

**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 Investigation  
Nos. TA-503(a)-18  
and 332-279

**USITC PUBLICATION 2236**

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**United States International Trade Commission  
Washington, DC 20436**



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Note.--This report is a declassified version of the Confidential probable effects advice report submitted to the President on November 16, 1989.



## INTRODUCTION

On August 16, 1989, 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 United States Trade Representative (USTR) by Executive Order 11846, as amended by Executive Order 11947, the USTR requested advice<sup>1</sup> related to the U.S. Generalized System of Preferences (GSP) as follows:

- (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 Annex to 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" limits specified in section 504(c)(1) of the 1974 Act.
- (2) Under authority delegated by the President, pursuant to section 332(g) of the Tariff Act, to advise the President--
  - (A) with respect to each article listed in Part B of the Annex to the USTR request, as to the probable economic effect on U.S. industries producing like or directly competitive articles and on consumers of the removal of the articles in Part B from eligibility for duty-free treatment under the GSP;
  - (B) with respect to the article listed in Part C of the Annex to the USTR request, as to the probable economic effect on U.S. industries producing like or directly competitive articles and on consumers of the removal of Brazil from eligibility for duty-free treatment under the GSP;

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<sup>1</sup> A copy of the request from USTR is contained in app. A.

- (C) in accordance with section 504(c)(3)(A)(i) of the Trade Act, as to the probable economic effect on domestic industries producing like or directly competitive articles and on consumers of waiving the competitive need limits for countries specified with respect to the articles listed in Part D of the Annex to the USTR request and for Malaysia with respect to the articles provided for in HTS 8541.40.9060;
- (D) as to the probable economic effect on domestic industries producing like or directly competitive articles and on consumers of restoring the competitive need limits specified in section 504(c)(1) of the 1974 Act for Mexico with respect to the articles listed in paragraph (d) of the USTR request, all of the foregoing articles for which Mexico currently is subject to the reduced competitive need limits specified in section 504(c)(2)(B) of the 1974 Act;
- (E) in accordance with section 504(d) of the 1974 Act, which exempts from one of the competitive need limits in section 504(c) of the 1974 Act articles for which no like or directly competitive article was being produced in the United States on January 3, 1985, as to whether products like or directly competitive with the articles in Part A or Part E of the Annex of the USTR request, and for HTS headings 2001.90.40(pt) and 2005.90.90(pt), were being produced in the United States on January 3, 1985.

In response to the USTR request, the Commission on August 29, 1989, instituted investigations Nos. TA-503(a)-18 and 332-279 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.<sup>2</sup> A public hearing in connection with the investigation was held in the Commission hearing room, 500 E Street SW., Washington, DC 20436, on October 3-4, 1989. All interested parties were afforded an opportunity to appear by counsel or in person, to present information, and to be heard.<sup>3</sup>

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<sup>2</sup> The following Federal Register notices were issued by the Commission and the USTR related to investigations Nos. TA-503(a)-18 and 332-279:

<u>Date</u>	<u>Notice</u>	<u>Subject</u>
Aug. 10, 1989	54 F.R. 32891	USTR notice of annual GSP review
Sept. 7, 1989	54 F.R. 37161	Notice of ITC investigation and hearing

<sup>3</sup> A list of witnesses who appeared at the Commission hearing is contained in app. C.



## 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 HTS item. In a limited number of cases, several closely related HTS items were grouped together in a single digest to facilitate preparation of meaningful digest advice.

To provide a factual basis for the Commission's advice, each digest contains the following sections:

- I. Introduction
- II. U.S. market profile
- III. GSP import situation, 1988
- IV. Competitiveness profiles, GSP suppliers
- V. Position of interested parties
- VI. Summary of probable economic effects
- ... U.S. import/export tables

I. Introduction.--This section provides basic information on the item including description and uses, rate of duty, type of GSP modification proposed, competitive-need country exclusions, competitive-need limit waivers, and an indication of whether there was U.S. production of the item on January 3, 1985.

II. U.S. market profile.--This section provides information on U.S. producers, employment, shipments, exports, imports, consumption, import market share, and capacity utilization. Where exact information is not obtainable, the best available estimates are provided.

III. GSP import situation, 1988.--This section provides 1988 U.S. import data, including the world total and certain GSP country-specific data. Individual GSP country data is provided for the top four GSP suppliers in 1988 as well as for any additional GSP countries proposed for "graduation" or "waiver." However, Hong Kong, Korea, Taiwan, and Singapore are not classified as GSP countries in this report. Although these countries were eligible for GSP treatment during 1984-88, they were "graduated" and are no longer eligible for GSP benefits.

IV. Competitiveness profiles, GSP suppliers.--This section provides background information on GSP supplier countries which are (1) the most significant sources, (2) likely to emerge as significant suppliers as a result of the GSP modification, and (3) affected by changes in eligibility as a result of the modification. Information is provided on the level and significance of the country as a supplier, the

elasticities of supply and demand for imports from the country,<sup>4</sup> and the price and quality of imports compared with U.S. and other foreign products.

V. Position of interested parties.--This section provides brief summaries of written submissions and testimony from interested parties.

VI. Summary of probable economic effects.--This section provides advice on the short-to-near-term (1-5 years, 1990-94) impact of the proposed GSP-eligibility modifications in three areas: (1) U.S. imports, (2) U.S. industry, and (3) U.S. consumers.<sup>5</sup> The probable effect advice, to a degree, integrates and summarizes the data provided in sections I-V of the digests with particular emphasis on the price sensitivity of import supply and demand. Thus, for example, if the price elasticity of demand in the United States and the price elasticity of supply in the exporting beneficiary country are both relatively high, elimination of even a moderate-level tariff suggests the possibility of large import increases from the beneficiary country. It should be noted that the probable effect advice with respect to changes in import levels are presented in terms of the degree to which GSP modification will affect U.S. trade levels with the world. Consequently, whereas U.S. imports of a particular product from GSP beneficiaries may change significantly, if GSP beneficiaries supply a very small share of total U.S. imports of that product or if imports from beneficiaries readily substitute with imports from developed countries, the overall effect on U.S. imports could be minimal.

In considering the different types of GSP-eligibility changes that have occurred and the likely impact, removal of GSP status for an item or graduation of a country for a specific item were considered duty

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<sup>4</sup> Price elasticity is a measure of the changes in quantity that are brought about as a result of changes in price. The guidelines used for both supply and demand are as follows: The elasticity is low when the percentage change in quantity is less than the percentage change in price; moderate when it is between 1 and 2 times the percentage change in price; and, high when it is greater than 2 times the percentage change in price. It should be noted that the elasticity levels ("low, medium, and high") are only estimates, and are not based on empirical research on the various products under consideration.

<sup>5</sup> App. D provides a brief textual and graphic presentation of the types of trade shifts that can result from modification of GSP eligibility for the case where the domestic product and imports from all countries are perfect substitutes. For the products in this report it is not possible to measure such trade shifts precisely.

increases, and GSP item additions and competitive-need limit waivers were considered as duty decreases. The digests contain a coded summary of the probable economic effect advice. The coding scheme is shown below:

FOR "ADDITION" AND "WAIVER" DIGESTS:

Level of total U.S. imports:

Code A: Little or no increase (0 to 5 percent).

Code B: Modest increase (6 to 15 percent).

Code C: Significant increase (over 15 percent).

U.S. industry and employment:

Code A: Little or negligible adverse impact.

Code B: Significant adverse impact (significant proportion of workers unemployed; declines in output; declines in profit levels; firms depart, but adverse impact not industrywide).

Code C: Substantial adverse impact (substantial unemployment; widespread idling of productive facilities; substantial declines in profit levels; adverse impact on the industry as a whole).

Code N: None

U.S. consumer<sup>6</sup>:

Code A: The bulk of the duty savings (greater than 75 percent) is expected to be absorbed by the foreign suppliers. The price U.S. consumers pay is not expected to fall significantly (by less than 25 percent of the duty reduction).

Code B: Duty savings are expected to benefit both the foreign suppliers and the domestic consumer (neither receiving more than 75 percent of the savings).

Code C: The bulk of duty savings (greater than 75 percent) is expected to benefit the U.S. consumer.

Code N: None

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<sup>6</sup> The "U.S. consumer" may be a firm/person receiving an intermediate good for further processing or the end user in the case of a final good.

FOR "REMOVAL" AND "GRADUATION" DIGESTS:

Level of total U.S. imports:

Code X: Little or no decrease (0 to 5 percent).

Code Y: Modest decrease (6 to 15 percent).

Code Z: Significant decrease (over 15 percent).

U.S. industry and employment:

Code X: Little or negligible beneficial impact.

Code Y: Significant beneficial impact (significant number of additional workers employed; increases in output; increases in profit levels; new firms; but beneficial impact not industrywide).

Code Z: Substantial beneficial impact (substantial increase in employment; widespread increased production; substantial increases in profit levels; beneficial impact on the industry as a whole).

Code N: None

U.S. consumer:

Code X: The bulk of the duty increase (greater than 75 percent) is expected to be absorbed by the foreign suppliers.

Code Y: The duty increase is expected to increase costs to both the foreign suppliers and the domestic consumer (neither absorbing more than 75 percent of the cost).

Code Z: The bulk of the duty increase (greater than 75 percent) is expected to be passed on to the U.S. consumer.

Code N: None

In using the probable effect advice, several important factors should be taken into consideration. The HTS trade data used in the investigation were developed by the Commission by converting official TSUSA import statistics and Schedule B export statistics to the HTS format using Commission-developed concordances between the TSUSA/Schedule B systems and the HTS. As a general observation, data that are developed under one system and subsequently translated and presented in another, should be viewed with some caution. Such caution is recommended in this investigation due to fundamental differences in structure and classification concepts between the HTS and the TSUSA/Schedule B. Although it is believed that the Commission has solved the great majority of the technical problems in converting trade data from one format to another, basic differences between the two systems make precise conversion of data impossible in many instances.

Further, confidence in available data and data estimates often varies by product and by type of information. To give the report user some indication of the level of confidence in data provided in the Digests, the Commission uses the following coding system.

- No code = Response based on complete or almost complete information/data adequate for a high degree of confidence.
- \* = Based on partial information/data adequate for estimation with a moderately high degree of confidence (e.g., \*5, \*X).
- \*\* = Based on limited information/data adequate for estimation with a moderate degree of confidence (e.g., \*\*5).
- (<sup>1</sup>) = Not available.

It should also be emphasized that the probable effects estimates are not forecasts of what will actually happen to U.S. imports in the future. Instead, they are estimates of how a change in GSP eligibility will affect these imports. For example, a digest might estimate that GSP eligibility will cause U.S. imports to increase modestly by 6 percent to 15 percent, whereas it might be reasonable to suppose that the recent decline in the dollar on exchange markets will cause actual imports in the digest to decline. This does not mean the estimate in the digest is inaccurate. Even if actual imports decline dramatically, they should still be at a somewhat higher level with GSP eligibility than without. It is this latter difference only that the digests are concerned with. Although a number of factors such as exchange rate changes, relative inflation rates, and relative rates of economic growth could have much greater effects on imports than changes in GSP eligibility, these other factors are beyond the scope of the USTR request.



## Probable Effect Digest Locator and Overview

Note.--Digests are listed in the order that they appear in this report. If more than one HTS item is combined into a single digest, the order is based on the first HTS number. This listing provides information on HTS items covered by digests, including a brief description, the type of proposed GSP-eligibility change, probable effect codes, existence of U.S. production on January 3, 1985, and the assigned Commission trade analyst.



HTS items requiring probable effect advice and listing of digests

HTS item	Short title	Proposed action	Petitioner	Probable effects	Col. 1 rate of duty or AVE	U.S. pro-duction, Jan. 3, 1985?	Analyst
0710.22.30(pt)	Frozen green beans	Addition	Gov't of Peru		7.7¢/kg	Yes	McCarty
0711.90.60(pt)	Certain chili peppers	Waiver (Mexico)	Camara Nacional de la Industria de Conservas Alimenticias (Mex.)		12%	Yes	McCarty
0811.90.40	Frozen papaya	Addition	Gov't of Peru		17.5%	Yes	Macomber
0811.90.60(pt)	Frozen mangoes	Addition	Gov't of Peru		17%	Yes	Macomber
1102.90.40(pt)	Mixtures of certain cereal flours	Addition	Gov't of Peru		20%	Yes	Dennis
1104.29.00	Certain cereals	Addition	Gov't of Peru		5.9%	Yes	Dennis
1512.11.0040	Crude safflower oil	Addition	Oilseeds Int'l, Ltd. (CA); Producers Cotton Oil, Co. (CA); Safflower Seed & Oil Calif. Oils Corp. (CA)		2¢/kg + 4% (6.6% AVE)	Yes	Reeder
1515.30.00(pt)	Crude castor oil	Waiver 1/ (Brazil)	Alnor Oil Co., Inc. (NY); Caschem, Inc. (NJ); Union Camp Corp. (NJ)		3.3¢/kg (3.7% AVE)	No	Reeder
2001.90.40(pt)	Nopalitos, prepared or preserved with vinegar	Waiver 2/ (Mexico)	Gov't of Mexico; Empacadora San Marcos, S.A. de C.V. (Mex.)		12%	No	McCarty
2001.90.40(pt)	Jalapeno peppers	Waiver (Mexico)	Camara Nacional de la Industria de Conservas Alimenticias (Mex.)		12%	Yes	McCarty
2004.10.00(pt)	Yellow (solano) potatoes	Addition	Gov't of Colombia		10%	No	McCarty
2005.90.90(pt)	Nopalitos, prepared other-wise than with vinegar	Waiver 2/ 3/ (Mexico)	McCormick & Co., Inc. (MD); Festin Foods Corp. (CA)		17.5%	Yes	McCarty

See footnotes at end of table.

HTS items requiring probable effect advice and listing of digests--Continued

HTS item	Short title	Proposed action	Petitioner	Probable effects	Col. 1 rate of duty or AVE	U.S. pro-duction, Jan. 3, 1985?	Analyst
2007.99.55	Papaya paste and pulp, cooked	Addition	Gov't of the Philippines		17.5%	Yes	Macomber
2007.99.65	Fruit and nut pastes and purees, n.s.p.f., cooked	Addition	Gov't of the Philippines		12.5%	Yes	Macomber
2203.00.00	Beer	Waiver 3/ (Mexico)	Gov't of Mexico; Cerveceria Cuauhtemoc, S.A. de C.V. (Mex.); Cerveceria Moctezuma, S.A. de C.V. (Mex.)		1.9%	Yes	Lipovsky
2308.90.60(pt)	Dehydrated marigolds	Addition	Gov't of Peru		3%	Yes	Dennis
2827.51.10	Sodium bromides	Removal	Ethyl Corp. (VA); St. Lakes Chemical Corp. (IN)		6.6¢/kg	Yes	Greenblatt
2905.43.00	Mannitol	Graduation (Brazil)	ICI Americas Inc. (DE)		5.8%	Yes	Michels
2905.44.00	D-glucitol	Removal	ICI Americas Inc. (DE)		5.8%	Yes	Michels
2924.29.40(pt)	5-Bromoacetylsalicylamide	Addition	Sour Pliva (Yugo.)		13.5%	No	Matusik
2935.00.45(pt)	Acetazolamide	Addition	Sour Pliva (Yugo.)		6.9%	Yes	Nesbitt
3407.00.00(pt)	Modeling pastes	Addition	American Art Clay Co., Inc. (IN); Industrias Isemarf S.A. (Mex.)		10%	Yes	Randall
3503.00.50	Other gelatins and glues	Removal	Hudson Industries Corp. (NJ)		4.4¢/kg + 6%	Yes	Jonnard
3506.99.00	Other prepared glues and adhesives	Removal	Hudson Industries Corp. (NJ)		2.1%	Yes	Jonnard
3812.30.10(pt)	Mixtures of N,N'-Diaryl-p-Phenylenediamines	Addition	Novaquim, S.A. de C.V. (Mex.)		15.1%	Yes	Michels

See footnotes at end of table.

HTS items requiring probable effect advice and listing of digests--Continued

HTS item	Short title	Proposed action	Petitioner	Probable effects	Col. 1 rate of duty or AVE	U.S. production, Jan. 3, 1985?	Analyst
3903.19.00	Polystyrene, other than expandable	Waiver (Mexico)	Gov't of Mexico; Industrias Resistol, S.A. (Mex.); Poliestireno Y Derivados, S.A. de C.V. (Mex.); Polioles, S.A. de C.V. (Mex.)		0.9¢/kg + 9.2%	Yes	Taylor
3904.10.00	Polyvinyl chloride, not mixed with any other substance	Waiver 3/ (Mexico)	Gov't of Mexico; Grupo Primex, S.A. de C.V. (Mex.)		10.1%	Yes	Taylor
3912.20.00	Cellulose nitrates	Removal	Hercules Inc. (DE)		5.2%	Yes	Taylor
4818.10.00	Toilet paper	Waiver (Mexico)	Gov't of Mexico; Cia. Industrial San Cristobal, S.A. (Mex.); Kimberly-Clark Corp. (TX); Kimberly-Clark de Mexico, S.A. de C.V. (Mex.); Productos San Cristobal, S.A. de C.V. (Mex.); Scott Paper Co. (PA)		5.3%	Yes	Rhodes
4818.20.00	Paper towels and facial tissues	Waiver (Mexico)	Gov't of Mexico; Cia. Industrial San Cristobal, S.A. (Mex.); Kimberly-Clark Corp. (TX); Kimberly-Clark de Mexico, S.A. de C.V. (Mex.); Productos San Cristobal, S.A. de C.V. (Mex.); Scott Paper Co. (PA)		5.3%	Yes	Rhodes

See footnotes at end of table.

HTS items requiring probable effect advice and listing of digests--Continued

HTS item	Short title	Proposed action	Petitioner	Probable effects	Col. 1 rate of duty or AVE	U.S. production, Jan. 3, 1985?	Analyst
4818.30.00	Paper tablecloths and napkins	Waiver (Mexico)	Gov't of Mexico; Cia. Industrial San Cristobal, S.A. (Mex.); Kimberly-Clark Corp. (TX); Kimberly-Clark de Mexico, S.A. de C.V. (Mex.); Productos San Cristobal, S.A. de C.V. (Mex.); Scott Paper Co. (PA)		5.3%	Yes	Rhodes
5503.40.00	Polypropylene staple fibers	Addition	Fitesa, S.A. (BZ)		4.9%	Yes	Butler
6116.10.4505 4/	Sports gloves	Addition	Gov't of Philippines		14.0%	Yes	Jones
6216.00.2505 4/	Sports gloves	Addition	Gov't of Philippines		14.0%	Yes	Jones
6216.00.3005 4/	Sports gloves	Addition	Gov't of Philippines		14.0%	Yes	Jones
6216.00.4805 4/	Sports gloves	Addition	Gov't of Philippines		14.1%	Yes	Jones
6304.99.20(pt)	Jute wall hangings	Addition	Intercontinental Art, Inc. (CA)		12.8%	Yes	Borsari
6911.10.50(pt)	Chinaware serviette rings	Addition	Gov't of Philippines		26%	Yes	McNay
6912.00.49(pt)	Earthenware serviette rings	Addition	Gov't of Philippines		11.5%	Yes	McNay
7005.21.10 5/	Certain flat glass	Addition	Gov't of Mexico; Vidrio Plano de Mexico, S.A. (Mex.); Vitro Flotado, S.A. (Mex.)		2.2%	Yes	Bedore

See footnotes at end of table.

HTS items requiring probable effect advice and listing of digests--Continued

HTS item	Short title	Proposed action	Petitioner	Probable effects	Col. 1 rate of duty or AVE	U.S. pro-duction, Jan. 3, 1985?	Analyst
7005.21.20 5/	Certain flat glass	Addition	Gov't of Mexico; Vidrio Plano de Mexico, S.A. (Mex.); Vitro Flotado, S.A. (Mex.)		6.2%	Yes	Bedore
7005.29.0510 5/	Certain flat glass	Addition	Gov't of Mexico; Vidrio Plano de Mexico, S.A. (Mex.); Vitro Flotado, S.A. (Mex.)		3.1%	Yes	Bedore
7005.29.15 5/	Certain flat glass	Addition	Gov't of Mexico; Vidrio Plano de Mexico, S.A. (Mex.); Vitro Flotado, S.A. (Mex.)		3.2%	Yes	Bedore
7005.29.25 5/	Certain flat glass	Addition	Gov't of Mexico; Vidrio Plano de Mexico, S.A. (Mex.); Vitro Flotado, S.A. (Mex.)		5.3%	Yes	Bedore
7013.99.50(pt.)	Globe-shaped glass bowls	Addition	Crisa Corp. (TX); Vitrocrista Cristaleria, S.A. de C.V. (Mex.)		30%	Yes	McNay
7312.10.50 6/	Iron or steel cables, ropes, and cordage	Removal	Committee of Domestic Steel Wire Rope and Specialty Cable Manufacturers (DC)		5.7%	Yes	Yost
7312.10.60 6/	Iron or steel cables, ropes, and cordage	Removal	Committee of Domestic Steel Wire Rope and Specialty Cable Manufacturers (DC)		4.4%	Yes	Yost
7312.10.70 6/	Iron or steel cables, ropes, and cordage	Removal	Committee of Domestic Steel Wire Rope and Specialty Cable Manufacturers (DC)		5.7%	Yes	Yost
7312.10.90 6/	Iron or steel cables, ropes, and cordage	Removal	Committee of Domestic Steel Wire Rope and Specialty Cable Manufacturers (DC)		4%	Yes	Yost

See footnotes at end of table.

HTS items requiring probable effect advice and listing of digests--Continued

HTS item	Short title	Proposed action	Petitioner	Probable effects	Col. 1 rate of duty or AVE	U.S. production, Jan. 3, 1985?	Analyst
7314.19.00	Woven products of iron or steel wire, other than stainless steel	Waiver 2/ (Mexico)	Gov't of Mexico; DEACERO, S.A. de C.V. (Mex.)		4.9%	Yes	Yost
7614.90.10(pt)	Aluminum electrical conductors other than with steel core, not fitted	Addition	Gov't of Venezuela; General Cable Co. (CT)		4.9%	Yes	Yost
8421.23.00	Oil and fuel filters	Waiver 2/ (Mexico)	Gov't of Mexico; Gonher (Mex.)		3.1%	Yes	Hagey
8421.31.00	Filters for gases	Waiver 2/ (Mexico)	Gov't of Mexico; Gonher (Mex.)		3.1%	Yes	Hagey
8471.20.00	Digital automatic data-processing units, self-contained	Waiver (Mexico)	Gov't of Mexico; IBM de Mexico, S.A. (Mex.)		3.9%	Yes	Fletcher
8471.91.00	Other digital processing units	Waiver (Mexico)	Gov't of Mexico; IBM de Mexico, S.A. (Mex.)		3.9%	Yes	Fletcher
8471.99.30	Power supplies for automatic data-processing machines	Waiver (Malaysia)	Astec U.S.A. (HK) Ltd. (CA)		3%	Yes	Fletcher
8504.40.00	Static converters	Waiver (Malaysia)	Astec U.S.A. (HK) Ltd. (CA)		3%	Yes	Cutchin
8505.19.00	Ceramic magnets or articles	Waiver 2/ (Mexico)	General Motors Corp. (NY)		4.9%	Yes	Cutchin
8507.10.0060	12 V batteries exceeding 6 kg.	Removal	U.S. Battery Trade Council (DC)		5.3%	Yes	Hagey
8511.30.00	Ignition coils	Waiver (Mexico)	Gov't of Mexico; Bobinadores Unidos, S.A. de C.V. (Mex)		3.1%	Yes	Hagey
8523.20.00	Magnetic discs	Waiver 2/ (Mexico)	Gov't of Mexico; Aurex, S.A. de C.V. (Mex.)		4.2%	Yes	Sherman

See footnotes at end of table.

HTS items requiring probable effect advice and listing of digests--Continued

HTS item	Short title	Proposed action	Petitioner	Probable effects	Col. 1 rate of duty or AVE	U.S. pro-duction, Jan. 3, 1985?	Analyst
8525.20.30	Other transceivers	Waiver (Malaysia)	Motorola Inc. (IL)		6%	Yes	Kitzmilller
8528.10.8055	Other television receivers	Addition	Uniden Corporation of America (TX)		5%	Yes	Kitzmilller
8532.10.00	Fixed power capacitors	Addition	ABB Capacitores, S.A. de C.V. (Mex.)		10%	Yes	Sherman
8532.25.00	Fixed capacitors with dielectric of paper or plastic	Addition	ABB Capacitores, S.A. de C.V. (Mex.)		10%	Yes	Sherman
8532.29.00	Other fixed capacitors	Addition	ABB Capacitores, S.A. de C.V. (Mex.)		10%	Yes	Sherman
8541.40.9060	Optical coupled isolators	Addition 7/	Siemens Components, Inc. (CA)		4.2%	Yes	Malison
8605.00.00	Railway coaches	Waiver (Mexico)	Gov't of Mexico; Constructora Nacional de Carros de Ferrocarril (Mex.)		18%	Yes	Lahey
8606.10.00	Tank cars	Waiver (Mexico)	Gov't of Mexico; Constructora Nacional de Carros de Ferrocarril (Mex.)		18%	Yes	Lahey
8606.20.00	Refrigerated cars	Waiver (Mexico)	Gov't of Mexico; Constructora Nacional de Carros de Ferrocarril (Mex.)		18%	Yes	Lahey
8606.30.00	Self-discharging cars	Waiver (Mexico)	Gov't of Mexico; Constructora Nacional de Carros de Ferrocarril (Mex.)		18%	Yes	Lahey
8606.91.00	Covered freight cars	Waiver (Mexico)	Gov't of Mexico; Constructora Nacional de Carros de Ferrocarril (Mex.)		18%	Yes	Lahey

See footnotes at end of table.

HTS items requiring probable effect advice and listing of digests--Continued

HTS item	Short title	Proposed action	Petitioner	Probable effects	Col. 1 rate of duty or AVE	U.S. pro-duction, Jan. 3, 1985?	Analyst
8606.92.00	Open freight cars with non-removable sides	Waiver (Mexico)	Gov't of Mexico; Constructora Nacional de Carros de Ferrocarril (Mex.)		18%	Yes	Lahey
8606.99.00	Other open freight cars	Waiver (Mexico)	Gov't of Mexico; Constructora Nacional de Carros de Ferrocarril (Mex.)		18%	Yes	Lahey
9405.91.20(pt)	Lead glass lamp shades	Waiver 1/ (Mexico)	Crisa Corp. (TX); Philip Goldin Associates, Inc. (NY); Vitrocrisa Kristal, S.A. (Mex.)		14%	No	Rodriguez-Archila
9503.70.80	Certain toys put up in sets, and parts thereof	Waiver 3/ (Mexico)	Mattel Inc. (CA); Tonka Corp. (MN)		6.8%	Yes	Langer
9503.90.50	Inflatable toy balls, balloons and punchballs	Waiver 3/ (Mexico)	Gov't of Mexico; Latex Occidental, S.A. de C.V. (Mex.)		6.8%	Yes	Langer
9503.90.60	Miscellaneous toys, parts, and accessories	Waiver 3/ (Mexico)	Mattel Inc. (CA); Tonka Corp. (MN)		6.8%	Yes	Langer
9607.11.00 g/	Slide fasteners	Addition	Gov't of Mexico; Asociacion Mexicana de Fabricantes de Cremalleras Automaticas, A.C. (Mex.)		15%	Yes	Rodriguez-Archila
9607.19.00 g/	Slide fasteners	Addition	Gov't of Mexico; Asociacion Mexicana de Fabricantes de Cremalleras Automaticas, A.C. (Mex.)		15%	Yes	Rodriguez-Archila

1/ Section 504(d) waiver requested.

2/ Waiver of competitive need limit and section 504(d) waiver requested.

3/ Mexico is currently subject to a reduced competitive need limit for this item. Advice is also requested on restoring the full competitive need limit for this item for Mexico.

4/ HTS items: 6116.10.4505, 6216.00.2505, 6216.00.3005, and 6216.00.4805 are combined into a single digest.

5/ HTS items 7005.21.10, 7005.21.20, 7005.29.0510, 7005.29.15, and 7005.29.25 are combined into a single digest.

6/ HTS items 7312.10.50, 7312.10.60, 7312.10.70, and 7312.10.90 are combined into a single digest.

7/ Advice is also requested on waiving the competitive-need limit for Malaysia for this item.

8/ HTS items 9607.11.00 and 9607.19.00 are combined into a single digest.

COMMODITY DIGESTS



DIGEST NO. 0710.22.30(pt)

FROZEN GREEN BEANS

Frozen Green Beans

I. Introduction

Col. 1 rate of duty: 7.7 cents/kilogram (1988 AVE 4.5%)  
 Type of action proposed (check one):  
 Addition of GSP: X \_\_\_\_\_  
 Removal from GSP: \_\_\_\_\_  
 Country graduation: \_\_\_\_\_  
 Competitive-need-limit waiver: \_\_\_\_\_  
 Non-eligible GSP countries: None  
 Current competitive-need-limit waivers: None  
 Current "sufficiently competitive" designation: None  
 U.S. production on Jan. 3, 1985? Yes X No \_\_\_\_\_.

Description and uses: This digest covers not-reduced-in size frozen beans (other than lima beans entered from November 1 in any year to the following May 31, inclusive, and other than cowpeas (excluding black-eye peas)), uncooked or cooked by steaming or boiling in water. High in protein and low in calories, such beans are generally used as a cooked vegetable, served whole or sliced as a side dish, or chopped in a relish.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number) <sup>2</sup> .....	**50	**48	**44	**43	**40	** -4
Employment (thousand employees).....	**10	**10	**9	**9	**8	** -4
Shipments (thousands of dollars).....	**20,275	**19,576	**22,130	**26,426	**22,102	**2
Exports (thousands of dollars).....	2,418	2,274	2,804	2,939	4,422	13
Imports (thousands of dollars).....	9,544	7,631	16,519	7,694	8,845	-1
Consumption (thousands of dollars).....	**27,401	**24,933	**35,845	**31,181	**26,525	**(-3)
Import to consumption ratio (percent)..	**35	**31	**46	**25	**33	** -1
Capacity utilization (percent).....	**80	**80	**81	**83	**80	**0

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup> Data represent the estimated number of firms processing frozen green beans. In recent years,

<sup>3</sup> green beans for fresh-market and processing were grown on an estimated 15,000 farms.

Less than 0.5 percent.

Comment: The U.S. vegetable freezing industry consists of many small regional producers competing with several large national and multi-national processors. The larger firms process principally under their own private labels for distribution nationwide; in addition, they compete directly with regional firms for regional brand products. Although quality, service, brand loyalty/preference, and non-price purchasing incentives are important to most processors, price is often the most important issue for intermediate and end-use consumers in determining where or from whom they purchase their product.

In the vegetable freezing industry, access to a steady and abundant supply of raw vegetables is a major cost advantage for any country, along with a favorable climate for raw-vegetable production. Both Mexico and Canada, the major foreign sources for U.S. imports of frozen green beans, possess

such advantages, in addition to comparable processing technology, available transportation, and export-marketing expertise. Mexico, in particular, has the added advantage of low-cost labor. Peru (the petitioner) shares in many of the same advantages as Mexico, although currently on a much smaller scale.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	<u>1,000 dollars</u>			
Total.....	8,845	100	-	**33
Imports from GSP countries:				
Total.....	7,591	86	100	**29
Mexico.....	6,999	79	92	**26
Yugoslavia.....	176	2	2	**1
Guatemala.....	134	2	2	**1
El Salvador.....	71	1	1	** <sup>(1)</sup>

<sup>1</sup>Less than 0.5 percent.

Comment: Frozen green bean imports averaged around \$8.4 million annually during 1984-88 (excluding 1986); in 1986, imports were nearly double the normal annual average, because of a weather-damaged crop in the United States and over production in Mexico. Mexico is believed to have the capacity to increase production 500 percent in the short run and, with the addition of GSP treatment for this item, is expected to do so. Imports from Peru (the petitioner) have been insignificant in recent years and would probably still account for a small share of total imports if granted duty-free treatment.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1988.....   1  

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes   X   No \_\_\_

What is the price elasticity of U.S. demand?..... High   X   Moderate \_\_\_ Low \_\_\_

Can production in the country be easily expanded or contracted in the short term?..... Yes   X   No \_\_\_

Does the country have significant export markets besides the United States?..... Yes   X   No \_\_\_

Could exports from the country be readily redistributed among its foreign export markets?..... Yes   X   No \_\_\_

What is the price elasticity of import supply?..... High   X   Moderate \_\_\_ Low \_\_\_

Price level compared with:

  U.S. products..... Above \_\_\_ Equivalent   X   Below \_\_\_

  Other foreign products..... Above \_\_\_ Equivalent   X   Below \_\_\_

Quality compared with:

  U.S. products..... Above \_\_\_ Equivalent   X   Below \_\_\_

  Other foreign products..... Above \_\_\_ Equivalent   X   Below \_\_\_

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for Yugoslavia for all digest products

Ranking as a U.S. import supplier, 1988..... 5

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted in the short term?..... Yes  No

Does the country have significant export markets besides the United States?..... Yes  No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Competitiveness indicators for Guatemala for all digest products

Ranking as a U.S. import supplier, 1988..... 6

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted in the short term?..... Yes  No

Does the country have significant export markets besides the United States?..... Yes  No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Comment: The petitioner (Peru) would gain in competitiveness as a result of duty-free treatment, but processors in that country currently are very small. Other foreign suppliers, however, stand to gain much more. Mexico is the most important current GSP supplier capable of increasing its competitiveness in U.S. markets significantly in the short term. Its raw-product production and processing technology is comparable with that in the United States. In addition, it enjoys the advantages of lower wage rates and closer proximity to U.S. distributors.

V. Position of interested parties

Petitioner.—The commercial counselor for the Government of Peru has requested that frozen green beans be added to the list of items eligible for duty-free treatment under the GSP. The petitioner, on behalf of the processing firm Agro Empaques S.A., states that, if granted GSP status, production of this item would be expected to increase 1,000 percent, with only the best quality product being exported. Through initial funding by the agency for International Development, the development of this project would be furthered by GSP treatment, resulting in the increased capacity utilization of existing processing plants along with the creation of new jobs.

HTS item No.  
0710.22.30(pt)

[Probable economic effect advice deleted.]

HTS item No.  
0710.22.30(pt)

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation)	<u>TSUSA col. 1 rate of duty</u>				
		<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
0710.22.30	135.1600(5%)	3.5	4.3	2.6	4.5	4.5

Table I.

Digest Title: Frozen green beans  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Mexico.....	8,197	6,187	15,256	6,364	6,999
Canada.....	321	207	264	199	492
Taiwan.....	70	94	232	405	266
Belgium.....	37	50	8	96	234
Yugoslavia.....	6	0	0	0	176
Guatemala.....	3	12	43	38	134
Portugal.....	91	57	76	64	105
France.....	328	461	321	112	85
El Salvador.....	21	11	20	31	71
Kiribati.....	0	0	0	0	68
Chile.....	0	0	0	93	58
China.....	0	7	2	0	22
Ecuador.....	0	0	0	9	21
Japan.....	1	1	7	13	16
Greece.....	0	9	0	6	15
All other.....	470	534	291	262	83
<b>Total.....</b>	<b>9,544</b>	<b>7,631</b>	<b>16,519</b>	<b>7,694</b>	<b>8,845</b>
<b>GSP Total....</b>	<b>8,610</b>	<b>6,704</b>	<b>15,557</b>	<b>6,741</b>	<b>7,591</b>
<b>GSP+4.....</b>	<b>8,691</b>	<b>6,810</b>	<b>15,816</b>	<b>7,161</b>	<b>7,867</b>
Percent					
Mexico.....	85.9	81.1	92.4	82.7	79.1
Canada.....	3.4	2.7	1.6	2.6	5.6
Taiwan.....	.7	1.2	1.4	5.3	3.0
Belgium.....	.4	.7	1/	1..	2.6
Yugoslavia.....	.1	.0	.0	.0	2.0
Guatemala.....	1/	.2	.3	.5	1.5
Portugal.....	1.0	.7	.5	.8	1.2
France.....	3.4	6.0	1.9	1.5	1.0
El Salvador.....	.2	.1	.1	.4	.8
Kiribati.....	.0	.0	.0	.0	.8
Chile.....	.0	.0	.0	1.2	.7
China.....	.0	.1	1/	.0	.2
Ecuador.....	.0	.0	.0	.1	.2
Japan.....	1/	1/	1/	.2	.2
Greece.....	.0	.1	.0	.1	.2
All other.....	4.9	7.0	1.8	3.4	.9
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>90.2</b>	<b>87.8</b>	<b>94.2</b>	<b>87.6</b>	<b>85.8</b>
<b>GSP+4.....</b>	<b>91.1</b>	<b>89.2</b>	<b>95.7</b>	<b>93.1</b>	<b>88.9</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

Table II.

Digest Title: Frozen green beans  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Japan.....	919	830	1,357	1,409	1,961
Canada.....	358	258	245	313	528
Hong Kong.....	136	105	111	113	251
Bermuda.....	104	245	291	321	242
Australia.....	183	144	125	88	147
Aruba.....	68	48	40	72	142
United Kingdom...	53	10	33	60	120
Norway.....	36	45	82	103	110
Singapore.....	55	46	73	51	95
Panama.....	37	38	25	27	82
Netherlands Ant..	0	0	0	0	67
Costa Rica.....	0	0	0	0	64
West Germany.....	3	2	24	4	54
Sweden.....	43	40	16	75	53
Haiti.....	33	34	14	32	51
All other.....	391	429	366	262	454
<b>Total.....</b>	<b>2,418</b>	<b>2,274</b>	<b>2,804</b>	<b>2,939</b>	<b>4,422</b>
<b>GSP Total....</b>	<b>428</b>	<b>616</b>	<b>597</b>	<b>625</b>	<b>950</b>
<b>GSP+4.....</b>	<b>628</b>	<b>781</b>	<b>796</b>	<b>805</b>	<b>1,347</b>
Percent					
Japan.....	38.0	36.5	48.4	47.9	44.4
Canada.....	14.8	11.4	8.7	10.7	11.9
Hong Kong.....	5.6	4.6	4.0	3.9	5.7
Bermuda.....	4.3	10.8	10.4	10.9	5.5
Australia.....	7.6	6.3	4.5	3.0	3.3
Aruba.....	2.8	2.1	1.4	2.5	3.2
United Kingdom...	2.2	.4	1.2	2.3	2.7
Norway.....	1.5	2.0	2.9	3.5	2.5
Singapore.....	2.3	2.0	2.6	1.7	2.1
Panama.....	1.5	1.7	.9	.9	1.9
Netherlands Ant..	.0	.0	.0	.0	1.5
Costa Rica.....	.0	.0	.0	.0	1.5
West Germany.....	.1	.1	.9	.1	1.2
Sweden.....	1.8	1.7	.6	2.6	1.2
Haiti.....	1.4	1.5	.5	1.1	1.2
All other.....	16.2	18.9	13.1	8.9	10.3
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>17.7</b>	<b>27.1</b>	<b>21.3</b>	<b>21.2</b>	<b>21.5</b>
<b>GSP+4.....</b>	<b>26.0</b>	<b>34.4</b>	<b>28.4</b>	<b>27.4</b>	<b>30.5</b>

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

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



DIGEST NO. 0711.90.60(pt)

CERTAIN CHILI PEPPERS

Certain Chili Peppers

I. Introduction

Col. 1 rate of duty: 12%  
 Type of action proposed (check one):  
 Addition of GSP:       
 Removal from GSP:       
 Country graduation:       
 Competitive-need-limit waiver: X (Country—Mexico)  
 Non-eligible GSP countries: Mexico  
 Current competitive-need-limit waivers: None  
 Current "sufficiently competitive" designation: None  
 U.S. production on Jan. 3, 1985? Yes X No     .

Description and uses: Chili peppers include a number of hot or pungent peppers generally used to impart hot flavoring to sauces or other foods; they are consumed in a fresh state only in limited quantities.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number) <sup>2</sup> .....	*10	*10	*10	*10	*10	*0
Employment (thousand employees).....	*4	*4	*4	*4	*4	*0
Shipments (thousands of dollars) <sup>3</sup> .....	**22,000	**22,000	**22,000	**22,000	**22,000	**0
Exports <sup>4</sup> (thousands of dollars).....	48	71	88	87	93	18
Imports <sup>4</sup> (thousands of dollars).....	1,341	1,511	1,427	1,804	1,901	9
Consumption (thousands of dollars)....	**23,293	**23,440	**23,339	**23,717	**23,808	**1
Import to consumption ratio (percent)..	**6	**6	**6	**8	**8	**6
Capacity utilization (percent).....	*80	*80	*80	*80	*80	*0

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.  
<sup>2</sup> Includes processors which pack principally from raw product. A large number of other firms reprocess (i.e., repack) provisionally preserved domestic and imported product. In recent years, hot peppers were grown on an estimated 2,000 farms, many of which are believed to grow other peppers as well.  
<sup>3</sup> Data are estimated values of raw product for processing and are therefore believed to be substantially underestimated.  
<sup>4</sup> Data are for HTS 0711.90.60 which includes the digest product for which advice is requested as well as other products.

Comment: The hot pepper (including chili pepper) processing industry is made up of an estimated 20 firms, only half of which are believed to pack hot peppers from raw product. Of these latter firms, four firms account for an estimated 80 percent of total production, with chili peppers accounting for a small share of their overall processing operation. Such firms generally pack quality products for private labels as well as their own brand, with the added advantages of service, brand loyalty/preference, and non-price purchasing incentives. The smaller firms are processing few items other than chili peppers, with price their primary selling point. Such firms are likely to face more severe competition from lower priced imports, regardless of quality, especially in certain regional markets near where they are located.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports <sup>1</sup>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	<u>1,000</u> <u>dollars</u>			
Total.....	1,901	100	-	**8
Imports from GSP countries:				
Total.....	1,293	68	100	**5
Mexico.....	1,044	55	81	**4
Thailand.....	94	5	7	** <sup>(2)</sup>
Colombia.....	67	4	5	** <sup>(2)</sup>
Venezuela.....	26	1	2	** <sup>(2)</sup>

<sup>1</sup>Data are for HTS 0711.90.60 which includes the digest product for which advice is requested as well as other products.

<sup>2</sup>Less than 0.5 percent.

Comment: Imports of certain chili peppers from all sources have increased significantly since 1984, with the share of the total from GSP-suppliers remaining about the same. Such imports are currently eligible for duty-free treatment from all countries except Mexico, and would be expected to rise considerably in the near future if Mexico is granted a waiver.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

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Ranking as a U.S. import supplier, 1988..... 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted  
in the short term?..... Yes  No

Does the country have significant export markets besides the  
United States?..... Yes  No

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

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Competitiveness indicators for Thailand for all digest products

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Ranking as a U.S. import supplier, 1988..... 3

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted in  
the short term?..... Yes  No

Does the country have significant export markets besides the  
United States?..... Yes  No

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

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V. Position of interested parties

Petitioner.--The petitioner, Camara Nacional de la Industria de Conservas Alimenticias (Mexico), has requested that certain chili peppers be granted a waiver for the competitive-need limit on imports of such products.

Support.--The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

HTS item No.  
0711.90.60(pt.)

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation)	<u>TSUSA col. 1 rates of duty</u>				
		<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
0711.90.60	141.7760(5%)	12	12	12	12	12

Table I.

Digest Title: Certain chili peppers  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Mexico.....	760	1,004	840	979	1,044
Greece.....	267	168	148	282	336
Thailand.....	25	20	36	40	94
Japan.....	25	24	55	59	73
Colombia.....	77	43	68	96	67
Taiwan.....	20	21	36	55	49
Canada.....	5	21	29	40	30
Venezuela.....	2	7	7	15	26
China.....	8	4	4	4	21
France.....	9	19	22	23	17
Israel.....	30	31	31	31	16
Korea.....	2	6	14	14	16
Italy.....	15	15	16	16	14
Spain.....	34	23	20	25	14
Honduras.....	22	45	21	23	13
All other.....	41	62	80	103	69
<b>Total.....</b>	<b>1,341</b>	<b>1,511</b>	<b>1,427</b>	<b>1,804</b>	<b>1,901</b>
<b>GSP Total....</b>	<b>937</b>	<b>1,173</b>	<b>1,034</b>	<b>1,245</b>	<b>1,293</b>
<b>GSP+4.....</b>	<b>959</b>	<b>1,201</b>	<b>1,088</b>	<b>1,317</b>	<b>1,366</b>
Percent					
Mexico.....	56.7	66.4	58.9	54.2	54.9
Greece.....	19.9	11.1	10.4	15.6	17.7
Thailand.....	1.8	1.3	2.5	2.2	5.0
Japan.....	1.8	1.6	3.9	3.3	3.9
Colombia.....	5.8	2.8	4.8	5.3	3.5
Taiwan.....	1.5	1.4	2.5	3.0	2.6
Canada.....	.4	1.4	2.0	2.2	1.6
Venezuela.....	.1	.5	.5	.8	1.4
China.....	.6	.2	.3	.2	1.1
France.....	.7	1.3	1.6	1.3	.9
Israel.....	2.2	2.0	2.2	1.7	.8
Korea.....	.1	.4	1.0	.8	.8
Italy.....	1.1	1.0	1.1	.9	.7
Spain.....	2.5	1.5	1.4	1.4	.7
Honduras.....	1.7	3.0	1.4	1.3	.7
All other.....	3.0	4.1	5.6	5.7	3.6
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>69.8</b>	<b>77.6</b>	<b>72.5</b>	<b>69.0</b>	<b>68.0</b>
<b>GSP+4.....</b>	<b>71.5</b>	<b>79.5</b>	<b>76.2</b>	<b>73.0</b>	<b>71.9</b>

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

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

Table II.

Digest Title: Certain chili peppers  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Antigua.....	0	0	0	0	9
Netherlands.....	1	2	7	7	8
Canada.....	7	7	10	13	8
St Vinc & Gren...	0	0	0	0	7
Grenada.....	1	2	4	7	6
Switzerland.....	2	2	1	2	5
United Kingdom...	2	4	4	4	5
Belgium.....	6	8	4	3	4
Australia.....	1	6	4	3	4
Dominican Rep....	0	2	1	2	3
Netherlands Ant..	0	0	0	0	3
Mexico.....	3	3	5	4	3
Norway.....	1/	1	1/	1	3
Barbados.....	1/	1	1	1	3
Marshall Is.....	0	0	0	1/	2
All other.....	25	32	46	39	22
<b>Total.....</b>	<b>48</b>	<b>71</b>	<b>88</b>	<b>87</b>	<b>93</b>
GSP Total....	23	23	23	2	44
GSP+4.....	24	25	39	23	45
Percent					
Antigua.....	.0	.0	.0	.0	9.3
Netherlands.....	1.6	2.7	8.1	8.4	8.7
Canada.....	15.1	9.8	11.7	15.3	8.5
St Vinc & Gren...	.0	.0	.0	.0	7.1
Grenada.....	2.8	2.4	4.6	7.7	5.9
Switzerland.....	3.7	2.8	1.5	2.5	5.4
United Kingdom...	3.7	6.1	4.7	4.7	4.9
Belgium.....	12.2	11.2	5.1	3.5	4.3
Australia.....	1.7	8.8	4.2	2.9	3.9
Dominican Rep....	.0	2.7	.9	1.7	3.3
Netherlands Ant..	.0	.0	.0	.0	3.3
Mexico.....	6.9	4.8	5.2	5.1	3.1
Norway.....	1/	1.9	1/	1.5	3.0
Barbados.....	1/	2.1	1.6	1.6	2.8
Marshall Is.....	.0	.0	.0	1/	2.7
All other.....	51.7	44.9	52.4	45.0	23.8
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	48.3	32.3	26.4	24.0	46.8
GSP+4.....	49.2	35.9	44.8	26.0	48.3

1/ Less than \$500 or less than 0.1 percent.

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

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



DIGEST NO. 0811.90.40

FROZEN PAPAYA

Frozen Papaya

I. Introduction

Col. 1 rate of duty: 17.5%  
 Type of action proposed (check one):  
 Addition of GSP: x  
 Removal from GSP:       
 Country graduation:       
 Competitive-need-limit waiver:       
 Non-eligible GSP countries: None  
 Current competitive-need-limit waivers: None  
 Current "sufficiently competitive" designation: None  
 U.S. production on Jan. 3, 1985? Yes x No     .

Description and uses: Frozen papayas are the frozen form of preservation of the tropical fruit papaya. The frozen product may be in the form of halves, slices, chunks, or pulp. Frozen papayas are used as any other frozen fruit, typically in jams, preserves, ice creams, and yoghurt base, for flavoring, in fruit beverages, or as an ingredient in fruit salads. Frozen papaya pulp or puree, especially, is used in the manufacture of fruit-flavored beverages, including mixed fruit juices and mixed-flavored fruit drinks.

Frozen papaya under HTS heading 0811 provides only for products that are uncooked and frozen, or are cooked merely by steaming or boiling in water (commercially known as blanching) and frozen. Frozen papaya and papaya pulp that have been treated in other ways may be dutiable either under HTS heading 2007, for cooked preparations, or HTS heading 2008, for otherwise prepared or preserved products. (See Digest No. 2007.99.55 on cooked papaya paste and pulp for discussion of related products.)

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	**5	**5	**5	**5	**5	-
Employment (thousand employees).....	( <sup>2</sup>)	(^{2})	(^{2})	(^{2})	(^{2})	-
Shipments (thousands of dollars) <sup>3</sup> .....	[	*	*	*	*	]
Exports (thousands of dollars).....	663	639	694	1,198	1,005	11
Imports (thousands of dollars).....	534	502	624	609	570	2
Consumption (thousands of dollars).....	[	*	*	*	*	]
Import to consumption ratio (percent)..	[	*	*	*	*	]
Capacity utilization (percent).....	( <sup>2</sup>)	(^{2})	(^{2})	(^{2})	(^{2})	-

<sup>1</sup>This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup>Not available.

<sup>3</sup>Hawaiian level of production of papaya pulp or puree in all forms, whether or not cooked, frozen, or aseptically packed. (The same production level is reported in Digest No. 2007.99.55 for cooked paste and puree.)

Comment: The U.S. production of papayas for fresh market and processing is predominantly in Hawaii. Papaya are also grown in Florida and Puerto Rico. The number of U.S. producers of frozen papaya is roughly estimated at not more than five. In Hawaii, there are two principal firms that produce papaya pulp or puree from fresh fruit and a share of that production is frozen pulp or puree.

In 1987, there were 2,350 acres of papaya harvested in Hawaii for fresh market and processing on 293 farms. At the farm level, the per-pound return for processed papaya declined from 4.4 cents in 1983 to 2.2 cents in 1987; the per-pound farm returns for fresh-market papaya ranged from 13 cents to 24 cents over that period, or from 4 to 10 times greater than that for processing. The quantity processed in all forms, including frozen, also declined, from 15 million pounds in 1983 to 11 million pounds in 1987.

According to industry sources in 1989, the level of production in Hawaii of papaya pulp or puree in all forms, including frozen, is about [\* \* \*] pounds valued at [\* \* \*].

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

<u>Item</u>	<u>Imports</u>	<u>Percent of total imports</u>	<u>Percent of GSP imports</u>	<u>Percent of U.S. consumption</u>
	<u>1,000 dollars</u>			
Total.....	570	100	-	( <sup>1</sup> )
Imports from GSP countries:				
Total.....	536	94	100	( <sup>1</sup> )
Thailand <sup>2</sup> .....	220	39	41	( <sup>1</sup> )
Dominican Republic.....	182	32	34	( <sup>1</sup> )
Brazil.....	41	7	8	( <sup>1</sup> )
Costa Rica.....	36	6	7	( <sup>1</sup> )

<sup>1</sup>Not available for frozen papaya.

<sup>2</sup>It is most likely that the imports from Thailand were papaya products other than frozen papaya of this digest and therefore the Dominican Republic was most likely the first-ranked supplier of digest products.

Comment: During 1984-88, official statistics of the U.S. Department of Commerce did not separately report U.S. imports of frozen papayas or frozen papaya pulp. The above data are derived by estimate from U.S. imports of prepared or preserved papaya under the former TSUS, which included papayas in brine, dried, frozen, canned, or otherwise prepared or preserved, and U.S. imports of papaya paste and pulp, whether or not cooked, frozen, sterilized, canned, or dried.

During January-June 1989, U.S. imports of frozen papayas under HTS item 0811.90.40 were reported in official statistics of the U.S. Department of Commerce as follows, all of which were from GSP eligible suppliers:

<u>Source</u>	<u>Value of imports (1,000 dollars)</u>
Dominican Republic.....	52
Costa Rica.....	15
Colombia.....	13
The Bahamas.....	5
Jamaica.....	2
Guatemala.....	1
Total.....	88

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Thailand for all digest products

Ranking as a U.S. import supplier, 1988..... 1<sup>1</sup>

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?<sup>2</sup>..... Yes \_\_\_ No \_\_\_

What is the price elasticity of U.S. demand?..... High \_\_\_ Moderate X Low \_\_\_

Can production in the country be easily expanded or contracted in the short term?..... Yes X No \_\_\_

Does the country have significant export markets besides the United States?..... Yes X No \_\_\_

Could exports from the country be readily redistributed among its foreign export markets?<sup>2</sup>..... Yes \_\_\_ No \_\_\_

What is the price elasticity of import supply?..... High X Moderate \_\_\_ Low \_\_\_

Price level compared with:

U.S. products<sup>3</sup>..... Above \_\_\_ Equivalent \_\_\_ Below \_\_\_

Other foreign products..... Above X Equivalent \_\_\_ Below \_\_\_

Quality compared with:

U.S. products<sup>2</sup>..... Above \_\_\_ Equivalent \_\_\_ Below \_\_\_

Other foreign products<sup>2</sup>..... Above \_\_\_ Equivalent \_\_\_ Below \_\_\_

<sup>1</sup>It is most likely that the imports from Thailand were papaya products other than frozen papaya of this digest and therefore Thailand is most likely not the first-ranked supplier of digest products. (Imports from Thailand include dried papaya.)

<sup>2</sup>Not available.

<sup>3</sup>Not available because domestic product prices are unavailable.

Competitiveness indicators for the Dominican Republic for all digest products<sup>1</sup>

Ranking as a U.S. import supplier, 1988..... 2

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No \_\_\_

What is the price elasticity of U.S. demand?..... High \_\_\_ Moderate X Low \_\_\_

Can production in the country be easily expanded or contracted in the short term?..... Yes X No \_\_\_

Does the country have significant export markets besides the United States?..... Yes \_\_\_ No X

Could exports from the country be readily redistributed among its foreign export markets?..... Yes \_\_\_ No X

What is the price elasticity of import supply?..... High X Moderate \_\_\_ Low \_\_\_

Price level compared with:

U.S. products<sup>3</sup>..... Above \_\_\_ Equivalent \_\_\_ Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Quality compared with:

U.S. products<sup>2</sup>..... Above \_\_\_ Equivalent \_\_\_ Below \_\_\_

Other foreign products<sup>2</sup>..... Above \_\_\_ Equivalent \_\_\_ Below \_\_\_

<sup>1</sup>This supplier is also eligible for duty-free benefits under the CBERA.

<sup>2</sup>Not available.

<sup>3</sup>Not available because domestic product prices are unavailable.

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for Brazil for all digest products

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Ranking as a U.S. import supplier, 1988..... 3

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted in the short term?..... Yes  No

Does the country have significant export markets besides the United States?..... Yes  No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products<sup>2</sup>..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products<sup>1</sup>..... Above  Equivalent  Below

Other foreign products<sup>1</sup>..... Above  Equivalent  Below

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<sup>1</sup>Not available.

<sup>2</sup>Not available because domestic product prices are unavailable.

Comment: The share of the 1984-88 U.S. imports of processed papaya products that were frozen products covered by this digest is uncertain, as are the principal suppliers of such frozen papaya products. But if imports during January-June 1989 are a truer indication of trade for products of this digest, then annual import levels of digest products are about one-third of that shown for 1988, and the likely principal suppliers of frozen papaya are the Dominican Republic, Costa Rica and Colombia (the first two countries are currently eligible for duty-free treatment under the CBERA program). Imports of processed papaya, including frozen papaya, from Peru, the petitioner, amounted to \$2,000 in 1988.

Imports of frozen papaya are believed to consist predominantly of frozen papaya pulp or puree. In the U.S. beverage market, the papaya flavor has a limited demand relative to other fruit flavors, whether or not the papaya product is used in single fruit juice, in mixed fruit juices, or in fruit-flavored drinks. This is partly because the papaya flavor is very mild and has not commanded a large consumer following. In some mixed fruit juices or mixed-flavored fruit beverages, it is believed that papaya is one of [ \* \* \* ] ingredients. Therefore, a change in price for papaya pulp most likely will not elicit a more than proportional change in consumption and the price elasticity of U.S. demand is likely between low and moderate. Import supply of papaya pulp (whether or not frozen), on the other hand, is believed [ \* \* \* ] and supply most likely would change more than proportionally to a change in price.

V. Position of interested parties

Petitioner.—The Government of Peru is the petitioner for frozen papayas as provided for under former TSUSA item 148.65.00, the provision for prepared or preserved papayas, excluding papaya pulp.

Opposition.—In a telephone conversation on October 3, 1989, the Papaya Administrative Committee, Honolulu, Hawaii, opposed the addition of frozen papaya pulp or puree and cooked papaya pulp or puree to the list of articles for GSP eligibility.

HTS item No.  
0811.90.40

[Probable economic effect advice deleted.]

HTS/ISUSA concordance and ISUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	ISUSA item No. (and allocation)		ISUSA col. 1 rate of duty				
			1984	1985	1986	1987	1988
0811.90.40	148.65.00	25%	4	4	4	4	4
	152.65.00	48%	17.5	17.5	17.5	17.5	17.5

Table I.

Digest Title: Frozen papayas  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Thailand.....	14	20	106	155	220
Dominican Rep....	141	129	184	176	182
Brazil.....	47	57	37	41	41
Costa Rica.....	37	53	59	59	36
Taiwan.....	207	162	138	137	25
Colombia.....	0	0	0	0	13
Philippines.....	29	22	47	5	12
Panama.....	0	0	1	0	9
Jamaica.....	1	1/	1	0	7
Ecuador.....	0	0	0	0	4
Guatemala.....	9	16	11	8	4
Chile.....	0	5	3	3	4
Greece.....	0	2	2	0	3
Spain.....	0	0	0	0	3
Netherlands.....	0	0	0	0	2
All other.....	48	38	36	25	5
<b>Total.....</b>	<b>534</b>	<b>502</b>	<b>624</b>	<b>609</b>	<b>570</b>
<b>GSP Total....</b>	<b>305</b>	<b>313</b>	<b>454</b>	<b>463</b>	<b>536</b>
<b>GSP+4.....</b>	<b>522</b>	<b>476</b>	<b>593</b>	<b>600</b>	<b>561</b>
Percent					
Thailand.....	2.7	3.9	17.0	25.5	38.6
Dominican Rep....	26.4	25.6	29.5	28.8	31.9
Brazil.....	8.9	11.3	6.0	6.8	7.1
Costa Rica.....	7.0	10.5	9.4	9.6	6.3
Taiwan.....	38.7	32.3	22.0	22.4	4.5
Colombia.....	.0	.0	.0	.0	2.2
Philippines.....	5.5	4.4	7.6	.8	2.2
Panama.....	.0	.0	.2	.0	1.6
Jamaica.....	.2	1/	.1	.0	1.2
Ecuador.....	.0	.0	.0	.0	.8
Guatemala.....	1.7	3.1	1.7	1.3	.7
Chile.....	.0	1.0	.5	.6	.6
Greece.....	.0	.3	.3	.0	.5
Spain.....	.0	.0	.0	.0	.5
Netherlands.....	.0	.0	.0	.0	.3
All other.....	8.9	7.5	5.8	4.1	.9
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>57.1</b>	<b>62.4</b>	<b>72.7</b>	<b>76.0</b>	<b>93.9</b>
<b>GSP+4.....</b>	<b>97.7</b>	<b>94.7</b>	<b>95.0</b>	<b>98.5</b>	<b>98.4</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

Table II.

Digest Title: Frozen papayas  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Japan.....	294	260	209	410	310
Canada.....	106	186	177	223	193
Netherlands.....	51	46	31	168	138
United Kingdom...	36	31	93	115	128
West Germany.....	49	36	58	54	51
Australia.....	15	3	34	81	43
Sweden.....	7	9	11	20	24
Taiwan.....	10	7	6	29	23
Hong Kong.....	8	5	7	14	14
Mexico.....	1/	5	3	5	12
Finland.....	5	4	3	15	10
Belgium.....	6	4	2	4	7
United Arab Em...	1/	1/	6	5	7
Korea.....	1	3	1	2	6
Marshall Is.....	0	0	0	4	6
All other.....	75	39	51	49	33
<b>Total.....</b>	<b>663</b>	<b>639</b>	<b>694</b>	<b>1,198</b>	<b>1,005</b>
<b>GSP Total....</b>	<b>64</b>	<b>36</b>	<b>31</b>	<b>32</b>	<b>36</b>
<b>GSP+4.....</b>	<b>83</b>	<b>55</b>	<b>48</b>	<b>82</b>	<b>83</b>
Percent					
Japan.....	44.4	40.7	30.2	34.2	30.9
Canada.....	16.0	29.2	25.6	18.6	19.2
Netherlands.....	7.7	7.2	4.5	14.1	13.7
United Kingdom...	5.4	4.9	13.4	9.6	12.8
West Germany.....	7.4	5.7	8.3	4.5	5.0
Australia.....	2.2	.5	4.9	6.7	4.3
Sweden.....	1.0	1.4	1.6	1.7	2.4
Taiwan.....	1.5	1.2	.9	2.4	2.3
Hong Kong.....	1.2	.8	1.1	1.1	1.4
Mexico.....	1/	.7	.5	.4	1.2
Finland.....	.8	.7	.4	1.2	1.0
Belgium.....	.9	.6	.2	.3	.7
United Arab Em...	1/	1/	.8	.4	.7
Korea.....	.1	.4	.1	.2	.6
Marshall Is.....	.0	.0	.0	.4	.5
All other.....	11.3	6.1	7.4	4.1	3.2
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>9.6</b>	<b>5.7</b>	<b>4.5</b>	<b>2.7</b>	<b>3.6</b>
<b>GSP+4.....</b>	<b>12.5</b>	<b>8.6</b>	<b>6.8</b>	<b>6.8</b>	<b>8.3</b>

1/ Less than \$500 or less than 0.1 percent.

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

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



DIGEST NO. 0811.90.60(pt)

FROZEN MANGOES

Frozen Mangoes

I. Introduction

Col. 1 rate of duty: 17%  
Type of action proposed (check one):  
Addition of GSP: X  
Removal from GSP:       
Country graduation:       
Competitive-need-limit waiver:       
Non-eligible GSP countries: None  
Current competitive-need-limit waivers: None  
Current "sufficiently competitive" designation: None  
U.S. production on Jan. 3, 1985? Yes X No     .

Description and uses: Frozen mangoes are the frozen form of preservation of the tropical fruit mango. The fruit is first peeled and the flesh is removed from the large fibrous seed before freezing; the frozen product may be in the form of slices, chunks, or pulp. Frozen mangoes are used as any other frozen fruits, typically in jams, preserves, ice creams, yoghurt base, for flavoring, in fruit beverages, or as an ingredient in fruit salads. Frozen mango pulp or puree, especially, is used in the beverage and jam industries.

Frozen mangoes are only part of HTS item 0811.90.60, which is the basket class for all frozen fruits and nuts of chapter 8 that are not specified or provided for. The data and comments in this digest are restricted to estimates for frozen mangoes only and do not include other frozen fruits and nuts of HTS item 0811.90.60, except for the statistical table on imports at the end of the digest, which are estimates for the entire basket class. Products of this digest are for uncooked frozen mangoes or frozen mango pulp (and such frozen mango products if cooked merely by steaming or boiling in water), but do not include frozen mango puree or pulp if a cooked preparation under HTS heading 2007, and do not include frozen mangoes if otherwise prepared or preserved under HTS heading 2008.

Prior to the HTS, the rate of duty for prepared or preserved mangoes in all forms, including frozen mango slices and chunks, was 3 cents per pound, and the rate for mango paste and pulp, including frozen mango puree or pulp, was 2.8 percent ad valorem; both rates were eligible for GSP benefits.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	( <sup>2</sup>)	(^{2})	(^{2})	(^{2})	(^{2})	-
Employment (thousand employees).....	( <sup>2</sup>)	(^{2})	(^{2})	(^{2})	(^{2})	-
Shipments (thousands of dollars).....	(^{2})	(^{2})	(^{2})	(^{2})	(<sup>2</sup> )	-
Exports (thousands of dollars).....	*0	*0	*0	*0	*0	-
Imports (thousands of dollars).....	**306	**395	**128	**102	**100	**-14
Consumption (thousands of dollars).....	( <sup>2</sup>)	(^{2})	(^{2})	(^{2})	(^{2})	-
Import to consumption ratio (percent)...	( <sup>2</sup>)	(^{2})	(^{2})	(^{2})	(^{2})	-
Capacity utilization (percent).....	(^{2})	(^{2})	(^{2})	(^{2})	(<sup>2</sup> )	-

<sup>1</sup>This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup>Not available.

<sup>3</sup>Data are for HTS item 0811.90.60(80)(pt) and do not reflect the HTS item total for 0811.90.60 shown in table I. Imports are estimated by staff of the U.S. International Trade Commission based on fiscal year data of the U.S. Department of Agriculture (see comments under sec. III).

Comment: Mangoes are grown commercially in Florida for fresh market sales and are generally harvested from April to September. Mangoes are also reported to be grown in California, Hawaii and Puerto Rico for fresh market sales, but such production, which is not reported, is relatively small. In 1986, mango production in Florida amounted to 22 million pounds, valued at \$4.4 million.

The number of domestic producers of frozen mangoes and mango pulp most likely ranges from 1 to 4 firms, but data on the amount produced is not available. It is believed, however, that domestic production of frozen mangoes and mango pulp is [ \* \* \* ] annually. The demand for frozen mangoes of this digest depends upon the U.S. market for mango flavored products, such as jams, preserves, ice creams, fruit beverages, or similar products. This demand is relatively small and undeveloped compared with other fruit products in the U.S. market and compared with other forms of prepared or preserved mangoes.

III. GSP import situation, 1987

U.S. imports and share of U.S. consumption, 1987<sup>1</sup>

Item	Imports	Percent of total imports <u>1,000 dollars</u>	Percent of GSP imports	Percent of U.S. consumption <sup>2</sup>
Total.....	**102	**100	-	-
Imports from GSP countries:				
Total.....	**102	**100	**100	[***]
Mexico.....	**37	**36	**36	[***]
Guatemala.....	**23	**22	**22	[***]
Dominican Republic.....	**19	**19	**19	[***]
Philippines.....	**19	**18	**18	[***]

<sup>1</sup>Value of imports are estimated by staff of the U.S. International Trade Commission, based on imports of frozen mangoes under regulations administered by the plant protection and quarantine programs of the U.S. Department of Agriculture for fiscal year ending Sept. 30, 1987, the latest data available.

<sup>2</sup>Estimated by staff of the U.S. International Trade Commission, based on [ \* \* \* ].

Comment: During 1984-88, official statistics of the U.S. Department of Commerce did not separately report U.S. imports of frozen mangoes or frozen mango paste or pulp.

Frozen mango imports have been reported in U.S. imports monitored under regulations administered by the Animal and Plant Health Inspection Service (APHIS) of the U.S. Department of Agriculture. For fiscal years ending September 30, these data showed U.S. imports of frozen mangoes as follows (in 1,000 pounds): 1984-831; 1985-1,838; 1986-393; and 1987-308. To date, there has been no report prepared for fiscal 1988 of imports under plant quarantine programs. Imports of frozen mangoes by supplying country during the 1984-87 period, as a 4-year annual average, in thousands of pounds, is shown in the following tabulation:

Source	<u>1984-87 annual average imports of frozen mangoes under quarantine programs (1,000 pounds)</u>
Mexico.....	630
Guatemala.....	91
Dominican Republic.....	75
Peru.....	23
Costa Rica.....	9
Philippines.....	8
Haiti.....	3
Colombia.....	1
All others.....	1
Total.....	<u>841</u>

Value data of U.S. imports of frozen mangoes reported under plant quarantine programs are not available. This quantity data indicate that all suppliers of imported frozen mangoes are GSP eligible countries.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

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Ranking as a U.S. import supplier, 1984-87..... 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?<sup>1</sup>..... Yes \_\_\_ No X

What is the price elasticity of U.S. demand?<sup>2</sup>..... High \_\_\_ Moderate X Low \_\_\_

Can production in the country be easily expanded or contracted in the short term?<sup>2</sup>..... Yes X No \_\_\_

Does the country have significant export markets besides the United States?<sup>3</sup>..... Yes \_\_\_ No \_\_\_

Could exports from the country be readily redistributed among its foreign export markets?<sup>4</sup>..... Yes \_\_\_ No X

What is the price elasticity of import supply?..... High X Moderate \_\_\_ Low \_\_\_

Price level compared with:

U.S. products..... Above \_\_\_ Equivalent \_\_\_ Below X

Other foreign products..... Above \_\_\_ Equivalent \_\_\_ Below X

Quality compared with:

U.S. products<sup>3</sup>..... Above \_\_\_ Equivalent \_\_\_ Below \_\_\_

Other foreign products<sup>3</sup>..... Above \_\_\_ Equivalent \_\_\_ Below \_\_\_

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<sup>1</sup>Large volume purchasers cannot easily shift from this supplier because of the large supplies.  
<sup>2</sup>Most of the product is [ \* \* \* ].  
<sup>3</sup>Not available  
<sup>4</sup>Most of the product is [ \* \* \* ].

Competitiveness indicators for Guatemala for all digest products<sup>1</sup>

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Ranking as a U.S. import supplier, 1984-87..... 2

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No \_\_\_

What is the price elasticity of U.S. demand?..... High \_\_\_ Moderate X Low \_\_\_

Can production in the country be easily expanded or contracted in the short term?<sup>2</sup>..... Yes X No \_\_\_

Does the country have significant export markets besides the United States?<sup>3</sup>..... Yes \_\_\_ No \_\_\_

Could exports from the country be readily redistributed among its foreign export markets?<sup>3</sup>..... Yes \_\_\_ No \_\_\_

What is the price elasticity of import supply?..... High \_\_\_ Moderate X Low \_\_\_

Price level compared with:

U.S. products..... Above \_\_\_ Equivalent \_\_\_ Below X

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Quality compared with:

U.S. products<sup>3</sup>..... Above \_\_\_ Equivalent \_\_\_ Below \_\_\_

Other foreign products<sup>3</sup>..... Above \_\_\_ Equivalent \_\_\_ Below \_\_\_

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<sup>1</sup>This supplier is also eligible for duty-free benefits under the CBERA.  
<sup>2</sup>Expansion is limited by the availability of fruit and the relatively higher-priced fresh market.  
<sup>3</sup>Not available.

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for Dominican Republic for all digest products<sup>1</sup>

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Ranking as a U.S. import supplier, 1984-87..... 3

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted in the short term?<sup>2</sup>..... Yes  No

Does the country have significant export markets besides the United States?<sup>3</sup>..... Yes  No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products<sup>3</sup>..... Above  Equivalent  Below

Other foreign products<sup>3</sup>..... Above  Equivalent  Below

---

<sup>1</sup>This supplier is also eligible for duty-free benefits under the CBERA.

<sup>2</sup>Expansion is limited by the availability of fruit and the relatively higher-priced fresh market.

<sup>3</sup>Not available.

Comment: Mexico is probably the largest producer of mangoes in the Western Hemisphere, and under supervision of plant quarantine programs of the U.S. Department of Agriculture, Mexican fresh mangoes have access to the U.S. fresh market. Thus, the quantity in Mexico of non-fresh market grade fruit available for freezing is likely to be substantial. In 1988, according to U.S. Department of Commerce data, the average unit value of U.S. imports of prepared or preserved mangoes in all forms from Mexico, including prepared or preserved chilled mangoes and frozen mangoes, was 24 cents per pound. This compares with the 1988 unit values of imports of such mangoes from Guatemala of 38 cents per pound and from the Dominican Republic of 36 cents per pound. The range during 1984-88 of the average unit values of annual imports of such mangoes (former TSUS 148.08) from these sources was as follows:

<u>Source</u>	<u>Range in annual unit values of imports under former TSUS 148.08 during 1984-88 (cents per pound)</u>
Mexico.....	17-36
Guatemala.....	31-41
Dominican Republic.....	36-39

As suppliers of U.S. imports of fresh mangoes, Guatemala and the Dominican Republic ranked third and fourth during 1984-88, respectively, substantially below Mexico and Haiti. Because of fresh sales, it is likely that the cost of mango fruit for freezing is relatively low in mango producing countries. Thereby, it is likely that the price for frozen mangoes is dependent largely upon the cost of labor, energy, capital, packaging, and transportation.

IV. Competitiveness profiles, GSP suppliers—Continued

Frozen mangoes and frozen mango pulp, to be imported, must meet the regulations under APHIS; these include a required entry permit and the product must be without seed or skin and frozen solid at 20 degrees fahrenheit or colder. Permits are not available for all Central and South American countries. (Peru, the petitioner, is eligible to seek import permits for mangoes).

One importer of frozen mangoes from Mexico said in a telephone conversation, in general terms, that the firm imports [ \* \* \* ] of frozen mango puree annually, and about [ \* \* \* ] of that quantity of frozen mango tidbits and slices. They stated that [ \* \* \* ] for production in Mexican processing facilities [ \* \* \* ]. The [ \* \* \* ] price for frozen mango puree [ \* \* \* ], it was stated.

In 1989, according to one U.S. customs broker of Mexican products, imports of frozen mango pulp from Mexico were being classified (on the advice of Customs port officials) under HTS item 2007.99.50, the provision for mango and quava pastes and purees, being cooked preparations. The rate of duty for this HTS item is 2.8 percent ad valorem, and such products are currently GSP eligible (with Brazil excluded from the benefits). This broker also stated that [ \* \* \* ] and [ \* \* \* ] that could be classified under HTS item 0811.90.60, the subject of this digest.

V. Position of interested parties

Petitioner.—The Government of Peru is the petitioner for frozen mangoes as provided for under former TSUSA item 148.08.00 (prepared or preserved mangoes, excluding mango pulp).

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

Opposition.—In a telephone conversation on September 11, 1989, [ \* \* \* ], a domestic producer, indicated that they oppose GSP treatment for frozen mangoes.

HTS item No.  
0811.90.60(pt)

[Probable economic effect advice deleted.]

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem or ad valorem equivalent)

HTS item No.	TSUSA item No. (and allocation)		TSUSA col. 1 rate of duty				
			1984	1985	1986	1987	1988
0811.90.60 <sup>1</sup>	148.08.00	10%	2.0	1.7	1.4	1.5	1.3
	152.58.00	10% <sup>2</sup>	2.8	2.8	2.8	2.8	2.8

<sup>1</sup>HTS item 0811.90.60.80(pt) for frozen mangoes. Also, at the HTS 8-digit level for item 0811.90.60, there were an additional 20 TSUSA item numbers allocated for statistical purposes to this HTS item, but none of these TSUSA items included mango products.

<sup>2</sup>No allocation was made for this TSUSA item in the master allocation list for statistical purposes, nevertheless, uncooked frozen mango pulp is dutiable under the above cited HTS item.

Table I.

Digest Title: Frozen mangoes  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Greece.....	1	33	55	906	2,751
Chile.....	13	60	100	563	1,376
Mexico.....	279	285	279	1,796	686
Spain.....	13	58	33	237	551
Canada.....	22	72	151	501	410
Dominican Rep....	104	247	458	301	391
Thailand.....	92	126	232	220	254
Australia.....	1/	25	36	417	110
Italy.....	66	248	6	1	98
Yugoslavia.....	43	142	143	87	96
Costa Rica.....	4	13	1	9	85
Philippines.....	72	66	84	66	83
Argentina.....	40	36	11	5	82
Brazil.....	55	38	76	60	81
Netherlands.....	1/	5	7	93	78
All other.....	730	542	513	519	493
<b>Total.....</b>	<b>1,533</b>	<b>1,994</b>	<b>2,185</b>	<b>5,780</b>	<b>7,625</b>
<b>GSP Total....</b>	<b>1,122</b>	<b>1,230</b>	<b>1,594</b>	<b>3,347</b>	<b>3,407</b>
<b>GSP+4.....</b>	<b>1,167</b>	<b>1,281</b>	<b>1,677</b>	<b>3,433</b>	<b>3,474</b>
Percent					
Greece.....	1/	1.6	2.5	15.7	36.1
Chile.....	.8	3.0	4.6	9.7	18.0
Mexico.....	18.2	14.3	12.8	31.1	9.0
Spain.....	.8	2.9	1.5	4.1	7.2
Canada.....	1.4	3.6	6.9	8.7	5.4
Dominican Rep....	6.8	12.4	21.0	5.2	5.1
Thailand.....	6.0	6.3	10.6	3.8	3.3
Australia.....	1/	1.3	1.6	7.2	1.4
Italy.....	4.3	12.4	.3	1/	1.3
Yugoslavia.....	2.8	7.1	6.5	1.5	1.3
Costa Rica.....	.3	.6	.1	.1	1.1
Philippines.....	4.7	3.3	3.9	1.1	1.1
Argentina.....	2.6	1.8	.5	.1	1.1
Brazil.....	3.6	1.9	3.5	1.0	1.1
Netherlands.....	1/	.2	.3	1.6	1.0
All other.....	47.6	27.2	23.5	9.0	6.5
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>73.2</b>	<b>61.7</b>	<b>72.9</b>	<b>57.9</b>	<b>44.7</b>
<b>GSP+4.....</b>	<b>76.2</b>	<b>64.3</b>	<b>76.7</b>	<b>59.4</b>	<b>45.6</b>

1/ Less than \$500 or less than 0.1 percent.

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

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



DIGEST NO. 1102.90.40(pt)  
MIXTURES OF CERTAIN CEREAL FLOURS

Mixtures of Certain Cereal Flours

I. Introduction

Col. 1 rate of duty: 20.0%  
 Type of action proposed (check one):  
 Addition of GSP: X  
 Removal from GSP:       
 Country graduation:       
 Competitive-need-limit waiver:       
 Non-eligible GSP countries: None  
 Current competitive-need-limit waivers: None  
 Current "sufficiently competitive" designation: None  
 U.S. production on Jan. 3, 1985? Yes X No     .

Description and uses: The items in this digest consist of other cereal flours (i.e., the pulverized products obtained by milling cereals) other than of wheat or meslin (including flour of a mixture of quinoa, kiwicha, and cacao). The flour is typically used in pastries, breads, pastas, meals, flours, natural cereals, cookies, granola, baby food, soups, and gravies.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	**100	**100	**100	**100	**100	**0
Employment (thousand employees).....	**25	**25	**25	**25	**25	**0
Shipments (thousands of dollars).....	**90,000	**90,000	**90,000	**90,000	**90,000	**0
Exports <sup>2</sup> (thousands of dollars).....	2,939	2,205	2,529	2,938	3,063	4
Imports <sup>2</sup> (thousands of dollars).....	5	3	7	15	9	20
Consumption (thousands of dollars).....	**87,066	**87,798	**87,478	**87,077	**86,946	**(- <sup>3</sup> )
Import to consumption ratio (percent)..<	**(^{3})	**(^{3})	**(^{3})	**(^{3})	**(<sup>3</sup> )	**4
Capacity utilization (percent) <sup>4</sup> .....	83	83	83	83	83	0

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup> Data are for HTS 1102.90.40 which includes the products for which advice is requested as well as other products.

<sup>3</sup> Less than 0.5 percent.

<sup>4</sup> Compiled from official statistics of the U.S. Department of Commerce.

Comment: Food use of cereal production has averaged about 8 percent in recent years as feed use has declined. U.S. producers are highly competitive in growing and processing cereals fit for human consumption; imports consist mostly of specialized products which are not grown domestically. U.S. exports of digest products in 1988 greatly exceeded imports, with the value of exports in excess of \$3 million, and the value of imports was \$9,000.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports <sup>1</sup>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	<u>1,000 dollars</u>			
Total.....	9	100	-	** <sup>(2)</sup>
Imports from GSP countries:				
Total.....	1	11	100	** <sup>(2)</sup>
India.....	( <sup>3</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	** <sup>(2)</sup>
Peru.....	( <sup>2</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	** <sup>(2)</sup>

<sup>1</sup> Data are for 1102.90.40 which includes digest product as well as other products

<sup>2</sup> Less than 0.5 percent.

<sup>3</sup> Less than \$500

<sup>4</sup> Not available

Comment: In 1988, GSP imports of digest products amounted to \$25,000 or about 21 percent of total imports. Peru is the principal GSP supplier and accounted for 84 percent of all imports entered under GSP in 1988. Imports made up less than 1 percent of U.S. consumption in 1988.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Peru for all digest products

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Ranking as a U.S. import supplier, 1988..... 5  
Price elasticity:  
Can the U.S. purchaser easily shift among this and other suppliers?..... Yes x No \_\_\_  
What is the price elasticity of U.S. demand?..... High x Moderate \_\_\_ Low \_\_\_  
Can production in the country be easily expanded or contracted  
in the short term?..... Yes x No \_\_\_  
Does the country have significant export markets besides the  
United States?..... Yes x No \_\_\_  
Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes x No \_\_\_  
What is the price elasticity of import supply?..... High x Moderate \_\_\_ Low \_\_\_  
Price level compared with:  
U.S. products..... Above x Equivalent \_\_\_ Below \_\_\_  
Other foreign products..... Above x Equivalent \_\_\_ Below \_\_\_  
Quality compared with:  
U.S. products..... Above x Equivalent \_\_\_ Below \_\_\_  
Other foreign products..... Above x Equivalent \_\_\_ Below \_\_\_

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Comment: The Peruvian flours derived from Kiwicha and Quinoa are alleged to have higher nutritional content, such as protein value, calcium, phosphorus, potassium, and vitamins.

V. Position of interested parties

Petitioner.—The Government of Peru petitioned to have products in this digest added to the list of products with GSP treatment. They are especially interested in exports of Kiwicha and Quinoa flours to the United States and cite the economic benefits to peasants in Peru from increased exports of these crops. The petition from Peru describes the product as a flour mixture of kiwicha, quinoa, and cacao. The kiwicha grain (*Amaranthus Candarus*) is described as having a high food value due to its composition of essential amino acids, carotenes, folic acid, and vitamin C, and therefore useful in special diets. It is described as a milled grain product, fit for human consumption. Quinoa (*chenopodium quinoa*) contains about 15 percent protein and has an amino acid composition that gives it a high biological value. It is also described as a milled grain product, fit for human consumption. It is used in the preparation of soups, stews, and beverages.

HTS item No.  
1102.90.40(pt)

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	<u>TSUSA</u> item No. (and allocation)	<u>TSUSA</u> col.1 rate of duty				
		1984	1985	1986	1987	1988
1102.90.40	131.12.00 (0%)	Free	Free	Free	Free	Free
	131.25.00 (0%)	3.5	4.0	4.3	4.0	3.2
	131.46.00 (10%)	2.9	—	3.1	3.0	—
	131.50.00 (100%)	5.0	5.0	5.0	5.0	5.0
	131.57.00 (0%)	10.0	10.0	10.0	10.0	3.3
	131.65.00 (0%)	5.0	5.0	5.0	5.0	5.0
	131.80.00 (0%)	5.0	5.0	5.0	5.0	5.0
	183.05.00 (0%)	5.0	5.0	5.0	5.0	5.0
	183.05.20 (0%)	5.0	5.0	5.0	5.0	5.0
	183.05.30 (0%)	5.0	5.0	5.0	5.0	5.0

Table I.

Digest Title: Mixtures of certain cereal flours  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Canada.....	2	1	1	3	6
United Kingdom...	1	1/	1	1	1
Korea.....	1/	1	2	1	1
India.....	1/	0	1/	1/	1/
Peru.....	1/	1/	0	0	1/
West Germany.....	0	0	2	8	1/
Belgium.....	1/	0	0	0	0
France.....	1/	0	0	0	0
Switzerland.....	0	0	0	1/	0
Italy.....	1/	0	1	0	0
Turkey.....	1/	0	0	0	0
Thailand.....	1/	1/	1/	1	0
China.....	0	0	0	1/	0
Hong Kong.....	0	1/	0	0	0
Taiwan.....	0	0	0	1/	0
All other.....	1	1/	1	1/	0
<b>Total.....</b>	<b>5</b>	<b>3</b>	<b>7</b>	<b>15</b>	<b>9</b>
<b>GSP Total....</b>	<b>1</b>	<b>1</b>	<b>1/</b>	<b>2</b>	<b>1</b>
<b>GSP+4.....</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>1</b>
Percent					
Canada.....	31.9	25.6	10.2	21.7	67.9
United Kingdom...	23.4	1/	11.3	5.9	14.5
Korea.....	1/	34.0	23.2	5.2	9.9
India.....	1/	.0	1/	1/	1/
Peru.....	1/	1/	.0	.0	1/
West Germany.....	.0	.0	26.5	51.4	1/
Belgium.....	1/	.0	.0	.0	.0
France.....	1/	.0	.0	.0	.0
Switzerland.....	.0	.0	.0	1/	.0
Italy.....	1/	.0	9.4	.0	.0
Turkey.....	1/	.0	.0	.0	.0
Thailand.....	1/	1/	1/	8.2	.0
China.....	.0	.0	.0	1/	.0
Hong Kong.....	.0	1/	.0	.0	.0
Taiwan.....	.0	.0	.0	1/	.0
All other.....	21.7	1/	13.1	1/	.0
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>15.9</b>	<b>23.1</b>	<b>1/</b>	<b>11.0</b>	<b>6.4</b>
<b>GSP+4.....</b>	<b>25.8</b>	<b>60.4</b>	<b>29.5</b>	<b>17.6</b>	<b>16.3</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

Table II.

Digest Title: Mixtures of certain cereal flours  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
France.....	9	17	21	23	573
Canada.....	137	148	257	294	504
Haiti.....	0	19	10	931	411
Peru.....	181	251	243	117	280
Mauritius.....	0	0	0	94	192
Bahamas.....	11	128	309	197	180
United Kingdom...	117	147	287	220	164
Guinea.....	3	8	10	41	96
Bermuda.....	209	89	67	61	80
Jamaica.....	72	25	15	5	71
Japan.....	44	53	57	14	68
Netherlands.....	9	5	2	0	44
Colombia.....	81	39	75	53	44
Guatemala.....	14	8	59	64	39
Italy.....	1	0	3	12	31
All other.....	2,052	1,267	1,113	813	284
<b>Total.....</b>	<b>2,939</b>	<b>2,205</b>	<b>2,529</b>	<b>2,938</b>	<b>3,063</b>
<b>GSP Total....</b>	<b>1,540</b>	<b>1,471</b>	<b>1,645</b>	<b>2,298</b>	<b>1,626</b>
<b>GSP+4.....</b>	<b>1,568</b>	<b>1,491</b>	<b>1,672</b>	<b>2,321</b>	<b>1,647</b>
Percent					
France.....	.3	.8	.8	.8	18.7
Canada.....	4.7	6.7	10.2	10.0	16.5
Haiti.....	.0	.9	.4	31.7	13.4
Peru.....	6.2	11.4	9.6	4.0	9.1
Mauritius.....	.0	.0	.0	3.2	6.3
Bahamas.....	.4	5.8	12.2	6.7	5.9
United Kingdom...	4.0	6.6	11.4	7.5	5.4
Guinea.....	.1	.4	.4	1.4	3.1
Bermuda.....	7.1	4.0	2.6	2.1	2.6
Jamaica.....	2.4	1.1	.6	.2	2.3
Japan.....	1.5	2.4	2.3	.5	2.2
Netherlands.....	.3	.2	.1	.0	1.5
Colombia.....	2.7	1.8	3.0	1.8	1.4
Guatemala.....	.5	.4	2.4	2.2	1.3
Italy.....	1/	.0	.1	.4	1.0
All other.....	69.8	57.5	44.0	27.7	9.3
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>52.4</b>	<b>66.7</b>	<b>65.1</b>	<b>78.2</b>	<b>53.1</b>
<b>GSP+4.....</b>	<b>53.4</b>	<b>67.6</b>	<b>66.1</b>	<b>79.0</b>	<b>53.8</b>

1/ Less than \$500 or less than 0.1 percent.

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

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



DIGEST NO. 1104.29.00

CERTAIN CEREALS

Certain Cereals

I. Introduction

Col. 1 rate of duty: 5.9%  
 Type of action proposed (check one):  
 Addition of GSP: x  
 Removal from GSP:       
 Country graduation:       
 Competitive-need-limit waiver:       
 Non-eligible GSP countries:       
 Current competitive-need-limit waivers: None  
 Current "sufficiently competitive" designation: None  
 U.S. production on Jan. 3, 1985? Yes x No     .

Description and uses: The items in this digest consist of rolled or flaked grain, obtained by crushing or rolling the whole grain (whether or not dehulled) or kibbled grain. In this process, the grain is usually steam-heated or rolled between heated rollers. Breakfast cereals which are not precooked, such as mixtures containing grain in granolas, are examples of products in this digest. Other products include meals, flours, natural cereals, bread, cookies, granola, baby food, soups, and gravies.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	**100	**100	**100	**100	**100	**0
Employment (thousand employees).....	**25	**25	**25	**25	**25	**0
Shipments (thousands of dollars).....	**95,000	**95,000	**95,000	**95,000	**95,000	**0
Exports (thousands of dollars).....	13,740	36,473	22,061	9,465	11,799	-4
Imports (thousands of dollars).....	104	56	183	166	121	4
Consumption (thousands of dollars)....	**81,364	**58,583	**73,122	**85,701	**83,322	**1
Import to consumption ratio (percent)..	** <sup>(2)</sup>	**^{(2)}	**^{(2)}	**^{(2)}	**^{(2)}	**4
Capacity utilization (percent) <sup>3</sup> .....	83	83	83	83	83	0

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup> Less than 0.5 percent.

<sup>3</sup> Compiled from official statistics of the U.S. Department of Commerce.

Comment: Food use of cereal production has averaged about 8 percent in recent years as feed use has declined. U.S. producers are highly competitive in growing and processing cereals fit for human consumption; imports consist mostly of specialized products which are not grown domestically.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	<u>1,000 dollars</u>			
Total.....	121	100	-	**(1)
Imports from GSP countries:				
Total.....	25	21	100	**(1)
Peru.....	21	17	84	**(1)
Turkey.....	2	2	8	**(1)
Mexico.....	2	2	8	**(1)
Argentina.....	(2)	(1)	(1)	**(1)

<sup>1</sup> Less than 0.5 percent.

<sup>2</sup> Less than \$500.

Comment: In 1988, GSP imports of digest products amounted to \$25,000 or about 21 percent of total imports. Peru is the principal GSP supplier and accounted for 84 percent of all imports entered under GSP in 1988. Imports made up less than 1 percent of U.S. consumption in 1988.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Peru for all digest products

Ranking as a U.S. import supplier, 1988..... 2

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No \_\_\_

What is the price elasticity of U.S. demand?..... High  Moderate \_\_\_ Low \_\_\_

Can production in the country be easily expanded or contracted  
in the short term?..... Yes  No \_\_\_

Does the country have significant export markets besides the  
United States?..... Yes  No \_\_\_

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes  No \_\_\_

What is the price elasticity of import supply?..... High  Moderate \_\_\_ Low \_\_\_

Price level compared with:

U.S. products..... Above  Equivalent \_\_\_ Below \_\_\_

Other foreign products..... Above  Equivalent \_\_\_ Below \_\_\_

Quality compared with:

U.S. products..... Above  Equivalent \_\_\_ Below \_\_\_

Other foreign products..... Above  Equivalent \_\_\_ Below \_\_\_

Comment: The Peruvian products, Kiwicha and Quinoa, are alleged to have higher nutritional content, such as protein value, calcium, phosphorus, potassium, and vitamins.

Competitiveness indicators for Turkey for all digest products

Ranking as a U.S. import supplier, 1988..... 7

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No \_\_\_

What is the price elasticity of U.S. demand?..... High  Moderate \_\_\_ Low \_\_\_

Can production in the country be easily expanded or contracted in  
the short term?..... Yes  No \_\_\_

Does the country have significant export markets besides the  
United States?..... Yes  No \_\_\_

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes  No \_\_\_

What is the price elasticity of import supply?..... High  Moderate \_\_\_ Low \_\_\_

Price level compared with:

U.S. products..... Above \_\_\_ Equivalent  Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent  Below \_\_\_

Quality compared with:

U.S. products..... Above \_\_\_ Equivalent  Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent  Below \_\_\_

Competitiveness indicators for Mexico for all digest products

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Ranking as a U.S. import supplier, 1988..... 8

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted in the short term?..... Yes  No

Does the country have significant export markets besides the United States?..... Yes  No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

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V. Position of interested parties

Petitioner.—The Government of Peru petitioned to have products in this digest added to the list of products with GSP treatment. They are especially interested in exports of Kiwicha and Quinoa to the United States and cite the economic benefits to peasants in Peru from increased exports of these crops. The petition from Peru describes pearled kiwicha, which is obtained from scarifying the kiwicha grain (*Amaranthus Candarus*), as having a high food value due to its composition of essential amino acids, carotenes, folic acid, and vitamin C, and therefore useful in special diets. It is described as a milled grain product, fit for human consumption. The other product in the petition, pearled quinoa, is described as the whole grain obtained from scarifying that of quinoa (*chenopodium quinoa*), which contains about 15 percent protein and has an amino acid composition that gives it a high biological value. It is also described as a milled grain product, fit for human consumption. It is used in the preparation of soups, stews, and beverages.

HTS item No.  
1104.29.00

[Probable economic effect advice deleted.]

HTS/TSUSA Concordance and TSUSA col. 1 rates of duty, 1984-88

		(Percent ad valorem)				
		<u>TSUSA col. 1 rate of duty</u>				
<u>HTS item No.</u>	<u>TSUSA item No. (and allocation)</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
1104.29.00	131.40.00 (1%)	3.5	4.0	4.3	4.0	3.2
	131.70.00 (100%)	2.9	—	3.1	3.0	—
	131.75.00 (100%)	5.0	5.0	5.0	5.0	5.0
	131.80.00 (100%)	10.0	10.0	10.0	10.0	3.3

Table I.

Digest Title: Certain cereals  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Canada.....	91	26	119	59	64
Peru.....	1/	0	1/	1/	21
Japan.....	4	4	1	2	17
China.....	1/	1/	1/	1/	6
France.....	2	2	3	4	5
Korea.....	1	10	10	5	4
Turkey.....	1/	1/	1/	1/	2
Mexico.....	1/	0	7	0	2
Portugal.....	1/	1/	1/	1/	1/
West Germany.....	1/	1/	1	1	1/
Argentina.....	0	0	0	0	1/
Cyprus.....	0	0	0	3	1/
India.....	1/	1/	1	0	1/
Greece.....	0	0	1/	1/	1/
Lebanon.....	0	0	1/	1/	1/
All other.....	6	15	40	90	1/
<b>Total.....</b>	<b>104</b>	<b>56</b>	<b>183</b>	<b>166</b>	<b>121</b>
GSP Total....	2	9	11	60	25
GSP+4.....	6	19	23	65	30
Percent					
Canada.....	86.9	45.4	65.4	35.7	52.6
Peru.....	1/	.0	1/	1/	17.4
Japan.....	3.9	7.6	.7	1.5	13.9
China.....	1/	1/	1/	1/	4.6
France.....	1.9	3.4	1.5	2.5	4.0
Korea.....	.7	17.3	5.3	3.2	3.5
Turkey.....	1/	1/	1/	1/	1.8
Mexico.....	1/	.0	4.0	.0	1.7
Portugal.....	1/	1/	1/	1/	1/
West Germany.....	1/	1/	.5	.4	1/
Argentina.....	.0	.0	.0	.0	1/
Cyprus.....	.0	.0	.0	1.9	1/
India.....	1/	1/	.7	.0	1/
Greece.....	.0	.0	1/	1/	1/
Lebanon.....	.0	.0	1/	1/	1/
All other.....	5.8	25.8	21.8	54.5	1/
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	2.3	16.7	6.1	36.1	21.1
GSP+4.....	5.4	34.3	12.6	39.3	24.6

1/ Less than \$500 or less than 0.1 percent.

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

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

Table II.

