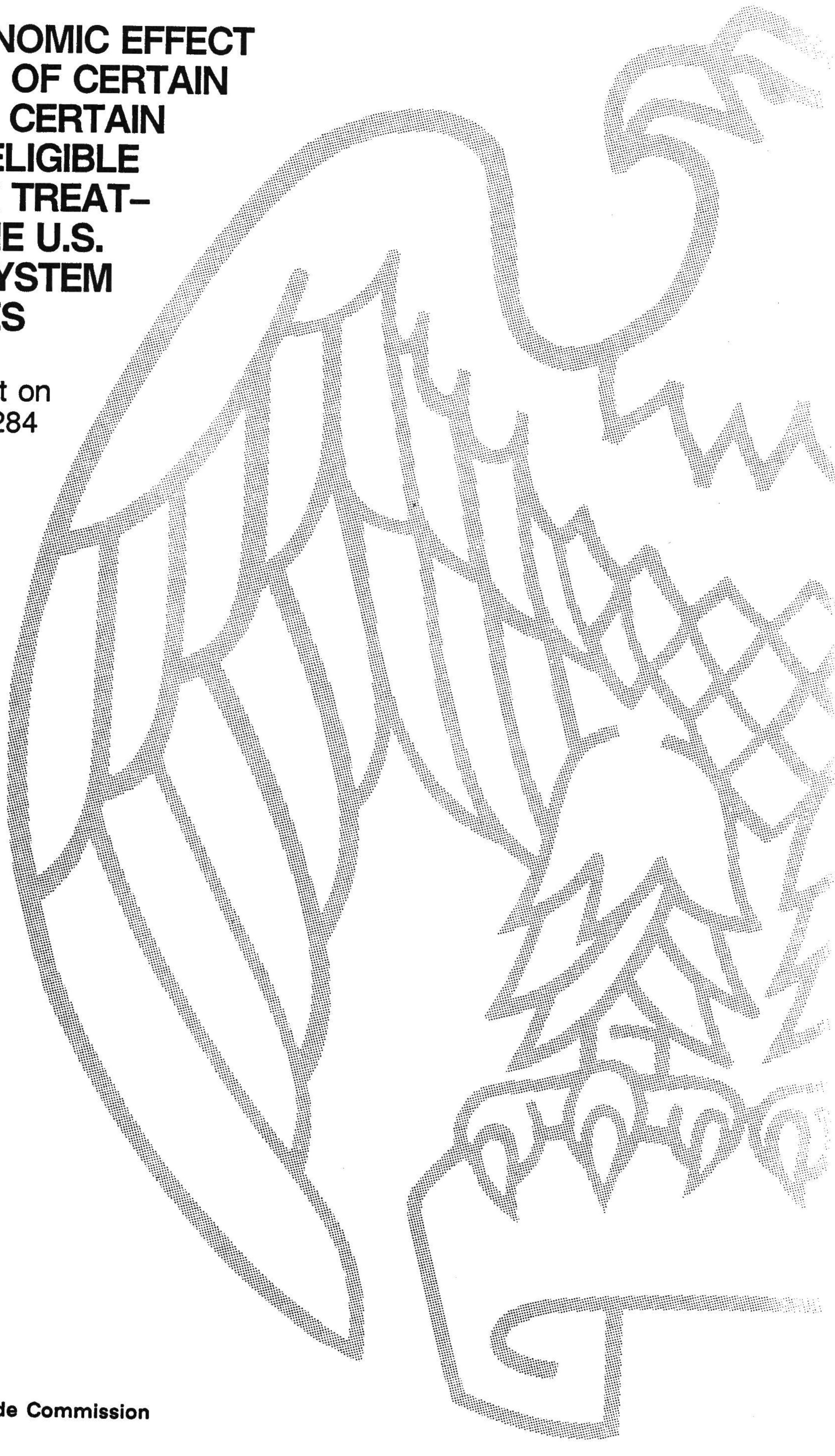
# PROBABLE ECONOMIC EFFECT REDESIGNATION OF CERTAIN ARTICLES FROM CERTAIN COUNTRIES AS ELIGIBLE FOR DUTY-FREE TREATMENT UNDER THE U.S. GENERALIZED SYSTEM OF PREFERENCES

Report to the President on Investigation No. 332-284

**Volume II**

**Commodity Digests**



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**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 February 1, 1990

