or statements and should be received by the Chairman of the GSP Subcommittee no later than the close of business Monday, September 8. Oral testimony before the GSP Subcommittee will be limited to five minute presentations that summarize or supplement information contained in briefs or statements submitted for the record. Post-hearing briefs or statements will be accepted if submitted in twenty copies, in English, no later than close of business Monday, October 20. Rebuttal briefs should be submitted in twenty copies, in English, by close of business Friday, November 14.

Parties not wishing to appear may submit written briefs or statements in

twenty copies, in English, in connection with articles under consideration in the public hearings, provided that such submissions are filed by Monday, October 20 and conform with the regulations cited above.

During December 1986 and January 1987, an opportunity will be provided for the public to comment on nonconfidential USITC analysis. Notice of the availability of this analysis and the timetable for comment will be published in the Federal Register as soon as USITC analysis is available.

A hearing will be held on September 29-30 and October 1 beginning at 10:00 a.m. in the GSA Auditorium, 18th and F St., NW, Washington, DC. The hearing will be open to the public and the transcript will be made available for public inspection or purchase from the reporting company.

III. List of Articles Which May Be Considered for Designation as Eligible Articles for Purposes of the GSP or for Waiver of the Competitive Need Limit and on Which the United States International Trade Commission Will Be Asked To Provide Advice

1. In conformity with sections 502(a) and 131(a) of the Trade Act of 1974 as amended (19 U.S.C. 2463(A) and 2151(A)), notice is hereby given that the articles listed herein may be considered for designation as eligible articles for purposes of the GSP.

An article which is determined to be import sensitive in the context of the GSP cannot be designated as an eligible article. Recommendations with respect to the eligibility of any listed article will be made after public hearings have been held and advice has been received from the U.S. International Trade Commission on the probable effects of the requested modification in the GSP on industries producing like or directly competitive articles and on consumers.

2. Advice of the United States International Trade Commission. On behalf of the President and in accordance with sections 503(A) and 131(A) of the Trade Act of 1974 as amended, the United States International Trade Commission is being furnished with a list of articles published herein for the purpose of securing from the Commission its advice on the probable economic effect on United States industries producing like or directly competitive articles, and on consumers, of the designation of such articles as eligible articles for purposes of the GSP. Also, on behalf of the President and in accordance with section 504(c)(3)(A)(i) of the Act, the USITC is being asked to furnish

economic advice on the probable economic effect on United States industries producing like or directly competitive articles, and on consumers, of the granting of a waiver of competitive need limits for the product identified in section D of the list which follows.

IV. Cases Accepted for Review Regarding Country Practices, Pursuant to 15 CFR 2007.0(b)

Pursuant to 15 CFR 2007.0(b), the TPSC has accepted for review a request filed by the International Intellectual

Property Alliance to review Indonesia's status as a GSP beneficiary country in relation to its practice regarding the protection of intellectual property rights.

Donald M. Phillips,
Chairman, Trade Policy Staff Committee.

ANNEX I.—PETITIONS ACCEPTED FOR REVIEW

[The bracketed language in this list has been included only to clarify the scope of the numbered items which are being considered, and such language is not itself intended to describe articles which are under consideration.]

Case No.	TSUS or TSUSA Item No.	Article	Petitioner
		A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences Other edible nuts, shelled or not shelled, blanched or otherwise prepared or preserved:	
86-1	Not shelled 145.18	Filberts.....	Government of Turkey
86-2	Shelled, blanched, or otherwise prepared or preserved: 145.46	Filberts.....	Do.
86-3	146.20	Avocados (alligator pears), fresh, or prepared or preserved	Government of Mexico
86-4	Olives, fresh, or prepared or preserved: 148.40	Fruit.....	Do.
86-5	Pineapples, fresh, or prepared or preserved: Fruit: 148.98	In packages other than crates.....	Government of Colombia
86-6	Filter tobacco (whether or not mixed or packed with wrapper tobacco): When not mixed or not packed with wrapper tobacco, or when mixed or packed with 35% or less of wrapper tobacco: (Cigarette leaf): Other, including cigar leaf:	Not stemmed.....	Cigar Association of America, Washington, DC.
86-7	170.40	Stemmed.....	Do.
86-8	315.35	Curdage: Of vegetable fibers: Of hard (leaf) fibers: Of stranded construction: Measuring 7/8 or over but under 1 1/2 inch in diameter: Of other: Cyclic organic chemical products in any physical form having a benzene, quinoid, or modified benzene structure, not provided for in subpart A or C of part 1 of schedule 4 of the Tariff Schedules of the United States: [Articles provided for in items 402.00 thru 402.32] Other: Halogenated hydrocarbons: Benzyl chloride (—Chlorobenzene)	Government of the Philippines
86-9	402.58		Companie Quimica Arroyal, Mexico
86-10	403.45 pt.	Benzyl alcohol.....	Alcohols, phenols, ethers (including epoxides and acetals), aldehydes, ketones, alcohol peroxides, ether peroxides, ketone peroxides, and their derivatives: [Articles provided for in items 403.16 thru 403.41] Other: Do. Carboxylic acids, anhydrides, halides, acyl peroxides, peroxides, and their derivatives: Carboxylic acids, anhydrides, halides, acyl peroxides, peroxides, and their derivatives: Carboxylic acids, anhydrides, halides, acyl peroxides, peroxides, and their derivatives:
86-11	404.18 [Amines and their derivatives; amines having one or more oxygen functions, and their derivatives; amides and their derivatives]	Terephthalic acid.....	Carabate Fibers, Charlotte, NC.
86-12	405.44	Other nitrogen-function compounds (except those in which the only nitrogen function is a nitro (—NO ₂) or a nitroso (—NO) group, or an ammonium salt of an organic acid) and their derivatives: Toluenedisocyanates (unmixed) Heterocyclic compounds and their derivatives (including lactones and lactams but excluding epoxides with three membered rings, anhydrides and imides of polybasic acids, and cyclic esters of polyhydric alcohols with polybasic acids: [Articles provided for in items 406.12 thru 406.32]	Industria Cyba Bayer, S.A. de C.V., Mexico

ANNEX L—PETITIONS ACCEPTED FOR REVIEW—Continued

[The bracketed language in this list has been included only to clarify the scope of the numbered items which are being considered, and such language is not itself intended to describe articles which are under consideration]

Case No.	TSUS or TSUSA item No.	Article	Petitioner
86-13	406.79 pt.	[Articles provided for in items 406.36 and 406.37] Other: N-tert-butylbenzothiazole sulfenamide (Orgacel T)	Química Organica de Mexico, S.A. de C.V., Mexico.
86-14	409.78	Colors, dyes, stains, and related products: Colors, dyes, and stains (except toners), whether soluble or not in water, obtained, derived, or manufactured in whole or in part from any product provided for in subpart A or B of part 1 of schedule 4 of the Tariff Schedules of the United States: Direct dyes: Direct black 51, 69, 112, 114, 118, 122; Direct blue 74, 77, 90, 137, 156, 158, 158:1, 207, 211, 225, 244, 267; Direct brown 97, 113, 157, 169, 170, 200, 212, 214; Direct green 33, 59, 67, 68; Direct orange 17, 60, 105, 108, 107, 118; Direct red 8, 89, 92, 95, 111, 127, 173, 207, 221; Direct violet 47, 93; and Direct yellow 27, 39, 68, 93, 95, 96, 98, 108, 110, 133, 134 Other: Products provided for in the Chemical Appendix to the Tariff Schedules	Government of Argentina.
86-15	409.12	Color lakes and toners, obtained, derived, or manufactured in whole or in part from natural alizarin, natural indigo, or any product provided for in subpart A or B of part 1 of schedule 4 of the Tariff Schedules of the United States:	Government of Argentina.
86-16	410.28	Pigment black 1; Pigment blue 18, 18; Pigment brown 22, 23, 25, 32; Pigment green 6; Pigment orange 31, 34, 36, 51; Pigment red 9, 14, 34, 48:3, 52, 68, 112, 139, 144, 146, 161, 166, 169, 170, 171, 175, 176, 177, 178, 180, 185, 188, 192, 198, 208, 209, 216, 220, 221; Pigment violet 32; and Pigment yellow 16, 24, 48, 62:1, 81, 93, 95, 97, 101, 106, 108, 110, 113, 117, 127, 138, 153 Acids: [Articles provided for in items 425.70 thru 425.96] Other: [Carboxylic acids] Other organic acids (including sulfonic acids and thiocarboxylic acids)	Do.
86-17	425.9960	Articles chiefly used for preparing, serving, or storing food or beverages, or food or beverage ingredients: Of fine-grained earthenware (except articles provided for in item 533.15) or of fine-grained stoneware: Household ware not available in specified sets: Mugs and other stems Of chinaware or of subporcelain: Household ware: Of nonbone chinaware or of subporcelain: Available in specified sets: In any pattern for which the aggregate value of the articles listed in headnote 2(b) of subpart C of part 2 of schedule 5 of the Tariff Schedules of the United States is over \$56. Enamels, colors, glazes, and fluxes, all the foregoing of glass, frit, or calcine: [Ground or pulverized] Other	Government of Colombia.
86-18	533.30	Other base metals, unwrought, and waste and scrap of such metals: Other than alloys, waste and scrap: Strontium	Russ Berrie & Co., Oakland, NJ.
86-19	533.64	Gear boxes and other speed changers with fixed, multiple, or variable ratios; pulleys and shaft couplings; pillow blocks; flange, take-up, carriage, and hanger units; torque converters; chain sprockets; clutches and universal joints; all the foregoing (except parts of agricultural or horticultural machinery and implements provided for in item 666.00 and parts of motor vehicles and bicycles) and parts thereof: Pillow blocks and parts thereof: Ball or roller bearing type: Pillow block units	Government of the Philippines.
86-20	540.27	Time switches with watch or clock movements, or with synchronous or subsynchronous motors: Valued over \$1.10 but not over \$2.25 each	Government of Mexico; Ferro Mexicana, S.A.; Mexico.
86-21	632.48	Valued over \$2.25 but not over \$3 each B. Articles to remove products from the list of eligible articles for the Generalized System of Preferences: Products obtained, derived, or manufactured in whole or in part from any product provided for in subpart A or B of part 1 of schedule 4 of the Tariff Schedules of the United States: Products chiefly used as plasticizers: Phthalic acid esters	Government of Mexico; Fomento Y Desarrollo de Pequenos Mineros, Mexico.
86-22	681.0410	Ceramic tiles: Floor and wall tiles: Mosaic tiles: [Articles provided for in item 532.20] Other	Government of Mexico.
86-23	715.62	Pipe and tube fittings of iron or steel: [Cast-iron fittings, not malleable; cast-iron fittings, malleable] Other fittings: [Ductile fittings] Other: Flanges: Under 14 inches (inside diameter): Other than alloy iron or steel	Admiral Division of Magic Chef, Inc., Galeburg, IL. Do.
86-24	715.64	Alloy iron or steel: Stainless steel: Other	U.S. Steel Corporation, Pittsburgh, PA.
86-25	409.3410		The Council of America, Washington, DC.
86-26	532.22		
86-27	810.8:13		American Pipe Fitting Assoc., Washington, DC.
86-28	810.8415		Do.
86-29	810.8418		Do.