Digest Title: Certain cereals  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
India.....	6,618	9,290	7,099	3,340	4,158
Ethiopia.....	480	19,243	9,897	1,196	2,624
Bolivia.....	0	866	715	1,020	874
Haiti.....	892	1,093	387	764	846
Indonesia.....	808	839	686	645	511
Philippines.....	202	174	183	442	452
Mexico.....	26	44	45	180	305
Guatemala.....	339	368	188	231	246
Lebanon.....	0	11	0	0	234
Peru.....	1,081	663	718	445	193
Canada.....	71	87	58	111	187
Japan.....	5	46	4	1	169
China.....	0	0	0	0	159
Dominican Rep....	104	72	68	73	151
Ghana.....	465	1,021	826	0	125
All other.....	2,648	2,656	1,186	1,018	565
<b>Total.....</b>	<b>13,740</b>	<b>36,473</b>	<b>22,061</b>	<b>9,465</b>	<b>11,799</b>
<b>GSP Total....</b>	<b>13,063</b>	<b>17,021</b>	<b>12,039</b>	<b>8,074</b>	<b>8,568</b>
<b>GSP+4.....</b>	<b>13,066</b>	<b>17,023</b>	<b>12,044</b>	<b>8,081</b>	<b>8,573</b>
Percent					
India.....	48.2	25.5	32.2	35.3	35.2
Ethiopia.....	3.5	52.8	44.9	12.6	22.2
Bolivia.....	.0	2.4	3.2	10.8	7.4
Haiti.....	6.5	3.0	1.8	8.1	7.2
Indonesia.....	5.9	2.3	3.1	6.8	4.3
Philippines.....	1.5	.5	.8	4.7	3.8
Mexico.....	.2	.1	.2	1.9	2.6
Guatemala.....	2.5	1.0	.9	2.4	2.1
Lebanon.....	.0	1/	.0	.0	2.0
Peru.....	7.9	1.8	3.3	4.7	1.6
Canada.....	.5	.2	.3	1.2	1.6
Japan.....	1/	.1	1/	1/	1.4
China.....	.0	.0	.0	.0	1.3
Dominican Rep....	.8	.2	.3	.8	1.3
Ghana.....	3.4	2.8	3.7	.0	1.1
All other.....	19.3	7.3	5.4	10.8	4.8
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>95.1</b>	<b>46.7</b>	<b>54.6</b>	<b>85.3</b>	<b>72.6</b>
<b>GSP+4.....</b>	<b>95.1</b>	<b>46.7</b>	<b>54.6</b>	<b>85.4</b>	<b>72.7</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

DIGEST NO. 1512.11.0040

CRUDE SAFFLOWER OIL

Crude Safflower Oil

I. Introduction

Col. 1 rate of duty: 2¢/kg + 4% (1988 AVE 6.6%)  
 Type of action proposed (check one):  
 Addition of GSP: X  
 Removal from GSP:      
 Country graduation:      
 Competitive-need-limit waiver      
 Non-eligible GSP countries: None  
 Current competitive-need-limit waivers: None  
 Current "sufficiently competitive" designation: None  
 U.S. production on Jan. 3, 1985? Yes X No    .

Description and uses: Safflower oil is a high-valued vegetable oil used principally as a salad and cooking oil or for specialty products such as paint. Safflower oil has a low percentage of polyunsaturated fatty acids, making it popular for dietary reasons as a salad oil.

This vegetable oil is derived from safflower seed which is grown mainly in the United States in California, and Arizona. Outside of the United States, Mexico and Argentina are believed to be the only significant producers of safflower seed or safflower oil.

II. U.S. market profile

Crude safflower oil: Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	( <sup>2</sup>)	(^{2})	(^{2})	(^{2})	(^{2})	(<sup>3</sup> )
Employment (thousand employees).....	(^{4})	(^{4})	(^{4})	(^{4})	(<sup>4</sup> )	( <sup>3</sup> )
Shipments (thousands of dollars).....	*28,600	*33,200	*39,700	*36,400	*36,500	*6
Exports (thousands of dollars).....	6,649	6,675	6,590	5,907	13,284	19
Imports (thousands of dollars).....	*26	*30	*697	*2,522	*5,863	*2,000
Consumption (thousands of dollars)....	*21,977	*26,555	*33,807	*33,015	*29,079	*7
Import to consumption ratio (percent)..	( <sup>6</sup> )	( <sup>6</sup> )	*2	*8	*20	( <sup>7</sup> )
Capacity utilization (percent).....	( <sup>3</sup>)	(^{3})	(^{3})	(^{3})	(^{3})	(^{3})

- <sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.
- <sup>2</sup> Unknown, but believed to be less than 1 dozen.
- <sup>3</sup> Not available.
- <sup>4</sup> Unknown, but believed to be less than 100.
- <sup>5</sup> The data in this table are for the full HS heading and therefore may include products in addition to the digest product.
- <sup>6</sup> Less than 0.5 percent.
- <sup>7</sup> Exceeds 3,000 percent.

Note.—The data shown in the profile are for the digest products, and are estimates by the staff of the U.S. International Trade Commission. The data in tables I and II at the end of this digest are for HTS 1512.11.00 which includes the digest product as well as other products and are compiled from official statistics of the U.S. Department of Commerce.

Comment: U.S. safflower seed is grown mainly in the Southwest United States, and crushed (processed) there into crude safflower oil, which in turn is used mostly as a high-priced, salad and cooking oil. Domestic safflower seed is either crushed domestically or exported as such to foreign oilseed crushers. About three-quarters of domestic output of safflower seed is crushed, and one-quarter of the seed is exported.

The United States is the world's second leading producer/exporter of safflower oil. During 1984-88, about 23 percent of U.S. safflower oil output was exported. U.S. output of safflower oil during 1984-88 ranged from 32,000 short tons in 1984 to 50,000 tons in 1985, averaging 41,000 tons annually over the period. U.S. output has changed little from a decade earlier when U.S. safflower oil output averaged about 45,000 tons annually.

Safflower oil is a high-valued vegetable oil which is priced considerably above the leading domestic fats and oil products, such as soybean oil (selling at prices nearly twice that of soybean oil). As a premium salad oil, safflower oil is competitive with other premium oils such as olive oil or sesame oil. The overall U.S. demand for safflower oil is believed to be price inelastic, and the import demand is believed to be moderately price elastic.

U.S. imports of crude safflower oil are sold to domestic vegetable oil refiners that process and package safflower oil into a refined, consumer-level salad and cooking oil. The imported crude oil is refined and packaged domestically, and then sold as fully refined safflower oil, a salad and cooking oil.

Mexico is the world's leading producer of safflower seed and safflower oil. The Mexican Government has export controls on its exports of safflower seed and safflower oil, with the intended purpose of ensuring that its own domestic market is supplied with adequate amounts of vegetable oil. Mexico has allowed since 1987 sharply higher exports to the United States. The price elasticity of foreign supply of safflower oil is probably moderate for the reasons indicated below.

### III. GSP import situation, 1988

U.S. imports and share of consumption, 1988

Item	Imports <sup>1</sup> 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	*5,863	*100	-	*20
Imports from GSP countries:				
Total.....	*5,863	*100	*100	*20
Mexico.....	*5,842	*100	*100	*20
Argentina.....	*21	*( <sup>2</sup> )	*( <sup>2</sup> )	*( <sup>2</sup> )

<sup>1</sup> The data in this table are for the full HS heading and therefore may include products in addition to the digest product.

<sup>2</sup> Less than 0.5 percent.

Note.--The data shown in the profile are for the digest products, and are estimates by the staff of the U.S. International Trade Commission. The data in Tables I and II at the end of this digest are for HTS 1512.11.00 which includes the digest product as well as other products and are compiled from official statistics of the U.S. Department of Commerce.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

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Ranking as a U.S. import supplier, 1988..... 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes \_\_\_ No X

What is the price elasticity of U.S. demand?..... High \_\_\_ Moderate \_\_\_ Low X

Can production in the country be easily expanded or contracted  
in the short term?..... Yes X No \_\_\_

Does the country have significant export markets besides the  
United States?..... Yes \_\_\_ No X

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes \_\_\_ No X

What is the price elasticity of import supply?..... High \_\_\_ Moderate X Low \_\_\_

Price level compared with:

U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Quality compared with:

U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

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Comment: The Mexican Government has export controls on safflower oil and seed, but in recent years, it has relaxed controls to allow sharply larger exports. Mexico produced annually from 100 million to 140 million pounds of safflower oil<sup>1</sup>, or nearly 50 percent more than the amount of U.S. production in recent years, and exported about 14 percent of this output to United States in 1988. Thus, it is believed that the price elasticity of export supply in Mexico is moderate since an additional proportion of their output could be diverted to the United States. However, since vegetable oil prices are controlled in Mexico, and since vegetable oil is viewed in Mexico as a relatively low-priced food product for consumers, it is unlikely that Mexican producers would be allowed to deplete the domestic supply to sharply increase exports.<sup>2</sup>

USDA indicated that safflower oil is the preferred bottled vegetable oil, and the most popular type of vegetable oil on the retail shelves in Mexico. A shortfall in Mexican production of safflower seed in 1988 (owing to lack of rain) reduced supplies; safflower oil is often blended with other vegetable oils (such as imported soybean, sunflowerseed or rapeseed oils) and sold in Mexico as "safflower oil."<sup>3</sup>

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<sup>1</sup> U.S. Department of Agriculture (USDA), FAS, indicated in Mexico Oilseeds and Products Annual (FAS Telegram), 04-10-89, p. 25, that Mexican production of safflower oil was 134 million pounds in crop year 1987/88, and 97 million pounds in 1988/89. The Petition, at p. 3 indicated Mexican production of safflower oil was 160 million pounds in 1988.

<sup>2</sup> USDA, Ibid., p 17.

<sup>3</sup> USDA, Ibid., pp. 1-3, and 25.

Competitiveness indicators for Argentina for all digest products

Ranking as a U.S. import supplier, 1988..... 2

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No \_\_\_

What is the price elasticity of U.S. demand?.....High \_\_\_ Moderate \_\_\_ Low X

Can production in the country be easily expanded or contracted in the short term?..... Yes X No \_\_\_

Does the country have significant export markets besides the United States?..... Yes X No \_\_\_

Could exports from the country be readily redistributed among its foreign export markets?..... Yes X No \_\_\_

What is the price elasticity of import supply?..... High \_\_\_ Moderate X Low \_\_\_

Price level compared with:

U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Quality compared with:

U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Comment: Argentina is a small producer of safflower seed and safflower oil producing an estimated 3 million pounds of safflower oil in 1988<sup>4</sup> or about 4 percent of U.S. output.

V. Position of interested parties

Petitioners.--The Producers Cotton Oil Co. (Fresno, CA), the California Oils Corp. (Richmond, CA), and the Oilseeds International Ltd. (San Francisco, CA) petitioned jointly to have crude safflower oil added to GSP-eligible products. They indicated that previously under the TSUS, safflower oil was a GSP-eligible product; that its removal was inadvertent due to harmonization of the HIS; that increased imports of safflower oil would supplement domestic supplies in case of U.S. crop failure; and that Mexico would benefit from GSP treatment allowing it to resolve its own financial problems. They noted also that there is little threat that Mexico is likely to increase its output sharply or allow large quantities to be exported.

<sup>4</sup> Petition, at p. 3.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

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HTS item No.	<u>TSUSA</u> item No. (and allocation)	<u>TSUSA</u> col. 1 rates of duty				
		1984	1985	1986	1987	1988
1512.11.0040	176.7000 71%	5	5	5	5	5

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Table I.

Digest Title: Crude safflower oil  
U.S. imports for consumption, by principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Mexico.....	25	30	9	2,042	5,842
Argentina.....	1	0	688	480	21
All other.....	46	57	78	17	20
Total.....	72	87	775	2,539	5,883
GSP total.....	26	30	697	2,522	5,863
GSP+4.....	26	30	697	2,522	5,863
Percent of total					
Mexico.....	34.7	34.5	1.2	80.4	99.3
Argentina.....	1.3	3.9	88.8	18.9	.4
All other.....	63.9	65.5	10.1	0.7	.4
Total.....	100.0	100.0	100.0	100.0	100.0
GSP total.....	36.0	34.5	90.0	99.3	99.7
GSP+4.....	36.0	34.5	90.0	99.3	99.7

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

Source: Estimated based on official statistics of the Department of Commerce.

Table II.

Digest Title: Crude safflower oil  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Netherlands.....	3,634	3,068	3,075	2,455	6,366
Japan.....	2,486	3,192	3,101	2,399	5,043
West Germany.....	139	5	21	391	1,204
Argentina.....	26	13	23	28	192
Rep So Africa....	10	68	58	49	119
Australia.....	34	65	88	49	90
Canada.....	117	85	49	147	65
Israel.....	0	0	0	0	38
Philippines.....	0	39	46	81	37
Thailand.....	0	0	11	0	30
Portugal.....	0	0	0	0	27
Indonesia.....	0	4	26	19	27
New Zealand.....	16	51	19	24	24
Mexico.....	6	48	0	0	15
Switzerland.....	10	12	14	218	9
All other.....	172	25	58	48	1
<b>Total.....</b>	<b>6,649</b>	<b>6,675</b>	<b>6,590</b>	<b>5,907</b>	<b>13,284</b>
GSP Total....	54	129	165	174	339
GSP+4.....	56	129	165	176	339
Percent					
Netherlands.....	54.7	46.0	46.7	41.6	47.9
Japan.....	37.4	47.8	47.1	40.6	38.0
West Germany.....	2.1	.1	.3	6.6	9.1
Argentina.....	.4	.2	.3	.5	1.4
Rep So Africa....	.2	1.0	.9	.8	.9
Australia.....	.5	1.0	1.3	.8	.7
Canada.....	1.8	1.3	.8	2.5	.5
Israel.....	.0	.0	.0	.0	.3
Philippines.....	.0	.6	.7	1.4	.3
Thailand.....	.0	.0	.2	.0	.2
Portugal.....	.0	.0	.0	.0	.2
Indonesia.....	.0	.1	.4	.3	.2
New Zealand.....	.2	.8	.3	.4	.2
Mexico.....	.1	.7	.0	.0	.1
Switzerland.....	.2	.2	.2	3.7	.1
All other.....	2.6	.4	.9	.8	1/
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	.8	1.9	2.5	3.0	2.6
GSP+4.....	.8	1.9	2.5	3.0	2.6

1/ Less than \$500 or less than 0.1 percent.

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

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



DIGEST NO. 1515.30.00(pt)

CRUDE CASTOR OIL

Crude Castor Oil

I. Introduction

Col. 1 rate of duty: 3.34/kg (1988 AVE 3.7%)  
 Type of action proposed (check one):  
 Addition of GSP:   
 Removal from GSP:   
 Country graduation:   
 Competitive-need-limit waiver:  (Country—Brazil)  
 Non-eligible GSP countries: Brazil.  
 Current competitive-need-limit waivers: None.  
 Current "sufficiently competitive" designation: None.  
 U.S. production on Jan. 3, 1985? Yes  No .

Description and uses: Castor oil is derived from the castor bean that is grown mainly in South America, China, Thailand, and India. Castor oil is used principally in the manufacture of paint, varnish, plastics, resins, and lubricants. There has been no domestic production (crushing) of crude oil from castor beans since 1974. There is domestic refining and processing of imported crude castor oil into a variety of chemical and industrial products, including medicinal-grade castor oil, hydrogenated castor oil and dehydrated castor oil, among other products.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	( <sup>2</sup>)	(^{2})	(^{2})	(^{2})	(^{2})	(<sup>3</sup> )
Employment (thousand employees).....	( <sup>2</sup>)	(^{2})	(^{2})	(^{2})	(^{2})	(<sup>3</sup> )
Shipments (thousands of dollars).....	(^{2})	(^{2})	(^{2})	(^{2})	(<sup>2</sup> )	( <sup>3</sup> )
Exports (thousands of dollars).....	(^{2})	(^{2})	(^{2})	(^{2})	(<sup>2</sup> )	( <sup>3</sup> )
Imports ( <sup>4</sup> ) (thousands of dollars).....	43,536	28,305	20,852	29,928	27,909	-8
Consumption (thousands of dollars).....	43,536	28,305	20,852	29,928	27,909	-8
Import to consumption ratio (percent).....	100	100	100	100	100	( <sup>3</sup> )
Capacity utilization (percent).....	( <sup>2</sup>)	(^{2})	(^{2})	(^{2})	(^{2})	(<sup>3</sup> )

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup> There is believed to be no domestic production of crude castor oil in the United States.

<sup>3</sup> Not applicable.

<sup>4</sup> Data are for HTS item 1515.30.00 which includes the digest product for which advice is requested as well as other products.

Comment: Imports of crude castor oil account for all domestic consumption of crude castor oil. U.S. imports of castor oil amounted to about \$28 million in 1988, a decline of 36 percent from the \$44 million imported in 1984. On a volume basis, castor oil imports fell by 14 percent from about 78 million pounds in 1984 to 67 million pounds in 1988, averaging 81 million pounds annually during this period.

Crude castor oil is used as a raw material to make a number of industrial or chemical products in the United States. Demand for castor oil has been in a long-term decline owing to substitution of other products.

Since January 1, 1989, castor oil imports from Brazil, the leading supplier, became ineligible for duty-free treatment under the Generalized System of Preferences (GSP). Brazil lost its GSP treatment for crude castor oil when the tariff item covering that product was combined with two other tariff lines from the former Tariff Schedules of the United States (TSUS) in the conversion to the HTS.<sup>1</sup>

The new broader HTS tariff category is not designated as covering "products not made in the United States as of January 3, 1985," for purposes of avoiding competitive-need limits. It was this designation that had allowed Brazil to receive GSP treatment for the TSUS items covering crude castor oil (since Brazilian goods accounted for 80 percent of all castor oil imports) despite exceeding the GSP competitive need limits.

### III. GSP import situation, 1988

U.S. imports and share of consumption, 1988

Item	Imports <sup>1</sup> 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	27,909	-	100	100
Imports from GSP countries:				
Total.....	27,807	100	100	100
Brazil.....	25,866	93	93	93
Thailand.....	1,453	5	5	5
Ecuador.....	358	1	1	1

<sup>1</sup> Data are for HTS item 1515.30.00 which includes the digest product for which advice is requested as well as other products.

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

Comment: Crude castor oil is produced in the world mainly in Brazil, China, Thailand, Ecuador, and India. Brazil is the world's leading exporter of castor oil. India supplied about 25 percent of U.S. castor oil imports during 1984-85. In 1986, India all but ceased its exports to the United States, diverting most of its product to the Soviet Union.

<sup>1</sup> Crude castor oil was classified in TSUS items 176.01 and 176.14. TSUS item 176.15 was believed to contain crude castor oil, as well as refined castor oil products.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Brazil for all digest products

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Ranking as a U.S. import supplier, 1988..... 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes \_\_\_ No X

What is the price elasticity of U.S. demand?..... High \_\_\_ Moderate \_\_\_ Low X

Can production in the country be easily expanded or contracted in the short term?..... Yes \_\_\_ No X

Does the country have significant export markets besides the United States?..... Yes X No \_\_\_

Could exports from the country be readily redistributed among its foreign export markets?..... Yes X No \_\_\_

What is the price elasticity of import supply?..... High \_\_\_ Moderate \_\_\_ Low X

Price level compared with:

U.S. products <sup>1</sup>..... Above \_\_\_ Equivalent \_\_\_ Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Quality compared with:

U.S. products <sup>1</sup>..... Above \_\_\_ Equivalent \_\_\_ Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

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<sup>1</sup> No U.S. production of crude castor oil.

Comment: Brazil's production of castor oil has been stagnant or declining for a number of years.

Competitiveness indicators for Thailand for all digest products

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Ranking as a U.S. import supplier, 1988..... 2

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No \_\_\_

What is the price elasticity of U.S. demand?..... High \_\_\_ Moderate X Low \_\_\_

Can production in the country be easily expanded or contracted in the short term?..... Yes \_\_\_ No X

Does the country have significant export markets besides the United States?..... Yes X No \_\_\_

Could exports from the country be readily redistributed among its foreign export markets?..... Yes X No \_\_\_

What is the price elasticity of import supply?..... High \_\_\_ Moderate X Low \_\_\_

Price level compared with:

U.S. products <sup>1</sup>..... Above \_\_\_ Equivalent \_\_\_ Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Quality compared with:

U.S. products <sup>1</sup>..... Above \_\_\_ Equivalent \_\_\_ Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

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<sup>1</sup> No. U.S. production of crude castor oil.

Comment: Thailand is a relatively small exporter of castor oil in world markets.

V. Position of interested parties

Petitioner.—The Alnor Oil Co. (Valley Stream, N.Y.), CasChem, Inc. (Bayonne, N.J.), and Union Camp Corporation (Wayne, N.J.) petitioned jointly to have a waiver for Brazil to become eligible for GSP benefits for imports of castor oil under HTS item 1515.30.00. They indicated that, prior to enactment of the HTS in 1989, castor oil imports entering under TSUS items 176.01, 176.14, and 176.15 were eligible for GSP benefits, and that imports from Brazil under the first two TSUS items were eligible for GSP treatment because the competitive-need formula was waived (the USTR having determined that there was no U.S. production of products entering under TSUS items 176.01 and 176.14).

The petitioners indicated that under the HTS, Brazil was denied GSP treatment for the item 1515.30.00 because it exceeded the 50-percent competitive-need limit. The petitioners contend that there is no U.S. production of crude castor oil or refined castor oil classified under HTS item 1515.30.00, and there should be a waiver of the competitive need formula for Brazil for HTS item 1515.30.00.

HTS item No.  
1515.30.00(pt)

[ Probable economic effect advice deleted.]

HTS/TSUSA CONCORDANCE AND TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	<u>TSUSA</u> item No. (and allocation)	<u>TSUSA</u> col. 1 rate of duty (AVE)				
		1984	1985	1986	1987	1988
1515.30.00 (pt.)	176.01 (100%)	3	3	3	3	3
	<sup>1</sup> 176.14 (100%)	9.2	3.2	1.6	4.9	4.5
	<sup>1</sup> 176.15 (99%)	2.1	2.9	4.8	3.5	2.8

<sup>1</sup> TSUSA col. 1 rate of duty was 1.5¢ per pound during 1984-88.

Table 1.  
Digest Title: Crude castor oil 1/  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Brazil.....	28,717	20,511	18,406	26,413	25,865
Thailand.....	3,007	311	1,234	1,974	1,453
Ecuador.....	888	262	1,042	890	358
Mexico.....	0	29	92	92	116
China.....	9	0	0	0	82
Indonesia.....	0	0	0	0	15
United Kingdom...	0	0	0	3	15
France.....	0	0	2	0	5
Canada.....	1	0	0	0	0
Dominican Rep....	0	0	0	1	0
Uruguay.....	0	0	0	40	0
Sweden.....	0	0	0	6	0
Netherlands.....	0	0	0	338	0
West Germany.....	1	0	4	4	0
Italy.....	16	3	1	5	0
All other.....	10,826	7,190	71	160	0
<b>Total.....</b>	<b>43,536</b>	<b>28,305</b>	<b>20,852</b>	<b>29,928</b>	<b>27,909</b>
GSP Total....	42,738	28,302	20,827	29,411	27,807
GSP+4.....	42,742	28,302	20,845	29,567	27,807
Percent					
Brazil.....	66.0	72.5	88.3	88.3	92.7
Thailand.....	6.9	1.1	5.9	6.6	5.2
Ecuador.....	2.0	.9	5.0	3.0	1.3
Mexico.....	.0	.1	.4	.3	.4
China.....	2/	.0	.0	.0	.3
Indonesia.....	.0	.0	.0	.0	.1
United Kingdom...	.0	.0	.0	2/	.1
France.....	.0	.0	2/	.0	2/
Canada.....	2/	.0	.0	.0	.0
Dominican Rep....	.0	.0	.0	2/	.0
Uruguay.....	.0	.0	.0	.1	.0
Sweden.....	.0	.0	.0	2/	.0
Netherlands.....	.0	.0	.0	1.1	.0
West Germany.....	2/	.0	2/	2/	.0
Italy.....	2/	2/	2/	2/	.0
All other.....	25.0	25.4	.3	.5	.0
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	98.2	100.0	99.9	98.3	99.6
GSP+4.....	98.2	100.0	100.0	98.8	99.6

1/ The data in this table are for the full HS heading and therefore may include products in addition to the digest product.

2/ Less than \$500 or less than 0.1 percent.

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

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

DIGEST NO. 2001.90.40(pt)

NOPALITOS, PREPARED OR PRESERVED WITH VINEGAR

Nopalitos, Prepared or Preserved With Vinegar

I. Introduction

Col. 1 rate of duty: 12%  
 Type of action proposed (check one):  
 Addition of GSP:       
 Removal from GSP:       
 Country graduation:       
 Competitive-need-limit waiver: X (Country—Mexico)  
 Non-eligible GSP countries: Mexico  
 Current competitive-need-limit waivers: None  
 Current "sufficiently competitive" designation: None  
 U.S. production on Jan. 3, 1985? Yes      No X.

Description and uses: Nopalitos are the leaves of the tender cactus plant, used as a specialty food item in Mexican-style dishes, principally during certain seasons and by specific ethnic groups.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	(2)	(2)	(2)	(2)	(2)	-
Employment (thousand employees).....	(2)	(2)	(2)	(2)	(2)	-
Shipments (thousands of dollars).....	(2)	(2)	(2)	(2)	(2)	-
Exports <sup>3</sup> (thousands of dollars).....	8	8	10	9	11	7
Imports <sup>3</sup> (thousands of dollars).....	25,676	28,878	27,336	34,496	36,624	7
Consumption (thousands of dollars)....	(2)	(2)	(2)	(2)	(2)	-
Import to consumption ratio (percent)..	(2)	(2)	(2)	(2)	(2)	-
Capacity utilization (percent).....	(2)	(2)	(2)	(2)	(2)	-

<sup>1</sup>This figure represents the average annual compound rate of change over 1984-88.

<sup>2</sup>Not available.

<sup>3</sup>Data are for HTS 2001.90.40 which includes the digest product for which advice is requested as well as other products.

Comment: Nopalitos are believed to be processed in the United States in very small amounts if at all, possibly by only a few firms and probably only on a seasonal basis. Data on number of producers, employment, shipments, and capacity utilization are not available. Both import and export data include a large number of prepared or preserved vegetables; nopalitos are believed to account for a very small share of total imports and exports are believed to be nil.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports <sup>1</sup> <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	36,624	100	-	( <sup>2</sup> )
Imports from GSP countries:				
Total.....	24,656	67	100	( <sup>2</sup> )
Mexico.....	19,833	54	80	( <sup>2</sup> )
Thailand.....	1,794	5	7	( <sup>2</sup> )
Colombia.....	1,272	3	5	( <sup>2</sup> )
Venezuela.....	489	1	2	( <sup>2</sup> )

<sup>1</sup>Data are for HTS 2001.90.40 which includes the digest product for which advice is requested as well as other products.

<sup>2</sup>Not available.

Comment: Nopalitos are not separately provided for in the HTS; in recent years, they are believed to have accounted for a negligible share of total imports under this item and were probably all from Mexico.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products<sup>1</sup>

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Ranking as a U.S. import supplier, 1988.....   1  

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes \_\_\_ No   X  

What is the price elasticity of U.S. demand?..... High \_\_\_ Moderate   X   Low \_\_\_

Can production in the country be easily expanded or contracted  
in the short term?..... Yes   X   No \_\_\_

Does the country have significant export markets besides the  
United States?..... Yes \_\_\_ No   X  

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes \_\_\_ No   X  

What is the price elasticity of import supply?..... High \_\_\_ Moderate   X   Low \_\_\_

Price level compared with:

U.S. products..... Above \_\_\_ Equivalent \_\_\_ Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent \_\_\_ Below \_\_\_

Quality compared with:

U.S. products..... Above \_\_\_ Equivalent \_\_\_ Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent \_\_\_ Below \_\_\_

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<sup>1</sup>Mexico is the only known foreign supplier of prepared or preserved nopalitos. Data on limited U.S. production are not available.

Comment: There are no data available for U.S. or foreign production against which price or quality comparisons may be made.

V. Position of interested parties

Petitioner.—The petitioner, Empacadora San Marcos, S.A. de C.V., believes that nopalitos are not allowed in the United States in significant amounts because the competitive-need limitation is surpassed by Mexico with shipments of other, more important products classified in this same HTS item.

The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

[Probable economic effect advice deleted.]

HTS/TSUSA CONCORDANCE AND TARIFF HISTORY

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation)	TSUSA col. 1 rate of duty				
		1984	1985	1986	1987	1988
2001.90.40	141.7760(1%)	12	12	12	12	12

Table I.

Digest Title: Nopalitos, prepared or preserved with vinegar  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Mexico.....	14,443	19,079	15,957	18,594	19,833
Greece.....	5,206	3,288	2,912	5,465	6,564
Thailand.....	467	373	688	765	1,794
Japan.....	468	459	1,052	1,129	1,394
Colombia.....	1,472	810	1,288	1,828	1,272
Taiwan.....	375	394	687	1,039	939
Canada.....	99	392	557	756	576
Venezuela.....	37	133	140	276	489
Spain.....	669	486	432	545	475
China.....	157	72	70	67	403
France.....	178	368	432	438	328
Israel.....	571	585	601	608	313
Korea.....	37	105	271	266	301
Italy.....	295	305	335	315	294
Honduras.....	424	851	392	441	251
All other.....	778	1,177	1,524	1,963	1,398
<b>Total.....</b>	<b>25,676</b>	<b>28,878</b>	<b>27,336</b>	<b>34,497</b>	<b>36,624</b>
<b>GSP Total....</b>	<b>17,810</b>	<b>22,294</b>	<b>19,670</b>	<b>23,664</b>	<b>24,656</b>
<b>GSP+4.....</b>	<b>18,241</b>	<b>22,831</b>	<b>20,681</b>	<b>25,036</b>	<b>26,048</b>
Percent					
Mexico.....	56.3	66.1	58.4	53.9	54.2
Greece.....	20.3	11.4	10.7	15.8	17.9
Thailand.....	1.8	1.3	2.5	2.2	4.9
Japan.....	1.8	1.6	3.8	3.3	3.8
Colombia.....	5.7	2.8	4.7	5.3	3.5
Taiwan.....	1.5	1.4	2.5	3.0	2.6
Canada.....	.4	1.4	2.0	2.2	1.6
Venezuela.....	.1	.5	.5	.8	1.3
Spain.....	2.6	1.7	1.6	1.6	1.3
China.....	.6	.2	.3	.2	1.1
France.....	.7	1.3	1.6	1.3	.9
Israel.....	2.2	2.0	2.2	1.8	.9
Korea.....	.1	.4	1.0	.8	.8
Italy.....	1.1	1.1	1.2	.9	.8
Honduras.....	1.6	2.9	1.4	1.3	.7
All other.....	3.0	4.1	5.6	5.7	3.8
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>69.4</b>	<b>77.2</b>	<b>72.0</b>	<b>68.6</b>	<b>67.3</b>
<b>GSP+4.....</b>	<b>71.0</b>	<b>79.1</b>	<b>75.7</b>	<b>72.6</b>	<b>71.1</b>

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

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

Table II.

Digest Title: Nopalitos, prepared or preserved with vinegar  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Canada.....	1	1	1	1	2
Japan.....	1	1	1	1	1
Mexico.....	1/	1	1/	1/	1
Australia.....	1/	1/	1/	1/	1
Saudi Arabia.....	1	1	2	1/	1
Hong Kong.....	1	1/	1	1	1
Korea.....	1/	1/	1/	1/	1/
United Kingdom...	1/	1/	1/	1/	1/
Panama.....	1	1	1	1	1/
Fr Polynesia.....	1/	1/	1/	1	1/
Singapore.....	1/	1/	1/	1/	1/
Dominican Rep....	1/	0	1/	1/	1/
Venezuela.....	1/	1/	1/	0	1/
Taiwan.....	1/	1/	1/	1	1/
Israel.....	0	1/	1/	1/	1/
All other.....	2	2	3	2	1
<b>Total.....</b>	<b>8</b>	<b>8</b>	<b>10</b>	<b>9</b>	<b>11</b>
<b>GSP Total....</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
<b>GSP+4.....</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>5</b>
Percent					
Canada.....	14.9	14.8	8.0	16.4	18.4
Japan.....	12.4	7.1	11.7	9.6	12.0
Mexico.....	1/	13.4	1/	1/	11.5
Australia.....	1/	1/	1/	1/	9.5
Saudi Arabia.....	8.7	15.9	16.3	1/	8.9
Hong Kong.....	7.9	1/	10.7	13.4	6.9
Korea.....	1/	1/	1/	1/	1/
United Kingdom...	1/	1/	1/	1/	1/
Panama.....	13.8	10.0	8.6	6.8	1/
Fr Polynesia.....	1/	1/	1/	5.8	1/
Singapore.....	1/	1/	1/	1/	1/
Dominican Rep....	1/	.0	1/	1/	1/
Venezuela.....	1/	1/	1/	.0	1/
Taiwan.....	1/	1/	1/	9.9	1/
Israel.....	.0	1/	1/	1/	1/
All other.....	25.5	22.7	32.6	21.5	10.4
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>35.1</b>	<b>38.8</b>	<b>32.9</b>	<b>31.4</b>	<b>27.1</b>
<b>GSP+4.....</b>	<b>50.0</b>	<b>50.9</b>	<b>51.0</b>	<b>58.8</b>	<b>42.7</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

DIGEST NO. 2001.90.40(pt)

JALAPENO PEPPERS

Jalapeno Peppers

I. Introduction

Col. 1 rate of duty: 12%  
 Type of action proposed (check one):  
 Addition of GSP:       
 Removal from GSP:       
 Country graduation:       
 Competitive-need-limit waiver: X (Country--Mexico)  
 Non-eligible GSP countries: Mexico  
 Current competitive-need-limit waivers: None  
 Current "sufficiently competitive" designation: None  
 U.S. production on Jan. 3, 1985? Yes X No     .

Description and uses: Jalapeno peppers, prepared or preserved by vinegar or acetic acid, are a type of mildly pungent pepper, used principally to impart flavoring to sauces, dips, or other ethnic foods. They are consumed throughout the year, although grown and imported (from Mexico) primarily during late August through early October.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	(2)	(2)	(2)	(2)	(2)	-
Employment (thousand employees).....	(2)	(2)	(2)	(2)	(2)	-
Shipments (thousands of dollars).....	(2)	(2)	(2)	(2)	(2)	-
Exports (thousands of dollars).....	(2)	(2)	(2)	(2)	(2)	-
Imports (thousands of dollars).....	(2)	(2)	(2)	(2)	(2)	-
Consumption (thousands of dollars).....	(2)	(2)	(2)	(2)	(2)	-
Import to consumption ratio (percent).....	(2)	(2)	(2)	(2)	(2)	-
Capacity utilization (percent).....	(2)	(2)	(2)	(2)	(2)	-

<sup>1</sup>This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup>Not available.

Comment: The pepper-processing industry is believed to include many small-volume processors, most of which may process a few pepper types (including Jalapeno) but little else. There are no data available on size or number of firms, plant production capacity, or shipments data.

III. GSP import situation, 1988

Comment: Data on imports of jalapeno peppers are not available; in recent years, such imports are believed to have amounted to less than \$1 million, the bulk of which were probably from Mexico.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products<sup>1</sup>

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Ranking as a U.S. import supplier, 1988..... 2 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No \_\_\_

What is the price elasticity of U.S. demand?..... High X Moderate \_\_\_ Low \_\_\_

Can production in the country be easily expanded or contracted  
in the short term?..... Yes X No \_\_\_

Does the country have significant export markets besides the  
United States?..... Yes X No \_\_\_

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes X No \_\_\_

What is the price elasticity of import supply?..... High X Moderate \_\_\_ Low \_\_\_

Price level compared with:

U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Quality compared with:

U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

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<sup>1</sup>Data on U.S. production are not available.

<sup>2</sup>Separate import data are not available. However, Mexico is the largest foreign source of other prepared or preserved peppers.

Comment: Jalapeno peppers are commonly grown both in the United States and Mexico, although to a greater extent in Mexico, principally by farmers specializing in pepper production. Even without a waiver, Mexico is believed to be the major foreign supplier and currently very competitive with U.S. firms.

V. Position of interested parties

Petitioner.—The petitioner (National Chamber of Food Packers of Mexico), a trade association representing Mexican producers and exporters of processed foods, has requested that duty-free treatment under the GSP be granted to Mexican processed jalapeno peppers. They believe that a strong market exists for Mexican-style foods, including jalapeno peppers, and that granting duty-free treatment will allow Mexican products to remain competitive with vertically integrated U.S. producers.

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation)	TSUSA col. 1 rate of duty				
		1984	1985	1986	1987	1988
2001.90.40	141.7760(1%)	12	12	12	12	12

Table I. Jalapeno peppers  
Digest Title:  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Mexico.....	14,443	19,079	15,957	18,594	19,833
Greece.....	5,206	3,288	2,912	5,465	6,564
Thailand.....	467	373	688	765	1,794
Japan.....	468	459	1,052	1,129	1,394
Colombia.....	1,472	810	1,208	1,828	1,272
Taiwan.....	375	394	687	1,039	939
Canada.....	99	392	557	756	576
Venezuela.....	37	133	140	276	489
Spain.....	669	486	432	545	475
China.....	157	72	70	67	403
France.....	178	368	432	438	328
Israel.....	571	585	601	608	313
Korea.....	37	105	271	266	301
Italy.....	295	305	335	315	294
Honduras.....	424	851	392	441	251
All other.....	778	1,177	1,524	1,963	1,398
<b>Total.....</b>	<b>25,676</b>	<b>28,878</b>	<b>27,336</b>	<b>34,496</b>	<b>36,624</b>
<b>GSP Total....</b>	<b>17,810</b>	<b>22,294</b>	<b>19,670</b>	<b>23,664</b>	<b>24,656</b>
<b>GSP+4.....</b>	<b>18,241</b>	<b>22,831</b>	<b>20,681</b>	<b>25,036</b>	<b>26,048</b>
Percent					
Mexico.....	56.3	66.1	58.4	53.9	54.2
Greece.....	20.3	11.4	10.7	15.8	17.9
Thailand.....	1.8	1.3	2.5	2.2	4.9
Japan.....	1.8	1.6	3.8	3.3	3.8
Colombia.....	5.7	2.8	4.7	5.3	3.5
Taiwan.....	1.5	1.4	2.5	3.0	2.6
Canada.....	.4	1.4	2.0	2.2	1.6
Venezuela.....	.1	.5	.5	.8	1.3
Spain.....	2.6	1.7	1.6	1.6	1.3
China.....	.6	.2	.3	.2	1.1
France.....	.7	1.3	1.6	1.3	.9
Israel.....	2.2	2.0	2.2	1.8	.9
Korea.....	.1	.4	1.0	.8	.8
Italy.....	1.1	1.1	1.2	.9	.8
Honduras.....	1.6	2.9	1.4	1.3	.7
All other.....	3.0	4.1	5.6	5.7	3.8
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>69.4</b>	<b>77.2</b>	<b>72.0</b>	<b>68.6</b>	<b>67.3</b>
<b>GSP+4.....</b>	<b>71.0</b>	<b>79.1</b>	<b>75.7</b>	<b>72.6</b>	<b>71.1</b>

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

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

Table II.

Digest Title: Jalapeno peppers  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Canada.....	6	6	4	7	10
Japan.....	5	3	6	4	7
Mexico.....	1	5	1	1/	7
Australia.....	1	1	1/	1	5
Saudi Arabia.....	4	7	8	2	5
Hong Kong.....	3	2	5	6	4
Korea.....	1	2	1	1	2
United Kingdom...	1/	1/	1/	1/	1
Panama.....	6	4	4	3	1
Fr Polynesia.....	2	1/	1	3	1
Singapore.....	1	1	1/	1	1
Venezuela.....	1/	1/	1/	0	1
Dominican Rep....	1/	0	1/	1	1
Taiwan.....	1	1	2	4	1
Israel.....	0	1/	1/	2	1
All other.....	10	9	16	9	6
<b>Total.....</b>	<b>41</b>	<b>41</b>	<b>50</b>	<b>44</b>	<b>57</b>
GSP Total....	14	16	17	14	15
GSP+4.....	20	21	26	26	24
Percent					
Canada.....	14.9	14.8	8.0	16.4	18.4
Japan.....	12.4	7.1	11.7	9.6	12.0
Mexico.....	1.4	13.4	1.2	1/	11.5
Australia.....	2.6	1.8	1/	1.7	9.5
Saudi Arabia.....	8.7	15.9	16.3	3.7	8.9
Hong Kong.....	7.9	4.7	10.7	13.4	6.9
Korea.....	2.2	3.8	2.6	1.4	4.3
United Kingdom...	1/	1/	1/	1/	2.6
Panama.....	13.8	10.0	8.6	6.8	2.6
Fr Polynesia.....	3.7	1/	2.3	5.8	2.6
Singapore.....	1.6	1.6	1/	2.7	2.4
Venezuela.....	1/	1/	1/	.0	2.0
Dominican Rep....	1/	.0	1/	1.5	2.0
Taiwan.....	3.1	2.1	4.0	9.9	1.9
Israel.....	.0	1/	1/	3.7	1.8
All other.....	25.5	22.7	32.6	21.5	10.4
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	35.1	38.8	32.9	31.4	27.1
GSP+4.....	50.0	51.0	51.0	58.8	42.7

1/ Less than \$500 or less than 0.1 percent.

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

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



DIGEST NO. 2004.10.00(pt)

YELLOW (SOLANO) POTATOES

Yellow (Solano) Potatoes

I. Introduction

Col. 1 rate of duty: 10%  
 Type of action proposed (check one):  
 Addition of GSP: X  
 Removal from GSP:       
 Country graduation:       
 Competitive-need-limit waiver:       
 Non-eligible GSP countries: None  
 Current competitive-need-limit waivers: None  
 Current "sufficiently competitive" designation: None  
 U.S. production on Jan. 3, 1985? Yes      No X.

Description and uses: Yellow (solano) potatoes are yellow-fleshed potatoes, cultivated in the Andean plateaus of Colombia for distribution in a fresh state to domestic and foreign markets and for export only when processed. They are used principally as a vegetable side-dish and in certain ethnic food preparations.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	( <sup>2</sup>)	(^{2})	(^{2})	(^{2})	(^{2})	(^{2})
Employment (thousand employees).....	( <sup>2</sup>)	(^{2})	(^{2})	(^{2})	(^{2})	(^{2})
Shipments (thousands of dollars).....	(^{2})	(^{2})	(^{2})	(^{2})	(^{2})	(<sup>2</sup> )
Exports <sup>3</sup> (thousands of dollars).....	253	223	370	519	532	16
Imports <sup>3</sup> (thousands of dollars).....	10,363	13,444	15,530	20,062	21,986	28
Consumption (thousands of dollars).....	( <sup>2</sup>)	(^{2})	(^{2})	(^{2})	(^{2})	(^{2})
Import to consumption ratio (percent)..	( <sup>2</sup>)	(^{2})	(^{2})	(^{2})	(^{2})	(^{2})
Capacity utilization (percent).....	(^{2})	(^{2})	(^{2})	(^{2})	(^{2})	(<sup>2</sup> )

<sup>1</sup>This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup>Not available.

<sup>3</sup>Data are for HTS 2004.10.00 which includes the product for which advice is requested as well as other products.

Comment: There are no data on U.S. producers' production, employment, or capacity utilization. According to the petitioner, there is no U.S. production of yellow (solano) potatoes.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports <sup>1</sup> <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	21,986	100	-	( <sup>2</sup> )
Imports from GSP countries:				
Total.....	16	( <sup>3</sup> )	100	( <sup>2</sup> )
Colombia.....	16	( <sup>3</sup> )	100	( <sup>2</sup> )

<sup>1</sup>Data are for HTS 2004.10.00 which includes the digest product as well as other products.

<sup>2</sup>Not available.

<sup>3</sup>Less than 0.5 percent.

Comment: The bulk of the imports under this tariff item from Colombia are believed to be frozen yellow (solano) potatoes; virtually all of the remaining countries are supplying other types of frozen potatoes.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Colombia for all digest products

Ranking as a U.S. import supplier, 1988..... 5

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes \_\_\_ No X

What is the price elasticity of U.S. demand?..... High X Moderate \_\_\_ Low \_\_\_

Can production in the country be easily expanded or contracted  
in the short term?..... Yes X No \_\_\_

Does the country have significant export markets besides the  
United States?..... Yes X No \_\_\_

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes X No \_\_\_

What is the price elasticity of import supply?..... High X Moderate \_\_\_ Low \_\_\_

Price level compared with:

  U.S. products<sup>1</sup>..... Above \_\_\_ Equivalent \_\_\_ Below \_\_\_

  Other foreign products<sup>1</sup>..... Above \_\_\_ Equivalent \_\_\_ Below \_\_\_

Quality compared with:

  U.S. products<sup>1</sup>..... Above \_\_\_ Equivalent \_\_\_ Below \_\_\_

  Other foreign products<sup>1</sup>..... Above \_\_\_ Equivalent \_\_\_ Below \_\_\_

<sup>1</sup>Not available.

Comment: Colombia is the only known foreign supplier of yellow (solano) potatoes to the United States. There is no known domestic commercial production of this product.

V. Position of interested parties

Petitioner.--The Government of Colombia has requested that frozen yellow (solano) potatoes be designated as eligible for duty-free treatment under the GSP, in an effort to encourage potato production in rural municipalities and hamlets in need of income-generating employment opportunities.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

<u>HTS item No.</u>	<u>TSUSA item No. (and allocation)</u>	<u>TSUSA col. 1 rate of duty</u>				
		<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
2004.10.00	141.8610(100%)	10	10	10	10	12

Table I.

Digest Title: Yellow (solano) potatoes  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Canada.....	10,330	13,189	15,149	19,739	21,822
United Kingdom...	0	0	10	76	73
Austria.....	0	0	0	76	37
Netherlands.....	19	252	339	95	29
Colombia.....	0	0	0	0	16
Czechoslovakia...	0	0	0	0	8
Japan.....	1	0	0	0	1
Belgium.....	12	0	0	54	0
France.....	0	3	1	0	0
Philippines.....	0	0	1	2	0
Korea.....	1	0	0	0	0
Australia.....	0	0	0	19	0
Guinea.....	0	0	24	0	0
Gabon.....	0	0	5	0	0
<b>Total.....</b>	<b>10,363</b>	<b>13,444</b>	<b>15,530</b>	<b>20,062</b>	<b>21,986</b>
GSP Total....	0	0	25	2	16
GSP+4.....	1	0	25	2	16
Percent					
Canada.....	99.7	98.1	97.5	98.4	99.3
United Kingdom...	.0	.0	.1	.4	.3
Austria.....	.0	.0	.0	.4	.2
Netherlands.....	.2	1.9	2.2	.5	.1
Colombia.....	.0	.0	.0	.0	.1
Czechoslovakia...	.0	.0	.0	.0	1/
Japan.....	1/	.0	.0	.0	1/
Belgium.....	.1	.0	.0	.3	.0
France.....	.0	1/	1/	.	.0
Philippines.....	.0	.0	1/	1/	.0
Korea.....	1/	.0	.0	.0	.0
Australia.....	.0	.0	.0	.1	.0
Guinea.....	.0	.0	.2	.0	.0
Gabon.....	.0	.0	1/	.0	.0
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	.0	.0	.2	1/	.1
GSP+4.....	1/	.0	.2	1/	.1

1/ Less than \$500 or less than 0.1 percent.

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

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

Table II.

Digest Title: Yellow (solano) potatoes  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Japan.....	108	119	126	206	217
Bahamas.....	3	1	143	196	182
Canada.....	49	78	68	80	84
Hong Kong.....	3	8	8	13	15
Singapore.....	3	4	4	6	11
United Kingdom...	1	1	6	5	9
Mexico.....	1	1	1	1	2
Sweden.....	0	0	0	1/	4
Taiwan.....	0	1/	1/	1/	3
Barbados.....	0	1/	0	^	2
Korea.....	1	3	2	3	1
Guatemala.....	0	0	0	0	1/
Fr Polynesia.....	1/	0	1/	0	1/
Panama.....	1/	1/	1	0	1/
Antigua.....	0	0	0	0	1/
All other.....	83	7	11	8	1/
<b>Total.....</b>	<b>253</b>	<b>223</b>	<b>370</b>	<b>519</b>	<b>532</b>
GSP Total....	13	8	154	201	190
GSP+4.....	20	24	169	224	219
Percent					
Japan.....	42.7	53.5	34.1	39.7	40.7
Bahamas.....	1.4	.2	38.7	37.8	34.2
Canada.....	19.5	35.1	18.3	15.4	15.7
Hong Kong.....	1.3	3.4	2.2	2.5	2.8
Singapore.....	1.1	2.0	1.1	1.2	2.1
United Kingdom...	.3	.6	1.5	1.0	1.8
Mexico.....	.3	.2	.4	.2	.9
Sweden.....	.0	.0	.0	1/	.7
Taiwan.....	.0	1/	1/	1/	.5
Barbados.....	.0	1/	.0	.0	.4
Korea.....	.5	1.5	.5	.6	.1
Guatemala.....	.0	.0	.0	.0	1/
Fr Polynesia.....	1/	.0	1/	.0	1/
Panama.....	1/	1/	.2	.0	1/
Antigua.....	.0	.0	.0	.0	1/
All other.....	32.8	3.3	2.9	1.6	1/
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	5.1	3.7	41.6	38.8	35.7
GSP+4.....	8.0	10.6	45.5	43.1	41.1

1/ Less than \$500 or less than 0.1 percent.

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

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



DIGEST NO. 2005.90.90(pt)

NOPALITOS, PREPARED OTHERWISE THAN WITH VINEGAR

Nopalitos, Prepared Otherwise Than With Vinegar

I. Introduction

Col. 1 rate of duty: 17.5%  
 Type of action proposed (check one):  
 Addition of GSP:         
 Removal from GSP:         
 Country graduation:         
 Competitive-need-limit waiver:   X   (Countries—Mexico)<sup>1</sup>  
 Non-eligible GSP countries: Mexico  
 Current competitive-need-limit waivers: None  
 Current "sufficiently competitive" designation: None  
 U.S. production on Jan. 3, 1985? Yes   X   No       .

<sup>1</sup>Advice is also requested on restoring the full competitive need limit for this item for Mexico.

Description and uses: Nopalitos are the leaves of the tender cactus plant, used as a specialty food item in Mexican-style dishes, principally during certain seasons and by specific ethnic groups.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	( <sup>2</sup>)	(^{2})	(^{2})	(^{2})	(^{2})	-
Employment (thousand employees).....	( <sup>2</sup>)	(^{2})	(^{2})	(^{2})	(^{2})	-
Shipments (thousands of dollars).....	(^{2})	(^{2})	(^{2})	(^{2})	(<sup>2</sup> )	-
Exports <sup>3</sup> (thousands of dollars).....	99	91	68	66	86	-3
Imports <sup>3</sup> (thousands of dollars).....	12,156	13,595	15,763	17,595	17,686	11
Consumption (thousands of dollars).....	( <sup>2</sup>)	(^{2})	(^{2})	(^{2})	(^{2})	-
Import to consumption ratio (percent)..	( <sup>2</sup>)	(^{2})	(^{2})	(^{2})	(^{2})	-
Capacity utilization (percent).....	(^{2})	(^{2})	(^{2})	(^{2})	(<sup>2</sup> )	-

<sup>1</sup>This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup>Not available.

<sup>3</sup>Data are for HTS 2005.90.00 which includes the product for which advice is requested as well as other products.

Comment: Nopalitos are believed to be processed in the United States in very small amounts if at all, possibly by only a few firms and probably only on a seasonal basis. Data on number of producers, employment, shipment, and capacity utilization are not available. Both import and export data cover a large number of prepared or preserved vegetables; nopalitos are believed to account for a very small share of total imports and exports are believed to be nil.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports <sup>1</sup> <u>1,000 dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	17,686	100	-	( <sup>2</sup> )
Imports from GSP countries:				
Total.....	5,920	33	100	( <sup>2</sup> )
Mexico.....	3,275	19	55	( <sup>2</sup> )
Thailand.....	1,053	6	18	( <sup>2</sup> )
Dominican Republic.....	593	3	10	( <sup>2</sup> )
Israel.....	277	2	5	( <sup>2</sup> )

<sup>1</sup>Data are for HTS 2004.10.00 which includes the digest product as well as other products.

<sup>2</sup>Not available.

Comment: Nopalitos are not separately provided for in the HTS. In recent years, they are believed to have accounted for a negligible share of total imports under this item and were probably all from Mexico.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Colombia for all digest products<sup>1</sup>

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Ranking as a U.S. import supplier, 1988..... 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes \_\_\_ No X

What is the price elasticity of U.S. demand?..... High \_\_\_ Moderate X Low \_\_\_

Can production in the country be easily expanded or contracted  
in the short term?..... Yes X No \_\_\_

Does the country have significant export markets besides the  
United States?..... Yes \_\_\_ No X

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes \_\_\_ No X

What is the price elasticity of import supply?..... High \_\_\_ Moderate X Low \_\_\_

Price level compared with:

U.S. products<sup>1</sup>..... Above \_\_\_ Equivalent \_\_\_ Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent \_\_\_ Below \_\_\_

Quality compared with:

U.S. products<sup>1</sup>..... Above \_\_\_ Equivalent \_\_\_ Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent \_\_\_ Below \_\_\_

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<sup>1</sup>Mexico is the only known foreign supplier of the digest product. There are no data available for U.S. or foreign production against which price or quality comparisons may be made.

Comment: Any change in the GSP status for this item would most likely result in a rapid and significant increase in a number of items (including nopalitos) from Mexico.

V. Position of interested parties

Petitioner.—The petitioners, McCormick & Co. and Festin Foods, request that nopalitos from Mexico be designated as GSP eligible and granted a competitive-need-limit waiver, or that nopalitos be given a separate tariff line and be granted GSP status.

Support.—The National Chamber of Food Packers of Mexico, a trade association representing a wide variety of Mexican, processors of vegetables, fruit, and related products, supports the petition for designation of nopalitos as GSP-eligible under a separate tariff line item.

The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation)	<u>TSUSA col. 1 rate of duty</u>				
		1984	1985	1986	1987	1988
2001.90.90	141.9840(1%)	17.5	17.5	17.5	17.5	17.5

Table I.

Digest Title: Nopalitos, prepared otherwise than with vinegar, etc.  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Japan.....	2,684	3,010	3,088	3,018	3,640
Mexico.....	3,534	3,931	3,874	5,114	3,275
Taiwan.....	1,149	1,517	1,790	1,999	2,015
Korea.....	215	304	498	840	1,326
Thailand.....	497	453	808	960	1,053
Italy.....	111	289	745	914	1,014
China.....	709	536	749	624	980
Canada.....	69	228	218	303	738
Dominican Rep....	110	256	398	430	593
Netherlands.....	4	90	418	709	426
Hong Kong.....	367	316	485	448	409
Belgium.....	295	437	574	410	361
Israel.....	825	304	500	458	277
Spain.....	114	138	26	232	267
India.....	206	282	198	169	225
All other.....	1,267	1,502	1,395	966	1,086
<b>Total.....</b>	<b>12,156</b>	<b>13,595</b>	<b>15,763</b>	<b>17,595</b>	<b>17,686</b>
GSP Total....	5,400	5,657	6,210	7,430	5,920
GSP+4.....	7,131	7,796	9,002	10,722	9,674
Percent					
Japan.....	22.1	22.1	19.6	17.2	20.6
Mexico.....	29.1	28.9	24.6	29.1	18.5
Taiwan.....	9.4	11.2	11.4	11.4	11.4
Korea.....	1.8	2.2	3.2	4.8	7.5
Thailand.....	4.1	3.3	5.1	5.5	6.0
Italy.....	.9	2.1	4.7	5.2	5.7
China.....	5.8	3.9	4.8	3.5	5.5
Canada.....	.6	1.7	1.4	1.7	4.2
Dominican Rep....	.9	1.9	2.5	2.4	3.4
Netherlands.....	1/	.7	2.7	4.0	2.4
Hong Kong.....	3.0	2.3	3.1	2.5	2.3
Belgium.....	2.4	3.2	3.6	2.3	2.0
Israel.....	6.8	2.2	3.2	2.6	1.6
Spain.....	.9	1.0	.2	1.3	1.5
India.....	1.7	2.1	1.3	1.0	1.3
All other.....	10.4	11.0	8.9	5.5	6.1
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	44.4	41.6	39.4	42.?	33.5
GSP+4.....	58.7	57.3	57.1	60.9	54.7

1/ Less than \$500 or less than 0.1 percent.

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

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

Table II.

Digest Title: Nopalitos, prepared otherwise than with vinegar, etc.  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Canada.....	13	15	13	17	25
Mexico.....	2	5	7	5	8
Dominican Rep....	1/	2	2	3	6
Japan.....	5	4	3	3	5
Saudi Arabia.....	13	11	6	3	5
Hong Kong.....	2	2	2	2	3
Panama.....	4	7	5	3	3
Netherlands Ant..	0	0	0	0	3
Haiti.....	1/	1	1/	1/	3
Kuwait.....	3	3	5	3	2
Aruba.....	5	3	3	3	2
Bahamas.....	2	1	1	1	1
Taiwan.....	1/	1/	1/	1/	1
Fr Polynesia.....	1	1	1	1	1
Antigua.....	0	0	0	0	1
All other.....	48	37	20	22	16
<b>Total.....</b>	<b>99</b>	<b>91</b>	<b>68</b>	<b>66</b>	<b>86</b>
<b>GSP Total....</b>	<b>42</b>	<b>44</b>	<b>32</b>	<b>31</b>	<b>30</b>
<b>GSP+4.....</b>	<b>47</b>	<b>48</b>	<b>36</b>	<b>34</b>	<b>44</b>
Percent					
Canada.....	12.7	16.2	18.9	25.5	29.1
Mexico.....	1.7	6.0	10.3	8.0	9.7
Dominican Rep....	1/	1.9	3.2	3.8	7.6
Japan.....	5.4	3.9	3.9	4.7	6.0
Saudi Arabia.....	13.1	11.8	8.6	4.9	5.4
Hong Kong.....	2.2	1.7	3.4	2.6	3.8
Panama.....	3.8	7.9	6.8	4.9	3.4
Netherlands Ant..	.0	.0	.0	.0	3.0
Haiti.....	1/	.7	1/	1/	3.0
Kuwait.....	2.7	3.2	7.9	4.2	2.3
Aruba.....	5.3	3.6	4.0	5.2	2.1
Bahamas.....	2.5	1.4	1.2	.9	1.7
Taiwan.....	1/	1/	1/	1/	1.6
Fr Polynesia.....	1.2	.8	2.2	1.7	1.6
Antigua.....	.0	.0	.0	.0	1.4
All other.....	48.9	40.4	29.0	33.4	18.3
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>42.2</b>	<b>48.7</b>	<b>47.6</b>	<b>46.4</b>	<b>44.9</b>
<b>GSP+4.....</b>	<b>48.0</b>	<b>52.8</b>	<b>53.3</b>	<b>51.2</b>	<b>51.5</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

DIGEST NO. 2007.99.55  
PAPAYA PASTE AND PULP, COOKED

Papaya Paste and Pulp, Cooked

I. Introduction

Col. 1 rate of duty: 17.5%  
Type of action proposed (check one):  
Addition of GSP: X  
Removal from GSP: \_\_\_\_\_  
Country graduation: \_\_\_\_\_  
Competitive-need-limit waiver: \_\_\_\_\_  
Non-eligible GSP countries: None  
Current competitive-need-limit waivers: None  
Current "sufficiently competitive" designation: None  
U.S. production on Jan. 3, 1985? Yes X No \_\_\_\_\_.

Description and uses: Fruit pastes and purees that are cooked preparations, whether or not containing added sugar or other sweetening matter, as provided for by the HTS heading 2007, include both bulk products for use in manufacturing and finished products for the ultimate retail consumer.<sup>1</sup> In the Explanatory Notes to the Harmonized Commodity Description and Coding System, such pastes and puree products are described as follows: "Fruit or nut purees are prepared by boiling sieved fruit pulp or powdered nuts with or without the addition of sugar, to a thickish consistency. Fruit purees differ from jams in having a higher proportion of fruit and a smoother consistency. Fruit or nut pastes are evaporated purees of a solid or almost solid consistency." Products under this heading may be frozen, or hermetically sealed in airtight containers. However, fruit pulps or purees, whether or not cooked, that have been sterilized are dutiable under HTS heading 2008. Also, a cooked fruit or nut paste or puree that is a homogenized preparation put up in retail containers of 250 grams or less would not be dutiable under the HTS items for pastes and purees, but rather would be dutiable under HTS item 2007.10.00 for "homogenized preparations."

This digest item number covers only papaya pastes and purees that are cooked preparations under the meaning of HTS heading 2007. Uses for papaya paste and puree (or pulp), regardless of form of manufacture or preservation, are mostly for remanufacture into beverages, fruit based drinks, baby food, or similar uses. The products also may be used as bakery filling or flavoring ingredients. Some of the products are prepared for retail sale as a concentrated pulp used as a dessert, side dish with meals, or snack item.

The concept and criteria of "being a cooked preparation" as stated in HTS heading 2007 is new to the tariff schedules used by the United States and to the U.S. Customs Service making the classification decisions. Until more experience is generated on the issues involved, it is uncertain as to what changes might be needed to qualify papaya products as a cooked preparation under this heading. Depending upon how a foreign manufacturer processes the product, imported fruit pastes, pulps or purees, or their essential equivalent for further manufacturing, may be dutiable in one of five areas of the HTS, with HTS heading 2007 being one of them. The other four areas are as uncooked frozen fruit pulp, sterilized or otherwise prepared or preserved fruit pulp, concentrated fruit juices, or as preparations for the manufacture of beverages.

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<sup>1</sup>Telephone conversation with the National Import Specialist of the U.S. Customs Service; imports to date of this new classification have been mostly products entered in bulk for manufacturing, according to this source.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	( <sup>2</sup>)	(^{2})	(^{2})	(^{2})	(^{2})	-
Employment (thousand employees).....	(^{2})	(^{2})	(^{2})	(^{2})	(<sup>2</sup> )	-
Shipments (thousands of dollars) <sup>3</sup> .....	[	*	*	*		]
Exports (thousands of dollars).....	6	6	7	7	7	4
Imports (thousands of dollars).....	105	113	150	121	84	-5
Consumption (thousands of dollars).....	[	*	*	*		]
Import to consumption ratio (percent).....	[	*	*	*		]
Capacity utilization (percent).....	[	*	*	*		]

<sup>1</sup>This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup>Not available.

<sup>3</sup>Hawaiian level of production of papaya pulp or puree in all forms, whether or not cooked, frozen, or aseptically packed. (The same production level is reported in Digest No. 0811.90.40 for frozen papaya.)

<sup>4</sup>[ \* \* \* ].

Comment: The number of U.S. companies capable of producing cooked papaya pulp with little or no change in equipment runs into the hundreds, but the actual number of producers, production, and employment is not known. In Hawaii, where nearly all U.S. papaya is grown, there are 2 principal firms that produce papaya pulp or puree from fresh fruit. Some of the output is aseptically packed as sterilized puree and some is frozen packed, whether or not cooked. There most likely is a small production of papaya pulp in Florida and Puerto Rico where fresh papayas are also grown.

Fruit pastes and purees that are cooked preparations, including papaya, can be prepared from fresh, frozen, dried, or canned fruit by large, medium, or very small-size companies. For most producers, cooked papaya pulp would not be a major product line in their production matrix.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	84	100	-	( <sup>1</sup> )
Imports from GSP countries:				
Total.....	80	95	100	( <sup>1</sup> )
Costa Rica.....	31	37	39	( <sup>1</sup> )
Dominican Republic.....	20	24	25	( <sup>1</sup> )
Panama.....	9	11	11	( <sup>1</sup> )
Jamaica.....	7	9	9	( <sup>1</sup> )

<sup>1</sup>[ \* \* \* ].

Comment: During 1984-88, official statistics of the U.S. Department of Commerce did not separately report U.S. imports of cooked preparations, including cooked papaya pulp. The above import data are derived by estimate from U.S. imports of papaya paste or pulp, whether or not cooked, frozen, sterilized, canned, or dried, and U.S. imports of papaya jellies, jams, marmalades, and fruit butters.

During January-June 1989, U.S. imports of cooked papaya paste and puree under HTS item 2007.99.55 were reported in official statistics of the U.S. Department of Commerce as follows:

<u>Source</u> <u>(1,000 dollars)</u>	<u>Value of imports</u>
Costa Rica.....	60
Philippines.....	29
Netherlands.....	7
Switzerland.....	2
Total.....	98

During this period, imports from GSP suppliers accounted for 91 percent of total imports.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Costa Rica for all digest products<sup>1</sup>

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Ranking as a U.S. import supplier, 1988..... 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No \_\_\_

What is the price elasticity of U.S. demand?..... High \_\_\_ Moderate \_\_\_ Low X

Can production in the country be easily expanded or contracted in the short term?..... Yes X No \_\_\_

Does the country have significant export markets besides the United States?<sup>2</sup>..... Yes \_\_\_ No \_\_\_

Could exports from the country be readily redistributed among its foreign export markets?<sup>2</sup>..... Yes \_\_\_ No \_\_\_

What is the price elasticity of import supply?..... High X Moderate \_\_\_ Low \_\_\_

Price level compared with:

U.S. products<sup>2</sup>..... Above \_\_\_ Equivalent \_\_\_ Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Quality compared with:

U.S. products<sup>2</sup>..... Above \_\_\_ Equivalent \_\_\_ Below \_\_\_

Other foreign products<sup>2</sup>..... Above \_\_\_ Equivalent \_\_\_ Below \_\_\_

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<sup>1</sup>This supplier is also eligible for duty-free benefits under the CBERA.

<sup>2</sup>Not available.

Competitiveness indicators for Dominican Republic for all digest products<sup>1</sup>

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Ranking as a U.S. import supplier, 1988..... 2

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted in the short term?..... Yes  No

Does the country have significant export markets besides the United States?<sup>2</sup>..... Yes  No

Could exports from the country be readily redistributed among its foreign export markets?<sup>2</sup>..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products<sup>2</sup>..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products<sup>2</sup>..... Above  Equivalent  Below

Other foreign products<sup>2</sup>..... Above  Equivalent  Below

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<sup>1</sup>This supplier is also eligible for duty-free benefits under the CBERA.

<sup>2</sup>Not available.

Competitiveness indicators for the Philippines for all digest products

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Ranking as a U.S. import supplier, 1989<sup>1</sup>..... 2

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted in the short term?..... Yes  No

Does the country have significant export markets besides the United States?<sup>2</sup>..... Yes  No

Could exports from the country be readily redistributed among its foreign export markets?<sup>2</sup>..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products<sup>2</sup>..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products<sup>2</sup>..... Above  Equivalent  Below

Other foreign products<sup>2</sup>..... Above  Equivalent  Below

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<sup>1</sup>This country was not a supplier in 1988, however, this country, which also is the petitioner, ranked second as a supplier during January-June 1989.

<sup>2</sup>Not available.

Comment: In the U.S. beverage market, the papaya flavor is believed to have a limited demand relative to other fruit flavors, whether or not the papaya product is used in single fruit juice, in mixed fruit juices, or in fruit-flavored drinks. This is partly because the papaya flavor is very mild and has not commanded a large consumer following. In some mixed fruit juices or mixed-flavored fruit beverages, it is believed that papaya is one of [ \* \* \* ] ingredients. Therefore, a change in price for papaya pulp most likely will not elicit a more than proportional change in consumption and the price elasticity of U.S. demand is likely between low and moderate. Import supply of papaya pulp, on the other hand, is believed [ \* \* \* ] and most likely would change more than proportionally to a change in price.

V. Position of interested parties

Petitioner.—The Government of the Philippines requested GSP treatment for papaya paste and puree under HTS item 2007.99.55. The petition emphasized that the requested products had GSP status prior to the HTS, which was the case for papaya jellies, jams, marmalades, and fruit butters under the former TSUS, but was not the case under the former TSUS item for papaya pastes and pulps. The petition also states that the requested fruit pastes and purees "are raw material used in the manufacture of fruit juices, baby food, and ice cream." Fruit pastes and purees imported for such uses may be classified for duty purposes either as frozen products under HTS heading 0811, or as canned or sterilized or otherwise prepared or preserved pulps under HTS heading 2008, as well as a cooked pulp under the HTS 2007 heading.

Opposition.—In a telephone conversation on October 3, 1989, the Papaya Administrative Committee, Honolulu, Hawaii, opposed the addition of frozen papaya pulp or puree and cooked papaya pulp or puree to the list of articles for GSP eligibility.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation)		TSUSA col. 1 rate of duty				
			1984	1985	1986	1987	1988
2007.99.55	152.65.00	50%	17.5	17.5	17.5	17.5	17.5
	153.20.00	40%	5	5	5	5	5

Table I.

Digest Title: Papaya paste and pulp, cooked  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Costa Rica.....	21	50	59	57	31
Dominican Rep....	44	33	44	34	20
Panama.....	0	0	1	0	9
Jamaica.....	1	0	0	0	7
Brazil.....	0	0	0	0	6
Ecuador.....	0	0	0	0	5
Netherlands.....	0	0	0	0	2
Taiwan.....	0	0	0	0	1
Peru.....	0	0	0	0	1
Guatemala.....	2	1	11	9	1
France.....	1/	1	0	1/	1
Canada.....	10	22	31	7	0
Mexico.....	0	0	0	0	0
Honduras.....	3	0	0	0	0
Bahamas.....	0	0	1/	0	0
All other.....	24	6	3	14	0
<b>Total.....</b>	<b>105</b>	<b>113</b>	<b>150</b>	<b>121</b>	<b>84</b>
<b>GSP Total....</b>	<b>93</b>	<b>90</b>	<b>118</b>	<b>111</b>	<b>80</b>
<b>GSP+4.....</b>	<b>93</b>	<b>90</b>	<b>118</b>	<b>111</b>	<b>81</b>
Percent					
Costa Rica.....	19.7	44.6	39.5	47.0	36.5
Dominican Rep....	42.1	29.5	29.2	28.0	24.0
Panama.....	.0	.0	.8	.0	11.0
Jamaica.....	.6	.0	.0	.0	8.6
Brazil.....	.0	.0	.0	.0	7.3
Ecuador.....	.0	.0	.0	.0	5.5
Netherlands.....	.0	.0	.0	.0	2.4
Taiwan.....	.0	.0	.0	.0	1.6
Peru.....	.0	.0	.0	.0	1.4
Guatemala.....	2.1	.8	7.3	7.1	.9
France.....	1/	.8	.0	1/	.7
Canada.....	9.1	19.1	20.6	6.0	.0
Mexico.....	.0	.0	.0	.0	.0
Honduras.....	3.2	.0	.0	.0	.0
Bahamas.....	.0	.0	1/	.0	.0
All other.....	22.9	5.2	2.2	11.5	.0
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>88.1</b>	<b>80.1</b>	<b>78.5</b>	<b>91.6</b>	<b>95.2</b>
<b>GSP+4.....</b>	<b>88.1</b>	<b>80.1</b>	<b>78.5</b>	<b>91.9</b>	<b>96.9</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

Table II.

Digest Title: Papaya paste and pulp, cooked  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Japan.....	1/	1/	1	1	2
Canada.....	1	1	1	1	1
Netherlands.....	1/	1/	1	1	1
West Germany.....	1/	1/	1	1	1
United Kingdom...	1/	1/	1/	1/	1/
Costa Rica.....	1/	1/	1/	1/	1/
Dominican Rep....	1/	1/	1/	1/	1/
Israel.....	1/	1/	1/	1/	1/
Venezuela.....	1	1/	0	1/	1/
Sweden.....	1/	1/	1/	1/	1/
Austria.....	0	0	0	0	1/
Singapore.....	1/	1/	1/	1/	1/
Finland.....	0	0	1/	0	1/
Saudi Arabia.....	1/	1/	1/	1/	1/
Panama.....	1	1	1/	1/	1/
All other.....	1	2	2	1	1
<b>Total.....</b>	<b>6</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>7</b>
<b>GSP Total....</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>
<b>GSP+4.....</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Percent					
Japan.....	1/	1/	8.3	15.8	24.2
Canada.....	18.2	21.3	18.7	17.7	18.3
Netherlands.....	1/	1/	18.4	18.2	10.9
West Germany.....	1/	1/	12.2	17.5	10.1
United Kingdom...	1/	1/	1/	1/	1/
Costa Rica.....	1/	1/	1/	1/	1/
Dominican Rep....	1/	1/	1/	1/	1/
Israel.....	1/	1/	1/	1/	1/
Venezuela.....	15.8	1/	.0	1/	1/
Sweden.....	1/	1/	1/	1/	1/
Austria.....	.0	.0	.0	.0	1/
Singapore.....	1/	1/	1/	1/	1/
Finland.....	.0	.0	1/	.6	1/
Saudi Arabia.....	1/	1/	1/	1/	1/
Panama.....	9.4	8.8	1/	1/	1/
All other.....	26.9	37.1	25.3	10.0	8.4
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>42.8</b>	<b>27.6</b>	<b>23.2</b>	<b>19.7</b>	<b>19.5</b>
<b>GSP+4.....</b>	<b>46.3</b>	<b>31.7</b>	<b>26.8</b>	<b>24.7</b>	<b>22.3</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

DIGEST NO. 2007.99.65

FRUIT AND NUT PASTES AND PUREES, N.S.P.F., COOKED

Fruit and Nut Pastes and Purees, n.s.p.f., Cooked

I. Introduction

Col. 1 rate of duty: 12.5%  
Type of action proposed (check one):  
Addition of GSP: X  
Removal from GSP: \_\_\_\_\_  
Country graduation: \_\_\_\_\_  
Competitive-need-limit waiver: \_\_\_\_\_  
Non-eligible GSP countries: None  
Current competitive-need-limit waivers: None  
Current "sufficiently competitive" designation: None  
U.S. production on Jan. 3, 1985? Yes X No \_\_\_\_\_.

Description and uses: Fruit pastes and purees that are cooked preparations, whether or not containing added sugar or other sweetening matter, as provided for by the HTS heading 2007, include both bulk products for use in manufacturing and finished products for the ultimate retail consumer.<sup>1</sup> In the Explanatory Notes to the Harmonized Commodity Description and Coding System, products covered by this digest are described as follows: "Fruit or nut purees are prepared by boiling sieved fruit pulp or powdered nuts with or without the addition of sugar, to a thickish consistency. Fruit purees differ from jams in having a higher proportion of fruit and a smoother consistency. Fruit or nut pastes are evaporated purees of a solid or almost solid consistency." Products under this heading may be frozen, or hermetically sealed in airtight containers. However, fruit pulps or purees, whether or not cooked, that have been sterilized are dutiable under HTS heading 2008. Also, a cooked fruit or nut paste or puree that is a homogenized preparation put up in retail containers of 250 grams or less would not be dutiable under the HTS items for pastes and purees, but rather would be dutiable under HTS item 2007.10.00 for "homogenized preparations."

The fruits and nuts in this basket class rate-line for cooked pastes and purees of this digest include, to name a few, those of apricot, berries, peaches, plums and cherries, and all other fruits and nuts except citrus fruits and seven named fruits separately provided for.<sup>2</sup> Uses for products of this digest are diverse and include remanufacture into beverages, fruit based drinks, baby food, and fruit butters, or the products may be used as bakery filling or flavoring ingredients. Some of the products are prepared for retail sale as a concentrated pulp used as a dessert, side dish with meals, or snack item.

The concept and criteria of "being a cooked preparation" as stated in HTS heading 2007 is new to the tariff schedules used by the United States and to the U.S. Customs Service making the classification decisions. Until more experience is generated on the issues involved, it is uncertain as to what fruit products could be changed to qualify as a cooked preparation under this heading. Depending upon how a foreign manufacturer processes the product, imported fruit pastes, pulps or purees, or their essential equivalent for further manufacturing, may be dutiable in one of five areas of the HTS, with HTS heading 2007 being one of them. The other four areas are as uncooked frozen fruit pulp, sterilized or otherwise prepared or preserved fruit pulp, concentrated fruit juices, or as preparations for the manufacture of beverages.

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<sup>1</sup>Telephone conversation with the National Import Specialist of the U.S. Customs Service; imports to date of this new classification have been mostly products entered in bulk for manufacturing, according to this source.

<sup>2</sup>The seven fruits separately provided for are apple, quince, pear, guava, mango, papaya, and strawberry.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	(2)	(2)	(2)	(2)	(2)	-
Employment (thousand employees).....	(2)	(2)	(2)	(2)	(2)	-
Shipments (thousands of dollars).....	(2)	(2)	(2)	(2)	(2)	-
Exports (thousands of dollars).....	276	303	331	352	346	6
Imports (thousands of dollars).....	1,946	1,366	1,619	1,973	2,012	1
Consumption (thousands of dollars).....	(2)	(2)	(2)	(2)	(2)	-
Import to consumption ratio (percent)..	(2)	(2)	(2)	(2)	(2)	-
Capacity utilization (percent).....	**50	**50	**50	**50	**50	-

<sup>1</sup>This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup>Not available.

Comment: The number of U.S. companies capable of producing cooked fruit or nut pastes or purees with existing equipment or little change in equipment runs into the hundreds, but the actual number of producers, production, and employment is not known. Fruit or nut pastes and purees that are cooked preparations can be prepared from fresh, frozen, dried, or canned fruit by large, medium, or very-small-size companies.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

<u>Item</u>	<u>Imports</u> <u>1,000</u> <u>dollars</u>	<u>Percent</u> <u>of total</u> <u>imports</u>	<u>Percent</u> <u>of GSP</u> <u>imports</u>	<u>Percent</u> <u>of U.S.</u> <u>consumption</u>
Total.....	2,012	100	-	( <sup>1</sup> )
Imports from GSP countries:				
Total.....	1,087	54	100	( <sup>1</sup> )
Dominican Republic.....	299	15	28	( <sup>1</sup> )
Argentina.....	276	14	25	( <sup>1</sup> )
Turkey <sup>2</sup> .....	203	10	19	( <sup>1</sup> )
Guatemala.....	44	2	4	( <sup>1</sup> )

<sup>1</sup> Not available.

<sup>2</sup> Turkey is not likely a top ranking GSP supplier of this HTS item because most of the imports from Turkey that were allocated in the estimate were uncooked fig paste and not products of this digest.

Comment: During 1984-88, official statistics of the U.S. Department of Commerce did not separately report U.S. imports of cooked preparations. The above data are derived by estimate from five former import classes for fruit pastes or pulps, whether or not cooked, frozen, canned, or dried, and one former class for imports of jellies, jams, marmalades, and fruit butters.

During January-June 1989, U.S. imports of cooked fruit and nut pastes and purees under HTS item 2007.99.65 reported in official statistics of the U.S. Department of Commerce were valued at \$841,000. Of these imports, GSP suppliers accounted for 31 percent of the total, as follows:

<u>GSP</u> <u>source</u>	<u>Value of imports</u> <u>January-June 1989</u> <u>(1,000 dollars)</u>
Israel.....	76
Mexico.....	61
Syria.....	45
Argentina.....	32
Tokelau Islands.....	19
India.....	14
Lebanon.....	8
Thailand.....	4
Total.....	<u>260</u>

The principal non-GSP suppliers during the January-June 1989 period were France, Spain, and Chile, which together accounted for 50 percent of the total.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Dominican Republic for all digest products

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Ranking as a U.S. import supplier, 1988..... 2<sup>1</sup>

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted in the short term?<sup>2</sup>..... Yes  No

Does the country have significant export markets besides the United States?<sup>2</sup>..... Yes  No

Could exports from the country be readily redistributed among its foreign export markets?<sup>2</sup>..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products<sup>3</sup>..... Above  Equivalent  Below

Other foreign products<sup>3</sup>..... Above  Equivalent  Below

Quality compared with:

U.S. products<sup>3</sup>..... Above  Equivalent  Below

Other foreign products<sup>3</sup>..... Above  Equivalent  Below

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<sup>1</sup>Ranked second in 1988, based on allocated estimates from six former TSUS items; during January-June 1989, the Dominican Republic was not a supplier of these products.

<sup>2</sup>Not available; but the country already receives duty-free eligibility under CBERA.

<sup>3</sup>Not available; products in this digest are too diverse for a meaningful statement.

Competitiveness indicators for Argentina for all digest products

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Ranking as a U.S. import supplier, 1988..... 3

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted in the short term?..... Yes  No

Does the country have significant export markets besides the United States?<sup>1</sup>..... Yes  No

Could exports from the country be readily redistributed among its foreign export markets?<sup>1</sup>..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products<sup>1</sup>..... Above  Equivalent  Below

Other foreign products<sup>1</sup>..... Above  Equivalent  Below

Quality compared with:

U.S. products<sup>1</sup>..... Above  Equivalent  Below

Other foreign products<sup>1</sup>..... Above  Equivalent  Below

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<sup>1</sup>Not available; products in this digest are too diverse for a meaningful statement.

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for Mexico for all digest products

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Ranking as a U.S. import supplier, 1988..... 14<sup>1</sup>

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted in the short term?..... Yes  No

Does the country have significant export markets besides the United States?..... Yes  No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products<sup>2</sup>..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products<sup>2</sup>..... Above  Equivalent  Below

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<sup>1</sup>Ranked fourteenth in 1988, based on allocated estimates from 6 former TSUS items; however, Mexico ranked second as a GSP supplier, following Israel, in item imports during January-June 1989.

<sup>2</sup>Not available; products in this digest are too diverse for a meaningful statement.

Comment: It is noted that for imports during January-June 1989, imports were predominately from countries, including most of the GSP countries listed, that have advanced or secondary agricultural food industries. There were no CBERA imports in the period. The 1984-88 allocated imports are subject to a high degree of interpretation.

V. Position of interested parties

Petitioner.—The Government of the Philippines requested GSP treatment for other pastes and purees under HTS item 2007.99.65. The petition emphasized that the products classified here had GSP status prior to the HTS, which was the case for 6 of the 11 former TSUS items shown on the concordance page of this digest. The petition also states that the requested fruit pastes and purees "are raw material used in the manufacture of fruit juices, baby food, and ice cream." Fruit pastes and purees imported for such uses may be classified for duty purposes either as frozen products under HTS heading 0811, or as canned or sterilized or otherwise prepared or preserved pulps under HTS heading 2008, as well as a cooked pulp under this HTS heading 2007.

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

Opposition.—The California Cling Peach Advisory Board is opposed to granting the petition of the Philippines requesting GSP status for HTS item 2007.99.65. Faced with constant production and consumption levels and greatly increased import levels, the U.S. cling peach industry is highly susceptible to increased imports of low-priced foreign product, including the paste and puree market, where current imports encroach on the industry's efforts to maximize utilization of its domestic peach production. The imported product is generally priced below U.S. paste and puree and enters largely from GSP eligible countries. Increased imports of pastes and purees will substantially affect the success of the U.S. industry since it will take only a moderate import increase to disrupt the rather small and relatively new paste and pulp market.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem or ad valorem equivalent)

HTS item No.	TSUSA item No. and allocation	TSUSA col. 1 rate of duty				
		1984	1985	1986	1987	1988
2007.99.65	152.42.00 20%	14.4	13.8	13.1	12.5	12.5
	152.43.00 60%	7	7	7	7	7
	152.50.00 30% <sup>(1)</sup>	14.9	19.8	19.2	13.6	12.1
	152.60.00 5%	15	15	15	15	15
	152.88.40 15%	15	15	15	15	15
	153.32.00 5%	7	7	7	7	7
	152.72.00 0% <sup>(2)</sup>	7.5	7.5	7.5	7.5	7.5
	153.02.00 0% <sup>(2)</sup>	Free	Free	Free	Free	Free
	153.05.00 0% <sup>(2)</sup>	3	3	3	3	3
	153.07.00 0% <sup>(2)</sup>	3	3	3	3	3
153.24.00 0% <sup>(2)</sup>	5	5	5	5	5	

<sup>1</sup>An allocation of 30 percent for imports of fig paste significantly overstates the quantity of cooked fig paste imported.

<sup>2</sup>This TSUSA item had no percentage allocated to HTS item 2007.99.65 in the concordance used for statistical purposes, nevertheless, products in this TSUSA item most likely include cooked fruit paste or puree products dutiable in HTS item 2007.99.65

Table I.

Digest Title: Fruit and nut pastes and purees, n.s.p.f., cooked  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Spain.....	709	429	413	503	543
Dominican Rep....	95	60	201	239	299
Argentina.....	151	141	79	111	276
Turkey.....	178	51	82	346	203
Chile.....	0	4	9	63	91
United Kingdom...	47	79	72	72	82
France.....	45	43	61	75	67
West Germany.....	31	41	41	62	58
Guatemala.....	4	2	65	86	44
Colombia.....	3	11	65	20	35
Switzerland.....	13	20	27	38	33
Venezuela.....	1/	25	57	22	27
Japan.....	12	8	15	22	27
Mexico.....	5	10	13	12	27
Yugoslavia.....	3	4	13	19	27
All other.....	650	436	406	283	173
<b>Total.....</b>	<b>1,946</b>	<b>1,366</b>	<b>1,619</b>	<b>1,973</b>	<b>2,012</b>
GSP Total....	472	338	645	987	1,087
GSP+4.....	476	341	654	994	1,103
Percent					
Spain.....	36.4	31.4	25.5	25.5	27.0
Dominican Rep....	4.9	4.4	12.4	12.1	14.9
Argentina.....	7.8	10.3	4.9	5.6	13.7
Turkey.....	9.2	3.8	5.1	17.6	10.1
Chile.....	.0	.3	.5	3.2	4.5
United Kingdom...	2.4	5.8	4.4	3.6	4.1
France.....	2.3	3.2	3.8	3.8	3.3
West Germany.....	1.6	3.0	2.5	3.1	2.9
Guatemala.....	.2	.1	4.0	4.3	2.2
Colombia.....	.1	.8	4.0	1.0	1.8
Switzerland.....	.7	1.5	1.7	1.9	1.6
Venezuela.....	1/	1.8	3.5	1.1	1.4
Japan.....	.6	.6	1.0	1.1	1.3
Mexico.....	.3	.8	.8	.6	1.3
Yugoslavia.....	.2	.3	.8	1.0	1.3
All other.....	33.4	32.0	25.1	14.3	8.6
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	24.3	24.8	39.8	50.0	54.0
GSP+4.....	24.4	25.0	40.4	50.4	54.8

1/ Less than \$500 or less than 0.1 percent.

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

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

Table II.

Digest Title: Fruit and nut pastes and purees, n.s.p.f., cooked  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Japan.....	16	19	28	55	84
Canada.....	50	64	62	62	64
Netherlands.....	8	16	61	64	38
West Germany.....	15	10	40	62	35
United Kingdom....	1	1/	2	4	20
Costa Rica.....	5	11	9	16	20
Dominican Rep....	2	7	4	16	12
Israel.....	2	1/	1	8	10
Venezuela.....	44	1/	0	6	9
Sweden.....	10	6	5	2	6
Austria.....	0	0	0	0	6
Singapore.....	6	6	2	2	5
Finland.....	0	0	1	0	3
Saudi Arabia.....	17	24	18	5	3
Panama.....	26	27	15	15	3
All other.....	74	112	84	35	29
<b>Total.....</b>	<b>276</b>	<b>303</b>	<b>331</b>	<b>352</b>	<b>346</b>
<b>GSP Total....</b>	<b>118</b>	<b>84</b>	<b>77</b>	<b>69</b>	<b>68</b>
<b>GSP+4.....</b>	<b>128</b>	<b>96</b>	<b>89</b>	<b>87</b>	<b>77</b>
Percent					
Japan.....	5.8	6.2	8.3	15.8	24.2
Canada.....	18.2	21.2	18.7	17.7	18.3
Netherlands.....	3.0	5.4	18.4	18.2	10.9
West Germany.....	5.3	3.4	12.2	17.5	10.1
United Kingdom....	.3	1/	.6	1.0	5.9
Costa Rica.....	1.8	3.7	2.7	4.5	5.8
Dominican Rep....	.8	2.4	1.3	4.6	3.4
Israel.....	.9	1/	.4	2.2	2.9
Venezuela.....	15.8	1/	.0	1.7	2.6
Sweden.....	3.5	1.8	1.4	.5	1.8
Austria.....	.0	.0	.0	.0	1.6
Singapore.....	2.1	1.8	.5	.5	1.4
Finland.....	.0	.0	.3	.0	.9
Saudi Arabia.....	6.1	7.9	5.4	1.5	.9
Panama.....	9.3	8.8	4.5	4.3	.9
All other.....	26.9	37.1	25.3	10.0	8.4
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>42.8</b>	<b>27.6</b>	<b>23.2</b>	<b>19.7</b>	<b>19.6</b>
<b>GSP+4.....</b>	<b>46.3</b>	<b>31.7</b>	<b>26.8</b>	<b>24.7</b>	<b>22.3</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

DIGEST NO. 2203.00.00

BEER

Beer

I. Introduction

Col. 1 rate of duty: 1.6 cents per liter (1988 AVE 1.9%)  
 Type of action proposed (check one):  
 Addition of GSP: \_\_\_\_\_  
 Removal from GSP: \_\_\_\_\_  
 Country graduation: \_\_\_\_\_  
 Competitive-need-limit waiver: X (Country--Mexico)<sup>1</sup>  
 Non-eligible GSP countries: Mexico  
 Current competitive-need-limit waivers: None  
 Current "sufficiently competitive" designation: None  
 U.S. production on Jan. 3, 1985? Yes X No \_\_\_\_\_.

<sup>1</sup> Advice is also requested on restoring the full competitive-need limit for this item for Mexico.

Description and uses: Malt beverages include beer, ale, stout, and porter. Beer is a brewed and fermented beverage made from malted barley and other starchy cereals, flavored with hops. "Beer" is also used as a generic term for all malt beverages. Most of the malt beverages produced in the United States are beers of the Pilsner type. Beer of this type is bright, clear, light-bodied, and effervescent. Mexican beers are generally very light and tart.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	*54	*46	*39	32	*32	*-9
Employment (thousand employees).....	39	40	34	32	*33	*-4
Shipments (millions of dollars).....	11,781	12,146	12,559	13,602	*14,200	*5
Exports (millions of dollars).....	25	45	38	55	66	28
Imports (millions of dollars).....	577	633	784	882	918	12
Consumption (millions of dollars).....	12,333	12,734	13,305	14,429	15,052	5
Import to consumption ratio (percent)..	5	5	6	6	6	-
Capacity utilization (percent).....	76	79	80	80	*80	-

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

Comment: The U.S. industry is privately run and relatively concentrated, consisting of about 32 companies. Two large U.S. companies account for about 60 percent of U.S. production. Breweries are located in 37 of the 50 States. The bulk of world production is consumed in the country of origin. Transportation is an important cost element in the marketing of malt beverages and imports generally supply beverages not available domestically, or consist of particular brands of worldwide repute.

The brewing industry is not a high-technology industry, and although some new processes and products have been developed in recent years, the production technology is generally similar throughout the world. Some countries, like Mexico, enjoy certain labor cost advantages. However, the most significant cost savings are derived from economies of scale in production and marketing. U.S. brewers benefit from substantial economies of scale and distribution cost advantages over foreign brewers because of their size and closeness to the market.

Malt beverages are produced in many countries, and there are generally important taste variations among these beverages, dependent upon the production methods employed. Imported malt beverages tend to be specialty types, which retail at prices well in excess of the price of most domestic malt beverages. In recent years, certain specialty imported beers from the Netherlands, Mexico, and Canada have been popular with U.S. consumers. Many of these beers are perceived by consumers as of high quality and fashionable, and are marketed as such. Consequently the consumption of many of these beers is more dependent on consumer taste preferences and/or the social image the consumer wishes to convey than price.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

<u>Item</u>	<u>Imports</u>	<u>Percent of total imports</u>	<u>Percent of GSP imports</u>	<u>Percent of U.S. consumption</u>
Malt beverages	<u>1,000</u> <u>dollars</u>			
Total.....	918,383	100	-	6
Imports from GSP countries:				
Total.....	188,100	21	100	1
Mexico <sup>1</sup> .....	175,108	19	93	1
Jamaica.....	2,891	(2)	2	(2)
Trinidad & Tobago.....	2,821	(2)	2	(2)
Thailand.....	1,666	(2)	1	(2)

<sup>1</sup> Mexico is not currently eligible for GSP treatment for HTS item 2300.00.00.

<sup>2</sup> Less than 0.5 percent.

Comment: In 1988, imports of malt beverages amounted to \$918 million or about 21 percent of total imports. Mexico is the principal GSP supplier and accounted for 93 percent of all imports entered under GSP in 1988. Imports made up about 6 percent of U.S. consumption in 1988 and imports from GSP-eligible countries accounted for about 1 percent of U.S. consumption.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

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Ranking as a U.S. import supplier, 1988..... 2

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted  
in the short term?..... Yes  No

Does the country have significant export markets besides the  
United States?..... Yes  No

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

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Comment: U.S. beers and Mexican beers are generally equivalent in quality. However, the consumption of most of the Mexican beers is more dependent on consumer taste preferences and/or the social image the consumer wishes to convey than the price.

V. Position of interested parties

Petitioner.--The Government of Mexico, on behalf of Cerveceria Cuauhtemoc, S.A. de C.V. and Cerveceria Moctezuma, S.A. de C.V. (Mexican brewers), is the petitioner.

Support.--The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

The law firm of Brownstein Zeidman and Schomer, (of Washington D.C.), representing Asociacion Nacional de Fabricantes de Cerveza, Cerveceria Cuauhtemoc, S.A. de C.V., Cerveceria Moctezuma, S.A. de C.V., and the Modelo Group, (of Mexico), appeared at the Commission's hearing and submitted briefs in support of the petition. They request that the Commission advise the President that the restoration of beer to GSP eligibility, and the granting of a competitive need waiver for this product, would not have any adverse impact on the domestic beer industry. They indicate that imports of beer from Mexico, even at their peak, accounted for only slightly over 1 percent of the U.S. market for beer and have declined by 26 percent in the first 5 months of 1989 when compared with the same period in 1988.

Opposition.--Grolsch Importers Inc., (of Atlanta, GA), indicated in a written submission that the petition should be denied for two reasons. First, they indicate it would provide an unfair competitive advantage to the Mexican breweries if they are given preferential duty treatment and second, the lower pricing these Mexican products would enjoy as a result of preferential duty treatment could result in excessive consumer consumption because of the eventual lowering of retail prices.

HTS item No.  
2203.00.00

[Probable economic effects advice deleted]

HTS item No.  
2203.00.00

[Probable economic effects advice deleted]

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	<u>TSUSA</u> item No. (and allocation)	<u>TSUSA</u> col. 1 rates of duty				
		1984	1985	1986	1987	1988
2203.00.00	167.05.15 (100%)	2.3	2.3	2.1	1.9	1.8
	167.05.30 (100%)	2.5	2.6	2.3	2.2	2.0
	167.05.40 (100%)	3.9	3.8	3.5	3.3	3.3

Table I.

Digest Title: Beer  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Netherlands.....	214,491	221,488	297,706	305,968	335,824
Mexico.....	34,863	63,143	115,060	195,962	175,108
Canada.....	138,039	138,668	144,711	153,915	160,724
West Germany.....	109,682	125,406	130,200	114,244	118,538
Australia.....	7,661	8,101	11,863	21,269	26,973
United Kingdom...	15,973	18,001	19,239	23,669	25,735
Japan.....	12,091	13,348	16,456	18,899	19,491
Ireland.....	9,973	9,963	14,297	11,925	13,657
China.....	2,876	3,508	5,814	6,895	8,821
Denmark.....	3,184	2,380	3,136	4,932	5,348
New Zealand.....	2,059	2,433	2,407	2,490	3,182
Jamaica.....	1,035	1,145	1,940	2,417	2,891
Trin & Tobago....	1	0	9	33	2,821
France.....	6,341	4,018	4,003	2,810	2,093
Thailand.....	726	1,014	1,208	1,268	1,666
All other.....	18,015	19,942	16,038	15,325	15,509
<b>Total.....</b>	<b>577,009</b>	<b>632,557</b>	<b>784,087</b>	<b>882,019</b>	<b>918,383</b>
<b>GSP Total....</b>	<b>43,872</b>	<b>73,067</b>	<b>124,004</b>	<b>205,530</b>	<b>188,100</b>
<b>GSP+4.....</b>	<b>44,452</b>	<b>74,260</b>	<b>125,797</b>	<b>207,388</b>	<b>190,053</b>
Percent					
Netherlands.....	37.2	35.0	38.0	34.7	36.6
Mexico.....	6.0	10.0	14.7	22.2	19.1
Canada.....	23.9	21.9	18.5	17.5	17.5
West Germany.....	19.0	19.8	16.6	13.0	12.9
Australia.....	1.3	1.3	1.5	2.4	2.9
United Kingdom...	2.8	2.8	2.5	2.7	2.8
Japan.....	2.1	2.1	2.1	2.1	2.1
Ireland.....	1.7	1.6	1.8	1.4	1.5
China.....	.5	.6	.7	.8	1.0
Denmark.....	.6	.4	.4	.6	.6
New Zealand.....	.4	.4	.3	.3	.3
Jamaica.....	.2	.2	.2	.3	.3
Trin & Tobago....	1/	.0	1/	1/	.3
France.....	1.1	.6	.5	.3	.2
Thailand.....	.1	.2	.2	.1	.2
All other.....	3.1	3.2	2.0	1.7	1.7
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>7.6</b>	<b>11.6</b>	<b>15.8</b>	<b>23.3</b>	<b>20.5</b>
<b>GSP+4.....</b>	<b>7.7</b>	<b>11.7</b>	<b>16.0</b>	<b>23.5</b>	<b>20.7</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

Table II.