ANNEX L—PETITIONS ACCEPTED FOR REVIEW—Continued

(The bracketed language in this list has been included only to clarify the scope of the numbered items which are being considered, and such language is not itself intended to describe articles which are under consideration.)

Case No.	TSUS or TSUSA item No.	Article	Petitioner
86-30	610.8421	14 inches and over (inside diameter): Other than alloy iron or steel	Do.
86-31	610.8424	Alloy iron or steel	Do.
86-32	610.8428	Stainless steel	Do.
86-33	610.86	Other	Picone Industries, Houston, TX.
		Couplings Iron or steel pipes or tubes prepared and coated or lined in any manner suitable for use as conduits for electrical conductors, and iron or steel fittings therefor.	Picone Industries, Houston, TX.
86-34	688.32	Fittings	Picone Industries, Houston, TX.
		Parts of bicycles: Three speed hubs whether or not incorporating a coaster brake; caliper brakes; multiple free-wheel sprockets.	De-compe Inc., West Palm Beach, FL.
86-35	732.3875	Caliper brakes	De-compe Inc., West Palm Beach, FL.
		C. Petitions to remove duty-free status from a beneficiary developing country for a product on the list of eligible articles for the Generalized System of Preferences: Papers, not impregnated, not coated, not surface-colored, not embossed, not ruled, not lined, not printed, and not decorated: Writing paper weighing over 18 pounds per ream	Stationary International Trade Committee, Washington, DC.
86-36	252.75 (Brazil, Mexico)	Articles, of pulp, of paper-mache, of paper, of paperboard, or of any combination thereof, not specially provided for: [Articles provided for in items 252.70 thru 252.80] Other: [Of papers, coated, or of any of the papers provided for in items 253.25, 253.30, 253.35, 253.40, or 253.45]. Other: Hole punched loose-leaf filler paper	Stationary International Trade Committee, Washington, DC.
86-37	256.9044 (Brazil, Mexico)	Memorandum pads and similar pads	Do.
86-38	256.9052 (Brazil, Mexico)	Post-it markers	Louis M. Gordon Co., Middleboro, MA.
86-39	256.9040 pt. (Brazil)	Products suitable for medicinal use, and drugs: Obtained, derived, or manufactured in whole or in part from any product provided for in subpart A or B of part 1 of schedule 4 of the Tariff Schedules of the United States: Drugs: Acetylsalicylic acid (Aspirin)	Monsanto Corporation, St. Louis, MO.
86-40	410.72 (Turkey)	Esters of monohydric alcohols and organic or inorganic acids (except hydrogen sulfide and hydrogen halide acids): Butyl acetate	Calanese Chemical Co., Washington, DC; BASF Corporation, Washington, DC.
86-41	428.52 (Taiwan)	Hangers and hangers and mountings not specially provided for, suitable for furniture, doors, windows, blinds, staircases, luggage, vehicle coach work, caskets, cabinets, and similar uses; all the foregoing, of base metal, whether or not coated or plated with precious metal: Not coated or plated with precious metal: Of iron or steel, of aluminum, or of zinc: [Articles provided for in items 647.01 and 647.02] Other	Stanley Hardware, New Britain, CT.
86-42	647.03 (Taiwan)	Hangers and other buildings, bridges, bridge sections, lock-gates, towers, lattice masts, roofs, roofing transoms, door and window frames, shutters, balustrades, columns, piers, and posts, and other structures and parts of structures, all the foregoing of base metal: Of iron or steel: [Articles provided for in items 652.80 thru 652.97] Other	American Institute of Steel Construction, Washington, DC.
86-43	653.00 (Singapore, Taiwan)	Articles not specially provided for of a type used for household, table, or kitchen use; toilet and sanitary ware; all the foregoing and parts thereof, of metal: Articles, ware, and parts, of base metal, not coated or plated with precious metal: Of iron or steel: Enamelled or glazed with vitreous glaze: Cooking and kitchen ware of steel	General Housewares Corp., Washington, DC.
86-44	654.08 (Mexico)	Parts of articles provided for in items 751.05, 751.10 and 751.11: [Handles and sticks, of wood, valued not over \$2.50 per dozen] Other: Of metal: Umbrella frames and skeletons: [For hand-held umbrellas chiefly used for protection against rain] Other	Almet/Lavette, Portland, TN; California Umbrella, Pomona, CA.
86-45	751.2015 (Taiwan)	D. Petition for removal of competitive need limit for a product on the list of eligible articles: Fatty substances of animal (including marine animal) or vegetable origin: Not saponified or sulfated: Fatty acid esters, ethers, and ether-esters of polyhydric alcohols: Derived from coconut, palm-kernel, or palm oil	Government of the Philippines.
86-46	465.05		

¹ Tariff Schedules of the United States Annotated (19 U.S.C. 1202).

² The country or countries named are those beneficiary developing countries specified by the petitioner. While the Trade Policy Staff Committee's (TPSC) review will focus on those countries, the TPSC reserves the right to address removal of GSP status for countries other than those specified by the petitioner.

[FR Doc. 88-18253 Filed 7-17-88; 8:45 am]

BILLING CODE 3190-01-M

Implementation of Modifications in Specialty Steel Import Relief

AGENCY: Office of the United States Trade Representative.

ACTION: Notice.

SUMMARY: This notice establishes country allocations of the quotas presently applicable to imports of certain stainless steel and alloy tool steel products and makes modifications in the Tariff Schedules of the United States to implement changes in the import relief program. The notice provides separate allocations within the stainless steel bar, stainless steel rod, and the alloy tool steel categories for Brazil, within the stainless steel bar and the alloy tool steel categories for Mexico, within the stainless steel bar category for the Republic of Korea, and within the stainless steel rod category for Taiwan.

EFFECTIVE DATE: July 20, 1986.

FOR FURTHER INFORMATION CONTACT: Marie Haugen, Office of Agreements Compliance, Import Administration, U.S. Department of Commerce, (202) 377-4036.

SUPPLEMENTARY INFORMATION:

Presidential Proclamation 5074 of July 19, 1983 (48 FR 33233), provided for the temporary imposition of increased tariffs and quantitative restrictions on certain stainless steel and alloy tool steel products imported into the United States, pursuant to section 203 of the Trade Act of 1974. Proclamation 5074 authorizes the U.S. Trade Representative to take such actions and perform such functions for the United States as may be necessary to administer and implement the relief, including negotiating orderly marketing agreements and allocating quota quantities on a country-by-country basis. The U.S. Trade Representative is also authorized to make modifications in the Tariff Schedules of the United States (TSUS) headline or items proclaimed by the President in order to implement such actions.

Pursuant to the above authority, the U.S. Trade Representative has determined that the quota quantities should be reallocated to provide country allocations for certain steel products for Brazil, Mexico, the Republic of Korea and Taiwan.

In conformity with the above, subpart A, part 2 of the Appendix to the TSUS is modified as follows:

(1) Item 926.13 is modified to add to the country allocations, in alphabetical order, "Brazil", "Mexico", and "The Republic of Korea", and also to add

corresponding quota quantities of "1,140 short tons, "80" short tons, and "900" short tons, respectively, for the period July 20, 1986 through January 19, 1987. Item 926.13 is further modified by changing the quota quantity for "Other" countries to "156" short tons for the period July 20, 1986 through January 19, 1987.

(2) Item 926.18 is modified to add "Brazil" and "Taiwan" to the country allocations, and also to add corresponding quota quantities of "660" and "100" short tons, respectively, for the period July 20, 1986 through January 19, 1987. Item 926.18 is further modified by changing the quota quantity for "Other" countries to "592" short tons for the period July 20, 1986 through January 19, 1987.

(3) Item 926.23 is modified to add to the country allocations, in alphabetical order, "Brazil", and "Mexico", and also to add corresponding quota quantities of "540" short tons and "150" short tons, respectively, for the period July 20, 1986 through January 19, 1987. Item 926.23 is further modified by changing the quota quantity for "Other" countries to "782" short tons for the period July 20, 1986 through January 19, 1987.

Clayton Yeutter,

United States Trade Representative.

[FR Doc. 86-10251 Filed 7-17-86; 8:45 am]

BILLING CODE 3190-01-M

DEPARTMENT OF TRANSPORTATION**Aviation Proceedings; Agreements Filed During the Week Ending July 11, 1986**

The following agreements were filed with the Department of Transportation under the provisions of 49 U.S.C. 408, 409, 412, and 414. Answers may be filed within 21 days of date of filing.

Docket No. 44137

Parties: Members of International Air Transport Association

Date Filed: July 07, 1986

Subject: TC2 Fares

Proposed Effective Date: July 1, 1988

Docket No. 44138, R-1-R-3

Parties: Members of International Air Transport Association

Date Filed: July 07, 1986

Subject: Specific Commodity Rates North Atlantic

Proposed Effective Date: July 1, 1986; July 5, 1986

Docket No. 44142

Parties: Members of International Air Transport Association

Date Filed: July 12, 1986

Subject: Currency—Increase Rates from

Norway

Proposed Effective Date: August 1, 1986

Docket No. 44153, R-1 & R-2

Parties: Members of International Air Transport Association

Date Filed: June 10, 1986

Subject: Europe-Middle East Fares

Proposed Effective Date: July 24, 1986

Docket No. 44154, R-1-R-6

Parties: Members of International Air Transport Association

Date Filed: July 10, 1986

Subject: TC1 Cargo

Proposed Effective Date: October 01, 1986

Docket No. 44156

Parties: Members of International Air Transport Association

Date Filed: July 11, 1986

Subject: Proportional Fares US-Mid East/Africa

Proposed Effective Date: August 01, 1986

Docket No. 44158, R-1-R-8

Parties: Members of International Air Transport Association

Date Filed: July 11, 1986

Subject: Amends various Europe TC3 cargo rates

Proposed Effective Date: July 1, 1986

Phyllis T. Kaylor,

Chief, Documentary Services Division.

[FR Doc. 86-10255 Filed 7-17-86; 8:45 am]

BILLING CODE 4910-42-M

Applications for Certificates of Public Convenience and Necessity and Foreign Air Carrier Permits Filed Under Subpart Q During the Week Ended July 11, 1986

The following applications for certificates of public convenience and necessity and foreign air carrier permits were filed under Subpart Q of the Department of Transportation's Procedural Regulations (See 14 CFR 302.1701 et. seq.). The due date for answers, conforming application, or motions to modify scope are set forth below for each application. Following the answer period DOT may process the application by expedited procedures. Such procedures may consist of the adoption of a show-cause order, a tentative order, or in appropriate cases a final order without further proceedings.

Docket No. 44141

Date Filed: July 8, 1986

Due Date for Answers, Conforming Applications, or Motion to Modify Scope: August 5, 1986.

Description: Continental Air Lines, Inc., c/o Emory N. Ellis, Fulbright & Jaworski, 1150 Connecticut Avenue, NW., Washington, DC 20036.

Application of Continental Air Lines, Inc. pursuant to section 401 of the Act and

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criteria as the original fuel assembly, and the use of such assemblies will not result in a change to existing safety criteria and design limits.

The Commission has provided guidance concerning the application of these standards by providing certain examples (48 FR 14870). One of these, Example (iii), involving no significant hazards considerations is "... a change resulting from a nuclear reactor core reloading, if no fuel assemblies significantly different from those found previously acceptable to the NRC for a previous core at the facility in question are involved. This assumes that no significant changes are made to the acceptance criteria for the technical specifications, that the analytical methods used to demonstrate conformance with the technical specifications and regulations are not significantly changed, and that NRC has previously found such methods acceptable." Both proposed changes match the quoted example.

Therefore, based on these considerations and the example given above, the Commission has made a proposed determination that the amendment request involves no significant hazards consideration.

The Commission has determined that failure to act in a timely way would result in extending the current refueling shutdown of Beaver Valley, Unit 1. Therefore, the Commission has insufficient time to issue its usual 30-day notice of proposed action for public comment.

If the proposed determination becomes final, an opportunity for a hearing will be published in the Federal Register at a later date and any hearing request will not delay the effective date of the amendment.

If the Commission decides in its final determination that the amendment does involve a significant hazards consideration, a notice of opportunity for a prior hearing will be published in the Federal Register and, if a hearing is granted, it will be held before any amendment is issued.

The Commission is seeking public comments on this proposed determination of no significant hazards consideration. Comments on the proposed determination may be telephoned to Lester S. Rubenstein, Project Director, PWR Project Directorate No. 2, by collect call to (301) 492-7872, or submitted in writing to the Rules and Procedures Branch, Division of Rules and Records, Office of Administration, Washington, DC. All comments received by August 8, 1986, will be considered in reaching a final determination. A copy of the application and any comments received may be examined at the Commission's Public Document Room, 1717 H Street NW., Washington, DC, and at the B.F. Jones Memorial Library, 663 Franklin Avenue, Aliquippa, Pennsylvania 15001.

Dated at Bethesda, Maryland, this 18th day of July 1986.

For the Nuclear Regulatory Commission,
Lester S. Rubenstein,
Director PWR Project Directorate #2 Division
of PWR Licensing—A Office of Nuclear
Reactor Regulation.
[FR Doc. 86-18709 Filed 7-24-86; 8:45 am]
BILLING CODE 7590-01-M

[Docket Nos. 50-352-OL; 50-353-OL]

Philadelphia Electric Co. (Limerick
Generating Station, Units 1 and 2);
Notice of Hearing

July 21, 1986.

Before Administrative Judges: Helen F.

Hoyt, Chairperson, Dr. Richard F. Cole, Dr. Jerry Harbour.

Evidentiary hearings for resolution of remanded issue regarding the availability of School Bus Drivers for the Owen J. Roberts and Spring-Ford School Districts will be held on August 18, 1986, from 11:30 a.m.—5:00 p.m. and again on August 22, 1986 from 9:00 a.m.—5:00 p.m., if necessary. The location for the hearing is the Old Customs Courtroom, Room 300, U.S. Customs House, Second and Chestnut Streets, Philadelphia, Pennsylvania 19106.

For the Atomic Safety and Licensing Board,
Helen F. Hoyt,
Chairperson, Administrative Judge.
[FR Doc. 86-10806 Filed 7-24-86; 8:45 am]
BILLING CODE 7590-01-M

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

**Generalized System of Preferences:
Amendment of Notice of Review of
Petitions, Public Hearings, List of
Articles to be sent to the U.S.
International Trade Commission
(USITC) for Review**

On July 18, the Trade Policy Staff Committee provided notice (51 FR 26088) of the petitions accepted for review in the 1986 annual review of the Generalized System of Preferences (GSP). The purpose of this notice is to amend Annex I of the notice of July 18 by adding to the list of petitions accepted for review the list of products which follows.

Donald M. Phillips,
Chairman, Trade Policy Staff Committee.

ANNEX I—PETITIONS ACCEPTED FOR REVIEW

(The bracketed language in this list has been included only to clarify the scope of the numbered items which are being considered, and such language is not itself intended to describe articles which are under consideration)

Case No.	TSUS or TSUSA Item No.	Article	Petitioner
A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences.			
		None	
B. Petitions to remove products from the list of eligible articles for the Generalized System of Preferences.			
86-47	402.12	Cyclic organic chemical products in any physical form having a benzimidazole, quindole, or modified benzimidazole structure, not provided for in subpart A or C of part 1 of schedule 4 of the Tariff, Schedules of the United States: Phthalic anhydride.	United States Steel Corp., Pittsburgh, PA.
C. Petitions to remove duty-free status from a beneficiary developing country for a product on the list of eligible articles for the Generalized System of Preferences.*			
86-48	421.06 (Taiwan)	Sodium compounds: hydroquinone	Virginia Chemicals, Portsmouth, VA.
86-49	725.46 pt. (Korea, Taiwan)	Electronic musical instruments: Guitars	Peavey Electronics, Meriden, MS.

ANNEX I—PETITIONS ACCEPTED FOR REVIEW—Continued

[The bracketed language in this list has been included only to clarify the scope of the numbered items which are being considered, and such language is not itself intended to describe articles which are under consideration.]

Case No.	TSUS or TSUSA Item No.	Article	Petitioner
86-50	727.23 (Thailand)	Furniture and parts thereof, not specially provided for: [Of unspun fibrous vegetable materials] Of wood: [Bent-wood furniture and parts thereof] Other: Chairs, Folding Director's chairs.	American Furniture Manufacturers Assoc., Washington, DC Do
86-51	727.29 (Singapore, Yugoslavia)	Other: [Of iron] Other.	Do
86-52	727.35 (Singapore, Taiwan, Yugoslavia)	Furniture other than chairs.	Do
86-53	727.40 (Taiwan, Yugoslavia)	Parts of furniture.	Do
86-54	727.70 (Taiwan)	[Of textile materials, except cotton, or rubber on plastics; of copper] Other.	Do
86-55	715.0005 of (Korea, Taiwan)	Beach balls, play balls, toy balls, and other balls for games or sports, not provided for in the foregoing provisions of subpart D of part 5 of schedule 7 of the Tariff Schedules of the United States: Inflatable balls: [Basketballs; volleyballs] Other: Of polyvinyl chloride: Inflatable play balls.	National Latex Products Co., Ashland, OH
86-56	717.0036 of (Korea, Taiwan)	Toys, and parts of toys, not specially provided for: [Toys having a spring mechanism] Other: [Kites] Other: [Toys having a friction or weight operated motor; toys having an electric motor] Other: [except parts] Wholly or almost wholly of rubber or plastics: Inflatable toy balloons.	National Latex Products Co., Ashland, OH
86-57	712.00 of (Taiwan)	Articles chiefly used for preparing, serving, or storing food or beverages, or food or beverage ingredients; and household articles not specially provided for; all the foregoing of rubber or plastics: [Salt, pepper, mustard, and ketchup dispensers, and similar dispensers] Plates, cups, saucers, soup bowls, cereal bowls, sugar bowls, creamers, gravy boats, serving dishes, and platters, of melamine.	American Melamine Institutional Tableware Assoc., Washington, DC Do
86-58	712.00 of (Taiwan)	Toys, of melamine.	Do
D. Petition for a limit of competitive need limit for a product on the list of eligible articles		None	

¹ Tariff Schedules of the United States Annotated (19 USC 1202)

² The country or countries named are those beneficiary developing countries specified by the petitioner. While the Trade Policy Staff Committee's (TPSC) review will focus on those countries, the TPSC reserves the right to address removal of GSP status for countries other than those specified by the petitioner.