Digest Title: Beer  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Japan.....	2,185	2,715	5,349	10,691	17,151
Canada.....	6,893	26,007	8,316	11,276	15,451
Panama.....	318	673	942	2,954	4,326
Hong Kong.....	2,238	2,895	8,795	10,545	2,896
Taiwan.....	25	129	881	5,133	2,523
Saudi Arabia....	248	2	105	214	2,213
United Kingdom...	506	594	1,627	1,286	2,190
Bahamas.....	2,064	3,460	3,294	2,139	2,067
Mexico.....	234	117	278	173	1,571
F St Micronesia..	0	0	0	1,328	1,341
Cayman Is.....	795	853	858	847	1,187
Marshall Is.....	0	0	0	890	1,126
Sweden.....	88	293	548	608	952
Palau.....	0	0	0	154	768
Morocco.....	0	0	0	0	694
All other.....	9,607	7,432	7,302	6,439	9,829
<b>Total.....</b>	<b>25,202</b>	<b>45,169</b>	<b>38,296</b>	<b>54,676</b>	<b>66,286</b>
<b>GSP Total....</b>	<b>9,378</b>	<b>11,011</b>	<b>11,732</b>	<b>13,082</b>	<b>19,063</b>
<b>GSP+4.....</b>	<b>11,769</b>	<b>14,133</b>	<b>21,574</b>	<b>29,128</b>	<b>25,294</b>
Percent					
Japan.....	8.7	6.0	14.0	19.6	25.9
Canada.....	27.4	57.6	21.7	20.6	23.3
Panama.....	1.3	1.5	2.5	5.4	6.5
Hong Kong.....	8.9	6.4	23.0	19.3	4.4
Taiwan.....	.1	.3	2.3	9.4	3.8
Saudi Arabia....	1.0	1/	.3	.4	3.3
United Kingdom...	2.0	1.3	4.2	2.4	3.3
Bahamas.....	8.2	7.7	8.6	3.9	3.1
Mexico.....	.9	.3	.7	.3	2.4
F St Micronesia..	.0	.0	.0	2.4	2.0
Cayman Is.....	3.2	1.9	2.2	1.5	1.8
Marshall Is.....	.0	.0	.0	1.6	1.7
Sweden.....	.3	.6	1.4	1.1	1.4
Palau.....	.0	.0	.0	.3	1.2
Morocco.....	.0	.0	.0	.0	1.0
All other.....	38.1	16.5	19.1	11.8	14.8
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>37.2</b>	<b>24.4</b>	<b>30.6</b>	<b>23.9</b>	<b>28.8</b>
<b>GSP+4.....</b>	<b>46.7</b>	<b>31.3</b>	<b>56.3</b>	<b>53.3</b>	<b>38.2</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

DIGEST NO. 2308.90.60(pt)

DEHYDRATED MARIGOLDS

Dehydrated Marigolds

I. Introduction

Col. 1 rate of duty: 3.0%  
 Type of action proposed (check one):  
 Addition of GSP: x  
 Removal from GSP:       
 Country graduation:       
 Competitive-need-limit waiver:       
 Non-eligible GSP countries:       
 Current competitive-need-limit waivers: None  
 Current "sufficiently competitive" designation: None  
 U.S. production on Jan. 3, 1985? Yes x No     .

Description and uses: The items in this digest consist of marigold residues and byproducts, whether or not in the form of pellets, of a kind used in animal feeding, primarily as a poultry feed. Their use helps add pigmentation to chicken eggs. Marigold flowers (*Tagetes Erecta*), are dehydrated by rotary dryer or forced hot air. Dehydrated marigolds contain 10% protein, a density of 30 Kg/m<sup>3</sup>, a moisture content of 10% maximum, fiber, 21%, and fat content of 9%. The color of the finished product is greenish brown.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	**10	**10	**10	**10	**10	**0
Employment (thousand employees).....	**1	**1	**1	**1	**1	**0
Shipments (thousands of dollars).....	**100	**100	**100	**100	**100	**0
Exports <sup>2</sup> (thousands of dollars).....	23	28	39	42	51	30
Imports <sup>2</sup> (thousands of dollars).....	1,285	1,007	1,322	1,584	1,541	5
Consumption (thousands of dollars)....	**1,362	**1,079	**1,383	**1,642	**1,590	**4
Import to consumption ratio (percent)..	**94	**93	**96	**96	**97	**1
Capacity utilization (percent) <sup>3</sup> .....	83	83	83	83	83	0

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup> Data are for HTS 2308.90.60 which includes the product for which advice is requested as well as other products.

<sup>3</sup> Compiled from official statistics of the U.S. Department of Commerce.

Comment: U.S. production of dried marigold flour is negligible because of the abundance of corn which is a close substitute for products in this digest and which is more competitively priced.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports <sup>1</sup>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	<u>1,000 dollars</u>			
Total.....	1,541	100	-	**97
Imports from GSP countries:				
Total.....	293	19	100	**18
Dominican Republic.....	64	4	22	**4
Thailand.....	46	3	16	**3
Mexico.....	43	3	15	**3
India.....	22	1	8	**1

<sup>1</sup> Data are for HTS 2308.90.60 which includes the products for which advice is requested as well as other products

Comment: In 1988, GSP imports of digest products amounted to \$293,000 or about 18 percent of U.S. consumption, and 19 percent of total imports. The Dominican Republic is the principal GSP supplier and accounted for 22 percent of all imports entered under GSP in 1988, followed by Thailand with 16 percent. Imports made up about 97 percent of U.S. consumption in 1988.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Dominican Republic for all digest products

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Ranking as a U.S. import supplier, 1988..... 5

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes x No \_\_\_

What is the price elasticity of U.S. demand?..... High x Moderate \_\_\_ Low \_\_\_

Can production in the country be easily expanded or contracted  
in the short term?..... Yes x No \_\_\_

Does the country have significant export markets besides the  
United States?..... Yes x No \_\_\_

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes x No \_\_\_

What is the price elasticity of import supply?..... High x Moderate \_\_\_ Low \_\_\_

Price level compared with:

U.S. products..... Above \_\_\_ Equivalent x Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent x Below \_\_\_

Quality compared with:

U.S. products..... Above \_\_\_ Equivalent x Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent x Below \_\_\_

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Competitiveness indicators for Thailand for all digest products

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Ranking as a U.S. import supplier, 1988..... 9

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes x No \_\_\_

What is the price elasticity of U.S. demand?..... High x Moderate \_\_\_ Low \_\_\_

Can production in the country be easily expanded or contracted in  
the short term?..... Yes x No \_\_\_

Does the country have significant export markets besides the  
United States?..... Yes x No \_\_\_

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes x No \_\_\_

What is the price elasticity of import supply?..... High x Moderate \_\_\_ Low \_\_\_

Price level compared with:

U.S. products..... Above \_\_\_ Equivalent x Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent x Below \_\_\_

Quality compared with:

U.S. products..... Above \_\_\_ Equivalent x Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent x Below \_\_\_

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Competitiveness indicators for Mexico for all digest products

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Ranking as a U.S. import supplier, 1988..... 10

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes x No \_\_\_

What is the price elasticity of U.S. demand?..... High x Moderate \_\_\_ Low \_\_\_

Can production in the country be easily expanded or contracted in the short term?..... Yes x No \_\_\_

Does the country have significant export markets besides the United States?..... Yes x No \_\_\_

Could exports from the country be readily redistributed among its foreign export markets?..... Yes x No \_\_\_

What is the price elasticity of import supply?..... High x Moderate \_\_\_ Low \_\_\_

Price level compared with:

U.S. products..... Above \_\_\_ Equivalent x Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent x Below \_\_\_

Quality compared with:

U.S. products..... Above \_\_\_ Equivalent x Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent x Below \_\_\_

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V. Position of interested parties

Petitioner.--The Government of Peru petitioned to have products in this digest added to the list of products with GSP treatment. They would like to become more competitive in exports of dried marigold flour to the United States (with respect to exporters who have CBI status). The petitioner believes that inclusion of these products in GSP would allow producers in Peru to increase production by 20 percent, permitting the full utilization of installed capacity. It would also increase jobs in Peru because the manufacture of flour from flowers of marigold includes a primary stage of intensive labor in the collection of the flowers, followed by a secondary one, of industrial processing of the flour itself. This would contribute to Peru's economic growth.

HTS item No.  
2308.90.60(pt)

[Probable economic effect advice deleted.]

HTS item No.  
2308.90.60(pt)

HTS/TSUSA Concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

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HTS item No.	<u>TSUSA</u> item No. (and allocation)	<u>TSUSA</u> col. 1 rate of duty				
		1984	1985	1986	1987	1988
2308.90.60	184.85.00 (5%)	3.0	3.0	3.0	3.0	3.0
	193.25.60 (5%)	Free	Free	Free	Free	Free
	793.00.00 (0%)	3.0	3.0	3.0	3.0	3.0

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Table I.

Digest Title: Dehydrated marigolds  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Canada.....	520	372	525	607	569
China.....	57	103	104	145	139
Netherlands.....	175	98	75	63	128
West Germany.....	13	27	38	43	97
Dominican Rep.....	112	111	92	125	64
Taiwan.....	26	25	42	43	61
Spain.....	65	48	33	30	56
United Kingdom...	6	17	31	56	53
Thailand.....	7	8	8	19	46
Mexico.....	61	43	32	37	43
India.....	9	4	3	6	22
Argentina.....	1	1	71	94	22
Italy.....	62	11	20	16	21
Chile.....	23	12	14	41	20
Israel.....	1	1	1	15	20
All other.....	147	126	234	245	180
<b>Total.....</b>	<b>1,285</b>	<b>1,007</b>	<b>1,322</b>	<b>1,584</b>	<b>1,541</b>
<b>GSP Total....</b>	<b>276</b>	<b>222</b>	<b>295</b>	<b>410</b>	<b>293</b>
<b>GSP+4.....</b>	<b>311</b>	<b>259</b>	<b>393</b>	<b>497</b>	<b>384</b>
Percent					
Canada.....	40.5	36.9	39.7	38.3	36.9
China.....	4.5	10.3	7.8	9.1	9.0
Netherlands.....	13.6	9.7	5.6	4.0	8.3
West Germany.....	1.0	2.7	2.9	2.7	6.3
Dominican Rep.....	8.7	11.1	7.0	7.9	4.2
Taiwan.....	2.0	2.4	3.1	2.7	4.0
Spain.....	5.1	4.7	2.5	1.9	3.7
United Kingdom...	.5	1.7	2.3	3.5	3.4
Thailand.....	.5	.8	.6	1.2	3.0
Mexico.....	4.7	4.3	2.4	2.3	2.8
India.....	.7	.4	.3	.4	1.4
Argentina.....	.1	.1	5.4	5.9	1.4
Italy.....	4.8	1.1	1.5	1.0	1.3
Chile.....	1.8	1.2	1.1	2.6	1.3
Israel.....	.1	.1	.1	.9	1.3
All other.....	11.4	12.5	17.7	15.5	11.7
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>21.5</b>	<b>22.0</b>	<b>22.3</b>	<b>25.9</b>	<b>19.0</b>
<b>GSP+4.....</b>	<b>24.2</b>	<b>25.7</b>	<b>29.7</b>	<b>31.4</b>	<b>24.9</b>

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

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

Table II.

Digest Title: Dehydrated marigolds  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Japan.....	3	4	3	5	10
Canada.....	5	8	10	7	9
Mexico.....	1	1	2	1	3
Taiwan.....	2	1	2	2	3
Hong Kong.....	1	1	1	2	3
Bahamas.....	1/	2	4	3	2
Netherlands.....	1/	1	1/	1	2
Italy.....	1	1	1	3	2
Jamaica.....	1/	1/	1/	1/	2
Belize.....	1/	0	1/	1/	1
Trin & Tobago....	1	1	1	2	1
Guyana.....	0	1/	2	2	1
Belgium.....	1/	1/	1/	1/	1
France.....	1/	1	1	1/	1
Korea.....	1	1	1	1	1
All other.....	7	7	10	11	10
<b>Total.....</b>	<b>23</b>	<b>28</b>	<b>39</b>	<b>42</b>	<b>51</b>
<b>GSP Total....</b>	<b>7</b>	<b>9</b>	<b>15</b>	<b>13</b>	<b>18</b>
<b>GSP+4.....</b>	<b>11</b>	<b>11</b>	<b>19</b>	<b>19</b>	<b>24</b>
Percent					
Japan.....	13.6	12.9	8.5	13.1	18.8
Canada.....	21.4	28.6	26.8	17.2	17.5
Mexico.....	6.2	4.5	4.2	2.3	5.5
Taiwan.....	8.3	4.1	4.0	5.7	5.1
Hong Kong.....	3.5	2.7	3.5	5.5	5.0
Bahamas.....	1/	6.5	11.4	7.4	4.6
Netherlands.....	1/	2.1	1/	3.1	4.2
Italy.....	3.8	2.6	3.6	6.2	4.2
Jamaica.....	1/	1/	1/	1/	3.0
Belize.....	1/	.0	1/	1/	2.7
Trin & Tobago....	5.7	3.0	3.6	5.1	2.2
Guyana.....	.0	1/	4.7	3.7	1.9
Belgium.....	1/	1/	1/	1/	1.8
France.....	1/	2.0	2.3	1/	1.7
Korea.....	2.2	2.0	2.0	2.6	1.7
All other.....	29.3	26.5	24.6	25.9	20.2
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>32.7</b>	<b>31.5</b>	<b>39.1</b>	<b>31.7</b>	<b>34.2</b>
<b>GSP+4.....</b>	<b>46.8</b>	<b>40.5</b>	<b>48.5</b>	<b>45.6</b>	<b>46.1</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

DIGEST NO. 2827.51.10

SODIUM BROMIDES

Sodium Bromides

I. Introduction

Col. 1 rate of duty: 6.6¢/kg (1988 AVE 6.6%)  
 Type of action proposed (check one):  
 Addition of GSP: \_\_\_\_\_  
 Removal from GSP: X  
 Country graduation: \_\_\_\_\_  
 Competitive-need-limit waiver: \_\_\_\_\_  
 Non-eligible GSP countries: None.  
 Current competitive-need-limit waivers: None.  
 Current "sufficiently competitive" designation: None.  
 U.S. production on Jan. 3, 1985? Yes X No \_\_\_\_\_.

Description and uses: Sodium bromide is an inorganic salt produced from hydrogen bromide or hydrobromic acid, which in turn is produced from elemental bromine either directly or as a byproduct. Sodium bromide has been principally used as a completion fluid and workover fluid in oil-field applications. Recently, however, an increasing amount of sodium bromides of higher purity grades have been used in water treatment, as a photographic chemical, and in [ \*\*\* ].

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number) <sup>2</sup> .....	3	3	3	2	2	-33
Employment (thousand employees).....	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	[***]	( <sup>3, 4</sup> )
Shipments (thousands of dollars).....	[***]	[***]	[***]	[***]	[***]	[***]
Exports (thousands of dollars) <sup>5</sup> .....	[***]	[***]	[***]	[***]	[***]	[***]
Imports (thousands of dollars).....	851	1,108	217	507	1,936	127
Consumption (thousands of dollars)....	[***]	[***]	[***]	[***]	[***]	[***]
Import to consumption ratio (percent)..	[***]	[***]	[***]	[***]	[***]	[***]
Capacity utilization (percent) <sup>6</sup> .....	( <sup>3</sup>)	(^{3})	(^{3})	(^{3})	(^{3})	(^{3})

<sup>1</sup>This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup>Profile does not include data for a producer who manufactures sodium bromide for internal use only or for a producer who is starting up operations.

<sup>3</sup>Not available.

<sup>4</sup>[ \*\*\* ]

<sup>5</sup> The data shown in the profile are for sodium bromide and are estimated by the staff of the U.S. International Trade Commission. The data in table II at the end of this digest are for schedule B 2827.51.00, which includes sodium bromide as well as other products.

<sup>6</sup>[ \*\*\* ]

]

Comment: Two domestic producers (Ethyl Corp and Great Lakes Co) and one GSP importer (Ameribrome) which is a subsidiary of the Israeli producer (Dead Sea Bromine) supplied almost all domestic demand for sodium bromide in 1988.<sup>1</sup> Israel was the only source of GSP imports during the period covered by this study. All three producers manufacture a large number of bromine chemicals from elemental bromine. In contrast to the domestic industry that obtains its bromine from deep brine wells (located principally in the State of Arkansas), the Israeli producer obtains bromine from salts that are extracted from the Dead Sea. The Israeli producer exports sodium bromide as a powder only whereas the domestic producers sell sodium bromide in both solution and powder forms.

The GSP importer of sodium bromide and the two major domestic producers do not differ substantially with regard to marketing methods and service. Although importers are frequently disadvantaged relative to U.S. producers that provide superior services for sodium bromide, the GSP importer appears to provide services that are on a par with the domestic producers. This is so because the importer has set up its own service company and maintains close ties with other U.S. oil service companies.

For sodium bromide used in oil field applications, which do not require a high degree of purity, U.S. companies appear to enjoy a competitive advantage relative to the Israeli producer because the domestic producers may in part produce sodium bromide from relatively inexpensive byproduct-grade hydrobromic acid, whereas the Israelis must produce all their sodium bromide from a purer and more expensive virgin grade of hydrobromic acid. For sodium bromide used in applications such as in photography, which requires sodium bromide that is of a high purity, the Israeli producer appears to enjoy a competitive advantage because the sodium bromide produced in Israel is substantially purer than the domestic material produced from byproduct. Israel, the only GSP supplier, dominates the U.S. market for sodium bromide used in photography. Ethyl Corporation, however, has reported that [

], most of the sodium bromide that it has produced in 1989 is made from pure (non-byproduct grade) hydrobromic acid.

U.S. imports of sodium bromide rose sharply in 1988, principally because of a temporary surge in demand for sodium bromide used in oil field applications. [

\*\*\*  
] Low prices for sodium bromide and prior contract commitments were factors which may have hampered the ability of U.S. producers to supply sodium bromide to their customers. In a limited number of instances, however, [\*\*\*  
], industry sources contacted by the staff of the USITC did confirm that [

\*\*\*  
].  
[\*\*\*] U.S. export information provided by industry sources appears to conflict with official U.S. trade data which indicate that U.S. exports of sodium bromide in 1988 amounted to \$11.8 million.

<sup>1</sup> In addition to Ethyl Co. and Great Lakes Co., Dow Chemical produced sodium bromide up to 1986 but exited the market in 1987. Tetra Resources, which took over Dow's brine-fluids facilities used in oil-field applications, [\*\*\*  
]

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	1,936	100	-	***]
Imports from GSP countries:				
Total.....	1,855	96	100	***]
Israel <sup>1</sup> .....	1,855	96	100	***]

<sup>1</sup>Although all imports of sodium bromide from Israel are currently eligible for duty-free entry under the GSP, official statistics of the U.S. Department of Commerce indicate that in 1988 some imports of sodium bromide from Israel entered the United States duty-free under the provisions of the U.S.-Israel Free Trade Implementation Act of 1985 (U.S.-Israel FTA). However, since Israel is not eligible for duty reduction or duty free entry under the terms of the U.S.-Israel FTA for this item until January 1, 1995, it is believed that in 1988 all imports of sodium bromide from Israel entered the United States duty-free under the GSP.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Israel for all digest products

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Ranking as a U.S. import supplier, 1988..... 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?<sup>1</sup>..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted in the short term?..... Yes  No

Does the country have significant export markets besides the United States?..... Yes  No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

---

<sup>1</sup>This answer does not apply to U.S. purchasers of high-purity sodium bromide that is used as a photographic chemical. These users are dependent on the Israeli product.

<sup>2</sup>[

\*\*\*

]

<sup>3</sup>[

\*\*\*

]

V. Position of interested parties

Petitioner.—According to the petitioners for the removal of GSP eligibility on imports of sodium bromide, Ethyl Corp. and Great Lakes Chemical Corp., the viability of the domestic sodium bromide industry is threatened by increasing duty-free imports of sodium bromide from Israel. Because the Israeli importer of sodium bromide is undercutting domestic prices, Israeli imports have significantly reduced the U.S. market share for sodium bromide for use in oil-field applications and

[  
\*\*\*  
]. The petitioners request that GSP eligibility for sodium bromide be withdrawn so that the domestic industry would be able to sell sodium bromide at a sufficient price and in significant quantities to support reinvestment.

Opposition.—According to Ameribrom, the U.S. importer of sodium bromide from Israel that opposes the petition to remove sodium bromide from the GSP, the U.S. domestic sodium bromide industry has not lost market share to the Israelis as a result of competitive pricing, but rather

HTS item No.  
2827.51.10

because the domestic industry is facing a shortage of bromine and rising demand for other bromine derivatives. Because of this shortage, U.S. bromine producers have chosen to increase output of bromine derivatives that are highly profitable at the expense of increasing sodium bromide production. Because of the increased demand for bromine derivatives, the domestic bromine chemical producers have recorded record profits and have accelerated efforts to increase production of bromine and bromine-based products. Moreover, recent prices for sodium bromide have been rising steadily indicating that growth in imports resulted from increased demand and shortage of supply, not unfair competition.

[Probable economic effect advice deleted.]

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation)	TSUSA col. 1 rate of duty				
		1984	1985	1986	1987	1988
2827.51.10	420.82(100%)	11.0	11.0	7.8	8.6	6.6

Table I.

Digest Title: Sodium bromides  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Israel.....	748	1,068	148	429	1,855
France.....	100	25	38	4	66
Italy.....	0	0	0	4	12
Canada.....	3	1	0	2	2
Japan.....	0	10	0	0	?
Norway.....	0	4	0	0	0
Denmark.....	0	0	7	0	0
West Germany.....	0	0	10	0	0
Switzerland.....	0	0	14	6	0
<b>Total.....</b>	<b>851</b>	<b>1,108</b>	<b>217</b>	<b>507</b>	<b>1,936</b>
<b>GSP Total....</b>	<b>748</b>	<b>1,068</b>	<b>148</b>	<b>429</b>	<b>1,855</b>
<b>GSP+4.....</b>	<b>748</b>	<b>1,068</b>	<b>148</b>	<b>429</b>	<b>1,855</b>
Percent					
Israel.....	87.8	96.4	68.3	84.6	95.8
France.....	11.8	2.2	17.6	.8	3.4
Italy.....	.0	.0	.0	.7	.6
Canada.....	.4	.1	.0	.4	.1
Japan.....	.0	.9	.0	.0	.1
Norway.....	.0	.4	.0	.0	.0
Denmark.....	.0	.0	3.0	.0	.0
West Germany.....	.0	.0	4.5	.0	.0
Switzerland.....	.0	.0	6.6	13.4	.0
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>87.8</b>	<b>96.4</b>	<b>68.3</b>	<b>84.6</b>	<b>95.8</b>
<b>GSP+4.....</b>	<b>87.8</b>	<b>96.4</b>	<b>68.3</b>	<b>84.6</b>	<b>95.8</b>

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

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

Table II.

Digest Title: Sodium bromides  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Netherlands.....	1,550	3,842	3,909	3,908	4,502
Canada.....	1,348	1,125	1,200	1,375	1,455
Japan.....	1,003	1,131	1,025	1,091	1,455
Mexico.....	463	497	442	514	569
Spain.....	78	12	92	282	450
Korea.....	190	190	234	291	339
Taiwan.....	192	177	269	259	336
Belgium.....	120	81	121	149	323
West Germany.....	310	237	232	255	313
United Kingdom...	126	118	173	264	306
Australia.....	218	169	132	151	154
China.....	2	1/	1/	725	149
Italy.....	4	10	53	85	141
Rep So Africa....	123	164	168	98	135
Hong Kong.....	60	39	68	518	112
All other.....	1,691	1,149	1,422	1,033	1,014
<b>Total.....</b>	<b>7,478</b>	<b>8,940</b>	<b>9,540</b>	<b>10,998</b>	<b>11,755</b>
<b>GSP Total....</b>	<b>1,225</b>	<b>1,217</b>	<b>1,209</b>	<b>1,222</b>	<b>1,323</b>
<b>GSP+4.....</b>	<b>1,691</b>	<b>1,645</b>	<b>1,808</b>	<b>2,346</b>	<b>2,198</b>
Percent					
Netherlands.....	20.7	43.0	41.0	35.5	38.3
Canada.....	18.0	12.6	12.6	12.5	12.4
Japan.....	13.4	12.7	10.7	9.9	12.4
Mexico.....	6.2	5.6	4.6	4.7	4.8
Spain.....	1.0	.1	1.0	2.6	3.8
Korea.....	2.5	2.1	2.5	2.6	2.9
Taiwan.....	2.6	2.0	2.8	2.4	2.9
Belgium.....	1.6	.9	1.3	1.4	2.8
West Germany.....	4.1	2.6	2.4	2.3	2.7
United Kingdom...	1.7	1.3	1.8	2.4	2.6
Australia.....	2.9	1.9	1.4	1.4	1.3
China.....	1/	1/	1/	6.6	1.3
Italy.....	.1	.1	.6	.8	1.2
Rep So Africa....	1.6	1.8	1.8	.9	1.2
Hong Kong.....	.8	.4	.7	4.7	1.0
All other.....	22.6	12.9	14.9	9.4	8.6
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>16.4</b>	<b>13.6</b>	<b>12.7</b>	<b>11.1</b>	<b>11.3</b>
<b>GSP+4.....</b>	<b>22.6</b>	<b>18.4</b>	<b>18.9</b>	<b>21.3</b>	<b>18.7</b>

1/ Less than \$500 or less than 0.1 percent.

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

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



DIGEST NO. 2905.43.00

MANNITOL

Mannitol

I. Introduction

Col. 1 rate of duty: 5.8%  
 Type of action proposed (check one):  
 Addition of GSP:   
 Removal from GSP:   
 Country graduation:  (Countries—Brazil)  
 Competitive-need-limit waiver:   
 Non-eligible GSP countries: None.  
 Current competitive-need-limit waivers: None.  
 Current "sufficiently competitive" designation: None.  
 U.S. production on Jan. 3, 1985? Yes  No .

Description and uses: Mannitol is a polyhydric alcohol derived from corn sugar or glucose and used as an excipient in tableting, an ingredient in electrolytic condensers, and in medicines and foods.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	1	1	1	1	1	0
Employment (thousand employees).....	( <sup>2</sup>)	(^{2})	(^{2})	(^{2})	(^{2})	[***]
Shipments (thousands of dollars).....	[***]	[***]	[***]	[***]	[***]	[***]
Exports (thousands of dollars).....	929	898	1,016	1,218	1,262	36
Imports (thousands of dollars).....	4,119	3,305	3,149	1,860	4,644	4
Consumption (thousands of dollars)....	[***]	[***]	[***]	[***]	[***]	[***]
Import to consumption ratio (percent)..	[***]	[***]	[***]	[***]	[***]	[***]
Capacity utilization (percent).....	[***]	[***]	[***]	[***]	[***]	[***]

<sup>1</sup>This figure represents the average rate change during 1984-88.

<sup>2</sup>[ \*\*\* ]

Comment: The only domestic producer of this chemical is ICI Americas, located in Wilmington, DE. The trends in end-uses of mannitol during 1984-88 have varied depending upon demand in the medicine, food, and electronic products industries.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	4,644	100	-	[***]
Imports from GSP countries:				
Total.....	509	11	100	[***]
Brazil.....	509	11	100	[***]

Note.--Because of rounding, figures may not add to totals as shown.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Brazil for all digest products

---

Ranking as a U.S. import supplier, 1988..... 2\_\_

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No \_\_\_

What is the price elasticity of U.S. demand?..... High X Moderate \_\_\_ Low \_\_\_

Can production in the country be easily expanded or contracted  
in the short term?..... Yes X No \_\_\_

Does the country have significant export markets besides the  
United States?..... Yes X No \_\_\_

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes X No \_\_\_

What is the price elasticity of import supply?..... High X Moderate \_\_\_ Low \_\_\_

Price level compared with:

  U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

  Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Quality compared with:

  U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

  Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

---

V. Position of interested parties

Petitioner.--The petitioner is ICI Americas, Inc., located in Wilmington, DE. The petitioner has stated that duty-free treatment of Brazilian mannitol is no longer necessary to achieve competitiveness with mannitol produced in the United States. The petitioner further stated that they felt it was not necessary to further Brazil's economic development through the expansion of Brazilian exports.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

		(Percent ad valorem)				
HTS item No.	TSUSA item No. (and allocation)	TSUSA col. 1 rate of duty				
		1984	1985	1986	1987	1988
2905.43.00	493.68.10 (100%)	7.4	6.9	6.3	5.8	5.8

Table I.

Digest Title: Mannitol  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
France.....	1,685	1,256	1,684	305	3,222
Brazil.....	1,258	668	570	792	509
West Germany.....	202	165	440	192	311
Australia.....	186	248	205	198	231
Italy.....	168	199	0	31	127
Taiwan.....	48	189	90	105	100
United Kingdom...	27	0	16	0	81
China.....	62	47	22	79	63
Japan.....	98	87	17	0	1
Canada.....	0	0	0	0	0
Argentina.....	0	0	0	0	0
Sweden.....	2	0	0	0	0
Netherlands.....	151	16	32	39	0
Belgium.....	7	0	0	0	0
Switzerland.....	109	195	73	119	0
All other.....	115	236	0	0	0
<b>Total.....</b>	<b>4,119</b>	<b>3,305</b>	<b>3,149</b>	<b>1,860</b>	<b>4,644</b>
<b>GSP Total....</b>	<b>1,258</b>	<b>668</b>	<b>570</b>	<b>792</b>	<b>509</b>
<b>GSP+4.....</b>	<b>1,306</b>	<b>856</b>	<b>660</b>	<b>897</b>	<b>609</b>
Percent					
France.....	40.9	38.0	53.5	16.4	69.4
Brazil.....	30.5	20.2	18.1	42.6	11.0
West Germany.....	4.9	5.0	14.0	10.3	6.7
Australia.....	4.5	7.5	6.5	10.6	5.0
Italy.....	4.1	6.0	.0	1.7	2.7
Taiwan.....	1.2	5.7	2.9	5.6	2.2
United Kingdom...	.7	.0	.5	.0	1.7
China.....	1.5	1.4	.7	4.3	1.4
Japan.....	2.4	2.6	.5	.0	1/
Canada.....	.0	.0	.0	.0	.0
Argentina.....	.0	.0	.0	.0	.0
Sweden.....	.1	.0	.0	.0	.0
Netherlands.....	3.7	.5	1.0	2.1	.0
Belgium.....	.2	.0	.0	.0	.0
Switzerland.....	2.7	5.9	2.3	6.4	.0
All other.....	2.8	7.1	.0	.0	.0
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>30.5</b>	<b>20.2</b>	<b>18.1</b>	<b>42.6</b>	<b>11.0</b>
<b>GSP+4.....</b>	<b>31.7</b>	<b>25.9</b>	<b>21.0</b>	<b>48.2</b>	<b>13.1</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

Table II.

Digest Title: Mannitol  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Japan.....	405	361	352	244	234
Belgium.....	129	107	70	118	175
Korea.....	21	27	72	107	123
Brazil.....	30	33	57	80	100
Mexico.....	64	83	49	71	91
Netherlands.....	32	67	47	77	78
Canada.....	51	42	35	67	68
Taiwan.....	11	19	61	74	68
West Germany.....	45	19	87	92	46
Israel.....	43	44	63	69	34
Soviet Union.....	0	0	0	12	32
United Kingdom...	3	1	7	23	31
Venezuela.....	19	15	9	31	27
India.....	38	35	24	42	24
Australia.....	3	8	14	19	19
All other.....	36	38	71	92	113
<b>Total.....</b>	<b>929</b>	<b>898</b>	<b>1,016</b>	<b>1,218</b>	<b>1,262</b>
<b>GSP Total....</b>	<b>220</b>	<b>230</b>	<b>250</b>	<b>352</b>	<b>350</b>
<b>GSP+4.....</b>	<b>252</b>	<b>277</b>	<b>385</b>	<b>534</b>	<b>549</b>
Percent					
Japan.....	43.6	40.2	34.6	20.0	18.5
Belgium.....	13.9	11.9	6.9	9.7	13.9
Korea.....	2.3	3.0	7.1	8.8	9.7
Brazil.....	3.3	3.7	5.6	6.6	7.9
Mexico.....	6.9	9.2	4.8	5.8	7.2
Netherlands.....	3.4	7.4	4.6	6.4	6.2
Canada.....	5.4	4.7	3.4	5.5	5.4
Taiwan.....	1.1	2.1	6.0	6.1	5.4
West Germany.....	4.9	2.1	8.6	7.5	3.7
Israel.....	4.6	4.9	6.2	5.7	2.7
Soviet Union.....	.0	.0	.0	1.0	2.5
United Kingdom...	.3	.1	.7	1.9	2.4
Venezuela.....	2.0	1.6	.9	2.5	2.1
India.....	4.0	3.9	2.4	3.5	1.9
Australia.....	.3	.9	1.3	1.5	1.5
All other.....	3.9	4.2	7.0	7.5	9.0
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>23.6</b>	<b>25.6</b>	<b>24.6</b>	<b>28.9</b>	<b>27.7</b>
<b>GSP+4.....</b>	<b>27.1</b>	<b>30.8</b>	<b>37.9</b>	<b>43.8</b>	<b>43.5</b>

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

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



DIGEST NO. 2905.44.00

D-GLUCITOL

D-Glucitol

I. Introduction

Col. 1 rate of duty: 5.8%  
 Type of action proposed (check one):  
 Addition of GSP:         
 Removal from GSP: X  
 Country graduation:         
 Competitive-need-limit waiver:         
 Non-eligible GSP countries: None.  
 Current competitive-need-limit waivers: None.  
 Current "sufficiently competitive" designation: None.  
 U.S. production on Jan. 3, 1985? Yes X No       .

Description and uses: D-glucitol is a polyhydric alcohol principally used as an intermediate in the manufacture of vitamin C (ascorbic acid) by fermentation. It is also used to improve the quality of many cosmetic products, and as a humectant in toothpaste, tobacco, and food products.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	4	4	4	6	6	11
Employment (thousand employees).....	(2)	(2)	(2)	(2)	(2)	11
Shipments (thousands of dollars).....	68,808	66,262	66,897	**67,500	**69,000	**1
Exports (thousands of dollars).....	2,724	2,152	2,215	2,549	2,593	-1
Imports (thousands of dollars).....	6,767	5,759	4,623	3,166	4,935	-6
Consumption (thousands of dollars).....	72,851	69,869	69,305	**68,117	**71,342	**-1
Import to consumption ratio (percent)..	9	8	7	5	7	-5
Capacity utilization (percent).....	**83	**85	**88	**70	**73	**-3

<sup>1</sup>This figure represents the average rate change during 1984-88.

<sup>2</sup>Less than 500 employees.

Comment: The domestic industry producing D-glucitol is healthy. However, there is only enough growth in domestic demand for this chemical to keep pace with the GNP. Imports of D-glucitol typically have made up only a small part of U.S. apparent consumption.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	4,935	100	-	**7
Imports from GSP countries:				
Total.....	1,195	24	100	**2
Mexico.....	1,167	24	100	**2
Brazil.....	23	1	1	** <sup>(1)</sup>
Israel.....	5	( <sup>1</sup> )	( <sup>1</sup> )	** <sup>(1)</sup>

<sup>1</sup>Less than 0.5 percent.

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

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1988..... 2

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted  
in the short term?..... Yes  No

Does the country have significant export markets besides the  
United States?..... Yes  No

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Competitiveness indicators for Brazil for all digest products

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Ranking as a U.S. import supplier, 1988..... 5

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted  
in the short term?..... Yes  No

Does the country have significant export markets besides the  
United States?..... Yes  No

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

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Competitiveness indicators for Israel for all digest products

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Ranking as a U.S. import supplier, 1988..... 7

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted  
in the short term?..... Yes  No

Does the country have significant export markets besides the  
United States?..... Yes  No

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

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Comment: Although Israel is one of the major GSP suppliers of this product, Israel also has been granted duty-free status as a result of the United States-Israel Free Trade Area Implementation Act of 1985.

V. Position of interested parties

Petitioner.--The petitioner is ICI Americas, Inc., located in Wilmington, DE. The petitioner has stated that duty-free treatment of Mexican d-glucitol is no longer necessary to achieve competitiveness with d-glucitol produced in the United States.

Opposition.--Opposition was stated in a submission to the United States Trade Representative by Arancia Grupo Industrial (Arancia), located in Mexico. Arancia stated they felt that the petitioner's submission was seriously deficient and should not be accepted. In addition, Arancia stated they believed the petition to contain errors and omissions and for USTR to accept the petition would ". . . create an administrative nightmare of their rights to be able to challenge petitions based on irrelevant data."

HTS item No.  
2905.44.00

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation)	TSUSA col. 1 rate of duty				
		1984	1985	1986	1987	1988
2905.44.00	493.68.20 (100%)	7.4	6.9	6.3	5.8	5.8

Table I.

Digest Title: D-glucitol  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
West Germany.....	2,576	2,886	2,296	1,940	3,496
Mexico.....	653	734	629	541	1,167
Korea.....	116	221	41	96	141
Japan.....	172	897	743	329	86
Brazil.....	104	58	10	12	23
Finland.....	169	205	128	77	17
Israel.....	0	0	0	0	5
Canada.....	1	0	0	0	0
United Kingdom...	0	11	0	0	0
Netherlands.....	43	28	11	0	0
Belgium.....	2	3	34	21	0
France.....	2,745	497	655	35	0
Switzerland.....	0	2	0	47	0
Thailand.....	77	6	0	25	0
Philippines.....	0	0	16	0	0
All other.....	108	212	59	45	0
<b>Total.....</b>	<b>6,767</b>	<b>5,759</b>	<b>4,623</b>	<b>3,166</b>	<b>4,935</b>
<b>GSP Total....</b>	<b>834</b>	<b>798</b>	<b>655</b>	<b>578</b>	<b>1,195</b>
<b>GSP+4.....</b>	<b>979</b>	<b>1,146</b>	<b>747</b>	<b>694</b>	<b>1,336</b>
Percent					
West Germany.....	38.1	50.1	49.7	61.3	70.8
Mexico.....	9.6	12.7	13.6	17.1	23.6
Korea.....	1.7	3.8	.9	3.0	2.9
Japan.....	2.5	15.6	16.1	10.4	1.7
Brazil.....	1.5	1.0	.2	.4	.5
Finland.....	2.5	3.6	2.8	2.4	.4
Israel.....	.0	.0	.0	.0	.1
Canada.....	1/	.0	.0	.0	.0
United Kingdom...	.0	.2	.0	.0	.0
Netherlands.....	.6	.5	.2	.0	.0
Belgium.....	1/	.1	.7	.7	.0
France.....	40.6	8.6	14.2	1.1	.0
Switzerland.....	.0	1/	.0	1.5	.0
Thailand.....	1.1	.1	.0	.8	.0
Philippines.....	.0	.0	.3	.0	.0
All other.....	1.6	3.7	1.3	1.4	.0
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>12.3</b>	<b>13.9</b>	<b>14.2</b>	<b>18.2</b>	<b>24.2</b>
<b>GSP+4.....</b>	<b>14.5</b>	<b>19.9</b>	<b>16.2</b>	<b>21.9</b>	<b>27.1</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

Table II.

Digest Title: D-glucitol  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Canada.....	2,080	1,799	1,941	2,220	1,874
Japan.....	0	0	38	23	411
India.....	0	0	0	0	91
Pakistan.....	68	52	58	52	71
Panama.....	20	8	13	8	24
Australia.....	0	79	6	89	21
Honduras.....	33	0	0	24	14
Mexico.....	114	9	3	0	13
Colombia.....	9	9	46	6	12
Rep So Africa....	14	10	6	7	11
Jamaica.....	8	1	3	0	10
Peru.....	5	7	12	18	10
Hong Kong.....	0	0	0	0	8
Argentina.....	118	91	49	30	6
Costa Rica.....	31	15	2	8	4
All other.....	225	73	38	59	14
<b>Total.....</b>	<b>2,724</b>	<b>2,152</b>	<b>2,215</b>	<b>2,549</b>	<b>2,593</b>
<b>GSP Total....</b>	<b>580</b>	<b>241</b>	<b>218</b>	<b>184</b>	<b>265</b>
<b>GSP+4.....</b>	<b>617</b>	<b>243</b>	<b>219</b>	<b>185</b>	<b>274</b>
Percent					
Canada.....	76.4	83.6	87.6	87.1	72.3
Japan.....	.0	.0	1.7	.9	15.8
India.....	.0	.0	.0	.0	3.5
Pakistan.....	2.5	2.4	2.6	2.0	2.7
Panama.....	.7	.4	.6	.3	.9
Australia.....	.0	3.7	.3	3.5	.8
Honduras.....	1.2	.0	.0	1.0	.5
Mexico.....	4.2	.4	.1	.0	.5
Colombia.....	.3	.4	2.1	.2	.5
Rep So Africa....	.5	.5	.3	.3	.4
Jamaica.....	.3	.1	.1	.0	.4
Peru.....	.2	.3	.5	.7	.4
Hong Kong.....	.0	.0	.0	.0	.3
Argentina.....	4.3	4.2	2.2	1.4	.2
Costa Rica.....	1.1	.7	.1	.3	.2
All other.....	8.2	3.4	1.7	2.3	.5
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>21.3</b>	<b>11.2</b>	<b>9.8</b>	<b>7.2</b>	<b>10.2</b>
<b>GSP+4.....</b>	<b>22.7</b>	<b>11.3</b>	<b>9.9</b>	<b>7.3</b>	<b>10.6</b>

1/ Less than \$500 or less than 0.1 percent.

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

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



DIGEST NO. 2924.29.40(pt)

5-BROMOACETYLSALICYLAMIDE

5-Bromoacetylsalicylamide

I. Introduction

Col. 1 rate of duty: 13.5%  
 Type of action proposed (check one):  
 Addition of GSP: X  
 Removal from GSP:       
 Country graduation:       
 Competitive-need-limit waiver:       
 Non-eligible GSP countries: None.  
 Current competitive-need-limit waivers: None.  
 Current "sufficiently competitive" designation: None.  
 U.S. production on Jan. 3, 1985? Yes      No X.

Description and uses: The product covered in this digest is 5-bromoacetylsalicylamide. This chemical is used principally as a raw material in the production of an experimental cardiovascular agent with the trade name of Dilevelol. There are no other commercial uses for 5-bromoacetylsalicylamide known.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88<sup>1</sup>

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>2</sup>
Producers (number).....	0	0	0	0	0	0
Employment (thousand employees).....	0	0	0	0	0	0
Shipments (thousands of dollars).....	0	0	0	0	0	0
Exports (thousands of dollars).....	0	0	0	0	0	0
Imports (thousands of dollars).....	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	[***]	[***]
Consumption (thousands of dollars).....	0	0	0	0	[***]	[***]
Import to consumption ratio (percent)..	0	0	0	0	[***]	[***]
Capacity utilization (percent).....	(^{5})	(^{5})	(^{5})	(^{5})	(<sup>5</sup> )	( <sup>4</sup> )

<sup>1</sup> The data shown in this profile are for 5-bromoacetylsalicylamide and are estimated by the staff of the U.S. International Trade Commission. The data in tables I and II at the end of this digest are for HTS 2924.29.40, which includes 5-bromoacetylsalicylamide as well as other products.

<sup>2</sup> This figure represents the average annual compound rate of change during 1984-88.

<sup>3</sup> [ \*\*\* ]

<sup>4</sup> Not meaningful.

<sup>5</sup> There was no domestic production of 5-bromoacetylsalicylamide during 1984-88.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988<sup>1</sup>

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	[***]	[***]	-	[***]
Imports from GSP countries:				
Total.....	[***]	[***]	[***]	[***]
Yugoslavia.....	[***]	[***]	[***]	[***]

<sup>1</sup>The data shown in this tabulation are for 5-bromoacetylsalicylamide and are estimated by the staff of the U.S. International Trade Commission. The data in tables I and II at the end of this digest are for HTS 2924.29.40, which includes 5-bromoacetylsalicylamide as well as other products.

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

Comment: [ \*\*\* ]

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products<sup>1</sup>

Ranking as a U.S. import supplier, 1988..... 10

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No \_\_\_

What is the price elasticity of U.S. demand?..... High \_\_\_ Moderate X Low \_\_\_

Can production in the country be easily expanded or contracted  
in the short term?..... Yes X No \_\_\_

Does the country have significant export markets besides the  
United States?..... Yes X No \_\_\_

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes X No \_\_\_

What is the price elasticity of import supply?..... High X Moderate \_\_\_ Low \_\_\_

Price level compared with:

  U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

  Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Quality compared with:

  U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

  Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

<sup>1</sup> [ \*\*\* ]

Competitiveness indicators for Yugoslavia for all digest products

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Ranking as a U.S. import supplier, 1988..... 11

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted in the short term?..... Yes  No

Does the country have significant export markets besides the United States?..... Yes  No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

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V. Position of interested parties

Petitioner.—Dow, Lohnes and Albertson 1255 23rd Street, NW, Washington, DC 20037 on behalf of Sour Pliva of Zagreb, Yugoslavia: Pliva believes that granting GSP eligibility to this HTS item would enable the company to compete with imports from non-GSP-eligible countries, and will promote the economic growth and industrialization of the Yugoslav economy.

[Probable economic effect advice deleted.]

HTS item No.  
2924.29.40(pt)

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation)	<u>TSUSA col. 1 rates of duty</u>				
		1984	1985	1986	1987	1988
2924.29.40	405.34.00 (90%)	13.5	13.5	13.5	13.5	13.5

Table I.

Digest Title: 5-Bromoacetylsalicylanide  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Italy.....	2,810	2,666	6,200	29,292	42,471
Norway.....	0	0	0	12,457	31,723
France.....	1,132	944	4,550	7,639	11,709
Ireland.....	276	0	7	1,503	3,040
Canada.....	279	75	8	12	1,613
Switzerland.....	459	745	659	783	1,291
United Kingdom...	2,218	450	342	1,804	1,236
West Germany.....	2,922	1,246	2,519	2,325	1,137
Japan.....	244	301	423	244	786
Mexico.....	0	0	0	0	564
Yugoslavia.....	0	0	0	2	349
Sweden.....	112	110	94	150	158
Belgium.....	0	0	0	6	36
China.....	0	0	1	27	25
Netherlands.....	4	2	14	1	17
All other.....	84	2	48	53	13
<b>Total.....</b>	<b>10,540</b>	<b>6,541</b>	<b>14,844</b>	<b>56,298</b>	<b>96,168</b>
<b>GSP Total....</b>	<b>6</b>	<b>2</b>	<b>48</b>	<b>5</b>	<b>922</b>
<b>GSP+4.....</b>	<b>6</b>	<b>2</b>	<b>48</b>	<b>5</b>	<b>922</b>
Percent					
Italy.....	26.7	40.8	41.7	52.0	44.2
Norway.....	.0	.0	.0	22.1	33.0
France.....	10.7	14.4	30.6	13.6	12.2
Ireland.....	2.6	.0	1/	2.7	3.2
Canada.....	2.6	1.1	.1	1/	1.7
Switzerland.....	4.4	11.4	4.4	1.4	1.3
United Kingdom...	21.0	6.9	2.3	3.2	1.3
West Germany.....	27.7	19.1	16.9	4.1	1.2
Japan.....	2.3	4.6	2.8	.4	.8
Mexico.....	.0	.0	.0	.0	.6
Yugoslavia.....	.0	.0	.0	1/	.4
Sweden.....	1.1	1.7	.6	.3	.2
Belgium.....	.0	.0	.0	1/	1/
China.....	.0	.0	1/	1/	1/
Netherlands.....	1/	1/	.1	1/	1/
All other.....	.8	1/	.3	.1	1/
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>.1</b>	<b>1/</b>	<b>.3</b>	<b>1/</b>	<b>1.0</b>
<b>GSP+4.....</b>	<b>.1</b>	<b>1/</b>	<b>.3</b>	<b>1/</b>	<b>1.0</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

Table II.

Digest Title: 5-Bromoacetylsalicylanide  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Argentina.....	632	331	830	910	2,007
Netherlands.....	5,333	3,049	3,637	3,565	1,595
Colombia.....	1,475	997	1,179	1,326	1,591
Canada.....	1,487	1,293	861	1,805	1,169
Switzerland.....	428	350	287	580	1,017
Brazil.....	1,389	1,188	1,959	1,535	1,016
Mexico.....	782	679	540	513	996
Belgium.....	562	443	531	590	994
Japan.....	271	355	432	718	963
Venezuela.....	586	588	732	546	917
United Kingdom...	798	595	557	878	856
Australia.....	711	513	699	731	851
Ireland.....	132	115	170	411	794
France.....	544	326	748	740	561
Chile.....	113	141	247	285	363
All other.....	3,757	2,510	2,365	2,857	2,870
<b>Total.....</b>	<b>18,999</b>	<b>13,473</b>	<b>15,774</b>	<b>17,989</b>	<b>18,540</b>
<b>GSP Total....</b>	<b>6,525</b>	<b>4,549</b>	<b>6,388</b>	<b>6,069</b>	<b>7,931</b>
<b>GSP+4.....</b>	<b>6,841</b>	<b>4,926</b>	<b>6,580</b>	<b>6,558</b>	<b>8,380</b>
Percent					
Argentina.....	3.3	2.5	5.3	5.1	10.8
Netherlands.....	28.1	22.6	23.1	19.8	8.6
Colombia.....	7.8	7.4	7.5	7.4	8.6
Canada.....	7.8	9.6	5.5	10.0	6.3
Switzerland.....	2.3	2.6	1.8	3.2	5.5
Brazil.....	7.3	8.8	12.4	8.5	5.5
Mexico.....	4.1	5.0	3.4	2.9	5.4
Belgium.....	3.0	3.3	3.4	3.3	5.4
Japan.....	1.4	2.6	2.7	4.0	5.2
Venezuela.....	3.1	4.4	4.6	3.0	4.9
United Kingdom...	4.2	4.4	3.5	4.9	4.6
Australia.....	3.7	3.8	4.4	4.1	4.6
Ireland.....	.7	.9	1.1	2.3	4.3
France.....	2.9	2.4	4.7	4.1	3.0
Chile.....	.6	1.0	1.6	1.6	2.0
All other.....	19.8	18.6	15.0	15.9	15.5
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>34.3</b>	<b>33.8</b>	<b>40.5</b>	<b>33.7</b>	<b>42.7</b>
<b>GSP+4.....</b>	<b>36.0</b>	<b>36.6</b>	<b>41.7</b>	<b>36.5</b>	<b>45.2</b>

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

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

DIGEST NO. 2935.00.45(pt)

ACETAZOLAMIDE

Acetazolamide

I. Introduction

Col. 1 rate of duty: 6.9%  
 Type of action proposed (check one):  
 Addition of GSP: X  
 Removal from GSP:       
 Country graduation:       
 Competitive-need-limit waiver:       
 Non-eligible GSP countries: None.  
 Current competitive-need-limit waivers: None.  
 Current "sufficiently competitive" designation: None.  
 U.S. production on Jan. 3, 1985? Yes X No     .

Description and uses: Acetazolamide is the active ingredient in a pharmaceutical product that is most commonly used to reduce interocular pressure in the treatment of glaucoma. It can also be used both as an adjunct in the treatment of epilepsy and in the prevention or amelioration of symptoms associated with acute high-altitude sickness. Acetazolamide, which occurs as a white to faintly yellowish-white, odorless, crystalline powder, is commercially available as extended release capsules, tablets, or in solution for parenteral administration.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	1	1	1	1	[***]	[***]
Employment (thousand employees).....	(2)	(2)	(2)	(2)	(2)	(3)
Shipments (thousands of dollars).....	(2)	(2)	(2)	(2)	(2)	(3)
Exports (thousands of dollars) <sup>4</sup> .....	1,574	943	1,336	1,178	765	(10.9)
Imports (thousands of dollars).....	(2)	(2)	(2)	(2)	(2)	(3)
Consumption (thousands of dollars).....	(2)	(2)	(2)	(2)	(2)	(3)
Import to consumption ratio (percent)...	(2)	(2)	(2)	(2)	(2)	(3)
Capacity utilization (percent).....	(2)	(2)	(2)	(2)	(2)	(3)

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup> Not available.

<sup>3</sup> Not applicable.

<sup>4</sup> Data are for HTS 2935.00.40 that includes the product for which advice is requested as well as other products.

Comment: This product has a fairly specific end use and, as such, is generally not subject to large fluctuations in demand. [

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] <sup>1</sup>

<sup>1</sup> [

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]

[ \*\*\* ] Acetazolamide is no longer under patent protection in the United States. The export data shown in this profile are estimated for the whole eight-digit Schedule B basket, including acetazolamide.

III. GSP import situation, 1988

Comment: Official U.S. import data were not available for either the eight-digit HTS item or for the product itself. According to information from industry sources, however, Yugoslavia, [

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It should be noted that during 1986-88, U.S. imports of acetazolamide from Yugoslavia were eligible for duty-free entry under GSP. ]<sup>1</sup>

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<sup>1</sup>[

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IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Yugoslavia for all digest products

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Ranking as a U.S. import supplier, 1988..... [\*\*\*]<sup>1</sup>

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes \_\_\_ No X

What is the price elasticity of U.S. demand?..... High \_\_\_ Moderate X Low \_\_\_

Can production in the country be easily expanded or contracted  
in the short term?..... Yes X No \_\_\_

Does the country have significant export markets besides the  
United States?..... Yes X No \_\_\_

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes X No \_\_\_

What is the price elasticity of import supply?..... High X Moderate \_\_\_ Low \_\_\_

Price level compared with:

U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent \_\_\_ Below X

Quality compared with:

U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

---

<sup>1</sup>[ \*\*\* ]

Comment: According to an industry source, U.S. purchasers of imports of acetazolamide from Yugoslavia consider these imports to be reliable, both in terms of supply and quality. The quality of the imported product vis-a-vis that of domestically produced acetazolamide should generally be equivalent because of the regulations imposed on medicinal products by both the Food and Drug Administration and the United States Pharmacopeia. Industry sources have estimated that the price of imports of this product [ \*\*\* ]

The ability of the consumer to shift readily between suppliers could be limited by the relatively small number of suppliers in the market.

V. Position of interested parties

Petitioner.--The petitioner, Sour Pliva, has requested that acetazolamide be granted eligibility for duty-free entry under the GSP. According to the petition, acetazolamide is classified in a basket category and, therefore, the petitioner is requesting that a new HTS breakout be established for the product. The petitioner is of the opinion that addition of acetazolamide to the list would "benefit economic development in Yugoslavia without adversely impacting the United States."

HTS item No.  
2935.00.45(pt)

[Probable economic effect advice deleted.]

HTS item No.  
2935.00.45(pt)

HTS/ISUSA concordance and ISUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation)	<u>ISUSA col. 1 rate of duty</u>				
		1984	1985	1986	1987	1988
2935.00.45(pt)	439.50.95	3.7	3.7	3.7	3.7	3.7

Table I.

Digest Title: Acetazolamide  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Japan.....	199	363	194	325	268
Korea.....	9	9	6	41	66
Switzerland.....	998	396	927	457	55
Canada.....	59	54	48	50	53
United Kingdom...	3	19	22	18	50
Egypt.....	1/	1/	1/	15	28
Hong Kong.....	2	2	2	2	23
Indonesia.....	1/	1/	9	5	22
Brazil.....	16	13	17	23	22
India.....	1	1/	1	19	18
France.....	50	3	5	17	17
Mexico.....	24	29	23	22	15
Belgium.....	15	5	1	4	15
Argentina.....	99	3	3	4	12
West Germany.....	7	10	22	10	10
All other.....	92	39	55	165	91
<b>Total.....</b>	<b>1,574</b>	<b>943</b>	<b>1,336</b>	<b>1,178</b>	<b>765</b>
<b>GSP Total....</b>	<b>202</b>	<b>72</b>	<b>94</b>	<b>224</b>	<b>166</b>
<b>GSP+4.....</b>	<b>214</b>	<b>83</b>	<b>103</b>	<b>268</b>	<b>256</b>
Percent					
Japan.....	12.7	38.4	14.6	27.6	35.1
Korea.....	.5	.9	.5	3.5	8.7
Switzerland.....	63.4	41.9	69.4	38.8	7.1
Canada.....	3.8	5.7	3.6	4.2	7.0
United Kingdom...	.2	2.0	1.6	1.6	6.6
Egypt.....	1/	1/	1/	1.3	3.6
Hong Kong.....	.2	.2	.2	.2	3.0
Indonesia.....	1/	1/	.7	.4	2.9
Brazil.....	1.0	1.4	1.3	1.9	2.8
India.....	.1	1/	.1	1.6	2.4
France.....	3.2	.3	.4	1.5	2.3
Mexico.....	1.5	3.1	1.8	1.9	1.9
Belgium.....	.9	.5	.1	.3	1.9
Argentina.....	6.3	.3	.2	.4	1.5
West Germany.....	.5	1.0	1.6	.8	1.3
All other.....	5.9	4.1	4.1	14.1	11.9
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>12.9</b>	<b>7.7</b>	<b>7.0</b>	<b>19.0</b>	<b>21.6</b>
<b>GSP+4.....</b>	<b>13.6</b>	<b>8.8</b>	<b>7.7</b>	<b>22.7</b>	<b>33.4</b>

1/ Less than \$500 or less than 0.1 percent.

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

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



DIGEST NO. 3407.00.00(pt)

MODELING PASTES

Modeling Pastes

I. Introduction

Col. 1 rate of duty: 10%<sup>1</sup>  
 Type of action proposed (check one):  
 Addition of GSP: X  
 Removal from GSP:      
 Country graduation:      
 Competitive-need-limit waiver:      
 Non-eligible GSP countries: None.  
 Current competitive-need-limit waivers: None.  
 Current "sufficiently competitive" designation: None.  
 U.S. production on Jan. 3, 1985? Yes X No    .

<sup>1</sup> Legislation has been introduced (H.R. 1694 and S. 1136) that, if enacted, would create a separate subheading for modeling paste and provide a column 1 rate of duty of 3.7% ad valorem.

Description and uses: Modeling pastes are clay-like materials used by artists for making models and mock-ups and by children for education and amusement.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	3	3	3	3	3	( <sup>2</sup> )
Employment (employees).....	[***]	[***]	[***]	[***]	[***]	[***]
Shipments (millions of dollars).....	[***]	[***]	[***]	[***]	[***]	[***]
Exports (millions of dollars) <sup>3</sup> .....	[***] <sup>4</sup>	[***]^{4}	[***]^{4}	[***]^{4}	[***]^{4}	[***]
Imports (millions of dollars) <sup>3</sup> .....	[***]	[***]	[***]	[***]	[***]	[***]
Consumption (millions of dollars).....	[***]	[***]	[***]	[***]	[***]	[***]
Import to consumption ratio (percent)..	[***]	[***]	[***]	[***]	[***]	[***]
Capacity utilization (percent).....	( <sup>5</sup>)	(^{5})	(^{5})	(^{5})	(^{5})	(<sup>2</sup> )

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup> Not meaningful.

<sup>3</sup> The data shown in this profile are for modeling paste and are estimates by the staff of the U.S. International Trade Commission. The data in the tables at the end of the digest are for HTS 3407.00.00 that includes modeling paste as well as other products.

<sup>4</sup> [ \*\*\* ]

<sup>5</sup> Not available.

Comment: No authoritative information is available on this industry from official or industry association sources. The data above are estimated by staff based on information provided by the petitioner. A large proportion of modeling paste is sold to school systems, many of which purchase on a bid basis, making quality or product differentiation impractical.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports Million dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	[***]	100	-	[***]
Imports from GSP countries:				
Total.....	[***]	[***]	100	[***]
Mexico.....	[***]	[***]	100	[***]

<sup>1</sup> The data in this tabulation are for modeling pastes and are estimates by the staff of the U.S. International Trade Commission. The data in the trade tables at the end of this digest are for HTS 3407.00.00 which includes modeling pastes as well as other products.

Comment: No information is available on imports of modeling pastes or the overall subheading as they were previously in basket categories. [\*\*\*

]

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1988.....	[***]
Price elasticity:	
Can the U.S. purchaser easily shift among this and other suppliers?.....	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
What is the price elasticity of U.S. demand?.....	High <input type="checkbox"/> Moderate <input checked="" type="checkbox"/> Low <input type="checkbox"/>
Can production in the country be easily expanded or contracted in the short term?.....	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Does the country have significant export markets besides the United States?.....	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Could exports from the country be readily redistributed among its foreign export markets?.....	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
What is the price elasticity of import supply?.....	High <input checked="" type="checkbox"/> Moderate <input type="checkbox"/> Low <input type="checkbox"/>
Price level compared with:	
U.S. products.....	Above <input type="checkbox"/> Equivalent <input checked="" type="checkbox"/> Below <input type="checkbox"/>
Other foreign products.....	Above <input type="checkbox"/> Equivalent <input type="checkbox"/> Below <input checked="" type="checkbox"/>
Quality compared with:	
U.S. products.....	Above <input type="checkbox"/> Equivalent <input checked="" type="checkbox"/> Below <input type="checkbox"/>
Other foreign products.....	Above <input type="checkbox"/> Equivalent <input type="checkbox"/> Below <input checked="" type="checkbox"/>

Comment: The importer of modeling clay from the United Kingdom claims the quality of the product is superior to that offered by other suppliers. Apparently most of their sales are at retail to parents for home use in contrast with primarily institutional sales by other suppliers to schools.

V. Position of interested parties

Petitioner.—The U.S. petitioner claims they cannot effectively compete with other U.S. suppliers if they have to pay the 10% duty that was imposed on modeling pastes in conversion to the Harmonized System. [ \*\*\*

]

The Mexican co-petitioner claims GSP eligibility for this low-valued, bulky product would help open markets for them in the United States and Canada and help reduce costs to users of modeling clay in the United States.

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

		Percent ad valorem				
HTS item No.	TSUSA item No. (and allocation)	TSUSA col. 1 rates of duty				
		1984	1985	1986	1987	1988
3407.00.00	799.00 <sup>1</sup>	3.7	3.7	3.7	3.7	3.7

<sup>1</sup>The United States Customs Service has ruled that modeling clays are properly classified under this item. There is no concordance allocation from TSUSA item 799.00 to HTS 3407.00.00.

Table X

Digest Title: Modeling pastes  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Canada.....	158	130	154	244	256
West Germany.....	42	46	65	46	90
Japan.....	49	58	73	76	89
United Kingdom...	33	26	31	40	66
Netherlands.....	34	28	35	52	50
Italy.....	14	22	25	36	43
Mexico.....	26	33	30	33	42
Australia.....	25	23	25	32	38
France.....	12	16	32	44	31
Korea.....	24	30	17	24	26
Taiwan.....	8	6	11	14	20
Venezuela.....	38	36	43	21	20
Switzerland.....	9	8	17	14	17
Belgium.....	6	7	12	18	15
Singapore.....	16	12	14	13	15
All other.....	195	178	209	214	235
<b>Total.....</b>	<b>690</b>	<b>659</b>	<b>794</b>	<b>921</b>	<b>1,054</b>
<b>GSP Total....</b>	<b>182</b>	<b>176</b>	<b>189</b>	<b>170</b>	<b>199</b>
<b>GSP+4.....</b>	<b>240</b>	<b>233</b>	<b>241</b>	<b>232</b>	<b>267</b>
Percent					
Canada.....	22.9	19.7	19.4	26.5	24.3
West Germany.....	6.1	6.9	8.2	5.0	8.6
Japan.....	7.1	8.8	9.2	8.2	8.4
United Kingdom...	4.8	4.0	3.9	4.3	6.2
Netherlands.....	4.9	4.3	4.5	5.7	4.7
Italy.....	2.1	3.4	3.2	3.9	4.1
Mexico.....	3.8	4.9	3.7	3.6	4.0
Australia.....	3.6	3.5	3.1	3.5	3.6
France.....	1.7	2.4	4.0	4.8	3.0
Korea.....	3.5	4.6	2.2	2.6	2.4
Taiwan.....	1.2	1.0	1.3	1.5	1.9
Venezuela.....	5.5	5.4	5.4	2.2	1.9
Switzerland.....	1.4	1.2	2.1	1.5	1.6
Belgium.....	.8	1.1	1.6	1.9	1.5
Singapore.....	2.3	1.9	1.8	1.5	1.4
All other.....	28.2	26.9	26.4	23.2	22.3
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>26.4</b>	<b>26.7</b>	<b>23.8</b>	<b>18.4</b>	<b>18.9</b>
<b>GSP+4.....</b>	<b>34.7</b>	<b>35.3</b>	<b>30.4</b>	<b>25.2</b>	<b>25.4</b>

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

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



DIGEST NO. 3503.00.50

OTHER GELATINS AND GLUES

Other Gelatins and Glues

I. Introduction

Col. 1 rate of duty: 4.4¢/kg + 6% (1988 AVE 6.5%)  
 Type of action proposed (check one):  
 Addition of GSP:         
 Removal from GSP:   X    
 Country graduation:         
 Competitive-need-limit waiver:         
 Non-eligible GSP countries: None.  
 Current competitive-need-limit waivers: Colombia.  
 Current "sufficiently competitive" designation: None.  
 U.S. production on Jan. 3, 1985? Yes   X   No       .

Description and uses: Gelatin is a byproduct of the meatpacking industry; it is obtained from both bones and skin. About one-half is used in desserts and other food uses. Most of the remainder is used in capsules and other pharmaceutical applications, and in photographic film. A smaller portion is used for glue and other applications (e.g., sandpaper), which utilize its adhesive qualities. In these latter applications, the terms "inedible gelatin" and "animal glue" are essentially synonymous. The HTS item No. 3503.00.50 covers essentially all of these uses. (Isinglass, also included, is an especially pure form of gelatin, obtained from the air bladders of certain fish.)

"Other" in the title indicates that a very small portion of the gelatin industry's output is not included in HTS item No. 3503.00.50—namely, animal glues valued under 88 cents per kg. and fish glue.

II. U.S. market profile

Total digest: Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	9	9	8	8	8	-3
Employment (thousand employees).....	[***]	[***]	[***]	[***]	[***]	[***]
Shipments (thousands of dollars).....	[***]	[***]	[***]	[***]	[***]	[***]
Exports (thousands of dollars).....	24,014	28,389	28,013	33,399	39,412	13
Imports (thousands of dollars).....	30,094	33,025	50,280	62,950	70,454	24
Consumption (thousands of dollars)....	[***]	[***]	[***]	[***]	[***]	[***]
Import to consumption ratio (percent)..	[***]	[***]	[***]	[***]	[***]	[***]
Capacity utilization (percent).....	[***]	[***]	[***]	[***]	[***]	[***]

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

Comment: [

\*\*\*

]

In accordance with the request of USTR of September 29, 1989, this profile has been divided into two parts, one for edible and photographic gelatin and the other for animal glue, as follows.

Edible and photographic gelatin: Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	6	6	6	6	6	0
Employment (thousand employees).....	[***]	[***]	[***]	[***]	[***]	[***]
Shipments (thousands of dollars).....	[***]	[***]	[***]	[***]	[***]	[***]
Exports (thousands of dollars).....	22,950	26,953	26,476	31,828	37,179	13
Imports (thousands of dollars).....	25,585	29,280	42,735	53,014	63,634	26
Consumption (thousands of dollars).....	[***]	[***]	[***]	[***]	[***]	[***]
Import to consumption ratio (percent)..	[***]	[***]	[***]	[***]	[***]	[***]
Capacity utilization (percent).....	[***]	[***]	[***]	[***]	[***]	[***]

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

Animal glue: Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	3	3	2	2	2	-7
Employment (thousand employees).....	[***]	[***]	[***]	[***]	[***]	[***]
Shipments (thousands of dollars).....	[***]	[***]	[***]	[***]	[***]	[***]
Exports (thousands of dollars).....	1,064	1,436	1,537	1,571	2,230	20
Imports (thousands of dollars).....	4,509	3,745	7,575	9,936	6,820	11
Consumption (thousands of dollars).....	[***]	[***]	[***]	[***]	[***]	[***]
Import to consumption ratio (percent)..	[***]	[***]	[***]	[***]	[***]	[***]
Capacity utilization (percent).....	[***]	[***]	[***]	[***]	[***]	[***]

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

Comment: [ \*\*\* ]

The animal glue tabulation applies only to the portion valued at more than 88 cents per kilogram. (The lower-value animal glue, much smaller in volume, does not have GSP status.)

III. GSP import situation, 1988

Total digest: U.S. imports and share of U.S. consumption, 1988

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	70,454	100	-	[***]
Imports from GSP countries:				
Total.....	10,349	15	100	[***]
Brazil.....	6,174	9	60	[***]
Colombia.....	3,575	5	35	[***]

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

Comment: Imports of digest products in 1988 were as follows (in millions of dollars):

Edible gelatin (including pharmaceutical gelatin).....	28
Photographic gelatin.....	36
Animal glue (inedible gelatin).....	7
Total.....	70

Imports from GSP countries are concentrated in edible gelatin and animal glue rather than photographic gelatin with its more restrictive specifications. Of the \$7 million of animal glue imports, \$4 million came from GSP countries in 1988 even though they did not then enjoy GSP status for this product. When, on January 1, 1989, all these types were combined into one HTS subheading, animal glue inadvertently lost its non-GSP status.

In accordance with the USTR request, the above summary has been split into two parts, as follows:

Edible and photographic gelatin: U.S. imports and share of U.S. consumption, 1988

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	63,634	100	-	[***]
Imports from GSP countries:				
Total.....	7,273	11	100	[***]
Colombia.....	3,575	6	49	[***]
Brazil.....	3,122	5	43	[***]
Argentina.....	471	1	6	[***]
Venezuela.....	67	(1)	1	[***]

<sup>1</sup>Less than 0.5 percent.

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

Animal glue: U.S. imports and share of U.S. consumption, 1988

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	6,820	100	-	[***]
Imports from GSP countries:				
Total.....	3,076	45	100	[***]
Brazil.....	3,052	45	99	[***]
Uruguay.....	21	( <sup>1</sup> )	1	[***]
Mexico.....	3	( <sup>1</sup> )	( <sup>1</sup> )	[***]

<sup>1</sup>Less than 0.5 percent.

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

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1988.....	4		
Price elasticity:			
Can the U.S. purchaser easily shift among this and other suppliers?.....	Yes	<input checked="" type="checkbox"/>	No <input type="checkbox"/>
What is the price elasticity of U.S. demand?.....	High	<input checked="" type="checkbox"/>	Moderate <input type="checkbox"/> Low <input type="checkbox"/>
Can production in the country be easily expanded or contracted in the short term?.....	Yes	<input type="checkbox"/>	No <input checked="" type="checkbox"/>
Does the country have significant export markets besides the United States?.....	Yes	<input checked="" type="checkbox"/>	No <input type="checkbox"/>
Could exports from the country be readily redistributed among its foreign export markets?.....	Yes	<input type="checkbox"/>	No <input checked="" type="checkbox"/>
What is the price elasticity of import supply?.....	High	<input checked="" type="checkbox"/>	Moderate <input type="checkbox"/> Low <input type="checkbox"/>
Price level compared with:			
U.S. products.....	Above	<input type="checkbox"/>	Equivalent <input type="checkbox"/> Below <input checked="" type="checkbox"/>
Other foreign products.....	Above	<input type="checkbox"/>	Equivalent <input type="checkbox"/> Below <input checked="" type="checkbox"/>
Quality compared with:			
U.S. products.....	Above	<input type="checkbox"/>	Equivalent <input type="checkbox"/> Below <input checked="" type="checkbox"/>
Other foreign products.....	Above	<input type="checkbox"/>	Equivalent <input type="checkbox"/> Below <input checked="" type="checkbox"/>

Comment: Brazil ranks No. 4, but is No. 1 as an importer of animal glue. Though its quality is equivalent, the Brazilian product has been priced lower than the U.S. product or other foreign products, in what seems to be an attempt to increase its market share. The U.S. producers have lowered their price to meet this competition to some extent. The same is generally true for gelatin for food products. With regard to pharmaceutical and photographic gelatin, which account for a larger share of imports, quality of GSP countries' product is generally not competitive and they hold only a small market share. With respect to animal glue, there is evidence that U.S. purchasers cannot easily shift among Brazil and other suppliers.

Competitiveness indicators for Colombia for all digest products

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Ranking as a U.S. import supplier, 1988..... 7

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted in the short term?..... Yes  No

Does the country have significant export markets besides the United States?..... Yes  No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

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Comment: Colombia has not been a supplier of animal glue.

V. Position of interested parties

Petitioner.—According to Hudson Industries Corp. of West Orange, NJ, the sudden unfair award of GSP status to Brazil and other developing countries at the beginning of 1989, due only to adoption of the new HTS classifications, makes it more difficult for the two U.S. producers to compete against imports which had taken over two-thirds of U.S. consumption even before the award of GSP to Brazil and other GSP-status countries.

Support.—The Gelatin Manufacturers Institute of America, representing all six of the domestic producers of gelatin, states that GSP imports have doubled in the past 5 years as contrasted with declining sales and profits for the domestic industry. Removal of GSP may slow this rapid penetration of the U.S. market. "GSP treatment of gelatin has not been necessary and continues not to be necessary in order for GSP countries to achieve U.S. gelatin market penetration. To the contrary, since the producers of gelatin in GSP countries are corporately aligned with major multinational manufacturers, this has resulted, and continues to result, in an unfair advantage to GSP producers over domestic producers of gelatin."

During 1980-88, imports of edible and photographic gelatin (not including animal glue) from GSP countries increased more than 150 percent, and increased their share of the total import market from [\*\*\*] percent to [\*\*\*] percent. In that same period, [\*\*\*] ]

Thus, it is evident that imports of gelatin from GSP countries possess a dynamic competitive strength which is clearly superior to that of domestic production. GSP countries do not need the GSP duty-free treatment to continue to grow.

Since 1980, gelatin imported from GSP countries has been sold at lower prices than all other gelatin, rendering the domestic industry non-profitable. In addition to numerous plant closings in the 1970's, three additional U.S. plants were shut down during the 1980s. [\*\*\*]

]

Opposition.—Olympic Adhesives, Inc., Norwood, MA, an importer of animal glue, contends: (a) continued eligibility for duty-free entry would not harm domestic producers of animal glue, (b) Removal of GSP duty-free entry would harm importers of animal glue and cause consumers to pay higher prices, (c) Olympic Adhesives claims that Hudson Industries is the largest U.S. importer of animal glue as well as the larger of the two domestic producers, and estimates that "Hudson now controls over two-thirds of the U.S. market." Olympic Adhesives also alleges that Hudson's agreements with certain foreign sources limit Olympic's ability to buy animal glue from those sources. (Note.—Hudson Industries' posthearing brief disputes much of Olympic Adhesives' evidence for alleged dominance of the domestic industry by Hudson Industries.)

L.D. Davis Industries, Inc., Huntingdon, PA, describes itself as a small producer of industrial adhesives, and relies on the superior quality of its products as well as worldwide procurement of animal glue from many parts of the world, including, after GSP status was achieved, Brazil. L.D. Davis estimates that Hudson's large imports of animal glue, combined with its dominant share of U.S. production, are "making Hudson Industries a virtual monopoly for domestic animal glue." L.D. Davis does not want Hudson Industries to benefit from removal of GSP (as it would since its imports do not come from GSP countries).

Velleman Corp., Port Washington, NY, an importer of Brazilian animal glue, "strongly feel(s) that the reimposition of duties on Brazilian glue would severely damage the economic progress that Brazil has been making without benefiting our own country."

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

HTS item No.	TSUSA item No. (and allocation)	TSUSA col. 1 rate of duty				
		1984	1985	1986	1987	1988
3503.00.50	455.06 (100%)	6.9%	6.5%	6.1%	5.7%	5.3%
	455.16 (100%)	0.8¢/lb + 4%	0.8¢/lb + 4%	0.8¢/lb + 4%	0.8¢/lb + 4%	0.8¢/lb + 4%
	455.18 (100%)	1.3¢/lb + 5%	1.3¢/lb + 5%	1.3¢/lb + 5%	1.3¢/lb + 5%	1.3¢/lb + 5%
	455.20 (100%)	2¢/lb + 6%	2¢/lb + 6%	2¢/lb + 6%	2¢/lb + 6%	2¢/lb + 6%
	455.22 (100%)	1.3¢/lb + 5%	1.3¢/lb + 5%	1.3¢/lb + 5%	1.3¢/lb + 5%	1.3¢/lb + 5%
	455.24 (100%)	2¢/lb + 6%	2¢/lb + 6%	2¢/lb + 6%	2¢/lb + 6%	2¢/lb + 6%
	455.42 (100%)	2¢/lb + 6%	2¢/lb + 6%	2¢/lb + 6%	2¢/lb + 6%	2¢/lb + 6%

Other gelatins and glues  
Imports for consumption, principal sources, 1984-88

	1984	1985	1986	1987	1988
	Value (1,000 dollars)				
France.....	10,004	13,389	20,487	25,753	28,469
Japan.....	1,516	1,361	5,612	7,428	10,483
United Kingdom...	3,176	2,879	4,734	5,415	7,072
Brazil.....	2,192	2,569	3,247	3,872	6,174
Belgium.....	1,553	1,770	2,061	1,897	3,822
West Germany.....	2,170	2,437	6,143	6,274	3,702
Colombia.....	2,531	1,826	1,369	3,123	3,575
Netherlands.....	2,985	2,291	1,818	1,889	1,960
Canada.....	280	443	1,146	1,489	1,566
Italy.....	293	506	1,896	3,344	1,026
Spain.....	343	64	227	962	497
Argentina.....	455	1,307	273	244	471
Sweden.....	353	458	436	232	349
Luxembourg.....	0	0	0	0	316
Australia.....	1,039	1,032	293	261	238
All other.....	893	691	537	765	734
<b>Total.....</b>	<b>30,094</b>	<b>33,025</b>	<b>50,280</b>	<b>62,950</b>	<b>70,454</b>
MF Total....	5,402	6,348	5,316	7,674	10,349
MF+4.....	5,485	6,380	5,386	7,921	10,546
	Percent				
France.....	33.3	40.5	40.7	40.9	40.4
Japan.....	5.0	4.1	11.2	11.8	14.9
United Kingdom...	10.6	8.7	9.4	8.6	10.0
Brazil.....	7.3	7.8	6.5	6.2	8.8
Belgium.....	5.2	5.4	4.1	3.0	5.4
West Germany.....	7.2	7.4	12.2	10.0	5.3
Colombia.....	8.4	5.5	2.7	5.0	5.1
Netherlands.....	9.9	6.9	3.6	3.0	2.8
Canada.....	.9	1.3	2.3	2.4	2.2
China.....	1.0	1.5	3.8	5.3	1.5
Italy.....	2.1	.2	.5	1.5	.7
Argentina.....	1.5	4.0	.5	.4	.7
Sweden.....	1.2	1.4	.9	.4	.5
Luxembourg.....	.0	.0	.0	.0	.4
Australia.....	3.5	3.1	.6	.4	.3
All other.....	2.9	2.1	1.1	1.2	1.0
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
MF Total....	17.9	19.2	10.6	12.2	14.7
MF+4.....	18.2	19.3	10.7	12.6	15.0

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

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

Table II.

Digest Title: Other gelatins and glues  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Canada.....	9,396	7,304	7,680	10,334	8,694
United Kingdom...	3,098	3,770	3,820	4,322	7,358
Brazil.....	3,320	4,113	2,807	2,515	6,303
West Germany.....	407	2,011	2,649	4,574	3,198
Australia.....	2,612	4,013	3,131	3,168	2,778
Mexico.....	1,604	2,178	2,049	1,361	2,644
France.....	195	218	645	856	1,575
Japan.....	1,636	1,437	1,777	1,417	1,413
Belgium.....	9	299	326	756	1,001
Venezuela.....	46	52	47	299	996
Switzerland.....	1	4	5	14	582
Korea.....	642	345	855	492	569
Saudi Arabia.....	204	1,438	260	1,030	566
Netherlands.....	57	7	246	372	281
Honduras.....	20	21	17	9	161
All other.....	764	1,179	1,700	1,878	1,291
<b>Total.....</b>	<b>24,014</b>	<b>28,389</b>	<b>28,013</b>	<b>33,399</b>	<b>39,412</b>
<b>GSP Total....</b>	<b>5,476</b>	<b>6,968</b>	<b>5,655</b>	<b>4,802</b>	<b>10,758</b>
<b>GSP+4.....</b>	<b>6,276</b>	<b>7,607</b>	<b>6,674</b>	<b>5,561</b>	<b>11,564</b>
Percent					
Canada.....	39.1	25.7	27.4	30.9	22.1
United Kingdom...	12.9	13.3	13.6	12.9	18.7
Brazil.....	13.8	14.5	10.0	7.5	16.0
West Germany.....	1.7	7.1	9.5	13.7	8.1
Australia.....	10.9	14.1	11.2	9.5	7.0
Mexico.....	6.7	7.7	7.3	4.1	6.7
France.....	.8	.8	2.3	2.6	4.0
Japan.....	6.8	5.1	6.3	4.2	3.6
Belgium.....	1/	1.1	1.2	2.3	2.5
Venezuela.....	.2	.2	.2	.9	2.5
Switzerland.....	1/	1/	1/	1/	1.5
Korea.....	2.7	1.2	3.1	1.5	1.4
Saudi Arabia.....	.9	5.1	.9	3.1	1.4
Netherlands.....	.2	1/	.9	1.1	.7
Honduras.....	.1	.1	.1	1/	.4
All other.....	3.2	4.2	6.1	5.6	3.3
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>22.8</b>	<b>24.5</b>	<b>20.2</b>	<b>14.4</b>	<b>27.3</b>
<b>GSP+4.....</b>	<b>26.1</b>	<b>26.8</b>	<b>23.8</b>	<b>16.7</b>	<b>29.3</b>

1/ Less than \$500 or less than 0.1 percent.

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

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



DIGEST NO. 3506.99.00

OTHER PREPARED GLUES AND ADHESIVES

Other Prepared Glues and Adhesives

I. Introduction

Col. 1 rate of duty: 2.1%  
 Type of action proposed (check one):  
 Addition of GSP:       
 Removal from GSP: X  
 Country graduation:       
 Competitive-need-limit waiver:       
 Non-eligible GSP countries: None.  
 Current competitive-need-limit waivers: None.  
 Current "sufficiently competitive" designation: None.  
 U.S. production on Jan. 3, 1985? Yes X No     .

Description and uses: "Other" in the title means that this HTS item number excludes casein glues, other animal glues, fish glue, glues based on starches or dextrans, adhesives based on rubber or plastics, and glues and adhesives put up for retail sale. "Glues" and "adhesives" are essentially synonymous. Adhesives hold together various substrates such as paper, wood, and metals and are also used for bonding composite materials.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	20	20	20	20	20	0
Employment (thousand employees).....	*1	*1	*1	*1	*1	*0
Shipments (thousands of dollars).....	*66,000	*67,000	*68,000	*69,000	*70,000	*2
Exports (thousands of dollars).....	31,511	27,789	34,440	40,887	52,806	14
Imports (thousands of dollars).....	3,530	4,327	6,022	7,179	6,754	18
Consumption (thousands of dollars).....	38,019	43,538	39,582	35,292	23,948	-8
Import to consumption ratio (percent).. <sup>9</sup>		10	15	20	28	32
Capacity utilization (percent).....	( <sup>2</sup>)	(^{2})	(^{2})	(^{2})	(^{2})	(<sup>3</sup> )

<sup>1</sup>This figure represents the average annual compound rate of change over 1984-88.

<sup>2</sup>Not available.

<sup>3</sup>Not applicable.

Source: Estimated by staff from various U.S. Government publications.

Comment: [

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III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	6,754	100	-	28
Imports from GSP countries:				
Total.....	112	2	100	1
Mexico.....	88	1	79	(1)
Israel <sup>2</sup> .....	13	(1)	12	(1)
Niger.....	4	(1)	4	(1)
Brazil.....	1	(1)	1	(1)

<sup>1</sup> Less than 0.5 percent.

<sup>2</sup> Although imports of glues and adhesives from Israel are eligible for duty-free entry under the GSP, about 8 percent of U.S. imports of this item from Israel in 1988 entered duty-free under the provisions of the United States-Israel Free Trade Area Implementation Act of 1985.

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

Comment: [ \*\*\*  
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IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1988.....	9
Price elasticity:	
Can the U.S. purchaser easily shift among this and other suppliers?.....	[ *** ]
What is the price elasticity of U.S. demand?.....	High <u>X</u> Moderate <u>  </u> Low <u>  </u>
Can production in the country be easily expanded or contracted in the short term?.....	[ *** ]
Does the country have significant export markets besides the United States?.....	[ *** ]
Could exports from the country be readily redistributed among its foreign export markets?.....	[ *** ]
What is the price elasticity of import supply?.....	[ *** ]
Price level compared with:	
U.S. products.....	[ *** ]
Other foreign products.....	[ *** ]
Quality compared with:	
U.S. products.....	[ *** ]
Other foreign products.....	[ *** ]

Comment: [

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No producer of "other prepared glues and adhesives," as defined in the HTS, to our knowledge, has requested removal of GSP status.

V. Position of interested parties

Petitioner.—The petitioner, Hudson Industries Corp., wants removal of GSP status for animal glue, which is not contained in HTS item No. 3506.99.00. Animal glue is classified under HTS item No. 3503.00.50 and is discussed in the digest for that subheading.

HTS item No.  
3506.99.00

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item no.	TSUSA item No. (and allocation)	TSUSA col. 1 rate of duty				
		1984	1985	1986	1987	1988
3506.99.00	494.60 40 (20%)	2.3%	2.3%	2.2%	2.2%	2.1%

Table I.

Digest Title: Other prepared glues and adhesives  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
West Germany.....	1,229	1,193	1,906	2,472	2,430
Japan.....	529	863	980	1,081	1,118
Canada.....	443	636	1,011	992	949
United Kingdom...	493	462	543	624	749
Switzerland.....	462	465	636	854	429
Belgium.....	116	210	385	433	391
France.....	122	163	273	394	260
Italy.....	24	39	49	81	104
Mexico.....	6	3	9	14	88
Taiwan.....	10	20	29	21	51
Denmark.....	32	13	29	45	49
Ireland.....	7	35	63	68	47
Netherlands.....	35	71	21	30	29
Korea.....	1	8	9	6	15
Israel.....	1/	1	1/	3	13
All other.....	22	147	79	62	32
<b>Total.....</b>	<b>3,530</b>	<b>4,327</b>	<b>6,022</b>	<b>7,179</b>	<b>6,754</b>
GSP Total....	6	45	56	22	112
GSP+4.....	17	73	99	52	179
Percent					
West Germany.....	34.8	27.6	31.7	34.4	36.0
Japan.....	15.0	19.9	16.3	15.1	16.6
Canada.....	12.6	14.7	16.8	13.8	14.1
United Kingdom...	14.0	10.7	9.0	8.7	11.1
Switzerland.....	13.1	10.8	10.6	11.9	6.4
Belgium.....	3.3	4.8	6.4	6.0	5.8
France.....	3.4	3.8	4.5	5.5	3.8
Italy.....	.7	.9	.8	1.1	1.5
Mexico.....	.2	.1	.1	.2	1.3
Taiwan.....	.3	.5	.5	.3	.7
Denmark.....	.9	.3	.5	.6	.7
Ireland.....	.2	.8	1.0	.9	.7
Netherlands.....	1.0	1.6	.4	.4	.4
Korea.....	1/	.2	.1	.1	.2
Israel.....	1/	1/	1/	1/	.2
All other.....	.6	3.4	1.3	.9	.5
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	.2	1.0	.9	.3	1.7
GSP+4.....	.5	1.7	1.6	.7	2.7

1/ Less than \$500 or less than 0.1 percent.

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

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

Table II.

Digest Title: Other prepared glues and adhesives  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Canada.....	13,860	13,030	13,967	19,922	22,735
Japan.....	2,252	2,369	3,103	4,316	7,446
Netherlands.....	537	1,008	2,103	2,198	3,071
United Kingdom...	1,876	1,258	1,445	2,183	2,639
West Germany.....	1,313	1,436	2,225	1,720	2,171
Australia.....	1,172	982	1,062	906	1,589
Andorra.....	0	0	0	0	1,230
Italy.....	428	610	720	701	1,121
Singapore.....	183	346	564	503	860
Korea.....	310	263	583	539	793
Mexico.....	136	95	232	701	768
Belgium.....	478	373	417	417	738
Hong Kong.....	397	525	457	471	703
Switzerland.....	277	210	715	681	613
Taiwan.....	124	88	594	319	579
All other.....	8,167	5,196	6,253	5,309	5,751
<b>Total.....</b>	<b>31,511</b>	<b>27,789</b>	<b>34,440</b>	<b>40,887</b>	<b>52,806</b>
<b>GSP Total....</b>	<b>3,820</b>	<b>2,891</b>	<b>3,483</b>	<b>3,095</b>	<b>4,175</b>
<b>GSP+4.....</b>	<b>4,833</b>	<b>4,113</b>	<b>5,681</b>	<b>4,927</b>	<b>7,110</b>
Percent					
Canada.....	44.0	46.9	40.6	48.7	43.1
Japan.....	7.1	8.5	9.0	10.6	14.1
Netherlands.....	1.7	3.6	6.1	5.4	5.8
United Kingdom...	6.0	4.5	4.2	5.3	5.0
West Germany.....	4.2	5.2	6.5	4.2	4.1
Australia.....	3.7	3.5	3.1	2.2	3.0
Andorra.....	.0	.0	.0	.0	2.3
Italy.....	1.4	2.2	2.1	1.7	2.1
Singapore.....	.6	1.2	1.6	1.2	1.6
Korea.....	1.0	.9	1.7	1.3	1.5
Mexico.....	.4	.3	.7	1.7	1.5
Belgium.....	1.5	1.3	1.2	1.0	1.4
Hong Kong.....	1.3	1.9	1.3	1.2	1.3
Switzerland.....	.9	.8	2.1	1.7	1.2
Taiwan.....	.4	.3	1.7	.8	1.1
All other.....	25.9	18.7	18.2	13.0	10.9
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>12.1</b>	<b>10.4</b>	<b>10.1</b>	<b>7.6</b>	<b>7.9</b>
<b>GSP+4.....</b>	<b>15.3</b>	<b>14.8</b>	<b>16.5</b>	<b>12.1</b>	<b>13.5</b>

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

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

DIGEST NO. 3812.30.10(pt)  
MIXTURES OF N,N'-DIARYL-P-PHENYLENEDIAMINES

Mixtures of N,N'-Diaryl-p-Phenylenediamines

I. Introduction

Col. 1 rate of duty: 3.7¢/kg + 13.6% (1988 AVE 15.1%)

Type of action proposed (check one):

Addition of GSP: X  
Removal from GSP: \_\_\_\_\_  
Country graduation: \_\_\_\_\_  
Competitive-need-limit waiver: \_\_\_\_\_

Non-eligible GSP countries: None.

Current competitive-need-limit waivers: None.

Current "sufficiently competitive" designation: None.

U.S. production on Jan. 3, 1985? Yes X No \_\_\_\_\_.

Description and uses: The chemical mixture covered in this digest is mixtures of N,N'-diaryl-p-phenylenediamines. These are products formed from the reaction of toluene, hydroquinone, aniline, or certain other benzenoid starting materials. The resulting mixture is used as an additive for rubber compounding. It is principally used in rubber tires to prevent degradation of the rubber by ozone.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88<sup>1</sup>

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>2</sup>
Producers (number).....	3	3	3	3	3	0
Employment (thousand employees).....	( <sup>3</sup>)	(^{3})	(^{3})	(^{3})	(^{3})	0
Shipments (thousands of dollars).....	**4,880	**6,900	**6,800	**8,100	**9,000	**17
Exports (thousands of dollars).....	**913	**764	**741	**941	**846	**2
Imports (thousands of dollars).....	**833	**1,763	**668	**385	**527	**8
Consumption (thousands of dollars).....	**4,800	**7,899	**6,727	**7,544	**8,681	**16
Import to consumption ratio (percent)...	**17	**22	**10	**5	**6	**65
Capacity utilization (percent).....	**75	**78	**80	**80	**83	**3

<sup>1</sup> The data shown here are for mixtures of N,N'-diaryl-p-phenylenediamines, and represent only a portion of the data for item 3812.30.10 shown in table I. The data shown here are estimated by the staff of the U.S. International Trade Commission.

<sup>2</sup> This figure represents the average annual compound rate of change during 1984-88.

<sup>3</sup> Less than 500 employees.

Comment: There are many different types of mixtures of these chemicals produced domestically. Only three manufacturers are known to produce directly competitive or like products that could substitute for the chemicals covered in this digest. The commercial downstream user may switch from one chemical or mixture of chemicals, depending on the type and quality of the finished good being manufactured.

III. GSP import situation, 1988<sup>1</sup>

U.S. imports and share of U.S. consumption, 1988

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	**527	100	-	**6
Imports from GSP countries:				
Total.....	**226	**43	**100	**3
Venezuela.....	**100	**19	**44	**1
Brazil.....	**58	**11	**26	** <sup>(2)</sup>
Argentina.....	**39	**7	**17	** <sup>(2)</sup>
Trinidad & Tobago.....	**10	**2	**4	** <sup>(2)</sup>

<sup>1</sup> The data shown for the GSP import situation are for mixtures of N,N'-diaryl-p-phenylenediamines and represent only a portion of the data for item 3812.30.10 shown in table I.

<sup>2</sup> Less than 0.5 percent.

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

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Venezuela for all digest products

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Ranking as a U.S. import supplier, 1988..... 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No \_\_\_

What is the price elasticity of U.S. demand?..... High \_\_\_ Moderate X Low \_\_\_

Can production in the country be easily expanded or contracted  
in the short term?..... Yes X No \_\_\_

Does the country have significant export markets besides the  
United States?..... Yes X No \_\_\_

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes X No \_\_\_

What is the price elasticity of import supply?..... High \_\_\_ Moderate X Low \_\_\_

Price level compared with:

  U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

  Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Quality compared with:

  U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

  Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

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Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1988..... 3

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted in the short term?..... Yes  No

Does the country have significant export markets besides the United States?..... Yes  No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Competitiveness indicators for Argentina for all digest products

Ranking as a U.S. import supplier, 1988..... 6

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted in the short term?..... Yes  No

Does the country have significant export markets besides the United States?..... Yes  No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

V. Position of interested parties

Petitioner.—The petitioner is Novaquim S.A. de C.V. located in the Federal District of Mexico, with principal offices in Monterey and Nuevo Leon, Mexico. Uniroyal Chemical Co., a U.S. corporation, owns 40 percent of outstanding stock in Novaquim. The petitioner stated that, although Mexico has taken many steps to liberalize trade and investment with the United States, the USTR has failed to reward Mexico for its efforts. The petitioner further stated that the granting of GSP treatment would assist producers in beneficiary developing countries and allow them to compete in the U.S. market.

Support.--The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation)	TSUSA col. 1 rate of duty				
		1984	1985	1986	1987	1988
3812.30.10	407.16.10 (91%)	14.8	20.8	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
	407.17.00 (1%)	( <sup>1</sup> )	( <sup>1</sup> )	14.1	14.4	13.8
	407.19.10	( <sup>1</sup> )	( <sup>1</sup> )	13.7	15.5	8.2

<sup>1</sup> Not applicable.

Table I.

Digest Title: N,N'-Diaryl-p-Phenylenediamines  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Venezuela.....	0	0	322	291	1,002
West Germany.....	562	527	602	739	887
Brazil.....	681	3,060	757	379	581
Switzerland.....	185	172	314	534	575
United Kingdom...	169	165	321	390	534
Argentina.....	101	291	266	437	386
Italy.....	27	156	340	210	223
Japan.....	79	99	130	168	218
Ireland.....	12	12	1	91	165
France.....	273	146	323	85	161
Netherlands.....	24	59	223	152	100
Trin & Tobago....	1/	209	47	0	97
Canada.....	229	251	34	80	83
Barbados.....	1/	0	0	44	53
Mexico.....	5,732	6,939	349	59	50
All other.....	249	5,540	2,652	189	153
<b>Total.....</b>	<b>8,327</b>	<b>17,629</b>	<b>6,682</b>	<b>3,849</b>	<b>5,270</b>
<b>GSP Total....</b>	<b>6,586</b>	<b>11,680</b>	<b>1,851</b>	<b>1,305</b>	<b>2,261</b>
<b>GSP+4.....</b>	<b>6,733</b>	<b>11,681</b>	<b>2,120</b>	<b>1,360</b>	<b>2,296</b>
Percent					
Venezuela.....	.0	.0	4.8	7.6	19.0
West Germany.....	6.7	3.0	9.0	19.2	16.8
Brazil.....	8.2	17.4	11.3	9.9	11.0
Switzerland.....	2.2	1.0	4.7	13.9	10.9
United Kingdom...	2.0	1.0	4.8	10.1	10.1
Argentina.....	1.2	1.6	4.0	11.4	7.3
Italy.....	.3	.9	5.1	5.5	4.2
Japan.....	1.0	.6	1.9	4.4	4.1
Ireland.....	.1	.1	1/	2.4	3.1
France.....	3.3	.8	4.8	2.2	3.1
Netherlands.....	.3	.3	3.3	3.9	1.9
Trin & Tobago....	.0	1.2	.7	.0	1.8
Canada.....	2.7	1.4	.5	2.1	1.6
Barbados.....	1/	.0	.0	1.1	1.0
Mexico.....	68.8	39.4	5.2	1.5	.9
All other.....	3.0	31.4	39.7	4.9	2.9
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>79.1</b>	<b>66.3</b>	<b>27.7</b>	<b>33.9</b>	<b>42.9</b>
<b>GSP+4.....</b>	<b>80.9</b>	<b>66.3</b>	<b>31.7</b>	<b>35.3</b>	<b>43.6</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

Table II.

Digest Title: Mixtures of N,N'-Diaryl-p-Phenylenediamines  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Canada.....	337	322	305	327	308
Mexico.....	61	71	40	97	85
Netherlands.....	11	7	27	51	85
Korea.....	9	7	8	23	59
Japan.....	88	36	108	205	54
Brazil.....	69	73	50	48	43
Venezuela.....	13	19	11	26	26
West Germany.....	17	20	18	17	25
United Kingdom...	60	54	11	16	20
Singapore.....	3	1	3	16	20
Philippines.....	20	26	26	16	19
Costa Rica.....	0	6	2	8	15
Belgium.....	128	50	55	18	11
Thailand.....	1	1	4	8	11
Argentina.....	8	3	12	7	10
All other.....	87	70	61	58	56
<b>Total.....</b>	<b>913</b>	<b>764</b>	<b>741</b>	<b>941</b>	<b>846</b>
<b>GSP Total....</b>	<b>211</b>	<b>225</b>	<b>162</b>	<b>239</b>	<b>242</b>
<b>GSP+4.....</b>	<b>225</b>	<b>239</b>	<b>177</b>	<b>282</b>	<b>328</b>
Percent					
Canada.....	36.9	42.2	41.2	34.8	36.3
Mexico.....	6.7	9.3	5.4	10.3	10.1
Netherlands.....	1.2	.9	3.7	5.5	10.0
Korea.....	1.0	.9	1.1	2.4	6.9
Japan.....	9.6	4.6	14.5	21.8	6.3
Brazil.....	7.6	9.6	6.7	5.1	5.1
Venezuela.....	1.5	2.5	1.4	2.7	3.0
West Germany.....	1.9	2.6	2.4	1.8	3.0
United Kingdom...	6.6	7.0	1.5	1.7	2.4
Singapore.....	.3	.2	.4	1.7	2.4
Philippines.....	2.1	3.3	3.5	1.7	2.3
Costa Rica.....	.0	.7	.3	.9	1.8
Belgium.....	14.0	6.5	7.4	1.9	1.3
Thailand.....	.2	.1	.5	.8	1.3
Argentina.....	.9	.4	1.6	.8	1.2
All other.....	9.5	9.1	8.2	6.2	6.6
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>23.1</b>	<b>29.4</b>	<b>21.8</b>	<b>25.3</b>	<b>28.6</b>
<b>GSP+4.....</b>	<b>24.6</b>	<b>31.3</b>	<b>23.9</b>	<b>30.0</b>	<b>38.8</b>

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

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



DIGEST NO. 3903.19.00

POLYSTYRENE, OTHER THAN EXPANDABLE

Polystyrene, Other Than Expandable

I. Introduction

Col. 1 rate of duty: 0.9¢/kg +9.2% (1988 AVE 9.9%)  
 Type of action proposed (check one):  
 Addition of GSP:         
 Removal from GSP:         
 Country graduation:         
 Competitive-need-limit waiver:   X   Mexico.  
 Non-eligible GSP countries: Mexico.  
 Current competitive-need-limit waivers: None.  
 Current "sufficiently competitive" designation: None.  
 U.S. production on Jan. 3, 1985? Yes   X   No       .

Description and uses: The products covered by this digest, polystyrene, other than expandable, are homopolymers of styrene and are the most important styrene resins. They represented more than 63 percent of the volume of all styrene plastics produced domestically in 1988. That year they also represented 90 percent of the volume of all styrene homopolymers produced in the United States.

These homopolymer of styrene resins are made from styrene monomer, which, in turn, is obtained from ethylene and benzene. The polystyrene homopolymer resins are used mainly in packaging applications (e.g., egg cartons, meat and poultry trays, clear cookie trays) and consumer and institutional products (e.g., video cassettes, picnic trays and jugs, and syringes and other medical disposables).

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	16	18	19	16	16	0
Employment (thousand employees).....	**12	**14	**14	**14	**14	**4
Shipments (millions of dollars).....	1,304	1,204	1,344	2,445	3,125	24
Exports (millions of dollars).....	24	22	27	39	65	28
Imports (millions of dollars).....	10	9	7	8	12	5
Consumption (millions of dollars).....	1,290	1,191	1,324	2,414	3,072	24
Import to consumption ratio (percent)...	1	1	1	( <sup>2</sup> )	( <sup>2</sup> )	-16
Capacity utilization (percent).....	*70	*70	*93	*95	*87	*6

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup> Less than 0.5 percent.

Comment: Ten of the 16 domestic producers of polystyrene homopolymer account for 95 percent of the domestic capacity. These 10 firms are large, multiproduct firms and most are also multinational firms. Six of these 16 firms have multinational polystyrene operations. Five firms, which account for 50 percent of the domestic capacity covered here, are vertically integrated back to styrene, which is the sole starting material for polystyrene homopolymers.

Industry sources project domestic polystyrene homopolymer capacity at about 6,320 million pounds by 1995, an average annual growth rate of 1 percent over 6,014 million pounds in 1988. Polystyrene homopolymer capacity outside the United States is projected to grow from 14,170 million pounds in 1987 to 16,480 million pounds in 1995, an average annual growth of 4 percent. In 1988,

imports of these polystyrene homopolymer resins came mainly from Mexico and Canada. Generally the imports covered here are the same articles as those produced in the United States, but usually do not represent as broad a spectrum of grades as is produced domestically.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	11,522	100	-	(1)
Imports from GSP countries:				
Total.....	8,836	77	100	(1)
Mexico.....	7,930	69	90	(1)
Colombia.....	906	8	10	(1)

<sup>1</sup> Less than 0.5 percent.

Note.—The countries shown in the table include the only GSP suppliers in 1988.

Comment: The majority of U.S. imports of polystyrene homopolymer resins in 1988 (69 percent, by value) were supplied by Mexico. GSP countries were also the principal source of these imports in 1985 and 1986 when Colombia accounted for 73 percent and 67 percent, respectively, of the total value. However, imports were inconsequential during 1984-88, annually representing less than 1 percent of consumption.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

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Ranking as a U.S. import supplier, 1988..... 1\_\_\_\_\_

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No \_\_\_

What is the price elasticity of U.S. demand?..... High  Moderate \_\_\_ Low \_\_\_

Can production in the country be easily expanded or contracted  
in the short term?..... Yes  No \_\_\_

Does the country have significant export markets besides the  
United States?..... Yes  No \_\_\_

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes  No \_\_\_

What is the price elasticity of import supply?..... High  Moderate \_\_\_ Low \_\_\_

Price level compared with:

  U.S. products..... Above \_\_\_ Equivalent \_\_\_ Below

  Other foreign products..... Above \_\_\_ Equivalent \_\_\_ Below

Quality compared with:

  U.S. products..... Above \_\_\_ Equivalent  Below \_\_\_

  Other foreign products..... Above \_\_\_ Equivalent  Below \_\_\_

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Comment: The quality of imported polystyrene homopolymer is generally equal to that of domestic material, but is not available in as broad a selection. The consumer of these products, the plastics fabricator, is willing to pay more for domestic product in order to ensure future supply since imports can furnish only a fraction of their needs. In addition, fast delivery is important to the consumer and U.S. producers of polystyrene homopolymer can guarantee short-time delivery. Technical service is also provided locally by the U.S. producers of these products so that end-use problems can be quickly solved.

V. Position of interested parties

Petitioners.—Industries Resistol, S.A., Polioles, S.A. de C.V., and Poliestireno Y Derivados, S.A. de C.V. The petitioners claim their installed polystyrene homopolymer capacity represents only [ \*\*\* ] of the polystyrene capacity in the United States and Canada. The petitioners also report that the loss of GSP will, in their opinion, hurt their customers, who are mainly small and medium firms established in the southern United States.

The firms also claim that in converting from the TSUS to the HTS, polystyrene was moved from TSUS item 408.84(pt.), to HTS item 3903.19.00 causing Mexico's participation in U.S. markets to rise from 35.6 percent of U.S. total imports to 68.8 percent of total imports.

One of the petitioners, Poliestireno Y Derivados, S.A. de C.V., is applying for a waiver because the domestic market is constrained owing to the national crisis. Therefore, the best opportunity lies in export markets, which would permit this petitioner to increase its polystyrene homopolymer capacity utilization from [\*\*\*] percent to at least [\*\*\*] percent. They add that Mexico's installed polystyrene homopolymer capacity is only [ \*\*\* ] of the aggregated polystyrene capacity of the United States and Canada. Further the petitioner states that Canada is an important natural supplier of polystyrene homopolymer to the United States and would benefit greatly if Mexico were to lose GSP eligibility for this product in the United States. The petitioner states that the American polystyrene industry would not be affected at all if Mexico retained its GSP eligibility for this product.

Another firm, Industries Resistol, S.A., states that if a competitive-need-limit waiver is not granted, it will have very little chance of competing successfully against the developed countries, such as Canada, which supply the U.S. market.

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

Opposition.—Fina Oil & Chemical Company (Dallas, Texas) and Huntsman Chemical Corporation (Salt Lake City, Utah) oppose the petition to waive the competitive-need limit for polystyrene from Mexico. These two firms, both major U.S. producers of polystyrene, state that granting a waiver of the competitive-need limits for imports of polystyrene from Mexico would have an adverse economic impact on the U.S. polystyrene industry. Imports of low-priced polystyrene from Mexico under the GSP pose a real and imminent threat to domestic producers of price depression, suppression of price increases, and loss of sales volume.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	<u>TSUSA</u> item No. and allocation)	<u>TSUSA</u> col. 1 rate of duty				
		1984	1985	1986	1987	1988
3903.19.00	408.84.20 (90%)	10.1	9.7	9.8	10.1	9.9

Table I.

Digest Title: Polystyrene, other than expandable  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Mexico.....	1,204	834	547	1,639	7,930
Canada.....	452	29	260	3,452	1,310
Colombia.....	1,626	6,547	5,012	16	906
United Kingdom...	471	91	68	600	702
Korea.....	65	0	28	1,028	232
Japan.....	2,953	1,173	941	827	167
France.....	1,273	102	377	0	118
West Germany.....	672	90	52	12	53
Belgium.....	7	49	0	0	36
Norway.....	4	18	0	1	29
Switzerland.....	0	0	1	0	29
Netherlands.....	85	72	0	25	10
Venezuela.....	2	19	0	0	0
Brazil.....	1,088	2	0	91	0
Finland.....	18	0	0	0	0
All other.....	190	3	191	3	0
<b>Total.....</b>	<b>10,109</b>	<b>9,029</b>	<b>7,477</b>	<b>7,695</b>	<b>11,522</b>
<b>GSP Total....</b>	<b>3,920</b>	<b>7,402</b>	<b>5,733</b>	<b>1,746</b>	<b>8,836</b>
<b>GSP+4.....</b>	<b>4,008</b>	<b>7,405</b>	<b>5,778</b>	<b>2,776</b>	<b>9,067</b>
Percent					
Mexico.....	11.9	9.2	7.3	21.3	68.8
Canada.....	4.5	.3	3.5	44.9	11.4
Colombia.....	16.1	72.5	67.0	.2	7.9
United Kingdom...	4.7	1.0	.9	7.8	6.1
Korea.....	.6	.0	.4	13.4	2.0
Japan.....	29.2	13.0	12.6	10.8	1.5
France.....	12.6	1.1	5.0	.0	1.0
West Germany.....	6.6	1.0	.7	.2	.5
Belgium.....	.1	.5	.0	.0	.3
Norway.....	1/	.2	.0	1/	.3
Switzerland.....	.0	.0	1/	.0	.3
Netherlands.....	.8	.8	.0	.3	.1
Venezuela.....	1/	.2	.0	.0	.0
Brazil.....	10.8	1/	.0	1.2	.0
Finland.....	.2	.0	.0	.0	.0
All other.....	1.9	1/	2.5	1/	.0
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>38.8</b>	<b>82.0</b>	<b>76.7</b>	<b>22.7</b>	<b>76.7</b>
<b>GSP+4.....</b>	<b>39.6</b>	<b>82.0</b>	<b>77.3</b>	<b>36.1</b>	<b>78.7</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

Table II.

Digest Title: Polystyrene, other than expandable  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Hong Kong.....	2,597	2,205	1,901	6,457	17,795
Canada.....	5,720	6,095	9,683	12,844	11,653
Mexico.....	2,197	2,447	2,690	3,651	7,112
Netherlands.....	1,057	164	1,922	3,390	6,850
Japan.....	2,829	1,031	1,264	1,785	5,947
China.....	578	770	1	0	2,128
Singapore.....	196	336	536	947	1,884
Australia.....	762	413	617	723	1,457
Korea.....	140	438	298	715	1,408
Taiwan.....	1,197	1,975	1,554	1,834	1,355
United Kingdom...	278	722	433	386	936
Costa Rica.....	918	1,526	843	1,573	792
Thailand.....	9	93	2	240	439
Honduras.....	18	90	157	250	419
Saudi Arabia.....	117	22	496	416	381
All other.....	5,520	4,141	4,837	3,984	4,010
<b>Total.....</b>	<b>24,135</b>	<b>22,468</b>	<b>27,236</b>	<b>39,195</b>	<b>64,569</b>
<b>GSP Total....</b>	<b>6,858</b>	<b>6,570</b>	<b>5,731</b>	<b>8,077</b>	<b>11,425</b>
<b>GSP+4.....</b>	<b>10,988</b>	<b>11,524</b>	<b>10,020</b>	<b>18,030</b>	<b>33,868</b>
Percent					
Hong Kong.....	10.8	9.8	7.0	16.5	27.6
Canada.....	23.7	27.1	35.6	32.8	18.0
Mexico.....	9.1	10.9	9.9	9.3	11.0
Netherlands.....	4.4	.7	7.1	8.6	10.6
Japan.....	11.7	4.6	4.6	4.6	9.2
China.....	2.4	3.4	1/	.0	3.3
Singapore.....	.8	1.5	2.0	2.4	2.9
Australia.....	3.2	1.8	2.3	1.8	2.3
Korea.....	.6	1.9	1.1	1.8	2.2
Taiwan.....	5.0	8.8	5.7	4.7	2.1
United Kingdom...	1.2	3.2	1.6	1.0	1.4
Costa Rica.....	3.8	6.8	3.1	4.0	1.2
Thailand.....	1/	.4	1/	.6	.7
Honduras.....	.1	.4	.6	.6	.6
Saudi Arabia.....	.5	.1	1.8	1.1	.6
All other.....	22.9	18.4	17.8	10.2	6.2
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>28.4</b>	<b>29.2</b>	<b>21.0</b>	<b>20.6</b>	<b>17.7</b>
<b>GSP+4.....</b>	<b>45.5</b>	<b>51.3</b>	<b>36.8</b>	<b>46.0</b>	<b>52.5</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

DIGEST NO. 3904.10.00

POLYVINYL CHLORIDE, NOT MIXED WITH ANY OTHER SUBSTANCE

Polyvinyl Chloride, Not Mixed With Any Other Substance

I. Introduction

Col. 1 rate of duty: 10.1%  
 Type of action proposed (check one):  
 Addition of GSP:   
 Removal from GSP:   
 Country graduation:   
 Competitive-need-limit waiver: X (Countries--Mexico).<sup>1</sup>  
 Non-eligible GSP countries: Mexico.  
 Current competitive-need-limit waivers: None.  
 Current "sufficiently competitive" designation: None.  
 U.S. production on Jan. 3, 1985? Yes X No .

<sup>1</sup>Advice is also requested on restoring the full competitive-need limit for Mexico for this item.

Description and uses: Polyvinyl chloride (PVC) homopolymer resins are obtained by polymerizing the vinyl chloride monomer. PVC homopolymer resins (hereinafter referred to as PVC resins or PVC) account for about 90 percent or better of the total output of all PVC resins, with copolymers accounting for the remainder. PVC resins are commodity-type resins and are now the second-largest-volume plastic produced domestically. PVC resins cover a wide range of products from general-purpose materials to specialty grades.

Extruded PVC products account for about 70 percent of the market for all products covered here. Extruded PVC product for the building and construction industry, the major market, represents nearly 80 percent of the output of all PVC extruded products. Examples of major extruded PVC end products for building and construction include pipe and conduit, siding and accessories, and window profiles.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	15	14	12	12	13	-4
Employment (thousand employees).....	**10	**10	**9	**8	**8	**5
Production (millions of dollars).....	**1,967	**1,860	**1,967	**2,927	**3,382	**14
Exports (millions of dollars).....	102	73	98	124	191	17
Imports (millions of dollars).....	54	55	33	26	32	-12
Consumption (millions of dollars).....	**1,919	**1,842	**1,902	**2,829	**3,223	**14
Import to consumption ratio (percent)..<	**3	**3	**2	**1	**1	**24
Capacity utilization (percent).....	*82	*89	*90	*98	*95	*4

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

Comment: PVC resins are capital-intensive materials, in which a relatively few workers can each produce hundreds of millions of pounds of PVC annually. The U.S. producers of PVC resins are large, diversified firms that produce a host of other chemical and nonchemical products. Five PVC resin producers are vertically integrated backward to vinyl chloride monomer (VCM), the immediate starting material for PVC and still further back to ethylene dichloride (EDC), the starting material for VCM. Four PVC resin producers are integrated back to ethylene, one of the two starting materials for EDC.

PVC production has traditionally been located in the major industrialized nations, where PVC consumption has been greatest. However, markets for PVC are maturing in these regions and industry

sources project that the average annual growth for PVC in the United States and other industrialized nations will be less than 3 percent during 1985-95.<sup>1</sup> Mexico and Canada, two countries that have had major United States involvement in their PVC industries, have been the two leading sources of PVC imports annually, and represented in the aggregate about 60 percent of the total value in 1988. Imports of PVC from developed countries cover the spectrum of PVC grades but concentrate in the higher performance PVC grade materials. Imports of PVC from developing countries are usually general-purpose materials that enter a variety of end uses. The imported products from all sources are, for the most part, of a type and quality equal to domestic PVC.

The United States accounted for a little over one-fifth of the world's PVC capacity in 1987 when U.S. PVC capacity amounted to 8.5 billion pounds, while capacity in the rest of the world amounted to 31 billion pounds. The U.S. PVC industry has announced it plans to increase its 1989 PVC capacity of 9.6 billion pounds by 16 percent during 1991-92. If this increase occurs, the United States would increase its share of world PVC capacity to nearly one-quarter. PVC capacity worldwide is projected by industry sources to exceed 44 billion pounds by 1995.

Growth in usage of PVC is tied closely to housing starts, which are cyclical in nature since construction is adversely affected by rising interest rates. Therefore, future demand for PVC in the United States will fluctuate with the cycles of the general economy.

### III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	32,249	100	-	**1
Imports from GSP countries:				
Total.....	17,483	54	100	**1
Mexico.....	14,995	46	86	** <sup>(1)</sup>
Israel <sup>2</sup> .....	1,015	3	6	** <sup>(1)</sup>
Brazil.....	643	2	4	** <sup>(1)</sup>
Argentina.....	594	2	3	** <sup>(1)</sup>

<sup>1</sup> Less than 0.5 percent.

<sup>2</sup> Although imports of PVC from Israel are eligible for duty-free entry under the GSP, imports of this item in 1988 from Israel entered duty free under the provisions of the United States-Israel Free Trade Implementation Act of 1985.

Note.--Because of rounding, figures may not add to the total shown.

Comment: The majority of U.S. imports of PVC resins during 1986-88 have been from Mexico, which climbed from 25 percent, by value, of the total in 1984 to 46 percent, by value, of the total in 1988. In 1988, PVC imports from Mexico represented 86 percent of the total imports from GSP countries. Based on the President's determination that Mexico had demonstrated a sufficient degree of competitiveness relative to other beneficiary developed countries, Mexico's status as a GSP source of PVC was changed effective July 1, 1987. Mexico went from the upper competitive-need limit

<sup>1</sup> A paper by G.W. Pearson, Vice President of Plastics, Dow Chemical, entitled "Plastics World Supply and Demand, Restructure or Rebuild?" on Nov. 10, 1987, before the European Chemical Marketing Research Association in Barcelona, Spain.

(50 percent, or \$82,526,480) to the lower competitive-need limit (25 percent, or \$32,221,250). According to one of the petitioners, Grupo Primex, S.A., Mexican PVC resin exports to the United States would not represent a competitive problem for the U.S. PVC producers since Mexico produces 287 million pounds per year and the United States produces over 8.8 billion pounds annually.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

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Ranking as a U.S. import supplier, 1988..... 1 \_\_\_\_\_

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No \_\_\_\_\_

What is the price elasticity of U.S. demand?..... High  Moderate \_\_\_\_\_ Low \_\_\_\_\_

Can production in the country be easily expanded or contracted in the short term?..... Yes  No \_\_\_\_\_

Does the country have significant export markets besides the United States?..... Yes  No \_\_\_\_\_

Could exports from the country be readily redistributed among its foreign export markets?..... Yes  No \_\_\_\_\_

What is the price elasticity of import supply?..... High  Moderate \_\_\_\_\_ Low \_\_\_\_\_

Price level compared with:

U.S. products..... Above \_\_\_\_\_ Equivalent \_\_\_\_\_ Below

Other foreign products..... Above \_\_\_\_\_ Equivalent \_\_\_\_\_ Below

Quality compared with:

U.S. products..... Above \_\_\_\_\_ Equivalent  Below \_\_\_\_\_

Other foreign products..... Above \_\_\_\_\_ Equivalent  Below \_\_\_\_\_

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Comment: The United States is Mexico's leading market for PVC exports, and in 1988, these exports to the United States represented about 5 percent of Mexico's total PVC capacity of about 660 million pounds per year.<sup>1</sup>

Although the quality of imported PVC normally is equal to that of the domestic material, consumers are willing to pay more for the domestic product as the U.S. PVC producers can supply their total product needs, whereas imports can supply but a fraction of the demand. Further, U.S. PVC producers are located throughout the United States and can offer quick, assured delivery. It is only in the Southwestern States, California, and Florida that Mexico can match the delivery schedule of the U.S. PVC producers. Finally, U.S. PVC producers have local technical service facilities that permit quick problem-solving.

An industry source stated that Mexico has an advantage in the price of VCM, which is only about 80 percent of what it costs in the United States.<sup>2</sup> [ \*\*\* ] Industry sources report that VCM represents about 75 percent of the cost of manufacturing PVC. [

\*\*\* ]<sup>3</sup>

<sup>1</sup>Aushandel, Sept. 4, 1987, p. 3.  
<sup>2</sup>Based on information developed during a telephone conversation on Aug. 25, 1989, between an International Trade Commission staff member and an official at B.F. Goodrich Co. (Cleveland, Ohio) a major domestic producer of PVC.  
<sup>3</sup>[

\*\*\* ]

V. Position of interested parties

Petitioner.—Grupo Primex, S.A. de C.V. is one of four Mexican PVC producers. Their petition requests a waiver of the competitive-need limits to imports from Mexico under HTS item 3904.10.00 to which more than one-half of the trade under TSUS item 445.46 has been allocated. They state that Mexican PVC was taken out of the GSP for political reasons (Patent Law), more than for economic aspects. Further, the petitioner considers the United States a natural market for Mexico and vice versa due to their proximity to each other. This is a major reason for the petitioners interest in being in the U.S. market.

Petitioners.—The following four firms submitted a combined petition: Grupo Primex, S.A. de C.V.; Policyd S.A. de C.V.; Polymeros de Mexico, S.A. de C.V.; and, Altaresin, S.A. de C.V. These four companies reportedly comprise the vast majority of Mexican production and exports of PVC resins. The petitioners request that PVC be added as an eligible product for Mexico under the GSP. The petitioners claim that U.S. PVC producers are large, integrated firms that are product-diversified and multinational in scope. Further, the petitioners state that the U.S. market for PVC is large, healthy, and growing. Mexico's PVC industry reportedly imports nearly all of its vinyl chloride monomer from the United States while, in turn, only about [\*\*\*] percent of the value of Mexico's PVC exports went to the United States in 1987 and 1988. Finally, Mexico needs help as it continues to face massive domestic and external problems in its efforts to diversify away from crude petroleum and achieve growth sufficient to deal with important social issues.

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

Opposition.—Shintech, Inc. (Houston, Texas) opposes the reinstatement of GSP status and the waiver of existing competitive need limits for U.S. imports from Mexico of PVC resins. Mexico does not deserve special tariff treatment for three main reasons:

First, Mexico maintains a 10 percent ad valorem tariff on PVC resins imported from the United States. In addition, a 15 percent value added tax is assessed on these shipments.

Second, Mexico is one of seven countries recognized by the Office of U.S. Trade Representative as newly-industrialized countries" (NICs). Of the seven "NICs," four (Singapore, Hong Kong, South Korea and Taiwan) were graduated entirely from the U.S. GSP program last year. Brazil and Mexico are the only two remaining nics in the U.S. program, with Mexico now the largest recipient of U.S. GSP benefits.

Third, petitioner's statement that the European Community grants GSP status to Mexico for its PVC resin exports is somewhat misleading. In fact, the EC places a strict type of tariff-rate quota on such shipments. Once exports from a GSP beneficiary nation exceed five million European Currency Units in value in any given year, the EC considers, and generally implements, requests by member nations to impose most-favored-nation tariffs on shipments from that nation for the remainder of the year.

Opposition.—Georgia Gulf Corp. (Atlanta, Georgia) is a major U.S. producer of PVC resins and opposes GSP reinstatement status on PVC imports from Mexico. Mexican PVC producers can source VCM from either Mexican government subsidized facilities or highly competitive U.S. producers, giving them extremely economical cost positions, not requiring any further incentives. Mexico maintains a 10 percent ad valorem tax on PVC resin imported from the United States, yet requests special treatment in the reverse direction, which is counter to more open trade.

Opposition.—Vista Chemical Company (Houston, Texas) is a major domestic producer of PVC resins. Vista opposes the waiver of competitive need limits for PVC resin imports from Mexico. Vista believes that the elimination of the U.S. tariff on PVC resins should be accompanied by a reciprocal elimination of duties on the part of Mexico. The Mexican PVC industry is well-established and possesses world-scale facilities. Mexico's manufacturers use the same technology

used by major producers around the world and are fully capable of competing with other nations' manufacturers on a cost basis.

Opposition.—Occidental Chemical Corporation (Dallas, Texas) reports that it is the largest domestic producer of PVC resins. Occidental opposes a unilateral tariff reduction. The Mexican PVC industry is a mature industry and possesses world-scale manufacturing facilities utilizing the same technologies found all over the world. Their plants are fully capable of competing with other nations' manufacturers on a cost basis. A unilateral reduction of the U.S. duty is unfair to the U.S. PVC industry.

HTS item No.  
3904.10.00

[Probable economic effect advice deleted.]

[Probable economic effect advice deleted.]

HS item No.  
3904.10.00

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	<u>TSUSA</u> item No. (and allocation)	<u>TSUSA</u> col. 1 rate of duty				
		1984	1985	1986	1987	1988
3904.10.00	445.46.00(60%)	10.1	10.1	10.1	10.1	10.1

Table I.

Digest Title: Polyvinyl chloride, not mixed with any other substance  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Mexico.....	13,448	14,221	12,700	10,774	14,995
Canada.....	19,232	21,480	7,872	5,030	4,258
Japan.....	2,367	2,461	3,360	1,740	3,356
West Germany.....	3,113	2,538	2,415	2,707	2,979
Romania.....	1,130	2,277	1,312	140	1,221
Italy.....	1,477	1,287	1,105	1,161	1,152
Israel.....	1,683	2,309	986	1,286	1,015
Sweden.....	611	1,229	781	756	733
Brazil.....	7,425	1,714	291	0	645
Argentina.....	3	0	0	0	594
France.....	475	1,028	369	418	519
United Kingdom...	407	728	325	31	232
Venezuela.....	0	13	23	37	213
Belgium.....	415	325	404	173	68
Netherlands.....	219	942	141	51	64
All other.....	1,610	2,398	1,092	1,716	207
<b>Total.....</b>	<b>53,615</b>	<b>54,950</b>	<b>33,175</b>	<b>26,307</b>	<b>32,249</b>
<b>GSP Total....</b>	<b>22,597</b>	<b>18,362</b>	<b>14,193</b>	<b>12,747</b>	<b>17,483</b>
<b>GSP+4.....</b>	<b>23,129</b>	<b>19,386</b>	<b>14,856</b>	<b>13,085</b>	<b>17,547</b>
Percent					
Mexico.....	25.1	25.9	38.3	41.0	46.5
Canada.....	35.9	39.1	23.7	19.1	13.2
Japan.....	4.4	4.5	10.1	6.6	10.4
West Germany.....	5.8	4.6	7.3	10.3	9.2
Romania.....	2.1	4.1	4.0	.5	3.8
Italy.....	2.8	2.3	3.3	4.4	3.6
Israel.....	3.1	4.2	3.0	4.9	3.1
Sweden.....	1.1	2.2	2.4	2.9	2.3
Brazil.....	13.8	3.1	.9	.0	2.0
Argentina.....	1/	.0	.0	.0	1.8
France.....	.9	1.9	1.1	1.6	1.6
United Kingdom...	.8	1.3	1.0	1.2	.7
Venezuela.....	.0	1/	.1	.1	.7
Belgium.....	.8	.6	1.2	.7	.2
Netherlands.....	.4	1.7	.4	.2	.2
All other.....	3.0	4.4	3.3	6.5	.6
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>42.1</b>	<b>33.4</b>	<b>42.8</b>	<b>48.5</b>	<b>54.2</b>
<b>GSP+4.....</b>	<b>43.1</b>	<b>35.3</b>	<b>44.8</b>	<b>49.7</b>	<b>54.4</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

Table II.

Digest Title: Polyvinyl chloride, not mixed with any other substance  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Taiwan.....	248	117	1,904	10,725	34,333
Canada.....	12,687	9,519	16,411	21,448	29,675
Hong Kong.....	3,025	1,657	6,067	7,569	19,102
New Zealand.....	6,687	6,057	8,910	10,986	11,105
Belgium.....	12,833	12,179	10,374	10,210	10,607
Costa Rica.....	1,083	1,100	3,040	5,422	10,178
Japan.....	6,069	6,216	7,343	10,104	10,046
Venezuela.....	9,131	4,607	2,924	3,516	8,845
Netherlands.....	8,269	2,863	3,112	2,805	5,033
Korea.....	1,631	1,771	2,441	4,444	4,237
Philippines.....	430	208	1,397	2,312	4,167
Australia.....	1,742	1,480	1,371	1,623	4,165
Ecuador.....	2,036	724	4,512	5,197	3,835
Singapore.....	1,862	991	885	2,281	3,440
Mexico.....	1,724	1,903	1,973	3,081	3,261
All other.....	32,207	21,876	25,744	21,791	29,309
<b>Total.....</b>	<b>101,663</b>	<b>73,269</b>	<b>98,407</b>	<b>123,515</b>	<b>191,346</b>
<b>GSP Total....</b>	<b>28,646</b>	<b>17,868</b>	<b>25,390</b>	<b>33,901</b>	<b>50,160</b>
<b>GSP+4.....</b>	<b>35,412</b>	<b>22,405</b>	<b>36,688</b>	<b>58,920</b>	<b>111,280</b>
Percent					
Taiwan.....	.2	.2	1.9	8.7	17.9
Canada.....	12.5	13.0	16.7	17.4	15.5
Hong Kong.....	3.0	2.3	6.2	6.1	10.0
New Zealand.....	6.6	8.3	9.1	8.9	5.8
Belgium.....	12.6	16.6	10.5	8.3	5.5
Costa Rica.....	1.1	1.5	3.1	4.4	5.3
Japan.....	6.0	8.5	7.5	8.2	5.3
Venezuela.....	9.0	6.3	3.0	2.8	4.6
Netherlands.....	8.1	3.9	3.2	2.3	2.6
Korea.....	1.6	2.4	2.5	3.6	2.2
Philippines.....	.4	.3	1.4	1.9	2.2
Australia.....	1.7	2.0	1.4	1.3	2.2
Ecuador.....	2.0	1.0	4.6	4.2	2.0
Singapore.....	1.8	1.4	.9	1.8	1.8
Mexico.....	1.7	2.6	2.0	2.5	1.7
All other.....	31.7	29.9	26.2	17.6	15.3
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>28.2</b>	<b>24.4</b>	<b>25.8</b>	<b>27.4</b>	<b>26.2</b>
<b>GSP+4.....</b>	<b>34.8</b>	<b>30.6</b>	<b>37.3</b>	<b>47.7</b>	<b>58.2</b>

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

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



DIGEST NO. 3912.20.00

CELLULOSE NITRATES

Cellulose Nitrates<sup>1</sup>

I. Introduction

Col. 1 rate of duty: 5.2%  
 Type of action proposed (check one):  
 Addition of GSP:         
 Removal from GSP: X  
 Country graduation:         
 Competitive-need-limit waiver:         
 Non-eligible GSP countries: None.  
 Current competitive-need-limit waivers: None.  
 Current "sufficiently competitive" designation: None.  
 U.S. production on Jan. 3, 1985? Yes X No       .

Description and uses: Cellulose nitrate (hereinafter referred to as nitrocellulose) is a plastic material prepared commercially by reacting cellulose, from cotton linters or wood pulp, with an aqueous mixture of nitric acid and sulfuric acid. Industrial nitrocellulose (or simply, nitrocellulose) is used principally in the manufacture of fast-drying, durable lacquer coatings. These lacquers have been used for many years by the furniture industry because of their ease of application, fast drying and ease of repairability.<sup>2</sup> Nitrocellulose is also used to a smaller extent for explosives and propellants, inks, and plastics. Since it is hazardous to ship or store nitrocellulose in the dry form because of its flammable and even explosive nature, it is usually shipped or stored wet with 30 percent or more alcohol as required by the U.S. Department of Transportation.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	1	1	1	1	1	0
Employment (thousand employees).....	[***]	[***]	[***]	[***]	[***]	[***]
Production (millions of dollars).....	[***]	[***]	[***]	[***]	[***]	[***]
Exports (millions of dollars).....	19	17	16	22	23	5
Imports (million of dollars).....	11	14	12	13	11	0
Consumption (million of dollars).....	[***]	[***]	[***]	[***]	[***]	[***]
Import to consumption ratio (percent)..	[***]	[***]	[***]	[***]	[***]	[***]
Capacity utilization (percent).....	[***]	[***]	[***]	[***]	[***]	[***]

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

Comment: Since 1978, Hercules, Inc. (Wilmington, DE) has been the only U.S. producer of nitrocellulose. Hercules is a multinational, multiproduct firm headquartered in the United States.

<sup>1</sup>The petitioner, Hercules, Inc., filed an antidumping case on industrial nitrocellulose with the Commission on Sept. 19, 1989 (investigation 731-TA-439-445(preliminary)).

<sup>2</sup>There is another, quite different type of nitrocellulose known as smokeless nitrocellulose, or guncotton. Smokeless nitrocellulose is used in explosives and is generally more viscous and higher in nitrogen content (12.6 to 13.4 percent compared with 10.8 to 12.2 percent) than is industrial nitrocellulose. Both the industrial and explosive nitrocellulose are produced in similar equipment up through the nitration step. Beyond nitration, however, the facilities for industrial and explosive nitrocellulose are distinct. Smokeless nitrocellulose is not included within the scope of this petition. Trade in smokeless nitrocellulose is believed to be negligible or nil.

The company has 26,000 employees worldwide and, in 1988, its net sales were in excess of \$2.8 billion.

Hercules has produced nitrocellulose at a plant in Parlin, NJ, for over 65 years. Nitrocellulose was the first of the modern resins (1868) and initially replaced natural material, such as shellac. Many of the uses for nitrocellulose are now mature and newer, more economical petrochemical-based synthetic thermoplastics have made inroads into the markets for nitrocellulose.

Hercules nitrocellulose capacity has remained unchanged at [\*\*\*] million pounds in recent years and, to date, the firm has not announced any expansion plans. Environmental considerations have to be weighed in any expansion decision as environmental regulations was one of the two main reasons cited by Dupont (Wilmington, DE) for discontinuing production of nitrocellulose at the end of 1977.<sup>1</sup> The other major reason cited by DuPont was that the nitrocellulose market would continue to shrink in future years.

World capacity for nitrocellulose outside of the United States is estimated by industry sources at about 280 million pounds annually. Industry sources project that nitrocellulose capacity outside the United States will increase by about [\*\*\*] percent when the Brazilian firm Cia. Nitro Quimica Brasilure increases its annual capacity for this product from about [\*\*\*] million pounds to about [\*\*\*] million pounds.

### III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	10,901	100	-	[***]
Imports from GSP countries:				
Total.....	2,686	25	100	[***]
Yugoslavia.....	1,993	18	74	[***]
Brazil.....	694	6	26	[***]

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

Comment: The majority of U.S. imports of nitrocellulose in 1988 were supplied by the United Kingdom (32 percent) and West Germany (21 percent). West Germany has long been among the leading sources of nitrocellulose, but the United Kingdom was a very minor source (i.e., 1 percent) in 1984 and grew rapidly to become the leading source (i.e., 21 percent) in 1987. One of Europe's leading producers of cellulose plastic materials is headquartered in the United Kingdom, and two of the major producers of cellulose plastics are located in West Germany. All three are multinational, multiproduct firms that have chemical operations in the United States.

During 1984-88, GSP share of U.S. nitrocellulose imports increased sharply from 10 to 12 percent of the total value in 1984-87 to 25 percent of the total value in 1988. Yugoslavia is not only the leading GSP source of nitrocellulose but, in 1988, was third overall in the value of imports at nearly \$2.0 million. This represents an increase of nearly 80 percent during 1984-89, or an average annual growth rate of about 16 percent.

Brazil's share of the value of U.S. nitrocellulose imports increased by more than 1550 percent from less than 1 percent of the total in 1985 (\$42,000) to more than 6 percent of the total (\$694,000) in 1988.

<sup>1</sup> Nitrocellulose From France, 731-TA-96 (final), USITC Publication 1409, July 1983, pp A-6 and A-7.

The petitioner claims that both Brazil and Yugoslavia have highly developed nitrocellulose industries capable of competing in the global marketplace. Both of these countries have successfully exported nitrocellulose to other countries in recent years while simultaneously increasing their share of the U.S. nitrocellulose market.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Yugoslavia for all digest products

Ranking as a U.S. import supplier, 1988..... 3

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted in the short term?..... Yes  No

Does the country have significant export markets besides the United States?..... Yes  No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Comment: The petitioner reports that nitrocellulose from Yugoslavia is of a quality that has permitted the product to successfully enter the world market. However, domestic consumers are willing to pay the higher price for the domestic nitrocellulose for most of their needs to ensure quick delivery, timely technical service on product problems, and to guarantee a future domestic supply of nitrocellulose in the event of some unforeseen occurrence.

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1988..... 5

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted in the short term?..... Yes  No

Does the country have significant export markets besides the United States?..... Yes  No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Comment: The petitioner reports that the nitrocellulose from Brazil is of very high quality as the nitrocellulose producer in Brazil has modernized its facilities and is now using advanced

European technology, which is comparable with any in the world. Again, consumers are willing to pay more for domestic nitrocellulose to ensure future supplies on a timely basis and a readily available domestic technical service in the event of product problems.

V. Position of interested parties

Petitioner.—The petitioner, Hercules, Inc., is requesting this review because GSP imports of nitrocellulose increased over 140 percent, by value, during 1984–88, virtually all of which entered from Brazil and Yugoslavia. In 1988, GSP imports represented 25 percent of total imports. The petitioner states that both Brazil and Yugoslavia have highly developed nitrocellulose industries capable of competing in the global market place. Further, the domestic nitrocellulose industry is import sensitive and the U.S. industry is facing severe price undercutting by and losing substantial business to Brazilian and Yugoslavian suppliers. Brazilian and Yugoslavian importers have adopted an aggressive price-undercutting marketing approach to increase their share of the U.S. nitrocellulose market. This severe price undercutting has created a strong downward pressure on domestically produced nitrocellulose prices. The petitioner claims that future investment in the domestic industry depends on a reasonable return on investment, which, in turn precludes aggressive price undercutting marketing approach (by the importers) to increase their share of the U.S. nitrocellulose market.

Opposition.—Companhia Nitro Quimica Brasileira (Nitro Quimica) opposes the removal of industrial nitrocellulose from eligibility under the GSP. In its brief, Nitro Quimica cites its objection to this petition for the following main reasons:

- (1) Hercules dominates the U.S. market for industrial nitrocellulose and dictates U.S. prices;
- (2) Hercules has driven U.S. prices of industrial nitrocellulose above major foreign market prices for this product;
- (3) Imports provide an essential secondary source of supply of industrial nitrocellulose for U.S. consumers; and,
- (4) Imports from Brazil and Yugoslavia increased in 1988 to fill the shortfall left by sharply declining imports from other sources.

Opposition.—Reliance Universal Inc. (Louisville, KY) in its brief states that it has been purchasing Yugoslavian nitrocellulose for a number of years. Reliance uses this material in the preparation of lacquers in the furniture and kitchen cabinet industries. Reliance claims that Hercules increased the price of its nitrocellulose in 1988 and announced another price increase in 1989. Reliance claims that these price increases have led to restricted markets owing to the mature nature of nitrocellulose and nitrocellulose end products. Therefore, Reliance substantially increased its purchases of Yugoslavian nitrocellulose in 1988 from 1986–87 levels to stay competitive; otherwise, Reliance claims that the U.S. end users of nitrocellulose lacquers would be forced to evaluate alternate systems using less nitrocellulose.

Opposition.—Impex Overseas Corporation, agent for Vartex-Vartimpeks, Foreign Trade Organization, and Milan Blagojevic of Yugoslavia, manufacturer of industrial-grade nitrocellulose, oppose removal of this product from eligibility under the GSP. In the brief, Impex Overseas Corporation and Milan Blagojevic cite their objection to this petition for the following reasons:

- (1) That the statistical data do not demonstrate that Yugoslavian industrial-grade nitrocellulose should be removed from the GSP;
- (2) That Milan Blagojevic and the nation of Yugoslavia require GSP benefits for this product;
- (3) That Hercules is not unduly affected by GSP imports from Yugoslavia of industrial-grade nitrocellulose; and,

(4) That removal of GSP Benefits for Yugoslavia will not open up the U.S. market for other beneficiary developing countries.

Opposition.—Tennessee Technical Coatings Corp. (Lewisburg, TN) believes that it is necessary for foreign nitrocellulose suppliers both to supply product, if Hercules should have a production problem, and also to provide a competitive-price market. If Hercules is granted this petition, they, in effect, will be setting the price not only for their own product but also for nitrocellulose which is produced by foreign manufacturers. Therefore, Tennessee Technical Coatings Corp. opposes the petition by Hercules.

Opposition.—The Yugoslavian Government opposes the Hercules petition since the production and exports of nitrocellulose products reportedly are very important to that country's economy, trade, and balance of payments.

[Probable economic effect advice deleted.]

HTS item No.  
3912.20.00

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation)	TSUSA col. 1 rate of duty				
		1984	1985	1986	1987	1988
3912.20.00	445.25.00 (90%)	6.4	6	5.6	5.2	5.2

Table I.

Digest Title: Cellulose nitrates  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
United Kingdom...	151	1,598	2,050	2,708	3,462
West Germany.....	2,057	2,334	2,867	2,385	2,336
Yugoslavia.....	1,110	1,565	1,271	1,441	1,993
Japan.....	2,727	3,515	1,743	1,880	760
Brazil.....	1/	42	138	164	694
France.....	4,582	4,556	2,842	2,452	496
Sweden.....	94	280	353	465	278
Finland.....	0	0	0	2	270
China.....	0	96	444	773	262
Canada.....	14	58	76	306	105
Netherlands.....	46	39	35	59	74
Italy.....	3	2	44	118	72
Korea.....	28	37	0	116	70
New Zealand.....	0	0	0	0	13
Switzerland.....	1	0	21	83	13
All other.....	32	65	252	100	5
<b>Total.....</b>	<b>10,845</b>	<b>14,185</b>	<b>12,138</b>	<b>13,052</b>	<b>10,901</b>
<b>GSP Total....</b>	<b>1,111</b>	<b>1,649</b>	<b>1,509</b>	<b>1,614</b>	<b>2,686</b>
<b>GSP+4.....</b>	<b>1,155</b>	<b>1,691</b>	<b>1,601</b>	<b>1,802</b>	<b>2,756</b>
Percent					
United Kingdom...	1.4	11.3	16.9	20.7	31.8
West Germany.....	19.0	16.5	23.6	18.3	21.4
Yugoslavia.....	10.2	11.0	10.5	11.0	18.3
Japan.....	25.1	24.8	14.4	14.4	7.0
Brazil.....	1/	.3	1.1	1.3	6.4
France.....	42.3	32.1	23.4	18.8	4.6
Sweden.....	.9	2.0	2.9	3.6	2.5
Finland.....	.0	.0	.0	1/	2.5
China.....	.0	.7	3.7	5.9	2.4
Canada.....	.1	.4	.6	2.3	1.0
Netherlands.....	.4	.3	.3	.5	.7
Italy.....	1/	1/	.4	.9	.7
Korea.....	.3	.3	.0	.9	.6
New Zealand.....	.0	.0	.0	.0	.1
Switzerland.....	1/	.0	.2	.6	.1
All other.....	.3	.5	2.1	.8	1/
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>10.2</b>	<b>11.6</b>	<b>12.4</b>	<b>12.4</b>	<b>24.6</b>
<b>GSP+4.....</b>	<b>10.6</b>	<b>11.9</b>	<b>13.2</b>	<b>13.8</b>	<b>25.3</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

Table II.

Digest Title: Cellulose nitrates  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
West Germany.....	234	673	425	680	3,605
Canada.....	4,532	3,962	3,674	3,974	3,232
Mexico.....	1,543	3,741	3,805	5,200	2,608
Hong Kong.....	299	568	1,669	1,707	1,933
France.....	410	465	527	643	1,623
Japan.....	469	253	702	1,206	1,298
United Kingdom...	358	813	441	1,029	1,137
Taiwan.....	434	422	725	1,203	1,115
Colombia.....	593	1,223	266	1,159	780
Italy.....	102	181	233	287	705
Netherlands.....	584	333	607	502	680
Korea.....	382	388	741	762	547
Spain.....	141	132	160	441	524
Switzerland.....	82	48	144	202	369
Thailand.....	86	53	105	234	294
All other.....	8,447	3,520	1,939	2,434	2,569
<b>Total.....</b>	<b>18,696</b>	<b>16,775</b>	<b>16,163</b>	<b>21,663</b>	<b>23,018</b>
<b>GSP Total....</b>	<b>3,434</b>	<b>5,870</b>	<b>5,579</b>	<b>7,818</b>	<b>5,431</b>
<b>GSP+4.....</b>	<b>4,644</b>	<b>7,302</b>	<b>8,827</b>	<b>11,584</b>	<b>9,096</b>
Percent					
West Germany.....	1.3	4.0	2.6	3.1	15.7
Canada.....	24.2	23.6	22.7	18.3	14.0
Mexico.....	8.3	22.3	23.5	24.0	11.3
Hong Kong.....	1.6	3.4	10.3	7.9	8.4
France.....	2.2	2.8	3.3	3.0	7.1
Japan.....	2.5	1.5	4.3	5.4	5.6
United Kingdom...	1.9	4.8	2.7	4.7	4.9
Taiwan.....	2.3	2.5	4.5	5.6	4.8
Colombia.....	3.2	7.3	1.6	5.4	3.4
Italy.....	.5	1.1	1.4	1.3	3.1
Netherlands.....	3.1	2.0	3.8	2.3	3.0
Korea.....	2.0	2.3	4.6	3.5	2.4
Spain.....	.8	.8	1.0	2.0	2.3
Switzerland.....	.4	.3	.9	.9	1.6
Thailand.....	.5	.3	.6	1.1	1.3
All other.....	45.2	21.0	12.0	11.2	11.2
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>18.4</b>	<b>35.0</b>	<b>34.5</b>	<b>36.1</b>	<b>23.6</b>
<b>GSP+4.....</b>	<b>24.8</b>	<b>43.5</b>	<b>54.6</b>	<b>53.5</b>	<b>39.5</b>

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

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



DIGEST NO. 4818.10.00

TOILET PAPER

Toilet Paper

I. Introduction

Col. 1 rate of duty: 5.3 %  
Type of action proposed (check one):  
Addition of GSP:   
Removal from GSP:   
Country graduation:   
Competitive-need-limit waiver:  (Country--Mexico)  
Non-eligible GSP country: Mexico  
Current competitive-need-limit waivers: None  
Current "sufficiently competitive" designation: None  
U.S. production on Jan. 3, 1985? Yes  No .

Description and uses: The toilet paper described herein has been cut-to-size in rolls or in sheets not exceeding 36 centimeters (or 14.2 inches) in width. Similar material and stock that exceeds 36 centimeters is classified under HTS heading 4803. There are many types of toilet paper; the main differences are the type of base stock used and the finish given to the tissue. About the only characteristic common to all these cut-to-size toilet papers is their gauzy texture. Desirable properties for toilet papers include softness, absorbency, cleanliness, adequate strength, and disposability. The fibers that go into toilet paper can be obtained through chemical, mechanical or a combination of chemical and mechanical pulping processes. Furthermore, for some grades, a certain amount of recycled fibers may be used. The pulp mixtures used for toilet paper are similar to those used for facial tissues, napkin stock and similar tissue papers. The articles covered herein undergo varying finishing operations near the end of the papermaking process in order to achieve their particular degree of marketability. The finishing operations that impart uniqueness to the specific tissues are performed just prior to perforation, slitting, winding, cutting, trimming, and packing operations. Some of the more common finishes for toilet papers include: semi-creped, embossed, dry-creped, and unfinished (or plain).

II. U.S. market profile

The products classified under this digest fall under SIC 2647, sanitary paper products. Furthermore, the articles classified herein comprise about 39 percent of what is commonly known as the tissue industry. (There is considerable overlap but not a one-to-one correspondence between U.S. Department of Commerce's SIC 2647 and the domestic industry's definition of the tissue industry.)

The domestic pulp and paper industry is significantly integrated both vertically and horizontally. Many pulp and paper companies own large tracts of forest land from which they harvest raw material (trees) and many own a substantial portion of their paper distribution network. Furthermore, some of the large pulp and paper companies produce several different types of papers (e.g., tissue grades, newsprint, packaging grades, market pulp, and printing/writing grades). Consequently the companies that produce the tissue grades covered herein may also produce other grades, and their strategic mix of papers may vary from one year to the next. The largest four companies in the tissue industry (each has several production facilities) are [\*\*\*]. In 1988, the top 5 tissue companies had about 75 percent of the domestic market and the top 10 companies had about 90 percent of the market.

It is estimated that 30 firms produce toilet papers classified herein, and it is believed that the vast majority of these firms can also produce other tissue papers (primarily those tissue papers encompassed in the two adjacent paper digests: 4818.20 -- paper towels and facial tissues; and 4818.30 -- paper tablecloths and napkins).

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (firms <sup>2</sup> ) .....	**30	**30	**30	**30	**30	** (3)
Employment (thousand employees <sup>2</sup> ).....	**9	**9	**9	**9	**9	** (3)
Shipments (millions of dollars).....	*2,350	*2,450	*2,580	*2,710	*2,910	*5.5
Exports (millions of dollars).....	6	5	5	6	12	18.2
Imports (millions of dollars). <sup>4</sup> .....	4	12	17	20	23	52.6
Consumption (millions of dollars).....	*2,350	*2,460	*2,590	*2,720	*2,920	*5.6
Import to consumption ratio (percent)..	*(3)	*(3)	*1	*1	*1	*46.4
Capacity utilization (percent <sup>2</sup> ).....	*93	*92	*93	*95	*95	*0.4

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup> Firms that produce the articles covered under this digest comprise a portion of what is commonly known as the tissue industry. As well as producing the articles covered herein, most of these firms concurrently produce articles covered in two other adjacent paper digests (i.e., 4818.20.00 and 4818.30.00). The employment estimate, however, is that employment (in man-years) estimated to be committed to production of toilet paper.

<sup>3</sup> Less than 0.05 percent.

<sup>4</sup> Import statistics are derived. Two TSUSA numbers were proportionally allocated among this HTS number (4818.10.00) and two other HTS numbers (4818.20.00 and 4818.30.00).

<sup>5</sup> Less than 0.5 percent.

Comment: Domestic tissue producers are predominantly occupied in supplying a large domestic market. The products are highly competitive and unlike other sectors within the pulp and paper industry, these products largely compete in the consumer products arena (versus the commercial and industrial arenas). Aside from pricing, products compete on quality (i.e., increased softness via improved crepeing operations) and innovativeness (i.e., consumer packages of more marketable quantities, altogether new disposable tissue products, etc.).

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
		<u>1,000 dollars</u>		
Total.....	23,037	100	-	*1
Imports from GSP countries:				
Total.....	17,601	76	100	*1
Mexico.....	13,925	60	79	*(1)
Venezuela.....	1,888	8	11	*(1)
Costa Rica.....	714	3	4	*(1)
Neth. Antilles.....	566	2	3	*(1)

<sup>1</sup> Less than 0.5 percent.

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

Comment: All import statistics are derived; 30 percent of past trade collected under two TSUSA numbers were allocated to this grouping (HTS item 4818.10.00). Furthermore, because of the inextricable nature of the articles classified herein and the articles classified under the other two tissue paper digests, the Commission staff suggests that USTR deal with these three digests in the same manner.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

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Ranking as a U.S. import supplier, 1988.....   1  

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes   X   No     

What is the price elasticity of U.S. demand?..... High   X   Moderate      Low     

Can production in the country be easily expanded or contracted in the short term?..... Yes      No   X  

Does the country have significant export markets besides the United States?..... Yes      No   X  

Could exports from the country be readily redistributed among its foreign export markets?..... Yes      No   X  

What is the price elasticity of import supply?..... High      Moderate   X   Low     

Price level compared with:

U.S. products..... Above      Equivalent   X   Below     

Other foreign products..... Above      Equivalent   X   Below     

Quality compared with:

U.S. products..... Above      Equivalent   X   Below     

Other foreign products..... Above      Equivalent   X   Below     

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V. Position of interested parties

Petitioner.—The petition was filed on behalf of two large domestic tissue paper companies— [      <sup>\*\*\*</sup>      ] and their Mexican affiliates. The petitioners request a waiver of the 50 percent competitive-needs limit for tissue papers entering under this HTS item (4818.10.00) and two other HTS item numbers (4818.20.00 and 4818.30.00). Furthermore, the petitioners state that GSP eligibility was lost (e.g., reaching the competitive-needs limit) solely as a result of the January 1, 1989, tariff conversion (from TSUS to HTS). They assert that the derived import statistics for the more specific HTS item number (4818.10.00) came from two less specific seven-digit TSUSA item numbers. In past years, reaching the competitive-needs limit was never an issue, since the criteria was based on a much broader group — five-digit TSUS item numbers (two each). The petitioner is aware that the current level of imports entering under this HTS heading, 4818.10.10, will likely exceed the competitive-needs limit for 1989. During the first six months of 1989, imports from Mexico accounted for about 75 percent of total U.S. imports under HTS heading 4818.10.00. These same articles, under the TSUS, would have entered under a larger and much less-specific classification. Subsequently, aside from requesting a waiver of the 50 percent competitive-needs limit, the petitioner further requests that their current imports entering under the HTS heading (4818.10.00) be granted the same treatment that these products received under the TSUS. The petitioners also request a retroactive waiver dating back to January 1, 1989, and that their request be considered expeditiously.

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

HTS item No.  
4818.10.00

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation)	TSUSA col. 1 rate of duty				
		1984	1985	1986	1987	1988
4818.10.00	256.30.10 (30%)	5.3	4.7	4.1	3.6	3
	256.90.10 (30%)	6.9	6.5	6.1	5.7 <sup>1</sup>	( <sup>2</sup> )
	256.95.10 (30%)	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	5.7 <sup>1</sup>	5.3

<sup>1</sup>During 1987, articles previously classified under TSUS item 256.90 were reclassified under newly adopted TSUS item 256.95

<sup>2</sup>Not applicable.

Table I.

Digest Title: Toilet paper  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Mexico.....	1,400	5,979	8,701	10,421	13,925
Canada.....	1,544	2,611	2,307	3,161	2,407
Venezuela.....	347	1,468	2,588	2,619	1,888
Costa Rica.....	0	19	210	428	714
Netherlands Ant..	0	0	180	208	566
France.....	86	66	40	156	553
China.....	2	0	33	176	468
Japan.....	61	100	151	231	390
Sweden.....	257	494	615	606	379
West Germany.....	70	184	322	237	290
Colombia.....	1/	118	337	503	290
Hong Kong.....	39	244	470	489	285
Netherlands.....	164	315	210	198	227
United Kingdom...	19	136	133	51	124
Malaysia.....	1/	0	54	91	100
All other.....	253	381	476	554	431
<b>Total.....</b>	<b>4,244</b>	<b>12,115</b>	<b>16,825</b>	<b>20,130</b>	<b>23,037</b>
<b>GSP Total....</b>	<b>1,790</b>	<b>7,676</b>	<b>12,179</b>	<b>14,383</b>	<b>17,601</b>
<b>GSP+4.....</b>	<b>1,871</b>	<b>7,980</b>	<b>12,716</b>	<b>14,933</b>	<b>17,980</b>
Percent					
Mexico.....	33.0	49.4	51.7	51.8	60.4
Canada.....	36.4	21.5	13.7	15.7	10.4
Venezuela.....	8.2	12.1	15.4	13.0	8.2
Costa Rica.....	.0	.2	1.3	2.1	3.1
Netherlands Ant..	.0	.0	1.1	1.0	2.5
France.....	2.0	.5	.2	.8	2.4
China.....	1/	.0	.2	.9	2.0
Japan.....	1.4	.8	.9	1.1	1.7
Sweden.....	6.1	4.1	3.7	3.0	1.6
West Germany.....	1.6	1.5	1.9	1.2	1.3
Colombia.....	1/	1.0	2.0	2.5	1.2
Hong Kong.....	.9	2.0	2.8	2.4	1.2
Netherlands.....	3.9	2.6	1.2	1.0	1.0
United Kingdom...	.5	1.1	.8	.7	.5
Malaysia.....	1/	.0	.3	.5	.4
All other.....	6.0	3.1	2.8	2.8	1.9
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>42.2</b>	<b>63.4</b>	<b>72.4</b>	<b>71.5</b>	<b>76.4</b>
<b>GSP+4.....</b>	<b>44.1</b>	<b>65.9</b>	<b>75.6</b>	<b>74.2</b>	<b>78.0</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

Table II.

Digest Title: Toilet paper  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Mexico.....	279	859	777	973	5,530
Canada.....	1,655	1,602	1,867	2,893	2,780
Bahamas.....	610	311	270	338	727
Haiti.....	47	73	55	380	563
Dominican Rep....	106	151	81	179	234
Bermuda.....	241	282	306	269	168
Panama.....	312	130	193	96	149
Nigeria.....	530	88	0	0	143
St Lucia.....	0	0	0	0	127
Saudi Arabia.....	555	401	99	18	112
Cayman Is.....	119	113	95	96	111
Japan.....	21	15	14	39	106
Barbados.....	38	6	222	8	103
Antigua.....	0	0	0	0	85
Hong Kong.....	23	11	64	74	71
All other.....	1,496	655	498	748	765
<b>Total.....</b>	<b>6,033</b>	<b>4,698</b>	<b>4,541</b>	<b>6,110</b>	<b>11,773</b>
<b>GSP Total....</b>	<b>2,719</b>	<b>2,234</b>	<b>2,232</b>	<b>2,592</b>	<b>8,237</b>
<b>GSP+4.....</b>	<b>2,790</b>	<b>2,256</b>	<b>2,320</b>	<b>2,683</b>	<b>8,363</b>
Percent					
Mexico.....	4.6	18.3	17.1	15.9	47.0
Canada.....	27.4	34.1	41.1	47.3	23.6
Bahamas.....	10.1	6.6	6.0	5.5	6.2
Haiti.....	.8	1.6	1.2	6.2	4.8
Dominican Rep....	1.8	3.2	1.8	2.9	2.0
Bermuda.....	4.0	6.0	6.7	4.4	1.4
Panama.....	5.2	2.8	4.2	1.6	1.3
Nigeria.....	8.8	1.9	.0	.0	1.2
St Lucia.....	.0	.0	.0	.0	1.1
Saudi Arabia.....	9.2	8.5	2.2	.3	1.0
Cayman Is.....	2.0	2.4	2.1	1.6	.9
Japan.....	.4	.3	.3	.6	.9
Barbados.....	.6	.1	4.9	.1	.9
Antigua.....	.0	.0	.0	.0	.7
Hong Kong.....	.4	.2	1.4	1.2	.6
All other.....	24.8	13.9	11.0	12.2	6.5
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>45.1</b>	<b>47.6</b>	<b>49.1</b>	<b>42.4</b>	<b>70.0</b>
<b>GSP+4.....</b>	<b>46.2</b>	<b>48.0</b>	<b>51.1</b>	<b>43.9</b>	<b>71.0</b>

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

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

DIGEST NO. 4818.20.00

PAPER TOWELS AND FACIAL TISSUES

Paper Towels and Facial Tissues

I. Introduction

Col. 1 rate of duty: 5.3 %  
Type of action proposed (check one):  
Addition of GSP:         
Removal from GSP:         
Country graduation:         
Competitive-need-limit waiver: X (Country--Mexico)  
Non-eligible GSP country: Mexico  
Current competitive-need-limit waivers: None  
Current "sufficiently competitive" designation: None  
U.S. production on Jan. 3, 1985? Yes X No       .

Description and uses: The paper towels and facial tissues described herein have been cut-to-size in rolls or in sheets not exceeding 36 centimeters (or 14.2 inches) in width. Similar material and stock that exceeds 36 centimeters is classified under HTS heading 4803. There are many types of paper towels and facial tissues; the main differences are the type of base stock used and the finish given to the tissue. About the only characteristic common to all these cut-to-size tissue papers is their gauzy texture. Desirable properties for these tissue papers include softness, absorbency, cleanliness, adequate strength, high liquid retention, and disposability. The fibers that go into these papers can be obtained through chemical, mechanical, or a combination of chemical and mechanical pulping processes. Furthermore, for some grades, a certain amount of recycled fibers may be used. The pulp mixtures used for paper towels and facial tissues are similar to those used for toilet papers, napkin stock, and similar tissue papers. The articles covered herein undergo varying finishing operations near the end of the papermaking process in order to achieve their particular degree of marketability. The finishing operations that impart uniqueness to the specific tissues are performed just prior to perforation, slitting, winding, cutting, trimming, and packing operations. Some of the more common finishing operations that are applied to facial tissues are crepeing and scenting.

II. U.S. market profile

The products classified under this digest fall under SIC 2647, sanitary paper products. Furthermore the articles classified herein comprise about 40 percent of what is commonly known as the tissue industry. (There is considerable overlap but not a one-to-one correspondence between U.S. Department of Commerce's SIC 2647 and the domestic industry's definition of the tissue industry.)

The domestic pulp and paper industry is significantly integrated both vertically and horizontally. Many pulp and paper companies own large tracts of forest land from which they harvest raw material (trees) and many own a substantial portion of their paper distribution network. Furthermore, some of the large pulp and paper companies produce several different types of papers (e.g., tissue grades, newsprint, packaging grades, market pulp, printing/writing grades, etc.). Consequently the companies that produce the tissue grades covered herein may also produce other grades, and their strategic mix of papers may vary from one year to the next. The largest four companies in the tissue industry (each has several production facilities) are [   
\*\*\* ]. In 1988, the top 5 tissue companies had about 75 percent of the domestic market and the top 10 companies had about 90 percent of the market.

It is estimated that 27 firms produce the paper towels and facial tissues classified herein and it is believed that the vast majority of these firms can also produce other tissue papers (primarily those tissue papers encompassed in the two adjacent paper digests: 4818.10 -- toilet paper; and 4818.30 -- paper tablecloths and napkins).

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (firms <sup>2</sup> ).....	**27	**27	**27	**27	**27	** <sup>(3)</sup>
Employment (thousand employees <sup>2</sup> ).....	**10	**10	**10	**10	**10	** <sup>(3)</sup>
Shipments (millions of dollars).....	*2,640	*2,750	*2,900	*3,050	*3,280	*5.6
Exports (millions of dollars).....	27	20	21	27	36	7.9
Imports (millions of dollars) <sup>4</sup> .....	6	16	22	27	31	52.6
Consumption (millions of dollars).....	*2,620	*2,750	*2,900	*3,050	*3,270	*5.7
Import to consumption ratio (percent)..	* <sup>(5)</sup>	*1	*1	*1	*1	*43.8
Capacity utilization (percent <sup>2</sup> ).....	*93	*92	*93	*95	*95	*0.4

<sup>1</sup>This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup>Firms that produce the article covered under this digest comprise a portion of what is commonly known as the tissue industry. As well as producing the articles covered herein, most of these firms concurrently produce articles covered in two other adjacent paper digest (e.g., 4818.10.00 and 4818.30.00). The employment estimate, however, is that employment (in man-years) estimated to be committed to production of paper towels and facial tissues.

<sup>3</sup>Less than 0.05 percent.

<sup>4</sup>Import statistics are derived. Two TSUSA numbers were proportionally allocated among this HTS number (4818.20.00) and two other HTS numbers (4818.10.00 and 4818.30.00).

<sup>5</sup>Less than 0.5 percent.

Comment: Domestic tissue producers are predominantly occupied in supplying a large domestic market. The products are highly competitive and, unlike other sectors within the pulp and paper industry, these products largely compete in the consumer products arena (versus the commercial and industrial arenas). Aside from pricing, products compete on quality (i.e., increased softness via of improved crepeing operations) and innovativeness (i.e., consumer packages of more marketable quantities, altogether new disposable tissue products, etc.).

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	30,716	100	-	*1
Imports from GSP countries:				
Total.....	23,467	76	100	*1
Mexico.....	18,566	60	79	*1
Venezuela.....	2,518	8	11	* <sup>(1)</sup>
Costa Rica.....	952	3	4	* <sup>(1)</sup>
Neth. Antilles.....	755	2	3	* <sup>(1)</sup>

<sup>1</sup>Less than 0.5 percent.

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

Comment: All import statistics are derived; 40 percent of past trade collected under two TSUSA numbers were allocated to this grouping (HTS item 4818.20.00). Furthermore, because of the inextricable nature of the articles classified herein and the articles classified under the other two tissue paper digests, the Commission staff suggests that USTR deal with these three digests in the same manner.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

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Ranking as a U.S. import supplier, 1988..... 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted in the short term?..... Yes  No

Does the country have significant export markets besides the United States?..... Yes  No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

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V. Position of interested parties

Petitioner.—The petition was filed on behalf of two large domestic tissue paper companies and their Mexican affiliates — [ \*\*\* ]. The petitioners request a waiver of the 50 percent competitive-needs limit for tissue papers entering under this HTS item (4818.20.00) and two other HTS item numbers (4818.10.00 and 4818.30.00). Furthermore, the petitioners state that GSP eligibility was lost (e.g., reaching the competitive-needs limit) solely as a result of the January 1, 1989 tariff conversion (from TSUS to HTS). They assert that the derived import statistics for the more specific HTS item number (4818.20.00) came from two less specific seven-digit TSUSA item numbers. In past years, reaching the competitive-needs limit was never an issue, since the criteria was based on a much broader group — five-digit TSUS item numbers (two each). Aside from requesting a waiver of the 50 percent competitive-needs limit for this item (and the other two relevant HTS item numbers), the petitioners further request that the aforementioned tissue papers be granted the same treatment under the HTS that was previously granted under the TSUS. These articles, under the TSUS, would have entered under a larger and much less-specific classification; hence, because of the larger classification, they would be in less jeopardy of exceeding a competitive-needs limit. The petitioners also request a retroactive waiver dating back to January 1, 1989, and that their request be considered expeditiously.

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation)	TSUSA col. 1 rate of duty				
		1984	1985	1986	1987	1988
4818.20.00	256.30.10 (40%)	5.3	4.7	4.1	3.6	3
	256.90.10 (40%)	6.9	6.5	6.1	5.7 <sup>1</sup>	( <sup>2</sup> )
	256.95.10 (40%)	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	5.7 <sup>1</sup>	5.3

<sup>1</sup>During 1987, articles previously classified under TSUS item 256.90 were reclassified under newly adopted TSUS item 256.95

<sup>2</sup>Not applicable.

Table I.

Digest Title: Paper towels and facial tissues  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Mexico.....	1,867	7,972	11,602	13,894	18,566
Canada.....	2,059	3,481	3,075	4,215	3,210
Venezuela.....	463	1,958	3,451	3,492	2,518
Costa Rica.....	0	25	280	571	952
Netherlands Ant..	0	0	240	277	755
France.....	115	88	53	208	738
China.....	2	0	45	234	624
Japan.....	82	134	202	309	520
Sweden.....	343	658	820	809	505
West Germany.....	93	246	429	316	387
Colombia.....	1/	157	449	671	386
Hong Kong.....	51	325	626	652	381
Netherlands.....	218	419	279	264	303
United Kingdom...	26	182	177	69	165
Malaysia.....	1/	0	71	121	133
All other.....	338	509	634	738	575
<b>Total.....</b>	<b>5,658</b>	<b>16,153</b>	<b>22,434</b>	<b>26,840</b>	<b>30,716</b>
<b>GSP Total....</b>	<b>2,386</b>	<b>10,234</b>	<b>16,238</b>	<b>19,178</b>	<b>23,467</b>
<b>GSP+4.....</b>	<b>2,495</b>	<b>10,640</b>	<b>16,955</b>	<b>19,911</b>	<b>23,973</b>
Percent					
Mexico.....	33.0	49.4	51.7	51.8	60.4
Canada.....	36.4	21.5	13.7	15.7	10.4
Venezuela.....	8.2	12.1	15.4	13.0	8.2
Costa Rica.....	.0	.2	1.3	2.1	3.1
Netherlands Ant..	.0	.0	1.1	1.0	2.5
France.....	2.0	.5	.2	.8	2.4
China.....	1/	.0	.2	.9	2.0
Japan.....	1.4	.8	.9	1.1	1.7
Sweden.....	6.1	4.1	3.7	3.0	1.6
West Germany.....	1.6	1.5	1.9	1.2	1.3
Colombia.....	1/	1.0	2.0	2.5	1.3
Hong Kong.....	.9	2.0	2.8	2.4	1.2
Netherlands.....	3.9	2.6	1.2	1.0	1.0
United Kingdom...	.5	1.1	.8	.3	.5
Malaysia.....	1/	.0	.3	.5	.4
All other.....	6.0	3.1	2.8	2.8	1.9
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>42.2</b>	<b>63.4</b>	<b>72.4</b>	<b>71.5</b>	<b>76.4</b>
<b>GSP+4.....</b>	<b>44.1</b>	<b>65.9</b>	<b>75.6</b>	<b>74.2</b>	<b>78.0</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

Table II.

Digest Title: Paper towels and facial tissues  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Mexico.....	5,866	4,512	5,359	7,034	9,464
Canada.....	4,968	4,432	5,205	6,630	7,645
Hong Kong.....	1,977	1,493	1,731	2,122	3,882
Bermuda.....	949	927	1,338	1,073	1,916
United Kingdom...	1,638	294	241	925	1,363
Bahamas.....	867	658	547	798	1,116
Saudi Arabia.....	1,916	1,217	663	1,091	1,049
Singapore.....	565	701	665	941	1,006
West Germany.....	807	738	291	488	940
United Arab Em...	450	296	189	367	913
Italy.....	162	240	388	825	842
Dominican Rep....	101	47	324	105	688
Australia.....	142	138	161	242	463
Netherlands.....	338	216	387	417	438
Panama.....	444	263	328	282	380
All other.....	5,620	4,184	3,244	3,327	4,205
<b>Total.....</b>	<b>26,811</b>	<b>20,358</b>	<b>21,062</b>	<b>26,665</b>	<b>36,310</b>
<b>GSP Total....</b>	<b>11,858</b>	<b>8,842</b>	<b>9,959</b>	<b>10,963</b>	<b>15,666</b>
<b>GSP+4.....</b>	<b>14,681</b>	<b>11,075</b>	<b>12,439</b>	<b>14,186</b>	<b>20,899</b>
Percent					
Mexico.....	21.9	22.2	25.4	26.4	26.1
Canada.....	18.5	21.8	24.7	24.9	21.1
Hong Kong.....	7.4	7.3	8.2	8.0	10.7
Bermuda.....	3.5	4.6	6.4	4.0	5.3
United Kingdom...	6.1	1.4	1.1	3.5	3.8
Bahamas.....	3.2	3.2	2.6	3.0	3.1
Saudi Arabia.....	7.1	6.0	3.1	4.1	2.9
Singapore.....	2.1	3.4	3.2	3.5	2.8
West Germany.....	3.0	3.6	1.4	1.8	2.6
United Arab Em...	1.7	1.5	.9	1.4	2.5
Italy.....	.6	1.2	1.8	3.1	2.3
Dominican Rep....	.4	.2	1.5	.4	1.9
Australia.....	.5	.7	.8	.9	1.3
Netherlands.....	1.3	1.1	1.8	1.6	1.2
Panama.....	1.7	1.3	1.6	1.1	1.0
All other.....	21.0	20.6	15.4	12.5	11.6
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>44.2</b>	<b>43.4</b>	<b>47.3</b>	<b>41.1</b>	<b>43.1</b>
<b>GSP+4.....</b>	<b>54.8</b>	<b>54.4</b>	<b>59.1</b>	<b>53.2</b>	<b>57.6</b>

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

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

DIGEST NO. 4818.30.00

PAPER TABLECLOTHS AND NAPKINS

Paper Tablecloths and Napkins

I. Introduction

Col. 1 rate of duty: 5.3 %  
Type of action proposed (check one):  
Addition of GSP:   
Removal from GSP:   
Country graduation:   
Competitive-need-limit waiver:  (Country—Mexico)  
Non-eligible GSP country: Mexico  
Current competitive-need-limit waivers: None  
Current "sufficiently competitive" designation: None  
U.S. production on Jan. 3, 1985? Yes  No .

Description and uses: The paper tablecloths and napkins described herein have been cut-to-size in rolls or in sheets not exceeding 36 centimeters (or 14.2 inches) in width. Similar material and stock that exceeds 36 centimeters is classified under HTS heading 4803. There are many types of paper tablecloths and napkins; the main differences are the type of base stock used and the finish given to the tissue. About the only characteristic common to all these cut-to-size tissues papers is their gauzy texture. Desirable properties for these tissue papers include absorbency, adequate strength, high-liquid retention, and disposability. The fibers that go into these papers can be obtained through chemical, mechanical, or a combination of chemical and mechanical pulping processes. Furthermore, for some grades, a certain amount of recycled fibers may be used. The pulp mixtures used for napkins and paper tablecloths are similar to those used for toilet papers, facial tissues, paper towels and similar tissue papers. The articles covered herein undergo varying finishing operations near the end of the papermaking process in order to achieve their particular degree of marketability. The finishing operations that impart uniqueness to the specific tissues are performed just prior to perforation, slitting, winding, cutting, trimming and packing operations. Some of the common finishes for napkins include: semi-creped, embossed, and dry-creped.

II. U.S. market profile

The products classified under this digest fall under SIC 2647, sanitary paper products. Furthermore the articles classified herein comprise about 13 percent of what is commonly known as the tissue industry. (There is considerable overlap but not a one-to-one correspondence between U.S. Department of Commerce's SIC 2647 and the domestic industry's definition of the tissue industry.)

The domestic pulp and paper industry is significantly integrated both vertically and horizontally. Many pulp and paper companies own large tracts of forest land from which they harvest raw material (trees) and many own a substantial portion of their paper distribution network. Furthermore, some of the large pulp and paper companies produce several different types of papers (e.g., tissue grades, newsprint, packaging grades, market pulp, printing/writing grades, etc.). Consequently the companies that produce the tissue grades covered herein may also produce other grades, and their strategic mix of papers may vary from one year to the next. The largest four companies in the tissue industry (each has several production facilities) are [ <sup>\*\*\*</sup> ]. In 1988, the top 5 tissue companies had about 75 percent of the domestic market and the top 10 companies had about 90 percent of the market.

It is estimated that 36 firms produce the paper tablecloths and napkins classified herein and it is believed that the vast majority of these firms can also produce other tissue papers (primarily those tissue papers encompassed in the two adjacent paper digests: 4818.10 — toilet paper; and 4818.20 — paper towels and facial tissues).

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (firms <sup>2</sup> ) .....	**36	**36	**36	**36	**36	** <sup>(3)</sup>
Employment (thousand employees <sup>2</sup> ).....	**4	**4	**4	**4	**4	** <sup>(3)</sup>
Shipments (millions of dollars).....	*880	*920	*970	*1,020	*1,090	*5.5
Exports (millions of dollars).....	5	4	3	5	6	1.4
Imports (millions of dollars) <sup>4</sup> .....	4	12	17	20	23	52.6
Consumption (millions of dollars).....	*880	*930	*980	*1,030	*1,110	*6.0
Import to consumption ratio (percent)..	* <sup>(5)</sup>	*1	*2	*2	*2	*53.1
Capacity utilization (percent <sup>2</sup> ).....	*93	*92	*93	*95	*95	*0.4

<sup>1</sup>This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup>Firms that produce the article covered under this digest comprise a portion of what is commonly known as the tissue industry. As well as producing the articles covered herein, most of these firms concurrently produce articles covered in two other adjacent paper digest (e.g., 4818.10.00 and 4818.20.00). The employment estimate, however, is that employment (in man-years) estimated to be committed to production of paper tablecloths and napkins.

<sup>3</sup>Less than 0.05 percent.

<sup>4</sup>Import statistics are derived. Two TSUSA numbers were proportionally allocated among this HTS number (4818.20.00) and two other HTS numbers (4818.10.00 and 4818.30.00).

<sup>5</sup>Less than 0.5 percent.

Comment: Domestic tissue producers are predominantly occupied in supplying a large domestic market. The products are highly competitive and, unlike other sectors within the pulp and paper industry, these products largely compete in the consumer products arena (versus the commercial and industrial arenas). Aside from pricing, products compete on quality (i.e., increased softness via of improved crepeing operations) and innovativeness (i.e., consumer packages of more marketable quantities, altogether new disposable tissue products, etc.).

III. GSP import situation, 1988

U.S. Imports and share of U.S. consumption, 1988

Item	Imports	Percent of total imports 1,000 dollars	Percent of GSP imports	Percent of U.S. consumption
Total.....	23,037	100	-	*2
Imports from GSP countries:				
Total.....	17,601	76	100	*2
Mexico.....	13,925	60	79	*1
Venezuela.....	1,888	8	11	* <sup>(1)</sup>
Costa Rica.....	714	3	4	* <sup>(1)</sup>
Neth. Antilles.....	566	2	3	* <sup>(1)</sup>

<sup>1</sup>Less than 0.5 percent.

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

Comment: All import statistics are derived; 30 percent of past trade collected under two TSUSA numbers were allocated to this grouping (HTS item 4818.30.00). Furthermore, because of the inextricable nature of the articles classified herein and the articles classified under the other two tissue paper digests, the Commission staff suggests that USTR deal with these three digests in the same manner.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

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Ranking as a U.S. import supplier, 1988.....   1  

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted  
in the short term?..... Yes  No

Does the country have significant export markets besides the  
United States?..... Yes  No

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

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V. Position of interested parties

Petitioner.—The petition was filed on behalf of two large domestic tissue paper companies and their Mexican affiliates — [ **\*\*\*** ]. The petitioners request a waiver of the 50 percent competitive-needs limit for tissue papers entering under this HTS item (4818.30.00) and two other HTS item numbers (4818.10.00 and 4818.20.00). Furthermore, the petitioners state that GSP eligibility was lost (e.g., reaching the competitive-needs limit) solely as a result of the January 1, 1989 tariff conversion (from TSUS to HTS). They assert that the derived import statistics for the more specific HTS item number (4818.30.00) came from two less specific seven-digit TSUSA item numbers. In past years, reaching the competitive-needs limit was never an issue, since the criteria was based on a much broader group — five-digit TSUS item numbers (two each). Aside from requesting a waiver of the 50 percent competitive needs limit for this item (and the other two relevant HTS item numbers), the petitioners further request that the aforementioned tissue papers be granted the same treatment under the HTS that was previously granted under the TSUS. These articles, under the TSUS, would have entered under a larger and much less-specific classification; hence, because of the larger classification, they would be in less jeopardy of exceeding a competitive-needs limit. The petitioners also request a retroactive waiver dating back to January 1, 1989, and that their request be considered expeditiously.

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

HTS item No.  
4818.30.00

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation)	TSUSA col. 1 rate of duty				
		1984	1985	1986	1987	1988
4818.30.00	256.30.10 (30%)	5.3	4.7	4.1	3.6	3
	256.90.10 (30%)	6.9	6.5	6.1	5.7 <sup>1</sup>	( <sup>2</sup> )
	256.95.10 (30%)	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	5.7 <sup>1</sup>	5.3

<sup>1</sup>During 1987, articles previously classified under TSUS item 256.90 were reclassified under newly adopted TSUS item 256.95

<sup>2</sup>Not applicable.

Table I.

Digest Title: Paper tablecloths and napkins  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Mexico.....	1,400	5,979	8,701	10,421	13,925
Canada.....	1,544	2,611	2,307	3,161	2,407
Venezuela.....	347	1,468	2,588	2,619	1,888
Costa Rica.....	0	19	210	428	714
Netherlands Ant..	0	0	180	208	566
France.....	86	66	40	156	553
China.....	2	0	33	176	468
Japan.....	61	100	151	231	390
Sweden.....	257	494	615	606	379
West Germany.....	70	184	322	237	290
Colombia.....	1/	118	337	503	290
Hong Kong.....	39	244	470	489	285
Netherlands.....	164	315	210	198	227
United Kingdom...	19	136	133	51	124
Malaysia.....	1/	0	54	91	100
All other.....	253	381	476	554	431
<b>Total.....</b>	<b>4,244</b>	<b>12,115</b>	<b>16,825</b>	<b>20,130</b>	<b>23,037</b>
<b>GSP Total....</b>	<b>1,790</b>	<b>7,676</b>	<b>12,179</b>	<b>14,383</b>	<b>17,601</b>
<b>GSP+4.....</b>	<b>1,871</b>	<b>7,980</b>	<b>12,716</b>	<b>14,933</b>	<b>17,980</b>
Percent					
Mexico.....	33.0	49.4	51.7	51.8	60.4
Canada.....	36.4	21.5	13.7	15.7	10.4
Venezuela.....	8.2	12.1	15.4	13.0	8.2
Costa Rica.....	.0	.2	1.3	2.1	3.1
Netherlands Ant..	.0	.0	1.1	1.0	2.5
France.....	2.0	.5	.2	.8	2.4
China.....	1/	.0	.2	.9	2.0
Japan.....	1.4	.8	.9	1.1	1.7
Sweden.....	6.1	4.1	3.7	3.0	1.6
West Germany.....	1.6	1.5	1.9	1.2	1.3
Colombia.....	1/	1.0	2.0	2.5	1.3
Hong Kong.....	.9	2.0	2.8	2.4	1.2
Netherlands.....	3.9	2.6	1.2	1.0	1.0
United Kingdom...	.5	1.1	.8	.3	.5
Malaysia.....	1/	.0	.3	.5	.4
All other.....	6.0	3.1	2.8	2.8	1.9
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>42.2</b>	<b>63.4</b>	<b>72.4</b>	<b>71.5</b>	<b>76.4</b>
<b>GSP+4.....</b>	<b>44.1</b>	<b>65.9</b>	<b>75.6</b>	<b>74.2</b>	<b>78.0</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

Table II.

Digest Title: Paper tablecloths and napkins  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Canada.....	2,368	2,063	1,670	3,464	3,500
Mexico.....	114	226	78	146	374
United Kingdom...	200	23	111	177	284
Bahamas.....	325	170	191	222	255
Italy.....	263	219	137	290	224
Australia.....	37	59	27	18	156
Finland.....	0	0	48	28	78
Japan.....	28	17	52	26	73
Hong Kong.....	295	12	43	40	59
New Zealand.....	0	1	0	0	53
Saudi Arabia.....	301	142	154	50	50
Dominican Rep....	168	167	48	13	44
Netherlands Ant..	0	0	0	0	36
Fr Polynesia.....	7	30	24	13	35
Aruba.....	147	264	59	69	30
All other.....	1,051	994	602	531	361
<b>Total.....</b>	<b>5,302</b>	<b>4,387</b>	<b>3,246</b>	<b>5,087</b>	<b>5,611</b>
<b>GSP Total....</b>	<b>1,409</b>	<b>1,520</b>	<b>776</b>	<b>644</b>	<b>964</b>
<b>GSP+4.....</b>	<b>1,850</b>	<b>1,666</b>	<b>907</b>	<b>782</b>	<b>1,035</b>
Percent					
Canada.....	44.7	47.0	51.4	68.1	62.4
Mexico.....	2.1	5.1	2.4	2.9	6.7
United Kingdom...	3.8	.5	3.4	3.5	5.1
Bahamas.....	6.1	3.9	5.9	4.4	4.5
Italy.....	5.0	5.0	4.2	5.7	4.0
Australia.....	.7	1.3	.8	.4	2.8
Finland.....	.0	.0	1.5	.6	1.4
Japan.....	.5	.4	1.6	.5	1.3
Hong Kong.....	5.6	.3	1.3	.8	1.0
New Zealand.....	.0	1/	.0	.0	.9
Saudi Arabia.....	5.7	3.2	4.8	1.0	.9
Dominican Rep....	3.2	3.8	1.5	.3	.8
Netherlands Ant..	.0	.0	.0	.0	.6
Fr Polynesia.....	.1	.7	.8	.3	.6
Aruba.....	2.8	6.0	1.8	1.4	.5
All other.....	19.8	22.6	18.5	10.4	6.4
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>26.6</b>	<b>34.6</b>	<b>23.9</b>	<b>12.7</b>	<b>17.2</b>
<b>GSP+4.....</b>	<b>34.9</b>	<b>38.0</b>	<b>28.0</b>	<b>15.4</b>	<b>18.4</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

DIGEST NO. 5503.40.00  
POLYPROPYLENE STAPLE FIBERS

Polypropylene Staple Fibers

I. Introduction

Col. 1 rate of duty: 4.9%  
 Type of action proposed:  
 Addition of GSP: X  
 Removal from GSP:      
 Country graduation:      
 Competitive-need-limit waiver:      
 Non-eligible GSP countries: None  
 Current competitive-need-limit waivers: None  
 Current "sufficiently competitive" designation: None  
 U.S. production on Jan. 3, 1985? Yes X No    .

Description and uses: Propylene polymers are melted and then extruded to form filaments. The filaments are then cut to form polypropylene staple fibers. These fibers are lightweight, but have high tenacity and are resistant to abrasion. Their melting point is relatively low, but polypropylene staple fibers are still suitable for most textile applications. Unlike many other manmade fibers, polypropylene fibers are not dyeable, and therefore they are produced with a permanent color. Polypropylene staple fibers are used primarily in diaper liners and other nonwoven fabrics, carpets, carpet backing, knit outerwear, and industrial fabrics.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	*9	*9	9	9	9	0.0
Employment (thousand employees).....	(2)	(2)	(2)	(2)	(2)	(2)
Shipments (thousands of dollars).....	*184,900	*218,100	*245,100	*266,800	*269,400	*10
Exports (thousands of dollars).....	4,088	5,754	12,670	17,842	16,221	41
Imports (thousands of dollars).....	1,337	3,151	1,986	2,524	3,802	30
Consumption (thousands of dollars)....	*182,149	*215,497	*234,416	*251,482	*256,981	*9
Import to consumption ratio (percent)..	*0.7	*1.5	*0.8	*1.0	*1.5	*19
Capacity utilization (percent).....	(2)	(2)	(2)	(2)	(2)	(2)

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup> Not available.

Comment: The industry consists of three major producers and six smaller producers of polypropylene staple. The major producers generally produce only polypropylene fibers. However, a few of the smaller companies also produce other manmade fibers. Some polypropylene staple yarn companies also produce polypropylene staple fibers for their own use. Their production is not reported in the data in the above table, but it is believed to be relatively small compared with total shipments of polypropylene staple fiber. The production of polypropylene staple fibers is not particularly capital intensive compared with most of the manmade fiber industry. The machinery to produce polypropylene fibers is readily available to both domestic and foreign manufacturers.

Price is a primary competitive factor in the industry, though domestic producers also compete on quality and service. For example, domestic producers often compete with imports of large lots of standard colors by producing small lots of unusual colors as needed by each customer. But the cost per unit of producing small lots of fibers is higher than that of producing large lots. During

1984-88, imports as a share of the U.S. market grew, but in 1988, they still only accounted for 1.5 percent. Although domestic producers lost U.S. market share during 1984-88, domestic shipments increased by 45 percent during this period. Much of the increase in U.S. shipments, however, is attributed to diaper stock, a very-fine-denier staple that is used to produce liners in disposable diapers. [

] [   
 \*\*\*   
 ]

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	<u>1,000 dollars</u>			
Total.....	3,802	100	-	1.5
Imports from GSP countries:				
Total.....	203	5	100	(1)
Mexico.....	139	4	68	(1)
Brazil.....	63	2	31	(1)
Philippines.....	1	(1)	(1)	(1)

<sup>1</sup> Less than 0.5 percent.

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

Comment: [   
 \*\*\*

] ]

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1988..... 5

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted in the short term?..... Yes  No

Does the country have significant export markets besides the United States?..... Yes  No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1988..... 9

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted in the short term?..... Yes  No

Does the country have significant export markets besides the United States?..... Yes  No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

V. Position of interested parties

Petitioner.--Fitesa S.A., of Brazil, is a manufacturer and exporter of polypropylene products, including polypropylene staple fiber. The petitioner wants polypropylene staple fibers and other polypropylene products to be granted GSP treatment. They stated that U.S. import duties "inhibit the introduction" of their products in the U.S. market.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)						
HTS item No.	TSUSA item No. (and allocation)	TSUSA col. 1 rate of duty				
		1984	1985	1986	1987	1988
5503.40.00	309.43.40 (100%)	-	-	-	5.3	-
	309.43.41 (100%)	-	-	-	-	4.9
	309.43.46 (80%)	6.6	6.2	5.8	5.3	-
	309.43.70 (85%)	-	-	-	5.3	-
	309.43.71 (85%)	-	-	-	-	4.9

Table I.

Digest Title: Polypropylene staple fibers  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Japan.....	97	62	734	848	2,392
Canada.....	761	2,832	578	68	439
Taiwan.....	31	16	61	465	359
United Kingdom...	95	26	26	110	144
Mexico.....	0	0	70	283	139
Italy.....	1/	50	55	69	95
Switzerland.....	0	1/	1/	0	81
West Germany.....	139	136	167	338	72
Brazil.....	211	0	203	122	63
Finland.....	0	0	0	30	14
China.....	0	0	0	0	4
France.....	1/	5	4	117	1
Philippines.....	0	0	3	1/	1
Austria.....	0	1/	0	0	1/
Sweden.....	0	0	0	1/	1/
All other.....	2	24	85	73	0
<b>Total.....</b>	<b>1,337</b>	<b>3,151</b>	<b>1,986</b>	<b>2,524</b>	<b>3,802</b>
GSP Total....	211	1/	276	406	203
GSP+4.....	242	16	337	871	562
Percent					
Japan.....	7.3	2.0	37.0	33.6	62.9
Canada.....	56.9	89.9	29.1	2.7	11.5
Taiwan.....	2.3	.5	3.1	18.4	9.4
United Kingdom...	7.1	.8	1.3	4.3	3.8
Mexico.....	.0	.0	3.5	11.2	3.7
Italy.....	1/	1.6	2.8	2.7	2.5
Switzerland.....	.0	1/	1/	.0	2.1
West Germany.....	10.4	4.3	8.4	13.4	1.9
Brazil.....	15.8	.0	10.2	4.9	1.7
Finland.....	.0	.0	.0	1.2	.4
China.....	.0	.0	.0	.0	.1
France.....	1/	.1	.2	4.6	1/
Philippines.....	.0	.0	.2	1/	1/
Austria.....	.0	1/	.0	.0	1/
Sweden.....	.0	.0	.0	1/	1/
All other.....	.1	.8	4.3	2.9	.0
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	15.8	1/	13.9	16.1	5.3
GSP+4.....	18.1	.5	17.0	34.5	14.8

1/ Less than \$500 or less than 0.1 percent.

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

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

Table II.

Digest Title: Polypropylene staple fibers  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Mexico.....	298	164	4,970	5,163	6,326
Canada.....	3,329	4,717	5,087	9,410	4,937
Colombia.....	0	0	457	1,152	1,448
Venezuela.....	0	504	1,256	1,150	628
United Kingdom...	0	0	47	56	389
China.....	0	0	0	0	371
Korea.....	0	0	0	4	266
Belgium.....	1	21	200	239	261
Argentina.....	0	0	0	133	229
Hong Kong.....	0	0	0	0	192
Japan.....	0	0	77	168	180
Norway.....	23	77	96	65	149
Switzerland.....	0	0	29	22	122
Australia.....	111	0	5	8	113
Indonesia.....	0	0	42	21	94
All other.....	326	271	404	250	517
<b>Total.....</b>	<b>4,088</b>	<b>5,754</b>	<b>12,670</b>	<b>17,842</b>	<b>16,221</b>
<b>GSP Total....</b>	<b>356</b>	<b>671</b>	<b>6,899</b>	<b>7,656</b>	<b>8,928</b>
<b>GSP+4.....</b>	<b>421</b>	<b>682</b>	<b>6,901</b>	<b>7,660</b>	<b>9,394</b>
Percent					
Mexico.....	7.3	2.9	39.2	28.9	39.0
Canada.....	81.4	82.0	40.2	52.7	30.4
Colombia.....	.0	.0	3.6	6.5	8.9
Venezuela.....	.0	8.8	9.9	6.4	3.9
United Kingdom...	.0	.0	.4	.3	2.4
China.....	.0	.0	.0	.0	2.3
Korea.....	.0	.0	.0	1/	1.6
Belgium.....	1/	.4	1.6	1.3	1.6
Argentina.....	.0	.0	.0	.7	1.4
Hong Kong.....	.0	.0	.0	.0	1.2
Japan.....	.0	.0	.6	.9	1.1
Norway.....	.6	1.3	.8	.4	.9
Switzerland.....	.0	.0	.2	.1	.8
Australia.....	2.7	.0	1/	1/	.7
Indonesia.....	.0	.0	.3	.1	.6
All other.....	8.0	4.7	3.2	1.4	3.2
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>8.7</b>	<b>11.7</b>	<b>54.5</b>	<b>42.9</b>	<b>55.0</b>
<b>GSP+4.....</b>	<b>10.3</b>	<b>11.8</b>	<b>54.5</b>	<b>42.9</b>	<b>57.9</b>

1/ Less than \$500 or less than 0.1 percent.

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

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



DIGEST NO. 6116.10.4505

SPORTS GLOVES

Sports Gloves

I. Introduction

Col. 1 rate of duty: <sup>1</sup> 14%  
 Type of action proposed (check one):  
 Addition of GSP: X  
 Removal from GSP:       
 Country graduation:       
 Competitive-need-limit waiver:       
 Non-eligible GSP countries: None  
 Current competitive-need-limit waivers: None  
 Current "sufficiently competitive" designation: None  
 U.S. production on Jan. 3, 1985? Yes X

<sup>1</sup> The current rate of duty for three of the four HTS item numbers included in this digest (6116.10.4505, 6216.00.2505, and 6216.00.3005) is 14 percent ad valorem. Imports entering under these HTS item numbers accounted for 92 percent of the total value of digest imports in 1988. The current rate of duty on the remaining digest HTS item number (6216.00.4805) is 22 cents per kilogram plus 11 percent ad valorem, or an ad valorem equivalent (AVE) of 14.1 percent, based on 1988 trade.

Description and uses: The products included here are gloves of textile materials used in sports other than skiing and snowmobiling. These gloves, which are used in such sports as bicycling, baseball, badminton, and ice hockey, are made with a textile shell, coated or covered with rubber or plastic or an uncoated manmade-fiber fabric. Many of these gloves are made with leather or synthetic leather-padded palms.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percent change over period <sup>1</sup>
Producers (number).....	[***]	[***]	[***]	[***]	[***]	[***]
Employment (thousand employees).....	[***]	[***]	[***]	[***]	[***]	[***]
Shipments (thousands of dollars)..... [ *** ]	[ *** ]	[ *** ]	[ *** ]	[ *** ]	[ *** ]	[ *** ]
Exports (thousands of dollars).....	11	11	13	15	19	15
Imports (thousands of dollars) <sup>4</sup> .....	4,838	5,600	5,977	4,878	5,389	3
Consumption (thousands of dollars)..... [ *** ]	[ *** ]	[ *** ]	[ *** ]	[ *** ]	[ *** ]	[***]
Import to consumption ratio (percent)..	[***]	[***]	[***]	[***]	[***]	[***]
Capacity utilization (percent).....	[***]	[***]	[***]	[***]	[***]	[***]

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup> [ \*\*\* ]

<sup>3</sup> Not available.

<sup>4</sup> The import data shown in this profile are for 10-digit HTS item numbers 6116.10.4505, 6216.00.2505, 6216.00.3005, and 6216.00.4805. The data in table I at the end of this digest are for 8-digit HTS item numbers 6116.10.45, 6216.00.25, 6216.00.30, and 6216.00.48, which include data on the sports gloves covered in this digest as well as other types of gloves, such as dress, work, and casual gloves.

<sup>1</sup> The other HTS item numbers included in this digest are 6216.00.2505, 6216.00.3005, and 6216.00.4805. All the items included here are gloves specially designed for use in sports, other than skiing and snowmobiling, and are made primarily of textile materials.

Comment: The textile sports gloves covered in this digest represent [ \*\*\*  
] U.S. producers of textile sports gloves manufacture  
primarily leather sports gloves. These producers compete primarily in the upper end of the market  
where such factors as quick turnaround in delivery and quality are important purchasing  
considerations. Employment by these producers is believed to be approximately [ \*\*\* ] workers  
annually. These workers manufacture both the textile and the leather sports gloves. Textile sports  
gloves tend to be lower- and medium-priced items. [ \*\*\*

\*\*\* ] The leadtime for imported sports gloves from  
the Far East is, reportedly, 5 to 6 months.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988<sup>1</sup>

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	5,389	100	-	[***]
Imports from GSP countries:				
Total.....	1,477	27	100	[***]
Indonesia.....	417	8	28	[***]
Pakistan.....	328	6	22	[***]
Philippines.....	213	4	14	[***]
Haiti.....	159	3	11	[***]

<sup>1</sup> The import data shown are estimated by the staff of the U.S. International Trade Commission and are for 10-digit HTS item numbers 6116.10.4505, 6216.00.2505, 6216.00.3005, and 6216.00.4805. The data in table I at the end of this digest are for 8-digit HTS item numbers 6116.10.45, 6216.00.25, 6216.00.30, and 6216.00.48, which include data on the sports gloves covered in this digest as well as other types of gloves, such as dress, work, and casual gloves.