[FR Doc. 86-16778 Filed 7-24-86; 8:45 am]

BILLING CODE 319-001-M

POSTAL RATE COMMISSION

[Docket No. A86-20; Order No. 702]

Arenas Valley, New Mexico 88022 (Elfido Arguello, Petitioner); Notice and Order Accepting Appeal and Establishing Procedural Schedule

Issued July 21, 1986.

Before Commissioners: Janet D. Steiger, Chairman; Henry R. Folsom, Vice-Chairman; John W. Crutcher; Bonnie Guiton; Patti Birge Tyson.

Docket Number: A86-20.

Name of Affected Post Office: Arenas Valley, New Mexico 88022.

Name of Petitioner: Elfido Arguello.

Type of Determination: Closing.

Date of Filing of Appeal Papers: July 14, 1986.

Categories of Issues Apparently Raised:

1. Effect on the community (39 U.S.C. 404(b)(2)(A)).
2. Effect on postal services (39 U.S.C. 404(b)(2)(C)).

Other legal issues may be disclosed by the record when it is filed; or, conversely, the determination made by the Postal Service may be found to dispose of one or more of these issues.

In the interest of expedition, in light of the 120-day decision schedule (39 U.S.C. 404(b)(5)), the Commission reserves the right to request of the Postal Service memoranda of law on any appropriate issue. If requested, such memoranda will be due 20 days from the issuance of the request; a copy shall be served on the Petitioners. In a brief or motion to dismiss or affirm, the Postal Service may incorporate by reference any such memoranda previously filed.

The Commission orders:

(A) The record in this appeal shall be filed on or before July 21, 1986.

(B) The Secretary shall publish this Notice and Order and Procedural Schedule in the Federal Register.

By the Commission.

Cyril J. Pittack,

Acting Secretary.

Appendix

Arenas Valley, New Mexico 88022

July 14, 1986—Filing of Petition

July 21, 1986—Notice and Order of Filing of Appeal

August 8, 1986—Last day of filing of petitions to intervene (see 39 CFR 3001.111(b))

August 18, 1986—Petitioner's Participant Statement or Initial Brief (see 39 CFR 3001.115(a) and (b))

September 8, 1986—Postal Service Answering Brief (see 39 CFR 3001.115(c))

September 23, 1986—Petitioners' Reply Brief should petitioners choose to file one (see 39 CFR 3001.115(d))

September 30, 1986—Deadline for motions by any party requesting oral argument. The Commission will schedule oral argument only when it is a necessary addition to the written filings (see 39 CFR 3001.116)

November 11, 1986—Expiration of 120-day decisional schedule (see 39 CFR 404(b)(5))

[FR Doc. 86-16711 Filed 7-24-86; 8:15 am]

BILLING CODE 7715-01-M

DEPARTMENT OF TRANSPORTATION

Aviation Proceedings; Agreements Filed During the Week Ending—July 18, 1986

The following agreements were filed with the Department of Transportation under the provisions of 49 U.S.C. 408, 409, 412, and 414. Answers may be filed within 21 days of date of filing.

Docket No. 44165-R-1-R-15

Parties: Members of International Air Transport Association

Date Filed: July 16, 1986

Subject: Cargo Rates—TC 2/3 and TC 123

Proposed Effective Date: October 1, 1986

Docket No. 44166-R-1-R-8

Parties: Members of International Air Transport Association

Date Filed: July 16, 1986

Subject: Cargo Rates—TC 3

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FOR THE RECORD

OCC Rule 1605(c) also would provide that if ICC, as Designated Clearing Organization, fails to make settlement with a Joint Clearing Member, OCC will remain obligated to make settlement with that Clearing Member with respect to option exercises and assignments but not with respect to ICC Futures. If a Joint Clearing Member is suspended or defaults in its obligations to OCC at or prior to settlement time for foreign currency option contracts, any cross-netting against ICC Futures will be revoked and settlement will be in accordance with OCC By-Laws and Rules. Moreover, Rule 1605(c) provides that a Joint Clearing Member will be liable to OCC for any loss resulting from a default in its obligations to make settlement, and such default may result in application of the Clearing Member's Clearing Fund contribution to discharge the obligation.

The proposal also amends Rule 1606(a) to provide that settlement obligations of a Clearing Member that has netted out pursuant to Rule 1605(a) (2), (3), or (4) will be deemed discharged at settlement time on the third business day following the last day of trading prior to delivery date. Remaining obligations to deliver foreign currencies or pay the settlement amount would be deemed discharged at the time delivery or payment is completed.

The proposal also includes a draft "Mutual Agency Agreement" between OCC and ICC. Among other things, the agreement provides that ICC and OCC will act as agent for the other in effecting cross-net settlement of OCC options or ICC Futures exercises under the proposed rule change. For settlement purposes, each clearing organization, when acting as a Designated Clearing Organization for a Joint Clearing Member, agrees to deliver to or receive from the other the full amount of each foreign currency that would have been delivered to or received from the Joint Clearing Member by the other clearing organization if no cross-netting had occurred. Thus, the clearing organizations end up in the same position as if no netting had occurred.

The agreement further provides that if a Joint Clearing Member defaults in its obligations to either clearing organization before that clearing organization has released the margin it holds for the Joint Clearing Member's unnetted settlement obligations, any cross-netting will be revoked. If default occurs after the cross-netting has been performed and margin for unnetted positions has been released, the agreement provides that any loss suffered by the Designated Clearing

Organization with respect to foreign currency settlements effected as agent for the other will be for the account of the other clearing organization and will be paid by the Designated Clearing Organization upon demand. However, where a Joint Clearing Member has been suspended by the Designated Clearing Organization, the agreement would require the Designated Clearing Organization to apply any margin it holds from the Joint Clearing Member with respect to cross-netted transactions and would reduce the other clearing organization's liability by that amount. In that case, the agreement would permit the other clearing organization to retain its claim against the Joint Clearing Member and to satisfy that claim by charging the Member's Clearing Fund as if no cross-netting has occurred.

The agreement also provides that OCC and ICC each agree to indemnify the other against losses incurred as a consequence of any claim or action against it in its capacity as Designated Clearing Organization arising out of the clearing activities of the other. Finally, OCC and ICC agree that the agreement shall remain in force for one year and shall be automatically renewable thereafter. The agreement can be terminated by: (i) Either party giving written notice 90 days prior to the expiration of one year period; (ii) by either party notifying the other 30 days after an uncured default where the aggrieved party has given notice of the default to the defaulting party; or (iii) by written notice to the other where the other has been adjudicated insolvent or bankrupt, has had a receiver appointed or has executed an assignment for the benefit of creditors.

II. OCC's Rationale for the Proposal

OCC believes that the proposed rule change is consistent with Section 17A of the Act because cross-netting options and futures settlement obligations will reduce foreign currency settlements, thereby facilitating the prompt and accurate clearance and settlement of securities transactions. Moreover, OCC believes that the proposal is consistent with its obligation to safeguard securities and funds because the rights and obligations of each clearing organization, with respect to the contracts that it clears, remain unaffected by the cross-netting procedures.

III. Request for Comments

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i)

as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will by order approve such proposed change or institute proceedings to determine whether the proposed rule change should be disapproved.

Interested persons are invited to submit written data, views and arguments concerning the proposal. Persons making written submissions should file six copies with the Secretary, Securities and Exchange Commission, 450 Fifth Street NW, Washington, DC 20549. Copies of the filing, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. § 552, will be available for inspection and copying in the Commission's Public Reference Section, 450 Fifth Street NW, Washington, DC 20549. Copies of the filing will also be available for inspection and copying at the principal office of OCC. All submissions should refer to the file number in the caption above and should be submitted by August 18, 1986.

For the Commission, by the Division of Market Regulation pursuant to delegated authority.

Dated: July 22, 1986.

Jonathan G. Katz,
Secretary.

[FR Doc. 86-16900 Filed 7-25-86; 8:45 am]

BILLING CODE 8010-01-M

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

**Generalized System of Preferences;
Notice of Review of Petitions, Public
Hearings, and List of Articles To Be
Sent to the U.S. International Trade
Commission (USITC) for Review**

Correction

In FR Doc. 86-16253 beginning on page 26088 in the issue of Friday, July 18, 1986, make the following correction:

In Annex I, appearing on pages 26090-26092, some of the information appeared in the wrong columns of the table. Annex I is corrected to read as follows:

ANNEX I.—PETITIONS ACCEPTED FOR REVIEW

(The bracketed language in this list has been included only to clarify the scope of the numbered items which are being considered, and such language is not itself intended to describe articles which are under consideration.)

Case No.	TSU S or TSUSA item No.	Article	Petitioner
A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences			
86-1	145.18	Other edible nuts, shelled or not shelled, blanched or otherwise prepared or preserved: Not shelled: Fibers: Shelled, blanched, or otherwise prepared or preserved: Fibers:	Government of Turkey.
86-2	145.46		Do.
86-3	145.30	Avocados (alligator pears), fresh, or prepared or preserved: Olives, fresh, or prepared or preserved:	Government of Mexico.
86-4	148.40	Fresh: Pineapples, fresh, or prepared or preserved: Fresh:	Do.
86-5	148.95	In packages other than crates: Filter tobacco (whether or not mixed or packed with wrapper tobacco): When not mixed or not packed with wrapper tobacco, or when mixed or packed with 35% or less of wrapper tobacco: [Cigarette leaf.] Other, including cigar leaf: Not stemmed:	Government of Colombia.
86-6	170.40		Cigar Association of America, Washington, DC.
86-7	170.45	Stemmed: Cordage: Of vegetable fibers: Of hard (leaf) fibers: Of stranded construction: Measuring 1/4 or over but under 1/2 inch in diameter:	Do.
86-8	315.35	Of abaca: Cyclic organic chemical products in any physical form having a benzoid, quinoid, or modified benzoid structure, not provided for in subpart A or C, of part 1 of schedule 4 of the Tariff Schedules of the United States: [Articles provided for in items 402.00 thru 402.32] Other: Halogenated hydrocarbons: Benzyl chloride (—Chlorotoluene): Alcohols, phenols, ethers (including epoxides and acrinis), aldehydes, ketones, alcohol peroxides, ether peroxides, ketone peroxides, and their derivatives: [Articles provided for in items 403.16 thru 403.41] Other: Benzyl alcohol: Carboxylic acids, anhydrides, halides, acyl peroxides, peroxyacids, and their derivatives: Terephthalic acid: [Amines and their derivatives; amines having one or more oxygen functions, and their derivatives; amides and their derivatives]. Other nitrogen-function compounds (except those in which the only nitrogen function is a nitro (—NO ₂) or a nitroso (—NO) group, or an ammonium salt of an organic acid) and their derivatives: Toluenediacrylates (unmixed):	Government of the Philippines.
86-9	402.56		Compania Quimica Ameyal, Mexico.
86-10	403.45 pt		Do.
86-11	404.16		Celanese Fibers, Charlotte, NC.
86-12	405.44		Industrias Cydsa Bayer, S.A. de C.V., Mexico.
86-13	406.39 pt	Heterocyclic compounds and their derivatives (including lactones and lactams but excluding epoxides with three membered rings, anhydrides and imides of polybasic acids, and cyclic esters of polyhydric alcohols with polybasic acids): [Articles provided for in items 406.12 thru 406.32] Other: [Articles provided for in items 406.36 and 406.37] Other: N-(tert-butyl)benzothiazole sulfenamide (Orgacel T):	Quimica Organica de Mexico, S.A. de C.V., Mexico.
86-14	409.79	Colors, dyes, stains, and related products: Colors, dyes, and stains (except toners), whether soluble or not in water, obtained, derived, or manufactured in whole or in part from any product provided for in subpart A or B of part 1 of schedule 4 of the Tariff Schedules of the United States: Direct dyes: Direct black 51, 68, 112, 114, 118, 122; Direct blue 74, 77, 90, 137, 156, 158, 159:1, 207, 211, 225, 244, 267; Direct brown 97, 113, 157, 166, 170, 200, 212, 214; Direct green 33, 58, 67, 69; Direct orange 17, 60, 105, 106, 107, 116; Direct red 9, 66, 92, 95, 111, 127, 173, 207, 221; Direct violet 47, 93; and Direct yellow 27, 39, 66, 93, 95, 96, 98, 108, 110, 133, 134 Other: Products provided for in the Chemical Appendix to the Tariff Schedules: Color lakes and toners, obtained, derived, or manufactured in whole or in part from natural alizarin, natural indigo, or any product provided for in subpart A or B of part 1 of schedule 4 of the Tariff Schedules of the United States:	Government of Argentina.
86-15	409.82		
86-16	410.29	Pigment black 1; Pigment blue 16, 18; Pigment brown 22, 23, 25, 32; Pigment green 6; Pigment orange 31, 34, 36, 51; Pigment red 9, 14, 34, 48:3, 52, 68, 112, 139, 144, 146, 151, 166, 169, 170, 171, 175, 176, 177, 178, 180, 185, 188, 192, 198, 208, 209, 216, 220, 221; Pigment violet 32; and Pigment yellow 16, 24, 48, 62:1, 81, 93, 95, 97, 101, 106, 109, 110, 113, 117, 127, 138, 153 Acids: [Articles provided for in items 425.70 thru 425.96] Other: [Carboxylic acids] Other organic acids (including sulfonic acids and thiocarboxylic acids): Articles chiefly used for preparing, serving, or storing food or beverages, or food or beverage ingredients: Of fine-grained earthenware (except articles provided for in item 513.15) or of fine-grained stoneware:	Do.
86-17	425.940		Government of Colombia.

ANNEX I.—PETITIONS ACCEPTED FOR REVIEW—Continued

[The bracketed language in the list has been included only to clarify the scope of the numbered items which are being considered, and such language is not itself intended to describe articles which are under consideration.]

Case No.	TSU S or TSUSA Item No.	Article	Petitioner
88-18	543.50	Household ware not available in specified lists: Mugs and other stems Of chinaware or of subporcelain Household ware: Of nonbone chinaware or of subporcelain Available in specified lists: In any pattern for which the aggregate value of the articles listed in footnote 2(d) of subpart C of part 2 of schedule 5 of the Tariff Schedules of the United States is over \$54. Enamel, colors, glazes, and flues, all the foregoing of glass, tin, or calcine: (Ground or pulverized) Other	Russ Berne & Co., Oakland, NJ
88-19	543.04		Government of the Philippines
88-20	540.27		Government of Mexico, Fomento Mexicana, S.A., Mexico
88-21	542.46	Other base metals, unwrought, and waste and scrap of such metals: Other than alloys; waste and scrap: Sinterium	Government of Mexico, Fomento y Desarrollo de Pequenos Mineros, Mexico
88-22	541.6410	Gear boxes and other speed changers with fixed, multiple, or variable ratios; pulleys and shaft couplings; pulley blocks; lunge, take-up, cartridge, and hanger units; torque converters; chain sprockets; clutches and universal joints; all the foregoing (except parts of agricultural or horticultural machinery and implements provided for in item 668.00 and parts of motor vehicles and bicycles) and parts thereof: Pulley blocks and parts thereof: Ball or roller bearing types Pulley block units	Government of Mexico
88-23	715.62	Time switches with watch or clock movements, or with synchronous or subsynchronous motors: Valued over \$1.10 but not over \$2.25 each	Admiral Division of Magic Clock, Inc., Glenburg, IL, Co.
88-24	715.64	Valued over \$2.25 but not over \$5 each	

B. Petitions to remove products from the list of eligible articles for the Generalized System of Preferences.

88-25	409.4410	Products obtained, derived, or manufactured in whole or in part from any product provided for in subpart A or B of part 1 of schedule 4 of the Tariff Schedules of the United States: Products chiefly used as plasticizers: Phenolic acid esters	U.S. Steel Corporation, Pittsburgh, PA
88-26	542.02	Ceramic tiles: Floor and wall tiles: Mosaic tiles: [Articles provided for in item 542.02] Other	The Council of America, Washington, DC
88-27	610.6413	Pipe and tube fittings of iron or steel: (Cast-iron fittings, not malleable; cast-iron fittings, malleable) Other fittings: (Ductile fittings) Other: Flanges: Under 14 inches (outside diameter) Other than alloy iron or steel	American Pipe Fitting Assoc., Washington, DC
88-28	610.6415	Alloy iron or steel: Stainless steel	Do.
88-29	610.6418	Other	Do.
88-30	610.6421	14 inches and over (outside diameter): Other than alloy iron or steel	Do.
88-31	610.6424	Alloy iron or steel: Stainless steel	Do.
88-32	610.6428	Other	Do.
88-33	610.68	Couplings: Iron or steel pipes or tubes prepared and coated or lined in any manner suitable for use as conduits for electrical conductors, and iron or steel fittings therefor	Picom Industries, Houston, TX
88-34	608.32	Fittings: Parts of bicycles: Three speed hubs whether or not incorporating a coaster brake; caliper brakes, multiple free-wheel sprockets: Caliper brakes	Picom Industries, Houston, TX
88-35	702.3875		Chicompe Inc., West Palm Beach, FL

C. Petitions to remove duty-free status from a beneficiary developing country for a product on the list of eligible articles for the Generalized System of Preferences.

88-36	252.75 (Brazil, Mexico)	Papers, not impregnated, not coated, not surface-colored, not embossed, not ruled, not lined, not printed, and not decorated: Writing paper weighing over 18 pounds per ream	Stationery International Trade Committee, Washington, DC
88-37	252.75 (Brazil, Mexico)	Articles, of pulp, of paper-mache, of paper, of paperboard, or of any combination thereof, not specially provided for: [Articles provided for in items 252.70 thru 252.80] Other: (Of papers, coated, or of any of the papers provided for in items 252.25, 252.30, 252.35, 252.40, or 252.45) Other:	Stationery International Trade Committee, Washington, DC
88-38	252.8052 (Brazil, Mexico)	Note punched loose-leaf paper	Do.
88-39	252.8080 pt. (Brazil)	Memorandum pads and similar pads	Do.
88-40	252.8080 pt. (Brazil)	Part streamers	Love M. Gerson Co., Middleburg, MA
88-41	252.75 (Brazil)	Products suitable for medicinal use, and drugs: Obtained, derived, or manufactured in whole or in part from any product provided for in subpart A or B of part 1 of schedule 4 of the Tariff Schedules of the United States: Drugs: Acetylsalicylic acid (Aspirin)	McPherson Corporation, St. Louis, MO

ANNEX L—PETITIONS ACCEPTED FOR REVIEW—Continued

[The bracketed language in this list has been included only to clarify the scope of the numbered items which are being considered, and such language is not itself intended to describe articles which are under consideration.]