Comment: The data on imports of textile sports gloves are estimated based on discussions with trade sources. Imports of textile sports gloves are considerably smaller than imports of leather sports gloves, which have remained eligible for duty-free treatment under the GSP. Prior to the conversion of the TSUSA into the HTS in 1989, virtually all sports gloves were eligible for GSP treatment, with the exception of those from countries which had exceeded the competitive-need limit. As a result of the conversion of the TSUSA into the HTS, sports gloves of textile materials are classified for tariff purposes as textile articles, and are no longer eligible for the GSP and are subject to considerably higher rates of duty than what existed in 1988 (14 percent ad valorem in 1989 compared with 4.9 percent or less for those imports from developed countries and free for those from GSP-eligible countries in 1988). Also as a result of the conversion, some of these gloves were subject to quota under the MFA, for the first time, during the first half of 1989. They have since been removed from quota by the Committee for the Implementation of Textile Agreements (CITA).

During the first 6 months of 1989, imports of textile sports gloves declined as foreign manufacturers used more leather in their production of gloves in order to have these items classified as leather sports gloves. Imports of textile sports gloves are estimated to have declined by 43 percent in the first 6 months of 1989 compared with the level in the first half of 1988. A large part of this decrease occurred in shipments from Korea and Taiwan, major suppliers which are experiencing labor shortages and increases in labor costs and which were graduated from the GSP in January 1989. According to industry sources, many U.S. purchasers are looking at new sources of supply, such as Indonesia, Pakistan, Sri Lanka, and Thailand (all GSP-eligible countries), which, reportedly, are producing gloves of comparable quality as those made in Korea and Taiwan. Trade sources report that foreign manufacturers would most likely switch a considerable amount of their production from primarily leather to the textile sports gloves if the textile products entered the United States at lower rates of duty than what currently exist.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Indonesia for all digest products

Ranking as a U.S. import supplier, 1988..... 4

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted in the short term?..... Yes  No

Does the country have significant export markets besides the United States?..... Yes  No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Competitiveness indicators for Pakistan for all digest products

Ranking as a U.S. import supplier, 1988..... 5

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted in the short term?..... Yes  No

Does the country have significant export markets besides the United States?..... Yes  No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for the Philippines for all digest products

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Ranking as a U.S. import supplier, 1988..... 6

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No \_\_\_

What is the price elasticity of U.S. demand?..... High X Moderate \_\_\_ Low \_\_\_

Can production in the country be easily expanded or contracted  
in the short term?..... Yes X No \_\_\_

Does the country have significant export markets besides the  
United States?..... Yes X No \_\_\_

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes X No \_\_\_

What is the price elasticity of import supply?..... High X Moderate \_\_\_ Low \_\_\_

Price level compared with:

U.S. products..... Above \_\_\_ Equivalent \_\_\_ Below X

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Quality compared with:

U.S. products..... Above \_\_\_ Equivalent \_\_\_ Below X

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

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Note:--Trade sources report that the quality of the textile sports gloves made in Indonesia and Pakistan is equal to that of most other foreign suppliers, including the largest suppliers--Korea and Taiwan. However, because Indonesia and Pakistan are relatively new and growing suppliers of textile sports gloves, their prices remain lower than those of the major suppliers.

V. Position of interested parties

Petitioner.--The Government of the Republic of the Philippines requested that sports gloves made of textile materials classified in HTS chapters 61 and 62 be granted duty-free treatment under the GSP. The petition stated that these items lost their GSP eligibility when the TSUSA was converted to the HTS. These gloves, which were classified as sporting goods under the TSUSA, were reclassified as textile articles under the HTS. The petition also noted that the Philippines is having trouble competing with the advanced technology of Korea and Taiwan and needs the special tariff advantage.

[Probable economic effect advice deleted]

[Probable economic effect advice deleted]

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation)	TSUSA col. 1 rate of duty				
		1984	1985	1986	1987	1988
6116.10.4505	734.7760 (10%)	5.9	5.6	5.2	4.9	4.9
	735.0700 (70%)	5.9	5.6	5.2	4.9	4.9
6216.00.2505	734.5620 (05%)	4.7	4.1	3.6	3	3
	734.7760 (15%)	5.9	5.6	5.2	4.9	4.9
	734.8020 (05%)	1.7	1.1	0.6	Free	Free
	735.0700 (70%)	5.9	5.6	5.2	4.9	4.9
6216.00.3005	734.5620 (05%)	4.7	4.1	3.6	3	3
	734.7760 (15%)	5.9	5.6	5.2	4.9	4.9
	734.8020 (05%)	1.7	1.1	0.6	Free	Free
	735.0700 (70%)	5.9	5.6	5.2	4.9	4.9
6216.00.4805	734.5620 (05%)	4.7	4.1	3.6	3	3
	734.7760 (15%)	5.9	5.6	5.2	4.9	4.9
	734.8020 (05%)	1.7	1.1	0.6	Free	Free
	735.0700 (70%)	5.9	5.6	5.2	4.9	4.9

Table I.

HTS Item No.  
61161045 e'160025  
62160030 62.60048

Digest Title: Sports gloves 1/  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Korea.....	8,407	9,589	9,824	12,245	12,884
Taiwan.....	8,844	11,333	11,544	9,842	8,313
China.....	4,697	5,585	5,581	5,557	7,484
Pakistan.....	925	2,207	2,061	1,187	2,036
Philippines.....	2,352	2,525	2,054	1,644	1,823
Indonesia.....	1,006	243	2,156	1,001	1,763
Haiti.....	27	204	579	1,093	1,579
Hong Kong.....	2,644	2,223	2,256	1,511	1,208
Barbados.....	3,404	4,113	4,968	1,581	1,027
Sri Lanka.....	36	1,503	1,331	858	818
Canada.....	508	507	584	393	554
Japan.....	1,189	993	594	523	498
Guatemala.....	37	499	306	370	377
West Germany.....	96	91	142	198	262
Italy.....	96	187	116	94	184
All other.....	792	1,338	1,500	1,277	1,221
<b>Total.....</b>	<b>35,060</b>	<b>43,140</b>	<b>45,597</b>	<b>39,374</b>	<b>42,031</b>
<b>GSP Total....</b>	<b>8,142</b>	<b>11,921</b>	<b>14,234</b>	<b>8,234</b>	<b>10,114</b>
<b>GSP+4.....</b>	<b>28,037</b>	<b>35,073</b>	<b>37,860</b>	<b>31,832</b>	<b>32,519</b>
Percent					
Korea.....	24.0	22.2	21.5	31.1	30.7
Taiwan.....	25.2	26.3	25.3	25.0	19.8
China.....	13.4	12.9	12.2	14.1	17.8
Pakistan.....	2.6	5.1	4.5	3.0	4.8
Philippines.....	6.7	5.9	4.5	4.2	4.3
Indonesia.....	2.9	.6	4.7	2.5	4.2
Haiti.....	.1	.5	1.3	2.8	3.8
Hong Kong.....	7.5	5.2	4.9	3.8	2.9
Barbados.....	9.7	9.5	10.9	4.0	2.4
Sri Lanka.....	.1	3.5	2.9	2.2	1.9
Canada.....	1.4	1.2	1.3	1.0	1.3
Japan.....	3.4	2.3	1.3	1.3	1.2
Guatemala.....	.1	1.2	.7	.9	.9
West Germany.....	.3	.2	.3	.5	.6
Italy.....	.3	.4	.3	.2	.4
All other.....	2.3	3.1	3.3	3.2	2.9
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>23.2</b>	<b>27.6</b>	<b>31.2</b>	<b>20.9</b>	<b>24.1</b>
<b>GSP+4.....</b>	<b>80.0</b>	<b>81.3</b>	<b>83.0</b>	<b>80.8</b>	<b>77.4</b>

1/ The data in this table are for the full HS heading and therefore may include products in addition to the digest product.

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

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

Table II  
Digest Title: Sports gloves  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Belgium.....	1/	0	3	3	6
Taiwan.....	0	0	1/	3	4
Philippines.....	8	6	6	4	2
Korea.....	0	0	1	1	1
China.....	0	0	0	0	1
West Germany.....	1/	1/	1/	1	1
Mexico.....	1/	1/	1	1	1
United Kingdom...	1/	0	1/	1/	1
Australia.....	1/	1/	1/	1/	1/
Switzerland.....	1/	1/	1/	1/	1/
Sweden.....	1/	1/	1/	1/	1/
Canada.....	1/	1/	1/	1	1/
Finland.....	1/	0	0	1/	1/
Netherlands.....	1/	1/	1/	1/	1/
Denmark.....	0	0	0	0	1/
All other.....	2	3	2	1	1
<b>Total.....</b>	<b>11</b>	<b>11</b>	<b>13</b>	<b>15</b>	<b>19</b>
GSP Total....	10	9	8	5	3
GSP*4.....	10	9	9	9	9
Percent					
Belgium.....	1/	.0	20.7	17.9	30.1
Taiwan.....	.0	.0	1/	17.7	19.8
Philippines.....	74.8	59.1	43.0	24.8	11.3
Korea.....	.0	.0	4.5	8.0	7.0
China.....	.0	.0	.0	.0	5.8
West Germany.....	1/	1/	1/	5.0	4.8
Mexico.....	1/	1/	7.4	4.6	3.1
United Kingdom...	1/	.0	1/	1/	2.9
Australia.....	1/	1/	1/	1/	1/
Switzerland.....	1/	1/	1/	1/	1/
Sweden.....	1/	1/	1/	1/	1/
Canada.....	1/	1/	1/	4.0	1/
Finland.....	1/	.0	.0	1/	1/
Netherlands.....	1/	1/	1/	1/	1/
Denmark.....	.0	.0	.0	.0	1/
All other.....	15.7	28.5	15.6	9.0	6.2
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	90.1	83.5	63.2	34.3	17.1
GSP*4.....	90.1	83.5	70.6	59.9	44.6

1/ Less than \$500 or less than 0.1 percent.

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

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

DIGEST NO. 6304.99.20(pt)

JUTE WALL HANGINGS

Jute Wall Hangings<sup>1</sup>

I. Introduction

Col. 1 rate of duty: 12.8%  
 Type of action proposed (check one):  
 Addition of GSP: X  
 Removal from GSP:       
 Country graduation:       
 Competitive-need-limit waiver:       
 Non-eligible GSP countries: none  
 Current competitive-need-limit waivers: none  
 Current "sufficiently competitive" designation: none  
 U.S. production on Jan. 3, 1985? Yes X No     .

Description and uses: The jute wall hangings covered in this digest are products made by cottage industries, which often use designs or motifs particular to native craftspeople. Designs on these wall hangings may be formed by several methods such as being woven into the fabric, applique, or embroidery.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>2</sup>
Producers (number).....	( <sup>3</sup>)	(^{3})	(^{3})	(^{3})	(^{3})	-
Employment (thousand employees).....	( <sup>3</sup>)	(^{3})	(^{3})	(^{3})	(^{3})	-
Shipments (thousands of dollars).....	(^{3})	(^{3})	(^{3})	(^{3})	(<sup>3</sup> )	-
Exports <sup>1</sup> (thousands of dollars).....	12	10	22	18	19	12.1
Imports <sup>1</sup> (thousands of dollars).....	380	463	521	645	588	11.6
Consumption (thousands of dollars)....	( <sup>4</sup>)	(^{4})	(^{4})	(^{4})	(^{4})	-
Import to consumption ratio (percent)..	( <sup>4</sup>)	(^{4})	(^{4})	(^{4})	(^{4})	-
Capacity utilization (percent).....	(^{3})	(^{3})	(^{3})	(^{3})	(<sup>3</sup> )	-

<sup>1</sup> Data are for HTS 6304.99.20, which includes the product for which advice is requested as well as other miscellaneous furnishing articles of vegetable fibers except cotton.

<sup>2</sup> This figure represents the average annual compound rate of change during 1984-88.

<sup>3</sup> Not available; see comment below.

<sup>4</sup> Although data are not available on U.S. consumption, it is believed that consumption is supplied almost entirely by imports.

Comment: Commercial production of jute wall hangings in the United States is believed to be negligible or nil. Any domestic production is believed to take place in cottage industries or by individuals.

<sup>1</sup> After the USTR submitted the annual GSP request to the Commission, the petitioner received a ruling from the Customs Service, dated Sept. 6, 1989, that reclassifies the jute products he imports from India from the wall hangings covered in this digest to tapestries that are classified in HTS 5805.00.40. Currently, the tapestries classified in HTS 5805.00.40 are not eligible for duty-free treatment under the GSP.

III. GSP import situation, 1988<sup>1</sup>

U.S. imports and share of U.S. consumption, 1988

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	<u>1,000 dollars</u>			
Total.....	588	100	-	(2)
Imports from GSP countries:				
Total.....	177	30	100	(2)
Philippines.....	155	26	88	(2)
India.....	11	2	6	(2)
Thailand.....	3	1	2	(2)

<sup>1</sup> Data are for HTS 6304.99.20, which includes the product for which advice is requested as well as other miscellaneous furnishing articles of vegetable fibers except cotton.

<sup>2</sup> Data are not available; however, it is believed that consumption is supplied almost entirely by imports.

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

Comment: Although the data in the above tabulation are for HTS 6304.99.20, it is estimated that the digest product—jute wall hangings—accounts for nearly all of the imports under the 8-digit HTS item.

The petitioner states that the products he imported from India were classified under TSUS item 364.18 (tapestries of vegetable fibers excluding cotton) and were valued at about [ \*\*\* ] in 1988. Under the HTS, these items were initially classified as wall hangings under the subheading covered by this digest. However, the Customs Service reclassified these products as tapestries (HTS 5805.00.40), which are not currently eligible for duty-free treatment under the GSP.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Philippines for all digest products

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Ranking as a U.S. import supplier, 1988..... 2

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No \_\_\_

What is the price elasticity of U.S. demand?..... High X Moderate \_\_\_ Low \_\_\_

Can production in the country be easily expanded or contracted  
in the short term?..... Yes X No \_\_\_

Does the country have significant export markets besides the  
United States?..... Yes X No \_\_\_

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes X No \_\_\_

What is the price elasticity of import supply?..... High X Moderate \_\_\_ Low \_\_\_

Price level compared with:

U.S. products..... Above \_\_\_ Equivalent \_\_\_ Below X

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Quality compared with:

U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

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<sup>1</sup> There is no known commercial production of jute wall hangings in the United States. However, it is believed products made by individuals in the United States would be priced higher than products made in the Philippines.

V. Position of interested parties

Petitioner.--Intercontinental Art, Inc., of Gardena, CA, is an importer of handloomed jute wall hangings from India. According to the petitioner, these wall hangings were classified in the TSUS as certified handloomed and folklore products which were eligible for GSP treatment. The petitioner wants to re-establish GSP treatment under the Harmonized Tariff System.

[Probable economics effect advice deleted]

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	<u>TSUSA</u> item No. (and allocation)	<u>TSUSA</u> col. 1 rate of duty				
		1984	1985	1986	1987	1988
6304.99.20	364.2505 (35%)	10.2	9.1	8	6.9	6.9
	365.8400 (5%)	16.4	15.2	14	12.8	12.8

Table I.

Digest Title: Jute wall hangings  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
China.....	83	79	135	174	208
Philippines.....	139	190	205	197	155
Japan.....	2	5	11	121	88
Italy.....	11	9	8	5	30
Hong Kong.....	28	24	37	28	24
Portugal.....	17	13	26	23	18
India.....	13	20	18	23	11
United Kingdom...	1	11	13	7	10
France.....	8	26	4	11	9
Sweden.....	1/	1/	0	4	6
Israel.....	0	1	0	5	6
Switzerland.....	0	1/	1	9	6
Belgium.....	1/	2	2	3	3
Taiwan.....	55	53	26	19	3
Thailand.....	0	3	4	4	3
All other.....	21	28	33	12	11
<b>Total.....</b>	<b>380</b>	<b>463</b>	<b>521</b>	<b>645</b>	<b>588</b>
GSP Total....	152	224	236	232	177
GSP+4.....	243	303	305	279	205
Percent					
China.....	22.0	17.0	25.9	26.9	35.4
Philippines.....	36.6	41.0	39.3	30.6	26.3
Japan.....	.5	1.0	2.1	18.7	15.0
Italy.....	2.9	1.9	1.4	.8	5.0
Hong Kong.....	7.4	5.3	7.0	4.4	4.1
Portugal.....	4.6	2.9	4.9	3.6	3.0
India.....	3.5	4.4	3.5	3.6	1.8
United Kingdom...	.3	2.3	2.6	1.0	1.7
France.....	2.2	5.6	.8	1.8	1.5
Sweden.....	1/	1/	.0	.7	1.0
Israel.....	.0	.2	.0	.7	1.0
Switzerland.....	.0	1/	.2	1.4	1.0
Belgium.....	1/	.3	.4	.4	.5
Taiwan.....	14.6	11.4	4.9	2.9	.4
Thailand.....	.0	.6	.7	.6	.4
All other.....	5.4	6.1	6.3	1.9	1.8
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	41.9	48.5	45.3	36.0	30.1
GSP+4.....	64.1	65.4	58.6	43.3	34.8

1/ Less than \$500 or less than 0.1 percent.

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

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

Table II.

Digest Title: Jute wall hangings  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Saudi Arabia.....	2	2	3	4	5
Canada.....	3	2	1	4	3
Singapore.....	1	1/	1/	1	1
Mexico.....	1/	1/	1/	1/	1
Italy.....	1/	1/	1	1/	1
Chile.....	1/	1/	1	2	1
France.....	1/	1/	1/	1/	1
Venezuela.....	1/	1/	1/	1/	1
United Kingdom...	1/	1/	1/	1/	1
Greece.....	1/	1/	1/	1	1/
United Arab Em...	1/	1/	3	1/	1/
Kuwait.....	1	1/	1	1	1/
Hong Kong.....	1/	1/	1/	1	1/
Japan.....	1/	1/	7	1/	1/
Panama.....	1/	1/	1/	1/	1/
All other.....	4	3	4	3	3
<b>Total.....</b>	<b>12</b>	<b>10</b>	<b>22</b>	<b>18</b>	<b>19</b>
GSP Total....	2	2	3	4	4
GSP+4.....	3	3	4	5	6
Percent					
Saudi Arabia.....	13.9	20.7	12.3	22.8	24.7
Canada.....	23.4	21.0	6.0	20.8	15.3
Singapore.....	4.8	1/	1/	3.8	7.9
Mexico.....	1/	1/	1/	1/	5.2
Italy.....	1/	1/	3.1	1/	4.2
Chile.....	1/	1/	4.4	11.1	3.6
France.....	1/	1/	1/	1/	3.3
Venezuela.....	1/	1/	1/	1/	3.0
United Kingdom...	1/	1/	1/	1/	2.7
Greece.....	1/	1/	1/	3.6	1/
United Arab Em...	1/	1/	11.7	1/	1/
Kuwait.....	7.4	1/	2.4	8.1	1/
Hong Kong.....	1/	1/	1/	3.0	1/
Japan.....	1/	1/	33.3	1/	1/
Panama.....	1/	1/	1/	1/	1/
All other.....	32.2	29.5	19.2	15.8	17.7
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	13.0	21.1	12.8	21.3	22.2
GSP+4.....	20.6	29.9	16.4	28.4	32.9

1/ Less than \$500 or less than 0.1 percent.

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

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



DIGEST NO. 6911.10.50(pt)

CHINAWARE SERVIETTE RINGS

Chinaware Serviette Rings

I. Introduction

Col. 1 rate of duty: 26%  
 Type of action proposed (check one):  
 Addition of GSP: X  
 Removal from GSP: \_\_\_\_\_  
 Country graduation: \_\_\_\_\_  
 Competitive-need-limit waiver: \_\_\_\_\_  
 Non-eligible GSP countries: None.  
 Current competitive-need-limit waivers: None.  
 Current "sufficiently competitive" designation: None.  
 U.S. production on Jan. 3, 1985? Yes X No \_\_\_\_\_.

Description and uses: Chinaware serviette rings are napkin rings used to hold napkins in a folded position. These rings are produced in different shapes and colors and are intended for use for tabletop applications. Chinaware embraces ceramic ware (other than stoneware), whether or not glazed or decorated, having a fired white body (unless artificially colored) which will not absorb more than 0.5 percent of its weight of water, and is translucent in thicknesses of several millimeters.<sup>1</sup>

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	( <sup>2</sup>)	(^{2})	(^{2})	(^{2})	(^{2})	-
Employment (thousand employees).....	( <sup>3</sup>)	(^{3})	(^{3})	(^{3})	(^{3})	-
Shipments (thousands of dollars).....	(^{2})	(^{2})	(^{2})	(^{2})	(<sup>2</sup> )	-
Exports <sup>4</sup> (thousands of dollars).....	164	114	103	115	182	3
Imports <sup>4</sup> (thousands of dollars).....	24,755	22,017	17,657	17,049	22,666	-2
Consumption (thousands of dollars).....	( <sup>2</sup>)	(^{2})	(^{2})	(^{2})	(^{2})	-
Import to consumption ratio (percent)..	( <sup>2</sup>)	(^{2})	(^{2})	(^{2})	(^{2})	-
Capacity utilization (percent).....	(^{2})	(^{2})	(^{2})	(^{2})	(<sup>2</sup> )	-

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup> Not available.

<sup>3</sup> Less than 500 employees.

<sup>4</sup> Data are for HTS 6911.10.50 that includes the product for which advice is requested as well as other products.

<sup>1</sup> See HTS additional U.S. notes 5 (a).

Comment: The U.S. industry producing these items is generally considered to be a cottage-type craft industry, with relatively little large scale production of serviette rings. The type of serviette rings produced by a craft industry are unlikely to be directly competitive with imports. Shipment data for chinaware serviette rings are not available from public/government sources, and because of the craft nature of the industry, no estimates are available.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports <sup>1</sup>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	<u>1,000 dollars</u>			
Total.....	22,666	100	-	( <sup>2</sup> )
Imports from GSP countries:				
Total.....	547	2	100	( <sup>2</sup> )
Brazil.....	407	2	74	( <sup>2</sup> )
Philippines.....	60	( <sup>3</sup> )	11	( <sup>3</sup> )
Thailand.....	24	( <sup>3</sup> )	4	( <sup>3</sup> )
Indonesia.....	16	( <sup>3</sup> )	3	( <sup>3</sup> )

<sup>1</sup> Data are for HTS 6911.10.50 that includes the product for which advice is requested as well as other products.

<sup>2</sup> Not available.

<sup>3</sup> Less than 0.5 percent.

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

Comment: Estimated import data for only chinaware serviette rings are unavailable from official government sources or industry representatives familiar with the product category.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Brazil for all digest products

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Ranking as a U.S. import supplier, 1988..... 6

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted in the short term?..... Yes  No

Does the country have significant export markets besides the United States?..... Yes  No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

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Competitiveness indicators for the Philippines for all digest products

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Ranking as a U.S. import supplier, 1988..... 14

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted in the short term?..... Yes  No

Does the country have significant export markets besides the United States?..... Yes  No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

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V. Position of interested parties

Petitioner.--The Government of the Republic of the Philippines requests the granting of duty-free treatment for imports of chinaware serviette rings, citing the reclassification of these items from a TSUS item with GSP treatment to a HTS subheading not granted GSP status.

Opposition.--The Pfaltzgraff Co., a domestic ceramic dinnerware and giftware manufacturer, opposes the petition, contending that serviette rings were never subject to GSP duty-free status under the TSUS, as the petitioner indicates; that the petitioner has failed to demonstrate need for GSP status; and that the domestic industry producing serviette rings would anticipate a negative impact as a result of GSP designation.

HTS item No.  
6911.10.50(pt)

[Probable economic effect advice deleted]

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	<u>TSUSA</u> item No. (and allocation)	<u>TSUSA</u> col. 1 rate of duty				
		<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
6911.10.50	533.79 (100%)	26	26	26	26	26

Table I.

Digest Title: Chinaware serviette rings  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
China.....	7,196	6,103	5,991	7,278	10,265
Japan.....	11,866	11,055	7,689	5,531	6,789
Taiwan.....	1,197	1,273	969	957	1,958
Hong Kong.....	1,217	751	692	945	1,210
France.....	662	706	758	696	654
Brazil.....	559	865	390	288	407
Hungary.....	344	182	155	122	234
West Germany.....	584	385	259	212	187
Poland.....	136	43	5	59	162
Portugal.....	99	55	50	98	116
United Kingdom...	256	102	82	130	112
Italy.....	161	171	253	240	109
East Germany.....	80	64	82	77	60
Philippines.....	6	6	0	2	60
Luxembourg.....	0	0	0	0	59
All other.....	389	256	280	414	285
<b>Total.....</b>	<b>24,755</b>	<b>22,017</b>	<b>17,657</b>	<b>17,049</b>	<b>22,666</b>
<b>GSP Total....</b>	<b>636</b>	<b>963</b>	<b>446</b>	<b>406</b>	<b>547</b>
<b>GSP+4.....</b>	<b>3,237</b>	<b>3,049</b>	<b>2,155</b>	<b>2,384</b>	<b>3,750</b>
Percent					
China.....	29.1	27.7	33.9	42.7	45.3
Japan.....	47.9	50.2	43.5	32.4	30.0
Taiwan.....	4.8	5.8	5.5	5.6	8.6
Hong Kong.....	4.9	3.4	3.9	5.5	5.3
France.....	2.7	3.2	4.3	4.1	2.9
Brazil.....	2.3	3.9	2.2	1.7	1.8
Hungary.....	1.4	.8	.9	.7	1.0
West Germany.....	2.4	1.7	1.5	1.2	.8
Poland.....	.5	.2	1/	.3	.7
Portugal.....	.4	.2	.3	.6	.5
United Kingdom...	1.0	.5	.5	.8	.5
Italy.....	.7	.8	1.4	1.4	.5
East Germany.....	.3	.3	.5	.5	.3
Philippines.....	1/	1/	.0	1/	.3
Luxembourg.....	.0	.0	.0	.0	.3
All other.....	1.6	1.2	1.6	2.4	1.3
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>2.6</b>	<b>4.4</b>	<b>2.5</b>	<b>2.4</b>	<b>2.4</b>
<b>GSP+4.....</b>	<b>13.1</b>	<b>13.8</b>	<b>12.2</b>	<b>14.0</b>	<b>16.5</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

Table II.

Digest Title: Chinaware serviette rings  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Mexico.....	1	3	1	5	32
Japan.....	11	9	7	15	25
Singapore.....	7	12	8	16	18
Rep So Africa....	16	6	6	9	14
Belgium.....	10	9	12	14	11
Australia.....	30	20	20	4	9
Taiwan.....	1	2	2	2	8
Philippines.....	0	1/	1	4	8
Hong Kong.....	4	3	2	5	8
Korea.....	1	1	1	2	5
New Zealand.....	1	1/	0	1	4
United Kingdom...	36	32	14	7	4
Colombia.....	2	1	1	3	3
Malaysia.....	2	1	1	1	3
Canada.....	8	4	3	3	3
All other.....	33	13	24	24	29
<b>Total.....</b>	<b>164</b>	<b>114</b>	<b>103</b>	<b>115</b>	<b>182</b>
<b>GSP Total....</b>	<b>15</b>	<b>10</b>	<b>13</b>	<b>25</b>	<b>62</b>
<b>GSP+4.....</b>	<b>28</b>	<b>28</b>	<b>26</b>	<b>51</b>	<b>100</b>
Percent					
Mexico.....	.4	2.2	1.4	4.4	17.8
Japan.....	6.8	7.8	6.7	13.2	13.6
Singapore.....	4.2	10.4	7.6	14.2	9.7
Rep So Africa....	9.7	5.5	6.0	8.2	7.9
Belgium.....	6.2	8.0	11.4	12.1	6.1
Australia.....	18.4	17.1	19.5	3.1	5.1
Taiwan.....	.7	1.4	1.7	2.1	4.3
Philippines.....	.0	1/	.9	3.7	4.3
Hong Kong.....	2.6	3.0	2.1	4.1	4.1
Korea.....	.5	.6	1.2	1.7	2.6
New Zealand.....	.8	1/	.0	.5	2.2
United Kingdom...	22.2	28.0	14.0	6.1	2.0
Colombia.....	1.2	.9	.8	2.6	1.7
Malaysia.....	1.3	.7	1.0	1.2	1.5
Canada.....	4.9	3.1	2.7	2.2	1.4
All other.....	20.3	11.3	23.2	20.6	15.8
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>9.3</b>	<b>9.1</b>	<b>13.1</b>	<b>22.0</b>	<b>34.1</b>
<b>GSP+4.....</b>	<b>17.3</b>	<b>24.6</b>	<b>25.6</b>	<b>43.9</b>	<b>54.9</b>

1/ Less than \$500 or less than 0.1 percent.

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

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



DIGEST NO. 6912.00.49(pt)

EARTHENWARE SERVIETTE RINGS

Earthenware Serviette Rings

I. Introduction

Col. 1 rate of duty: 11.5%  
 Type of action proposed (check one):  
 Addition of GSP: X  
 Removal from GSP:       
 Country graduation:       
 Competitive-need-limit waiver:       
 Non-eligible GSP countries: None.  
 Current competitive-need-limit waivers: None.  
 Current "sufficiently competitive" designation: None.  
 U.S. production on Jan. 3, 1985? Yes X No     .

Description and uses: Earthenware serviette rings are napkin rings used to hold napkins in a folded position. These rings are produced in different shapes and colors and are intended for use for tabletop applications. Earthenware includes ceramic ware, whether or not glazed or decorated, having a fired body which contains clay as an essential ingredient, and will absorb more than 3 percent of its weight of water.<sup>1</sup>

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	( <sup>2</sup>)	(^{2})	(^{2})	(^{2})	(^{2})	-
Employment (thousand employees).....	( <sup>3</sup>)	(^{3})	(^{3})	(^{3})	(^{3})	[***]
Shipments (thousands of dollars).....	(^{2})	(^{2})	(^{2})	(^{2})	(<sup>2</sup> )	-
Exports <sup>4</sup> (thousands of dollars).....	34	22	44	93	125	38
Imports <sup>4</sup> (thousands of dollars).....	44,667	42,963	45,511	63,314	61,003	8
Consumption (thousands of dollars).....	( <sup>2</sup>)	(^{2})	(^{2})	(^{2})	(^{2})	-
Import to consumption ratio (percent)..	( <sup>2</sup>)	(^{2})	(^{2})	(^{2})	(^{2})	-
Capacity utilization (percent).....	(^{2})	(^{2})	(^{2})	(^{2})	(<sup>2</sup> )	-

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup> Not available.

<sup>3</sup> [ \*\*\* . ]

<sup>4</sup> Data are for HTS 6912.00.49 which includes the product for which advice is requested as well as other products.

<sup>1</sup> See HTS additional U.S. notes 5(c).

Comment: The U.S. industry producing these items is generally considered to be a cottage-type craft industry, with relatively little large scale production of serviette rings. Pfaltzgraff (York, PA) is believed to be the only large U.S. manufacturer of earthenware serviette rings, which are offered for sale through its retail outlets and mail order catalogs. [

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] Data for U.S. shipments of earthenware serviette rings are not available from public/government sources, and due to the craft nature of the industry, no estimates are available.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports <sup>1</sup>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	<u>1,000 dollars</u>			
Total.....	61,003	100	-	( <sup>2</sup> )
Imports from GSP countries:				
Total.....	4,269	7	100	( <sup>2</sup> )
Brazil.....	2,196	4	51	( <sup>2</sup> )
Mexico.....	992	2	23	( <sup>2</sup> )
Philippines.....	286	( <sup>4</sup> )	7	( <sup>2</sup> )
Israel <sup>3</sup> .....	244	( <sup>4</sup> )	6	( <sup>2</sup> )

<sup>1</sup> Data are for HTS 6912.00.49 that includes the product for which advice is requested as well as other products.

<sup>2</sup> Not available.

<sup>3</sup> Although imports of globe-shaped glass bowls from Israel are eligible for duty-free entry under the GSP, imports of this item in 1988 from Israel entered duty free under the provisions of the United States-Israel Free Trade Area Implementation Act of 1985.

<sup>4</sup> Less than 0.5 percent.

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

Comment: The Philippines is believed to be the major U.S. source of earthenware napkin rings (see country profile). Estimated import data for earthenware serviette rings are unavailable from official government sources or industry representatives familiar with the product category.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Brazil for all digest products

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Ranking as a U.S. import supplier, 1988..... 7

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No \_\_\_

What is the price elasticity of U.S. demand?..... High X Moderate \_\_\_ Low \_\_\_

Can production in the country be easily expanded or contracted in the short term?..... Yes X No \_\_\_

Does the country have significant export markets besides the United States?..... Yes X No \_\_\_

Could exports from the country be readily redistributed among its foreign export markets?..... Yes X No \_\_\_

What is the price elasticity of import supply?..... High X Moderate \_\_\_ Low \_\_\_

Price level compared with:

U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Quality compared with:

U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

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Competitiveness indicators for Mexico for all digest products

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Ranking as a U.S. import supplier, 1988..... 9

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No \_\_\_

What is the price elasticity of U.S. demand?..... High X Moderate \_\_\_ Low \_\_\_

Can production in the country be easily expanded or contracted in the short term?..... Yes X No \_\_\_

Does the country have significant export markets besides the United States?..... Yes X No \_\_\_

Could exports from the country be readily redistributed among its foreign export markets?..... Yes X No \_\_\_

What is the price elasticity of import supply?..... High X Moderate \_\_\_ Low \_\_\_

Price level compared with:

U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Quality compared with:

U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

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IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for the Philippines for all digest products

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Ranking as a U.S. import supplier, 1988..... 15

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted  
in the short term?..... Yes  No

Does the country have significant export markets besides the  
United States?..... Yes  No

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

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Comment: The Philippine industry is dominated by one company, Clayburn Ceramics, which allots 10 to 20 percent of its production capacity to earthenware serviette rings. In 1988 Clayburn produced 251,112 earthenware serviette rings, with employment of 35 workers. The company manufactures these items for export, primarily to the United States.

V. Position of interested parties

Petitioner.--The Government of the Republic of the Philippines requests the granting of duty-free treatment for imports of earthenware serviette rings, citing the reclassification of these items from a TSUS item with GSP treatment to a HTS subheading not granted GSP status.

Opposition.--The Pfaltzgraff Co., a domestic ceramic dinnerware and giftware manufacturer, opposes the petition, contending that serviette rings were never subject to GSP duty-free status under the TSUS, as the petitioner indicates; that the petitioner has failed to demonstrate need for GSP status; and that the domestic industry producing serviette rings would anticipate a negative impact as a result of GSP designation.

HTS item No.  
6912.00.49(pt)

[Probable economic effect advice deleted]

HTS item No.  
6912.00.49(pt)

HTS/ISUSA concordance and ISUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	<u>ISUSA</u> item No. (and allocation)	<u>ISUSA</u> col. 1 rate of duty				
		<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
6912.00.49	533.39 (100%)	16	14.5	13	11.5	11.5

Table I.

Digest Title: Earthenware serviette rings  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Taiwan.....	9,870	8,218	9,410	27,119	21,718
Japan.....	18,407	14,981	16,503	15,531	13,698
China.....	1,114	1,386	2,070	2,475	5,254
Italy.....	5,999	5,715	5,843	4,412	4,623
Korea.....	3,161	4,337	4,629	4,385	4,246
Portugal.....	1,728	2,069	1,690	2,660	2,884
Brazil.....	1,513	3,182	1,929	2,744	2,196
United Kingdom...	1,067	908	950	1,120	1,384
Mexico.....	54	51	61	602	992
Hong Kong.....	253	251	338	289	681
Romania.....	0	0	15	14	561
France.....	198	319	628	357	408
West Germany.....	627	474	504	311	339
Chile.....	0	333	203	689	328
Philippines.....	16	1	0	30	286
All other.....	659	739	739	575	1,407
<b>Total.....</b>	<b>44,667</b>	<b>42,963</b>	<b>45,511</b>	<b>63,314</b>	<b>61,003</b>
<b>GSP Total....</b>	<b>1,678</b>	<b>3,797</b>	<b>2,317</b>	<b>4,208</b>	<b>4,269</b>
<b>GSP+4.....</b>	<b>14,963</b>	<b>16,603</b>	<b>16,699</b>	<b>36,001</b>	<b>30,913</b>
Percent					
Taiwan.....	22.1	19.1	20.7	42.8	35.6
Japan.....	41.2	34.9	36.3	24.5	22.5
China.....	2.5	3.2	4.5	3.9	8.6
Italy.....	13.4	13.3	12.8	7.0	7.6
Korea.....	7.1	10.1	10.2	6.9	7.0
Portugal.....	3.9	4.8	3.7	4.2	4.7
Brazil.....	3.4	7.4	4.2	4.3	3.6
United Kingdom...	2.4	2.1	2.1	1.8	2.3
Mexico.....	.1	.1	.1	1.0	1.6
Hong Kong.....	.6	.6	.7	.5	1.1
Romania.....	.0	.0	1/	1/	.9
France.....	.4	.7	1.4	.6	.7
West Germany.....	1.4	1.1	1.1	.5	.6
Chile.....	.0	.8	.4	1.1	.5
Philippines.....	1/	1/	.0	1/	.5
All other.....	1.5	1.7	1.6	.9	2.3
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>3.8</b>	<b>8.8</b>	<b>5.1</b>	<b>6.6</b>	<b>7.0</b>
<b>GSP+4.....</b>	<b>33.5</b>	<b>38.6</b>	<b>36.7</b>	<b>56.9</b>	<b>50.7</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

Table II.

Digest Title: Earthenware serviette rings  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Denmark.....	0	1/	0	1	34
Sweden.....	0	1/	1/	1/	28
Canada.....	11	7	5	8	11
Norway.....	4	1/	17	70	10
Faroe Islands....	0	0	0	0	8
Mexico.....	1/	1/	2	1	8
Rep So Africa....	5	1/	1/	1/	8
Australia.....	1	1/	1	5	2
Japan.....	1	5	2	1/	2
United Kingdom...	2	1	9	1	2
Korea.....	0	1/	1/	1/	1
Malaysia.....	1/	1	1/	0	1
Venezuela.....	1/	1/	1/	1/	1
France.....	1/	1/	1/	1	1
Netherlands.....	1/	1/	0	1/	1
All other.....	9	5	7	6	7
<b>Total.....</b>	<b>34</b>	<b>22</b>	<b>44</b>	<b>93</b>	<b>125</b>
<b>GSP Total....</b>	<b>6</b>	<b>4</b>	<b>7</b>	<b>6</b>	<b>14</b>
<b>GSP+4.....</b>	<b>6</b>	<b>4</b>	<b>7</b>	<b>6</b>	<b>16</b>
Percent					
Denmark.....	.0	1/	.0	1.3	27.0
Sweden.....	.0	1/	1/	1/	22.4
Canada.....	32.7	33.7	11.8	8.4	8.8
Norway.....	12.3	1/	38.3	74.7	8.3
Faroe Islands....	.0	.0	.0	.0	6.5
Mexico.....	1/	1/	3.8	1.4	6.5
Rep So Africa....	14.9	1/	1/	1/	6.2
Australia.....	3.6	1/	3.0	5.1	1.9
Japan.....	3.6	25.2	5.0	1/	1.6
United Kingdom...	4.8	4.5	20.5	1.1	1.2
Korea.....	.0	1/	1/	1/	.9
Malaysia.....	1/	3.7	1/	.0	.8
Venezuela.....	1/	1/	1/	1/	.8
France.....	1/	1/	1/	.7	.8
Netherlands.....	1/	1/	.0	1/	.7
All other.....	25.8	22.4	15.2	5.9	5.4
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>16.5</b>	<b>17.7</b>	<b>15.1</b>	<b>6.0</b>	<b>10.8</b>
<b>GSP+4.....</b>	<b>16.7</b>	<b>19.1</b>	<b>15.6</b>	<b>6.4</b>	<b>12.9</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

DIGEST NO. 7005.21.10

CERTAIN FLAT GLASS

Certain Flat Glass

I. Introduction

Col. 1 rate of duty:	<u>7005.21.10</u>	(1988 AVE 2.2%)
	<u>7005.21.20</u>	<u>6.2</u>
	<u>7005.29.05.10</u>	<u>3.1</u>
	<u>7005.29.15</u>	<u>3.2</u>
	<u>7005.29.25</u>	<u>5.3</u>

Type of action proposed (check one):

Addition of GSP: X

Removal from GSP:    

Country graduation:    

Competitive-need-limit waiver:    

Non-eligible GSP countries: None

Current competitive-need-limit waivers: None

Current "sufficiently competitive" designation: None

U.S. production on Jan. 3, 1985? Yes X No    

Description and uses: All items in this digest refer to flat glass manufactured by the "float" process. Float glass furnishes the initial raw material for most flat glass applications. The major end-uses are windows, doors and mirrors for the motor vehicle and construction industries. The word "float" describes the technology used to make such glass, whereby an unbroken strip of raw molten glass "floats" on a bed of molten tin. The float technology now dominates flat glass production worldwide.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	5	5	5	5	5	-
Employment (thousand employees).....	*12	*12	*12	*14	*15	*6
Shipments (thousands of dollars).....	*561,000	*760,000	*787,000	*924,000	*1,001,000	*16
Exports <sup>2</sup> (thousands of dollars).....	*27,000	*24,000	*28,000	*44,000	*52,000	*18
Imports <sup>2</sup> (thousands of dollars).....	*15,000	*22,000	*25,000	*26,000	*21,000	*9
Consumption (thousands of dollars).....	*549,000	*758,000	*784,000	*906,000	*970,000	*15
Import to consumption ratio (percent)..	*3	*3	*3	*3	*2	*-11
Capacity utilization (percent).....	*84	*91	*100	*98	*98	*4

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup> The data in this profile are for digest products and are estimates by the staff of the U.S. International Trade Commission. The data in Tables I and II at the end of this digest include digest products as well as other products and are compiled from official U.S. Department of Commerce data.

Comment: Float glass is a physically homogeneous product and quality differences are minimal. Hence, both domestic and foreign float glass generally compete on an equal basis in terms of quality. Favorable price differentials, adequate product availability, and timely delivery can be

<sup>1</sup> Also included are HTS subheadings 7005.21.20, 7005.29.05.10, 7005.29.15, and 7005.29.25.

determining factors in the decision to purchase glass of like quality. Transportation costs can be a significant factor affecting price, perhaps especially for ocean freight. The capacity utilization figures reflect high demand throughout the period of the table. Additionally, these figures include the opening of new float lines (e.g., \*6 percent additional capacity in 1987, a \*4 percent increase in 1988), as well as incremental improvements in technology that have allowed existing plants to stretch their production capabilities. For example, until recently a float plant needed to undertake a "rebuild" every 6 years--a process requiring 90 days. The time needed before rebuilds has now been stretched, in many cases, from 7 to 9 years.

The economics of float glass production encourage large runs of float glass of a given size and thickness; otherwise the production line has to be modified, costing production time and labor. [

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III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports <sup>1</sup> 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	*21,000	100	-	*2
Imports from GSP countries:				
Total.....	*5,710 <sup>2</sup>	*26	100	*( <sup>3</sup> )
Mexico.....	*4,500	*22	79	*( <sup>3</sup> )
Turkey.....	*700	*3	12	*( <sup>3</sup> )

<sup>1</sup> The data in the tabulation above are for digest products and are estimates by the staff of the U.S. International Trade Commission. The data in Tables I and II at the end of this digest include digest products as well as other products and are compiled from official U.S. Department of Commerce data.

<sup>2</sup> [

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<sup>3</sup> Less than 0.5 percent.

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IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1988..... 2

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No \_\_\_

What is the price elasticity of U.S. demand?..... High X Moderate \_\_\_ Low \_\_\_

Can production in the country be easily expanded or contracted  
in the short term?..... Yes X No \_\_\_

Does the country have significant export markets besides the  
United States?..... Yes \_\_\_ No X

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes \_\_\_ No X

What is the price elasticity of import supply?..... High \_\_\_ Moderate X Low \_\_\_

Price level compared with:

U.S. products..... Above \_\_\_ Equivalent \_\_\_ Below X

Other foreign products..... Above \_\_\_ Equivalent \_\_\_ Below X

Quality compared with:

U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Comment: Mexican glass producers have lower energy costs than those available in the United States, while having roughly equivalent transportation costs, especially in supplying U.S. southwestern markets. [

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Competitiveness indicators for Turkey for all digest products

Ranking as a U.S. import supplier, 1988..... 7

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No \_\_\_

What is the price elasticity of U.S. demand?..... High X Moderate \_\_\_ Low \_\_\_

Can production in the country be easily expanded or contracted in  
the short term?..... Yes X No \_\_\_

Does the country have significant export markets besides the  
United States?..... Yes X No \_\_\_

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes X No \_\_\_

What is the price elasticity of import supply?..... High X Moderate \_\_\_ Low \_\_\_

Price level compared with:

U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Quality compared with:

U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

V. Position of interested parties

Petitioner.--Vidrio Plano de Mexico, S.A. of Mexico City, and Vitro Flotado, S.A. of Monterrey, Mexico, both subsidiaries of the Vitro Group, are manufacturers and exporters of float glass. The petitioners believe that the U.S. industry has remained relatively insulated and unharmed by import competition and that imports supply those parts of the market that domestic producers do not service because of economies of scale in the glass production process. They allege that granting GSP eligibility to float glass from Mexico would benefit the small- and middle-size consumer in the U.S. market, because imports tend to complement and/or supplement domestic production. The petitioners conclude that the current U.S. import duties on float glass do not protect the domestic industry, but only increase the cost of the imported product.

Support.--Sentinel Holdings of Miami, Florida, supported the granting of GSP status to float glass for the reasons outlined by the petitioner.

The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

Opposition.--PPG Industries, Pittsburgh, Pennsylvania, opposed the granting of GSP status for float glass. It believes that new capacity coming on stream in GSP-eligible countries collectively amounts to about 20 percent of U.S. demand. It alleges that there is now surplus capacity in the United States, and competition from GSP-eligible countries will cause U.S. prices to fall because countries like Mexico have energy and labor costs that are lower than those available to U.S. producers. Moreover, all of the firms in developing countries that are adding capacity are large corporations connected to one of the major international glass producing companies and are using state-of-the-art technology. PPG believes the preferential treatment for such companies cannot be justified.

HTS item No.  
7005.21.10

[Probable economic effect advice deleted]

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	<u>TSUSA</u> item No. (and allocation)	<u>TSUSA</u> col. 1 rate of duty				
		1984	1985	1986	1987	1988
7005.21.10						
	543.6100 (100%)	1.6	1.2	0.2	0.1	0.4
	543.6300 (100%)	4.2	3.9	4.9	1.1	1.5
	543.6700 (100%)	4.6	5.7	5.4	2.2	2.5
	544.1840 (002%)	5.9	5.7	5.3	4.9	1.7
	544.2000 (009%)	Free	Free	Free	Free	Free
7005.21.20						
	543.6900 (100%)	8.3	7.6	7.1	6.3	6.0
	544.1400 (001%)	8.3	7.6	7.5	6.3	4.6
7005.29.05						
	543.2100 (100%)	2.2	3.3	3.6	2.4	2.3
	543.2300 (100%)	9.7	11.5	8.6	4.4	4.1
	544.2000 (012%)	Free	Free	Free	Free	Free
7005.29.15						
	543.2730 (100%)	9.9	8.9	6.4	4.4	4.4
	543.2770 (100%)	4.6	4.5	3.5	3.2	2.1
	544.1840 (003%)	5.9	5.7	5.3	4.9	1.7
	544.2000 (012%)	Free	Free	Free	Free	Free
7005.29.25						
	543.3100 (100%)	8.0	7.1	6.7	6.0	6.0
	544.1400 (001%)	8.3	7.6	7.5	6.3	4.6

Table 1.

HTS Item No.  
70052110 70052120  
70052905 70052915  
70052925

Digest Title: Certain flat glass 1/  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Canada.....	3,475	7,477	8,507	9,610	5,700
Mexico.....	4,348	4,208	6,151	4,305	5,457
Japan.....	2,258	2,215	2,225	3,480	4,360
Korea.....	1,255	2,340	2,460	2,324	1,630
United Kingdom...	857	575	966	1,096	1,209
West Germany.....	2,365	3,229	2,345	1,097	946
Taiwan.....	67	244	232	655	780
Turkey.....	0	29	418	2,277	763
Spain.....	515	337	1,103	714	475
France.....	57	73	59	85	316
Italy.....	647	1,293	370	218	315
Hong Kong.....	2	16	59	131	240
Belgium.....	334	722	860	239	226
China.....	2/	2	4	183	148
Tokelau Is.....	0	0	0	0	123
All other.....	271	885	941	887	505
<b>Total.....</b>	<b>16,430</b>	<b>23,643</b>	<b>26,697</b>	<b>27,301</b>	<b>23,192</b>
<b>GSP Total....</b>	<b>4,475</b>	<b>4,440</b>	<b>6,902</b>	<b>6,884</b>	<b>6,567</b>
<b>GSP+4.....</b>	<b>5,799</b>	<b>7,041</b>	<b>9,652</b>	<b>10,010</b>	<b>9,229</b>
Percent					
Canada.....	21.1	31.6	31.9	35.2	24.6
Mexico.....	26.5	17.8	23.0	15.8	23.5
Japan.....	13.7	9.4	8.3	12.7	18.8
Korea.....	7.6	9.9	9.2	8.5	7.0
United Kingdom...	5.1	2.4	3.6	4.0	5.2
West Germany.....	14.4	13.7	8.8	4.0	4.1
Taiwan.....	.4	1.0	.9	2.4	3.4
Turkey.....	.0	.1	1.6	8.3	3.3
Spain.....	3.1	1.4	4.1	2.6	2.0
France.....	.3	.3	.2	.3	1.4
Italy.....	3.9	5.5	1.4	.8	1.4
Hong Kong.....	2/	.1	.2	.5	1.0
Belgium.....	2.0	3.1	3.2	.9	1.0
China.....	2/	2/	2/	.7	.6
Tokelau Is.....	.0	.0	.0	.0	.5
All other.....	1.7	3.7	3.5	3.2	2.2
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>27.2</b>	<b>18.8</b>	<b>25.9</b>	<b>25.2</b>	<b>28.3</b>
<b>GSP+4.....</b>	<b>35.3</b>	<b>29.8</b>	<b>36.2</b>	<b>36.7</b>	<b>39.8</b>

1/ The data in this table are for the full HS heading and therefore may include products in addition to the digest product.

2/ Less than \$500 or less than 0.1 percent.

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

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

Table II.

HTS Item No.  
70052110 70052120  
70052905 70052915  
70052925

Digest Title: Certain flat glass  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Canada.....	13,169	14,688	15,864	23,675	25,515
Korea.....	323	913	948	1,722	5,452
Australia.....	1,766	1,944	1,995	3,769	3,957
Venezuela.....	2,140	1,399	2,223	2,995	2,767
Mexico.....	2,193	1,620	1,450	2,114	1,799
Japan.....	241	189	410	592	1,708
Italy.....	188	4	73	823	1,580
United Kingdom...	809	92	173	1,289	1,421
New Zealand.....	637	612	919	2,091	1,317
Saudi Arabia.....	1,351	879	1,326	244	1,047
Chile.....	201	141	290	375	526
Sweden.....	16	24	24	332	508
Hong Kong.....	550	185	319	863	507
Spain.....	3	0	37	209	424
Colombia.....	431	202	54	296	343
All other.....	4,476	2,955	2,515	3,199	4,477
<b>Total.....</b>	<b>28,423</b>	<b>25,847</b>	<b>28,620</b>	<b>44,536</b>	<b>53,347</b>
GSP Total....	7,422	5,082	5,597	8,037	8,241
GSP*4.....	8,882	6,827	6,976	10,659	14,640
Percent					
Canada.....	46.2	56.8	55.4	53.2	47.8
Korea.....	1.1	3.5	3.3	3.9	10.2
Australia.....	6.2	7.5	7.0	8.5	7.4
Venezuela.....	7.5	5.4	7.8	6.7	5.2
Mexico.....	7.7	6.3	5.1	4.7	3.4
Japan.....	.8	.7	1.4	1.3	3.2
Italy.....	.7	1/	.3	1.8	3.0
United Kingdom...	2.8	.4	.6	2.9	2.7
New Zealand.....	2.2	2.4	3.2	4.7	2.5
Saudi Arabia.....	4.7	3.4	4.6	.5	2.0
Chile.....	.7	.5	1.0	.8	1.0
Sweden.....	.1	.1	.1	.7	1.0
Hong Kong.....	1.9	.7	1.1	1.9	1.0
Spain.....	1/	.0	.1	.5	.8
Colombia.....	1.5	.8	.2	.7	.6
All other.....	15.7	11.4	8.8	7.1	8.4
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	26.0	19.7	19.6	18.0	15.4
GSP*4.....	31.2	26.4	24.4	23.9	27.4

1/ Less than \$500 or less than 0.1 percent.

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

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



DIGEST NO. 7013.99.50(pt)

GLOBE-SHAPED GLASS BOWLS



III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports <sup>1</sup> <u>1,000 dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	32,086	100	-	( <sup>2</sup> )
Imports from GSP countries:				
Total.....	5,131	16	100	( <sup>2</sup> )
Mexico.....	2,915	9	57	( <sup>2</sup> )
Turkey.....	1,262	4	25	( <sup>2</sup> )
Brazil.....	318	1	6	( <sup>2</sup> )
Israel <sup>3</sup> .....	296	1	6	( <sup>2</sup> )

<sup>1</sup> Data are for HTS 7013.99.50 that includes the product for which advice is requested as well as other products.

<sup>2</sup> Not available.

<sup>3</sup> Although imports of globe-shaped glass bowls from Israel are eligible for duty-free entry under the GSP, imports of this item in 1988 from Israel entered duty free under the provisions of the United States-Israel Free Trade Area Implementation Act of 1985.

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

Comment: Mexico is a primary supplier of globe-shaped glass bowls to the U.S. market (see country profile). Turkey and Indonesia are also believed to be sources of this product.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1988..... 3

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No \_\_\_

What is the price elasticity of U.S. demand?..... High X Moderate \_\_\_ Low \_\_\_

Can production in the country be easily expanded or contracted in the short term?..... Yes X No \_\_\_

Does the country have significant export markets besides the United States?..... Yes X No \_\_\_

Could exports from the country be readily redistributed among its foreign export markets?..... Yes X No \_\_\_

What is the price elasticity of import supply?..... High X Moderate \_\_\_ Low \_\_\_

Price level compared with:

U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Quality compared with:

U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Comment: The Mexican glass industry is dominated by the Vitro Crisa group, which manufactures a wide spectrum of glass products, including globe-shaped glass bowls. Vitrocrisa Cristaleria, S.A. (Monterrey, Mexico) is the largest producer and exporter of these products in Mexico. In 1988 the company operated at [\*\*\*] percent of capacity, producing nearly [ \*\*\* ] of assorted glassware, including globe-shaped bowls. Employment in 1988 was [ \*\*\* ] workers. Exports of globe-shaped glass bowls to the United States amounted to [ \*\*\* ] .

Competitiveness indicators for Turkey for all digest products

Ranking as a U.S. import supplier, 1988..... 5

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No \_\_\_

What is the price elasticity of U.S. demand?..... High X Moderate \_\_\_ Low \_\_\_

Can production in the country be easily expanded or contracted in the short term?..... Yes X No \_\_\_

Does the country have significant export markets besides the United States?..... Yes X No \_\_\_

Could exports from the country be readily redistributed among its foreign export markets?..... Yes X No \_\_\_

What is the price elasticity of import supply?..... High X Moderate \_\_\_ Low \_\_\_

Price level compared with:

U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Quality compared with:

U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Comment: The Turkish household glassware industry is dominated by Turkiye Sise Ve Cam Fabrikalari A.S., a producer of flat glass, glass containers, laboratory glassware, household glassware, and other glassware products. Household glassware, which includes globe-shaped bowls, accounted for approximately 24 percent of total company sales. The company produces both hand- and machine-made glassware, and exports to over 70 countries.

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for Brazil for all digest products

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Ranking as a U.S. import supplier, 1988..... 12

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No \_\_\_

What is the price elasticity of U.S. demand?..... High X Moderate \_\_\_ Low \_\_\_

Can production in the country be easily expanded or contracted  
in the short term?..... Yes X No \_\_\_

Does the country have significant export markets besides the  
United States?..... Yes X No \_\_\_

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes X No \_\_\_

What is the price elasticity of import supply?..... High X Moderate \_\_\_ Low \_\_\_

Price level compared with:

U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Quality compared with:

U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

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V. Position of interested parties

Petitioner.--Vitrocrisa Cristaleria, S.A. de C.V. and Crisa Corporation request the granting of GSP treatment to globe-shaped glass bowls, citing the employment and production benefits for the Mexican glass industry and the current health of the U.S. industry producing these glass items.

Opposition.--Mid-Atlantic of West Virginia, Inc., a U.S. manufacturer of hand-made globe-shaped glass bowls, opposes the petition, citing the negative economic effects on the company and its possible closure, the designation of these glass items as "import-sensitive" by Congress, the "world class" nature of the Mexican manufacturer, and the potential loophole in the HTS created with the adoption of this classification.

Indiana Glass Company, a domestic producer, opposes the petition, citing the designation of these glass items as "import-sensitive" by Congress, the "world class" nature of the Mexican manufacturer, and the potential loophole in the HTS created with the adoption of this classification.

Libbey Glass, Inc., a unit of Owens-Illinois, opposes the petition, citing the designation of these glass items as "import-sensitive" by Congress, the adverse impact of such designation on the U.S. industry, the potential classification problems created by this breakout, and the highly competitive position of GSP-eligible countries in glass production.

Anchor Hocking Glass Company, a domestic glassware manufacturer, opposes the petition, citing the "import-sensitive" designation of these glass products by Congress, the highly competitive nature of GSP beneficiary countries, and the current high import penetration of apparent U.S. consumption.

Southwestern Glass Company, Inc., a domestic producer of globe-shaped glass bowls, opposes the petition for several reasons: the severe negative economic effects on the company; the designation of these glass items as "import-sensitive" by Congress; and the "world class" competitive nature of the Mexican manufacturer.

[Probable economic effect advice deleted]

HTS item No.  
7013.99.50(pt)

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation)	TSUSA col. 1 rate of duty				
		1984	1985	1986	1987	1988
7013.99.50	546.6060 (100%)	30	30	30	30	30

Table I.

Digest Title: Globe-shaped glass bowls  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Taiwan.....	10,729	10,784	13,425	12,610	13,799
Italy.....	1,660	2,504	2,364	3,027	3,773
Mexico.....	4,593	3,556	2,138	2,284	2,915
France.....	1,759	2,064	1,534	1,514	2,405
Turkey.....	588	709	754	1,845	1,262
China.....	1,059	1,176	1,301	904	1,101
Romania.....	942	808	1,123	543	893
West Germany.....	1,122	1,722	1,090	873	874
Spain.....	322	207	252	513	609
Portugal.....	31	121	216	345	487
Japan.....	729	764	868	1,010	442
Brazil.....	48	158	431	325	318
Belgium.....	369	511	218	243	306
Hong Kong.....	288	347	176	496	302
East Germany.....	322	387	449	244	298
All other.....	4,144	3,676	3,394	3,640	2,303
<b>Total.....</b>	<b>28,704</b>	<b>29,494</b>	<b>29,733</b>	<b>30,416</b>	<b>32,086</b>
<b>GSP Total....</b>	<b>5,598</b>	<b>4,886</b>	<b>3,717</b>	<b>5,325</b>	<b>5,131</b>
<b>GSP+4.....</b>	<b>16,815</b>	<b>16,144</b>	<b>17,425</b>	<b>18,718</b>	<b>19,420</b>
Percent					
Taiwan.....	37.4	36.6	45.2	41.5	43.0
Italy.....	5.8	8.5	7.9	10.0	11.8
Mexico.....	16.0	12.1	7.2	7.5	9.1
France.....	6.1	7.0	5.2	5.0	7.5
Turkey.....	2.0	2.4	2.5	6.1	3.9
China.....	3.7	4.0	4.4	3.0	3.4
Romania.....	3.3	2.7	3.8	1.8	2.8
West Germany.....	3.9	5.8	3.7	2.9	2.7
Spain.....	1.1	.7	.8	1.7	1.9
Portugal.....	.1	.4	.7	1.1	1.5
Japan.....	2.5	2.6	2.9	3.3	1.4
Brazil.....	.2	.5	1.4	1.1	1.0
Belgium.....	1.3	1.7	.7	.8	1.0
Hong Kong.....	1.0	1.2	.6	1.6	.9
East Germany.....	1.1	1.3	1.5	.8	.9
All other.....	14.4	12.5	11.4	12.0	7.2
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>19.5</b>	<b>16.6</b>	<b>12.5</b>	<b>17.5</b>	<b>16.0</b>
<b>GSP+4.....</b>	<b>58.6</b>	<b>54.7</b>	<b>58.6</b>	<b>61.5</b>	<b>60.5</b>

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

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

Table II.

Digest Title: Globe-shaped glass bowls  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Japan.....	2	2	4	6	11
Australia.....	4	5	6	5	9
United Kingdom...	2	3	2	2	8
Mexico.....	1	1	3	2	7
Canada.....	32	10	9	10	7
Jamaica.....	2	1	1	2	5
Hong Kong.....	1	1/	2	3	3
Israel.....	1/	2	1	2	3
Singapore.....	1	2	1	1	3
Haiti.....	1/	1/	1/	1	2
West Germany.....	1	1	2	1	2
Netherlands.....	1	1	1	2	2
France.....	1/	1	1	1	2
Dominican Rep....	1/	1/	1	1	1
Philippines.....	1/	1	1	2	1
All other.....	19	18	19	24	18
<b>Total.....</b>	<b>69</b>	<b>48</b>	<b>53</b>	<b>65</b>	<b>84</b>
<b>GSP Total....</b>	<b>15</b>	<b>17</b>	<b>18</b>	<b>19</b>	<b>29</b>
<b>GSP+4.....</b>	<b>17</b>	<b>19</b>	<b>21</b>	<b>24</b>	<b>36</b>
Percent					
Japan.....	3.6	3.4	8.4	8.8	12.8
Australia.....	6.4	10.7	10.6	7.8	10.8
United Kingdom...	3.1	5.8	3.1	3.7	9.2
Mexico.....	1.8	2.5	4.9	3.7	8.7
Canada.....	46.6	20.5	17.7	16.0	8.6
Jamaica.....	3.4	2.6	1.5	2.9	5.6
Hong Kong.....	1.1	1/	3.7	4.8	3.5
Israel.....	1/	3.9	2.3	3.0	3.5
Singapore.....	1.9	3.3	1.8	1.1	3.5
Haiti.....	1/	1/	1/	2.0	2.9
West Germany.....	.9	3.1	2.9	2.0	2.6
Netherlands.....	1.7	1.4	1.9	2.6	1.9
France.....	1/	1.6	1.6	1.5	1.9
Dominican Rep....	1/	1/	2.7	1.1	1.6
Philippines.....	1/	2.1	1.3	2.6	1.6
All other.....	27.6	37.3	35.2	36.3	21.1
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>21.6</b>	<b>35.8</b>	<b>33.3</b>	<b>29.5</b>	<b>34.2</b>
<b>GSP+4.....</b>	<b>25.4</b>	<b>39.9</b>	<b>39.7</b>	<b>37.1</b>	<b>43.3</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

DIGEST NO. 7312.10.50

IRON OR STEEL CABLES,  
ROPES, AND CORDAGE

Iron or Steel Cables, Ropes, and Cordage

I. Introduction

Col. 1 rate of duty: 7312.10.50 5.7%  
7312.10.60 4.4%  
7312.10.70 5.7%  
7312.10.90 4%

Type of action proposed (check one):

Addition of GSP:   
 Removal from GSP:   
 Country graduation:   
 Competitive-need-limit waiver:   
 Non-eligible GSP countries: None.  
 Current competitive-need-limit waivers: None.  
 Current "sufficiently competitive" designation: None.  
 U.S. production on Jan. 3, 1985? Yes  No .

Description and uses: Iron or steel ropes, cables, and cordage are composed of high-carbon or stainless steel wires laid helically around a core of metal wire or fiber. Coatings (such as zinc, or galvanizing) provide corrosion protection while lubrication aids flexibility. Wire rope, cable, and cordage are used for applications which require force to be transmitted; the most common applications are control cables and in materials-handling equipment.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage changeover period <sup>1</sup>
Producers (number).....	10	8	8	8	7	-9
Employment (thousand employees).....	*1	*1	*1	*1	*1	*0
Shipments (thousands of dollars).....	*214,245	*196,788	*170,916	*172,556	*196,606	*-2
Exports (thousands of dollars).....	8,519	7,565	7,799	8,815	13,418	12
Imports (thousands of dollars).....	74,822	86,795	81,927	103,083	129,364	15
Consumption (thousands of dollars)....	*280,549	*276,017	*245,043	*266,825	*312,552	*3
Import to consumption ratio (percent).	*27	*31	*33	*39	*41	*11
Capacity utilization (percent).....	*59	*53	*49	*54	*53	*-2

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

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

Comment: The domestic industry has restructured during the 1980s; all of the integrated steel producers (producing raw steel from iron ore and coke) have exited the industry and their operations have been divested to independent producers purchasing semifinished wire rod (the input source for wire drawing operations). This has resulted in a declining number of domestic producers, capacity, and employment; the remaining producers have become more efficient in producing digest products and have reduced costs. According to industry sources, equipment and process technology are nearly the same worldwide. Foreign producers are said to possess competitive advantages in labor rates, raw material costs, and government regulation. Reflective of a mature industry where the domestic product is nearly completely interchangeable with imports, imports compete on a price basis. Where the price of the domestic product is higher, it reflects a premium the consumer is willing to pay because of faster delivery, after-sales service, or other value-added features.

<sup>1</sup> HTS item numbers in this digest are 7312.10.50, 7312.10.60, 7312.10.70, and 7312.10.90.

Imports of digest products (and the upstream input, wire rod) are subject to quota limitations under the system of bilateral Voluntary Restraint Agreements (VRAs) negotiated pursuant to a 201 investigation and numerous Title VII cases brought by the domestic steel industry. The U.S. Government has negotiated VRAs with 19 foreign countries and the European Community since 1984. Not all foreign suppliers of digest products are included within the VRA regime. Imports from both VRA and non-VRA origin suppliers have increased.

The U.S. industry increased exports to Canada and Mexico during 1986-88 because of the decline of the U.S. dollar, and the increased demand from certain specialty users (particularly marine and aircraft control cables using stainless steels).

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

<u>Item</u>	<u>Imports</u> <u>1,000</u> <u>dollars</u>	<u>Percent</u> <u>of total</u> <u>imports</u>	<u>Percent of</u> <u>GSP imports</u>	<u>Percent of</u> <u>U.S. consumption</u>
Total.....	129,364	100	-	*41
Imports from GSP countries:				
Total.....	12,739	10	100	*4
Mexico.....	3,583	3	29	*1
Thailand.....	2,588	2	21	*1
Israel <sup>1</sup> .....	1,846	1	15	*1
India.....	1,244	1	10	*(2)

<sup>1</sup> Although imports of digest products from Israel are eligible for duty-free entry under the GSP, import of this item in 1988 from Israel entered duty free under the provisions of the United States-Israel Free Trade Area Implementation Act of 1985.

<sup>2</sup> Less than 0.5 percent.

Note.--The countries shown in the table include the top 4 GSP suppliers in 1988.

Comment: Digest products are covered under the VRA regime with Mexico. None of the other top GSP countries is so covered. None of the GSP countries are close to the competitive-need limitations of the GSP.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1988..... 7

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No \_\_\_

What is the price elasticity of U.S. demand?..... High X Moderate \_\_\_ Low \_\_\_

Can production in the country be easily expanded or contracted in the short term?..... Yes X No \_\_\_

Does the country have significant export markets besides the United States?..... Yes X No \_\_\_

Could exports from the country be readily redistributed among its foreign export markets?..... Yes X No \_\_\_

What is the price elasticity of import supply?..... High X Moderate \_\_\_ Low \_\_\_

Price level compared with:

U.S. products..... Above \_\_\_ Equivalent \_\_\_ Below X

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Quality compared with:

U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Comment: The Mexican industry is composed of three integrated producers, which consume in-house production of wire rod. They reportedly have a comparative advantage over other foreign suppliers in transport costs and time spent enroute to the U.S. market; Mexico also exports to other countries in Central America and the Caribbean. Mexican producers possess a competitive advantage over U.S. producers in terms of labor costs and government regulation. Imports from Mexico compete in geographically specialized areas (mostly the U.S. Southwest) and in product lines where the applications require smaller diameters with lower tensile strengths. In addition, one of the U.S. producers reportedly imports digest products from Mexico. Digest products are covered under a VRA with Mexico.

Competitiveness indicators for Thailand for all digest products

Ranking as a U.S. import supplier, 1988..... 8

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No \_\_\_

What is the price elasticity of U.S. demand?..... High X Moderate \_\_\_ Low \_\_\_

Can production in the country be easily expanded or contracted in the short term?..... Yes X No \_\_\_

Does the country have significant export markets besides the United States?..... Yes X No \_\_\_

Could exports from the country be readily redistributed among its foreign export markets?..... Yes X No \_\_\_

What is the price elasticity of import supply?..... High X Moderate \_\_\_ Low \_\_\_

Price level compared with:

U.S. products..... Above \_\_\_ Equivalent \_\_\_ Below X

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Quality compared with:

U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Comment: There are two producers of steel wire rope in Thailand: Usha Siam Steel Industries Ltd., which began production in 1982, and Vivat Steel Wire Rope, which began production in 1979. [ \*\*\* ]

In 1988, the Thai steel wire rope industry worked at [ \*\*\* ] percent capacity utilization,



V. Position of interested parties

Petitioner.--The Committee of Domestic Steel Wire Rope and Specialty Cable Manufacturers<sup>1</sup> is the petitioner to remove GSP status from India and Thailand for imports of digest products. The petitioner contends that the wire rope manufacturers in both countries are no longer developing industries for which GSP treatment was intended: they have operated for a number of years, are experienced in the export markets, and possess the equipment, skill and technology to produce marketable wire rope in significant quantities. The petitioner contends that the expanding market share of imports from Thailand and India indicates that digest products from these two countries are internationally competitive and no longer a proper subject of GSP treatment. The petitioner indicates that the foreign companies in India and Thailand manufacturing the products are related; further the petitioner proffers that imports from India and Thailand have displaced imports from countries subject to Voluntary Restraint Agreement (VRA) limitations on steel products.

Opposition.--The Manufacturers and Exporters of Steel Wire Rope from India<sup>2</sup> contend that virtually all of the wire rope manufactured in India is of the less-advanced, general usage type, that Indian producers have difficulty maintaining quality control, and that U.S. consumers perceive Indian wire rope to be of low quality. Because of the quality problems, Indian exports are price followers behind the Korean and other exports to the United States. The respondent also contends that the U.S. consumers of imports of digest products from India are U.S. manufacturers of wire rope which utilize the imports to supplement their production. Because of the quality problems, pattern of supply to the U.S. industry, and comparing imports from India with other imports in terms of unit prices and quality, the respondent contends that India's industry is still in its developing stage.

The Government of Thailand (GOT), representing the two producers, opposes the petition. The GOT contends that the Thai wire rope industry is not internationally competitive, and GSP imports from Thailand do not pose a threat to the U.S. industry because of high capacity utilization, small productive capacity, and limited applicability of Thai products. Thai producers manufacture a limited range of products. The GOT also contends that imports from Thailand are chiefly purchased by U.S. manufacturers of steel wire rope to supplement their own production, accounted for a small percentage of total imports, and increased during a period of time when the U.S. industry enjoyed a solid recovery.

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<sup>1</sup> The Committee is composed of the following U.S. producers, which account for almost 100 percent of U.S. steel wire rope and cable production: Paulsen Wire Rope Corp., Macwhyte Co., Union Wire Rope (a division of Macwhyte), The Rochester Corp., Bridon American Corp., Wire Rope Corp. of America, Broderick & Bascom Co., and Williamsporte Wire Rope Corp.

<sup>2</sup> There are nine companies opposing the petition, as follows: Asian Wire Ropes Ltd.; Bombay Wire Ropes, Ltd.; Fort William Co. Ltd.; Mohatta & Hackel Ltd.; South Indian Wire Ropes Ltd.; Usha Martin Industries Ltd.; United Wire Ropes Ltd.; New India Exports Pvt. Ltd.; and Mukund Iron & Steel Works Ltd. The last two companies are exporters only.

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation)	TSUSA col. 1 rate of duty				
		1984	1985	1986	1987	1988
7312.10.50	642.1900 (10%)	7.1	6.7	6.2	5.7	5.7
	642.2000 (1%)	7.1	6.7	6.2	5.7	5.7
	642.2010 (10%)	7.1	6.7	6.2	5.7	5.7
	642.2100 (1%)	Free	Free	Free	Free	Free
	642.2200 (6%)	Free	Free	Free	Free	Free
	642.2400 (1%)	Free	Free	Free	Free	Free
	642.2600 (6%)	Free	Free	Free	Free	Free
7312.10.60	642.1400 (100%)	5.2	4.9	4.7	4.4	4.4
7312.10.70	642.1900 (70%)	7.1	6.7	6.2	5.7	5.7
	642.2010 (70%)	7.1	6.7	6.2	5.7	5.7
	642.2100 (1%)	Free	Free	Free	Free	Free
	642.2200 (6%)	Free	Free	Free	Free	Free
	642.2400 (1%)	Free	Free	Free	Free	Free
	642.2600 (6%)	Free	Free	Free	Free	Free
7312.10.90	642.1200 (100%)	4	3.8	3.7	3.5	3.5
	642.1615 (100%)	4	4	4	4	4
	642.1620 (100%)	4	4	4	4	4
	642.1650 (100%)	4	4	4	4	4
	642.1800 (65%)	4.9	4.9	4.9	4.9	4.9

Table I.

HTS Item No.  
73121050 73121060  
73121070 73121090

Digest Title: Iron or steel cables, ropes, and cordage  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Korea.....	46,127	48,089	48,897	50,746	67,041
Canada.....	7,787	7,542	6,143	9,057	12,026
Japan.....	4,355	4,438	3,230	7,890	10,588
Taiwan.....	2,615	3,512	4,822	7,227	7,426
West Germany.....	2,094	3,374	3,103	5,946	5,991
United Kingdom...	1,557	2,148	2,130	2,057	3,911
Mexico.....	852	989	1,185	2,738	3,583
Thailand.....	1/	24	257	1,520	2,588
Israel.....	145	1,151	1,737	1,394	1,846
Singapore.....	26	63	65	2,332	1,766
Switzerland.....	912	803	1,332	810	1,287
India.....	60	36	116	44	1,244
Belgium.....	327	1,740	906	694	1,103
Spain.....	1,200	907	1,123	963	963
Argentina.....	6	0	0	210	862
All other.....	6,758	11,979	6,880	9,454	7,140
<b>Total.....</b>	<b>74,822</b>	<b>86,795</b>	<b>81,927</b>	<b>103,083</b>	<b>129,364</b>
<b>GSP Total....</b>	<b>2,753</b>	<b>3,311</b>	<b>4,156</b>	<b>7,070</b>	<b>12,739</b>
<b>GSP+4.....</b>	<b>51,527</b>	<b>55,003</b>	<b>58,017</b>	<b>67,418</b>	<b>89,160</b>
Percent					
Korea.....	61.6	55.4	59.7	49.2	51.8
Canada.....	10.4	8.7	7.5	8.8	9.3
Japan.....	5.8	5.1	3.9	7.7	8.2
Taiwan.....	3.5	4.0	5.9	7.0	5.7
West Germany.....	2.8	3.9	3.8	5.8	4.6
United Kingdom...	2.1	2.5	2.6	2.0	3.0
Mexico.....	1.1	1.1	1.4	2.7	2.8
Thailand.....	1/	1/	.3	1.5	2.0
Israel.....	.2	1.3	2.1	1.4	1.4
Singapore.....	1/	.1	.1	2.3	1.4
Switzerland.....	1.2	.9	1.6	.8	1.0
India.....	.1	1/	.1	1/	1.0
Belgium.....	.4	2.0	1.1	.7	.9
Spain.....	1.6	1.0	1.4	.9	.7
Argentina.....	1/	.0	.0	.2	.7
All other.....	9.0	13.8	8.4	9.2	5.5
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>3.7</b>	<b>3.8</b>	<b>5.1</b>	<b>6.9</b>	<b>9.8</b>
<b>GSP+4.....</b>	<b>68.9</b>	<b>63.4</b>	<b>70.8</b>	<b>65.4</b>	<b>68.9</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

Table II.

HTS Item No.  
73121050 73121060  
73121070 73121090

Digest Title: Iron or steel cables, ropes, and cordage  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Canada.....	2,400	1,928	1,455	2,293	4,030
Mexico.....	559	1,495	855	1,269	2,816
Korea.....	97	93	257	116	824
Japan.....	319	162	119	284	731
United Kingdom...	488	399	662	280	514
West Germany.....	201	185	264	300	335
Haiti.....	16	4	145	45	307
Singapore.....	191	108	159	54	281
Italy.....	25	55	82	110	223
Sweden.....	1	95	187	237	218
France.....	137	135	135	267	196
Thailand.....	141	17	33	9	172
Taiwan.....	49	65	37	38	167
Netherlands.....	22	66	107	44	143
Dominican Rep....	52	34	14	54	131
All other.....	3,822	2,725	3,287	3,417	2,329
<b>Total.....</b>	<b>8,519</b>	<b>7,565</b>	<b>7,799</b>	<b>8,815</b>	<b>13,418</b>
<b>GSP Total....</b>	<b>3,255</b>	<b>3,670</b>	<b>3,242</b>	<b>2,853</b>	<b>5,024</b>
<b>GSP+4.....</b>	<b>3,610</b>	<b>3,952</b>	<b>3,774</b>	<b>3,066</b>	<b>6,332</b>
Percent					
Canada.....	28.2	25.5	18.7	26.0	30.0
Mexico.....	6.6	19.8	11.0	14.4	21.0
Korea.....	1.1	1.2	3.3	1.3	6.1
Japan.....	3.7	2.1	1.5	3.2	5.5
United Kingdom...	5.7	5.3	8.5	3.2	3.8
West Germany.....	2.4	2.4	3.4	3.4	2.5
Haiti.....	.2	.1	1.9	.5	2.3
Singapore.....	2.2	1.4	2.0	.6	2.1
Italy.....	.3	.7	1.1	1.3	1.7
Sweden.....	1/	1.3	2.4	2.7	1.6
France.....	1.6	1.8	1.7	3.0	1.5
Thailand.....	1.7	.2	.4	.1	1.3
Taiwan.....	.6	.9	.5	.4	1.2
Netherlands.....	.3	.9	1.4	.5	1.1
Dominican Rep....	.6	.4	.2	.6	1.0
All other.....	44.9	36.0	42.2	38.8	17.4
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>38.2</b>	<b>48.5</b>	<b>41.6</b>	<b>32.4</b>	<b>37.4</b>
<b>GSP+4.....</b>	<b>42.4</b>	<b>52.2</b>	<b>48.4</b>	<b>34.8</b>	<b>47.2</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

DIGEST NO. 7314.19.00

WOVEN PRODUCTS OF IRON OR STEEL  
WIRE, OTHER THAN STAINLESS STEEL

Woven Products of Iron or Steel  
Wire, Other Than Stainless Steel

I. Introduction

Col. 1 rate of duty: 4.9%  
 Type of action proposed (check one):  
 Addition of GSP:   
 Removal from GSP:   
 Country graduation:   
 Competitive-need-limit waiver:  (Country--Mexico)<sup>1</sup>  
 Non-eligible GSP countries: None.  
 Current competitive-need-limit waivers: None.  
 Current "sufficiently competitive" designation: Mexico.  
 U.S. production on Jan. 3, 1985? Yes  No .

<sup>1</sup> Advice is also requested on restoring the full competitive-need limit for this item for Mexico.

Description and uses: Digest products are woven wire cloth, grill, netting, and fencing of iron and steel wire other than of stainless steel. There are numerous uses for digest products including filters on machinery, crop land and animal enclosures, and masonry and concrete reinforcement in construction.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	*10	*8	*8	*7	*7	*-7
Employment (thousand employees).....	( <sup>2</sup>)	(^{2})	(^{2})	(^{2})	(^{2})	-
Shipments (thousands of dollars).....	*183,545	*163,283	*172,148	*159,390	*191,267	*1
Exports (thousands of dollars).....	2,997	2,683	2,492	2,105	3,744	6
Imports (thousands of dollars).....	7,074	8,707	12,089	11,702	13,665	18
Consumption (thousands of dollars)....	*187,622	*169,307	*181,745	*168,987	*201,188	*2
Import to consumption ratio (percent).	*4	*5	*7	*7	*7	*16
Capacity utilization (percent).....	( <sup>2</sup>)	(^{2})	(^{2})	(^{2})	(^{2})	-

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup> Not available.

Comment: Digest products are relatively low-value-added price-sensitive iron and steel wire products. The majority of shipments are made directly to contractors or through distributors for supply to construction companies and agricultural concerns where the product is cut to size and installed. Competition in the industry is influenced by a number of factors, the most important of which are raw material (the wire rod or wire) costs and quality, labor costs, and marketing capability. The U.S. industry has a competitive edge over its foreign competition in channels of distribution, responsiveness to orders, and after-sale service. The United States is viewed as equal to its foreign competitors in the application of production technology, and industry sources indicate that the same or similar equipment is used on a world-wide basis. Of the domestic producers, only two produce the raw steel from which the wire is drawn prior to manufacture of the digest products; the remainder purchase wire rod (from which wire is drawn) or drawn wire from both domestic and foreign suppliers. Domestic producers have listed lower raw material costs abroad and foreign subsidies on the production of digest products as providing foreign producers with a competitive advantage and indicated that imports of digest products are, at times, priced at the same

level as domestically produced wire rod and wire. The most common steps taken in response to import competition in the U.S. market included lowering prices and costs. Other steps taken by domestic producers included improving products, reducing raw material and labor costs, and cutting back production. Most of the domestic industry has been successful; one major producer, Davis Walker Corp. (located in California), filed for bankruptcy protection in 1988.

Imports of steel industry products are subject to quantitative limitations under the system of Voluntary Restraint Agreements (VRAs) negotiated pursuant to a 201 investigation and numerous Title VII cases brought by the domestic steel industry. The U.S. Government negotiated VRAs with 19 governments and the EC since 1984, covering most major foreign steel suppliers and products. Nearly all of the VRAs cover the digest products' upstream inputs, wire rod and wire, but do not cover the digest products themselves. A foreign supplier subject to VRA restraints on wire rod and wire may fabricate digest products and thereby avoid the VRA's quantitative limitations.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	<u>1,000</u> <u>dollars</u>			
Total.....	13,665	100	-	*7
Imports from GSP countries:				
Total.....	2,562	19	100	*1
Mexico.....	2,476	18	97	*1

Comment: Imports from Mexico accounted for nearly 100 percent of all GSP imports of digest products in 1988, and have increased by over 500 percent since 1984. Mexico has become the predominant supplier among GSP-eligible countries because of the close proximity of the Mexican producer to the U.S. market (which reduces transport costs and times, and enhances that producer's marketing efforts).

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

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Ranking as a U.S. import supplier, 1988..... 3

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted  
in the short term?..... Yes  No

Does the country have significant export markets besides the  
United States?..... Yes  No

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

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Comment: There are two producers of digest products in Mexico: Aceros Nacionales and Deacero. Aceros Nacionales purchases wire rod from several Mexican sources and fabricates digest products, [ \*\*\* ]; Deacero has been an integrated producer since 1986, consuming its own production of wire rod. [ \*\*\* ] In addition, Deacero operates a subsidiary company in Texas which produces utility fabric and fencing. Mexico exports [ \*\*\* ] of its production of digest products to third countries, mainly neighboring countries in the Caribbean and Central America. Mexico competes with developed countries, mainly Japan and West Germany in the U.S. market.

Deacero mainly exports two types of wire netting to the United States: poultry netting, used for agricultural purposes, and stucco netting, used for building construction. These two industries account for most of the consumption of digest products in the U.S. Southwest and California. Reportedly, imports from Mexico represent [ \*\*\* ] of U.S. domestic shipments and may therefore have an economic impact when considered on a specific geographic and product line basis. According to industry sources Deacero supplies several U.S. retail hardware stores directly, bypassing the U.S. domestic distributor system.

Deacero possesses competitive advantages in labor and energy costs in producing digest products. Because it is an integrated producer, the company possesses a competitive advantage over non-integrated producers that must purchase wire rod or wire; no U.S. manufacturer in the southwestern United States is an integrated producer. Because of Deacero's location, transport costs and time are much less important than for other foreign producers, and Deacero's information about the U.S. market is greater. These factors enable Deacero to compete on nearly equal terms with the domestic industry. In addition, Deacero has reportedly contracted directly with builders and farmers, bypassing the distribution network that the domestic industry uses, and reducing the price of its products to the U.S. consumer. In regard to this last aspect, Deacero is building a reputation for reliability as a supplier able to make prompt delivery and becoming a valid alternate source of supply, two qualities that are listed by U.S. consumers as affecting purchase decisions.

According to Deacero, the quality of its product lines is lower than that of the domestic industry and this accounts for the lower unit prices. However, industry sources contend that the quality of Deacero's products is acceptable for most uses by consumers, and that Deacero has recently made capital improvements to its production equipment enabling the company to match the quality of U.S. producers.

V. Position of interested parties

Petitioner.--The petitioner, Deacero, S.A. de C.V., is a private company operating in Monterrey, Mexico (and several other locations). [ <sup>\*\*\*</sup> ]  
Deacero's position is that HTS item No. 7314.90.00 should be designated for duty-free GSP treatment, and the competitive-need limit should be waived in light of Mexico's low share of total U.S. imports, and the low aggregate dollar value of imports, which are well below the de minimis level. According to the petitioner, failure to do so would constitute a trade barrier and discrimination against Mexico. Deacero contends that other foreign suppliers of digest products do not allow the same access to their domestic markets, nor have they made as much progress in protecting intellectual property rights as has Mexico. Additionally, the petitioner notes that not granting GSP duty-free status or waiving the competitive-need limits would mean that imports from Canada receive preferential treatment under the United States-Canada Free-Trade Agreement. Finally, the petitioner contends that although a waiver would strengthen Mexico against third country suppliers, such action would not materially affect the U.S. industry.

Support.--The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

Opposition.--Davis Walker Corp. (Los Angeles, CA), Jaenson Wire Co. (Rancho Cucamonga, CA), and U.S.A. Industries (Salt Lake City, UT) oppose the petition. They contend that providing duty-free entry to digest products from Mexico, which are already very competitive with U.S. products, would provide an added benefit to a foreign industry that is underselling U.S. manufacturers. They point out that according to a Presidential determination of Jan. 2, 1987, Mexico demonstrated such a sufficient degree of competitiveness (relative to other beneficiary developing countries) with respect to stucco and poultry netting, that the competitiveness threshold was reduced from 50 percent to 25 percent. They contend that imports from Mexico have slipped below the 25 percent threshold in relation to total U.S. imports because the product definition was expanded during the conversion of the TSUSA to the Harmonized Tariff System, and if the calculation were made on the basis of the TSUSA item number, imports from Mexico would exceed 70 percent. Respondents point out that, although Mexican exports of poultry and stucco netting have been subject to tariffs since 1987, they have continued to grow, which indicates that the Mexican product is competitive in the U.S. market; respondents contend that Deacero is currently underselling its U.S. competitors in the Western U.S. market by 25 percent. Finally, respondents contend that Deacero sources its inputs of wire rod and wire internationally free of restraints imposed on the U.S. industry by the VRA regime.

HTS item No.  
7314.19.00

[Probable economic effect advice deleted.]

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	<u>TSUSA</u> item No. (and allocation)	<u>TSUSA</u> col. 1 rate of duty				
		<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
7314.19.00	642.45 (100)	7.7	7.1	6.6	6	6
	642.47 (100)	8.8	8.1	7.3	6	6
	642.58 (100)	5.3	5	4.8	4	4
	642.60 (100)	4.2	4	3.9	3.7	3.7
	642.70 (100)	5.5	5.2	4.9	4.6	4.6
	642.72 (100)	4.2	4	3.9	3.7	3.7
	642.78 (100)	8.8	8.1	7.3	6.6	6.6

Table I.

Digest Title: Woven products of iron or steel wire other than of stainless steel  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Japan.....	2,427	3,037	2,762	1,894	3,114
West Germany.....	1,158	1,631	2,244	2,289	2,907
Mexico.....	407	562	1,054	2,167	2,476
United Kingdom...	413	456	522	689	921
Netherlands.....	792	579	812	575	840
Canada.....	81	149	461	916	741
Taiwan.....	22	723	1,720	476	503
China.....	263	180	313	282	473
Belgium.....	699	412	372	686	425
Switzerland.....	107	122	237	373	380
Spain.....	383	394	298	188	285
Portugal.....	230	304	304	191	202
Korea.....	4	6	31	36	163
Chile.....	0	16	526	288	81
France.....	22	73	51	135	72
All other.....	66	63	383	516	81
<b>Total.....</b>	<b>7,074</b>	<b>8,707</b>	<b>12,089</b>	<b>11,702</b>	<b>13,665</b>
GSP Total....	407	610	1,840	2,727	2,562
GSP+4.....	433	1,346	3,602	3,240	3,250
Percent					
Japan.....	34.3	34.9	22.8	16.2	22.8
West Germany.....	16.4	18.7	18.6	19.6	21.3
Mexico.....	5.8	6.4	8.7	18.5	18.1
United Kingdom...	5.8	5.2	4.3	5.9	6.7
Netherlands.....	11.2	6.7	6.7	4.9	6.1
Canada.....	1.1	1.7	3.8	7.8	5.4
Taiwan.....	.3	8.3	14.2	4.1	3.7
China.....	3.7	2.1	2.6	2.4	3.5
Belgium.....	9.9	4.7	3.1	5.9	3.1
Switzerland.....	1.5	1.4	2.0	3.2	2.8
Spain.....	5.4	4.5	2.5	1.6	2.1
Portugal.....	3.3	3.5	2.5	1.6	1.5
Korea.....	.1	.1	.3	.3	1.2
Chile.....	.0	.2	4.4	2.5	.6
France.....	.3	.8	.4	1.2	.5
All other.....	.9	.7	3.2	4.4	.6
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	5.8	7.0	15.2	23.3	18.8
GSP+4.....	6.1	15.5	29.8	27.7	23.8

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

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

Table II.

Digest Title: Woven products of iron or steel wire other than of stainless steel  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Mexico.....	448	781	638	335	805
Canada.....	1,184	880	568	613	578
Philippines.....	137	14	7	21	412
United Kingdom...	107	163	181	212	345
Venezuela.....	231	131	452	163	345
Netherlands.....	10	17	7	13	167
Japan.....	44	7	23	17	137
Taiwan.....	17	6	16	11	96
West Germany.....	10	24	49	64	76
Australia.....	9	25	26	13	74
Korea.....	17	2	6	89	62
Bermuda.....	1/	1	16	101	59
Cayman Is.....	36	37	22	10	42
Peru.....	31	23	13	18	39
United Arab Em...	1	0	0	0	35
All other.....	713	572	468	424	470
<b>Total.....</b>	<b>2,997</b>	<b>2,683</b>	<b>2,492</b>	<b>2,105</b>	<b>3,744</b>
<b>GSP Total....</b>	<b>1,337</b>	<b>1,408</b>	<b>1,519</b>	<b>934</b>	<b>2,003</b>
<b>GSP+4.....</b>	<b>1,413</b>	<b>1,435</b>	<b>1,563</b>	<b>1,034</b>	<b>2,165</b>
Percent					
Mexico.....	14.9	29.1	25.6	15.9	21.5
Canada.....	39.5	32.8	22.8	29.1	15.4
Philippines.....	4.6	.5	.3	1.0	11.0
United Kingdom...	3.6	6.1	7.3	10.1	9.2
Venezuela.....	7.7	4.9	18.1	7.8	9.2
Netherlands.....	.3	.6	.3	.6	4.5
Japan.....	1.5	.3	.9	.8	3.7
Taiwan.....	.6	.2	.7	.5	2.6
West Germany.....	.3	.9	2.0	3.0	2.0
Australia.....	.3	.9	1.1	.6	2.0
Korea.....	.6	.1	.2	4.2	1.7
Bermuda.....	1/	1/	.6	4.8	1.6
Cayman Is.....	1.2	1.4	.9	.5	1.1
Peru.....	1.0	.9	.5	.9	1.0
United Arab Em...	1/	.0	.0	.0	.9
All other.....	23.8	21.3	18.8	20.1	12.6
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>44.6</b>	<b>52.5</b>	<b>61.0</b>	<b>44.3</b>	<b>53.5</b>
<b>GSP+4.....</b>	<b>47.1</b>	<b>53.5</b>	<b>62.7</b>	<b>49.1</b>	<b>57.8</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

DIGEST NO. 7614.90.10 (pt)

ALUMINUM ELECTRICAL CONDUCTORS OTHER THAN WITH  
STEEL CORE, NOT FITTED

Aluminum Electrical Conductors Other  
Than with Steel Core, Not Fitted

I. Introduction

Col. 1 rate of duty: 4.9%  
 Type of action proposed (check one):  
 Addition of GSP: X  
 Removal from GSP:       
 Country graduation:       
 Competitive-need-limit waiver:       
 Non-eligible GSP countries: None.  
 Current competitive-need-limit waivers: None.  
 Current "sufficiently competitive" designation: None.  
 U.S. production on Jan. 3, 1985? Yes X No     .

Description and uses: Digest products are uninsulated aluminum stranded wire, cable, and plaited bands without a steel core, which are used largely for conducting electricity.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percent change over period ( <sup>1</sup> )
Producers (number).....	**75	**75	**75	**75	**75	**0
Employment (thousand employees).....	**2	**2	**2	**3	**3	**11
Shipments (thousands of dollars).....	*67,730	*47,982	*49,670	*70,623	*103,485	*11
Exports <sup>2</sup> (thousands of dollars) .....	6,037	5,095	5,203	7,820	10,106	14
Imports <sup>2</sup> (thousands of dollars) .....	2,025	4,610	3,168	2,093	1,943	-1
Consumption (thousands of dollars)....	*63,718	*47,497	*47,635	*64,896	*95,322	*10
Import to consumption ratio (percent).	*3	*10	*7	*3	*2	*-10
Capacity utilization (percent).....	(3)	(3)	(3)	(3)	(3)	-

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup> Data are for HTS 7614.90.10 that includes the product for which advice is requested as well as other products.

<sup>3</sup> Not available.

Comment: The domestic industry is composed of about 8 integrated producers that manufacture and draw aluminum rod into wire, and about 67 independent wire drawers that purchase rod for the drawing and fabrication of digest products. The producers in this energy- and capital-intensive industry are competitive on a worldwide basis in the production of aluminum rod, and are at least as competitive as other producers in the drawing and stranding of aluminum wire for the manufacture of the digest products. The producers enjoy a competitive advantage in the U.S. market, based in part on the higher productivity of the domestic industry (offsetting higher labor rates and fuel costs), and in part on the size of the domestic economy that allows economies of scale in the production of digest products. Domestic products are priced generally higher than imported material, reflecting in part, the premium consumers are willing to pay for shorter delivery time, supplier reliability, and technical services. U.S. purchasers indicate lower purchase price as the most important reason for buying foreign-made digest products, although the decline in the value of the U.S. dollar on international exchange markets since 1985 has caused imports to be less competitive on a price basis.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports <sup>1</sup> 1,000 dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	1,943	100	-	*2
Imports from GSP countries:				
Total.....	283	15	100	*(2)
Argentina.....	112	6	40	*(2)
Mexico.....	79	4	28	*(2)
Philippines.....	33	2	12	*(2)
Venezuela.....	22	1	8	*(2)

<sup>1</sup> Data are for HTS 7614.90.10 that includes the product for which advice is requested as well as other products.

<sup>2</sup> Less than 0.5 percent.

Note.--The countries shown in the table include the top 4 GSP suppliers in 1988.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Argentina for all digest products

Ranking as a U.S. import supplier, 1988..... 5

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted in the short term?..... Yes  No

Does the country have significant export markets besides the United States?..... Yes  No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Comment: There was 1 producing aluminum smelter in Argentina in 1987, Aluar, which continued to operate at its full capacity of 150,000 tons per year. Imports from Argentina increased from a negligible amount in 1984 to \$112,000 in 1988. Argentina is a relatively recent source of imports of digest products.

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1988..... 8

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted in the short term?..... Yes  No

Does the country have significant export markets besides the United States?..... Yes  No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Comment: There is 1 producing aluminum smelter in Mexico, Aluminio S.A. de C.V. (jointly owned by U.S. and private Mexican interests), which expanded production capacity at its Veracruz plant to about 100,000 tons per year (ingot basis); there are another 34 companies producing aluminum products based on Aluminio's ingot production together with purchased scrap, and imported rod and wire) of which almost 25 percent were for the electrical industry. Although Mexico possesses competitive advantages over U.S.

producers in energy costs because of beneficial government practices with respect to pricing of energy to domestic producers<sup>1</sup> and labor costs, the United States had a favorable balance of trade with Mexico in digest products of \$3 million in 1988, and U.S. companies have traditionally sold to the state-owned electricity grid. There are at least four potential Mexican suppliers of digest products.<sup>2</sup>

Imports from Mexico increased recently because of price controls on domestic sales and rising prices in the United States. Imports from Mexico have filled specific geographic or product needs in the United States.