Case No.	TSU S or TSUSA Item No.	Article	Petitioner
88-41	429.52 (Taiwan)	Esters of monohydric alcohols and organic or inorganic acids (except hydrogen sulfide and hydrogen halide acids): Butyl acetate	Celanese Chemical Co., Washington, DC; BASF Corporation, Washington, DC.
88-42	647.01 (Taiwan)	Hinges and fittings and mountings not specially provided for, suitable for furniture, doors, windows, blinds, staircases, luggage, vehicle coach work, caskets, cabinets, and similar uses; all the foregoing, of base metal, whether or not coated or plated with precious metal: Not coated or plated with precious metal: Of iron or steel, of aluminum, or of zinc [Articles provided for in items 647.01 and 647.02] Other	Stanley Hardware, New Britain, CT.
88-43	652.00 (Singapore, Taiwan)	Hangers and other buildings, bridges, bridge sections, lock-gates, towers, lattice masts, roofs, roofing frame-works, door and window frames, shutters, balustrades, columns, pilars, and posts, and other structures and parts of structures, all the foregoing of base metal: Of iron or steel: [Articles provided for in items 652.90 thru 652.97] Other	American Institute of Steel Construction, Washington, DC.
88-44	654.00 (Mexico)	Articles not specially provided for of a type used for household, table, or kitchen use; toilet and sanitary ware; all the foregoing and parts thereof, of metal: Articles, wares, and parts, of base metal, not coated or plated with precious metal: Of iron or steel: Enamelled or glazed with vitreous glasses: Cooking and kitchen ware of steel	General Housewares Corp., Washington, DC.
88-45	751.2015 (Taiwan)	Parts of articles provided for in items 751.05, 751.10 and 751.11: [Handles and sticks, of wood, valued not over \$2.50 per dozen] Other: Of metal: Umbrella frames and skeletons: [For hand-held umbrellas chiefly used for protection against rain] Other	Alumet/Lawmille, Portland, TN; California Umbrella, Pomona, CA.
D. Petition for waiver of competitive need limit for a product on the list of eligible articles			
88-46	465.05	Fatty substances of animal (including marine animal) or vegetable origin: Not sulfonated or sulfated: Fatty-acid esters, ethers, and ether-esters of polyhydric alcohols: Derived from coconut, palm-kernel, or palm oil	Government of the Philippines.

¹ Tariff Schedules of the United States Annotated (19 U.S.C. 1202).

² The country or countries named are those beneficiary developing countries specified by the petitioner. While the Trade Policy Staff Committee's (TPSC) review will focus on those countries, the TPSC reserves the right to address removal of GSP status for countries other than those specified by the petitioner.

BILLING CODE 1986-01-02

DEPARTMENT OF TRANSPORTATION

Office of the Secretary

[Order 86-7-47; Docket 43487]

Application of the Lord's Airline, Inc. for Certificate Authority Under Subpart Q

AGENCY: Department of Transportation.

ACTION: Notice of order to show cause.

SUMMARY: The Department of Transportation is directing all interested persons to show cause why it should not issue an order finding The Lord's Airline, Inc., fit, willing, and able, and awarding it a certificate of public convenience and necessity to engage in foreign schedules air transportation.

DATE: Persons wishing to file objections should do so no later than August 13, 1986.

ADDRESS: Objections and answers to objections should be filed in Docket 43487 and addressed to the Documentary Services Division, U.S.

Department of Transportation, 400 Seventh Street SW., Washington, DC 20590 and should be served upon the parties listed in Attachment A to the order.

FOR FURTHER INFORMATION CONTACT: Steven B Farberman Office of Aviation Enforcement and Proceedings, U.S. Department of Transportation, 400 Seventh Street SW., Washington, DC 20590, (202) 426-7831.

Dated: July 23, 1986.

Matthew W. Scocozza,
Assistant Secretary for Policy and International Affairs.

[FR Doc. 86-16902 Filed 7-25-86; 8:45 am]

BILLING CODE 4910-43-M

DEPARTMENT OF THE TREASURY

Fiscal Service

[Dept. Circ. 570, 1986 Rev., Supp. No. 2]

Surety Companies Acceptable on Federal Bonds: Pinnacle Insurance Co.

A certificate of Authority as an acceptable surety on Federal bonds is

hereby issued to the following company under sections 9304 to 9308, Title 31 of the United States Code. Federal bond-approving officers should annotate their reference copies of the Treasury Circular 570, 1986 Revision, to reflect this addition:

Pinnacle Insurance Company. Business Address: P.O. Box 1919, Carrollton, Georgia 30117. Underwriting Limitation: \$171,000. Surety Licenses: GA. Incorporated in: Georgia. Federal Process Agents⁴.

Certificates of Authority expire on June 30 each year, unless revoked prior to that date. The Certificates are subject to subsequent annual renewal as long as the companies remain qualified (31 CFR, Part 223). A list of qualified companies is published annually as of July 1 in Treasury Department Circular 570, with details as to underwriting limitations, areas in which licensed to transact surety business and other information.

Copies of the Circular may be obtained from the Surety Bond Branch, Finance Division, Financial Management Service, Department of the

APPENDIX B

U.S. International Trade Commission Notice of
Investigation and Hearing

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

(TA-503(a)-13 and 332-238)

PRESIDENT'S LIST OF ARTICLES WHICH MAY BE DESIGNATED OR MODIFIED AS ELIGIBLE
ARTICLES FOR PURPOSES OF THE U.S. GENERALIZED SYSTEM OF PREFERENCES

AGENCY: United States International Trade Commission

ACTION: Institution of investigation and scheduling of hearing.

SUMMARY: Following receipt on August 15, 1986, of a request from the U.S. Trade Representative made in part at the direction of the President, the Commission instituted investigation No. TA-503(a)-13 and 332-238 under sections 503(a) and 131(b) of the Trade Act of 1974 (19 U.S.C. 2463(a) and 2151(b)) and section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g))--

- (1) pursuant to sections 503(a) and 131(a) of the Trade Act, and the authority of the President delegated to the U.S. Trade Representative by sections 4(c) and 8(c) and (d) of Executive Order 11846, as amended, to advise the President, with respect to each article listed in Part A of the attached Annex, as to the probable economic effect on U.S. industries producing like or directly competitive articles and on consumers of the elimination of U.S. import duties under the U.S. Generalized System of Preferences (GSP). In providing its advice, the USTR requested the Commission to assume that benefits of the GSP would not apply to imports that would be excluded from receiving such benefits by virtue of the "competitive need" limitations specified in section 504(c) of the Act.
- (2) pursuant to section 332(g) of the Tariff Act and at the direction of the President--
 - (A) to advise the President, with respect to each article listed in Parts B and C of the attached Annex, as to the probable economic effect on U.S. industries producing like or directly competitive articles and on consumers (a) of the removal of articles in Part B from eligibility for duty-free treatment under the GSP, (b) of the removal of the GSP duty-free status from articles in Part C of the list which are imported from the respective countries specified which currently receive GSP duty-free treatment, and (c) the redesignation for GSP duty-free treatment for articles in Part C of the list which are imported from a specified country which does not currently receive GSP duty-free treatment for the article;

(B) in accordance with section 504(c)(3)(A)(i) of the Trade Act, to advise the President on whether any industry in the United States is likely to be adversely affected by waiving the competitive need limits for the Republic of the Philippines with respect to the article listed in Part D of the attached Annex; and

(C) to advise the President, with respect to whether products like or directly competitive with those described in Part A of the attached Annex were being produced in the United States on January 3, 1985, for purposes of section 504(d) of the Trade Act.

EFFECTIVE DATE: August 27, 1986

FOR FURTHER INFORMATION CONTACT:

- (1) Agricultural products, Mr. David Ingersoll (202-724-0068).
- (2) Chemical products, Mr. John Gersic (202-523-0451).
- (3) Textiles and apparel, Mr. Reuben Schwartz (202-523-0114).
- (4) Minerals and metals, Mr. Larry Brookhart (202-523-0275).
- (5) Machinery and equipment, Mr. Aaron Chesser (202-523-0353).
- (6) Miscellaneous manufactures, Mr. Walter Trezevant (202-724-1719).

All of the above are in the Commission's Office of Industries. For information on legal aspects of the investigation contact Mr. William Gearhart of the Commission's Office of the General Counsel at 202-523-0487.

BACKGROUND: The USTR announced the items which have been sent to the Commission for probable effects advice in the Federal Register of July 18, 1986 (51 F.R. 26088), July 25, 1986 (51 F.R. 26784), and July 28, 1986 (51 F.R. 26966).

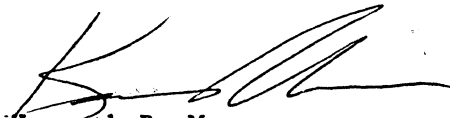
PUBLIC HEARING: A public hearing in connection with the investigation will be held in the Commission Hearing Room, 701 E Street NW., Washington, D.C. 20436, beginning at 9:30 a.m. on September 29 and 30, and October 1, 1986 as required. All persons shall have the right to appear by counsel or in person, to present information, and to be heard. Persons wishing to appear at the public hearing should file requests to appear and should file prehearing briefs (original and 14 copies) with the Secretary, United States International Trade Commission, 701 E Street NW., Washington D.C. 20436, not later than noon, September 16, 1986.

WRITTEN SUBMISSIONS: In lieu of or in addition to appearances at the public hearing, interested persons are invited to submit written statements concerning the investigation. Written statements should be received by the close of business on September 22, 1986. Commercial or financial information which a submitter desires the Commission to treat as confidential must be submitted on separate sheets of paper, each clearly marked "Confidential Business Information" at the top. All submissions requesting confidential treatment must conform with the requirements of section 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6). All written submissions, except for confidential business information, will be made

available for inspection by interested persons. All submissions should be addressed to the Secretary at the Commission's office in Washington, D.C.

Hearing-impaired individuals are advised that information on this matter can be obtained by contacting our TDD terminal on (202) 724-0002.

By order of the Commission.



Kenneth R. Mason
Secretary

Attachment

Issued: August 28, 1986

Annex

A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences.

145.18	170.40	404.16	410.28	632.46
145.46	170.45	405.44	425.9960	681.0410
146.30	315.35	406.39(pt.) <u>2/</u>	533.30	715.62
148.40	402.56	409.78	533.64	715.64
148.96	403.45(pt.) <u>1/</u>	409.82	540.27	

B. Petitions to remove products from the list of eligible articles for the Generalized System of Preferences.

402.12	610.8415	610.86
409.3410	610.8418	688.32
532.22	610.8421	732.3875
610.84	610.8424	
610.8413	610.8428	

C. Petitions to remove duty-free status from a beneficiary developing country for a product on the list of eligible articles for the Generalized System of Preferences.