Competitiveness indicators for Venezuela for all digest products

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Ranking as a U.S. import supplier, 1988..... 16

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted in the short term?..... Yes  No

Does the country have significant export markets besides the United States?..... Yes  No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

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Comment: Aluminum is Venezuela's second largest source of foreign currency after petroleum, and the country is the fifth largest exporter in the world.<sup>3</sup> Venezuela is believed to be the world's lowest cost producer of primary aluminum due to the availability of low-cost hydroelectric power.<sup>4</sup> Actual production (rising with the prices of primary aluminum) has exceeded installed capacity by each of the two domestic producers, and the producers are planning to expand capacity by 65 percent. American companies are investing in the expansion as evidenced by the fact that Alcoa has signed a letter of

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<sup>1</sup>See, Foreign Investment Barriers or Other Restrictions that Prevent Foreign Capital From Claiming the Benefits of Foreign Government Programs, USITC Publication 2212, August 1989.

<sup>2</sup>[

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<sup>3</sup>Minerals Yearbook, U.S. Dept. of the Interior, 1986.

<sup>4</sup>Mining Annual Review, Mining Journal, 1988.

intent to build a new 120,000 ton-per-year smelter with production start-up in 1990,<sup>1</sup>  
[ \*\*\* ]<sup>2</sup> There are at least four potential Venezuelan suppliers of digest  
products<sup>3</sup> which draw and strand wire.<sup>4</sup> Imports of digest products from Venezuela in 1988 totaled  
\$22,000. Several U.S. companies may utilize imports so as to increase their production.

V. Position of interested parties

Petitioner.--The petitioners are Sural C.A. (a Venezuelan producer of primary aluminum), ALCOA  
Conductor Products Co. (Pittsburgh, PA), and General Cable Co. (Plano, TX). Petitioners request that  
the HTS be modified to provide GSP status for uninsulated aluminum electrical conductors.

The petitioners contend that the digest products lost GSP status because of reclassification when  
the TSUSA was converted to the HTS. The petitioners also request the breakout of aluminum conductor as  
a separate tariff line item from other aluminum items in 7614.90.10, which do not have the same end use  
as electrical conductors. The petitioners further contend that if U.S. imports under the GSP from  
Venezuela were subject to a review, digest products would qualify for a de minimis waiver. Finally, the  
petitioners contend that granting GSP duty-free status to digest products would improve the competitive  
position and operating efficiency of the U.S. industry, which they contend does not fully utilize either  
its stranding or insulating capacity.

Opposition.--Southwire Co. (Carrollton, GA) opposes the petition, and contends that substantial  
imports of digest products would undercut the prices of U.S. producers further than existing competitive  
advantages allow, and as a result, U.S. production, employment, and profitability would suffer. The  
respondent argues that the U.S. industry is mature, and most sales of digest products are for  
replacement or upgrading of existing cable systems; thus, any increase in imports would come at the  
expense of U.S. producers. Southwire contends that sufficient U.S. capacity exists to supply cable  
manufacturers with rod or bare cable. Further, the respondent contends that antidumping and  
countervailing duties, totaling 44 percent, imposed on the upstream input (electrical conductor rod)  
provide the Venezuelan producer with an incentive to shift production to cable. The respondent contends  
that subsidies also exist for cable manufacture. Finally, Southwire contends that the prices of imports  
of digest products from Venezuela are already low, and because the petitioners possess a significant  
share of the utility cable market, duty-free treatment is not necessary in order to allow the  
petitioners to compete.

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<sup>1</sup>Ibid., p. 309.

<sup>2</sup>[ \*\*\* ]

<sup>3</sup>[ \*\*\* ]

<sup>4</sup>[ \*\*\* ]

HTS item No.  
7614.90.10 (pt)

[Probable economic effect advice deleted.]

HTS item No.  
7614.90.10 (pt)

[Probable economic effect advice deleted.]

HTS item No.  
7614.90.10 (pt)

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	<u>TSUSA</u> item No. (and allocation)	<u>TSUSA</u> col. 1 rate of duty				
		1984	1985	1986	1987	1988
7614.90.10	642.1150 (80%)	5.9	5.6	5.2	4.9	4.9
	642.1800 (3%)	5.9	5.6	5.2	4.9	4.9

Table I.

Digest Title: Aluminium electrical conductors other than with steel core, not fitted  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Japan.....	324	1,430	1,065	569	491
Canada.....	448	442	366	172	233
United Kingdom...	273	32	438	154	220
West Germany.....	226	384	229	139	195
Argentina.....	1/	7	100	107	112
Finland.....	2	1	10	1	107
Taiwan.....	49	68	57	67	88
Mexico.....	1/	0	1	50	79
Italy.....	36	114	38	57	64
Singapore.....	21	1	16	56	63
France.....	168	59	255	134	49
Belgium.....	4	14	29	14	39
Korea.....	73	56	79	416	38
Philippines.....	0	1/	0	0	33
Switzerland.....	73	12	33	46	25
All other.....	328	1,989	453	110	107
<b>Total.....</b>	<b>2,025</b>	<b>4,610</b>	<b>3,168</b>	<b>2,093</b>	<b>1,943</b>
GSP Total....	75	261	136	205	283
GSP+4.....	217	386	297	744	474
Percent					
Japan.....	16.0	31.0	33.6	27.2	25.3
Canada.....	22.1	9.6	11.6	8.2	12.0
United Kingdom...	13.5	.7	13.8	7.4	11.3
West Germany.....	11.2	8.3	7.2	6.6	10.0
Argentina.....	1/	.1	3.2	5.1	5.7
Finland.....	.1	1/	.3	1/	5.5
Taiwan.....	2.4	1.5	1.8	3.2	4.5
Mexico.....	1/	.0	1/	2.4	4.1
Italy.....	1.8	2.5	1.2	2.7	3.3
Singapore.....	1.0	1/	.5	2.7	3.3
France.....	8.3	1.3	8.1	6.4	2.5
Belgium.....	.2	.3	.9	.7	2.0
Korea.....	3.6	1.2	2.5	19.9	1.9
Philippines.....	.0	1/	.0	.0	1.7
Switzerland.....	3.6	.3	1.0	2.2	1.3
All other.....	16.2	43.1	14.3	5.3	5.5
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	3.7	5.7	4.3	9.8	14.5
GSP+4.....	10.7	8.4	9.4	35.5	24.4

1/ Less than \$500 or less than 0.1 percent.

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

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

Table II.

Digest Title: Aluminum electrical conductors other than with steel core, not fitted  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Mexico.....	247	387	604	1,635	3,001
Canada.....	1,355	840	1,238	2,090	2,227
Venezuela.....	198	93	50	334	708
Antigua.....	0	0	0	0	474
Hong Kong.....	32	37	180	191	351
Taiwan.....	104	123	368	348	349
United Kingdom...	270	124	110	221	335
Japan.....	150	116	238	221	206
Korea.....	153	220	550	90	187
Australia.....	59	208	106	344	173
Singapore.....	187	14	59	130	143
West Germany.....	300	119	70	167	127
France.....	118	55	45	144	105
Italy.....	22	46	24	57	96
Israel.....	51	35	70	40	91
All other.....	2,792	2,679	1,489	1,808	1,531
<b>Total.....</b>	<b>6,037</b>	<b>5,095</b>	<b>5,203</b>	<b>7,820</b>	<b>10,106</b>
GSP Total....	2,524	1,314	1,743	3,295	5,263
GSP+4.....	3,000	1,707	2,900	4,055	6,294
Percent					
Mexico.....	4.1	7.6	11.6	20.9	29.7
Canada.....	22.4	16.5	23.8	26.7	22.0
Venezuela.....	3.3	1.8	1.0	4.3	7.0
Antigua.....	.0	.0	.0	.0	4.7
Hong Kong.....	.5	.7	3.5	2.4	3.5
Taiwan.....	1.7	2.4	7.1	4.5	3.5
United Kingdom...	4.5	2.4	2.1	2.8	3.3
Japan.....	2.5	2.3	4.6	2.8	2.0
Korea.....	2.5	4.3	10.6	1.2	1.9
Australia.....	1.0	4.1	2.0	4.4	1.7
Singapore.....	3.1	.3	1.1	1.7	1.4
West Germany.....	5.0	2.3	1.4	2.1	1.3
France.....	2.0	1.1	.9	1.8	1.0
Italy.....	.4	.9	.5	.7	.9
Israel.....	.9	.7	1.3	.5	.9
All other.....	46.3	52.6	28.6	23.1	15.2
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	41.8	25.8	33.5	42.1	52.1
GSP+4.....	49.7	33.5	55.7	51.9	62.3

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

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



DIGEST NO. 8421.23.00

OIL AND FUEL FILTERS

Oil and Fuel Filters

I. Introduction

Col. 1 rate of duty: 3.1 %  
 Type of action proposed (check one):  
 Addition of GSP:   
 Removal from GSP:   
 Country graduation:   
 Competitive-need-limit waiver:  (Mexico)<sup>1</sup>  
 Non-eligible GSP countries: Mexico, Brazil  
 Current competitive-need-limit waivers: None  
 Current "sufficiently competitive" designation: Mexico, Brazil  
 U.S. production on Jan. 3, 1985? Yes  No

<sup>1</sup> Advice is also requested on restoring the full competitive-need limit for the item for Mexico.

Description and uses: Oil and fuel filters are used on internal combustion engines to remove particles from the oil and fuel.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	*17	*17	*17	*17	*17	*0
Employment (thousand employees).....	*3	*3	*3	*3	*3	*0
Shipments (thousands of dollars).....	**669,395	**696,032	**684,576	**702,463	**729,658	**3
Exports (thousands of dollars).....	88,292	93,865	96,966	109,678	133,710	11
Imports (thousands of dollars).....	28,406	29,160	46,751	59,553	79,300	29
Consumption (thousands of dollars).....	**609,509	**631,327	**634,361	**652,338	**675,248	**3
Import to consumption ratio (percent).....	**5	**5	**7	**9	**12	**25
Capacity utilization (percent).....	*76	*76	*74	*72	*71	*-2

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

Comment: Oil and gas filters are unsophisticated products, and are easily manufactured by less developed countries. U.S. producers' main competitive advantage is their name brand recognition for several of the largest producers, their established reputation, and their location within the U.S. market.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	<u>1,000</u> <u>dollars</u>			
Total.....	79,300	100	-	**12
Imports from GSP countries:				
Total.....	2,539	3	100	**(1)
Brazil.....	1,349	2	53	**(1)
Mexico.....	805	1	32	**(1)
Philippines.....	182	(1)	7	**(1)
Thailand.....	84	(1)	3	**(1)

<sup>1</sup> Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1988..... 7

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes x No \_\_\_

What is the price elasticity of U.S. demand?..... High \_\_\_ Moderate x Low \_\_\_

Can production in the country be easily expanded or contracted in the short term?..... Yes x No \_\_\_

Does the country have significant export markets besides the United States?..... Yes x No \_\_\_

Could exports from the country be readily redistributed among its foreign export markets?..... Yes \_\_\_ No x

What is the price elasticity of import supply?..... High x Moderate \_\_\_ Low \_\_\_

Price level compared with:

U.S. products..... Above \_\_\_ Equivalent \_\_\_ Below x

Other foreign products..... Above \_\_\_ Equivalent \_\_\_ Below x

Quality compared with:

U.S. products..... Above \_\_\_ Equivalent x Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent x Below \_\_\_

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1988..... 10

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes x No \_\_\_

What is the price elasticity of U.S. demand?..... High \_\_\_ Moderate x Low \_\_\_

Can production in the country be easily expanded or contracted in the short term?..... Yes x No \_\_\_

Does the country have significant export markets besides the United States?..... Yes x No \_\_\_

Could exports from the country be readily redistributed among its foreign export markets?..... Yes \_\_\_ No x

What is the price elasticity of import supply?..... High x Moderate \_\_\_ Low \_\_\_

Price level compared with:

U.S. products..... Above \_\_\_ Equivalent \_\_\_ Below x

Other foreign products..... Above \_\_\_ Equivalent \_\_\_ Below x

Quality compared with:

U.S. products..... Above \_\_\_ Equivalent x Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent x Below \_\_\_

Comment: Most oil and fuel filters imported from Mexico and Brazil are priced lower than U.S.-produced filters because Mexico and Brazil have lower production costs. However, purchasers in the United States are often willing to buy more expensive filters of equal quality in order to ensure certain non-price advantages such as reliable delivery, marketing a well-known name brand, and to conduct business with suppliers with a proven reputation.

V. Position of interested parties

Petitioner.--GONHER. The petitioner manufactures oil and fuel filters, and states that a competitive-need-limit waiver would allow them to significantly increase their production (by an estimated 9 percent) as a result of increased price competitiveness in the United States.

Support.--The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

HTS item No.  
8421.23.00

[Probable economic effect advice deleted]

HTS item No.  
8421.31.00

[Probable economic effect advice deleted]

HTS item No.  
8421.31.00

HTS/TSUSA concordance and TSUSA col. 1 rate of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation)	TSUSA col. 1 rates of duty				
		1984	1985	1986	1987	1988
8421.31.00	660.67.32 (2%)	3.4	3.3	3.2	3.1	3.1
	660.67.52 (2%)	3.4	3.3	3.2	3.1	3.1
	660.71.05 (50%)	4.2	4.0	3.9	3.7	3.7
	660.71.32 (1%)	4.2	4.0	3.9	3.7	3.7
	660.71.50 (1%)	4.2	4.0	3.9	3.7	3.7
	661.96.00 (20%)	Free	Free	Free	Free	Free
	661.97.00 (25%)	Free	Free	Free	Free	Free

**Table I**  
**Digest Title: Oil & fuel filters**  
**U.S. imports for consumption; principal sources, 1984-88**

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Japan.....	8,705	11,660	22,539	29,918	42,642
West Germany.....	4,065	3,319	5,500	8,556	12,000
United Kingdom...	2,745	4,128	8,376	7,203	8,828
Canada.....	2,141	2,111	4,949	6,491	6,219
Korea.....	68	87	219	1,223	2,067
Brazil.....	3,951	2,260	496	643	1,349
France.....	499	610	779	828	1,132
Taiwan.....	501	493	641	880	1,009
Mexico.....	1,346	1,283	495	485	805
Sweden.....	365	329	537	591	636
Italy.....	2,347	1,161	442	458	634
Austria.....	78	74	180	730	476
Singapore.....	456	634	194	260	228
Hong Kong.....	119	162	105	95	228
Spain.....	311	211	306	455	202
All other.....	709	638	943	736	844
<b>Total.....</b>	<b>28,406</b>	<b>29,160</b>	<b>46,751</b>	<b>59,553</b>	<b>79,300</b>
<b>GSP Total....</b>	<b>5,439</b>	<b>3,832</b>	<b>1,596</b>	<b>1,373</b>	<b>2,539</b>
<b>GSP+4.....</b>	<b>6,583</b>	<b>5,208</b>	<b>2,805</b>	<b>3,830</b>	<b>6,071</b>
Percent					
Japan.....	30.6	40.0	48.2	50.2	53.8
West Germany.....	14.3	11.4	11.8	14.4	15.1
United Kingdom...	9.7	14.2	17.9	12.1	11.1
Canada.....	7.5	7.2	10.6	10.9	7.8
Korea.....	.2	.3	.5	2.1	2.6
Brazil.....	13.9	7.8	1.1	1.1	1.7
France.....	1.8	2.1	1.7	1.4	1.4
Taiwan.....	1.8	1.7	1.5	1.5	1.3
Mexico.....	4.7	4.4	1.1	.8	1.0
Sweden.....	1.3	1.1	1.1	1.0	.8
Italy.....	8.3	4.0	.9	.8	.8
Austria.....	.3	.3	.4	1.2	.6
Singapore.....	1.6	2.2	.4	.4	.3
Hong Kong.....	.4	.6	.2	.2	.3
Spain.....	1.1	.7	.7	.8	.3
All other.....	2.5	2.2	2.0	1.2	1.1
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>19.1</b>	<b>13.1</b>	<b>3.4</b>	<b>2.3</b>	<b>3.2</b>
<b>GSP+4.....</b>	<b>23.2</b>	<b>17.9</b>	<b>6.0</b>	<b>6.4</b>	<b>7.7</b>

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

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

**Table II**  
**Digest Title: Oil & fuel filters**  
**U.S. exports of domestic merchandise, by principal markets, 1984-88**

Source	1984	1985	1986	1987	1988
<b>Value (1,000 dollars)</b>					
Canada.....	21,006	19,857	16,544	19,510	25,084
France.....	10,064	12,370	13,485	16,014	18,055
United Kingdom...	5,386	6,549	8,049	9,349	13,196
Mexico.....	7,662	8,903	9,748	8,681	10,638
Japan.....	4,891	5,850	7,563	8,032	10,394
West Germany.....	3,042	3,578	5,114	5,595	5,322
Australia.....	2,252	3,363	3,082	4,495	5,025
Belgium.....	5,091	4,948	3,618	4,168	4,696
Netherlands.....	2,157	1,715	2,408	2,243	3,944
Singapore.....	2,160	2,432	2,302	3,841	3,548
Israel.....	1,038	1,348	1,271	1,589	3,123
Brazil.....	1,720	1,927	2,736	3,151	3,083
Venezuela.....	2,283	2,534	2,157	2,745	3,054
Turkey.....	273	303	318	1,266	2,148
Italy.....	2,034	1,433	1,802	1,089	1,909
All other.....	17,235	16,756	16,768	17,910	20,490
<b>Total.....</b>	<b>88,292</b>	<b>93,865</b>	<b>96,966</b>	<b>109,678</b>	<b>133,710</b>
<b>GSP Total....</b>	<b>19,415</b>	<b>21,460</b>	<b>23,395</b>	<b>24,999</b>	<b>29,506</b>
<b>GSP+4.....</b>	<b>23,429</b>	<b>25,204</b>	<b>27,161</b>	<b>30,550</b>	<b>35,448</b>
<b>Percent</b>					
Canada.....	23.8	21.2	17.1	17.8	18.8
France.....	11.4	13.2	13.9	14.6	13.5
United Kingdom...	6.1	7.0	8.3	8.5	9.9
Mexico.....	8.7	9.5	10.1	7.9	8.0
Japan.....	5.5	6.2	7.8	7.3	7.8
West Germany.....	3.4	3.8	5.3	5.1	4.0
Australia.....	2.6	3.6	3.2	4.1	3.8
Belgium.....	5.8	5.3	3.7	3.8	3.5
Netherlands.....	2.4	1.8	2.5	2.0	2.9
Singapore.....	2.4	2.6	2.4	3.5	2.7
Israel.....	1.2	1.4	1.3	1.4	2.3
Brazil.....	1.9	2.1	2.8	2.9	2.3
Venezuela.....	2.6	2.7	2.2	2.5	2.3
Turkey.....	.3	.3	.3	1.2	1.6
Italy.....	2.3	1.5	1.9	1.0	1.4
All other.....	19.5	17.9	17.3	16.3	15.3
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>22.0</b>	<b>22.9</b>	<b>24.1</b>	<b>22.8</b>	<b>22.1</b>
<b>GSP+4.....</b>	<b>26.5</b>	<b>26.9</b>	<b>28.0</b>	<b>27.9</b>	<b>26.5</b>

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

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

DIGEST NO. 8421.31.00

FILTERS FOR GASES

Filters For Gases

I. Introduction

Col. 1 rate of duty: 3.1%  
 Type of action proposed (check one):  
 Addition of GSP:   
 Removal from GSP:   
 Country graduation:   
 Competitive-need-limit waiver:  (Mexico)<sup>1</sup>  
 Non-eligible GSP countries: Mexico, Brazil  
 Current competitive-need-limit waivers: None  
 Current "sufficiently competitive" designation: Mexico, Brazil  
 U.S. production on Jan. 3, 1985? Yes  No .

<sup>1</sup> Advice is also requested on restoring the full competitive-need limit for the item for Mexico.

Description and uses: Intake air filters for internal combustion engines filter particles out of air before it enters the engine.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	*17	*17	*17	*17	*17	*0
Employment (thousand employees).....	*3	*3	*3	*3	*3	*0
Shipments (thousands of dollars).....	**623,637	**649,146	**641,047	**664,345	**700,639	**2
Exports (thousands of dollars).....	88,292	93,865	96,966	109,678	133,710	9
Imports (thousands of dollars).....	20,442	20,806	33,089	42,090	56,158	22
Consumption (thousands of dollars)....	**555,787	**576,087	**577,170	**596,757	**623,087	**2
Import to consumption ratio (percent)..	**4	**4	**6	**7	**9	**18
Capacity utilization (percent).....	*76	*76	*74	*72	*71	*-1

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

Comment: Intake air filters for internal combustion engines are unsophisticated products, and are easily manufactured by less developed countries. U.S. producers' main competitive advantage is their name brand recognition for several of the largest producers, their established reputation, and their location within the U.S. market.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total. ....	56,158	100	-	**9
Imports from GSP countries:				
Total.....	2,090	4	100	** <sup>(1)</sup>
Brazil.....	1,220	2	58	** <sup>(1)</sup>
Mexico.....	571	1	27	** <sup>(1)</sup>
Philippines.....	154	( <sup>1</sup> )	7	** <sup>(1)</sup>
Thailand.....	59	( <sup>1</sup> )	3	** <sup>(1)</sup>

<sup>1</sup> Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1988..... 6

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted in the short term?..... Yes  No

Does the country have significant export markets besides the United States?..... Yes  No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1988..... 9

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted in the short term?..... Yes  No

Does the country have significant export markets besides the United States?..... Yes  No

Could exports from the country be readily redistributed among its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Comment: Most intake air filters imported from Mexico and Brazil are priced lower than U.S.-produced filters because Mexico and Brazil have lower production costs. However, purchasers in the United States are often willing to buy more expensive filters of equal quality in order to ensure certain nonprice advantages such as reliable delivery, marketing a well-known brand, and to conduct business with suppliers with a proven reputation.

V. Position of interested parties

Petitioner.—GONHER. The petitioner manufactures intake air filters, and states that a competitive-need-limit waiver would allow them to significantly increase their production as a result of increased price competitiveness in the United States.

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

HS item No.  
8421.31.00

[Probable economic effect advice deleted]

HTS item No.  
8421.31.00

[Probable economic effect advice deleted]

HTS item No.  
8421.31.00

HTS/TSUSA concordance and TSUSA col. 1 rate of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation)	TSUSA col. 1 rates of duty				
		1984	1985	1986	1987	1988
8421.31.00	660.67.32 (2%)	3.4	3.3	3.2	3.1	3.1
	660.67.52 (2%)	3.4	3.3	3.2	3.1	3.1
	660.71.05 (50%)	4.2	4.0	3.9	3.7	3.7
	660.71.32 (1%)	4.2	4.0	3.9	3.7	3.7
	660.71.50 (1%)	4.2	4.0	3.9	3.7	3.7
	661.96.00 (20%)	Free	Free	Free	Free	Free
661.97.00 (25%)	Free	Free	Free	Free	Free	

Table I  
Digest Title: Filters for gases  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Japan.....	6,108	8,003	15,359	20,232	28,828
West Germany.....	2,952	2,419	4,053	6,305	9,121
United Kingdom...	2,165	3,061	5,841	5,144	6,371
Canada.....	1,648	1,593	3,673	4,927	4,569
Korea.....	50	63	155	833	1,386
Brazil.....	2,849	1,672	425	533	1,220
France.....	381	514	730	727	1,007
Taiwan.....	338	334	532	650	706
Mexico.....	903	874	335	331	571
Sweden.....	271	249	380	445	453
Italy.....	1,582	790	331	325	449
Austria.....	58	59	125	499	329
Spain.....	213	146	207	331	172
Singapore.....	329	448	161	207	161
Philippines.....	1	1/	1/	8	154
All other.....	592	579	782	594	662
<b>Total.....</b>	<b>20,440</b>	<b>20,806</b>	<b>33,089</b>	<b>42,090</b>	<b>56,158</b>
GSP Total....	3,852	2,746	1,216	1,042	2,090
GSP+4.....	4,649	3,699	2,134	2,795	4,495
Percent					
Japan.....	29.9	38.5	46.4	48.1	51.3
West Germany.....	14.4	11.6	12.2	15.0	16.2
United Kingdom...	10.6	14.7	17.7	12.2	11.3
Canada.....	8.1	7.7	11.1	11.7	8.1
Korea.....	.2	.3	.5	2.0	2.5
Brazil.....	13.9	8.0	1.3	1.3	2.2
France.....	1.9	2.5	2.2	1.7	1.8
Taiwan.....	1.7	1.6	1.6	1.5	1.3
Mexico.....	4.4	4.2	1.0	.8	1.0
Sweden.....	1.3	1.2	1.1	1.1	.8
Italy.....	7.7	3.8	1.0	.8	.8
Austria.....	.3	.3	.4	1.2	.6
Spain.....	1.0	.7	.6	.8	.3
Singapore.....	1.6	2.2	.5	.5	.3
Philippines.....	1/	1/	1/	1/	.3
All other.....	2.9	2.8	2.4	1.4	1.2
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	18.8	13.2	3.7	2.5	3.7
GSP+4.....	22.7	17.8	6.4	6.6	8.0

1/ Less than \$500 or less than 0.1 percent.

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

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

Table II  
Digest Title: Filters for gases  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Canada.....	21,006	19,857	16,544	19,510	25,084
France.....	10,064	12,370	13,485	16,014	18,055
United Kingdom...	5,386	6,549	8,049	9,349	13,196
Mexico.....	7,662	8,903	9,748	8,681	10,638
Japan.....	4,891	5,850	7,563	8,032	10,394
West Germany.....	3,042	3,578	5,114	5,595	5,322
Australia.....	2,252	3,363	3,082	4,495	5,025
Belgium.....	5,091	4,948	3,618	4,168	4,696
Netherlands.....	2,157	1,715	2,408	2,243	3,944
Singapore.....	2,160	2,432	2,302	3,841	3,548
Israel.....	1,038	1,348	1,271	1,589	3,123
Brazil.....	1,720	1,927	2,736	3,151	3,083
Venezuela.....	2,283	2,534	2,157	2,745	3,054
Turkey.....	273	303	318	1,266	2,148
Italy.....	2,034	1,433	1,802	1,089	1,909
All other.....	17,235	16,756	16,768	17,910	20,490
<b>Total.....</b>	<b>88,292</b>	<b>93,865</b>	<b>96,966</b>	<b>109,678</b>	<b>133,710</b>
GSP Total....	19,415	21,460	23,395	24,999	29,506
GSP+4.....	23,429	25,204	27,161	30,550	35,448
Percent					
Canada.....	23.8	21.2	17.1	17.8	18.8
France.....	11.4	13.2	13.9	14.6	13.5
United Kingdom...	6.1	7.0	8.3	8.5	9.9
Mexico.....	8.7	9.5	10.1	7.9	8.0
Japan.....	5.5	6.2	7.8	7.3	7.8
West Germany.....	3.4	3.8	5.3	5.1	4.0
Australia.....	2.6	3.6	3.2	4.1	3.8
Belgium.....	5.8	5.3	3.7	3.8	3.5
Netherlands.....	2.4	1.8	2.5	2.0	2.9
Singapore.....	2.4	2.6	2.4	3.5	2.7
Israel.....	1.2	1.4	1.3	1.4	2.3
Brazil.....	1.9	2.1	2.8	2.9	2.3
Venezuela.....	2.6	2.7	2.2	2.5	2.3
Turkey.....	.3	.3	.3	1.2	1.6
Italy.....	2.3	1.5	1.9	1.0	1.4
All other.....	19.5	17.9	17.3	16.3	15.3
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	22.0	22.9	24.1	22.8	22.1
GSP+4.....	26.5	26.9	28.0	27.9	26.5

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

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

DIGEST NO. 8471.20.00

DIGITAL AUTOMATIC DATA-PROCESSING  
MACHINES, SELF-CONTAINED

Digital Automatic Data-Processing  
Machines, Self-Contained

I. Introduction

Col. 1 rate of duty: 3.9%  
 Type of action proposed (check one):  
 Addition of GSP:   
 Removal from GSP:   
 Country graduation:   
 Competitive-need-limit waiver:  (Countries--Mexico)  
 Non-eligible GSP countries: Mexico  
 Current competitive-need-limit waivers: None  
 Current "sufficiently competitive" designation: None  
 U.S. production on Jan. 3, 1985? Yes  No

Description and uses: The products covered in this digest are digital automatic data processing machines containing at least a central control processing unit (CPU) and an input and output unit in the same housing. These are principally called "laptop" computers which have the keyboard and display panel permanently attached to the frame containing the CPU and memory. These are stand alone, fully functional computers incorporated into a small lightweight package.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percent change over period <sup>1</sup>
Producers (number).....	**10	**10	**10	**10	**10	**0
Employment (thousand employees).....	**2	*2	**3	**4	**5	**26
Shipments (millions of dollars).....	**255	**332	**403	**629	**735	**30
Exports (millions of dollars).....	**120	**150	**173	**210	**272	**15
Imports (millions of dollars).....	**409	**363	**447	**419	**444	**2
Consumption (millions of dollars).....	**544	**545	**667	**838	**907	**14
Import to consumption ratio (percent).....	**75	**67	**67	**50	**49	**(-10)
Capacity utilization (percent).....	**85	**85	**85	**85	**85	**0

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

Comment: The petitioner is a wholly owned subsidiary of the world's largest producer of automatic data processing apparatus. In the recent past, the parent company and many others have moved their product manufacture offshore. U.S. producers use low-wage assemblers in Singapore, Mexico, and Hong Kong to reduce production costs. [\* \* \*]

The U.S. market is the largest in the world and relatively open. [\* \* \*]

III. GSP import situation, 1988  
U.S. imports and share of U.S. consumption, 1988

Item	Imports <u>1,000 dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	**444,266	**100	-	**49
Imports from GSP countries:				
Total.....	**35,472	**8	**100	**4
Mexico.....	**33,254	**7	**94	**4
Brazil.....	**1,437	** <sup>(1)</sup>	**4	** <sup>(1)</sup>
Israel.....	**481	** <sup>(1)</sup>	**1	** <sup>(1)</sup>
Thailand.....	**63	** <sup>(1)</sup>	** <sup>(1)</sup>	** <sup>(1)</sup>

<sup>1</sup> Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

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Ranking as a U.S. import supplier, 1988..... 4

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted  
in the short term?..... Yes  No

Does the country have significant export markets besides the  
United States?..... Yes  No

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

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V. Position of interested parties

Petitioner.--The petitioner is the Director of Foreign Commercial Trade of Mexico on behalf of IBM of Mexico, in particular IBM's plant in Guadalajara. IBM states that it needs to import a high volume of parts and components to support its U.S. manufacturing programs, although the products covered by this petition are complete computers, not parts or components. [ \*\*\* ]

The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

[Probable economic effect advice deleted.]

HTS/TSUSA CONCORDANCE AND TARIFF HISTORY

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation) <sup>1</sup>	TSUSA col. 1 rate of duty				
		1984	1985	1986	1987	1988
8471.20.00	676.1500 (20%)	4.5	-	-	-	-
	676.1510 (95%)		4.3	4.1	3.9	3.9
	676.1520 (95%)		4.3	4.1	3.9	3.9
	676.1530 (20%)		4.3	4.1	3.9	3.9
	676.1600 (10%)		Free	Free	Free	Free

<sup>1</sup> Data derived from these allocations may not agree with the data as estimated for this digest.

Table I

Digest Title: Digital automatic data-processing units  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Japan.....	172,289	110,528	122,118	131,781	108,324
Taiwan.....	28,467	37,220	49,728	64,749	70,066
Korea.....	11,175	11,758	62,947	75,230	65,078
Mexico.....	156	355	4,087	20,365	33,254
United Kingdom...	20,366	28,461	19,783	24,554	32,299
Canada.....	33,724	13,846	13,856	25,697	31,627
Italy.....	46,247	110,024	122,376	19,725	31,512
Singapore.....	23,956	6,099	14,916	23,881	30,282
Hong Kong.....	11,599	2,091	4,450	6,297	18,386
West Germany.....	24,750	23,321	11,787	9,056	7,948
France.....	20,555	6,755	6,510	2,540	3,553
Ireland.....	1,995	788	1,193	5,596	3,023
Norway.....	1,495	314	103	422	1,823
Brazil.....	1,788	1,388	1,171	366	1,437
Switzerland.....	2,173	1,288	1,122	740	1,018
All other.....	7,976	8,419	10,728	7,672	4,640
Total.....	408,712	362,653	446,873	418,667	444,267
GSP Total....	3,008	2,164	5,821	22,028	35,472
GSP+4.....	78,206	59,332	137,862	192,184	219,283
Percent of total					
Japan.....	42.2	30.5	27.3	31.5	24.4
Taiwan.....	7.0	10.3	11.1	15.5	15.8
Korea.....	2.7	3.2	14.1	18.0	14.6
Mexico.....	1/	.1	.9	4.9	7.5
United Kingdom...	5.0	7.8	4.4	5.9	7.3
Canada.....	8.3	3.8	3.1	6.1	7.1
Italy.....	11.3	30.3	27.4	4.7	7.1
Singapore.....	5.9	1.7	3.3	5.7	6.8
Hong Kong.....	2.8	.6	1.0	1.5	4.1
West Germany.....	6.1	6.4	2.6	2.2	1.8
France.....	5.0	1.9	1.5	.6	.8
Ireland.....	.5	.2	.3	1.3	.7
Norway.....	.4	.1	1/	.1	.4
Brazil.....	.4	.4	.3	.1	.3
Switzerland.....	.5	.4	.3	.2	.2
All other.....	2.0	2.3	2.4	1.8	1.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total....	.7	.6	1.3	5.3	8.0
GSP+4.....	19.1	16.4	30.9	45.9	49.4

1/ Less than \$500 or less than 0.1 percent.

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

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

Table II

Digest Title: Digital automatic data processing units  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
United Kingdom...	17,545	19,185	26,482	32,170	43,797
Japan.....	10,713	16,460	16,014	22,994	39,078
Canada.....	13,452	19,005	21,326	31,483	33,413
West Germany.....	7,837	10,582	17,903	19,826	24,743
France.....	7,285	7,520	9,454	13,933	20,761
Australia.....	9,639	9,293	11,553	13,814	15,074
Netherlands.....	5,046	5,548	5,459	6,403	8,914
Korea.....	2,034	2,866	4,697	5,552	8,554
Taiwan.....	2,676	3,074	3,900	6,379	6,946
China.....	2,527	8,006	9,672	7,232	6,904
Italy.....	3,560	4,097	3,785	4,296	6,438
Hong Kong.....	3,554	3,140	3,366	4,470	5,519
Singapore.....	2,135	1,979	2,556	2,789	4,785
Belgium.....	2,040	3,031	3,183	3,705	4,633
Switzerland.....	1,823	2,461	2,818	3,102	4,395
All other.....	28,320	33,688	31,297	31,923	37,810
Total.....	120,185	149,935	173,465	210,070	271,764
GSP Total....	12,139	18,827	16,842	16,540	20,619
GSP+4.....	22,538	29,886	31,360	35,730	46,424
Percent of total					
United Kingdom...	14.6	12.8	15.3	15.3	16.1
Japan.....	8.9	11.0	9.2	10.9	14.4
Canada.....	11.2	12.7	12.3	15.0	12.3
West Germany.....	6.5	7.1	10.3	9.4	9.1
France.....	6.1	5.0	5.5	6.6	7.6
Australia.....	8.0	6.2	6.7	6.6	5.5
Netherlands.....	4.2	3.7	3.1	3.0	3.3
Korea.....	1.7	1.9	2.7	2.6	3.1
Taiwan.....	2.2	2.1	2.2	3.0	2.6
China.....	2.1	5.3	5.6	3.4	2.5
Italy.....	3.0	2.7	2.2	3.0	2.6
Hong Kong.....	3.0	2.1	1.9	2.1	2.0
Singapore.....	1.8	1.3	1.5	1.3	1.8
Belgium.....	1.7	2.0	1.8	1.8	1.7
Switzerland.....	1.5	1.6	1.6	1.5	1.6
All other.....	23.6	22.5	18.0	15.2	13.9
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total....	10.1	12.6	9.7	7.9	7.6
GSP+4.....	18.8	19.8	18.1	17.0	17.1

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

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



DIGEST NO. 8471.91.00  
OTHER DIGITAL PROCESSING UNITS

Other Digital Processing Units

I. Introduction

Col. 1 rate of duty: 3.9%  
 Type of action proposed (check one):  
 Addition of GSP:   
 Removal from GSP:   
 Country graduation:   
 Competitive-need-limit waiver:  (Countries--Mexico)  
 Non-eligible GSP countries: Mexico  
 Current competitive-need-limit waivers: None  
 Current "sufficiently competitive" designation: None  
 U.S. production on Jan. 3, 1985? Yes  No

Description and uses: The products covered in this digest are digital processing units whether imported separately or in systems (except those in 8471.20.00), which may also contain the same housing input, output, or storage units. The digital processing unit is not a stand alone computer but does contain at least the central processing unit of a multiunit system. The computer unit for a personal computer or a mainframe system would be included. The keyboard or monitor if separately packaged is not included.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percent change over period <sup>1</sup>
Producers (number).....	**34	**29	**36	**41	**40	**4
Employment (million employees).....	**26	**28	**29	**39	**40	**11
Shipments (millions of dollars).....	**5,882	**6,166	**6,283	**7,788	**7,950	**8
Exports (millions of dollars).....	**3,614	**3,231	**3,400	**3,867	**4,751	**7
Imports (millions of dollars).....	**586	**804	**1,126	**1,516	**2,280	**40
Consumption (millions of dollars).....	**2,854	**3,739	**4,009	**5,437	**5,479	**18
Import to consumption ratio (percent)..	*21	**22	**28	**28	**42	**19
Capacity utilization (percent).....	**80	**80	**80	**80	**80	**0

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

Comment: The petitioner is a wholly owned subsidiary of the world's largest manufacturer of automatic data-processing apparatus. In the recent past, the firm and many others have moved offshore for product manufacture. U.S. producers use low-wage assemblers in Mexico as well as Hong Kong, Singapore, and other countries to reduce production costs. [\* \* \*]

The U.S. market is the largest in the world and relatively open. [\* \* \*]

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	<u>1,000</u> <u>dollars</u>			
Total.....	**2,280,103	**100	-	**42
Imports from GSP countries:				
Total.....	**180,644	**8	**100	**3
Mexico.....	**164,402	**7	**91	**3
Brazil.....	**11,680	**(1)	**6	**(1)
Israel.....	**2,395	**(1)	**1	**(1)
Thailand.....	**540	**(1)	**(1)	**(1)

<sup>1</sup> Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

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Ranking as a U.S. import supplier, 1988..... 6  
Price elasticity:  
Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No \_\_\_  
What is the price elasticity of U.S. demand?..... High \_\_\_ Moderate X Low \_\_\_  
Can production in the country be easily expanded or contracted  
in the short term?..... Yes X No \_\_\_  
Does the country have significant export markets besides the  
United States?..... Yes X No \_\_\_  
Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes X No \_\_\_  
What is the price elasticity of import supply?..... High X Moderate \_\_\_ Low \_\_\_  
Price level compared with:  
U.S. products..... Above \_\_\_ Equivalent \_\_\_ Below X  
Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_  
Quality compared with:  
U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_  
Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

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V. Position of interested parties

Petitioner.--The petitioner is the Director of Foreign Commercial Trade of Mexico on behalf of IBM de Mexico in particular IBM's plant is in Guadalajara: IBM states that it needs to import a high volume of parts and components to support its U.S. manufacturing programs, although the products covered by this petition are finished end products and not parts or components. [ \*\*\* ]

The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

HTS item No.  
8471.91.00

[Probable economic effect advice deleted.]

HTS/TSUSA CONCORDANCE AND TARIFF HISTORY

HTS/TSUSA CONCORDANCE AND TSUSA col. 1 rates of duty, 1984-88

HTS item No.	TSUSA item No. (and allocation)	(Percent ad valorem)				
		TSUSA col. 1 rate of duty (AVE)				
		1/ 1984	1985	1986	1987	1988
8471.91.00	676.1500 (NA)	4.5	-	-	-	-
	676.1510 (5%)	-	4.3	4.1	3.9	3.9
	676.1520 (75%)	-	4.3	4.1	3.9	3.9
	676.1530 (80%)	-	4.3	4.1	3.9	3.9
	676.1800 (65%)	Free	Free	Free	Free	Free

1/ Data derived from these allocations may not agree with data as estimated for this digest.

Table I

Digest Title: Other digital processing units  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Japan.....	201,121	229,173	374,599	348,818	454,776
Taiwan.....	76,756	128,068	143,526	251,645	404,154
Korea.....	20,468	39,830	89,229	123,013	284,603
Singapore.....	20,240	51,914	127,724	198,864	261,420
Canada.....	70,830	83,139	102,741	209,620	259,374
Mexico.....	93	2,286	10,981	84,368	164,403
Hong Kong.....	44,138	12,574	20,189	50,269	142,234
United Kingdom...	31,268	65,353	84,138	62,028	92,934
Italy.....	19,415	79,429	55,225	29,485	81,865
West Germany.....	26,974	46,271	16,075	59,431	54,520
France.....	26,455	28,438	33,130	13,243	24,049
Brazil.....	2,000	7,250	10,193	2,940	11,680
Ireland.....	5,064	2,573	3,850	26,448	8,856
Switzerland.....	7,901	11,044	8,393	5,808	8,351
Netherlands.....	4,089	5,640	4,540	4,953	4,741
All other.....	29,418	23,690	41,534	44,943	22,141
Total.....	586,226	804,294	1,126,065	2,515,871	2,280,103
GSP Total....	3,406	11,568	23,329	90,374	180,644
GSP+4.....	165,008	243,953	403,996	714,164	1,273,054
Percent of total					
Japan.....	34.3	28.5	33.3	23.0	19.9
Taiwan.....	13.1	15.9	12.7	16.6	17.7
Korea.....	3.5	5.0	7.9	8.1	12.5
Singapore.....	3.5	6.5	11.3	13.1	11.5
Canada.....	12.1	10.3	9.1	13.8	11.4
Mexico.....	1/	.3	1.0	5.6	7.2
Hong Kong.....	7.5	1.6	1.8	3.3	6.2
United Kingdom...	5.3	8.1	7.5	4.1	4.1
Italy.....	3.3	8.3	4.9	1.9	3.6
West Germany.....	4.6	5.8	1.4	3.9	2.4
France.....	4.5	3.5	2.9	.9	1.1
Brazil.....	.3	.9	.9	.2	.5
Ireland.....	.9	.3	.3	1.7	.4
Switzerland.....	1.3	1.4	.7	.4	.4
Netherlands.....	.7	.7	.4	.3	.2
All other.....	5.0	2.9	3.7	3.0	1.0
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total....	.6	1.4	2.1	6.0	7.9
GSP+4.....	28.1	30.3	35.9	47.1	55.8

1/ Less than 0.1 percent.

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

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

Table II

Digest Title: Other digital processing units  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Market	1984	1985	1986	1987	1988
<u>Value (1,000 dollars)</u>					
Japan.....	392,215	453,136	501,157	543,245	818,920
United Kingdom...	627,850	301,844	329,759	380,875	552,369
Canada.....	520,199	556,406	462,116	476,967	497,837
West Germany.....	245,921	250,631	314,309	379,596	457,857
Netherlands.....	142,172	99,632	164,640	175,877	345,152
France.....	191,810	165,724	256,605	245,786	270,787
Australia.....	159,659	153,943	131,046	172,433	166,986
Switzerland.....	95,588	148,808	81,684	131,437	125,204
Venezuela.....	41,202	30,778	40,809	61,253	120,586
Brazil.....	30,154	33,711	50,327	60,184	111,609
Italy.....	93,721	85,090	129,284	176,497	95,750
Korea.....	49,841	34,631	71,501	88,385	81,879
China.....	68,594	75,172	98,244	59,466	79,899
Belgium.....	77,060	59,436	45,278	49,310	79,162
Taiwan.....	37,693	45,509	62,733	59,275	78,926
All other.....	840,399	736,814	660,687	806,438	868,298
<b>Total.....</b>	<b>3,614,077</b>	<b>3,231,264</b>	<b>3,400,179</b>	<b>3,867,024</b>	<b>4,751,221</b>
GSP total....	382,206	412,035	389,334	483,542	634,208
GSP+4.....	571,643	584,046	593,324	706,919	911,742
<u>Percent of total</u>					
Japan.....	10.9	14.0	14.7	14.0	17.2
United Kingdom...	17.4	9.3	9.7	9.8	11.6
Canada.....	14.4	17.2	13.6	12.3	10.5
West Germany.....	6.8	7.8	9.2	9.8	9.6
Netherlands.....	3.9	3.1	4.8	4.5	7.3
France.....	5.3	5.1	7.5	6.4	5.7
Australia.....	4.4	4.8	3.9	4.5	3.5
Switzerland.....	2.6	4.6	2.4	3.4	2.6
Venezuela.....	1.1	1.0	1.2	1.6	2.5
Brazil.....	.8	1.0	1.5	1.6	2.3
Italy.....	2.6	2.6	3.8	4.6	2.0
Korea.....	1.4	1.1	2.1	2.3	1.7
China.....	1.9	2.3	2.9	1.5	1.7
Belgium.....	2.1	1.8	1.3	1.3	1.7
Taiwan.....	1.0	1.4	1.8	1.5	1.7
All other.....	23.3	22.8	19.4	20.9	18.3
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP total....	10.6	12.8	11.5	12.5	13.3
GSP+4.....	15.8	18.1	17.4	18.1	19.2

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

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



DIGEST NO. 8471.99.30

POWER SUPPLIES FOR AUTOMATIC DATA-PROCESSING  
MACHINES

Power Supplies for Automatic Data-Processing  
Machines

I. Introduction

Col. 1 rate of duty: 3%  
 Type of action proposed (check one):  
 Addition of GSP:       
 Removal from GSP:       
 Country graduation:       
 Competitive-need-limit waiver: X (Countries--Malaysia)  
 Non-eligible GSP countries: Mexico  
 Current competitive-need-limit waivers: Mexico  
 Current "sufficiently competitive" designation: None  
 U.S. production on Jan. 3, 1985? Yes X No     .

Description and uses: Power supplies for automatic data processing machines and units thereof generally are used to convert 115 volts alternating current (AC), house current, to the various direct currents (DC) required by the electronic components of the computer and its peripherals. The vast majority of these power supplies are in the form of printed circuit board subassemblies, chassis subassemblies, and small plug-in-the-wall modules which supply the DC output to the component through a flexible cable.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percent change over period <sup>1</sup>
Producers (number).....	**80	**80	**80	**80	**80	**0
Employment (million employees).....	**4	**4	**4	**4	**4	**0
Shipments (millions of dollars).....	**611	**580	**551	**597	**625	**0.5
Exports (millions of dollars).....	**26	**27	**28	**31	**39	**10
Imports (millions of dollars).....	**300	**320	**362	**455	**611	**19
Consumption (millions of dollars).....	**885	**874	**885	**1,022	**1,196	**8
Import to consumption ratio (percent).....	**34	**37	**41	**45	**51	**11
Capacity utilization (percent).....	**80	**80	**80	**80	**80	**0

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

Comment: U.S. producers serve both the captive and merchant markets. The technology required to produce power supplies is not advanced and requires only a limited number of components. Production of these devices lends itself to manual assembly in most cases. There is foreign competition in the U.S. market and a large number of U.S. suppliers. The demand for computers and ADP apparatus is so strong, however, imports will continue to increase their share of the U.S. market. Cost reductions are accomplished more easily by enhanced manufacturing technology than by improvements in design and research. Thus low-wage rate countries have a distinct advantage.

The value of U.S. shipments grew little from 1984 through 1988, and the number of firms producing power supplies has remained constant. The growth in U.S. consumption has been supplied by a rapid increase in the level of U.S. imports.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports ( <sup>1</sup> ) <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	**610,620	**100	-	**51
Imports from GSP countries:				
Total.....	**137,520	**26	100	**11
Mexico.....	**95,100	**16	**69	**8
Indonesia.....	**26,760	**4	**19	**2
Israel.....	**5,880	**1	**4	** <sup>(2)</sup>
Thailand.....	**5,640	**1	**4	** <sup>(2)</sup>

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

<sup>2</sup> Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Malaysia for all digest products

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Ranking as a U.S. import supplier, 1988..... 8

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No \_\_\_

What is the price elasticity of U.S. demand?..... High \_\_\_ Moderate X Low \_\_\_

Can production in the country be easily expanded or contracted  
in the short term?..... Yes X No \_\_\_

Does the country have significant export markets besides the  
United States?..... Yes X No \_\_\_

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes X No \_\_\_

What is the price elasticity of import supply?..... High X Moderate \_\_\_ Low \_\_\_

Price level compared with:

U.S. products..... Above \_\_\_ Equivalent \_\_\_ Below X

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Quality compared with:

U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

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V. Position of interested parties

Petitioner.--The petitioner is an importer of power supplies from the Far East. It appears that its parent company (ASTEC USA (HK) Limited) would like to shift production to Malaysia because its production plant is located in Hong Kong, which lost its GSP beneficiary status on January 1, 1989.

The petitioner makes no distinction between the general purpose power supplies of HTS subheading 8504.40.00 and the power supplies for ADP machines of HTS subheading 8471.99.30 (covered by this digest). The petitioner requests waiver of the competitive need provisions for both tariff numbers.

Between January and June, 1989,<sup>1</sup> imports of power supplies for ADP machines entered under HTS subheading 8471.99.30 from Malaysia amounted to \$20.6 million or 6 percent of ADP power supply imports from all sources. If imports from Malaysia continue at the current rate, the total value for the year is estimated to be \$41.2 million.

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<sup>1</sup> The only period for which reliable import data are available.

[Probable economic effect advice deleted.]

HTS/TSUSA CONCORDANCE AND TARIFF HISTORY

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation) <sup>1</sup>	TSUSA col. 1 rate of duty				
		1984	1985	1986	1987	1988
8471.99.30	682.6050 (1%)	4.7	4.1	3.6	-	-
	682.6051 (1%)	-	-	-	3.0	3.0
	682.6053 (1%)	-	-	-	3.0	3.0

<sup>1</sup> Data derived from these allocations may not agree with the data as estimated in this digest.

Table I

Digest Title: Power supplies for ADP  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
	Value (1,000 dollars)				
Japan.....	47,580	68,700	92,880	102,720	129,240
Taiwan.....	60,540	77,640	53,940	69,420	99,360
Mexico.....	64,920	43,500	64,020	92,040	95,100
Hong Kong.....	71,280	50,700	60,660	71,100	75,540
Canada.....	13,980	14,580	16,260	24,360	45,240
Singapore.....	5,640	5,880	10,500	12,660	43,080
West Germany.....	5,880	7,800	13,920	23,880	27,240
Malaysia.....	3,060	2,580	4,020	12,660	26,760
United Kingdom...	4,140	7,500	6,060	8,460	16,860
Korea.....	4,320	4,020	7,680	9,180	13,200
Netherlands.....	360	960	1,800	1,260	7,260
India.....	780	720	1,740	2,700	5,880
Italy.....	960	1,620	2,400	5,400	5,820
Israel.....	3,180	4,200	3,420	3,600	5,640
Philippines.....	2,760	1,860	2,100	3,420	3,060
All other.....	10,920	27,900	20,520	12,600	11,340
<b>Total.....</b>	<b>300,300</b>	<b>320,280</b>	<b>361,920</b>	<b>455,400</b>	<b>610,620</b>
GSP Total....	75,420	54,060	76,860	115,260	137,520
GSP+4.....	217,200	192,300	209,640	277,560	368,640
	Percent of value				
Japan.....	15.8	21.5	25.7	22.6	21.2
Taiwan.....	20.2	24.2	14.9	15.2	16.3
Mexico.....	21.6	13.6	17.7	20.2	15.6
Hong Kong.....	23.7	15.8	16.8	15.6	12.4
Canada.....	4.7	4.5	4.5	5.3	7.4
Singapore.....	1.9	1.8	2.9	2.8	7.1
West Germany.....	2.0	2.4	3.8	5.2	4.5
Malaysia.....	1.0	.8	1.1	2.8	7.1
United Kingdom...	1.4	2.3	1.7	1.9	2.8
Korea.....	1.4	1.3	2.1	2.0	2.2
Netherlands.....	.1	.3	.5	.3	1.2
India.....	.3	.2	.5	.6	1.0
Italy.....	.3	.5	.7	1.2	1.0
Israel.....	1.1	1.3	.9	.8	.9
Philippines.....	.9	.6	.6	.8	.5
All other.....	3.6	8.7	5.7	2.8	1.9
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	25.1	16.9	21.2	25.3	22.5
GSP+4.....	72.3	60.0	57.9	61.0	60.4

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

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

DIGEST NO. 8504.40.00

STATIC CONVERTERS

Static Converters

I. Introduction

Col. 1 rate of duty: 3%  
 Type of action proposed (check one):  
 Addition of GSP:   
 Removal from GSP:   
 Country graduation:   
 Competitive-need-limit waiver:  (Country—Malaysia)  
 Non eligible GSP countries: Mexico  
 Current competitive-need-limit waivers: None  
 Current "sufficiently competitive" designation: None  
 U.S. production on Jan. 3, 1985? Yes  No

Description and uses: Static converters are devices that employ static (non rotary) switching apparatus such as metallic controlled rectifiers, transistors, electron tubes, or magnetic amplifiers to modify an electric current. The vast majority of these devices, in terms of trade and domestic production, consists of electronic power supplies. In most applications, these devices are used to convert alternating power line current (ac) to direct current (dc) and to lower the voltage of the resulting dc current to levels that can be utilized by computers, calculators, batteries, and a variety of other apparatus.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	**215	**230	**220	**225	**215	**0
Employment (thousand employees).....	**24	**23	**22	**23	**22	**3
Shipments (millions of dollars).....	*1,650	*1,630	*1,535	*1,675	**1,640	** <sup>(2)</sup>
Exports (millions of dollars).....	88	88	92	101	130	14
Imports (millions of dollars).....	544	575	647	975	1,322	34
Consumption (millions of dollars)....	*2,106	*2,117	*2,090	*2,549	**2,833	**10
Import-to-consumption ratio (percent)	*26	*27	*31	*38	*47	*16
Capacity utilization (percent).....	**85	**80	**75	**80	**75	** <sup>(3)</sup>

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup> Less than 0.5 percent.

Comment: Owing to their significant labor cost advantages, foreign suppliers of static converters have made significant inroads in the U.S. market in recent years. As a result, domestically based companies have shifted the highly labor-intensive portion of their production operations to Mexico and other low-wage-rate areas in order to remain competitive. In order to better serve U.S. markets, foreign suppliers have also formed numerous joint ventures, set up domestic assembly/production operations, and purchased marginal U.S. producers.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption

<u>Item</u>	<u>Imports</u>	<u>Percent of total imports</u>	<u>Percent of GSP imports</u>	<u>Percent of U.S. consumption</u>
	<u>1,000 dollars</u>			
Total.....	1,322,133	100	-	*47
Imports from GSP countries:				
Total.....	268,021	20	100	*9
Mexico.....	183,977	14	26	*6
Malaysia.....	54,169	4	8	*2

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Malaysia for all digest products

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Ranking as a U.S. import supplier, 1988..... 7

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted  
in the short term?..... Yes  No

Does the country have significant export markets besides the  
United States?..... Yes  No

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

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V. Position of interested parties

Petitioner.—Astec U.S.A. (HK) Ltd. (Astec) states in its petition that Malaysia should be granted a waiver of the competitive-need limitations for HTS item 8504.40.00 based upon its low share of total 1988 U.S. imports (2 percent) under TSUS item 682.60. Astec claims that this relatively low level of imports does not significantly affect companies in the U.S. industry. The company further contends that the granting of such a waiver would enable Astec to compete more fairly with suppliers of these products in Japan, Korea, and Taiwan. Astec also indicated in its petition that the competitive-need waiver for Malaysia would benefit U.S. manufacturers of products for which power supplies are purchased and the ultimate U.S. consumer who purchases the finished product into which power supplies are incorporated.

[Probable economic effect advice deleted]

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation)	TSUSA col. 1 rate of duty					
		1984	1985	1986	1987	1988	
8504.40.00	682.6051 (100%)	4.7	4.1	3.6	3	3	33
	682.6053 (100%)	4.7	4.1	3.6	3	3	
	682.6055 (100%)	4.7	4.1	3.6	3	3	
	682.6080 (010%)	4.7	4.1	3.6	3	3	

Table I.

Digest Title: Static converters  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Japan.....	90,398	123,663	164,793	248,167	347,920
Taiwan.....	103,724	132,520	92,863	145,586	199,804
Mexico.....	116,309	79,489	113,302	174,636	183,977
Hong Kong.....	123,794	85,036	101,735	132,593	143,032
Canada.....	26,989	29,609	33,915	61,369	96,324
Singapore.....	10,094	10,038	17,942	24,634	77,364
Malaysia.....	5,604	4,572	6,957	23,275	54,169
West Germany.....	11,993	15,188	27,144	47,241	52,297
United Kingdom...	8,214	14,554	13,874	19,147	34,997
Korea.....	7,420	7,375	13,161	25,735	31,164
Netherlands.....	1,326	2,133	3,251	2,726	13,547
Italy.....	1,779	2,834	4,218	10,172	11,071
Israel.....	6,019	8,420	6,100	7,266	10,040
France.....	6,869	9,357	13,877	12,028	9,870
India.....	1,521	1,488	2,942	4,626	9,746
All other.....	21,763	48,776	31,360	36,223	46,811
<b>Total.....</b>	<b>543,816</b>	<b>575,052</b>	<b>647,434</b>	<b>975,425</b>	<b>1,322,133</b>
<b>GSP Total....</b>	<b>136,914</b>	<b>99,831</b>	<b>136,127</b>	<b>218,812</b>	<b>268,021</b>
<b>GSP+4.....</b>	<b>381,946</b>	<b>334,800</b>	<b>361,827</b>	<b>547,360</b>	<b>719,385</b>
Percent					
Japan.....	16.6	21.5	25.5	25.4	26.3
Taiwan.....	19.1	23.0	14.3	14.9	15.1
Mexico.....	21.4	13.8	17.5	17.9	13.9
Hong Kong.....	22.8	14.8	15.7	13.6	10.8
Canada.....	5.0	5.1	5.2	6.3	7.3
Singapore.....	1.9	1.7	2.8	2.5	5.9
Malaysia.....	1.0	.8	1.1	2.4	4.1
West Germany.....	2.2	2.6	4.2	4.8	4.0
United Kingdom...	1.5	2.5	2.1	2.0	2.6
Korea.....	1.4	1.3	2.0	2.6	2.4
Netherlands.....	.2	.4	.5	.3	1.0
Italy.....	.3	.5	.7	1.0	.8
Israel.....	1.1	1.5	.9	.7	.8
France.....	1.3	1.6	2.1	1.2	.7
India.....	.3	.3	.5	.5	.7
All other.....	4.0	8.5	4.8	3.7	3.5
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>25.2</b>	<b>17.4</b>	<b>21.0</b>	<b>22.4</b>	<b>20.3</b>
<b>GSP+4.....</b>	<b>70.2</b>	<b>58.2</b>	<b>55.9</b>	<b>56.1</b>	<b>54.4</b>

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

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

Table II.

Digest Title: Static converters  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Canada.....	15,637	16,512	16,376	16,077	17,120
Mexico.....	4,661	5,442	8,567	18,214	17,067
Japan.....	5,240	6,552	6,902	5,600	10,615
West Germany....	6,304	8,700	10,314	8,941	10,014
France.....	5,593	4,580	4,523	4,287	9,960
United Kingdom...	8,562	7,633	7,117	8,771	9,944
Netherlands.....	1,191	1,222	1,324	2,876	5,602
Saudi Arabia.....	2,809	1,405	1,086	894	4,416
Taiwan.....	2,895	3,549	3,369	3,475	3,783
Spain.....	1,098	1,214	2,047	1,558	3,645
Venezuela.....	1,613	1,565	1,903	674	3,067
Italy.....	1,348	1,999	1,646	2,405	3,011
Israel.....	4,125	3,706	4,404	3,125	2,485
Singapore.....	1,757	1,602	1,012	1,742	2,374
Hong Kong.....	605	2,634	2,076	1,483	2,316
All other.....	24,641	19,622	19,346	20,920	24,155
<b>Total.....</b>	<b>88,078</b>	<b>87,936</b>	<b>92,013</b>	<b>101,043</b>	<b>129,573</b>
<b>GSP Total....</b>	<b>19,251</b>	<b>17,570</b>	<b>22,193</b>	<b>30,925</b>	<b>33,814</b>
<b>GSP+4.....</b>	<b>28,006</b>	<b>26,375</b>	<b>29,490</b>	<b>38,942</b>	<b>43,839</b>
Percent					
Canada.....	17.8	18.8	17.8	15.9	13.2
Mexico.....	5.3	6.2	9.3	18.0	13.2
Japan.....	5.9	7.5	7.5	5.5	8.2
West Germany....	7.2	9.9	11.2	8.8	7.7
France.....	6.4	5.2	4.9	4.2	7.7
United Kingdom...	9.7	8.7	7.7	8.7	7.7
Netherlands.....	1.4	1.4	1.4	2.8	4.3
Saudi Arabia.....	3.2	1.6	1.2	.9	3.4
Taiwan.....	3.3	4.0	3.7	3.4	2.9
Spain.....	1.2	1.4	2.2	1.5	2.8
Venezuela.....	1.8	1.8	2.1	.7	2.4
Italy.....	1.5	2.3	1.8	2.4	2.3
Israel.....	4.7	4.2	4.8	3.1	1.9
Singapore.....	2.0	1.8	1.1	1.7	1.8
Hong Kong.....	.7	3.0	2.3	1.5	1.8
All other.....	28.0	22.3	21.0	20.7	18.6
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>21.9</b>	<b>20.0</b>	<b>24.1</b>	<b>30.6</b>	<b>26.1</b>
<b>GSP+4.....</b>	<b>31.8</b>	<b>30.0</b>	<b>32.0</b>	<b>38.5</b>	<b>33.8</b>

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

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



DIGEST NO. 8505.19.00  
CERAMIC MAGNETS OR ARTICLES

Ceramic Magnets or Articles

I. Introduction

Col. 1 rate of duty: 4.9%  
 Type of action proposed (check one):  
 Addition of GSP:       
 Removal from GSP:       
 Country graduation:       
 Competitive-need-limit waiver: X (Country—Mexico<sup>1</sup>)  
 Non eligible GSP countries: Mexico  
 Current competitive-need-limit waivers: None  
 Current "sufficiently competitive" designation: None  
 U.S. production on Jan. 3, 1985? Yes X No     .

<sup>1</sup> Advice is also requested on restoring the full competitive-need limits for this item for Mexico

Description and uses: The articles classified under HTS item 8505.19.00 are permanent magnets and articles intended to become permanent magnets after magnetization of other than base metals or metal alloys. These articles consist primarily of ceramic permanent magnets and magnet materials, which are also commonly referred to as ferrites. Ferrites are made by sintering a mixture of high purity iron oxides and varying amounts of oxides or carbonates of other metals, principally aluminum, barium, cobalt, copper, lead, manganese, nickel, strontium, and zinc. The most important uses for the articles classified under the above heading are as parts of permanent-magnet motors, loudspeakers, and radio antennas, and as permanent magnets for various holding or attaching applications. Ferrites used specifically as ferrite core memories for computers and related devices are classified separately under HTS item 6909.19.10.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	*12	*12	*11	*10	*9	*(7)
Employment (thousand employees).....	*1	*1	*1	*1	*2	*26
Shipments (thousands of dollars).....	*80,000	*85,000	*75,000	*85,000	*140,000	*21
Exports (thousands of dollars).....	7,205	6,199	7,127	7,902	12,478	20
Imports (thousands of dollars).....	50,586	50,980	37,642	44,315	37,930	(9)
Consumption (thousands of dollars)....	*123,381	*129,781	*105,515	*121,413	*165,452	*10
Import-to-consumption ratio (percent)..	*41	*39	*36	*36	*23	*(13)
Capacity utilization (percent).....	**75	**80	**75	**80	**85	**3

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

Comment: The U.S. market for most ceramic permanent magnets is very competitive, with U.S. sales being won or lost by a few cents per pound. During 1984-88, a number of U.S. producers succumbed to these competitive pressures and left the business, and one major U.S. producer sold a majority equity interest in its ceramic magnet production operations to a major Japanese supplier. Yet another major U.S. producer is a wholly owned subsidiary of a second major Japanese producer. As a result of these foreign ties, there is some reason to believe that a significant portion of U.S. producers' shipments consists of imported materials and are therefore somewhat overstated. In general, the overall competitiveness of U.S.-owned producers of ceramic magnets declined during this period vis-a-vis the major foreign suppliers of these products.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption

<u>Item</u>	<u>Imports</u>	<u>Percent of total imports</u>	<u>Percent of GSP imports</u>	<u>Percent of U.S. consumption</u>
	<u>1,000 dollars</u>			
Total.....	37,930	100	-	*23
Imports from GSP countries:				
Total.....	14,881	39	100	*10
Mexico.....	14,405	38	85	*9
Brazil.....	362	1	2	* <sup>(1)</sup>

<sup>1</sup> Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

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Ranking as a U.S. import supplier, 1988.....   2  

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes   X   No   

What is the price elasticity of U.S. demand?..... High   X   Moderate    Low   

Can production in the country be easily expanded or contracted  
in the short term?..... Yes   X   No   

Does the country have significant export markets besides the  
United States?..... Yes    No   X  

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes    No   X  

What is the price elasticity of import supply?..... High    Moderate   X   Low   

Price level compared with:

U.S. products..... Above    Equivalent    Below   X  

Other foreign products..... Above    Equivalent   X   Below   

Quality compared with:

U.S. products..... Above    Equivalent   X   Below   

Other foreign products..... Above    Equivalent   X   Below   

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Comment: [     \*\*\*     ] is believed to be by far the largest importer of ceramic permanent magnets from Mexico. There is no indication that [\*\*\*] utilized the provisions of either TSUS item 806.30 or 807.00 during the latter part of 1987, or at any time during 1988 to minimize the duties paid on imports from its [     \*\*\*     ]. The only other known major importer of ceramic magnets in Mexico is the subsidiary of [     \*\*\*     ], which is also involved in a [     \*\*\*     ] with a major U.S. supplier.

V. Position of interested parties

Petitioner.—The Delco Products Division of General Motors Corp. (GM) states in its petition that the reinstatement of GSP eligibility status to Mexico for HTS item 8505.19.00 (which was removed on July 1, 1987) would result in significant material cost savings to the company's Rochester, NY production facility, which is being supplied with components from a GM companion facility in Nuevo Laredo, Mexico. GM indicates that these savings are necessary in order to maintain the company's competitiveness with respect to a number of Japanese, Canadian, and West German companies from which GM could choose to purchase should GM's Mexican operations prove to be too costly. GM indicates that many of its foreign competitors have received special tax incentives and benefits from state and local governments to locate facilities in the United States and that many also enjoy significant labor cost savings over those of GM's Rochester plant. The renewal of duty-free duty status for the ceramic permanent magnets that GM imports from its Mexican border facility would help the company to regain its former price competitiveness and maintain U.S. and Mexican employment levels.

Support.—Congressman Albert G. Bustamante (R-TX) offered his support to Delredo, S.A. de C.V. (GM's Mexican subsidiary) and requested the GSP Subcommittee to give Delredo's petition a full review.

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

HTS item No.  
8505.19.00

[Probable economic effect advice deleted]

[Probable economic effect advice deleted]

58

HTS item No.  
8505.19.00

HTS/ISUSA concordance and ISUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

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HTS item No.	<u>ISUSA</u> item No. (and allocation)	<u>ISUSA</u> col. 1 rate of duty				
		<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
8505.19.00	535.1220 (100%)	6.2	5.9	5.6	5.2	4.9
	535.1240 (40%)	6.2	5.9	5.6	5.2	4.9

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Table I.

Digest Title: Ceramic magnets or articles  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Japan.....	19,139	16,595	11,027	15,618	16,685
Mexico.....	22,637	26,866	21,914	22,602	14,405
West Germany.....	1,880	1,683	1,504	1,545	2,452
Taiwan.....	244	468	646	1,653	1,727
France.....	1,760	1,195	580	694	802
Brazil.....	113	78	85	176	362
Netherlands.....	638	284	190	115	299
Korea.....	880	734	140	123	243
United Kingdom...	2,224	2,114	733	812	177
Spain.....	218	98	126	250	173
Portugal.....	0	0	143	213	116
Hong Kong.....	7	15	26	160	93
Italy.....	116	105	181	96	85
Switzerland.....	12	72	79	135	78
Malaysia.....	5	10	1	23	77
All other.....	712	665	266	98	155
<b>Total.....</b>	<b>50,586</b>	<b>50,980</b>	<b>37,642</b>	<b>44,315</b>	<b>37,930</b>
<b>GSP Total....</b>	<b>22,948</b>	<b>26,966</b>	<b>22,005</b>	<b>22,829</b>	<b>14,891</b>
<b>GSP+4.....</b>	<b>24,080</b>	<b>28,183</b>	<b>22,822</b>	<b>24,765</b>	<b>16,963</b>
Percent					
Japan.....	37.8	32.6	29.3	35.2	44.0
Mexico.....	44.7	52.7	58.2	51.0	38.0
West Germany.....	3.7	3.3	4.0	3.5	6.5
Taiwan.....	.5	.9	1.7	3.7	4.6
France.....	3.5	2.3	1.5	1.6	2.1
Brazil.....	.2	.2	.2	.4	1.0
Netherlands.....	1.3	.6	.5	.3	.8
Korea.....	1.7	1.4	.4	.3	.6
United Kingdom...	4.4	4.1	1.9	1.8	.5
Spain.....	.4	.2	.3	.6	.5
Portugal.....	.0	.0	.4	.5	.3
Hong Kong.....	1/	1/	.1	.4	.2
Italy.....	.2	.2	.5	.2	.2
Switzerland.....	1/	.1	.2	.3	.2
Malaysia.....	1/	1/	1/	.1	.2
All other.....	1.4	1.3	.7	.2	.4
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>45.4</b>	<b>52.9</b>	<b>58.5</b>	<b>51.5</b>	<b>39.2</b>
<b>GSP+4.....</b>	<b>47.6</b>	<b>55.3</b>	<b>60.6</b>	<b>55.9</b>	<b>44.7</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

Table II.

Digest Title: Ceramic magnets or articles  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Canada.....	4,019	3,719	3,868	3,484	5,324
United Kingdom...	403	480	533	1,211	1,502
Singapore.....	8	162	515	645	1,295
Haiti.....	626	36	0	203	1,212
Japan.....	294	164	152	316	760
Mexico.....	485	288	175	255	616
Netherlands.....	88	69	58	27	184
Taiwan.....	65	63	127	137	176
Switzerland.....	50	31	97	126	149
West Germany.....	76	80	142	159	138
Venezuela.....	4	28	39	144	128
Spain.....	22	1	17	13	116
Italy.....	106	71	184	178	114
Korea.....	330	84	61	83	109
France.....	34	91	42	60	95
All other.....	595	834	1,118	859	562
<b>Total.....</b>	<b>7,205</b>	<b>6,199</b>	<b>7,127</b>	<b>7,902</b>	<b>12,478</b>
<b>GSP Total....</b>	<b>1,330</b>	<b>939</b>	<b>858</b>	<b>1,009</b>	<b>2,222</b>
<b>GSP+4.....</b>	<b>1,821</b>	<b>1,280</b>	<b>1,679</b>	<b>1,984</b>	<b>3,849</b>
Percent					
Canada.....	55.8	60.0	54.3	44.1	42.7
United Kingdom...	5.6	7.7	7.5	15.3	12.0
Singapore.....	.1	2.6	7.2	8.2	10.4
Haiti.....	8.7	.6	.0	2.6	9.7
Japan.....	4.1	2.6	2.1	4.0	6.1
Mexico.....	6.7	4.7	2.4	3.2	4.9
Netherlands.....	1.2	1.1	.8	.3	1.5
Taiwan.....	.9	1.0	1.8	1.7	1.4
Switzerland.....	.7	.5	1.4	1.6	1.2
West Germany.....	1.1	1.3	2.0	2.0	1.1
Venezuela.....	.1	.5	.5	1.8	1.0
Spain.....	.3	1/	.2	.2	.9
Italy.....	1.5	1.1	2.6	2.3	.9
Korea.....	4.6	1.3	.9	1.1	.9
France.....	.5	1.5	.6	.8	.8
All other.....	8.3	13.5	15.7	10.9	4.5
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>18.5</b>	<b>15.2</b>	<b>12.0</b>	<b>12.8</b>	<b>17.8</b>
<b>GSP+4.....</b>	<b>25.3</b>	<b>20.7</b>	<b>23.6</b>	<b>25.1</b>	<b>30.8</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

DIGEST NO. 8507.10.0060  
12-VOLT BATTERIES EXCEEDING 6 KG

12-Volt Batteries Exceeding 6 kg.

I. Introduction

Col. 1 rate of duty: 5.3%  
 Type of action proposed (check one):  
 Addition of GSP:       
 Removal from GSP:   x    
 Country graduation:       
 Competitive-need-limit waiver:       
 Non-eligible GSP countries: None  
 Current competitive-need-limit waivers: None  
 Current "sufficiently competitive" designation: None  
 U.S. production on Jan. 3, 1985? Yes   x   No     .

Description and uses: This digest includes only 12-volt lead-acid automotive storage batteries which are used primarily in automobiles, to start the engine and supply electricity to vehicle accessories. The batteries are sometimes used in other vehicles such as trucks, buses, tractors, and boats.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period
Producers (number).....	*50	*50	*50	*50	*50	*0
Employment (thousand employees).....	7	7	7	7	7	0
Shipments (thousands of dollars).....	*1,750,850	*1,730,851	*1,819,533	*1,843,187	*1,867,148	*1
Exports <sup>2</sup> (thousands of dollars).....	*36,601	*36,804	*34,730	*36,507	*42,857	*3
Imports <sup>2</sup> (thousands of dollars) .....	*19,327	*25,912	*26,581	*24,864	*30,842	*10
Consumption (thousands of dollars).....	*1,733,576	*1,719,959	*1,811,384	*1,831,544	*1,855,133	*2
Import-to-consumption ratio (percent)..	*1	*2	*2	*1	*2	*15
Capacity utilization (percent).....	*88	*78	*77	*81	*86	*( <sup>3</sup> )

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup> Data estimated by the staff of the U.S. International Trade Commission.

<sup>3</sup> Less than -0.5 percent.

Comment: U.S. production is highly concentrated, with four producers accounting for approximately 78 percent of U.S. production. This concentration has increased gradually since 1984. U.S. producers are generally competitive with foreign producers, and have a significant advantage of close proximity to the U.S. market; an important factor given the relatively high transportation costs of lead-acid batteries. Given the routine technology involved in the production of lead-acid batteries, it is a relatively easy product for most countries to manufacture, and imports from less developed countries with low production costs are likely to gradually increase in the near future.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption

Item	Imports <u>1,000</u> dollars	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	30,842	100	-	*2
Imports from GSP countries:				
Total.....	4,044	13	100	*(1)
Mexico.....	2,823	9	70	*(1)
Brazil.....	1,042	3	26	*(1)
Venezuela.....	148	1	4	*(1)
Indonesia.....	15	(1)	(1)	*(1)

<sup>1</sup> Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1988..... 5

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes x No \_\_\_  
 What is the price elasticity of U.S. demand?..... High x Moderate \_\_\_ Low \_\_\_

Can production in the country be easily expanded or contracted  
 in the short term?..... Yes x No \_\_\_

Does the country have significant export markets besides the  
 United States?..... Yes x No \_\_\_

Could exports from the country be readily redistributed among  
 its foreign export markets?..... Yes \_\_\_ No x

What is the price elasticity of import supply?..... High x Moderate \_\_\_ Low \_\_\_

Price level compared with:

U.S. products..... Above \_\_\_ Equivalent \_\_\_ Below x  
 Other foreign products..... Above \_\_\_ Equivalent \_\_\_ Below x

Quality compared with:

U.S. products..... Above \_\_\_ Equivalent x Below \_\_\_  
 Other foreign products..... Above \_\_\_ Equivalent x Below \_\_\_

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1988..... 8

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes x No \_\_\_  
 What is the price elasticity of U.S. demand?..... High x Moderate \_\_\_ Low \_\_\_

Can production in the country be easily expanded or contracted in  
 the short term?..... Yes x No \_\_\_

Does the country have significant export markets besides the  
 United States?..... Yes x No \_\_\_

Could exports from the country be readily redistributed among  
 its foreign export markets?..... Yes \_\_\_ No x

What is the price elasticity of import supply?..... High x Moderate \_\_\_ Low \_\_\_

Price level compared with:

U.S. products..... Above \_\_\_ Equivalent \_\_\_ Below x  
 Other foreign products..... Above \_\_\_ Equivalent \_\_\_ Below x

Quality compared with:

U.S. products..... Above \_\_\_ Equivalent x Below \_\_\_  
 Other foreign products..... Above \_\_\_ Equivalent x Below \_\_\_

Comment: Most automotive batteries imported from Mexico and Brazil are priced lower than U.S. produced batteries because Mexico and Brazil have lower production costs. However, purchasers in the United States are often willing to buy more expensive batteries of equal quality in order to ensure certain non-price advantages such as reliable delivery and conducting business with suppliers with a proven reputation.

V. Position of interested parties

Petitioner.— U.S. Battery Trade Council (USBTC) states that the market for 12-volt lead-acid automotive storage batteries is highly price competitive, and that many GSP countries can manufacture the product at a lower cost than U.S. producers. The petitioner argues that if the product is not removed from GSP eligibility, then Mexico and Brazil should be removed from GSP eligibility for the product since these countries are the primary GSP suppliers to the United States.

Opposition.—Asociacion Nacional de Fabricantes de Acumuladores (ANFA), an association of Mexican battery producers, opposes USBTC's petition, arguing that the petition fails to meet the USTR's information requirements.

Opposed.—The Government of Mexico (GOM) opposes all petitions where the action requested would remove GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

HTS item No.  
8507.10.0060

[Probable economic effect advice deleted]

HTS/TSUSA concordance and TSUSA col. 1 rate of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation)	TSUSA col. 1 rates of duty				
		1984	1985	1986	1987	1988
8507.10.00	683.01.10 (100%)	6.5	6.1	5.7	5.3	5.3
	683.01.20 (100%)	6.5	6.1	5.7	5.3	5.3
	683.02.00 (95%)	Free	Free	Free	Free	Free
	683.03.00 (95%)	Free	Free	Free	Free	Free
	683.12.10 (5%)	6.5	6.1	5.7	5.3	5.3
	683.13.00 (5%)	Free	Free	Free	Free	Free
	683.14.00 (35%)	Free	Free	Free	Free	Free



DIGEST NO. 8511.30.00

IGNITION COILS

Ignition Coils

I. Introduction

Col. 1 rate of duty: 3.1%  
 Type of action proposed (check one):  
 Addition of GSP:       
 Removal from GSP:       
 Country graduation:       
 Competitive-need-limit waiver: x (Mexico)  
 Non-eligible GSP countries: None  
 Current competitive-need-limit waivers: None  
 Current "sufficiently competitive" designation: None  
 U.S. production on Jan. 3, 1985? Yes x No     .

Description and uses: Ignition coils are used on spark-ignition internal combustion engines, to send a high-voltage electrical charge to the engine's distributor.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percent change over period <sup>1</sup>
Producers (number).....	*15	*15	*15	*15	*15	*0
Employment (thousand employees).....	**1,360	**1,320	**1,340	**1,340	**1,353	** <sup>(2)</sup>
Shipments (thousands of dollars).....	*168,350	*132,725	*168,890	*142,917	*170,120	* <sup>(3)</sup>
Exports <sup>4</sup> (thousands of dollars).....	*29,589	*35,478	*30,206	*39,877	*37,059	*5
Imports <sup>4</sup> (thousands of dollars).....	*10,101	*10,618	*16,889	*17,150	*18,601	*13
Consumption (thousands of dollars).....	*148,862	*107,865	*155,573	*120,190	*149,622	* <sup>(3)</sup>
Import-to-consumption ratio (percent)...	*7	*10	*11	*14	*12	*11
Capacity utilization (percent).....	*82	*82	*78	*78	*80	*-1

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup> Less than -0.5 percent.

<sup>3</sup> Less than 0.5 percent.

<sup>4</sup> Trade data are estimated by staff of the U.S. International Trade Commission.

Comment: Ignition coils are unsophisticated products that are easy for many less developed countries to produce. Most imports from GSP countries are sold as aftermarket automobile parts, where timely delivery and interaction with the purchaser are less important factors than in the original equipment market, where U.S. firms' proximity to purchasers provides them with a competitive advantage. Most of the production of ignition coils is accounted for by relatively few of the firms manufacturing the product.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports <sup>1</sup>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	<u>1,000</u> dollars			
Total.....	18,601	100	-	*12
Imports from GSP countries:				
Total.....	1,138	6	100	*1
Mexico.....	667	4	59	*( <sup>2</sup> )
Brazil.....	308	2	27	*( <sup>2</sup> )
Dominican Rep.....	77	( <sup>2</sup> )	7	*( <sup>2</sup> )
Yugoslavia.....	31	( <sup>2</sup> )	3	*( <sup>2</sup> )

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

<sup>2</sup> Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1988..... 6

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted  
in the short term?..... Yes  No

Does the country have significant export markets besides the  
United States?..... Yes  No

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1988..... 9

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted in  
the short term?..... Yes  No

Does the country have significant export markets besides the  
United States?..... Yes  No

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Comment: Most ignition coils imported from Mexico and Brazil are priced lower than those produced by U.S. firms because Mexico and Brazil have lower production costs. Purchasers in the United States are willing to buy more expensive ignition coils of equal quality in order to realize certain non-price advantages such as reliable delivery and conducting business with suppliers with a proven reputation.

V. Position of interested parties

Petitioner.— Bobinadores Unidos, S.A. De C.V. The company wants to export ignition coils (manufactured by various Mexican producers) to the United States, and will do so if it gains a competitive-need-limit waiver. The petitioner offers no other reason for granting a waiver.

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

HTS item No.  
8511.30.00

[Probable economic effect advice deleted]

HTS/TSUSA concordance and TSUSA col. 1 rate of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation)	TSUSA col. 1 rates of duty				
		1984	1985	1986	1987	1988
8511.30.00	683.60.70 (100%)	3.4	3.3	3.2	3.1	3.1
	683.60.90 (5%)	3.4	3.3	3.2	3.1	3.1
	683.61.00 (15%)	Free	Free	Free	Free	Free
	683.62.00 (40%)	Free	Free	Free	Free	Free



DIGEST NO. 8523.20.00

MAGNETIC DISCS

Magnetic Discs

I. Introduction

Col. 1 rate of duty: 4.2%  
 Type of action proposed (check one):  
 Addition of GSP:   
 Removal from GSP:   
 Country graduation:   
 Competitive-need-limit waiver:  (Country—Mexico)<sup>1</sup>  
 Non-eligible GSP countries: Mexico.  
 Current competitive-need-limit waivers: None.  
 Current "sufficiently competitive" designation: Mexico.  
 U.S. production on Jan. 3, 1985? Yes  No .

<sup>1</sup> Advice is also requested on restoring the full competitive-need limit for this item for Mexico.

Description and uses: Magnetic discs are used as storage media for computers and word processors. A magnetic disc consists of a base of clear mylar or polyester film that is coated with oxide particles and encased in a protective covering. The oxide particles on the surface of the disc hold the digitally encoded computer information which magnetic disc drives read and write onto the disc. Discs range in size from 2 to 8 inches and may be either rigid or flexible, depending on the covering used.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	36	28	32	36	*36	*0
Employment (thousand employees).....	*18	*16	*13	*10	*11	*(12)
Shipments (millions of dollars).....	1,627	1,511	1,140	944	*1,080	*(10)
Exports (millions of dollars).....	210	176	227	348	585	29
Imports (millions of dollars).....	59	78	80	185	322	53
Consumption (millions of dollars).....	1,476	1,413	994	781	*816	*(14)
Import-to-consumption ratio (percent)..	4	7	9	23	*39	*77
Capacity utilization (percent).....	*60	42	54	66	*69	*4

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

Comment: Production of magnetic discs is a high-volume, capital-intensive process. Global production of magnetic discs is controlled by a small number of firms, most of which are Japanese. Marketing of magnetic discs is a fiercely competitive, commodity business in which rebates, quantity discounts, and other sales incentives are common. One would expect that U.S. demand for magnetic discs would have increased substantially during 1984-88 because of the growth of personal computer usage in the United States. However, U.S. shipments data for this product category from the U.S. Department of Commerce's MA36Q Current Industrial Report actually show a decline in both U.S. shipments and consumption of magnetic discs, as displayed above. The United States is the largest market for magnetic discs in the world, because it has the largest installed base of computers.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	<u>1,000 dollars</u>			
Total.....	321,797	100	-	*39
Imports from GSP countries:				
Total.....	51,312	16	100	*6
Mexico.....	51,155	(2)	(2)	*(2)
Israel <sup>1</sup> .....	84	(2)	(2)	*(2)
India.....	45	(2)	(2)	*(2)
Thailand.....	13	(2)	(2)	*(2)

<sup>1</sup> Although imports of \$83,642 from Israel are eligible for duty-free entry under the GSP, imports of this item in 1988 from Israel entered duty free under the provisions of the United States-Israel Free Trade Implementation Act of 1985.

<sup>2</sup> Less than 0.5 percent.

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

Comment: U.S. imports of magnetic discs from Mexico have increased significantly in recent years. The value of these imports increased from less than \$500,000 in 1984, to more than \$50 million in 1988. Japan is the largest supplier of imported magnetic discs to the U.S. market, accounting for 62 percent of U.S. imports of these products in 1988.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

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Ranking as a U.S. import supplier, 1988..... 2

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No \_\_\_

What is the price elasticity of U.S. demand?..... High X Moderate \_\_\_ Low \_\_\_

Can production in the country be easily expanded or contracted  
in the short term?..... Yes \_\_\_ No X

Does the country have significant export markets besides the  
United States?..... Yes \_\_\_ No X

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes \_\_\_ No X

What is the price elasticity of import supply?..... High \_\_\_ Moderate X Low \_\_\_

Price level compared with:

U.S. products..... Above X Equivalent \_\_\_ Below \_\_\_

Other foreign products..... Above X Equivalent \_\_\_ Below \_\_\_

Quality compared with:

U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

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Comment: [ \* \* \* ], burnishes and  
assembles magnetic discs in Mexico and returns the finished product to the United States for sale.  
The unit value of magnetic discs imported from Mexico is marginally higher than the unit values of  
magnetic discs imported from other major foreign suppliers. This may be related to differences in  
the imported magnetic discs' size or storage densities, however.

V. Position of interested parties

Petitioner.—Aurex, S.A. de C.V., a subsidiary of AMPEX Corporation of the United States, is a manufacturer of magnetic discs in Mexico. The petitioner indicates that exports of magnetic discs produced in Mexico account for a very small percentage of U.S. consumption and that Aurex is at a competitive disadvantage compared with its U.S. rivals because of its small size and the added transportation costs it must pay for both raw materials that it imports from the United States and the finished products that it exports to the U.S. market. In addition, petitioner notes that Mexican exports of magnetic discs to the United States include items produced in the border regions where U.S. firms such as Kodak operate production facilities. Petitioner contends that Mexico exceeded its competitive need limit, and thus lost GSP benefits, because of the output of these border firms.

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

Opposition.—Polaroid Corporation, Cambridge, MA, a U.S. producer of magnetic computer discs, opposes the competitive needs limit waiver for Mexico. The petitioner notes that the Commission recently determined that the U.S. industry producing magnetic media is import sensitive and has been materially injured by reason of imports from Japan of 3.5 inch microdiscs and media therefor, that have been found by the Department of Commerce to be sold in the United States at less than fair value.<sup>1</sup> Imports of magnetic discs from Japan are currently subject to an antidumping order. Petitioner notes that granting the GSP waiver for Mexico could result in Japanese magnetic media entering the U.S. market after undergoing finishing operations in Mexico, thus avoiding the antidumping duties.

<sup>1</sup> 3.5" Microdiscs and Media Therefor From Japan, Inv. No. 731-TA-389, USITC Publication 2170 (March 1989).

HTS item No.  
8523.20.00

[Probable economic effect advice deleted]

HTS item No.  
8523.20.00

[Probable economic effect advice deleted]

HTS/TSUSA CONCORDANCE AND TARIFF HISTORY

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

		<u>(Percent ad valorem)</u>				
		<u>TSUSA col. 1 rate of duty</u>				
<u>HTS item No.</u>	<u>TSUSA item No. (and allocation)</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
8523.20.00	7244570 (90%)	5.1	4.9	4.7	4.4	4.2

Table I.

Digest Title: Magnetic discs  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Japan.....	46,527	54,560	50,455	123,810	199,832
Mexico.....	437	515	985	17,141	51,155
West Germany.....	2,428	2,993	2,529	4,635	17,877
Taiwan.....	198	4,536	9,025	6,893	17,272
Canada.....	1,105	1,545	1,287	4,012	12,909
Hong Kong.....	668	804	581	1,665	6,654
Ireland.....	1,634	5,886	3,362	6,425	4,692
Korea.....	1,571	214	1,795	6,429	3,742
France.....	18	1,358	3,400	7,676	3,106
United Kingdom...	924	1,713	1,767	3,358	1,262
Italy.....	29	1,676	2,860	1,126	1,052
Singapore.....	687	247	128	523	926
Netherlands.....	1,659	1,101	1,057	257	895
Australia.....	214	2	78	53	121
Israel.....	664	18	1	22	84
All other.....	270	760	1,031	877	218
<b>Total.....</b>	<b>59,035</b>	<b>77,929</b>	<b>80,342</b>	<b>184,901</b>	<b>321,797</b>
<b>GSP Total....</b>	<b>1,126</b>	<b>628</b>	<b>1,025</b>	<b>17,435</b>	<b>51,312</b>
<b>GSP+4.....</b>	<b>4,250</b>	<b>6,429</b>	<b>12,554</b>	<b>32,944</b>	<b>79,905</b>
Percent					
Japan.....	78.8	70.0	62.8	67.0	62.1
Mexico.....	.7	.7	1.2	9.3	15.9
West Germany.....	4.1	3.8	3.1	2.5	5.6
Taiwan.....	.3	5.8	11.2	3.7	5.4
Canada.....	1.9	2.0	1.6	2.2	4.0
Hong Kong.....	1.1	1.0	.7	.9	2.1
Ireland.....	2.8	7.6	4.2	3.5	1.5
Korea.....	2.7	.3	2.2	3.5	1.2
France.....	1/	1.7	4.2	4.2	1.0
United Kingdom...	1.6	2.2	2.2	1.8	.4
Italy.....	1/	2.2	3.6	.6	.3
Singapore.....	1.2	.3	.2	.3	.3
Netherlands.....	2.8	1.4	1.3	.1	.3
Australia.....	.4	1/	.1	1/	1/
Israel.....	1.1	1/	1/	1/	1/
All other.....	.5	1.0	1.3	.5	.1
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>1.9</b>	<b>.8</b>	<b>1.3</b>	<b>9.4</b>	<b>15.9</b>
<b>GSP+4.....</b>	<b>7.2</b>	<b>8.2</b>	<b>15.6</b>	<b>17.8</b>	<b>24.8</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

Table II.

Digest Title: Magnetic discs  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Singapore.....	4,741	5,660	11,606	49,195	154,923
Japan.....	18,404	17,556	35,840	49,858	83,963
West Germany.....	14,387	15,399	23,584	39,142	62,417
Canada.....	38,570	24,734	22,195	38,190	51,462
United Kingdom...	38,810	28,400	33,115	42,133	40,587
Netherlands.....	9,415	7,793	12,261	17,448	23,455
Mexico.....	3,600	3,711	4,042	8,984	23,074
Australia.....	8,470	6,116	7,590	14,223	17,978
Hong Kong.....	10,353	6,367	3,700	4,866	12,815
Italy.....	10,465	10,130	8,713	10,561	12,503
Taiwan.....	3,000	2,070	2,683	6,091	11,830
France.....	12,320	10,862	15,576	6,915	10,054
Belgium.....	2,849	3,081	3,362	4,644	7,508
Ireland.....	6,673	4,764	3,554	4,329	6,837
Rep So Africa....	3,402	1,163	1,872	3,654	6,514
All other.....	24,912	27,853	37,217	47,537	59,437
<b>Total.....</b>	<b>210,372</b>	<b>175,657</b>	<b>226,910</b>	<b>347,769</b>	<b>585,357</b>
<b>GSP Total....</b>	<b>14,843</b>	<b>15,958</b>	<b>16,183</b>	<b>26,846</b>	<b>42,913</b>
<b>GSP+4.....</b>	<b>36,142</b>	<b>32,021</b>	<b>35,874</b>	<b>89,203</b>	<b>226,228</b>
Percent					
Singapore.....	2.3	3.2	5.1	14.1	26.5
Japan.....	8.7	10.0	15.8	14.3	14.3
West Germany.....	6.8	8.8	10.4	11.3	10.7
Canada.....	18.3	14.1	9.8	11.0	8.8
United Kingdom...	18.4	16.2	14.6	12.1	6.9
Netherlands.....	4.5	4.4	5.4	5.0	4.0
Mexico.....	1.7	2.1	1.8	2.6	3.9
Australia.....	4.0	3.5	3.3	4.1	3.1
Hong Kong.....	4.9	3.6	1.6	1.4	2.2
Italy.....	5.0	5.8	3.8	3.0	2.1
Taiwan.....	1.4	1.2	1.2	1.8	2.0
France.....	5.9	6.2	6.9	2.0	1.7
Belgium.....	1.4	1.8	1.5	1.3	1.3
Ireland.....	3.2	2.7	1.6	1.2	1.2
Rep So Africa....	1.6	.7	.8	1.1	1.1
All other.....	11.8	15.9	16.4	13.7	10.2
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>7.1</b>	<b>9.1</b>	<b>7.1</b>	<b>7.7</b>	<b>7.3</b>
<b>GSP+4.....</b>	<b>17.2</b>	<b>18.2</b>	<b>15.8</b>	<b>25.6</b>	<b>38.6</b>

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

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

DIGEST NO. 8525.20.30

OTHER TRANSCIVERS

OTHER TRANSCEIVERS

I. Introduction

Col. 1 rate of duty: 6%  
 Type of action proposed (check one):  
 Addition of GSP:       
 Removal from GSP:       
 Country graduation:       
 Competitive-need-limit waiver: X (Country—Malaysia)  
 Non-eligible GSP countries: None  
 Current competitive-need-limit waivers: None  
 Current "sufficiently competitive" designation: None  
 U.S. production on Jan. 3, 1985? Yes X No     .

Description and uses: Transceivers are combinations of radio transmitting and receiving equipment contained in a common housing, employing common circuit components for both transmitting and receiving, but which are not capable of simultaneously receiving and transmitting. The products under consideration may be portable (hand-held), mobile (mounted in a vehicle such as a car or boat), or intended for fixed installation.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	**28	**28	**19	**17	**16	** -5
Employment (thousand employees).....	**4,100	**4,322	**4,751	**6,730	**7,925	**18
Shipments (millions of dollars).....	*371	*389	*428	*606	*713	*18
Exports (millions of dollars).....	188	246	196	176	216	4
Imports (millions of dollars).....	179	232	252	302	419	24
Consumption (millions of dollars)....	*362	*375	*484	*732	*916	*26
Import to consumption ratio (percent)..	*49	*62	*52	*41	*46	* -2
Capacity utilization (percent).....	*78	*77	*85	*87	*85	*2

<sup>1</sup> This figure represents the average annual compound rate of change over 1984-88.

Comment: The U.S. transceiver industry is maturing, as smaller companies drop out of the market and large firms survive in competition with growing imports.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	<u>1,000 dollars</u>			
Total.....	418,877	100	-	*46
Imports from GSP countries:				
Total.....	76,174	18	100	*8
Malaysia.....	55,568	13	73	*6
Israel.....	17,701	4	23	*2
Mexico.....	1,842	( <sup>1</sup> )	2	*( <sup>1</sup> )
Barbados.....	748	( <sup>1</sup> )	1	*( <sup>1</sup> )

<sup>1</sup> Less than 0.5%.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Malaysia for all digest products

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Ranking as a U.S. import supplier, 1988..... 3

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted  
in the short term?..... Yes  No

Does the country have significant export markets besides the  
United States?..... Yes  No

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

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V. Position of interested parties

Petitioner.—Motorola, Inc., manufactures transceivers in Malaysia primarily for export to the United States. Motorola requests that Malaysia be granted a waiver of the GSP's competitive-need limits for transceivers provided for under HTS 8525.20.30. The request is made in light of Motorola's expectation that Malaysia will exceed the GSP's dollar value competitive-need limit for HTS 8525.20.30 in calendar year 1989 and will thus lose GSP treatment on July 1, 1990, unless a competitive-need waiver is granted.

Malaysia's transceiver industry consists exclusively of Motorola's operations. The loss of GSP status would have a negative impact both on Malaysian employment and on U.S. employment, as the Malaysian transceivers are manufactured from components that are in major part of U.S. origin. Also, the transceivers are exported from Malaysia to the United States for various finishing operations. There is little possibility that any U.S. economic interests could be adversely affected given the strong growth witnessed by the U.S. transceiver market.

HTS item No.  
8525.20.30

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and TSUSA col. 1 rate of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation)	TSUSA col. 1 rates of duty				
		1984	1985	1986	1987	1988
8525.20.30	685.2940 (100%)	6				
	685.2941 (100%)	6				
	685.2943 (100%)	6				
	685.2440 (100%)		6	6	6	6
	685.2441 (100%)		6	6	6	6
	685.2443 (100%)		6	6	6	6

Table I.

Digest Title, Other transceivers  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
<b>Value (1,000 dollars)</b>					
Japan.....	123,833	128,849	107,904	118,427	144,733
Singapore.....	1,295	5,741	16,953	34,695	72,427
Malaysia.....	28	15,484	39,185	36,572	55,568
Taiwan.....	13,713	19,132	30,138	44,398	43,513
Sweden.....	159	68	79	15,058	40,088
Canada.....	14,129	20,135	15,476	10,571	21,114
Israel.....	4,400	6,221	5,595	10,887	17,701
Korea.....	8,098	13,104	12,238	6,091	7,125
West Germany....	410	822	1,130	3,871	5,098
United Kingdom...	566	2,097	2,034	1,916	2,500
Hong Kong.....	758	2,205	1,622	1,121	2,111
Mexico.....	10,075	14,912	14,447	9,707	1,842
Denmark.....	443	487	252	855	999
Italy.....	0	247	303	458	775
Barbados.....	0	0	2,254	610	748
All other.....	1,135	2,573	2,347	6,910	2,534
<b>Total.....</b>	<b>179,040</b>	<b>232,076</b>	<b>251,957</b>	<b>302,148</b>	<b>418,877</b>
<b>GSP Total....</b>	<b>15,131</b>	<b>38,139</b>	<b>61,981</b>	<b>58,223</b>	<b>76,174</b>
<b>GSP+4.....</b>	<b>38,995</b>	<b>78,322</b>	<b>122,931</b>	<b>144,528</b>	<b>201,350</b>
<b>Percent</b>					
Japan.....	69.2	55.5	42.8	39.2	34.6
Singapore.....	.7	2.5	6.7	11.5	17.3
Malaysia.....	1/	6.7	15.6	12.1	13.3
Taiwan.....	7.7	8.2	12.0	14.7	10.4
Sweden.....	.1	1/	1/	5.0	9.6
Canada.....	7.9	8.7	6.1	3.5	5.0
Israel.....	2.5	2.7	2.2	3.6	4.2
Korea.....	4.5	5.6	4.9	2.0	1.7
West Germany....	.2	.4	.4	1.3	1.2
United Kingdom...	.3	.9	.8	.6	.6
Hong Kong.....	.4	1.0	.6	.4	.5
Mexico.....	5.6	6.4	5.7	3.2	.4
Denmark.....	.2	.2	.1	.3	.2
Italy.....	.0	.1	.1	.2	.2
Barbados.....	.0	.0	.9	.2	.2
All other.....	.6	1.1	.9	2.3	.6
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>8.5</b>	<b>16.4</b>	<b>24.6</b>	<b>19.3</b>	<b>18.2</b>
<b>GSP+4.....</b>	<b>21.8</b>	<b>33.7</b>	<b>48.8</b>	<b>47.8</b>	<b>48.1</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

Table II.

Digest Title: Other transceivers  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Canada.....	15,022	20,991	21,866	21,379	26,981
Korea.....	5,171	4,033	4,467	2,969	10,537
West Germany....	4,918	7,248	4,693	6,573	10,170
United Kingdom...	11,749	16,957	19,834	15,232	9,462
Thailand.....	3,461	3,917	5,260	3,822	9,149
Japan.....	2,834	3,361	2,590	4,201	7,856
Australia.....	3,022	3,449	4,914	4,149	7,837
China.....	1,375	3,991	3,959	10,125	7,335
France.....	4,276	4,653	4,839	3,163	6,176
Venezuela.....	1,808	1,235	3,074	3,494	6,056
Peru.....	499	968	596	2,072	5,691
Mexico.....	1,069	3,138	5,439	1,517	5,451
Colombia.....	817	709	5,893	1,323	5,171
Switzerland.....	1,632	1,554	7,148	2,016	5,024
Taiwan.....	729	2,101	5,888	5,874	4,700
All other.....	129,471	167,321	95,382	88,488	88,584
<b>Total.....</b>	<b>187,851</b>	<b>245,626</b>	<b>195,844</b>	<b>176,398</b>	<b>216,180</b>
<b>GSP Total....</b>	<b>47,905</b>	<b>48,525</b>	<b>66,479</b>	<b>61,289</b>	<b>75,955</b>
<b>GSP+4.....</b>	<b>58,081</b>	<b>63,544</b>	<b>82,571</b>	<b>73,660</b>	<b>95,760</b>
Percent					
Canada.....	8.0	8.5	11.2	12.1	12.5
Korea.....	2.8	1.6	2.3	1.7	4.9
West Germany....	2.6	3.0	2.4	3.7	4.7
United Kingdom...	6.3	6.9	10.1	8.0	4.4
Thailand.....	1.8	1.6	2.7	2.2	4.2
Japan.....	1.5	1.4	1.3	2.4	3.6
Australia.....	1.6	1.4	2.5	2.4	3.6
China.....	.7	1.6	2.0	5.7	3.4
France.....	2.3	1.9	2.5	1.8	2.9
Venezuela.....	1.0	.5	1.6	2.0	2.8
Peru.....	.3	.4	.3	1.2	2.6
Mexico.....	.6	1.3	2.8	.9	2.5
Colombia.....	.4	.3	3.0	.8	2.4
Switzerland.....	.9	.6	3.7	1.1	2.3
Taiwan.....	.4	.9	3.0	3.3	2.2
All other.....	68.9	68.1	48.7	50.2	41.0
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>25.5</b>	<b>19.8</b>	<b>33.9</b>	<b>34.7</b>	<b>35.1</b>
<b>GSP+4.....</b>	<b>30.9</b>	<b>25.9</b>	<b>42.2</b>	<b>41.8</b>	<b>44.3</b>

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

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



DIGEST NO. 8528.10.8055

OTHER TELEVISION RECEIVERS

OTHER TELEVISION RECEIVERS

I. Introduction

Col. 1 rate of duty: 5%  
 Type of action proposed (check one):  
 Addition of GSP: X  
 Removal from GSP:       
 Country graduation:       
 Competitive-need-limit waiver:       
 Non-eligible GSP countries: None  
 Current competitive-need-limit waivers: None  
 Current "sufficiently competitive" designation: None  
 U.S. production on Jan. 3, 1985? Yes X No     .

Description and uses: A satellite television receiver is an electronic apparatus capable along with an antenna system of processing television broadcast signals produced by satellite transponders. The output of the receiver can be connected directly to the input of a standard television receiver. Satellite television receivers are used in areas where television reception is poor or in thinly populated areas where it is not practical to install cable television.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	6	6	4	1	1	-36
Employment (thousand employees).....	2	2	1	(2)	(2)	[***]
Shipments (millions of dollars).....	*168	*150	*60	*[***]	*[***]	*[***]
Exports <sup>3</sup> (millions of dollars).....	6	5	6	7	8	7
Imports <sup>3</sup> (millions of dollars).....	122	125	163	155	141	4
Consumption (millions of dollars).....	*284	*270	*217	*[***]	*[***]	*[***]
Import to consumption ratio (percent)..	*43	*46	*75	*[***]	*[***]	*[***]
Capacity utilization (percent).....	90	80	70	[***]	[***]	[***]

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup> [ \*\*\* ]

<sup>3</sup> These data and the data in tables I and II at the end of this digest are for HTS 8528.10.80, which includes satellite television receivers as well as other products and are compiled from official U.S. Department of Commerce data. [ \*\*\* ]

Comment: The satellite television receiver industry originated in the United States in the late 1970's, and was originally supplied by U.S. producers exclusively. By 1988, there was only one U.S. firm producing satellite television receivers. The number of firms in the industry declined sharply after 1986 when broadcasters of pay television programming such as Home Box Office (HBO) began scrambling their signals. The high cost of an entire satellite television reception system and the saturation in the industry may be other factors that have affected the decline in demand.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports <sup>1</sup>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	<u>1,000 dollars</u>			
Total.....	140,993	100	-	*[***]
Imports from GSP countries:				
Total.....	5,947	4	100	*[***]
Philippines.....	5,870	4	99	*[***]
Brazil.....	55	(2)	1	*[***]
Israel.....	17	(2)	(2)	*[***]
Malaysia.....	5	(2)	(2)	*[***]

<sup>1</sup> These data and the data in tables I and II at the end of this digest are for HTS 8528.10.80, which includes satellite television receivers as well as other products and are compiled from official U.S. Department of Commerce data. [ \*\*\* ]

<sup>2</sup> Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for the Philippines for all digest products

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Ranking as a U.S. import supplier, 1988..... 6

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No \_\_\_

What is the price elasticity of U.S. demand?..... High X Moderate \_\_\_ Low \_\_\_

Can production in the country be easily expanded or contracted  
in the short term?..... Yes X No \_\_\_

Does the country have significant export markets besides the  
United States?..... Yes \_\_\_ No X

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes \_\_\_ No X

What is the price elasticity of import supply?..... High \_\_\_ Moderate X Low \_\_\_

Price level compared with:

U.S. products..... Above \_\_\_ Equivalent \_\_\_ Below X

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

Quality compared with:

U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

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V. Position of interested parties

Petitioner.—The petitioner (Uniden Corp. of America) requests that satellite television receivers entered under HTS item 8528.10.8055 be designated as eligible articles under the GSP. In addition, the petitioner requests that if satellite receivers cannot be designated under statistical provision 8528.10.8055, such receivers should be designated as a part of the rate-line provision 8528.10.80 and that the Philippines be designated as the only GSP-beneficiary country under this provision.

If the petition is granted, Uniden Philippines reports that it expects to benefit by increasing its share of the U.S. market for satellite television receivers compared with other suppliers to the U.S. market. Uniden also reports that the grant of GSP eligibility would serve to stabilize and expand its operations in the Philippines and contribute to the Philippine economy. The petitioner claims that these benefits would not come at the expense of any U.S. domestic producer nor would they cause an increase in total U.S. imports of these receivers because the U.S. market is dominated by imports from Japan, Taiwan, Hong Kong, and Korea.

Opposition.—The R.L. Drake Co., the original and only remaining domestic manufacturer of home satellite television receivers, opposes the petition. U.S. imports of these products have remained at consistently strong levels from 1986 through the present. The strength of the import sector over time makes it clear that GSP eligibility is not needed to ensure a continuing competitive environment for imports of satellite television receivers. Production of satellite television receivers in the Philippines is already competitive since the Philippines offers natural advantages such as a low wage base. A review of pricing and pricing practices in the home satellite television market will show that the petitioner is currently very competitive and doesn't need GSP listing to increase its competitiveness. The grant of GSP eligibility would serve as an incentive to the expansion of the satellite television receiver industry in the Philippines and other GSP eligible countries. The grant of GSP eligibility to imports of satellite television receivers will have a negative impact on the U. S. industry with no perceived benefit to consumers.

The U.S. industry, represented by R.L. Drake, is barely hanging on, and the grant of GSP eligibility either on an across-the-board basis or to only imports of Philippine-origin satellite television receivers, is bound to strike a further damaging blow against the U.S. industry and its efforts to revitalize itself. If GSP is granted, it is very likely that R.L. Drake Co. will be forced to move production offshore. This move would be marked by the direct loss of jobs and the cessation of Drake's U.S. exports. There could be a further indirect effect, since R.L. Drake presently sources a number of components from domestic U.S. sources.

HTS item No.  
8528.10.8055

[Probable economic effect advice deleted.]

HTS/TSUSA concordance and TSUSA col. 1 rate of duty, 1984-88

(Percent ad valorem)

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HTS item No.	<u>TSUSA</u> item No. (and allocation)	<u>TSUSA</u> col. 1 rates of duty				
		<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
8525.10.8055	685.2250 (30%)	4.2				
	685.0806 (100%)		4	3.9	3.7	3.7

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Table I.

Digest Title: Other television receivers  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Mexico.....	14,213	9,564	17,753	26,961	46,916
Taiwan.....	21,522	24,356	31,801	37,396	28,483
Korea.....	24,247	11,838	21,242	25,458	18,881
Japan.....	42,819	55,567	64,921	36,517	17,924
Singapore.....	7,967	10,663	12,919	9,181	10,355
Malaysia.....	2,287	3,285	3,417	9,778	7,824
Canada.....	4,529	6,047	5,059	3,824	5,373
Hong Kong.....	2,472	2,541	5,488	4,537	2,900
China.....	1	18	35	912	877
Philippines.....	25	1/	0	4	470
West Germany.....	118	42	319	320	362
Belgium.....	302	846	44	17	351
United Kingdom...	631	63	56	226	81
Mauritius.....	0	0	0	0	28
Switzerland.....	44	1	6	34	26
All other.....	586	329	180	290	141
<b>Total.....</b>	<b>121,763</b>	<b>125,160</b>	<b>163,238</b>	<b>155,457</b>	<b>140,993</b>
<b>GSP Total....</b>	<b>16,584</b>	<b>12,967</b>	<b>21,220</b>	<b>36,881</b>	<b>55,262</b>
<b>GSP+4.....</b>	<b>72,792</b>	<b>62,366</b>	<b>92,670</b>	<b>113,453</b>	<b>115,881</b>
Percent					
Mexico.....	11.7	7.6	10.9	17.3	33.3
Taiwan.....	17.7	19.5	19.5	24.1	20.2
Korea.....	19.9	9.5	13.0	16.4	13.4
Japan.....	35.2	44.4	39.8	23.5	12.7
Singapore.....	6.5	8.5	7.9	5.9	7.3
Malaysia.....	1.9	2.6	2.1	6.3	5.5
Canada.....	3.7	4.8	3.1	2.5	3.8
Hong Kong.....	2.0	2.0	3.4	2.9	2.1
China.....	1/	1/	1/	.6	.6
Philippines.....	1/	1/	.0	1/	.3
West Germany.....	.1	1/	.2	.2	.3
Belgium.....	.2	.7	1/	1/	.2
United Kingdom...	.5	.1	1/	.1	.1
Mauritius.....	.0	.0	.0	.0	1/
Switzerland.....	1/	1/	1/	1/	1/
All other.....	.5	.3	.1	.2	.1
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>13.6</b>	<b>10.4</b>	<b>13.0</b>	<b>23.7</b>	<b>39.2</b>
<b>GSP+4.....</b>	<b>59.8</b>	<b>49.8</b>	<b>56.8</b>	<b>73.0</b>	<b>82.2</b>

1/ Less than \$500 or less than 0.1 percent.

Note.--Because of rounding, figures may not add to the totals show.

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

Table II.

Digest Title: Other television receivers  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
<b>Value (1,000 dollars)</b>					
Mexico.....	705	995	996	1,507	2,219
Canada.....	723	505	429	551	834
United Kingdom...	627	465	507	607	827
Japan.....	365	456	504	381	524
Korea.....	106	101	175	73	487
Taiwan.....	632	359	566	496	392
France.....	160	145	152	200	310
West Germany.....	229	232	296	357	304
Italy.....	134	94	180	217	303
Saudi Arabia.....	147	163	120	264	202
Australia.....	270	152	204	117	153
Venezuela.....	92	120	125	136	146
Singapore.....	136	107	60	109	145
Hong Kong.....	53	53	64	103	133
Netherlands.....	64	73	75	100	123
All other.....	1,059	1,122	1,222	1,415	1,277
<b>Total.....</b>	<b>5,501</b>	<b>5,142</b>	<b>5,676</b>	<b>6,632</b>	<b>8,377</b>
<b>GSP Total....</b>	<b>1,345</b>	<b>1,703</b>	<b>1,851</b>	<b>2,553</b>	<b>2,981</b>
<b>GSP+4.....</b>	<b>2,272</b>	<b>2,323</b>	<b>2,717</b>	<b>3,333</b>	<b>4,137</b>
<b>Percent</b>					
Mexico.....	12.8	19.3	17.6	22.7	26.5
Canada.....	13.1	9.8	7.6	8.3	10.0
United Kingdom...	11.4	9.0	8.9	9.1	9.9
Japan.....	6.6	8.9	8.9	5.7	6.2
Korea.....	1.9	2.0	3.1	1.1	5.8
Taiwan.....	11.5	7.0	10.0	7.5	4.7
France.....	2.9	2.8	2.7	3.0	3.7
West Germany.....	4.2	4.5	5.2	5.4	3.6
Italy.....	2.4	1.8	3.2	3.3	3.6
Saudi Arabia.....	2.7	3.2	2.1	4.0	2.4
Australia.....	4.9	3.0	3.6	1.8	1.8
Venezuela.....	1.7	2.3	2.2	2.1	1.7
Singapore.....	2.5	2.1	1.1	1.6	1.7
Hong Kong.....	1.0	1.0	1.1	1.6	1.6
Netherlands.....	1.2	1.4	1.3	1.5	1.5
All other.....	19.2	21.8	21.5	21.3	15.2
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>24.5</b>	<b>33.1</b>	<b>32.6</b>	<b>38.5</b>	<b>35.6</b>
<b>GSP+4.....</b>	<b>41.3</b>	<b>45.2</b>	<b>47.9</b>	<b>50.3</b>	<b>49.4</b>

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

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



DIGEST NO. 8532.10.00  
FIXED POWER CAPACITORS

Fixed Power Capacitors

I. Introduction

Col. 1 rate of duty: 10%.  
 Type of action proposed (check one):  
 Addition of GSP: X  
 Removal from GSP:       
 Country graduation:       
 Competitive-need-limit waiver:       
 Non-eligible GSP countries: None  
 Current competitive-need-limit waivers: None.  
 Current "sufficiently competitive" designation: None.  
 U.S. production on Jan. 3, 1985? Yes X No     .

Description and uses: Capacitors consist of two conducting surfaces separated by an insulating material, or "dielectric" such as ceramic, mica, glass, or plastic. These devices are used to store or filter an electrical charge for the motors in refrigerators, washing machines, microwave ovens, fans, and other appliances, as well as in electrical power transmission apparatus. Fixed power capacitors can store a specified charge of 500 volts or more, and are generally larger than the electronic capacitors found in radios, televisions, and other consumer electronic products.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	*14	*14	*13	*12	**10	** (8)
Employment (thousand employees).....	*5	*4	*4	*4	*5	*0
Shipments (millions of dollars).....	*66	*54	*50	*49	*51	*(6)
Exports (millions of dollars).....	35	27	28	36	47	7
Imports (millions of dollars).....	21	20	7	7	8	(21)
Consumption (millions of dollars).....	*51	*47	*29	*20	*13	*(29)
Import-to-consumption ratio (percent)..	*40	*42	*25	*34	*64	*12
Capacity utilization (percent).....	73	66	61	67	**67	** (2)

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

Note.—The nomenclature of TSUSA subheading 685.80 which covers capacitors was changed in 1986 so that import data before and after 1986 may not be directly comparable.

Comment: Although there are many types of fixed power capacitors, each type has been standardized to permit production and marketing of these products in high volume. U.S. demand for fixed power capacitors is cyclical, and depends on production levels of major U.S. appliance and electrical distribution equipment manufacturers. To compensate for fluctuations in demand by U.S. consumers of fixed power capacitors, U.S. producers have focused their attention on export markets, particularly Mexico and Canada, which together accounted for roughly 25 percent of U.S. exports during 1984-88. At the same time, Japan is the dominant supplier to the U.S. market, accounting for 36 percent of U.S. imports in 1988.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	<u>1,000 dollars</u>			
Total.....	8,151	100	-	*64
Imports from GSP countries:				
Total.....	1,111	14	100	*9
Mexico.....	473	6	43	*4
St Lucia.....	241	3	22	*2
Brazil <sup>1</sup> .....	170	2	15	*1
Israel <sup>1</sup> .....	160	2	14	*1

<sup>1</sup> Although imports of \$160,000 from Israel are eligible for duty-free entry under the GSP, imports of this item in 1988 from Israel entered duty free under the provisions of the United States-Israel Free Trade Implementation Act of 1985.

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

Comment: A number of "maquiladora" operations are controlled by U.S. and Japanese firms which produce fixed power capacitors in Mexico from imported components. Many of these firms have contractual arrangements for the sale of these products to U.S. producers of appliances and electrical distribution equipment.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

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Ranking as a U.S. import supplier, 1988..... 5

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted  
in the short term?..... Yes  No

Does the country have significant export markets besides the  
United States?..... Yes  No

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

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Comment: Mexican producers of fixed power capacitors have higher transportation costs, and enjoy lower production economies than their foreign rivals. These producers continue to ship their products to the U.S. market, however, because of long-term relations with U.S. consumers, and because a significant share of these fixed power capacitors comes from "maquiladoras" controlled by U.S. firms.

V. Position of interested parties

Petitioner.—ASEA Brown Boveri Capacitores, S.A. de C.V. (ABB), is a joint venture between ASEA of Sweden and Brown Boveri of Switzerland, which operates facilities in Mexico formerly known as ASEA Reguladores, S.A. Petitioner states that the firm supplies a very small share of the U.S. market and is at a competitive disadvantage compared with large, vertically integrated U.S. and Japanese producers since ABB has higher transportation costs and no captive purchasers to ensure high-volume sales. The firm also maintains that it is disadvantaged by the high interest rates in Mexico and by the falling value of the peso against the U.S. dollar. Petitioner indicates that it purchases more in parts and equipment from U.S. firms than the value of ABB's exports of fixed power capacitors to the United States, and that adding fixed power capacitors to the GSP would lead to continued purchases from U.S. firms. In addition, petitioner states that the cost of the tariffs which U.S. importers of ABB capacitors currently must pay places the end products of these U.S. firms at a competitive disadvantage in global markets.

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

HTS item No.  
8532.10.00

[Probable economic effect advice deleted]

[Probable economic effect advice deleted]

HTS/TSUSA CONCORDANCE AND TARIFF HISTORY

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation)	TSUSA col. 1 rate of duty				
		1984	1985	1986	1987	1988
8532.10.00	6858035 (20%)	10	10	10	10	10

Table I.

Digest Title: Fixed power capacitors  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Japan.....	3,709	3,414	1,896	2,486	2,920
Italy.....	366	410	605	879	684
Taiwan.....	2,176	1,553	466	575	575
Finland.....	171	327	157	177	500
Mexico.....	3,933	6,152	1,518	107	473
Ireland.....	481	695	46	202	459
West Germany.....	3,305	2,626	371	343	445
Singapore.....	52	129	131	108	311
Korea.....	402	289	156	236	251
St Lucia.....	125	127	177	134	241
United Kingdom...	408	354	232	149	185
Canada.....	296	291	115	112	181
Belgium.....	380	456	220	160	173
Brazil.....	436	346	301	331	170
Israel.....	253	223	130	187	160
All other.....	4,065	2,707	612	466	424
<b>Total.....</b>	<b>20,558</b>	<b>20,097</b>	<b>7,133</b>	<b>6,651</b>	<b>8,151</b>
<b>GSP Total....</b>	<b>7,639</b>	<b>8,305</b>	<b>2,280</b>	<b>896</b>	<b>1,111</b>
<b>GSP+4.....</b>	<b>10,308</b>	<b>10,309</b>	<b>3,089</b>	<b>1,899</b>	<b>2,331</b>
Percent					
Japan.....	18.0	17.0	26.6	37.4	35.8
Italy.....	1.8	2.0	8.5	13.2	8.4
Taiwan.....	10.6	7.7	6.5	8.6	7.1
Finland.....	.8	1.6	2.2	2.7	6.1
Mexico.....	19.1	30.6	21.3	1.6	5.8
Ireland.....	2.3	3.5	.7	3.0	5.6
West Germany.....	16.1	13.1	5.2	5.2	5.5
Singapore.....	.3	.6	1.8	1.6	3.8
Korea.....	2.0	1.4	2.2	3.6	3.1
St Lucia.....	.6	.6	2.5	2.0	3.0
United Kingdom...	2.0	1.8	3.3	2.2	2.3
Canada.....	1.4	1.4	1.6	1.7	2.2
Belgium.....	1.8	2.3	3.1	2.4	2.1
Brazil.....	2.1	1.7	4.2	5.0	2.1
Israel.....	1.2	1.1	1.8	2.8	2.0
All other.....	19.8	13.5	8.6	7.0	5.2
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>37.2</b>	<b>41.3</b>	<b>32.0</b>	<b>13.5</b>	<b>13.6</b>
<b>GSP+4.....</b>	<b>50.1</b>	<b>51.3</b>	<b>43.3</b>	<b>28.6</b>	<b>28.6</b>

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

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

Table II.

Digest Title: Fixed power capacitors  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Canada.....	5,249	3,928	4,067	5,576	6,061
Hong Kong.....	3,628	2,064	3,725	3,283	4,709
Mexico.....	4,916	2,755	2,882	3,396	4,325
Singapore.....	1,729	1,728	2,023	2,311	4,160
United Kingdom...	3,134	2,379	2,368	3,511	3,907
West Germany.....	2,679	2,291	2,679	2,917	3,569
El Salvador.....	33	22	112	1,393	3,213
France.....	2,815	2,758	1,523	2,405	2,679
Italy.....	1,308	1,008	996	1,329	2,034
Taiwan.....	1,491	1,051	1,547	2,042	2,016
Ireland.....	860	464	501	682	1,130
Japan.....	1,147	924	690	708	1,027
Brazil.....	253	278	359	471	759
Korea.....	483	864	531	649	739
Sweden.....	604	417	309	384	677
All other.....	5,098	4,005	4,022	4,762	5,495
<b>Total.....</b>	<b>35,425</b>	<b>26,936</b>	<b>28,334</b>	<b>35,819</b>	<b>46,500</b>
GSP Total....	7,657	5,012	5,132	7,655	10,580
GSP+4.....	14,988	10,719	12,958	15,941	22,205
Percent					
Canada.....	14.8	14.6	14.4	15.6	13.0
Hong Kong.....	10.2	7.7	13.1	9.2	10.1
Mexico.....	13.9	10.2	10.2	9.5	9.3
Singapore.....	4.9	6.4	7.1	6.5	8.9
United Kingdom...	8.8	8.8	8.4	9.8	8.4
West Germany.....	7.6	8.5	9.5	8.1	7.7
El Salvador.....	.1	.1	.4	3.9	6.9
France.....	7.9	10.2	5.4	6.7	5.8
Italy.....	3.7	3.7	3.5	3.7	4.4
Taiwan.....	4.2	3.9	5.5	5.7	4.3
Ireland.....	2.4	1.7	1.8	1.9	2.4
Japan.....	3.2	3.4	2.4	2.0	2.2
Brazil.....	.7	1.0	1.3	1.3	1.6
Korea.....	1.4	3.2	1.9	1.8	1.6
Sweden.....	1.7	1.5	1.1	1.1	1.5
All other.....	14.4	14.9	14.2	13.3	11.8
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	21.6	18.6	18.1	21.4	22.8
GSP+4.....	42.3	39.8	45.7	44.5	47.8

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

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

DIGEST NO. 8532.25.00

FIXED CAPACITORS WITH DIELECTRIC OF PAPER OR PLASTIC

Fixed Capacitors With Dielectric of Paper or Plastic

I. Introduction

Col. 1 rate of duty: 10%.  
 Type of action proposed (check one):  
 Addition of GSP: X  
 Removal from GSP:       
 Country graduation:       
 Competitive-need-limit waiver:       
 Non-eligible GSP countries: None.  
 Current competitive-need-limit waivers: None.  
 Current "sufficiently competitive" designation: None.  
 U.S. production on Jan. 3, 1985? Yes X No     .

Description and uses: A fixed capacitor with a dielectric of paper or plastic consists of two conducting surfaces separated by an insulating layer of paper or plastic. These devices are used to store or filter an electric charge in electronic apparatus such as radios, televisions, and tape recorders. "Fixed" capacitors can store a specified charge only, while "variable" capacitors can be used to store charges in a range of voltages.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	*36	33	33	23	*22	*(12)
Employment (thousand employees).....	*5	*4	*4	*4	*5	*0
Shipments (millions of dollars).....	*156	*129	*118	*115	*121	*(6)
Exports (millions of dollars).....	17	14	15	21	23	9
Imports (millions of dollars).....	56	44	59	76	84	11
Consumption (millions of dollars).....	*195	*159	*162	*170	*182	*(2)
Import-to-consumption ratio (percent)...	*29	*28	*37	*45	*46	*12
Capacity utilization (percent).....	73	66	61	67	*68	*(2)

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

Comment: Production of fixed capacitors with dielectric of paper or plastic is a high-volume, relatively labor-intensive process. The materials and technology used in production are virtually uniform in all producing countries because this type of capacitor is a mature, commodity product. U.S. producers have established manufacturing facilities overseas to take advantage of lower wage rates. Thus U.S. production of these products is increasingly being displaced by imports.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	<u>1,000</u> <u>dollars</u>			
Total.....	83,670	100	-	*46
Imports from GSP countries:				
Total.....	32,810	39	100	*18
Mexico.....	32,094	38	98	*18
Dominican Republic.....	282	(1)	1	*(1)
Malaysia.....	235	(1)	1	*(1)
India.....	66	(1)	(1)	*(1)

<sup>1</sup> Less than 0.5 percent.

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

Comment: Mexico is the largest foreign supplier of fixed capacitors with dielectric of paper or plastic to the U.S. market. A significant share of these imports from Mexico is produced in "maquiladora" facilities located along the border between the United States and Mexico, which are operated by both U.S. and Japanese firms.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, 1988..... 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted  
in the short term?..... Yes  No

Does the country have significant export markets besides the  
United States?..... Yes  No

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Comment: The unit value of capacitors imported from Mexico is significantly higher than those supplied by other major foreign producers. Mexico remains the primary foreign supplier to the U.S. market for fixed capacitors with dielectric of paper or plastic because a significant share of these imports comes from "maquiladoras," which are controlled by U.S. firms. These firms have rationalized production in Mexico because the production of capacitors is labor intensive.

V. Position of interested parties

Petitioner.—ASEA Brown Boveri Capacitores, S.A. de C.V. (ABB), is a joint venture between ASEA of Sweden and Brown Boveri of Switzerland, which operates in Mexico in the facilities formerly known as ASEA Reguladores, S.A. Petitioner states that the firm supplies a very small share of the U.S. market and is at a competitive disadvantage compared with large, vertically integrated U.S. producers since it has higher transportation costs and no captive purchasers to ensure high-volume sales. The firm maintains that it is disadvantaged by the high interest rates in Mexico and the falling value of the peso against the U.S. dollar because ABB purchases parts and equipment from U.S. suppliers. Petitioner claims that the value of ABB's imports of parts and equipment from U.S. firms exceeds the value of the firm's exports of capacitors to the United States. The firm claims that adding fixed capacitors with dielectric of paper or plastic to the GSP would allow ABB to continue equipment purchases from U.S. firms. Lastly, the petitioner states that the cost of the tariffs which U.S. importers of ABB capacitors currently pay places the end products of these U.S. firms at a competitive disadvantage in global markets.

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

[Probable economic effects advice deleted]

HTS/TSUSA CONCORDANCE AND TARIFF HISTORY

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

		(Percent ad valorem)				
HTS item No.	TSUSA item No. (and allocation)	TSUSA col. 1 rate of duty				
		1984	1985	1986	1987	1988
8532.25.00	6858019 (50%)	10	10			
	6858021 (50%)	10	10			
	6858026 (50%)	10	10			
	6858020 (100%)			10	10	10
	6858029 (100%)			10	10	10
	6858031 (100%)			10	10	10
	6858032 (100%)			10	10	10
	6858100 (100%) <sup>1</sup>	Free	Free	Free	Free	Free

<sup>1</sup> This TSUSA classification covers Canadian original automobile equipment exclusively.

Table I.

Digest Title: Fixed capacitors w/dielectric of paper or plastic  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Mexico.....	4,510	5,405	15,614	31,334	32,094
Japan.....	9,053	6,347	6,537	10,415	16,474
Taiwan.....	7,589	5,445	7,664	6,869	6,992
Canada.....	8,784	9,331	9,919	6,948	6,930
West Germany.....	5,880	4,243	5,224	5,624	6,412
France.....	4,225	3,745	4,518	3,244	4,685
Sweden.....	2,070	1,559	1,566	2,099	3,100
Korea.....	1,740	1,551	648	1,046	2,417
Spain.....	420	141	111	845	999
Portugal.....	1,252	1,248	1,989	3,333	928
United Kingdom...	403	301	437	575	816
Belgium.....	103	185	94	228	685
Dominican Rep....	0	54	143	259	282
Malaysia.....	1,043	405	105	279	235
Ireland.....	478	710	1,675	772	155
All other.....	8,131	3,130	2,698	2,434	467
<b>Total.....</b>	<b>55,683</b>	<b>43,800</b>	<b>58,943</b>	<b>76,304</b>	<b>83,670</b>
GSP Total....	6,067	6,218	16,504	32,160	32,810
GSP+4.....	15,673	13,334	24,885	40,215	42,308
Percent					
Mexico.....	8.1	12.3	26.5	41.1	38.4
Japan.....	16.3	14.5	11.1	13.6	19.7
Taiwan.....	13.6	12.4	13.0	9.0	8.4
Canada.....	15.8	21.3	16.8	9.1	8.3
West Germany.....	10.6	9.7	8.9	7.4	7.7
France.....	7.6	8.5	7.7	4.3	5.6
Sweden.....	3.7	3.6	2.7	2.8	3.7
Korea.....	3.1	3.5	1.1	1.4	2.9
Spain.....	.8	.3	.2	1.1	1.2
Portugal.....	2.2	2.8	3.4	4.4	1.1
United Kingdom...	.7	.7	.7	.8	1.0
Belgium.....	.2	.4	.2	.3	.8
Dominican Rep....	.0	.1	.2	.3	.3
Malaysia.....	1.9	.9	.2	.4	.3
Ireland.....	.9	1.6	2.8	1.0	.2
All other.....	14.6	7.1	4.6	3.2	.6
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	10.9	14.2	28.0	42.1	39.2
GSP+4.....	28.1	30.4	42.2	52.7	50.6

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

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

Table II

Digest Title: Fixed capacitors w/dielectric of paper or plastic  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Canada.....	4,326	2,433	4,384	6,348	7,434
France.....	1,010	954	1,368	2,488	2,833
United Kingdom...	2,104	2,689	2,291	2,674	2,694
Sweden.....	160	164	148	118	1,141
India.....	132	268	340	501	1,006
West Germany.....	1,189	939	1,091	887	960
Hong Kong.....	528	346	596	355	888
Singapore.....	185	51	171	782	862
Korea.....	337	462	423	1,072	619
Japan.....	542	672	366	353	533
Mexico.....	456	358	377	397	523
Italy.....	1,182	1,151	627	600	429
Netherlands.....	717	585	400	523	354
Belgium.....	420	285	368	323	348
Philippines.....	151	59	238	262	326
All other.....	3,326	2,168	1,915	3,350	2,460
<b>Total.....</b>	<b>16,767</b>	<b>13,582</b>	<b>15,102</b>	<b>21,034</b>	<b>23,409</b>
<b>GSP Total....</b>	<b>2,260</b>	<b>1,825</b>	<b>1,740</b>	<b>3,088</b>	<b>2,875</b>
<b>GSP+4.....</b>	<b>3,415</b>	<b>2,791</b>	<b>3,131</b>	<b>5,509</b>	<b>5,462</b>
Percent					
Canada.....	25.8	17.9	29.0	30.2	31.8
France.....	6.0	7.0	9.1	11.8	12.1
United Kingdom...	12.5	19.8	15.2	12.7	11.5
Sweden.....	1.0	1.2	1.0	.6	4.9
India.....	.8	2.0	2.2	2.4	4.3
West Germany.....	7.1	6.9	7.2	4.2	4.1
Hong Kong.....	3.1	2.5	3.9	1.7	3.8
Singapore.....	1.1	.4	1.1	3.7	3.7
Korea.....	2.0	3.4	2.8	5.1	2.6
Japan.....	3.2	4.9	2.4	1.7	2.3
Mexico.....	2.7	2.6	2.5	1.9	2.2
Italy.....	7.1	8.5	4.2	2.9	1.8
Netherlands.....	4.3	4.3	2.6	2.5	1.5
Belgium.....	2.5	2.1	2.4	1.5	1.5
Philippines.....	.9	.4	1.6	1.2	1.4
All other.....	19.8	16.0	12.7	15.9	10.5
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>13.5</b>	<b>13.4</b>	<b>11.5</b>	<b>14.7</b>	<b>12.3</b>
<b>GSP+4.....</b>	<b>20.4</b>	<b>20.5</b>	<b>20.7</b>	<b>26.2</b>	<b>23.3</b>

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

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



DIGEST NO. 8532.29.00

OTHER FIXED CAPACITORS

Other Fixed Capacitors

I. Introduction

Col. 1 rate of duty: 10%.  
 Type of action proposed (check one):  
 Addition of GSP: X  
 Removal from GSP:       
 Country graduation:       
 Competitive-need-limit waiver:       
 Non-eligible GSP countries: None  
 Current competitive-need-limit waivers: None.  
 Current "sufficiently competitive" designation: None.  
 U.S. production on Jan. 3, 1985? Yes X No     .

Description and uses: Capacitors consist of two conducting surfaces separated by an insulating material, or "dielectric." These devices are used to store or filter an electrical charge in a wide variety of electric power distribution equipment and consumer electronic products, including automobiles. "Fixed capacitors" are designed to store a specified electrical voltage, while the voltage of "variable" capacitors may fluctuate. The most common materials used as the dielectric in capacitors are aluminum, tantalum, ceramic, paper, or plastic, all of which are specifically enumerated in the Harmonized Tariff Schedule. Each of these materials has certain current-carrying properties that make them ideal for specific capacitor applications. The "other fixed" capacitors covered in this digest include those with dielectrics made of mica, air, oil, polystyrene, or other materials.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	*11	*10	*10	*9	*9	*(5)
Employment (thousand employees).....	*13	*12	*10	*10	*9	*(9)
Shipments (millions of dollars).....	*114	*94	*78	*84	*88	*(6)
Exports (millions of dollars).....	29	24	26	27	40	8
Imports (millions of dollars).....	48	46	33	34	40	(4)
Consumption (millions of dollars).....	*133	*116	*85	*91	*88	*(6)
Import-to-consumption ratio (percent)..	*36	*40	*39	*38	*45	*6
Capacity utilization (percent).....	73	66	61	67	*69	*(1)

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

Comment: U.S. production of other fixed capacitors is determined by demand from end users in the power transmission, appliance, consumer electronic, and telecommunications markets. U.S. shipments, imports, and consumption of these capacitors all declined during 1984-88, as producers in end-user industries succeeded in incorporating the function of providing capacitance into their products by means of changes in the design of integrated circuits, rather than by adding discrete capacitors to their products. In 1988, Japan accounted for 33 percent of U.S. imports of other fixed capacitors, while Taiwan supplied 18 percent of these imports.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	<u>1,000 dollars</u>			
Total.....	40,119	100	-	*45
Imports from GSP countries:				
Total.....	5,377	13	100	*5
Mexico.....	2,071	5	39	*2
St Lucia.....	963	2	18	*1
India.....	914	2	17	*1
Brazil.....	679	2	13	*1

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

Comment: U.S. imports of other fixed capacitors from Mexico have been increasingly displaced by imports of these products from Japan and Taiwan. Mexico's share of total U.S. imports of other fixed capacitors declined from 27 percent in 1984, to 5 percent in 1988. The rapid growth of the consumer electronic industries in Japan and Taiwan help to explain the growth in the production and exports of other fixed capacitors.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

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Ranking as a U.S. import supplier, 1988..... 4

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No \_\_\_

What is the price elasticity of U.S. demand?..... High X Moderate \_\_\_ Low \_\_\_

Can production in the country be easily expanded or contracted  
in the short term?..... Yes \_\_\_ No X

Does the country have significant export markets besides the  
United States?..... Yes \_\_\_ No X

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes \_\_\_ No X

What is the price elasticity of import supply?..... High \_\_\_ Moderate X Low \_\_\_

Price level compared with:

U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

Other foreign products..... Above X Equivalent \_\_\_ Below \_\_\_

Quality compared with:

U.S. products..... Above \_\_\_ Equivalent X Below \_\_\_

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

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Comment: The price elasticity of import supply for these products is moderate because capacitors are a commodity product that is sold largely on the basis of price, although long term, fixed-price supply contracts tend to reduce suppliers' responsiveness to price changes. U.S. imports of other fixed capacitors from Mexico declined during 1984-88. This decline is partially explained by the increase in assembly of finished products in Mexico incorporating these components.

V. Position of interested parties

Petitioner.—ASEA Brown Boveri Capacitores, S.A. de C.V. (ABB), is a joint venture between ASEA of Sweden and Brown Boveri of Switzerland, which operates in Mexico in the facilities formerly known as ASEA Reguladores, S.A. Petitioner states that the firm supplies a very small share of the U.S. market and is at a competitive disadvantage compared with large, vertically integrated U.S. producers since ABB has higher transportation costs and no captive purchasers to ensure high-volume sales. The firm also maintains that it is disadvantaged by the high interest rates in Mexico and by the falling value of the peso against the U.S. dollar. Petitioner indicates that ABB purchases more in parts and equipment from U.S. firms than the value of ABB's exports to the United States, and that adding other fixed capacitors to the GSP would lead to continued purchases from U.S. firms. Lastly, petitioner states that tariff costs paid by U.S. importers of ABB capacitors place the end products of U.S. firms at a competitive disadvantage in global markets.

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

HTS item No.  
8532.29.00

[Probable economic effects advice deleted]

HTS/TSUSA CONCORDANCE AND TARIFF HISTORY

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation)	TSUSA col. 1 rate of duty				
		1984	1985	1986	1987	1988
8532.29.00	6858030 (100%)	10	10	10	10	10
	6858033 (100%)	10	10	10	10	10
	6858035 (80%)	10	10	10	10	10

Table I.

Digest Title: Other fixed capacitors  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Japan.....	8,771	7,907	9,865	11,387	13,228
Taiwan.....	7,432	4,711	2,086	5,699	7,256
Italy.....	101	396	2,423	3,675	2,735
Mexico.....	12,766	16,157	7,827	1,956	2,071
Finland.....	559	1,297	629	709	2,010
Ireland.....	10	7	185	890	1,838
West Germany....	1,151	972	1,487	1,415	1,837
Singapore.....	129	514	522	431	1,242
Korea.....	648	422	624	952	1,009
St Lucia.....	498	507	706	536	963
India.....	1,492	727	453	1,094	914
United Kingdom...	947	495	936	598	741
Canada.....	1,103	1,175	486	461	722
Belgium.....	1,112	1,085	879	641	692
Brazil.....	1,081	1,203	1,204	1,324	679
All other.....	9,723	8,367	2,949	2,555	2,183
<b>Total.....</b>	<b>47,522</b>	<b>45,943</b>	<b>33,262</b>	<b>34,322</b>	<b>40,119</b>
GSP Total....	24,157	23,607	11,294	6,143	5,377
GSP+4.....	32,474	29,405	14,750	13,558	15,220
Percent					
Japan.....	18.5	17.2	29.7	33.2	33.0
Taiwan.....	15.6	10.3	6.3	16.6	18.1
Italy.....	.2	.9	7.3	10.7	6.8
Mexico.....	26.9	35.2	23.5	5.7	5.2
Finland.....	1.2	2.8	1.9	2.1	5.0
Ireland.....	1/	1/	.6	2.6	4.6
West Germany....	2.4	2.1	4.5	4.1	4.6
Singapore.....	.3	1.1	1.6	1.3	3.1
Korea.....	1.4	.9	1.9	2.8	2.5
St Lucia.....	1.0	1.1	2.1	1.6	2.4
India.....	3.1	1.6	1.4	3.2	2.3
United Kingdom...	2.0	1.1	2.8	1.7	1.8
Canada.....	2.3	2.6	1.5	1.3	1.8
Belgium.....	2.3	2.4	2.6	1.9	1.7
Brazil.....	2.3	2.6	3.6	3.9	1.7
All other.....	20.5	18.2	8.9	7.4	5.4
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	50.8	51.4	34.0	17.9	13.4
GSP+4.....	68.3	64.0	44.3	39.5	37.9

1/ Less than \$500 or less than 0.1 percent.

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

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

Table II  
Digest Title, Other fixed capacitors  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Mexico.....	6,941	4,103	7,762	7,821	15,700
Canada.....	6,094	6,634	6,220	7,775	9,431
Italy.....	1,143	1,009	1,000	1,084	1,841
United Kingdom...	2,281	1,847	1,111	1,112	1,320
West Germany.....	720	672	1,100	1,223	1,287
Malaysia.....	573	721	217	68	1,027
Japan.....	1,003	733	1,039	668	1,000
Australia.....	417	214	168	288	985
Korea.....	477	805	862	1,236	800
Taiwan.....	2,359	744	842	745	782
Israel.....	486	289	358	462	777
Singapore.....	778	785	1,034	585	772
India.....	350	394	324	574	650
Brazil.....	139	391	425	841	557
Ireland.....	110	179	107	274	381
All other.....	5,420	4,704	3,493	2,648	2,888
<b>Total.....</b>	<b>29,290</b>	<b>24,224</b>	<b>26,062</b>	<b>27,402</b>	<b>40,200</b>
<b>GSP Total....</b>	<b>10,376</b>	<b>7,902</b>	<b>10,036</b>	<b>10,406</b>	<b>19,299</b>
<b>GSP+4.....</b>	<b>14,298</b>	<b>10,595</b>	<b>13,090</b>	<b>13,345</b>	<b>21,844</b>
Percent					
Mexico.....	23.7	16.9	29.8	28.5	39.1
Canada.....	20.8	27.4	23.9	28.4	23.5
Italy.....	3.9	4.2	3.8	4.0	4.6
United Kingdom...	7.8	7.6	4.3	4.1	3.3
West Germany.....	2.5	2.8	4.2	4.5	3.2
Malaysia.....	2.0	3.0	.8	.2	2.6
Japan.....	3.4	3.0	4.0	2.4	2.5
Australia.....	1.4	.9	.6	1.1	2.4
Korea.....	1.6	3.3	3.3	4.5	2.0
Taiwan.....	8.1	3.1	3.2	2.7	1.9
Israel.....	1.7	1.2	1.4	1.7	1.9
Singapore.....	2.7	3.2	4.0	2.1	1.9
India.....	1.2	1.6	1.2	2.1	1.6
Brazil.....	.5	1.6	1.6	3.1	1.4
Ireland.....	.4	.7	.4	1.0	.9
All other.....	18.5	19.4	13.4	9.7	7.2
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>35.4</b>	<b>32.6</b>	<b>38.5</b>	<b>38.0</b>	<b>48.0</b>
<b>GSP+4.....</b>	<b>48.8</b>	<b>43.7</b>	<b>50.2</b>	<b>48.7</b>	<b>54.3</b>

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

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



DIGEST NO. 8541.40.9060

OPTICAL COUPLED ISOLATORS

Optical Coupled Isolators

I. Introduction

Col. 1 rate of duty: 4.2%  
 Type of action proposed:  
 Addition of GSP: X  
 Removal from GSP:       
 Country graduation:       
 Competitive-need-limit waiver: X (Countries—Malaysia)  
 Non-eligible GSP countries: None  
 Current competitive-need-limit waivers: None  
 Current "sufficiently competitive" designation: None  
 U.S. production on Jan. 3, 1985? Yes X No     .

Description and uses: An optical coupled isolator is a solid-state device that is used principally to eliminate the need for common grounds within electronic systems. Previously this isolation was accomplished through the use of isolation transformers or relays. The optical coupled isolator consists of an infrared-emitting diode and a silicon-photo transistor housed in a single package.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	7	7	8	9	*9	*7
Employment (thousand employees).....	*439	*464	*492	*477	*547	*6
Shipments (thousands of dollars).....	65,914	69,602	73,728	71,562	*82,000	*6
Exports (thousands of dollars).....	6,939	5,620	8,462	10,727	12,191	18
Imports (thousands of dollars) <sup>2</sup> .....	*16,745	*15,537	*13,796	*16,298	*18,319	*3
Consumption (thousands of dollars).....	*75,720	*79,519	*79,062	*77,133	*88,128	*4
Import to consumption ratio (percent)...	*22	*20	*17	*21	*21	*( <sup>3</sup> )
Capacity utilization (percent).....	*83	*84	*78	*82	*85	*1

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup> Data are for the digest product and are estimated by the staff of the U.S. International Trade Commission. The data in Table I are for HTS 8541.40.90 which includes optical coupled isolators as well as other products.

<sup>3</sup> Less than .5 percent.

Comment: U.S industry is strong in the production of optical coupled isolators. Imports mainly consist of products that U.S. firms manufacture abroad and export to the U.S.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption

Item	Imports <sup>1</sup>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	<u>1,000 dollars</u>			
Total.....	*18,319	100	-	*21
Imports from GSP countries:				
Total.....	*3,411	*19	100	*4
Malaysia.....	*1,679	*9	*49	*2
Thailand.....	*734	*4	*22	*1
Philippines.....	*453	*2	*13	*1
Mexico.....	*444	*2	*13	*1

<sup>1</sup> Data are for the digest product and are estimated by the staff of the U.S. International Trade Commission. The data in Table I are for HTS 8541.40.90 which includes optical coupled isolators as well as other products.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Malaysia for all digest products

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Ranking as a U.S. import supplier, 1988..... 3

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted  
in the short term?..... Yes  No

Does the country have significant export markets besides the  
United States?..... Yes  No

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

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Comment: In 1988, the U.S. Customs Service classified imports of optical coupled isolators in TSUS item 687.81 with a column 1 duty rate of free. Beginning in 1989 with the adoption of the HTS, Customs classified these isolators under HTS item 8541.4090 with a column 1 general rate of duty of 4.2 percent ad valorem.

V. Position of interested parties

Petitioner.— Siemens Component, Inc. (Siemens), a world leader in the production of electrical and electronic components, requests GSP duty-free treatment for optical coupled isolators. Siemens imports optical coupled isolators from assembly plants that it operates in Malaysia. The petitioner's position is that GSP duty-free treatment is necessary for the firm to remain competitive with respect to Japanese companies, and to maintain market share. Siemens also requests that a competitive-need-limit waiver for optical coupled isolators produced in Malaysia be granted to improve its competitive position as a foreign supplier to the U.S. market.

HTS item No.  
8541.40.9060

[Probable economic effect advice deleted]

HTS/TSUSA CONCORDANCE AND TARIFF HISTORY

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

<u>HTS item No.</u>	<u>TSUSA item No. (and allocation)</u>	<u>TSUSA col. 1 rate of duty</u>				
		<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
8541.40.9060	687.8100 (23%)	4.2	4.2	Free	Free	Free

Table I  
Digest Title: Optical coupled isolators  
U.S. Imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Singapore.....	36,985	38,404	33,562	41,492	36,386
Ireland.....	8	1/	1/	64	14,037
Malaysia.....	9,034	6,731	5,575	6,779	7,298
Japan.....	7,844	4,301	4,995	3,730	6,260
Thailand.....	1,606	3,562	3,595	5,056	3,191
West Germany.....	214	810	1,496	1,552	2,576
Philippines.....	9,023	7,263	3,593	3,878	1,971
Mexico.....	2,792	2,173	2,184	1,486	1,930
Canada.....	2,052	633	1,131	2,408	1,592
South Korea.....	519	1,000	1,367	624	1,300
Taiwan.....	836	1,574	700	934	1,176
United Kingdom.....	123	317	415	1,040	510
Hong Kong.....	537	287	1,004	530	335
Israel.....	15	9	13	706	318
Australia.....	1/	3	1/	16	223
All Other.....	1,215	483	352	566	545
Total.....	72,803	67,550	59,982	70,861	79,648
GSP Total.....	23,323	20,068	15,096	18,149	14,829
GSP+4.....	62,199	61,334	51,729	61,730	54,026
Percent of total					
Singapore.....	50.8	56.9	56.0	58.6	45.7
Ireland.....	2/	2/	2/	0.1	17.6
Malaysia.....	12.4	10.0	9.3	9.6	9.2
Japan.....	10.8	6.4	8.3	5.3	7.9
Thailand.....	2.2	5.3	6.0	7.1	4.0
West Germany.....	.3	1.2	2.5	2.2	3.2
Philippines.....	12.4	10.8	6.0	5.5	2.5
Mexico.....	3.8	3.2	3.6	2.1	2.4
Canada.....	2.8	.9	1.9	3.4	2.0
South Korea.....	.7	1.5	2.3	.9	1.6
Taiwan.....	1.1	2.3	1.2	1.3	1.5
United Kingdom.....	.2	.5	.7	1.5	.6
Hong Kong.....	.7	.4	1.7	.7	.4
Israel.....	2/	2/	2/	1.0	.4
Australia.....	2/	2/	2/	2/	.3
All Other.....	1.7	0.7	0.6	0.8	0.7
Total.....	100.0	100.0	100.0	100.0	100.0
GSP Total.....	32.0	29.7	25.2	25.6	18.6
GSP+4.....	85.4	90.8	86.2	87.1	67.8

1/ Less than \$500.

2/ Less than .1 percent.

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

Source: Estimated by the staff of the U.S. International Trade Commission.

Table II.

Digest Title: Optical coupled isolators  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Mexico.....	2,898	1,806	3,268	5,195	5,376
West Germany.....	689	632	781	807	1,139
France.....	292	252	537	716	1,021
Japan.....	558	507	679	560	685
United Kingdom...	241	345	297	376	528
Hong Kong.....	134	102	154	336	404
Canada.....	199	168	182	222	343
Israel.....	398	359	420	290	337
Korea.....	26	93	108	149	251
Italy.....	152	100	196	136	244
Switzerland.....	111	173	164	86	233
Sweden.....	117	132	151	199	226
Netherlands.....	46	38	205	85	207
Singapore.....	178	44	208	397	188
Finland.....	40	55	99	152	167
All other.....	862	814	1,012	1,018	841
<b>Total.....</b>	<b>6,939</b>	<b>5,620</b>	<b>8,462</b>	<b>10,727</b>	<b>12,191</b>
<b>GSP Total....</b>	<b>3,801</b>	<b>2,515</b>	<b>4,080</b>	<b>5,941</b>	<b>6,140</b>
<b>GSP+4.....</b>	<b>4,230</b>	<b>2,904</b>	<b>4,767</b>	<b>6,961</b>	<b>7,100</b>
Percent					
Mexico.....	41.8	32.1	38.6	48.4	44.1
West Germany.....	9.9	11.3	9.2	7.5	9.3
France.....	4.2	4.5	6.3	6.7	8.4
Japan.....	8.0	9.0	8.0	5.2	5.6
United Kingdom...	3.5	6.1	3.5	3.5	4.3
Hong Kong.....	1.9	1.8	1.8	3.1	3.3
Canada.....	2.9	3.0	2.2	2.1	2.8
Israel.....	5.7	6.4	5.0	2.7	2.8
Korea.....	.4	1.6	1.3	1.4	2.1
Italy.....	2.2	1.8	2.3	1.3	2.0
Switzerland.....	1.6	3.1	1.9	.8	1.9
Sweden.....	1.7	2.3	1.8	1.9	1.9
Netherlands.....	.7	.7	2.4	.8	1.7
Singapore.....	2.6	.8	2.5	3.7	1.5
Finland.....	.6	1.0	1.2	1.4	1.4
All other.....	12.4	14.5	12.0	9.5	6.9
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>54.8</b>	<b>44.7</b>	<b>48.2</b>	<b>55.4</b>	<b>50.4</b>
<b>GSP+4.....</b>	<b>61.0</b>	<b>51.7</b>	<b>56.3</b>	<b>64.9</b>	<b>58.2</b>

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

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



DIGEST NO. 8605.00.00

RAILWAY COACHES

Railway Coaches

I. Introduction

Col. 1 rate of duty: 18%  
 Type of action proposed (check one):  
 Addition of GSP:       
 Removal from GSP:       
 Country graduation:       
 Competitive-need-limit waiver: X (Country--Mexico)  
 Non-eligible GSP countries: Mexico  
 Current competitive-need-limit waivers: None  
 Current "sufficiently competitive" designation: None  
 U.S. production on Jan. 3, 1985? Yes X No     .

Description and uses: This digest covers railway and tramway passenger coaches that are not self-propelled, as well as luggage vans, post-office coaches, and other non self-propelled special-purpose railway or tramway coaches. These cars are used with railway or tramways engines to transport persons, baggage, or mail. This also includes living coaches for railway staff, cable coaches, and coaches for underground transportation of miners.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	1	1	1	1	1	0
Employment (thousand employees).....	[***]	[***]	[***]	[***]	[***]	[***]
Shipments (thousands of dollars).....	[***]	[***]	[***]	[***]	[***]	[***]
Exports <sup>2</sup> (thousands of dollars).....	[***]	[***]	[***]	[***]	[***]	[***]
Imports <sup>2</sup> (thousands of dollars).....	237	290	1,769	219	2,508	[***]
Consumption (thousands of dollars).....	[***]	[***]	[***]	[***]	[***]	[***]
Import to consumption ratio (percent)..<	[***]	[***]	[***]	[***]	[***]	[***]
Capacity utilization (percent).....	[***]	[***]	[***]	[***]	[***]	[***]

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup> Data estimated by staff of the U.S. International Trade Commission.

Comment: The production of railway passenger cars in the United States is negligible, as is production of other types of digest products. There are assemblers of these products, and other companies that can produce them following minor plant modification, but there is no continuous production of passenger railroad cars in the United States (including sheet metal production). Above export data may incorporate shipments from rebuilt railcars. Estimated number of producers reflects manufacturers that may produce these products on a sporadic basis.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports <sup>1</sup>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	<u>1,000</u> <u>dollars</u>			
Total.....	2,508	100	-	[***]
Imports from GSP countries:				
Total.....	0	0	0	**0

<sup>1</sup> Data estimated by the staff of the U.S. International Trade Commission.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

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Ranking as a U.S. import supplier, 1988..... (1)

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted  
in the short term?..... Yes  No

Does the country have significant export markets besides the  
United States?..... Yes  No

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

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<sup>1</sup> Mexico was not a supplier of products in this digest in 1988.

V. Position of interested parties

Petitioner.—Constructora Nacional de Carros de Ferrocarril (CONCARRIL) states that a duty exemption for its exports to the United States without a value limit would give it an opportunity to decrease its prices to U.S. purchasers and increase its exports of railcars in general to the United States.

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

Opposition.—The Railway Progress Institute (RPI), an association of the railway equipment and supply industry, opposes CONCARRIL's petition, arguing that increased imports will be detrimental to the U.S. railway supplier industry, which is only now beginning to recover from a long period of market depression.

The American Railway Car Institute (ARCI) also opposes the petition, stating that the petitioner is likely to expand freight cars exports to the United States to the detriment of U.S. producers recovering from the market depression in railcars.

The Railway Labor Executives' Association (RLEA) and its affiliate, the Transportation - Communications International Union (TCU), jointly oppose the granting of a waiver of the competitive need limit. They maintain that the U.S. industry remains particularly vulnerable to unlimited, cheaply-priced articles from Mexico, in light of the precipitous market contraction of the early 1980's.

HTS item No.  
8605.00.00

[Probable economic effect advice deleted.]

HTS/TSUSA CONCORDANCE AND TARIFF HISTORY

HTS/TSUSA concordance and TSUSA col. 1 rate of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation) <sup>1</sup>	TSUSA col. 1 rates of duty				
		1984	1985	1986	1987	1988
8605.00.00	690.15 (5%)	18	18	18	18	18

<sup>1</sup> Data derived from these allocations may not agree with the data as estimated in this digest.



DIGEST NO. 8606.10.00

TANK CARS

Tank Cars

I. Introduction

Col. 1 rate of duty: 18%  
 Type of action proposed (check one):  
 Addition of GSP:       
 Removal from GSP:       
 Country graduation:       
 Competitive-need-limit waiver: X (Country—Mexico)  
 Non-eligible GSP countries: Mexico  
 Current competitive-need-limit waivers: None  
 Current "sufficiently competitive" designation: None  
 U.S. production on Jan. 3, 1985? Yes X No     .

Description and uses: This digest covers railway and tramway tank cars and the like which are not self-propelled. These cars are used with railway or tramway engines primarily for freight transport of liquids and gases.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	12	10	8	7	7	-13
Employment (thousand employees).....	**6	**6	**5	**5	**5	**5
Shipments (thousands of dollars).....	*150,000	*150,000	*145,000	*165,000	*280,000	*17
Exports <sup>2</sup> (thousands of dollars).....	**4,800	**8,500	**2,700	**5,500	**14,500	**32
Imports <sup>2</sup> (thousands of dollars).....	800	100	5,500	700	8,500	81
Consumption (thousands of dollars).....	**146,000	**141,600	**147,800	**160,200	**274,000	**17
Import to consumption ratio (percent).....	** <sup>(3)</sup>	** <sup>(3)</sup>	**3	** <sup>(3)</sup>	**3	**
Capacity utilization (percent).....	30	30	40	50	50	14

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup> Data estimated by staff of the U.S. International Trade Commission.

<sup>3</sup> Less than 1 percent.

Comment: The market for railroad tank cars is stronger than that of most other railway freight cars. Approximately 7000 units were produced in 1988 for domestic consumption and export. The market is also experiencing a minor resurgence after several years of extremely weak demand resulting from an oversupply of cars and several poor years for U.S. railroad companies. The number of companies producing these vehicles remains small, however, and one of these companies is experiencing financial difficulty.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports <sup>1</sup>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	<u>1,000 dollars</u>			
Total.....	8,500	100	-	**3
Imports from GSP countries:				
Total.....	[***]	[***]	[***]	[***]
Mexico.....	[***]	[***]	[***]	[***]

<sup>1</sup> Data estimated by the staff of the U.S. International Trade Commission.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

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Ranking as a U.S. import supplier, 1988..... 1  
Price elasticity:  
Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No \_\_\_  
What is the price elasticity of U.S. demand?..... High \_\_\_ Moderate X Low \_\_\_  
Can production in the country be easily expanded or contracted  
in the short term?..... Yes \_\_\_ No X  
Does the country have significant export markets besides the  
United States?..... Yes \_\_\_ No X  
Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes \_\_\_ No X  
What is the price elasticity of import supply?..... High \_\_\_ Moderate X Low \_\_\_  
Price level compared with:  
U.S. products..... Above \_\_\_ Equivalent \_\_\_ Below X  
Other foreign products..... Above \_\_\_ Equivalent \_\_\_ Below X  
Quality compared with:  
U.S. products..... Above \_\_\_ Equivalent \_\_\_ Below X  
Other foreign products..... Above \_\_\_ Equivalent \_\_\_ Below X

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V. Position of interested parties

Petitioner.—Constructora Nacional de Carros de Ferrocarril (CONCARRIL). The petitioner states that a duty exemption for its exports to the United States without a value limit would give the petitioner an opportunity to increase its export markets in the United States and decrease its sale price to U.S. purchasers.

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

Opposition.—The Railway Progress Institute (RPI), an association of the railway equipment and supply industry, opposes CONCARRIL's petition, arguing that increased imports will be detrimental to the U.S. railway supplier industry, which is only now beginning to recover from a long period of market depression.

The American Railway Car Institute (ARCI) also opposes the petition, stating that the petitioner is likely to expand freight cars exports to the United States to the detriment of U.S. producers recovering from the market depression in railcars.

The Railway Labor Executives' Association (RLEA) and its affiliate, the Transportation - Communications International Union (TCU), jointly oppose the granting of a waiver of the competitive need limit. They maintain that the U.S. industry remains particularly vulnerable to unlimited, cheaply-priced articles from Mexico, in light of the precipitous market contraction of the early 1980's.

HTS item No.  
8606.10.00

[Probable economic effect advice deleted.]

HTS/TSUSA CONCORDANCE AND TARIFF HISTORY

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation) <sup>1</sup>	TSUSA col. 1 rate of duty				
		1984	1985	1986	1987	1988
8606.10.00	690.15 (10%)	18	18	18	18	18

<sup>1</sup> Data derived from these allocations may not agree with the data as estimated in this digest.



DIGEST NO. 8606.20.00

REFRIGERATED CARS

Refrigerated Cars

I. Introduction

Col. 1 rate of duty: 18%  
 Type of action proposed (check one):  
 Addition of GSP:       
 Removal from GSP:       
 Country graduation:       
 Competitive-need-limit waiver: X (Country—Mexico)  
 Non-eligible GSP countries: Mexico  
 Current competitive-need-limit waivers: None  
 Current "sufficiently competitive" designation: None  
 U.S. production on Jan. 3, 1985? Yes X No     .

Description and uses: This digest covers railway and tramway insulated or refrigerated cars that are not self-propelled. These cars are used with railway or tramway engines primarily for freight transportation of perishable goods.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	0	0	0	0	0	0
Employment (thousand employees).....	( <sup>2</sup>)	(^{2})	(^{2})	(^{2})	(^{2})	-
Shipments (thousands of dollars).....	0	0	0	0	0	0
Exports <sup>3</sup> (thousands of dollars).....	**4	**8	**7	**6	**1	** -29
Imports <sup>3</sup> (thousands of dollars).....	0	0	0	0	0	-
Consumption (thousands of dollars)....	**0	**0	**0	**0	**0	** -
Import to consumption ratio (percent)..	**( <sup>4</sup>)	**(^{4})	**(^{4})	**(^{4})	**(^{4})	-
Capacity utilization (percent).....	(^{4})	(^{4})	(^{4})	(^{4})	(<sup>4</sup> )	-

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup> Less than 500 employees.

<sup>3</sup> Data estimated by the staff of the U.S. International Trade Commission.

<sup>4</sup> Less than 0.5 percent.

Comment: According to industry sources, there is no current U.S. production of refrigerated freight cars. Above export data may be overstated as a result of export of some rebuilt cars. There has been no U.S. production of refrigerated cars for several years. Industry sources also state that there have been no imports for this product, either, and that the limited domestic demand is being filled by rebuilt cars. One reason for extremely low demand is that the price for this type of highly specialized car is now in excess of \$100,000 per unit.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports <sup>1</sup>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	<u>1,000</u> <u>dollars</u>			
Total.....	0	0	0	**(2)
Imports from GSP countries: Total.....	0	0	0	**(2)

<sup>1</sup> Data estimated by the staff of the U.S. International Trade Commission.

<sup>2</sup> Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

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Ranking as a U.S. import supplier, 1988..... (1)

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted  
in the short term?..... Yes  No

Does the country have significant export markets besides the  
United States?..... Yes  No

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

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<sup>1</sup> Mexico was not a supplier of products in this digest in 1988.

V. Position of interested parties

Petitioner.—Constructora Nacional de Carros de Ferrocarril (CONCARRIL). The petitioner states that a duty exemption for its exports to the United States without a value limit would give the petitioner an opportunity to increase its export markets in the United States and decrease its sale price to U.S. purchasers.

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

Opposition.—The Railway Progress Institute (RPI), an association of the railway equipment and supply industry, opposes CONCARRIL's petition, arguing that increased imports will be detrimental to the U.S. railway supplier industry, which is only now beginning to recover from a long period of market depression.

The American Railway Car Institute (ARCI) also opposes the petition, stating that the petitioner is likely to expand freight cars exports to the United States to the detriment of U.S. producers recovering from the market depression in railcars.

The Railway Labor Executives' Association (RLEA) and its affiliate, the Transportation - Communications International Union (TCU), jointly oppose the granting of a waiver of the competitive need limit. They maintain that the U.S. industry remains particularly vulnerable to unlimited, cheaply-priced articles from Mexico, in light of the precipitous market contraction of the early 1980's.

HTS item No.  
8606.20.00

[Probable economic effect advice deleted.]

HTS/TSUSA CONCORDANCE AND TARIFF HISTORY

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation) <sup>1</sup>	TSUSA col. 1 rate of duty				
		1984	1985	1986	1987	1988
8606.20.00	690.15 (10%)	18	18	18	18	18

<sup>1</sup> Data derived from these allocations may not agree with the data as estimated in this digest.



DIGEST NO. 8606.30.00

SELF-DISCHARGING CARS

Self-Discharging Cars

I. Introduction

Col. 1 rate of duty: 18%  
 Type of action proposed (check one):  
 Addition of GSP:       
 Removal from GSP:       
 Country graduation:       
 Competitive-need-limit waiver: X (Country—Mexico)  
 Non-eligible GSP countries: Mexico  
 Current competitive-need-limit waivers: None  
 Current "sufficiently competitive" designation: None  
 U.S. production on Jan. 3, 1985? Yes X No     .

Description and uses: This digest covers non self-propelled railway and tramway self-discharging cars, except tank cars and refrigerated cars. Self-discharging cars include all types of hopper cars. These cars are used with railway or tramway engines primarily for freight transport of various bulk commodities.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	12	10	8	6	6	-16
Employment (thousand employees).....	**6	**6	**5	**5	**5	**5
Shipments (thousands of dollars).....	**150,000	**150,000	**145,000	**165,000	**280,000	**17
Exports <sup>2</sup> (thousands of dollars).....	4,800	8,500	2,700	5,500	14,500	32
Imports <sup>2</sup> (thousands of dollars).....	**800	**100	**5,500	**700	**8,500	**81
Consumption (thousands of dollars)....	**146,000	**141,600	**147,800	**160,200	**274,000	**17
Import to consumption ratio (percent)..	** <sup>(3)</sup>	** <sup>(3)</sup>	**4	** <sup>(3)</sup>	**3	-
Capacity utilization (percent).....	30	40	50	50	50	14

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup> Data estimated by the staff of the U.S. International Trade Commission.

<sup>3</sup> Less than 0.5 percent.

Comment: The market for railroad self-discharging cars is stronger than that of most other railway freight cars. Approximately 7000 units of various types of self-discharging hopper cars were produced in 1988 for domestic consumption and export. The market is also experiencing a minor resurgence after several years of extremely weak demand that resulted from an oversupply of cars and several poor years for U.S. railroad companies. The number of companies producing these vehicles remains small, however, and the market precarious.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption. 1988

<u>Item</u>	<u>Imports<sup>1</sup></u>	<u>Percent of total imports</u>	<u>Percent of GSP imports</u>	<u>Percent of U.S. consumption</u>
	<u>1,000 dollars</u>			
Total.....	8,500	100	-	**3
Imports from GSP countries: Total.....	0	0	0	**0

<sup>1</sup> Data estimated by the staff of the U.S. International Trade Commission.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

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Ranking as a U.S. import supplier, 1988..... (1)

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted  
in the short term?..... Yes  No

Does the country have significant export markets besides the  
United States?..... Yes  No

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

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<sup>1</sup> There were no imports of this product from Mexico in 1988.

V. Position of interested parties

Petitioner.—Constructora Nacional de Carros de Ferrocarril (CONCARRIL). The petitioner states that a duty exemption for its exports to the United States without a value limit would give the petitioner an opportunity to increase its export markets in the United States and decrease its sale price to U.S. purchasers.

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

Opposition.—The Railway Progress Institute (RPI), an association of the railway equipment and supply industry, opposes CONCARRIL's petition, arguing that increased imports will be detrimental to the U.S. railway supplier industry, which is only now beginning to recover from a long period of market depression.

The American Railway Car Institute (ARCI) also opposes the petition, stating that the petitioner is likely to expand freight cars exports to the United States to the detriment of U.S. producers recovering from the market depression in railcars.

The Railway Labor Executives' Association (RLEA) and its affiliate, the Transportation - Communications International Union (TCU), jointly oppose the granting of a waiver of the competitive need limit. They maintain that the U.S. industry remains particularly vulnerable to unlimited, cheaply-priced articles from Mexico, in light of the precipitous market contraction of the early 1980's.

HTS item No.  
8606.30.00

[Probable economic effect advice deleted.]

HTS/TSUSA CONCORDANCE AND TARIFF HISTORY

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation) <sup>1</sup>	TSUSA col. 1 rate of duty				
		1984	1985	1986	1987	1988
8606.30.00	690.15 (20%)	18	18	18	18	18

<sup>1</sup> Data derived from these allocations may not agree with the data as estimated in this digest.



DIGEST NO. 8606.91.00

COVERED FREIGHT CARS

Covered Freight Cars

I. Introduction

Col. 1 rate of duty: 18%  
 Type of action proposed (check one):  
 Addition of GSP:       
 Removal from GSP:       
 Country graduation:       
 Competitive-need-limit waiver: X (Country—Mexico)  
 Non-eligible GSP countries: Mexico  
 Current competitive-need-limit waivers: None  
 Current "sufficiently competitive" designation: None  
 U.S. production on Jan. 3, 1985? Yes X No     .

Description and uses: This digest covers other covered and closed non self-propelled railway and tramway cars, including box cars. These cars are used with railway or tramway engines primarily for freight transport of various commodities.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	10	8	7	6	6	-12
Employment (thousand employees).....	** <sup>(2)</sup>	**^{(2)}	**^{(2)}	**^{(2)}	**^{(2)}	-
Shipments (thousands of dollars).....	**2,750	**2,400	**2,300	**2,650	**4,500	**13
Exports <sup>3</sup> (thousands of dollars).....	**654	**834	**337	**1,637	**635	**1
Imports <sup>3</sup> (thousands of dollars).....	119	150	885	110	1,254	80
Consumption (thousands of dollars).....	**2,235	**1,716	**2,848	**1,123	**5,119	**23
Import to consumption ratio (percent)..	**5	**9	**31	**10	**25	**50
Capacity utilization (percent).....	20	30	30	40	40	19

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup> Less than 500 employees.

<sup>3</sup> Data estimated by the staff of the U.S. International Trade Commission.

Comment: The market for other covered and closed railway and tramway cars is fairly small. The demand for box cars has declined steadily as most commodities are transported in specialized cars today. Approximately 100 box cars were produced last year for domestic consumption and export. The market for freight cars in general has experienced a minor resurgence after several years of extremely weak demand. The number of companies producing these cars remains small, however, and the market precarious.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports <sup>1</sup>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	<u>1,000 dollars</u>			
Total.....	1,254	100	-	**25
Imports from GSP countries:				
Total.....	0	0	0	**0

<sup>1</sup> Data estimated by the staff of the U.S. International Trade Commission.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

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Ranking as a U.S. import supplier, 1988..... <sup>(1)</sup>

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted  
in the short term?..... Yes  No

Does the country have significant export markets besides the  
United States?..... Yes  No

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

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<sup>1</sup> Mexico was not a supplier of products in this digest in 1988.

V. Position of interested parties

Petitioner.—Constructora Nacional de Carros de Ferrocarril (CONCARRIL). The petitioner states that a duty exemption for its exports to the United States without a value limit would give the petitioner an opportunity to increase its export markets in the United States and decrease its sale price to U.S. purchasers.

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

Opposition.—The Railway Progress Institute (RPI), an association of the railway equipment and supply industry, opposes CONCARRIL's petition, arguing that increased imports will be detrimental to the U.S. railway supplier industry, which is only now beginning to recover from a long period of market depression.

The American Railway Car Institute (ARCI) also opposes the petition, stating that the petitioner is likely to expand freight cars exports to the United States to the detriment of U.S. producers recovering from the market depression in railcars.

The Railway Labor Executives' Association (RLEA) and its affiliate, the Transportation - Communications International Union (TCU), jointly oppose the granting of a waiver of the competitive need limit. They maintain that the U.S. industry remains particularly vulnerable to unlimited, cheaply-priced articles from Mexico, in light of the precipitous market contraction of the early 1980's.

HTS item No.  
8606.91.00

[Probable economic effect advice deleted.]

HTS/TSUSA CONCORDANCE AND TARIFF HISTORY

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation) <sup>1</sup>	TSUSA col. 1 rate of duty				
		1984	1985	1986	1987	1988
8606.91.00	690.15 (35%)	18	18	18	18	18

<sup>1</sup> Data derived from these allocations may not agree with the data as estimated in this digest.



DIGEST NO. 8606.92.00

OPEN FREIGHT CARS WITH NON-REMOVABLE SIDES

Open Freight Cars with Non-Removable Sides

I. Introduction

Col. 1 rate of duty: 18%  
 Type of action proposed (check one):  
 Addition of GSP:       
 Removal from GSP:       
 Country graduation:       
 Competitive-need-limit waiver: X (Country--Mexico)  
 Non-eligible GSP countries: Mexico  
 Current competitive-need-limit waivers: None  
 Current "sufficiently competitive" designation: None  
 U.S. production on Jan. 3, 1985? Yes X No     .

Description and uses: This digest covers other open non self-propelled railway and tramway cars, with non-removable sides of a height exceeding 60 cm. This category encompasses a variety of special cars used with railway or tramway engines primarily for freight transport of various commodities.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	10	8	7	7	7	-12
Employment (thousand employees).....	**2	**1	**1	**1	**1	**16
Shipments (thousands of dollars).....	**49,500	**48,300	**46,000	**52,900	**90,100	**16
Exports <sup>2</sup> (thousands of dollars).....	6,165	2,148	2,646	3,849	1,791	-27
Imports <sup>2</sup> (thousands of dollars).....	238	290	1,769	219	2,508	80
Consumption (thousands of dollars).....	**43,573	**46,442	**45,123	**49,270	**90,817	**20
Import to consumption ratio (percent)...	**1	**1	**4	**1	**3	**32
Capacity utilization (percent).....	40	40	50	50	50	6

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup> Data estimated by the staff of the U.S. International Trade Commission.

Comment: The market for other open railway and tramway cars with non-removable sides is fairly small. A small number of various specialty cars are produced each year. A larger group within this category are the type of hoppers used as coal cars. The market for freight cars in general has experienced a minor resurgence after several years of extremely weak demand. The number of companies producing these vehicles remains small, however, and the market precarious.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports <sup>1</sup>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	<u>1,000</u> <u>dollars</u>			
Total.....	2,508	100	-	**3
Imports from GSP countries:				
Total.....	0	0	0	**0

<sup>1</sup> Data estimated by the staff of the U.S. International Trade Commission.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

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Ranking as a U.S. import supplier, 1988..... (1)

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No \_\_\_

What is the price elasticity of U.S. demand?..... High \_\_\_ Moderate X Low \_\_\_

Can production in the country be easily expanded or contracted  
in the short term?..... Yes \_\_\_ No X

Does the country have significant export markets besides the  
United States?..... Yes \_\_\_ No X

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes \_\_\_ No X

What is the price elasticity of import supply?..... High \_\_\_ Moderate X Low \_\_\_

Price level compared with:

U.S. products..... Above \_\_\_ Equivalent \_\_\_ Below X

Other foreign products..... Above \_\_\_ Equivalent \_\_\_ Below X

Quality compared with:

U.S. products..... Above \_\_\_ Equivalent \_\_\_ Below X

Other foreign products..... Above \_\_\_ Equivalent \_\_\_ Below X

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<sup>1</sup> Mexico was not a supplier of products in this digest in 1988.

V. Position of interested parties

Petitioner.—Constructora Nacional de Carros de Ferrocarril (CONCARRIL). The petitioner states that a duty exemption for its exports to the United States without a value limit would give the petitioner an opportunity to increase its export markets in the United States and decrease its sale price to U.S. purchasers.

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

Opposition.—The Railway Progress Institute (RPI), an association of the railway equipment and supply industry, opposes CONCARRIL's petition, arguing that increased imports will be detrimental to the U.S. railway supplier industry, which is only now beginning to recover from a long period of market depression.

The American Railway Car Institute (ARCI) also opposes the petition, stating that the petitioner is likely to expand freight cars exports to the United States to the detriment of U.S. producers recovering from the market depression in railcars.

The Railway Labor Executives' Association (RLEA) and its affiliate, the Transportation - Communications International Union (TCU), jointly oppose the granting of a waiver of the competitive need limit. They maintain that the U.S. industry remains particularly vulnerable to unlimited, cheaply-priced articles from Mexico, in light of the precipitous market contraction of the early 1980's.

HTS item No.  
8606.92.00

[Probable economic effect advice deleted.]

HTS/TSUSA CONCORDANCE AND TARIFF HISTORY

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation) <sup>1</sup>	TSUSA col. 1 rate of duty				
		1984	1985	1986	1987	1988
8606.92.00	690.15 (10%)	18	18	18	18	18

<sup>1</sup> Data derived from these allocations may not agree with the data as estimated in this digest.



DIGEST NO. 8606.99.00  
OTHER OPEN FREIGHT CARS

Other Open Freight Cars

I. Introduction

Col. 1 rate of duty: 18%  
 Type of action proposed (check one):  
 Addition of GSP:       
 Removal from GSP:       
 Country graduation:       
 Competitive-need-limit waiver: X (Country--Mexico)  
 Non-eligible GSP countries: Mexico  
 Current competitive-need-limit waivers: None  
 Current "sufficiently competitive" designation: None  
 U.S. production on Jan. 3, 1985? Yes X No     .

Description and uses: This digest covers other non-self-propelled railway and tramway cars, including flat cars. This category encompasses a variety of special cars used with railway or tramway engines primarily for freight transport of various commodities. This category also includes new types of intermodal cars, such as double-stack and piggyback cars. The market for these types of cars is expanding as new applications are devised, and the popularity of intermodal service grows.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	12	8	6	6	6	-16
Employment (thousand employees).....	**6	**6	**5	**5	**5	**5
Shipments (thousands of dollars).....	**123,750	**120,800	**115,000	**132,350	**225,000	**16
Exports <sup>2</sup> (thousands of dollars).....	**8,412	**10,400	**11,098	**9,140	**9,508	**3
Imports <sup>2</sup> (thousands of dollars).....	476	570	3,538	437	5,018	80
Consumption (thousands of dollars)....	**115,158	**110,970	**107,440	**123,647	**220,510	**18
Import to consumption ratio (percent)..	** <sup>(3)</sup>	**1	**3	** <sup>(3)</sup>	**2	-
Capacity utilization (percent).....	50	50	50	50	50	0

<sup>1</sup> This figure represents the average annual compound rate of change during 1984-88.

<sup>2</sup> Data estimated by the staff of the U.S. International Trade Commission.

<sup>3</sup> Less than 0.5 percent.

Comment: This category includes new types of intermodal cars, such as double-stack and piggyback cars. The market for these types of cars is expanding as new applications are devised, and the popularity of intermodal service grows. Small numbers of various specialty cars are produced each year, and the market for flat cars is fairly steady. The market for freight cars in general has experienced a minor resurgence after several years of extremely weak demand. The number of companies producing these vehicles remains small, however, and the market precarious.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports <sup>1</sup>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	<u>1,000 dollars</u>			
Total.....	5,018	100	-	**2
Imports from GSP countries:				
Total.....	0	0	0	**0

<sup>1</sup> Data estimated by the staff of the U.S. International Trade Commission.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

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Ranking as a U.S. import supplier, 1988..... (1)

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted  
in the short term?..... Yes  No

Does the country have significant export markets besides the  
United States?..... Yes  No

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

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<sup>1</sup> Mexico was not a supplier of products in this digest in 1988.

V. Position of interested parties

Petitioner.--Constructora Nacional de Carros de Ferrocarril (CONCARRIL). The petitioner states that a duty exemption for its exports to the United States without a value limit would give the petitioner an opportunity to increase its export markets in the United States and decrease its sale price to U.S. purchasers.

Support.--The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

Opposition.--The Railway Progress Institute (RPI), an association of the railway equipment and supply industry, opposes CONCARRIL's petition, arguing that increased imports will be detrimental to the U.S. railway supplier industry, which is only now beginning to recover from a long period of market depression.

The American Railway Car Institute (ARCI) also opposes the petition, stating that the petitioner is likely to expand freight cars exports to the United States to the detriment of U.S. producers recovering from the market depression in railcars.

The Railway Labor Executives' Association (RLEA) and its affiliate, the Transportation - Communications International Union (TCU), jointly oppose the granting of a waiver of the competitive need limit. They maintain that the U.S. industry remains particularly vulnerable to unlimited, cheaply-priced articles from Mexico, in light of the precipitous market contraction of the early 1980's.

HTS item No.  
8606.99.00

[Probable economic effect advice deleted.]

HTS/TSUSA CONCORDANCE AND TARIFF HISTORY

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	<u>TSUSA</u> item No. (and allocation) <sup>1</sup>	<u>TSUSA</u> col. 1 rate of duty				
		<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
8606.99.00	690.15 (10%)	18	18	18	18	18

<sup>1</sup> Data derived from these allocations may not agree with the data as estimated in this digest.



**DIGEST NO. 9405.91.20(pt)**

**LEAD GLASS LAMP SHADES**

Lead Glass Lamp Shades

I. Introduction

Col. 1 rate of duty: 14%  
 Type of action proposed (check one):  
 Addition of GSP:   
 Removal from GSP:   
 Country graduation:   
 Competitive-need-limit waiver:  (Country—Mexico)  
 Non-eligible GSP countries: Mexico  
 Current competitive-need-limit waivers: None.  
 Current "sufficiently competitive" designation: None.  
 U.S. production on Jan. 3, 1985? Yes  No

Description and uses: Lead glass lamp shades are high-quality coverings for light bulbs in lamps and lighting fixtures. They are made from blown and/or pressed glass that is cut by hand. They are high-end items that are priced significantly higher than other shades or globes of glass.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88<sup>1</sup>

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>2</sup>
Producers (number) <sup>3</sup> .....	0	0	0	0	0	-
Employment (thousand employees) <sup>3</sup> .....	0	0	0	0	0	-
Shipments (thousands of dollars) <sup>3</sup> .....	0	0	0	0	0	-
Exports (thousands of dollars) <sup>3</sup> .....	0	0	0	0	0	-
Imports (thousands of dollars).....	1,432	1,625	1,744	1,611	1,462	1
Consumption (thousands of dollars).....	1,432	1,625	1,744	1,611	1,462	1
Import to consumption ratio (percent)..	100	100	100	100	100	-
Capacity utilization (percent) <sup>3</sup> .....	0	0	0	0	0	-

<sup>1</sup>The data shown in this profile are for lead glass lamp shades and are estimates by the staff of the U.S. International Trade Commission. The data in the import and export tables at the end of this digest are for HTS subheading 9405.91.20 that includes lead glass lamp shades as well as other products and are compiled from official U.S. Department of Commerce data.

<sup>2</sup>This figure represents the average annual rate of change during 1984-88.

<sup>3</sup>There was no U.S. production of lead glass lamp shades on Jan. 3, 1985.

Comment: According to lighting fixture industry experts, lead glass lamp shades and other articles of lead crystal have not been manufactured in the United States for several reasons: (1) lead crystal production is a specialized area of glass making, requiring considerable skill because the material is difficult to work with, (2) much capital investment is required and the return on lead glass lamp shades is small, (3) high-quality imports of lead crystal articles from Western and Eastern Europe have been available for many years at a lower price than if an equivalent product were manufactured in the United States, and (4) the U.S. market for lead glass lamp shades has been and remains small.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988<sup>1</sup>

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	<u>1,000 dollars</u>			
Total.....	1,462	100	-	100
Imports from GSP countries:				
Total.....	476	33	100	33
Mexico.....	405	28	85	28
Haiti.....	39	3	8	3
Thailand.....	5	(2)	1	(2)

<sup>1</sup>The data shown in this table are for lead glass lamp shades and are estimates by the staff of the U.S. International Trade Commission. The data in the import and export tables at the end of this digest are for HTS subheading 9405.91.20 which includes lead glass lamp shades as well as other products.

<sup>2</sup>Less than 0.5 percent.

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

Comment: U.S. imports of lead glass lamp shades from Mexico comprise no more than 5 percent of total U.S. imports of all types of globes and shades of glass. The import figures in the above table reflect the upper-bound estimated level of imports entering the United States from GSP countries.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

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Ranking as a U.S. import supplier, 1988..... 2

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes X No \_\_\_

What is the price elasticity of U.S. demand?..... High X Moderate \_\_\_ Low \_\_\_

Can production in the country be easily expanded or contracted  
in the short term?..... Yes \_\_\_ No X

Does the country have significant export markets besides the  
United States?..... Yes \_\_\_ No X

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes \_\_\_ No X

What is the price elasticity of import supply?..... High \_\_\_ Moderate X Low \_\_\_

Price level compared with:

U.S. products..... Not applicable

Other foreign products..... Above X Equivalent \_\_\_ Below \_\_\_

Quality compared with:

U.S. products..... Not applicable

Other foreign products..... Above \_\_\_ Equivalent X Below \_\_\_

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Comment: According to lead glass lamp shade experts, Korea is the only other nation that produces lead glass lamp shades equivalent to those produced by Mexico and imported by the United States. Lead glass lamp shades imported from Korea are sold at prices approximately 20 percent less than those imported from Mexico and, consequently, Korea's share of the middle-price-range portion of the U.S. market is growing at the expense of Mexico. Mexico's share of the total U.S. market for lead glass lamp shades in 1988 was estimated by industry sources to be 10 percent. This information differs from that shown in the table on imports because (1) the data in the table are for imports of all globes and shades of glass and (2) data in the table were derived using universal allocations in converting import data reported in terms of the TSUS to the HTS. Although the lead glass lamp shades produced in Mexico are manufactured in a high-quality hand-blowing process, significant capital investment would be required to expand production capacity and, therefore, significantly increase Mexico's share of the U.S. market.

V. Position of interested parties

Petitioners.—Victrocrisa Kristal of Monterrey, Mexico, Crisa Corporation of Laredo, Texas, and Philip Goldin Associates, Inc., of Baldwin, NY, have requested the redesignation of lead glass lamp shades imported from Mexico to the list of articles eligible for duty-free treatment under the GSP. In addition, the petitioners have requested that lead glass lamp shades be designated as articles for which there was no domestic production as of January 3, 1985.

The petitioners assert that there has been no U.S. production of glass lamp shades for years. Consequently, the 14 percent tariff currently in effect for lead glass lamp shades from Mexico provides no benefits to any U.S. industry. The petitioners furthermore claim that the tariff on these items simply raises the price of these articles for U.S. consumers.

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

HTS item No.  
9405.91.20(pt)

[Probable economic effects advice deleted].

HTS/ISUSA concordance and ISUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	<u>ISUSA</u> item No. (and allocation)	<u>ISUSA</u> col. 1 rate of duty				
		1984	1985	1986	1987	1988
9405.91.20	545.53 (100%)	14	14	14	14	14

Table I.

Digest Title: Lead glass lamp shades  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Taiwan.....	10,969	16,064	20,436	16,005	12,066
Mexico.....	10,948	9,585	6,891	7,034	8,096
Korea.....	1,186	1,662	2,030	2,041	2,750
France.....	1,677	2,106	2,362	2,482	2,558
Haiti.....	46	125	260	545	770
West Germany.....	542	556	450	597	538
Spain.....	186	392	692	1,080	506
Italy.....	542	322	375	709	351
Yugoslavia.....	1,092	336	134	216	345
Hong Kong.....	217	129	313	207	278
Austria.....	23	32	7	148	148
Sweden.....	69	73	69	66	108
China.....	157	251	268	405	104
Ireland.....	47	83	83	237	103
Thailand.....	1	8	1	0	96
All other.....	939	782	502	448	415
<b>Total.....</b>	<b>28,641</b>	<b>32,508</b>	<b>34,875</b>	<b>32,219</b>	<b>29,233</b>
<b>GSP Total....</b>	<b>12,280</b>	<b>10,265</b>	<b>7,413</b>	<b>7,948</b>	<b>9,518</b>
<b>GSP+4.....</b>	<b>24,651</b>	<b>28,120</b>	<b>30,192</b>	<b>26,201</b>	<b>24,612</b>
Percent					
Taiwan.....	38.3	49.4	58.6	49.7	41.3
Mexico.....	38.2	29.5	19.8	21.8	27.7
Korea.....	4.1	5.1	5.8	6.3	9.4
France.....	5.9	6.5	6.8	7.7	8.7
Haiti.....	.2	.4	.7	1.7	2.6
West Germany.....	1.9	1.7	1.3	1.9	1.8
Spain.....	.7	1.2	2.0	3.4	1.7
Italy.....	1.9	1.0	1.1	2.2	1.2
Yugoslavia.....	3.8	1.0	.4	.7	1.2
Hong Kong.....	.8	.4	.9	.6	1.0
Austria.....	.1	.1	1/	.5	.5
Sweden.....	.2	.2	.2	.2	.4
China.....	.5	.8	.8	1.3	.4
Ireland.....	.2	.3	.2	.7	.4
Thailand.....	1/	1/	1/	.0	.3
All other.....	3.3	2.4	1.4	1.4	1.4
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>42.9</b>	<b>31.6</b>	<b>21.3</b>	<b>24.7</b>	<b>32.6</b>
<b>GSP+4.....</b>	<b>86.1</b>	<b>86.5</b>	<b>86.6</b>	<b>81.3</b>	<b>84.2</b>

1/ Less than \$500 or less than 0.1 percent.

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

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



DIGEST NO. 9503.70.80

CERTAIN TOYS PUT UP IN SETS, AND PARTS THEREOF

Certain toys put up in sets, and parts thereof

I. Introduction

Col. 1 rate of duty: 6.8%  
 Type of action proposed (check one):  
 Addition of GSP:       
 Removal from GSP:       
 Country graduation:       
 Competitive-need-limit waiver:   X   (Countries--Mexico)<sup>1</sup>  
 Non-eligible GSP countries:     ,     , etc.  
 Current competitive-need-limit waivers: none  
 Current "sufficiently competitive" designation: Mexico<sup>2</sup>  
 U.S. production on Jan. 3, 1985? Yes   X   No     .

<sup>1</sup> Advice is also requested on restoring the full competitive-need limit (CNL) for HTS 9503.70.80 for Mexico.

<sup>2</sup> Mexico is subject to a reduced competitive need limit for HTS 9503.70.80.

Description and uses: This digest includes products covered under HTS 9503.70.80, "miscellaneous toys put up in sets and outfits, and parts and accessories thereof." This basket category encompasses retail-packaged toys consisting of two or more mutually complementary articles. The essential character of a toy set is established by the combination of articles in the set, not by any individual article. To be classified as a set, the individual articles in the set should not establish the set's essential character. Some items classified as sets include: chemistry sets, toy tool sets, toy manicure sets, toy sports equipment, fishing sets, non-halloween toy dress-up sets for younger children, and animal play sets.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percent change over period <sup>1</sup>
Producers (number).....	*40	*34	*30	*22	*22	-9.7
Employment (thousand employees).....	( <sup>2</sup>)	(^{2})	(^{2})	(^{2})	(^{2})	(^{2})
Shipments (thousands of dollars).....	**148,000	**144,000	**143,000	**141,000	**138,000	** -1.7
Exports (thousands of dollars).....	17,536	15,511	14,293	19,762	28,900	13.3
Imports (thousands of dollars).....	54,926	89,377	84,064	138,327	218,274	41.1
Consumption (thousands of dollars).....	**185,390	**217,866	**212,771	**259,565	**327,374	**15.3
Import-to-consumption ratio (percent)..	**30	**41	**40	**53	**67	**22.2
Capacity utilization (percent).....	*80	*85	*85	*85	*85	*1.5

<sup>1</sup> This figure represents the average annual rate of change during 1984-88.

<sup>2</sup> Not available.

Comment: There are currently \*\*22 domestic firms producing digest products. Most of these manufacturers produce limited quantities of toys in this digest, or toy sets that do not compete directly with imports. During the past decade, U.S. toy firms have become less manufacturing oriented, and more marketing, import, and distribution oriented. The industry has increased its competitiveness by relocating some production offshore, by investing in foreign production facilities in lower wage areas such as Asia and Mexico, or by dealing with foreign contract manufacturers.

The U.S. industry does produce certain toys domestically, but these consist mostly of larger, bulky toys, especially toys of molded plastic, or those of wood or metal where the costs of transportation offset the higher U.S. wage rates. Domestic production is concentrated in California, New York, and New Jersey. The domestic toy manufacturing industry has seen declining employment and shipments, and has experienced numerous takeovers, mergers, and bankruptcies in the past few years. This has been, in part, the result of some of the large toy firms' over-reliance on a small number of high-selling fad toys that subsequently lost much of their appeal in the U.S. market. During the past two decades, production has generally moved to low-wage-rate countries, particularly East Asia. Although U.S. shipments remain sizable, most new growth in consumption is being supplied by imports. U.S. production of the toy sets in this digest often use imported components.

### III. GSP import situation, 1988

#### U.S. imports and share of U.S. consumption, 1988

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	<u>1,000 dollars</u>			
Total.....	218,274	100	-	**66.7
Imports from GSP countries:				
Total.....	52,500	24.0	100.0	**16.0
Mexico.....	26,242	12.0	50.0	**8.0
Macao.....	12,711	5.8	24.2	**3.9
Thailand.....	8,939	4.1	17.0	**2.7
Malaysia.....	2,424	1.1	4.6	**0.1

Note.—The countries shown in the table include the top 4 GSP suppliers in 1988.

Comment: China was the leading supplier of imports of the toys in this digest in 1988. Such imports grew from 1 percent of the total in 1984 to 35 percent in 1988, when they amounted to \$75 million. Much of this growth occurred as manufacturing activities shifted from Hong Kong to China. The second-largest supplier in 1988 was Hong Kong, with shipments valued at \$37 million, accounting for 17 percent of total imports. Taiwan was the third-largest supplier, with imports valued at \$27 million. Mexico was the fourth-largest supplier, with goods valued at \$26 million in 1988. Products from Hong Kong, Taiwan, Singapore, and Korea lost GSP eligibility on January 1, 1989. Because of this, industry sources believe that production will continue to be shifted from these countries to other GSP, and lower wage countries. For example, production is expected to continue to shift from Hong Kong to China, while some manufacturers in countries that lost GSP eligibility are considering shifting production to Thailand or other countries that retain GSP eligibility.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

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Ranking as a U.S. import supplier, 1988..... 4

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted  
in the short term?..... Yes  No

Does the country have significant export markets besides the  
United States?..... Yes  No

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

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Comment: Digest products from Mexico are generally competitive on a quality basis with other foreign producers; however, the price levels tend to be slightly higher than those of certain Asian producers, with whom Mexican producers directly compete. This disadvantage is made up for by Mexican producers' proximity to U.S. markets, and the availability of maquiladora industries, which produce and import toys under 807.00 provisions. Many Mexican producers are subsidiaries of U.S. firms, and most shipments are related-party transactions. Mexico, which supplied digest imports valued at \$26.2 million, or 12 percent of total digest imports in 1988, is subject to the reduced CNL of 25 percent, or \$32.2 million, for HTS 9503.90.60.