252.75 (Brazil, Mexico)	725.46(pt.) (Korea, Taiwan) <u>4/</u>
256.9044 (Brazil, Mexico)	727.23 (Thailand)
256.9052 (Brazil, Mexico)	727.29 (Singapore, Yugoslavia)
256.9080(pt.) (Brazil) <u>3/</u>	727.35 (Singapore, Taiwan, Yugoslavia) <u>5/</u>
410.72 (Turkey)	727.40 (Taiwan, Yugoslavia) <u>5/</u>
421.06 (Taiwan)	727.70 (Taiwan) <u>5/</u>
428.52 (Taiwan)	735.0970 (Korea, Taiwan) <u>5/</u>
647.03 (Taiwan)	737.9536 (Korea, Taiwan) <u>5/</u>
653.00 (Singapore, Taiwan)	751.2015 (Taiwan)
654.08 (Mexico)	772.06(pt.) (Taiwan) <u>6/</u>
	772.09(pt.) (Taiwan) <u>7/</u>

D. Articles being considered for waiver of competitive-need limit for a product on the list of eligible articles.

465.05 (Rep. of the Philippines)

1/ Benzyl alcohol.

2/ N-(tert-Butyl) benzothiazole sulfenamide (Orgacel T).

3/ Paper and textile paint strainers and filters.

4/ Electric guitars.

5/ Commission advice requested on the effect of redesignation of GSP duty-free treatment for these articles from Taiwan which does not currently receive such treatment.

6/ Melamine tableware.

7/ Melamine serving trays.

APPENDIX C

Types of Trade Shifts Resulting from Modifications of GSP Eligibility

Appendix

Price and Quantity Changes Resulting From
Changes in GSP Status of a Product

This report examines the probable economic effects of changing the GSP status of certain commodities and in some cases, certain commodities from particular countries. The major cases involve adding products to the list of articles eligible for GSP duty-free treatment, and removing products or products from certain countries from the eligibility list.

Figure 1 illustrates the case of granting a product GSP duty-free status. The illustration is for a homogeneous product, and shows the basic results of a tariff removal on a portion of imports. In addition, the illustration serves as a reference for departures from the case of perfect substitutes.

The removal of a tariff on a portion of imports is illustrated by the shift in the supply of affected imports from S_G' to S_G , with an increase in total supply from S_T' to S_T . The basic result of this tariff removal is a lower U.S. price, a greater overall quantity of the good purchased in the U.S., a greater quantity of the good imported from GSP countries, and reductions in purchases from other foreign suppliers and from U.S. suppliers. In this case of perfect substitutes, the price change, the quantity change, and the division of the quantity change are mainly determined by the demand and supply elasticities, relative market shares, and the size of the tariff that is removed.

The most interesting of the supply elasticities is that of foreign suppliers not granted the tariff elimination. The more elastic this supply is, other things being the same, the smaller the price reduction will be and the smaller will be the displacement of U.S. production as a result of the

tariff elimination. In the limit, where there is a perfectly elastic supply of other foreign imports, there will be no reduction in U.S. price or production. Imports granted duty-free status will displace only other imports.

The relative market share of the imports granted duty-free status and the size of the tariff that is eliminated will largely determine the shift in the total supply curve (assuming all supply curves are positively sloped). The shift in supply (from S_T' to S_T), given U.S. demand, will largely determine the change in the U.S. price. The smaller the market share of imports granted duty-free status, and the lower the tariff rate, the smaller will be the shift in supply. The smaller the shift in supply, the smaller the drop in U.S. price and in U.S. production.

The case where the duty-free status of a product is ended can also be illustrated using figure 1. In this case the shift is from the unprimed to the primed designations, e.g., a shift from S_G to S_G' . The comments made above with respect to supply elasticities, market shares and tariff rates apply in this case except with price and quantity changes reversed in direction from their changes in the original case.

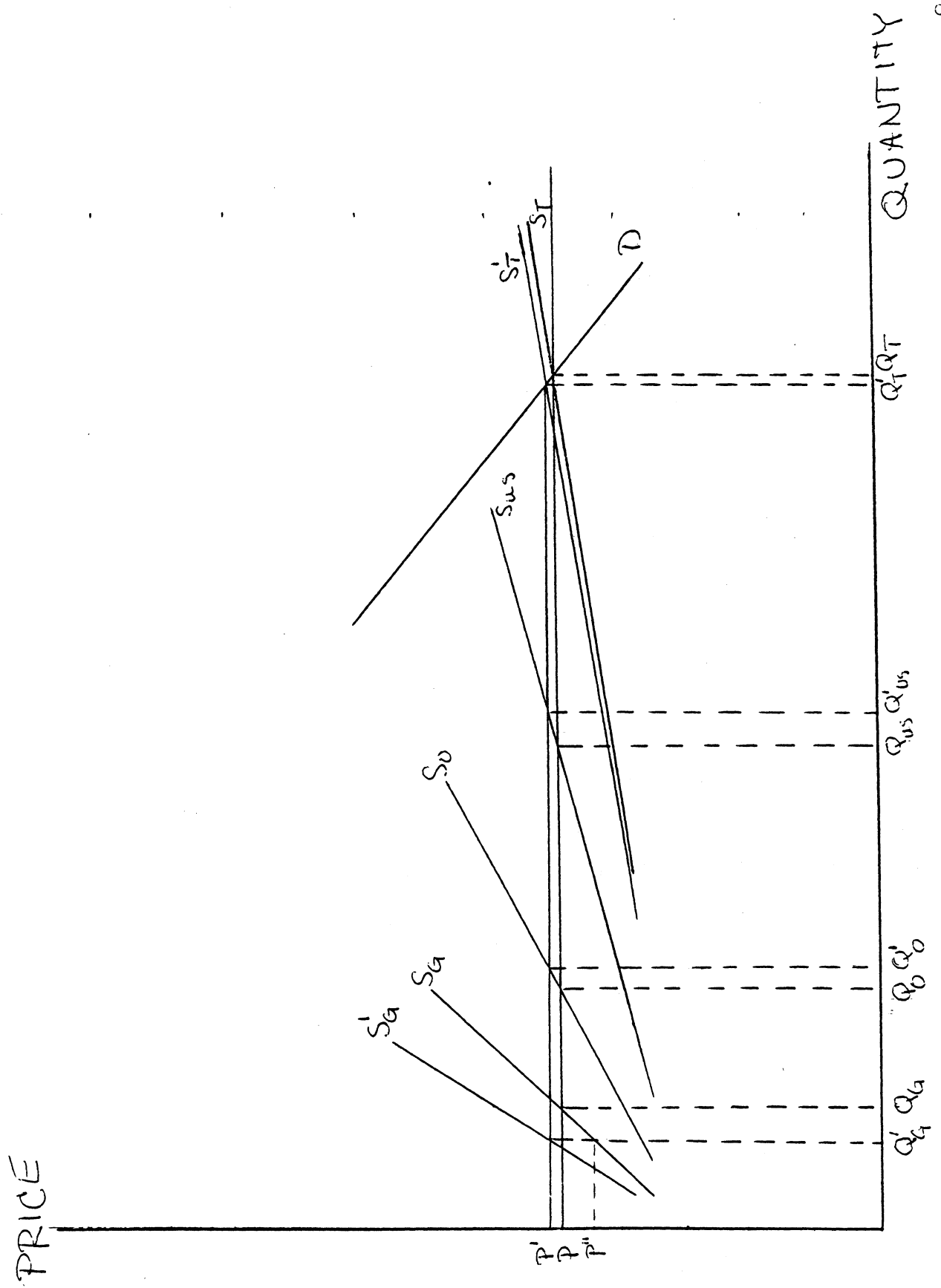


Figure 1

Key to figure 1

- D = U.S. demand for product
 S_G = supply to the U.S. market from GSP eligible countries without duty on these products
 S_O = supply to the U.S. market from other foreign countries
 S_{US} = supply to the U.S. market from U.S. producers
 S'_G = supply to the U.S. market from GSP eligible countries with duty on these products
 S_T = total supply to the U.S. market - this is the "horizontal sum" of S_G , S_O and S_{US} . The "horizontal sum" is taken by summing the quantity supplied by all producers at each price to get the total quantity supplied at each price.
 S'_T = total supply to the U.S. market if the duty is assessed on the subject imports, the "horizontal sum" of S'_G , S_O and S_{US} .

With no duty on GSP eligible products

- P = price paid by consumers and received by all suppliers
 Q_G = quantity supplied by GSP eligible countries
 Q_O = quantity supplied by other foreign countries
 Q_{US} = quantity supplied by U.S. producers
 Q_T = total quantity supplied = $Q_G + Q_O + Q_{US}$

With duty on GSP eligible products

- P' = price paid by U.S. consumers and received by U.S. suppliers and any foreign suppliers enjoying duty-free privileges
 P'' = price received by foreign suppliers that pay the duty. This is shown explicitly for the (formerly) GSP eligible suppliers. It is implicit for other suppliers that may be paying the duty. The duty = $T = P' - P''$
 Q'_G = quantity supplied by GSP eligible countries
 Q'_O = quantity supplied by other foreign countries
 Q'_{US} = quantity supplied by U.S. producers
 Q'_T = total quantity supplied = $Q'_G + Q'_O + Q'_{US}$

APPENDIX D

List of Witnesses Appearing at the Commission Hearing

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's public hearing on the President's List of Articles which may be Designated or Modified as Eligible Articles for Purposes of the U.S. Generalized System of Preferences (Investigation Nos. TA-503(a)-13 and 332-238). Sessions were held in the Hearing Room of the United States International Trade Commission, 701 E Street, N.W., in Washington.

Witness and organization:Subject:

USX Corporation, Pittsburg, Pennsylvania

Diocetyl phthalate

Committee on DOP Imports

Paul Burger, Marketing Manager, Plasticizers,
BASF Corporation

Melvin B. Scott, Jr., Director, Product Management,
Chemicals, Eastman Chemical Products, Inc.
Kodak

Avron B. Magram, Industry Manager, NUOPLAZ, Plasticizers
ADMEX Plasticizers and Nuodex, Inc.