V. Position of interested parties

Petitioner.—Mattel, Inc., Hawthorne, CA; and Tonka Corp., Minnetonka, MN. The petitioners state that granting a CNL waiver to Mexico for digest products would preserve GSP eligibility for those goods. Digest products currently enter duty free, but because of the increased volume of Mexican imports, digest products may exceed the GSP's reduced CNL later this year, and may lose GSP eligibility. The petitioners state that goods imported from Mexico, mostly from maquiladora plants owned by the petitioners, do not compete with domestic goods, because like products are not produced domestically. Petitioners believe that digest products manufactured in Mexico compete mainly with goods from China, Hong Kong, Taiwan, Macao, and Korea. The petitioners indicate that a waiver would enhance the competitiveness of Mexican products in the U.S. market, which would benefit the U.S. toy industry, other U.S. industries that supply Mexican facilities, and the U.S. consumer.

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

HTS Item No.  
9503.70.80

[ Probable economic effect advice deleted ]

HTS item No.  
9503.70.80

[ Probable economic effect advice deleted ]

HTS item No.  
9503.70.80

HTS/TSUSA CONCORDANCE AND TARIFF HISTORY

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation)	TSUSA col. 1 rate of duty				
		1984	1985	1986	1987	1988
9503.70.80	737.9555 (15%)	12.3	10.9	9.6	8.3	7.0
	737.9565 (10%)	12.3	10.9	9.6	8.3	7.0
	737.9600 (35%)	-	-	-	-	7.0
	737.9852 (15%)	-	-	-	-	7.0
	737.9865 (24%)	-	-	-	-	7.0

Table I.

Digest Title: Certain toys put up insets, and parts thereof  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
China.....	670	2,456	5,910	22,289	75,225
Hong Kong.....	20,786	24,824	23,813	39,169	36,912
Taiwan.....	9,792	13,856	14,288	23,885	27,399
Mexico.....	2,614	5,382	7,391	10,413	26,242
Macao.....	3,367	5,793	6,258	10,646	12,711
Korea.....	1,901	3,287	3,550	9,226	10,791
Thailand.....	607	1,436	1,488	3,973	8,939
West Germany.....	528	558	945	2,327	3,055
Malaysia.....	565	1,029	481	1,043	2,424
United Kingdom...	422	365	625	1,119	1,807
Japan.....	8,885	25,155	13,801	5,484	1,783
Italy.....	1,179	970	1,577	1,903	1,780
Singapore.....	1,157	1,295	906	1,804	1,720
Sweden.....	296	446	450	1,000	1,577
Canada.....	267	523	572	463	916
All other.....	1,890	2,004	2,009	3,582	4,984
<b>Total.....</b>	<b>54,926</b>	<b>89,377</b>	<b>84,064</b>	<b>138,327</b>	<b>218,274</b>
<b>GSP Total....</b>	<b>7,885</b>	<b>14,549</b>	<b>16,121</b>	<b>27,453</b>	<b>52,500</b>
<b>GSP+4.....</b>	<b>41,521</b>	<b>57,811</b>	<b>58,678</b>	<b>101,537</b>	<b>129,331</b>
Percent					
China.....	1.2	2.7	7.0	16.1	34.5
Hong Kong.....	37.8	27.8	28.3	28.3	16.9
Taiwan.....	17.8	15.5	17.0	17.3	12.6
Mexico.....	4.8	6.0	8.8	7.5	12.0
Macao.....	6.1	6.5	7.4	7.7	5.8
Korea.....	3.5	3.7	4.2	6.7	4.9
Thailand.....	1.1	1.6	1.8	2.9	4.1
West Germany.....	1.0	.6	1.1	1.7	1.4
Malaysia.....	1.0	1.2	.6	.8	1.1
United Kingdom...	.8	.4	.7	.8	.8
Japan.....	16.2	28.1	16.4	4.0	.8
Italy.....	2.1	1.1	1.9	1.4	.8
Singapore.....	2.1	1.4	1.1	1.3	.8
Sweden.....	.5	.5	.5	.7	.7
Canada.....	.5	.6	.7	.3	.4
All other.....	3.4	2.2	2.4	2.6	2.3
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>14.4</b>	<b>16.3</b>	<b>19.2</b>	<b>19.8</b>	<b>24.1</b>
<b>GSP+4.....</b>	<b>75.6</b>	<b>64.7</b>	<b>69.8</b>	<b>73.4</b>	<b>59.3</b>

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

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

Table II.

Digest Title: Certain toys put up in sets, and parts thereof  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Mexico.....	3,532	4,272	2,639	3,218	7,953
Canada.....	5,036	3,348	2,891	5,049	6,340
United Kingdom...	1,719	1,707	1,930	3,343	3,591
Japan.....	310	461	660	766	1,581
Hong Kong.....	1,059	601	704	1,063	1,032
West Germany.....	225	279	662	793	877
Saudi Arabia.....	458	485	320	214	737
Australia.....	814	883	571	595	696
Belgium.....	221	235	362	351	658
France.....	122	87	158	265	590
Ecuador.....	163	357	268	433	526
Singapore.....	372	158	328	299	453
Netherlands.....	201	29	74	159	283
Italy.....	111	158	253	178	217
Panama.....	177	272	432	280	184
All other.....	3,017	2,179	2,041	2,757	3,182
<b>Total.....</b>	<b>17,536</b>	<b>15,511</b>	<b>14,293</b>	<b>19,762</b>	<b>28,900</b>
<b>GSP Total....</b>	<b>6,135</b>	<b>6,486</b>	<b>4,781</b>	<b>5,481</b>	<b>10,311</b>
<b>GSP+4.....</b>	<b>7,616</b>	<b>7,337</b>	<b>5,879</b>	<b>7,034</b>	<b>12,099</b>
Percent					
Mexico.....	20.1	27.5	18.5	16.3	27.5
Canada.....	28.7	21.6	20.2	25.5	21.9
United Kingdom...	9.8	11.0	13.5	16.9	12.4
Japan.....	1.8	3.0	4.6	3.9	5.5
Hong Kong.....	6.0	3.9	4.9	5.4	3.6
West Germany.....	1.3	1.8	4.6	4.0	3.0
Saudi Arabia.....	2.6	3.1	2.2	1.1	2.5
Australia.....	4.6	5.7	4.0	3.0	2.4
Belgium.....	1.3	1.5	2.5	1.8	2.3
France.....	.7	.6	1.1	1.3	2.0
Ecuador.....	.9	2.3	1.9	2.2	1.8
Singapore.....	2.1	1.0	2.3	1.5	1.6
Netherlands.....	1.1	.2	.5	.8	1.0
Italy.....	.6	1.0	1.8	.9	.8
Panama.....	1.0	1.8	3.0	1.4	.6
All other.....	17.2	14.0	14.3	14.0	11.0
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>35.0</b>	<b>41.8</b>	<b>33.5</b>	<b>27.7</b>	<b>35.7</b>
<b>GSP+4.....</b>	<b>43.4</b>	<b>47.3</b>	<b>41.1</b>	<b>35.6</b>	<b>41.9</b>

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

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



DIGEST NO. 9503.90.50

INFLATABLE TOY BALLS, BALLOONS AND PUNCHBALLS

Inflatable toy balls, balloons and punchballs

I. Introduction

Col. 1 rate of duty: 6.8%  
 Type of action proposed (check one):  
 Addition of GSP:         
 Removal from GSP:         
 Country graduation:         
 Competitive-need-limit waiver: X (Countries—Mexico)<sup>1</sup>  
 Non-eligible GSP countries: None  
 Current competitive-need-limit waivers: None  
 Current "sufficiently competitive" designation: Mexico<sup>2</sup>  
 U.S. production on Jan. 3, 1985? Yes X No       .

<sup>1</sup> Advice is also requested on restoring the full competitive-need limit (CNL) for HTS 9503.90.50 for Mexico.

<sup>2</sup> Mexico is subject to a reduced competitive-need limit for this item from Mexico.

Description and uses: Digest products include inflatable toy balls, balloons, and punchballs. Toy balls are non-sports balls made of rubber or plastics, including vinyl beach balls, and other play balls of rubber or vinyl. The digest also includes balloons, which may be made of latex rubber or plastic (mylar). Latex balloons can be filled with either air or helium, and are limited to a small number of standard shapes for use as toys, balloon bouquets, and advertising premiums. Mylar balloons are more expensive than latex and are made by fusing two mylar sheets and are available in a wider variety of shapes. Punchballs are children's toys made similarly to latex balloons, except that they have thicker walls and usually have an attached elastic tether.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	*12	*12	*12	*13	*13	*1.9
Employment (thousand employees).....	*1	*1	*1	*1	*1	*(2.4)
Shipments (thousands of dollars).....	*88,000	*98,000	*107,000	*117,500	*120,000	*8.0
Exports (thousands of dollars).....	168	160	217	347	422	25.9
Imports (thousands of dollars).....	12,187	13,952	19,340	24,463	27,989	23.0
Consumption (thousands of dollars)....	*100,019	*111,790	*126,123	*141,616	*147,567	*10.2
Import to consumption ratio (percent)..	*12	*13	*15	*17	*19	*12.1
Capacity utilization (percent).....	*90	*92	*95	*95	*95	*1.4

<sup>1</sup> This figure represents the average annual rate of change during 1984-88.

Comment: There are approximately four domestic inflatable toy ball manufacturers and nine domestic balloon manufacturers. There are two major latex balloon producers, one of which is also a major producer of mylar balloons, one other major mylar balloon producer, and a number of midsized producers of each type. Domestic manufacturers are concentrated in the Midwest. Most manufacturers are reportedly operating near full capacity, some operating two shifts, 6 days per week. The number of firms has remained relatively stable over the past five years. Three domestic mylar balloon makers hold nearly one-half of the domestic market for these products. U.S. consumption is supplied by domestic manufacturers that concentrate on higher quality, thicker walled balloons; foreign manufacturers that generally produce thinner walled balloons of generally lower quality, or of inconsistent quality; and "converters," or domestic wholesalers, distributors, and packagers that mostly supply foreign-produced balloons. The lack of automation in the domestic industry is one of its competitive weaknesses; there is strong competition from foreign producers that either have lower wage costs or are more automated. The domestic producers have recognized this competition and some have avoided it by entering the "decorator," or "bouquet" segment, a growing market niche that does not currently compete directly with imports. This segment includes high-quality, multicolored balloons, not commonly imported, that are used in balloon sculpture, balloon bouquets, festive decorations, etc.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	<u>1,000 dollars</u>			
Total.....	27,989	100	-	*19.0
Imports from GSP countries:				
Total.....	9,481	33.9	100.0	*6.4
Mexico.....	7,635	27.3	80.5	*5.2
Brazil.....	1,520	5.4	16.0	*1.0
Thailand.....	139	0.5	1.5	*( <sup>1</sup> )
Malaysia.....	73	0.3	0.1	*( <sup>1</sup> )

<sup>1</sup> Less than 0.05 percent.

Note.—The countries shown in the table include the top 4 GSP suppliers in 1988.

Comment: Imports of overall digest products grew at an average annual rate of 23 percent from 1984 to 1988. Balloon imports increased 130 percent since 1984, to \$18 million in 1988. Imports from Mexico totaled nearly \$8 million in 1988, most of which were balloon imports. Imports of digest products from Mexico exceeded the reduced (25 percent) CNL in 1988, and, thus, lost GSP-eligibility as of July 1, 1988. The second-largest supplier of digest products, Taiwan, shipped mostly inflatable toy balls. Canada, the third-largest supplier of digest products, shipped \$4 million, or 16 percent of digest products in 1988. Imports from China, the fourth-largest supplier, totaled \$3 million in 1988. Most of these imports were of inflatable toy balls. Brazil, the fifth largest supplier of digest products, was the third largest supplier of balloons in 1988. Brazil shipped digest products valued at \$2 million, or 10 percent of digest imports in 1988, nearly all of which were imports of balloons.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

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Ranking as a U.S. import supplier, 1988..... 1

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted  
in the short term?..... Yes  No

Does the country have significant export markets besides the  
United States?..... Yes  No

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

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IV. Competitiveness profiles, GSP suppliers—Continued

Comment: The quality and uniformity of balloon imports from Mexico have improved substantially during the past 5 years. This is partly because the major Mexican producer of latex balloons, reportedly the largest in the world in terms of shipments, now operates a highly automated facility capable of making a product of competitive quality. Mexico is also the site of a U.S.-owned mylar balloon facility and is the only country currently shipping mylar balloons to the United States in commercial quantities.

V. Position of interested parties

Petitioner.--The petitioner, Latex Occidental, S.A. de C.V., in Guadalajara, Mexico, states that they are the sole producer and exporter of these products from Mexico. The petitioner seeks a competitive-need waiver, or restoration of the full CNL for balloons and punchballs to restore GSP eligibility for these products from Mexico. The petitioner believes that the loss of GSP-eligibility, as a result of exceeding the reduced CNL in 1988, was due solely to the conversion from the TSUSA to the HTS. The petitioner asserts that Mexican balloons do not compete directly with domestic products: (1) because of their lower quality; (2) because they offer the service of printing logos and customer names on balloons; (3) because they distribute through wholesalers rather than retailers; (4) and because they sell to the "party" goods segment of the industry not serviced by domestic manufacturers.

Support.--The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

Opposition.--National Latex Products Co., of Ashland, OH, a manufacturer of balloons and toy balls, opposes granting a CNL waiver to Mexico for balloons. National Latex asserts that balloons from Mexico directly compete with those manufactured domestically, and that the petitioner is the world's lowest cost producer.

HTS item No.  
9503.90.50

[ Probable economic effect advice deleted ]

HTS item No.  
9503.90.50

[ Probable economic effect advice deleted ]

HTS/TSUSA CONCORDANCE AND TARIFF HISTORY

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation)	TSUSA col. 1 rate of duty				
		1984	1985	1986	1987	1988
9503.90.50	735.0970 (70%)	-	-	5.44	4.8	4.8
	735.0990 (70%)	6.64	6.0	-	-	-
	735.0995 (70%)	-	-	5.44	4.8	4.8
	737.9536 (100%)	10.9	9.6	8.3	-	-
	737.9836 (100%)	-	-	-	7.0	6.8

Table I.

Digest Title: Inflatable toy balls, balloons and punch balls  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Mexico.....	4,647	4,453	4,777	5,500	7,635
Taiwan.....	5,283	6,015	8,609	9,263	7,346
Canada.....	751	1,108	1,533	1,948	4,448
China.....	107	144	129	593	2,899
Brazil.....	195	484	752	1,137	1,520
Korea.....	179	629	1,181	2,065	1,425
Belgium.....	49	311	886	1,169	1,223
Hong Kong.....	89	101	507	274	328
Italy.....	182	108	93	230	261
West Germany.....	59	66	241	116	171
United Kingdom...	14	8	8	109	153
Thailand.....	47	46	100	942	139
Japan.....	296	215	186	115	117
Malaysia.....	19	7	17	36	73
Pakistan.....	6	11	22	22	72
All other.....	265	247	299	942	178
<b>Total.....</b>	<b>12,187</b>	<b>13,952</b>	<b>19,340</b>	<b>24,463</b>	<b>27,989</b>
<b>GSP Total....</b>	<b>4,916</b>	<b>5,027</b>	<b>5,670</b>	<b>7,643</b>	<b>9,481</b>
<b>GSP+4.....</b>	<b>10,467</b>	<b>11,772</b>	<b>15,970</b>	<b>19,296</b>	<b>18,581</b>
Percent					
Mexico.....	38.1	31.9	24.7	22.5	27.3
Taiwan.....	43.3	43.1	44.5	37.9	26.2
Canada.....	6.2	7.9	7.9	8.0	15.9
China.....	.9	1.0	.7	2.4	10.4
Brazil.....	1.6	3.5	3.9	4.4	5.4
Korea.....	1.5	4.5	6.1	8.4	5.1
Belgium.....	.4	2.2	4.6	4.8	4.4
Hong Kong.....	.7	.7	2.6	1.1	1.2
Italy.....	1.5	.8	.5	.9	.9
West Germany.....	.5	.5	1.2	.5	.6
United Kingdom...	.1	.1	1/	.4	.5
Thailand.....	.4	.3	.5	3.8	.5
Japan.....	2.4	1.5	1.0	.5	.4
Malaysia.....	.2	.1	.1	.1	.3
Pakistan.....	.1	.1	.1	.1	.3
All other.....	2.2	1.8	1.5	3.9	.6
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>40.3</b>	<b>36.0</b>	<b>29.3</b>	<b>31.2</b>	<b>33.9</b>
<b>GSP+4.....</b>	<b>85.9</b>	<b>84.4</b>	<b>82.6</b>	<b>78.9</b>	<b>66.4</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

Table II.

Digest Title: Inflatable toy balls, balloons and punch balls  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Canada.....	66	59	47	56	108
West Germany.....	19	17	38	45	52
Spain.....	1/	0	8	2	42
Australia.....	18	2	2	2	41
Mexico.....	4	7	9	23	29
Japan.....	3	10	9	20	20
United Kingdom...	13	11	18	132	19
Belgium.....	1	1	0	0	17
Paraguay.....	1/	1/	2	3	13
Brazil.....	1/	0	0	3	10
Italy.....	5	4	2	6	8
Venezuela.....	1/	6	23	5	8
Panama.....	6	2	4	6	8
France.....	1/	1/	2	3	4
Ecuador.....	1	1/	0	1/	4
All other.....	32	40	53	42	36
<b>Total.....</b>	<b>168</b>	<b>160</b>	<b>217</b>	<b>347</b>	<b>422</b>
GSP Total....	41	36	58	60	71
GSP+4.....	41	41	68	68	78
Percent					
Canada.....	39.2	36.7	21.7	16.1	25.5
West Germany.....	11.5	10.8	17.5	13.0	12.4
Spain.....	1/	.0	3.8	.5	10.0
Australia.....	10.4	1.3	.8	.5	9.8
Mexico.....	2.2	4.5	4.4	6.7	6.8
Japan.....	1.6	6.4	4.1	5.7	4.8
United Kingdom...	7.5	7.0	8.3	38.1	4.5
Belgium.....	.3	.5	.0	.0	4.1
Paraguay.....	1/	1/	.8	.8	3.2
Brazil.....	1/	.0	.0	.8	2.4
Italy.....	2.9	2.6	.7	1.7	2.0
Venezuela.....	1/	3.9	10.7	1.3	1.9
Panama.....	3.5	1.0	1.8	1.8	1.9
France.....	1/	1/	1.1	.8	1.1
Ecuador.....	.8	1/	.0	1/	1.0
All other.....	19.1	24.7	24.3	12.2	8.6
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	24.2	22.6	26.8	17.4	16.9
GSP+4.....	24.2	25.4	31.4	19.5	18.4

1/ Less than \$500 or less than 0.1 percent.

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

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



DIGEST NO. 9503.90.60

MISCELLANEOUS TOYS, PARTS, AND ACCESSORIES

Miscellaneous toys, parts, and accessories

I. Introduction

Col. 1 rate of duty: 6.8%  
 Type of action proposed (check one):  
 Addition of GSP:   
 Removal from GSP:   
 Country graduation:   
 Competitive-need-limit waiver:  (Countries—Mexico)<sup>1</sup>  
 Non-eligible GSP countries: \_\_\_\_\_, \_\_\_\_\_, etc.  
 Current competitive-need-limit waivers: Macao  
 Current "sufficiently competitive" designation: Mexico<sup>2</sup>  
 U.S. production on Jan. 3, 1985? Yes  No

<sup>1</sup> Advice is also requested on restoring the full competitive-need limit (CNL) for HTS 9503.90.60 for Mexico.

<sup>2</sup> Mexico is subject to a reduced competitive-need limit for HTS 9503.90.60.

Description and uses: This digest includes products covered under HTS 9503.90.60, "miscellaneous toys, and parts and accessories thereof." This basket category encompasses toys, other than models, without spring mechanisms, or incorporating a motor, and accessories thereof. Items classified under this subheading include a very broad range of toys, such as certain plastic or rubber toy vehicles, toy telephones, and doll house accessories.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	**100-200	**100-200	**75-150	**75-125	**75-125	** <sup>(2)</sup>
Employment (thousand employees).....	<sup>(2)</sup>	<sup>(2)</sup>	<sup>(2)</sup>	<sup>(2)</sup>	<sup>(2)</sup>	<sup>(2)</sup>
Shipments (thousands of dollars).....	**250,000	**235,000	**210,000	**200,000	**195,000	** <sup>(2)</sup> -5.1
Exports (thousands of dollars).....	19,375	16,072	16,692	25,945	37,843	18.2
Imports (thousands of dollars).....	303,672	488,419	449,006	396,501	387,212	6.3
Consumption (thousands of dollars).....	**534,297	**707,347	**642,314	**570,556	**544,369	**0.5
Import to consumption ratio (percent).....	**57	**69	**70	**70	**71	**5.5
Capacity utilization (percent).....	*75	*75	*80	*80	*80	**1.6

<sup>1</sup> This figure represents the average annual rate of change during 1984-88.

<sup>2</sup> Not available.

Comment: There are currently \*\*75-\*\*125 domestic firms producing digest products. Most of these manufacturers produce limited quantities of the toys in this digest, or toys that do not compete directly with imports. During the past decade, U.S. toy firms have become less manufacturing oriented, and more marketing, import, and distribution oriented. The industry has increased its competitiveness by relocating some production offshore, by investing in foreign production facilities in lower wage areas such as Asia and Mexico, or by dealing with foreign contract manufacturers. The U.S. industry does produce certain toys domestically, but these consist mostly of larger, bulky toys, especially toys of molded plastic, or those of wood or metal where the costs of transportation offset the higher U.S. wage rates. Domestic production is concentrated in California, New York, and New Jersey. The domestic toy manufacturing industry has seen declining employment and shipments, and has experienced numerous takeovers, mergers, and bankruptcies in the

past few years. This has been, in part, the result of some of the large toy firms' over-reliance on a small number of high-selling fad toys that subsequently lost much of their appeal in the U.S. market. During the past two decades, production has generally moved to low-wage rate countries, particularly East Asia. Although U.S. shipments remain sizable, most new growth in consumption is being supplied by imports.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	<u>1,000 dollars</u>			
Total.....	387,212	100	-	**71.0
Imports from GSP countries:				
Total.....	79,402	20.5	100.0	**14.6
Mexico.....	36,198	9.3	45.6	**6.6
Macao.....	19,645	5.1	24.7	**3.6
Thailand.....	13,234	3.4	16.7	**2.4
Malaysia.....	5,208	1.3	6.6	**1.0

Note.—The countries shown in the table include the top 4 GSP suppliers in 1988.

Comment: China was the leading supplier of imports of the toys in this digest in 1988. Imports from China grew from 1 percent of the total in 1984 to 34 percent in 1988, when they amounted to \$131 million. The second-largest supplier in 1988 was Hong Kong, with shipments valued at \$60 million, accounting for 16 percent of total imports. Taiwan was the third-largest supplier, with imports valued at \$60 million. Mexico was the fourth-largest supplier, with goods valued at \$36 million in 1988. Imports of digest products from Mexico, which exceeded the reduced CNL dollar value of \$32.2 million based on 1988 U.S. nominal GNP, lost GSP eligibility effective July 1, 1989.

Products from Hong Kong, Taiwan, Singapore, and Korea lost GSP eligibility on January 1, 1989. Because of this, industry sources believe that production will continue to be shifted from these countries to other GSP, and lower wage countries. Hong Kong, for example, is expected to continue to shift production to China, and some manufacturers in countries that lost GSP eligibility are considering shifting production to Thailand or other countries that retain GSP eligibility.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

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Ranking as a U.S. import supplier, 1988..... 4

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted  
in the short term?..... Yes  No

Does the country have significant export markets besides the  
United States?..... Yes  No

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

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Comment: Digest products from Mexico are generally competitive on a quality basis with other foreign producers; however, the price levels tend to be slightly higher than those of certain Asian producers, with whom Mexican producers directly compete. This disadvantage is made up for by Mexican producers' proximity to U.S. markets, and the availability of maquiladora industries, which produce and import toys under TSUSA 807.00 provisions. Domestic suppliers feel that importation from Mexico under GSP provisions with a CNL waiver would be more advantageous than importing under 807.00 provisions, despite the fact that many Mexican producers are subsidiaries of U.S. firms, and most shipments are related-party transactions. Mexico, which supplied imports valued at \$36.2 million, or 9 percent of total digest imports in 1988, is subject to the reduced CNL of 25 percent, or \$32.2 million, for HTS 9503.90.60.

V. Position of interested parties

Petitioner.—Mattel, Inc., Hawthorne, CA; and Tonka Corp., Minnetonka, MN. The petitioners favor granting a CNL waiver to Mexico for digest products to return GSP eligibility for those goods. Digest products from Mexico lost GSP duty-free privileges as of July 1, 1989, because imports exceeded the GSP reduced-CNLC dollar value of \$32.2 million based on 1988 U.S. nominal GNP. The petitioners state that goods they import from Mexico are mostly from plants owned by the petitioners, and do not compete with domestic goods, which they state are not produced domestically. Petitioners believe that digest products manufactured in Mexico compete mainly with goods from China, Hong Kong, Taiwan, Macao, and Korea. The petitioners feel that a waiver would enhance the competitiveness of Mexican products in the U.S. market, which would benefit the U.S. toy industry, other U.S. industries that supply the Mexican facilities, and the U.S. consumer, which would receive the majority of the 6.8 percent duty savings, multiplied several times before reaching the retail level.

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

HTS item No.  
9503.90.60

[ Probable economic effect advice deleted ]

HTS item No.  
9503.90.60

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HTS/TSUSA CONCORDANCE AND TARIFF HISTORY

HTS/TSUSA concordance and TSUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

HTS item No.	TSUSA item No. (and allocation)	TSUSA col. 1 rate of duty				
		1984	1985	1986	1987	1988
9503.90.60	735.1000 (25%)	11.4	10.2	9.0	7.8	7.8
	735.1100 (100%)	6.9	6.9	6.9	6.9	6.9
	735.1240 (10%)	5.9	5.6	5.2	4.9	4.9
	737.9552 (80%)	10.9	9.6	8.3	-	-
	737.9852 (75%)	-	-	-	7.0	7.0
	737.9555 (75%)	10.9	9.6	8.3	-	-
	737.9600 (40%)	-	-	-	7.0	7.0
	737.9565 (70%)	10.9	9.6	8.3	-	-
	737.9865 (70%)	-	-	-	7.0	7.0

Table I.

Digest Title: Miscellaneous toys, parts, and accessories  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
China.....	3,748	14,135	32,543	56,912	131,103
Hong Kong.....	110,788	133,310	125,752	108,520	60,171
Taiwan.....	52,139	76,338	78,071	77,916	60,012
Mexico.....	13,377	30,171	37,882	26,124	36,198
Korea.....	11,272	19,099	20,974	28,798	24,857
Macao.....	18,625	31,652	32,553	29,757	19,645
Thailand.....	3,161	7,857	7,710	9,773	13,234
West Germany.....	3,084	3,426	5,754	6,345	5,385
Italy.....	6,079	5,014	8,342	6,662	5,295
Malaysia.....	3,336	5,743	2,576	3,206	5,208
Sweden.....	2,012	3,051	2,997	3,899	4,309
United Kingdom...	2,474	2,192	3,438	3,484	4,267
Japan.....	55,305	134,885	70,610	18,217	2,996
Canada.....	1,447	3,251	2,960	1,555	2,326
Singapore.....	5,736	6,694	4,872	4,353	1,851
All other.....	11,090	11,600	11,972	10,980	10,353
<b>Total.....</b>	<b>303,672</b>	<b>488,419</b>	<b>449,006</b>	<b>396,501</b>	<b>387,212</b>
GSP Total....	42,701	80,642	83,775	73,166	79,402
GSP+4.....	222,637	316,084	313,444	292,754	226,294
Percent					
China.....	1.2	2.9	7.2	14.4	33.9
Hong Kong.....	36.5	27.3	28.0	27.4	15.5
Taiwan.....	17.2	15.6	17.4	19.7	15.5
Mexico.....	4.4	6.2	8.4	6.6	9.3
Korea.....	3.7	3.9	4.7	7.3	6.4
Macao.....	6.1	6.5	7.2	7.5	5.1
Thailand.....	1.0	1.6	1.7	2.5	3.4
West Germany.....	1.0	.7	1.3	1.6	1.4
Italy.....	2.0	1.0	1.9	1.7	1.4
Malaysia.....	1.1	1.2	.6	.8	1.3
Sweden.....	.7	.6	.7	1.0	1.1
United Kingdom...	.8	.4	.8	.9	1.1
Japan.....	18.2	27.6	15.7	4.6	.8
Canada.....	.5	.7	.7	.4	.6
Singapore.....	1.9	1.4	1.1	1.1	.5
All other.....	3.7	2.4	2.7	2.8	2.7
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	14.1	16.5	18.7	18.5	20.5
GSP+4.....	73.3	64.7	69.8	73.8	58.4

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

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

Table II.

Digest Title: Miscellaneous toys, parts, and accessories  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Canada.....	8,155	5,288	4,306	8,314	10,551
Mexico.....	298	677	1,006	1,769	7,523
United Kingdom...	2,153	2,332	1,990	4,034	4,896
Japan.....	514	622	748	1,217	2,060
Saudi Arabia.....	760	957	581	449	1,350
Hong Kong.....	394	410	764	1,214	1,306
West Germany.....	296	379	774	1,351	1,276
Australia.....	1,176	991	883	717	1,047
Belgium.....	131	135	280	30-	852
Singapore.....	780	279	754	620	808
France.....	123	73	294	362	629
Ecuador.....	210	468	387	508	529
Panama.....	292	442	743	547	407
Netherlands.....	352	22	66	219	288
Switzerland.....	40	37	87	128	231
All other.....	3,700	2,960	3,028	4,193	4,082
<b>Total.....</b>	<b>19,375</b>	<b>16,072</b>	<b>16,692</b>	<b>25,945</b>	<b>37,843</b>
<b>GSP Total....</b>	<b>3,518</b>	<b>3,672</b>	<b>4,266</b>	<b>5,202</b>	<b>10,743</b>
<b>GSP+4.....</b>	<b>4,731</b>	<b>4,462</b>	<b>5,844</b>	<b>7,292</b>	<b>13,156</b>
Percent					
Canada.....	42.1	32.9	25.8	32.0	27.9
Mexico.....	1.5	4.2	6.0	6.8	19.9
United Kingdom...	11.1	14.5	11.9	15.5	12.9
Japan.....	2.7	3.9	4.5	4.7	5.4
Saudi Arabia.....	3.9	6.0	3.5	1.7	3.6
Hong Kong.....	2.0	2.5	4.6	4.7	3.5
West Germany.....	1.5	2.4	4.6	5.2	3.4
Australia.....	6.1	6.2	5.3	2.8	2.8
Belgium.....	.7	.8	1.7	1.2	2.3
Singapore.....	4.0	1.7	4.5	2.4	2.1
France.....	.6	.5	1.8	1.4	1.7
Ecuador.....	1.1	2.9	2.3	2.0	1.4
Panama.....	1.5	2.8	4.5	2.1	1.1
Netherlands.....	1.8	.1	.4	.8	.8
Switzerland.....	.2	.2	.5	.5	.6
All other.....	19.1	18.4	18.1	16.2	10.8
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>18.2</b>	<b>22.8</b>	<b>25.6</b>	<b>20.1</b>	<b>28.4</b>
<b>GSP+4.....</b>	<b>24.4</b>	<b>27.8</b>	<b>35.0</b>	<b>28.1</b>	<b>34.8</b>

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

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



**DIGEST NO. 9607.11.00**

**SLIDE FASTENERS**

Slide Fasteners

I. Introduction

Col. 1 rate of duty: 15%  
 Type of action proposed (check one):  
 Addition of GSP: X  
 Removal from GSP:       
 Country graduation:       
 Competitive-need-limit waiver:       
 Non-eligible GSP countries: None.  
 Current competitive-need-limit waivers: None.  
 Current "sufficiently competitive" designation: None.  
 U.S. production on Jan. 3, 1985? Yes X No     .

Description and uses: A slide fastener (zipper) consists of two cloth tapes (stringers) upon which are mounted, in a row along one edge of each, either (a) individual interlocking elements of metal, nylon, or plastic, called scoops, or (b) a coil of nylon or plastic. The apparel industry and home sewers, the principal consumers of slide fasteners, use these items to fasten, close, and decorate apparel. Slide fasteners are also used by the handbag, luggage, automotive, sporting goods, recreational equipment, and upholstered furniture industries.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88

Item	1984	1985	1986	1987	1988	Percentage change over period <sup>1</sup>
Producers (number).....	**24	**24	**18	**15	**15	** (11)
Employment (thousand employees).....	**3	**3	**3	**3	**3	-
Shipments (thousands of dollars).....	*276,800	*281,500	*230,000	*190,500	*190,000	*(9)
Exports (thousands of dollars).....	5,854	4,114	4,763	6,367	6,497	3 (2)
Imports (thousands of dollars).....	10,156	7,119	7,910	9,046	10,208	
Consumption (thousands of dollars).....	*281,102	*284,505	*233,147	*193,179	*193,711	*(9)
Import to consumption ratio (percent)..<	*4	*3	*3	*5	*5	*6
Capacity utilization (percent).....	**50	**50	**50	**50	**50	-

<sup>1</sup> This figure represents the average annual rate of change during 1984-88.

<sup>2</sup> Less than 0.5 percent.

Comment: Hookless Fastener Co. (now Talon Inc.) of Meadville, PA, founded the zipper industry in 1893. Because zipper production was fairly labor-intensive, production facilities were concentrated in the South Atlantic region to take advantage of the relatively low-cost labor. Talon dominated the U.S. industry until 1976, supplying the market from factories in North Carolina, South Carolina, Georgia, and Pennsylvania. Two other producers, Scovill Inc. and Coats and Clark, also had significant nationwide distribution networks. In addition to the three largest producers, there were approximately 100 smaller firms that supplied apparel manufacturers in the garment districts of New York City and Los Angeles.

<sup>1</sup> This digest also covers HTS subheading 9607.19.00

Zipper manufacturers generally produce all types of slide fasteners, i.e., those fitted with scoops of metal (9607.11.00), and those fitted with scoops of plastic or continuous plastic filament coil (9607.19.00). According to industry representatives, zippers with plastic components are twice as strong as those with metal elements; however, metal zippers offer greater ventilation. The use of either type of zipper varies from product to product in the apparel, furniture, handbag, and luggage industries. Production of zippers fitted with scoops of metal does not differ significantly from production of zippers with plastic components. However, the raw materials for plastic zippers cost less than the aluminum, brass, and other metals used in metal zippers.

The world's largest zipper manufacturer is Yoshida Kogyo K.K. (YKK) in Japan. YKK has factories throughout the world supplying local markets. It used aggressive marketing and low prices to penetrate the U.S. market in the early 1970s. After completing construction of a factory in Macon, GA, in 1975, YKK within two years became the largest U.S. producer. [

\*\*\* ] YKK reportedly has the most highly automated zipper production facilities in the world. The company uses exceptionally sophisticated and state-of-the-art quality control systems to monitor virtually all aspects of production to ensure consistent quality in its products. It also benefits from vertical integration (YKK makes almost all of its zipper manufacturing machinery in Japan) and economies of scale.

Several factors contributed significantly to the decline in the number of U.S. manufacturing facilities from \*\*24 in 1984 to \*\*15 in 1988: loss of sales to YKK (USA), which has established dyeing, assembly, and distribution centers near the garment districts in New York City and Los Angeles; and reduced demand in the U.S. apparel market for zippers because most of the growth in the apparel market is being supplied by imports. Most of these imports contain foreign-made apparel fasteners—buttons, snap fasteners, and zippers. In addition, recent apparel fashion trends, which have featured velcro<sup>2</sup> as a substitute for slide fasteners, have contributed to a decline in slide fastener production in the past few years.

YKK has been a major supplier of imports to the U.S. market since 1970; since the late 1970s, YKK (USA) has only imported special models of zippers for which the level of demand did not justify tooling for production in the United States. Taiwan has emerged as an important supplier of low-end zippers, but accounts for less than 5 percent of the U.S. market.

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<sup>2</sup> Velcro fasteners consists of two nylon strips, one containing thousands of tiny hooks, the other of tiny eyes, which when pressed together lock the hooks into the eyes.

III. GSP import situation, 1988

U.S. imports and share of U.S. consumption, 1988

Item	Imports <u>1,000</u> <u>dollars</u>	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
Total.....	10,208	100	-	*5
Imports from GSP countries:				
Total.....	392	4	100	*(1)
Israel <sup>2</sup> .....	172	2	44	*(1)
Mexico.....	123	1	31	*(1)
Brazil.....	92	1	24	*(1)

<sup>1</sup> Less than 0.5 percent.

<sup>2</sup> Although imports of slide fasteners from Israel are eligible for duty-free entry under the GSP, imports of this item in 1988 from Israel entered duty free under the provisions of the United States-Israel Free Trade Area Implementation Act of 1985.

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

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

Comment: Three of the top four GSP suppliers of slide fasteners in 1988, Taiwan, Hong Kong, and Korea, lost GSP status for all products on January 1, 1989.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

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Ranking as a U.S. import supplier, 1988..... 10

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers?..... Yes  No

What is the price elasticity of U.S. demand?..... High  Moderate  Low

Can production in the country be easily expanded or contracted  
in the short term?..... Yes  No

Does the country have significant export markets besides the  
United States?..... Yes  No

Could exports from the country be readily redistributed among  
its foreign export markets?..... Yes  No

What is the price elasticity of import supply?..... High  Moderate  Low

Price level compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

Quality compared with:

U.S. products..... Above  Equivalent  Below

Other foreign products..... Above  Equivalent  Below

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Comment: U.S. exports of slide fasteners to Mexico exceeded U.S. imports from Mexico by a ratio of 28:1 in 1988. U.S. exports of slide fasteners to Mexico totaled \$3.4 million in 1988 (52 percent of total U.S. exports) compared with only \$123,000 in U.S. imports of slide fasteners from Mexico (1.2 percent of total U.S. imports). Mexico is an insignificant supplier of slide fasteners to the United States, supplying only a small market niche.

V. Position of interested parties

Petitioners.—The Embassy of Mexico (Trade and Fiscal Office) and the Asociacion Mexicana de Fabricantes de Cremalleras Automaticas, A.C., an association of Mexican manufacturers of zippers, requested the addition of this HTS subheading to the list of articles eligible for the GSP. The petitioners assert that such action would (1) restore the duty-free treatment to slide fasteners that had been classified under TSUS item 745.70 that covered slide fasteners valued not over 4 cents each—these zippers lost GSP eligibility when the TSUS converted to the HTS; and (2) give all types of zippers (regardless of price) GSP status to enable Mexican exporters of zippers to maintain their small share of the U.S. market and compete more effectively with countries such as Japan and Taiwan, which are principal suppliers of U.S. imports of slide fasteners.

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The Mexican Government is of the opinion that, in most cases, their products complement rather than compete directly with U.S. products. Consequently, U.S. companies would not be adversely affected if GSP benefits are extended to Mexican products. The GOM also states that GSP benefits will help Mexico expand its exports and sustain its economic development.

Opposition.—YKK (USA) Inc., the largest U.S. manufacturer of slide fasteners and parts, requested that the petitions filed by the Embassy of Mexico and the Asociacion Mexicana de Fabricantes de Cremalleras Automaticas, A.C., be rejected. YKK (USA) contends that the petitioners are inaccurate in claiming that the addition of HTS subheadings 9607.11.00 and 9607.19.00 to the GSP would "correct" an error made in the conversion to the Harmonized System. YKK states that the petitioners seek GSP eligibility for a group of products that were never before granted preferential tariff treatment. YKK also argues that the Mexican Government has failed to submit any data or arguments to support its claim about the necessity of GSP eligibility to enhance the competitiveness of Mexican fasteners in the U.S. market. Finally, YKK claims that the CIF values of Mexican imports

HTS item No.  
9607.11.00

of slide fasteners are lower than prevailing U.S. prices and that GSP duty-free treatment will lead to a decline of U.S. market prices and will increase the adverse impact on the U.S. slide fastener industry.

[Probable economic effects advice deleted].

HTS/ISUSA concordance and ISUSA col. 1 rates of duty, 1984-88

(Percent ad valorem)

<u>HTS item No.</u>	<u>ISUSA item No. (and allocation)</u>	<u>ISUSA col. 1 rate of duty</u>				
		<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
9607.11.00	745.70 (30%)	18.8	17.5	16.3	15	15
	745.72 (20%)	16.9	16.3	15.6	15	15
9607.19.00	745.70 (70%)	18.8	17.5	16.3	15	15
	745.72 (80%)	16.9	16.3	15.6	15	15

HTS Item No.  
96071100 96071900

Table I.

Digest Title: Slide fasteners  
U.S. imports for consumption, principal sources, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Japan.....	7,077	4,202	4,275	4,761	4,885
Taiwan.....	2,169	2,081	2,587	2,790	3,377
Hong Kong.....	111	68	107	235	299
China.....	0	0	0	100	266
Korea.....	61	134	163	133	260
United Kingdom...	183	157	183	178	224
Switzerland.....	161	71	140	118	197
Israel.....	17	72	80	125	172
West Germany.....	105	112	123	189	140
Mexico.....	21	5	0	50	123
Italy.....	59	36	79	87	115
Brazil.....	32	27	33	98	92
France.....	4	31	53	7	27
Canada.....	35	15	18	68	22
Norway.....	1/	0	0	4	4
All other.....	120	108	70	105	6
<b>Total.....</b>	<b>10,156</b>	<b>7,119</b>	<b>7,910</b>	<b>9,046</b>	<b>10,208</b>
<b>GSP Total....</b>	<b>162</b>	<b>181</b>	<b>157</b>	<b>359</b>	<b>392</b>
<b>GSP+4.....</b>	<b>2,504</b>	<b>2,463</b>	<b>3,013</b>	<b>3,517</b>	<b>4,328</b>
Percent					
Japan.....	69.7	59.0	54.0	52.6	47.9
Taiwan.....	21.4	29.2	32.7	30.8	33.1
Hong Kong.....	1.1	.9	1.4	2.6	2.9
China.....	.0	.0	.0	1.1	2.6
Korea.....	.6	1.9	2.1	1.5	2.5
United Kingdom...	1.8	2.2	2.3	2.0	2.2
Switzerland.....	1.6	1.0	1.8	1.3	1.9
Israel.....	.2	1.0	1.0	1.4	1.7
West Germany.....	1.0	1.6	1.6	2.1	1.4
Mexico.....	.2	.1	.0	.6	1.2
Italy.....	.6	.5	1.0	1.0	1.1
Brazil.....	.3	.4	.4	1.1	.9
France.....	1/	.4	.7	.1	.3
Canada.....	.3	.2	.2	.7	.2
Norway.....	1/	.0	.0	1/	1/
All other.....	1.2	1.5	.9	1.2	.1
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>GSP Total....</b>	<b>1.6</b>	<b>2.5</b>	<b>2.0</b>	<b>4.0</b>	<b>3.8</b>
<b>GSP+4.....</b>	<b>24.7</b>	<b>34.6</b>	<b>38.1</b>	<b>38.9</b>	<b>42.4</b>

1/ Less than \$500 or less than 0.1 percent.

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

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

Table II.

Digest Title: Slide fasteners  
U.S. exports of domestic merchandise, by principal markets, 1984-88

Source	1984	1985	1986	1987	1988
Value (1,000 dollars)					
Mexico.....	2,351	2,064	2,718	3,485	3,399
Belize.....	56	67	190	79	419
Korea.....	56	87	101	246	330
Venezuela.....	44	8	0	23	215
Dominican Rep....	395	280	222	834	185
Japan.....	95	139	126	173	166
Jamaica.....	96	33	31	63	154
United Kingdom...	164	21	43	33	140
Romania.....	467	152	177	278	128
Costa Rica.....	73	37	79	80	123
Israel.....	178	88	105	269	117
Canada.....	290	160	168	145	96
Panama.....	70	34	23	40	89
Hong Kong.....	174	114	114	42	87
Guatemala.....	5	16	2	47	86
All other.....	1,339	814	665	529	762
<b>Total.....</b>	<b>5,854</b>	<b>4,114</b>	<b>4,763</b>	<b>6,367</b>	<b>6,497</b>
GSP Total....	4,275	3,244	3,777	5,260	5,199
GSP+4.....	4,531	3,459	4,019	5,558	5,664
Percent					
Mexico.....	40.2	50.2	57.1	54.7	52.3
Belize.....	1.0	1.6	4.0	1.2	6.4
Korea.....	1.0	2.1	2.1	3.9	5.1
Venezuela.....	.7	.2	.0	.4	3.3
Dominican Rep....	6.7	6.8	4.7	13.1	2.9
Japan.....	1.6	3.4	2.6	2.7	2.5
Jamaica.....	1.6	.8	.7	1.0	2.4
United Kingdom...	2.8	.5	.9	.5	2.2
Romania.....	8.0	3.7	3.7	4.4	2.0
Costa Rica.....	1.2	.9	1.7	1.3	1.9
Israel.....	3.0	2.1	2.2	4.2	1.8
Canada.....	5.0	3.9	3.5	2.3	1.5
Panama.....	1.2	.8	.5	.6	1.4
Hong Kong.....	3.0	2.8	2.4	.7	1.3
Guatemala.....	.1	.4	1/	.7	1.3
All other.....	22.9	19.8	14.0	8.3	11.7
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
GSP Total....	73.0	78.9	79.3	82.6	80.0
GSP+4.....	77.4	84.1	84.4	87.3	87.2

1/ Less than \$500 or less than 0.1 percent.

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

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



APPENDIX A

United States Trade Representative Request received  
August 16, 1989, for Probable Effect Advice



THE UNITED STATES TRADE REPRESENTATIVE  
Executive Office of the President  
Washington, D.C. 20508

AUG 15 1989

<p>SECRET NUMBER</p> <p>1521</p> <p>Office of the Secretary Int'l Trade Commission</p>	OFFICE OF THE SECRETARY
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59 AUG 16 P 4: 49

RECEIVED

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

Dear Chairman Brunsdale:

The Trade Policy Staff Committee (TPSC) had recently announced in the Federal Register the acceptance of product petitions for modification of the Generalized System of Preferences (GSP) received as part of the 1989 Annual Review. Modifications to the GSP which may result from this review will be announced in early 1990 and become effective July 1, 1990. In this connection, I am making the requests listed below.

In accordance with sections 503(a) and 131(a) of the Trade Act of 1974 (the 1974 Act), and pursuant to the authority of the President delegated to the United States Trade Representative (USTR) by sections 4(c) and 8(c) and (d) of Executive Order 11846 of March 31, 1975, as amended, I hereby notify the 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 GSP, set forth in Title V of the 1974 Act.

Pursuant to sections 503(a) and 131(a) of the 1974 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 the 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)(1) of the 1974 Act.

Under authority delegated by the President, pursuant to section 332(g) of the Tariff Act of 1930, I further request:

- (a) with respect to each article listed in Part B of the enclosed list, that the Commission provide its advice as to

he Honorable Anne Brunsdale  
age Two

the probable economic effect on United States industries producing like or directly competitive articles and on consumers of a removal of the articles in Part B of the enclosed list from eligibility for duty-free treatment under the GSP;

(b) with respect to each article listed in Part C of the enclosed 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 of the removal of Brazil from eligibility for duty-free treatment under the GSP.

(c) in accordance with section 504(c)(3)(A)(i) of the 1974 Act, that the Commission provide advice as to the probable economic effect on domestic industries producing like or directly competitive articles and on consumers of waiving the competitive need limits for countries specified with respect to the articles in Part D of the enclosed list and for Malaysia with respect to the articles involved in case 89-34 (HTS subheading 8541.40.9060).

(d) that the Commission provide advice as to the probable economic effect on domestic industries producing like or directly competitive articles and on consumers of restoring the competitive need limits specified in section 504(c)(1) of the 1974 Act for Mexico with respect to the articles involved in each of the cases 89-51 (HTS subheading 2005.90.90(pt)), 89-52 (HTS subheading 2203.00.00), 89-54 (HTS subheading 3904.10.00), 89-58 (HTS subheading 7314.19.00), 89-59 (HTS subheading 8421.23.00), 89-60 (HTS subheading 8421.31.00), 89-65 (HTS subheading 8505.19.00), 89-67 (HTS subheading 8523.20.00), 89-76 (HTS subheading 9503.70.80), 89-77 (HTS subheading 9503.90.50), and 89-78 (HTS subheading 9503.90.60), all of the foregoing articles for which Mexico currently is subject to the reduced competitive need limits specified in section 504(c)(2)(B) of the 1974 Act.

(e) in accordance with section 504(d) of the 1974 Act which exempts from one of the competitive need limits in section 504(c) of the 1974 Act articles for which no like or directly competitive article was being produced in the United States on January 3, 1985, that the Commission provide advice with respect to whether products like or directly competitive with the articles in Part A or Part E of the enclosed list or the articles involved in cases 89-49 (HTS subheading 2001.90.40(pt) (Nopalitos)) and 89-51 (HTS subheading 2005.90.90(pt) (Nopalitos)) were being produced in the United States on January 3, 1985.

The Honorable Anne Brunsdale  
Page Three

Under the provisions of the 1974 Act, the Commission has six months to provide the advice requested herein pursuant to sections 503(a) and 131(a) of the 1974 Act 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, 1989, in order to permit any actions to be taken on these items to be included in a presidential proclamation which should be issued in early April 1990.

In accordance with USTR policy, I direct you to mark as "Confidential" such portions of the Commission's report and its working papers as my Office will identify in a classification guide. Information Security Oversight Office Directive No. 1, section 2001.21 (implementing Executive Order 12356, sections 2.1 and 2.2) requires that classification guides identify or categorize the elements of information which require protection. Accordingly, I request that you provide my Office with an outline of this report as soon as possible. Based on this outline and my Office's knowledge of the information to be covered in the report, a USTR official with original classification authority will provide detailed instructions.

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

Sincerely,



Carla A. Hills

CAHL:mbw

## Annex

Case No.	HTS Subheading <sup>1/</sup>	Article	Petitioner
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(The bracketed language in this list has been included only to clarify the scope of the numbered subheadings which are being considered, and such language is not itself intended to describe articles which are under consideration.)

A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences.

		Vegetables (uncooked or cooked by steaming or boiling in water), frozen: Leguminous vegetables, shelled or unshelled: Beans ( <i>Vigna</i> spp., <i>Phaseolus</i> spp.): Not reduced in size: String beans (snap beans)	Government of Peru
89-1	0710.22.30(pt.)		
		Fruit and nuts, uncooked or cooked by steaming or boiling in water, frozen, whether or not containing added sugar or other sweetening matter: (Articles provided for in subheadings 0811.10.00 thru 0811.20.40)	
		Other: Papayas	do.
89-2	0811.90.40		
89-3	0811.90.60(pt.)	Mangoes	do.
		Cereal flours other than of wheat or meslin: (Rye flour; corn (maize) flour; rice flour) Other: (Buckwheat flour) Other: Mixtures	
89-4	1102.90.40(pt.)		do.
		Cereal grains otherwise worked (for example, hulled, rolled, flaked, pearled, sliced or kibbled), except rice of heading 1006; germ of cereals, whole, rolled, flaked or ground: (Rolled or flaked grains) Other worked grains (for example, hulled, pearled, sliced or kibbled): (Of barley; of oats; of corn (maize)) Of other cereals	
89-5	1104.29.00		do.
		Sunflower-seed, safflower or cottonseed oil, and fractions thereof, whether or not refined, but not chemically modified: Sunflower-seed or safflower oil and fractions thereof: Crude oil: Safflower oil	
89-6	1512.11.0040		Oilseeds International, Ltd., San Francisco, CA; Producers Cotton Oil, Co., Fresno, CA; Safflower Seed & Oil California Oils Corp., Richmond, CA

<sup>1/</sup> Harmonized Tariff Schedule of the United States.

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Case No.	HTS Subheading <sup>1/</sup>	Article	Petitioner
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[The bracketed language in this list has been included only to clarify the scope of the numbered subheadings which are being considered, and such language is not itself intended to describe articles which are under consideration.]

A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences. (con.)

		Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, frozen: Potatoes:	
89-7	2004.10.00(pt.)	Yellow (Solano) potatoes	Government of Colombia
		Jams, fruit jellies, marmalades, fruit or nut puree and fruit or nut pastes, being cooked preparations, whether or not containing added sugar or other sweetening matter: [Homogenized preparations] Other: [Citrus fruit] Other: Pastes and purees: [Apple, quince and pear; guava and mango]	
89-8	2007.99.55	Papaya	Government of the Philippines
89-9	2007.99.65	[Strawberry] Other	do.
		Vegetable materials and vegetable waste, vegetable residues and byproducts, whether or not in the form of pellets, of a kind used in animal feeding, not elsewhere specified or included: [Acorns and horse-chestnuts] Other:	
89-10	2308.90.60(pt.)	Dehydrated marigolds	Government of Peru
		Carboxamide-function compounds; amide-function compounds of carbonic acid: Cyclic amides (including cyclic carbamates) and their derivatives; salts thereof: [Ureines and their derivatives; salts thereof] Other: Aromatic: [Articles provided for in subheading 2924.29.05 thru 2924.29.14] Other: [Pesticides; fast color bases; drugs]	
89-11	2924.29.40(pt.)	Other: 5-Bromoacetyl-2-salicylamide	Sour Pliva, Yugoslavia

<sup>1/</sup> Harmonized Tariff Schedule of the United States.

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Case No.	HTS Subheading 1/	Article	Petitioner
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A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences. (con.)

## Sulfonamides:

[Articles provided for in subheadings 2935.00.05 thru 2935.00.15]

## Other:

## Drugs:

[Anti-infective agents]

## Other:

89-12 2935.00.45(pt.)

N-[5-(Aminosulfonyl)-1,3,4-thia-  
diazol-2-yl]acetamide

Sour Pliva,  
Yugoslavia

Modeling pastes, including those put up for children's amusement; preparations known as "dental wax" or as "dental impression compounds", put up in sets, in packings for retail sale or in plates, horseshoe shapes, sticks or similar forms; other preparations for use in dentistry, with a basis of plaster (of calcined gypsum or calcium sulfate):

89-13 3407.00.00(pt.)

Modeling pastes, including those put up for children's amusement

American Art Clay Co., Inc.,  
Indianapolis, IN;  
Industrias Isemarf S.A.,  
Mexico

Prepared rubber accelerators; compound plasticizers for rubber or plastics, not elsewhere specified or included; antioxidizing preparations and other compound stabilizers for rubber or plastics:

Antioxidizing preparations and other compound stabilizers for rubber or plastics:

Containing any aromatic or modified aromatic antioxidant or other stabilizer:

89-14 3812.30.10(pt.)

Mixtures of N,N'-diaryl-p-  
phenylenediamines

Novaquim, S.A. de C.V.,  
Mexico

Synthetic staple fibers, not carded, combed or otherwise processed for spinning:

89-15 5503.40.00

Of polypropylene

Fitesa, S.A.,  
Brazil

Gloves, mittens and mitts, knitted or crocheted:

Gloves, mittens and mitts, impregnated, coated or covered with plastics or rubber:

[Ski or snowmobile gloves, mittens and mitts]

Other:

[Without fourchettes]

With fourchettes:

89-16 6116.10.4505

Specially designed for use in  
sports

Government of the Philippines

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Case No.	HTS Subheading <sup>1/</sup>	Article	Petitioner
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[The bracketed language in this list has been included only to clarify the scope of the numbered subheadings which are being considered, and such language is not itself intended to describe articles which are under consideration.]

A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences. (con.)

Case No.	HTS Subheading <sup>1/</sup>	Article	Petitioner
		Gloves, mittens and mitts: Impregnated, coated or covered with plastics or rubber: [Ski or snowmobile gloves, mittens and mitts] Other: Without fourchettes: [Cut and sewn from pre-existing machine-woven fabric that is impregnated, coated or covered with plastics or rubber] Other:	
89-17	6216.00.2505	Specially designed for use in sports	Government of the Philippines
89-18	6216.00.3005	With fourchettes: Specially designed for use in sports Other: Of man-made fibers: [Ski or snowmobile gloves, mittens and mitts] Other:	do.
89-19	6216.00.4805	Specially designed for use in sports	do.
		Other furnishing articles, excluding those of heading 9404: [Bedspreads] Other: [Articles provided for in subheadings 6304.91.00 thru 6304.93.00] Not knitted or crocheted, of other textile materials: [Wall hangings of wool or fine animal hair] Other: Of vegetable fibers (except cotton):	
89-20	6304.99.20(pt.)	Wall hangings of jute	Intercontinental Art, Inc., Gardena, CA

<sup>1/</sup> Harmonized Tariff Schedule of the United States.

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Case No.	HTS Subheading <sup>1/</sup>	Article	Petitioner
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[The bracketed language in this list has been included only to clarify the scope of the numbered subheadings which are being considered, and such language is not itself intended to describe articles which are under consideration.]

A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences. (con.)

Tableware, kitchenware, other household articles and toilet articles, of porcelain or china:

Tableware and kitchenware:

[Hotel or restaurant ware and other ware not household ware]

Other:

[Of bone chinaware]

Other:

[Articles provided for in subheadings 6911.10.35 and 6911.10.39]

Other:

[Articles provided for in subheadings 6911.10.41 thru 6911.10.49]

89-21 6911.10.50(pt.)

Serviette rings

Government of the Philippines

Ceramic tableware, kitchenware, other household articles and toilet articles, other than of porcelain or china:

Tableware and kitchenware:

[Articles provided for in subheading 6912.00.10]

Other:

[Hotel or restaurant ware and other ware not household ware]

Other:

[Articles provided for in subheadings 6912.00.35 and 6912.00.39]

Other:

[Articles provided for in subheadings 6912.00.41 thru 6912.00.47]

89-22 6912.00.49(pt.)

Serviette rings

do.

<sup>1/</sup> Harmonized Tariff Schedule of the United States.

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Case No.	HTS Subheading <sup>1/</sup>	Article	Petitioner
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[The bracketed language in this list has been included only to clarify the scope of the numbered subheadings which are being considered, and such language is not itself intended to describe articles which are under consideration.]

A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences. (con.)

		Float glass and surface ground or polished glass, in sheets, whether or not having an absorbent or reflecting layer, but not otherwise worked: [Nonwired glass, having an absorbent or reflecting layer]	
		Other nonwired glass: Colored throughout the mass (body tinted), opacified, flashed or merely surface ground: Measuring less than 10 mm in thickness	
89-23	7005.21.10		Government of Mexico; Vidrio Plano de Mexico, S.A., Mexico; Vitro Flotado, S.A., Mexico
89-24	7005.21.20	Measuring 10 mm or more in thickness Other: Measuring less than 10 mm in thickness: Measuring not over 0.65 m <sup>2</sup> in area:	do.
89-25	7005.29.0510	Measuring not over 0.26 m <sup>2</sup> in area	do.
89-26	7005.29.15	Measuring over 0.65 m <sup>2</sup> in area	do.
89-27	7005.29.25	Measuring 10 mm or more in thickness	do.
		Glassware of a kind used for table, kitchen, toilet, office, indoor decoration or similar purposes (other than that of heading 7010 or 7018): [Articles provided for in subheadings 7013.10.10 thru 7013.39.60]	
		Other glassware: [Of lead crystal] Other: [Articles provided for in subheadings 7013.99.10 and 7013.99.20]	
		Other: [Articles provided for in subheadings 7013.99.30 and 7013.99.35]	
		Other: Valued over \$0.30 but not over \$3 each: Globe-shaped bowls	
89-28	7013.99.50(pt.)		Crisa Corporation, Laredo, TX; Vitrocristalera, S.A. de C.V., Mexico

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<sup>1/</sup> Harmonized Tariff Schedule of the United States.

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Case No.	HTS Subheading <sup>1/</sup>	Article	Petitioner
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[The bracketed language in this list has been included only to clarify the scope of the numbered subheadings which are being considered, and such language is not itself intended to describe articles which are under consideration.]

A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences. (con.)

89-29	7614.90.10(pt.)	Stranded wire, cables, plaited bands and the like, including slings and similar articles, of aluminum, not electrically insulated: [With steel core] Other: Not fitted with fittings and not made up into articles: Electrical conductors	Government of Venezuela; General Cable Company, Greenwich, CT;
89-30	8528.10.8055	Television receivers (including video monitors and video projection television receivers), whether or not combined, in the same housing, with radiobroadcast receivers or sound or video recording or reproducing apparatus: Color: [Video recording or reproducing apparatus incorporating a television tuner]  Other television receivers: Not having a picture tube: Apparatus for the reception of television signals relayed by television satellite	Uniden Corporation of America, Fort Worth, TX
89-31	8532.10.00	Electrical capacitors, fixed, variable or adjustable (pre-set); parts thereof: Fixed capacitors designed for use in 50/60 Hz circuits and having a reactive power handling capacity of not less than 0.5 kvar (power capacitors)	ABB Capacitores, S.A. de C.V., Mexico
89-32	8532.25.00	Other fixed capacitors: [Articles provided subheadings 8532.21.00 thru 8532.24.00]  Dielectric of paper or plastics	do.
89-33	8532.29.00	Other	do.

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Case No.	HTS Subheading <sup>1/</sup>	Article	Petitioner
<p>(The bracketed language in this list has been included only to clarify the scope of the numbered subheadings which are being considered, and such language is not itself intended to describe articles which are under consideration.)</p>			
<p>Diodes, transistors and similar semiconductor devices; photosensitive semiconductor devices, including photovoltaic cells whether or not assembled in modules or made up into panels; light-emitting diodes; mounted piezoelectric crystals; parts thereof:</p>			
<p>Photosensitive semiconductor devices, including photovoltaic cells whether or not assembled in modules or made up into panels; light-emitting diodes:</p>			
<p>[Light-emitting diodes (LED's); other diodes; transistors]</p>			
<p>Other:</p>			
89-34	8541.40.9060	Optical coupled isolators <sup>2/</sup>	Siemens Components, Inc., Cupertino, CA
<p>Slide fasteners and parts thereof:</p>			
<p>Slide fasteners:</p>			
89-35	9607.11.00	Fitted with chain scoops of base metal	Government of Mexico; Asociacion Mexicana de Fabricantes de Cremalleras Automaticas, A.C., Mexico
89-36	9607.19.00	Other	do.
<p><u>B. Petitions to remove products from the list of eligible articles for the Generalized System of Preferences.</u></p>			
<p>Chlorides, chloride oxides and chloride hydroxides; bromides and bromide oxides; iodides and iodide oxides: Bromides and bromide oxides:</p>			
<p>Bromides of sodium or of potassium:</p>			
89-37	2827.51.10	Of sodium	Ethyl Corporation, Richmond, VA; Great Lakes Chemical Corporation, West Lafayette, IN
<p>Acyclic alcohols and their halogenated, sulfonated, nitrated or nitrosated derivatives:</p>			
<p>(Saturated monohydric alcohols; unsaturated monohydric alcohols; diols)</p>			
<p>Other polyhydric alcohols:</p>			
89-38	2905.44.00	D-glucitol (Sorbitol)	ICI Americas Inc., Wilmington, DE

<sup>1/</sup> Harmonized Tariff Schedule of the United States.<sup>2/</sup> Waiver of competitive need limit for Malaysia also requested for optical coupled isolators in HTS 8541.40.9060.

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Case No.	HTS Subheading <sup>1/</sup>	Article	Petitioner
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[The bracketed language in this list has been included only to clarify the scope of the numbered subheadings which are being considered, and such language is not itself intended to describe articles which are under consideration.]

B. Petitions to remove products from the list of eligible articles for the Generalized System of Preferences. (con.)

89-39	3503.00.50	<p>Gelatin (including gelatin in rectangular (including square) sheets, whether or not surface-worked or colored) and gelatin derivatives; isinglass; other glues of animal origin, excluding casein glues of heading 3501:  [Fish glue; inedible gelatin and animal glue valued under 88 cents per kg]</p> <p>Other</p>	Hudson Industries Corporation, West Orange, NJ
89-40	3506.99.00	<p>Prepared glues and other prepared adhesives, not elsewhere specified or included; products suitable for use as glues or adhesives, put up for retail sale as glues or adhesives, not exceeding a net weight of 1 kg:  [Products suitable for use as glues or adhesives, put up for retail sale as glues or adhesives, not exceeding a net weight of 1 kg]</p> <p>Other:  [Adhesives based on rubber or plastics (including artificial resins)]</p>	do.
89-41	3912.20.00	<p>Cellulose and its chemical derivatives, not elsewhere specified or included, in primary forms:  Cellulose nitrates (including collodions)</p>	Hercules Incorporated, Wilmington, DE
89-42	7312.10.50	<p>Stranded wire, ropes, cables, plaited bands, slings and the like, of iron or steel, not electrically insulated:  Stranded wire, ropes and cables:  [Stranded wire]  Ropes, cables, and cordage other than stranded wire:  Of stainless steel:  Fitted with fittings or made up into articles</p>	Committee of Domestic Steel Wire Rope and Specialty Cable Manufacturers, Washington, DC
89-43	7312.10.60	Other	do.

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Case No.	HTS Subheading <sup>1/</sup>	Article	Petitioner
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B. Petitions to remove products from the list of eligible articles for the Generalized System of Preferences. (con.)

		Stranded wire, ropes, cables, plaited bands, slings and the like, of iron or steel, not electrically insulated (con.):	
		Stranded wire, ropes and cables (con.):	
		Ropes, cables, and cordage other than stranded wire (con.):	
		Other:	
89-44	7312.10.70	Fitted with fittings or made up into articles	Committee of Domestic Steel Rope and Specialty Cable Manufacturers, Washington, DC
		Other:	
		[Of brass plated wire]	
89-45	7312.10.90	Other	do.
		Electric storage batteries, including separators therefor, whether or not rectangular (including square); parts thereof:	
		Lead-acid storage batteries, of a kind used for starting piston engines:	
		[Used batteries, for recovery of metal]	
		Other:	
		12 V batteries:	
89-46	8507.10.0060	Exceeding 6 kg in weight	U.S. Battery Trade Council, Washington, DC

C. Petition 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. <sup>2/</sup>

		Acyclic alcohols and their halogenated, sulfonated, nitrated or nitrosated derivatives:	
		[Saturated monohydric alcohols; unsaturated monohydric alcohols; diols]	
		Other polyhydric alcohols:	
89-47	2905.43.00 (Brazil)	Mannitol	ICI Americas Inc., Wilmington, DE

<sup>1/</sup> Harmonized Tariff Schedule of the United States.

<sup>2/</sup> The country named is the beneficiary developing country specified by the petitioner. While the Trade Policy Committee (TPSC) review will focus on that country, the TPSC reserves the right to address removal of GSP status countries other than those specified by the petitioner.

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Case No.	HTS Subheading 1/	Article	Petitioner
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[The bracketed language in this list has been included only to clarify the scope of the numbered subheadings which are being considered, and such language is not itself intended to describe articles which are under consideration.]

D. Petitions for waiver of competitive need limit for a product on the list of eligible products for the Generalized System of Preferences.

		Vegetables provisionally preserved (for example, by sulfur dioxide gas, in brine, in sulfur water or in other preservative solutions), but unsuitable in that state for immediate consumption: [Onions; olives; capers; cucumbers including gherkins]	
89-48	0711.90.60(pt.) (Mexico)	Other vegetables; mixtures of vegetables: Jalapeno or serrano chili peppers	Camara Nacional de la Industria de Conservas Alimenticias, Mexico
		Vegetables, fruit, nuts and other edible parts of plants, prepared or preserved by vinegar or acetic acid: [Cucumbers including gherkins; onions] Other: [Capers] Other: Vegetables: Nopalitos 2/	
89-49	2001.90.40(pt.) (Mexico)		Government of Mexico; Empacadora San Marcos, S.A. de C.V., Mexico
89-50	2001.90.40(pt.) (Mexico)	Jalapeno or serrano chili peppers	Camara Nacional de la Industria de Conservas Alimenticias, Mexico
		Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen: [Articles provided for in subheadings 2005.10.00 thru 2005.80.00]	
89-51	2005.90.90(pt.) (Mexico)	Other vegetables and mixtures of vegetables: Nopalitos 2/	McCormick & Company, Incorporated Hunt Valley, MD; Festin Foods Corporation, Carlsbad, CA
89-52	2203.00.00 (Mexico)	Beer made from malt	Government of Mexico; Cerveceria Cuauhtemoc, S.A. de C.V., Mexico; Cerveceria Moctezuma, S.A. de C.V., Mexico

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1/ Harmonized Tariff Schedule of the United States.

2/ 504(d) waiver also requested for nopalitos in HTS 2001.90.40 or HTS 2005.90.90.

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Case No.	HTS Subheading <sup>1/</sup>	Article	Petitioner
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D. Petitions for waiver of competitive need limit for a product on the list of eligible products for the Generalized System of Preferences. (con.)

		Polymers of styrene, in primary forms: Polystyrene: (Expendable) Other	
89-53	3903.19.00 (Mexico)		Government of Mexico; Industrias Resistol, S.A. Mexico; Poliestireno Y Derivados, S.A. de C.V., Mexico; Polioles, S.A. de C.V., Mexico
		Polymers of vinyl chloride or of other halogenated olefins, in primary forms: Polyvinyl chloride, not mixed with any other substances	
89-54	3904.10.00 (Mexico)		Government of Mexico; Grupo Primex, S.A. de C.V., Mexico
		Toilet paper, handkerchiefs, cleansing tissues, towels, tablecloths, table napkins, diapers, tampons, bed sheets and similar household, sanitary or hospital articles, articles of apparel and clothing accessories, of paper pulp, paper, cellulose wadding or webs of cellulose fibers: Toilet paper	
89-55	4818.10.00 (Mexico)		Government of Mexico; Cia. Industrial San Cristobal, S.A., Mexico; Kimberly-Clark Corporation, Irving, TX; Kimberly-Clark de Mexico, S.A. de C.V., Mexico; Productos San Cristobal, S.A. de C.V., Mexico; Scott Paper Company, Philadelphia, PA
89-56	4818.20.00 (Mexico)	Handkerchiefs, cleansing or facial tissues and towels	do.
89-57	4818.30.00 (Mexico)	Tablecloths and table napkins	do.

<sup>1/</sup> Harmonized Tariff Schedule of the United States.

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Case No.	HTS Subheading <sup>1/</sup>	Article	Petitioner
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D. Petitions for waiver of competitive need limit for a product on the list of eligible products for the Generalized System of Preferences. (con.)

89-58	7314.19.00 (Mexico)	Cloth (including endless bands), grill, netting and fencing, of iron or steel wire; expanded metal of iron or steel: Woven products: [Of stainless steel] Other	Government of Mexico; DEACERO, S.A. de C.V., Mexico
89-59	8421.23.00 (Mexico)	Centrifuges, including centrifugal dryers; filtering or purifying machinery and apparatus, for liquids or gases; parts thereof: Filtering or purifying machinery and apparatus for liquids: Oil or fuel filters for internal combustion engines	Government of Mexico; Gonher, Mexico
89-60	8421.31.00 (Mexico)	Filtering or purifying machinery and apparatus for gases: Intake air filters for internal combustion engines	do.
89-61	8471.20.00 (Mexico)	Automatic data processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified or included: [Analog or hybrid automatic data processing machines]	Government of Mexico; IBM de Mexico, S.A., Mexico
89-62	8471.91.00 (Mexico)	Other: Digital processing units, whether or not entered with the rest of a system, which may contain in the same housing one or two of the following types of units: storage units, input units, output units	do.
89-63	8471.99.30 (Malaysia)	[Articles provided for in subheadings 8471.92.10 thru 8471.93.60] Other: Power supplies	Astec U.S.A. (HK) Ltd., Santa Clara, CA

<sup>1/</sup> Harmonized Tariff Schedule of the United States.

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Case No.	HTS Subheading 1/	Article	Petitioner
[The bracketed language in this list has been included only to clarify the scope of the numbered subheadings which are being considered, and such language is not itself intended to describe articles which are under consideration.]			
<b>D. <u>Petitions for waiver of competitive need limit for a product on the list of eligible products for the Generalized System of Preferences.</u> (con.)</b>			
89-64	8504.40.00 (Malaysia)	Electrical transformers, static converters (for example, rectifiers) and inductors; parts thereof: Static converters	Astec U.S.A. (HK) Ltd., Santa Clara, CA
89-65	8505.19.00 (Mexico)	Electromagnets; permanent magnets and articles intended to become permanent magnets after magnetization; electromagnetic or permanent magnet chucks, clamps and similar holding devices; electromagnetic couplings, clutches and brakes; electromagnetic lifting heads; parts thereof: Permanent magnets and articles intended to become permanent magnets after magnetization: [Of metal] Other	General Motors Corporation, Rochester, NY
89-66	8511.30.00 (Mexico)	Electrical ignition or starting equipment of a kind used for spark-ignition or compression-ignition internal combustion engines (for example, ignition magnetos, magneto-dynamos, ignition coils, spark plugs and glow plugs, starter motors); generators (for example, dynamos, alternators) and cut-outs of a kind used in conjunction with such engines; parts thereof: Distributors; ignition coils	Government of Mexico; Bobinadores Unidos, S.A. de C.V., Mexico
89-67	8523.20.00 (Mexico)	Prepared unrecorded media for sound recording or similar recording of other phenomena, other than products of chapter 37: Magnetic discs	Government of Mexico; Aurex, S.A. de C.V., Mexico
89-68	8525.20.30 (Malaysia)	Transmission apparatus for radiotelephony, radiotelegraphy, radiobroadcasting or television, whether or not incorporating reception apparatus or sound recording or reproducing apparatus; television cameras: Transmission apparatus incorporating reception apparatus: Transceivers: [Articles provided for in subheadings 8525.20.05 thru 8525.20.20] Other	Motorola Inc., Schaumburg, IL

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Case No.	HTS Subheading <sup>1/</sup>	Article	Petitioner
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D. Petitions for waiver of competitive need limit for a product on the list of eligible products for the Generalized System of Preferences. (con.)

89-69	8605.00.00 (Mexico)	Railway or tramway passenger coaches, not self-propelled; luggage vans, post office coaches and other special purpose railway or tramway coaches, not self-propelled (excluding those of heading 8604)	Government of Mexico; Constructora Nacional de Carros de Ferrocarril, Mexico
89-70	8606.10.00 (Mexico)	Railway or tramway freight cars, not self-propelled: Tank cars and the like	do.
89-71	8606.20.00 (Mexico)	Insulated or refrigerated cars, other than those of subheading 8606.10	do.
89-72	8606.30.00 (Mexico)	Self-discharging cars, other than those of subheading 8606.10 or 8606.20	do.
89-73	8606.91.00 (Mexico)	Other: Covered and closed	do.
89-74	8606.92.00 (Mexico)	Open, with non-removable sides of a height exceeding 60 cm	do.
89-75	8606.99.00 (Mexico)	Other	do.
		Other toys; reduced-size ("scale") models and similar recreational models, working or not; puzzles of all kinds; parts and accessories thereof: [Articles provided for in subheadings 9503.10.00 thru 9503.60.00]	
		Other toys, put up in sets or outfits, and parts and accessories thereof: [Toy tea sets of ceramic ware made to the approximate scale of 1 to 10 or larger]	
89-76	9503.70.80 (Mexico)	Other: [Toy alphabet blocks] Other	Mattel Inc., Hawthorne, CA; Tonka Corporation, Minnetonka, MN
		[Other toys and models, incorporating a motor, and parts and accessories thereof]	

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Case No.	HTS Subheading <sup>1/</sup>	Article	Petitioner
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[The bracketed language in this list has been included only to clarify the scope of the numbered subheadings which are being considered, and such language is not itself intended to describe articles which are under consideration.]

D. Petitions for waiver of competitive need limit for a product on the list of eligible products for the Generalized System of Preferences. (con.)

		Other toys; reduced-size ("scale") models and similar recreational models, working or not; puzzles of all kinds; parts and accessories thereof (con.): Other: (Kites) Other:	
89-77	9503.90.50 (Mexico)	Inflatable toy balls, balloons and punchballs	Government of Mexico; Latex Occidental, S.A. de C.V., Mexico
89-78	9503.90.60 (Mexico)	Other toys (except models), not having a spring mechanism	Mattel Inc., Nawthorne, CA; Tonka Corporation, Minnetonka, MN

E. Petition pursuant to section 504(d) of the Trade Act of 1974 to determine an eligible article as not like or directly competitive with any article produced in the United States on January 3, 1985, in order to avoid loss of GSP duty-free treatment under the provisions of section 504(c)(1)(B) of the Trade Act of 1974.

		Other fixed vegetable fats and oils (including jojoba oil) and their fractions, whether or not refined, but not chemically modified: Castor oil and its fractions: Crude oil	
89-79	1515.30.00(pt.)		Alnor Oil Company, Inc., Valley Stream, NY; Caschem, Inc., Bayonne, NJ; Union Camp Corporation, Wayne, NJ
		Lamps and lighting fittings including searchlights and spotlights and parts thereof, not elsewhere specified or included; illuminated signs, illuminated nameplates and the like, having a permanently fixed light source, and parts thereof not elsewhere specified or included: [Articles provided for in subheadings 9405.10.40 thru 9405.60.60]  Parts: Of glass: Globes and shades: Of lead crystal	
89-80	9405.91.20(pt.)		Crisa Corporation, Laredo, TX; Philip Goldin Associates, Inc., Baldwin, NY; Vitrocrista Kristal, S.A., Mexico

<sup>1/</sup> Harmonized Tariff Schedule of the United States.



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APPENDIX B

U.S. International Trade Commission Notice of  
Investigation and Hearing

B-1



UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, D.C.

(TA-503(a)-18 and 332-279)

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 16, 1989, of a request from the U.S. Trade Representative, the Commission instituted investigation No. TA-503(a)-18 and 332-279 under sections 503(a) and 131(a) 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" limits specified in section 504(c)(1) of the 1974 Act.
- (2) Under authority delegated by the President, pursuant to section 332(g) of the Tariff Act, to advise the President--
  - (A) with respect to each article listed in Part B 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 removal of the articles in Part B from eligibility for duty-free treatment under the GSP;
  - (B) with respect to the article listed in Part C 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 removal of Brazil from eligibility for duty-free treatment under the GSP;

- (C) in accordance with section 504(c)(3)(A)(i) of the Trade Act, as to the probable economic effect on domestic industries producing like or directly competitive articles and on consumers of waiving the competitive need limits for countries specified with respect to the articles listed in Part D of the attached Annex and for Malaysia with respect to the articles provided for in HTS 8541.40.9060;
- (D) as to the probable economic effect on domestic industries producing like or directly competitive articles and on consumers of restoring the competitive need limits specified in section 504(c)(1) of the 1974 Act for Mexico with respect to the articles listed in Part F of the attached Annex, all of the foregoing articles for which Mexico currently is subject to the reduced competitive need limits specified in section 504(c)(2)(B) of the 1974 Act;
- (E) in accordance with section 504(d) of the 1974 Act, which exempts from one of the competitive need limits in section 504(c) of the 1974 Act articles for which no like or directly competitive article was being produced in the United States on January 3, 1985, as to whether products like or directly competitive with the articles in Part A or Part E of the attached Annex were being produced in the United States on January 3, 1985.

**EFFECTIVE DATE:** August 29, 1989

**FOR FURTHER INFORMATION CONTACT:**

- (1) Agricultural products, Mr. C. B. Stahmer (202-252-1321)
- (2) Textiles and apparel, Mr. Larry Butler (202-252-1470)
- (3) Chemical products, Ms. Elizabeth Nesbitt (202-252-1355)
- (4) Minerals and metals, Ms. Deborah McNay (202-252-1425)
- (5) Machinery and equipment, Ms. Kathleen Lahey (202-252-1409)
- (6) General manufactures, Mr. Eric Langer (202-252-1497)

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 202-252-1091.

**BACKGROUND:** The USTR announced the items which have been sent to the Commission for probable economic effect advice in the Federal Register of August 10, 1989.

**PUBLIC HEARING:** A public hearing in connection with the investigation will be held in the Commission Hearing Room, 500 E Street SW., Washington, DC 20436, beginning at 9:30 a.m. on October 3, 1989 and continuing as required on October 4 and 5. 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, 500 E St., SW., Washington, DC 20436, not later than noon, September 22, 1989. Posthearing briefs must be filed by October 11, 1989.

**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 October 2, 1989. 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) 252-1810.

By order of the Commission.



Kenneth R. Mason  
Secretary

Attachment

Issued: August 31, 1989

Annex I (HTS Item Numbers) <sup>1</sup>

## A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences.

0710.22.30(pt.)	3407.00.00(pt.)	7005.29.0510
0811.90.40	3812.30.10(pt.)	7005.29.15
0811.90.60(pt.)	5503.40.00	7005.29.25
1102.90.40(pt.)	6116.10.4505	7013.99.50(pt.)
1104.29.00	6216.00.2505	7614.90.10(pt.)
1512.11.0040	6216.00.3005	8528.10.8055
2004.10.00(pt.)	6216.00.4805	8532.10.00
2007.99.55	6304.99.20(pt.)	8532.25.00
2007.99.65	6911.10.50(pt.)	8532.29.00
2308.90.60(pt.)	6912.00.49(pt.)	8541.40.9060
2924.29.40(pt.)	7005.21.10	9607.11.00
2935.00.45(pt.)	7005.21.20	9607.19.00

## B. Petitions to remove products from the list of eligible articles for the Generalized System of Preferences.

2827.51.10	3912.20.00	7312.10.70
2905.44.00	7312.10.50	7312.10.90
3503.00.50	7312.10.60	8507.10.0060
3506.99.00		

## C. Petition 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.

2905.43.00 (Brazil) <sup>2</sup>

## D. Petitions for waiver of competitive need limit for a product on the list of eligible products for the Generalized System of Preference.

0711.90.60(pt.) (Mexico)	8421.23.00	(Mexico)	8605.00.00	(Mexico)
2001.90.40(pt.) (Mexico)	8421.31.00	(Mexico)	8606.10.00	(Mexico)
2001.90.40(pt.) (Mexico)	8471.20.00	(Mexico)	8606.20.00	(Mexico)
2005.90.90(pt.) (Mexico)	8471.91.00	(Mexico)	8606.30.00	(Mexico)
2203.00.00 (Mexico)	8471.99.30	(Malaysia)	8606.91.00	(Mexico)
3903.19.00 (Mexico)	8504.40.00	(Malaysia)	8606.92.00	(Mexico)
3904.10.00 (Mexico)	8505.19.00	(Mexico)	8606.99.00	(Mexico)
4818.10.00 (Mexico)	8511.30.00	(Mexico)	9503.70.80	(Mexico)
4818.20.00 (Mexico)	8523.20.00	(Mexico)	9503.90.50	(Mexico)
4818.30.00 (Mexico)	8525.20.30	(Malaysia)	9503.90.60	(Mexico)
7314.19.00 (Mexico)	8541.40.9060	(Malaysia)		

<sup>1</sup> See USTR Federal Register notice of August 10, 1989, (54 F.R. 32891) for article descriptions.

<sup>2</sup> The country named is the beneficiary developing country specified by the petitioner. The TPSC reserves the right to address removal of GSP status for countries in addition to those specified by the petitioner.

**E. Petitions to determine an eligible article as not like or directly competitive with any article produced in the United States on January 3, 1985.**

1515.30.00(pt.)  
 2001.90.40(pt.)  
 2005.90.90(pt.)  
 9405.91.20(pt.)

**F. Restoring the competitive need limits is being considered for the following articles from Mexico.**

2005.90.90(pt.)	8421.23.00	9503.70.80
2203.00.00	8421.31.00	9503.90.50
3904.10.00	8505.19.00	9503.90.60
7314.19.00	8523.20.00	



APPENDIX C

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 hearing:

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

Inv. Nos. : TA-503(a)-18 and 332-279

Date and Time : October 3-4, 1989

PETITIONS TO ADD PRODUCTS TO THE LIST OF ELIGIBLE ARTICLES FOR THE GENERALIZED SYSTEM OF PREFERENCES:

WITNESS AND ORGANIZATION

PRODUCT

Brownstein Zeidman and Schomer  
Washington, D.C.  
On behalf of

Tissue Paper

Kimberly-Clark de Mexico, S.A. de C.V.

Kimberly-Clark Corporation

Richard H. Kimberly

Cia. Industrial San Cristobal, S.A.

Scott Paper Company

Charles Hill

Donald S. Stein )  
 )--OF COUNSEL  
Irwin P. Altschuler )

Barnes & Thornburg  
Washington, D.C.  
On behalf of

Globe-Shaped  
Bowls

Indiana Glass Company

Jerry Vanden Eynden, Vice President

Randolph J. Stayin)--OF COUNSEL

Barnes & Thornburg  
Washington, D.C.  
On behalf of

Globe-Shaped  
Bowls

Mid-Atlantic of West Virginia, Inc.

Ronald Spencer, President

Michael T. Hall, Vice President

Randolph J. Stayin)--OF COUNSEL

Brownstein Zeidman and Schomer  
Washington, D.C.  
On behalf of

Glass Bubble  
Bowls

Vitrocrista Cristaleria, S.A. de C.V.  
Monterrey, Mexico

Crisa Corporation  
Laredo, Texas

Jim Hughes

Mark Glazer

Oscar Frias

Max Reikes

Donald S. Stein )  
 )--OF COUNSEL  
Irwin P. Altschuler )

Sidley & Austin  
Washington, D.C.  
On behalf of

Glass Bubble  
Bowls

Anchor Hocking Glass Company

Dale Matschullat, Vice President,  
Newell Company

Patricia A. Zinski)--OF COUNSEL

Brownstein Zeidman and Schomer  
Washington, D.C.  
On behalf of

Clear & Colored  
Float Glass

Vidrio Plano de Mexico, S.A.  
Mexico City, Mexico

Vitro Flotado, S.A.  
Monterey, Mexico

Sentinel Holdings, Inc.  
Miami, Florida

Othon De La Garza

Federico Mellado

Donald S. Stein     )  
                                  )--OF COUNSEL  
Irwin P. Altschuler )

Stewart & Stewart  
Washington, D.C.  
On behalf of

Float Glass

PPG Industries, Inc.

Terence P. Stewart )  
                                  )--OF COUNSEL  
David Scott Nance    )

Brownstein Zeidman and Schomer  
Washington, D.C.  
On behalf of

Lead Crystal  
Globes & Shades

Vitrocrista Kristal, S.A.  
Monterrey, Mexico

Crista Corporation  
Laredo, Texas

Jim Hughes

Philip Goldin Associates  
Baldwin, New York

Larry Zimmerman  
Donald S. Stein        )  
                          )--OF COUNSEL  
Irwin P. Altschuler )

Brownstein Zeidman and Schomer  
Washington, D.C.  
On behalf of

Polystyrene

Industrias Resistol, S.A., Mexico City

Poliolles, S.A. de C.V., Mexico City

Tracy Rogers

Donald S. Stein        )  
                          )--OF COUNSEL  
Irwin P. Altschuler )



Lamb & Lerch  
San Francisco, California

Satellite  
Television  
Receivers

R. L. Drake Company

Ron Wysong

Mark K. Neville, Jr.)--OF COUNSEL

George R. Tuttle Law Offices  
Washington, D.C.  
On behalf of

Optical Coupled  
Isolators

Siemens Components, Inc.  
Cupertino, California

Irving W. Smith--OF COUNSEL

- 7 -

October 4, 1989 - 9:30 a.m.

PETITIONS TO REMOVE PRODUCTS FROM THE LIST OF ELIGIBLE ARTICLES FOR THE GENERALIZED SYSTEM OF PREFERENCES:WITNESS AND ORGANIZATIONPRODUCT

Stewart & Stewart  
 Washington, D.C.  
On behalf of

Animal Glue  
 Inedible Gelatin

Hudson Industries

Arnold Palmer, President

James Cannon)--OF COUNSEL

Sharretts, Paley, Carter & Blauvelt  
 Washington, D.C.  
On behalf of

Animal Glue

Olympic Adhesives, Inc.

Mark Corndell, Vice President of Manu-  
 facturing

Brenda A. Jacobs)--OF COUNSEL

Collier, Shannon & Scott  
 Washington, D.C.  
On behalf of

Automobile  
 Batteries

U.S. Battery Trade Council (USBTC)

Douglas Brown, Manager of Marketing,  
 Johnson Controls Battery Division

Michael R. Kershow )  
 )--OF COUNSEL  
 Nicholas Giordano )

Porter, Wright, Morris & Arthur  
Washington, D.C.  
On behalf of

Automobile  
Batteries

Association National de Fabricantes  
de Acumuladores (Mexican Battery Trade  
Association)

Leslie Alan Glick )--OF COUNSEL

International Business-Government  
Counsellors, Inc.

Industrial Grade  
Nitrocellulose

Hercules Incorporated

Wells Hood, Vice President of Business

Dan Klett, ICF

Michael P. Kelly, Esq., Associate Counsel

Steve Bryce, Product Manager

John F. McDermid, President

Dorsey & Whitney  
Washington, D.C.  
On behalf of

Industrial Grade  
Nitrocellulose

Nitro Quimica

Fernando Dourado

Luiz Henrique Delfino

William Hungerford  
Kaymont Chemical Corporation

James Taylor, Jr.)--OF COUNSEL

Kaplin Russin & Vecchi  
 Washington, D.C.  
On behalf of

Industrial Grade  
 Nitrocellulose

Impex Overseas Corporation, agent for  
 Varteks-Vartimpeks, Foreign Trade Organization  
 and  
 Milan Blagojevic, Manufacturer, Yugoslavia

Marcia A. Wiss            )  
                                   )--OF COUNSEL  
 Dennis James, Jr.        )

Harris & Ellsworth  
 Washington, D.C.  
On behalf of

Steel Wire  
 Rope

Committee of Domestic Steel Wire Rope  
 and Specialty Cable Manufacturers

Charles W. Salanski, Chairman of the  
 Committee

Jeff Levin                )  
 Herbert E. Harris II)--OF COUNSEL  
 Cheryl Ellsworth        )

Kaplan Russin & Vecchi  
 Washington, D.C.  
On behalf of

Steel Wire  
 Rope

Steel Wire Rope Manufacturers and Exporters  
 of India

Dennis James, Jr.        )--OF COUNSEL

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:

WITNESS AND ORGANIZATION

PRODUCT

Howrey & Simon  
Washington, D.C.  
On behalf of

Sorbitol/  
Mannitol

ICI Americas, Inc.  
Wilmington, Delaware

James DiGuglielmo, Business Manager, Polyols

William O. Kerr, Ph.D, Capital Economics

Michael A. Hertzberg)--OF COUNSEL

Porter, Wright, Morris & Arthur  
Washington, D.C.  
On behalf of

Sorbitol

Arancia Grupo Industrial  
Guadalajara, Mexico

Leslie Alan Glick )--OF COUNSEL

Klayman & Associates, P.C.  
Washington, D.C.  
On behalf of

Mannitol

Getec-Guanabara Quimica Industrial, S.A.  
and  
Davos Chemical Corporation

Larry Klayman)--OF COUNSEL



Porter, Wright, Morris & Arthur  
Washington, D.C.  
On behalf of

Jalapeno and  
Serrano Peppers

Camara Nacional de la Industria de  
Conservas Alimenticias (CANAINCA)

Leslie Alan Glick )  
Michael Stall )  
E. Jay Finkel )

)--OF COUNSEL

St. Maxens & Company  
Washington, D.C.  
On behalf of

Transceivers

Motorola Inc. Communications Sector

Morton L. Topfer, Senior Vice President  
and Assistant General Manager

Ms. Houda Nounou, Motorola Corporate  
Customs Manager

Thomas St. Maxens)

)--St. Maxens & Co.

Susan Presti )

George R. Tuttle Law Offices  
Washington, D.C.  
On behalf of

Power Supplies  
for Units of ADP  
Machines and for  
Rectifying Apparatus

Astec U.S.A. (HK) Ltd.  
Santa Clara, California

Irving W. Smith--OF COUNSEL

PETITIONS TO DETERMINE AN ELIGIBLE ARTICLE AS NOT LIKE OR DIRECTLY COMPETITIVE WITH ANY ARTICLE PRODUCED IN THE UNITED STATES ON JANUARY 3, 1985:

WITNESS AND ORGANIZATION

PRODUCT

Fenwick, Davis & West  
Washington, D.C.  
on behalf of

Castor Oil

Alnor Oil Company Inc.

CasChem Inc.

Union Camp Corporation

Roger M. Golden     )  
                              )--OF COUNSEL  
Dale E. Moline     )

RESTORING COMPETITIVE NEED LIMITS FOR THE FOLLOWING ARTICLES FROM MEXICO:

WITNESS AND ORGANIZATION

PRODUCT



APPENDIX D

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.

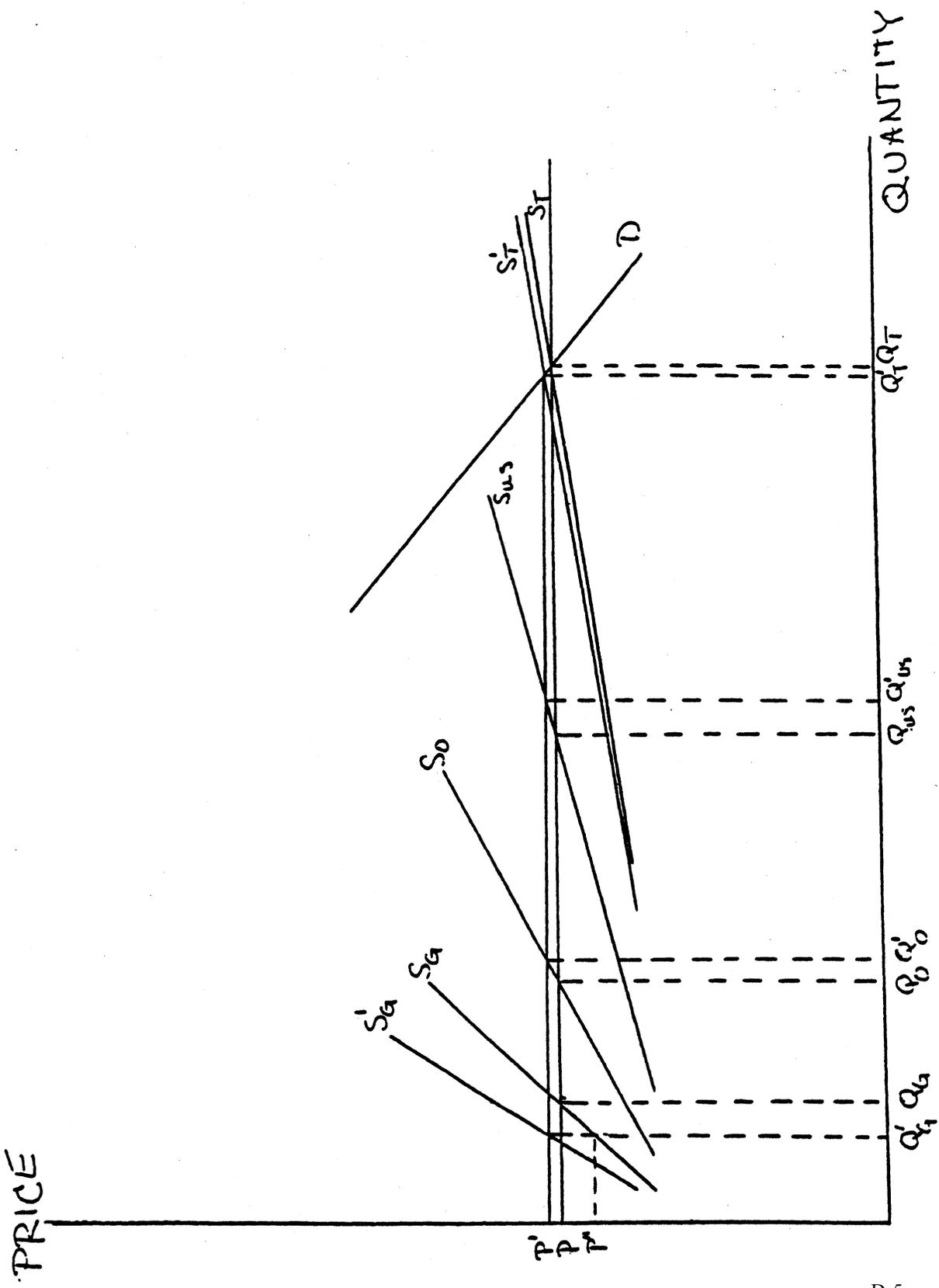
The removal of a tariff on a portion of imports is illustrated by the shift in the supply of affected imports from  $S_G'$  to  $S_G$ , with an increase in total supply from  $S_T'$  to  $S_T$ . The basic result of this tariff removal is a lower U.S. price, a greater overall quantity of the good purchased 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  $S_C$  to  $S_C'$ . 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.



## 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
- $S_0$  = 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  $S_G$ ,  $S_0$  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  $S'_G$ ,  $S_0$  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
- $Q_0$  = quantity supplied by other foreign countries
- $Q_{US}$  = quantity supplied by U.S. producers
- $Q_T$  = total quantity supplied =  $Q_G + Q_0 + Q_{US}$

## 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
- $Q'_0$  = quantity supplied by other foreign countries
- $Q'_{US}$  = quantity supplied by U.S. producers
- $Q'_T$  = total quantity supplied =  $Q'_G + Q'_0 + Q'_{US}$