Donald P. Bernard, Commercial Manager, Plasticizers,
U. S. Diversified Group, a Division of USX Corporation

Peter J. Koenig, Esq., USX Corporation

Cleary, Gottlieb, Steen & Hamilton--Counsel
Washington, D.C.
on behalf of

Selected direct
dyes

The Ad Hoc U.S. Dye Manufacturers Coalition

David Alcorn, President, Crompton & Knowles
Corporation, Dyes and Chemicals Division

M. Barry Bochner, Vice President, Technical
Division

Richard deC. Hinds--OF COUNSEL

D-1

Witness and organization:

Subject:

Stewart & Stewart--Counsel
Washington, D.C.
on behalf of

Acetylsalicylic
acid (aspirin)

Monsanto Company

Michael L. Marcum, Business Manager

Terence P. Stewart--OF COUNSEL

Andex Inc., Brooklyn, New York
on behalf of

Acetylsalicylic
acid (aspirin)

Atabay Kimya Sanayi ve Ticaret A.S.,
Kadikoy, Istanbul, Turkey

Gene Ander, President

Steptoe & Johnson--Counsel
Washington, D.C.
on behalf of

Certain furniture
and parts

The American Furniture Manufacturers Association

Carlton E. Nichols, Jr., President

Douglas Brackett, Vice President

Richard O. Cunningham)
Melinda P. Chandler)--OF COUNSEL

Dow, Lohnes & Albertson--Counsel
Washington, D.C.
on behalf of

Certain furniture
and parts

The Yugoslav Wood Furniture Industry

Marica Mrak, Treasurer, Lesnina Ljubljana

Robert S. Friedman, Executive Vice President,
U. S. Furniture Industries Inc.

William Silverman)
John C. Jost)--OF COUNSEL
Mark A. Cohen)

Witness and organization:

Subject:

Brownstein, Zeidman and Schomer--Counsel
Washington, D.C.
on behalf of

Certain furniture
and parts

Universal Furniture Industries, Inc.

Ronald T. Hahn, President of Universal Furniture
Industries, Inc.

Wesley E. Collins, Vice Chairman of Universal
Furniture Ltd.

Ronald W. Lee, Vice President, General Counsel
and Assistant to Chairman

Steven P. Kersner)
Denise T. DiPersio)--OF COUNSEL

St. Maxens & Company
Washington, D.C.
on behalf of

Certain furniture
and parts

The Government of Singapore

Thomas F. St. Maxens, President

James R. Lee

Pineapple Growers Association of Hawaii

Fresh pineapples

John J. Tolan, Executive Vice President

Freeman, Wasserman & Schneider--Counsel
Washington, D.C.
on behalf of

Fresh pineapples

Dole Processed Foods Company, a Division of
Castle & Cooke, Inc., Honolulu, Hawaii

Angela P. Violin--OF COUNSEL

Witness and organization:

Subject:

Heron, Burchette, Ruckert & Rothwell--Counsel
Washington, D.C.
on behalf of

Avocados

California Avocado Commission

Mark Affleck, Vice President for Industry Affairs

Julian B. Heron)
Pamela Walters)--OF COUNSEL

Terrence Kay, P.C.--Counsel
Lake Oswego, Oregon
on behalf of

Filberts

US Filbert/Hazelnut Industry, represented by the
Associated Oregon Hazelnut Industries, Inc. (AOHI)

Terrence Kay--OF COUNSEL

Davis, Wright & Jones--Counsel
Washington, D.C.
on behalf of

Hinges

Stanley Hardware

Scott Bannell, Vice President-Marketing

Joseph Gallagher, Controller

Joel F. Feldman--OF COUNSEL

Baker & McKenzie--Counsel
Washington, D.C.
on behalf of

Miscellaneous
plastics products
made of melamine

The American Melamine Tableware Association

James H. Miller, President, Plastics Manufacturing
Company

Bruce E. Clubb--OF COUNSEL

Witness and organization:Subject:

Ablondi & Foster, P.C.--Counsel
 Washington, D.C.
on behalf of

Miscellaneous
 plastics products
 made of melamine

The Board of Foreign Trade of the Republic of China
 on Taiwan and the Ad Hoc Committee of American
 Producers, Distributors, and Importers of Melamine
 Tableware and Trays

Sturgis M. Sobin--OF COUNSEL

Ferwick, Davis & West--Counsel
 Washington, D.C.
on behalf of

Electronic
 fretted
 stringed
 instruments

Peavey Electronics Corporation

Hartley Peavey, President

Roger M. Golden)
 Preston T. Scott)--OF COUNSEL

Potts & Kalik, P.C.
 Washington, D.C.
on behalf of

Electronic
 fretted
 stringed
 instruments

National Council of Music Importers & Exporters,
 the Music Distributors Association and the
 Guitar and Accessories Music Marketing
 Association

Jerry Hershman, Executive Director

Dan Smith, Vice President of Fender Guitars

William Kaman, President of Kaman Corporation

Grover Jackson, President of Jackson Guitar

Jerry Freed, President, International Music
 Corporation

Robert G. Kalik--OF COUNSEL

Witness and organization:Subject:

Ablondi & Foster, P.C.--Counsel
 Washington, D.C.
on behalf of

Electronic
 fretted
 stringed
 instruments

The Board of Foreign Trade of the Republic
 of China on Taiwan

Sturgis M. Sobin--OF COUNSEL

USX Corporation, Pittsburg, Pennsylvania

Flake phthalic
 anhydride

Andrew G. Mueller, Director, Industrial Chemicals,
 BASF Corporation

Robert T. Mason, Manager, Industrial Chemical Depart-
 ment, Koppers Company, Inc.

Edward D. Tobey, Vice President, National Accounts,
 Stepan Company

James Pall, former Manager (flake phthalic anhydride),
 Stepan Company

Daniel N. Simon, Product Manager, Dibasics, U.S. Diversified
 Group, a Division of USX Corporation

Peter J. Koenig, Esquire, USX Corporation

Mudge, Rose, Guthrie, Alexander & Ferdon--Counsel
 Washington, D.C.
on behalf of

Flake phthalic
 anhydride

Oxidaciones Organicas, C.A.

Pablo Pick, President, American Petrochemical
 Corporation

Donald B. Cameron, Jr. }--OF COUNSEL
 Alan H. Price }

- more -

Witness and organization:

Subject:

Fenwick, Davis & West--Counsel
Washington, D.C.
on behalf of

Miscellaneous
articles of
paper

Stationery International Trade Committee

John C. McCurrach, President, Mead Products

Roger M. Golden)--OF COUNSEL
Robert C. Eisenbach)

Sidney N. Weiss--Counsel
New York, N.Y.
on behalf of

Miscellaneous
articles of
paper

Louis M. Gerson Co., Inc.

Ronald Gerson, Chairman

Sidney N. Weiss--OF COUNSEL

Brownstein, Zeidman and Schomer--Counsel
Washington, D.C.
on behalf of

Miscellaneous
articles of
paper

Kimberly Clark de Mexico, S.A. and
San Cristobal

Donald Stein)
David Amerine)--OF COUNSEL

Cameron, Hornbostel & Buttermann--Counsel
Washington, D.C.
on behalf of

Miscellaneous
articles of
paper

SPP-Nemo SA Comercial Exportadora
Champion Paper e Celulose Ltda
KSR (Trading Company) Comercio e Industria
de Papel SA
Rilisa Trading SA

William K. Ince--OF COUNSEL

Witness and organization:

Subject:

Klayman & Gurley, P.C.--Counsel
Washington, D.C.
on behalf of

Miscellaneous
articles of
paper

Cia. Melhoramentos de Sao Paulo - Industrias
de Papel, Escolas Profissionais Salesianas,
Propasa Produtos de Papel, S.A. and Tilibra
S.A. Comercio e Industria Grafica (Brazilian
producers)

and

Cia. Industrial Celulose e Papel Guaiba (CELUPA),
a Brazilian producer

Larry Klayman)--OF COUNSEL
Rachelle Cherol)

Mudge, Rose, Guthrie, Alexander & Ferdon--Counsel
Washington, D.C.
on behalf of

Toy balloons

The Korean Consumer Goods Exporters Association

Donald B. Cameron, Jr.)
Alan H. Price)--OF COUNSEL

Lawrence R. Pilon--Counsel
Chicago, Illinois
on behalf of

Inflatable play
balls of
polyvinyl
chloride

The Hedstrom Corporation, Ashland, Ohio

Lawrence R. Pilon--OF COUNSEL

Mudge, Rose, Guthrie, Alexander & Ferdon--Counsel
Washington, D.C.
on behalf of

Inflatable play
balls of
polyvinyl
chloride

The Korean Consumer Goods Exporters Association

Donald B. Cameron, Jr.)
Alan H. Price)--OF COUNSEL D-8

Witness and organization:

Subject:

Howrey & Simon--Counsel
Washington, D.C.
on behalf of

Ceramic floor
and wall tile

Tile Council of America, Inc. ("TCA")

Peter C. Johnson, Jr., President

John C. Peirce--OF COUNSEL

St. Maxens & Company
Washington, D.C.
on behalf of

Ceramic floor
and wall tile

The Government of Thailand

Thomas F. St. Maxens, President

Brownstein, Zeidman and Schomer--Counsel
Washington, D.C.
on behalf of

Porcelain on
steel cooking
and kitchenware

Troqueles y Esmaltes, S.A. and Cinsa, S.A.
and Kimberly-Clark de Mexico, S.A. and
Cia Kindustrial San Cristobal, S.A.

David Amerine--OF COUNSEL

Collier, Shannon, Rill & Scott--Counsel
Washington, D.C.
on behalf of

Certain ceramic
table and
kitchen
articles

The Pfaltzgraff Company, Scio Pottery Company,
and Homes Laughlin

William H. Simpson, Esquire, President
of the Manufacturing Division

David A. Hartquist)
Kathleen Weaver Cannon)--OF COUNSEL