# COMMODITY DIGESTS

DIGEST NO. 0703.20.00

CERTAIN FRESH VEGETABLES

# Certain Fresh Vegetables[1]

## I. Introduction

Certain fresh vegetables: Harmonized Tariff Schedule subheading(s); U.S. col. 1 rate(s) of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 | | | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | | | Total | From country to be reinstated | | |
| | | | | Source | Value | |
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 0703.20.00[1] | 2.0 | Yes | 11,602 | Mexico | 5,492 | [***] |
| 0704.10.40 | 12.5 | Yes | 926 | Mexico | 914 | [***] |
| 0704.10.60 | 17.5 | Yes | 26 | Mexico | 26 | [***] |
| 0704.20.00 | 25.0 | Yes | 2,151 | Mexico | 2,097 | [***] |
| 0705.11.40 | 14.1 | Yes | 4,001 | Mexico | 3,871 | [***] |
| 0705.19.40 | 11.2 | Yes | 3,412 | Mexico | 3,328 | [***] |
| 0709.30.20 | 6.5 | Yes | 1,513 | Mexico | 1,483 | [***] |
| 0709.30.40 | 4.9 | Yes | 5,562 | Mexico | 5,525 | [***] |
| 0709.90.13 | 25.0 | Yes | 3,367 | Mexico | 3,358 | [***] |

[1] Based on trade data for January-September 1989, it is estimated that Mexico may exceed the applicable competitive need limit for this HTS subheading and may therefore become ineligible for GSP duty-free treatment.

Description and uses.—Those fresh vegetables covered in this digest include brussels sprouts, cauliflower, eggplant, garlic, lettuce, and okra; lettuce and cauliflower together account for over 90 percent of total aggregate U.S. production of these digest vegetables. Lettuce is used principally in the fresh form in salads, cauliflower and okra both in fresh and processed forms, and the remaining items in a processed form primarily as a vegetable side dish.

[1]This digest includes the following HTS subheadings: 0703.20.00, 0704.10.40, 0704.10.60, 0704.20.00, 0705.11.40, 0705.19.40, 0709.30.20, 0709.30.40, and 0709.90.13.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (1,000 firms)[3]........ | *11 | *11 | *11 | *11 | *11 | *0 |
| Employment (1,000 employees).... | *53 | *53 | *53 | *53 | *53 | *0 |
| Shipments (1,000 dollars)[4]...... | **920,300 | **886,100 | **936,900 | **1,090,900 | **1,183,500 | **7 |
| Exports (1,000 dollars)......... | 50,174 | 41,944 | 44,998 | 52,930 | 59,243 | 4 |
| Imports (1,000 dollars)......... | 24,123 | 27,100 | 35,553 | 34,622 | 35,008 | 10 |
| Consumption (1,000 dollars)..... | **894,249 | **871,256 | **927,455 | **1,072,592 | **1,159,265 | **7 |
| Import to consumption ratio (percent).................... | **3 | **3 | **4 | **3 | **3 | **0 |
| Capacity utilization (percent).. | **90 | **90 | **90 | **90 | **90 | **0 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice," p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.
[3]Includes firms which grow other vegetables as well, both for the fresh and processed markets.
[4]Data are estimated values of raw product for processing and may be significantly under- or overestimated.

Comment.--The U.S. vegetable-growing industry consists of thousands of fresh-market growers distributed throughout most States, with numerous small, regional producers competing with several hundred larger national producers. Most of the smaller-size farms are family owned, whereas some of the largest farms are part of large-scale, multi-State and even multinational operations. A number of the larger farms in Texas, Arizona, and California are believed to be owned by firms also farming on owned or leased land in Mexico.

Fresh vegetables are perishable and must be distributed quickly to protect freshness. As a result, Mexico has an advantage over other suppliers, with its established distribution channels and its close proximity to the United States. A warm climate, ample water for irrigation, and improved highways and railways have enabled Mexican producers to maintain competitiveness with U.S. producers. All of the existing technology currently used in the United States is also available in Mexico.

The United States is both a principal producer and one of the largest consuming countries of fresh vegetables, currently with a net trade deficit in these items. Mexico, which has ample domestic supplies available for export, is the major foreign supplier to U.S. markets. Along with the benefits of technology transfer from the United States, Mexico has the added advantage of adequate low-cost labor and additional land available for expansion.

Product quality of imported fresh vegetables is generally equal to that of domestically-produced items, with an abundant supply of such products readily available on a year-round basis in Mexico. Although there may be distinct brand loyalty or preference for certain labels, many retailers and most consumers are generally unaware of the country of origin of their vegetables purchased and, for products of comparable price and quality, do not consider such information as pertinent to their purchases. Many wholesalers actually purchase produce from a number of suppliers, both domestic and foreign, alternating sources for such purchases among these sources a number of times throughout the year.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 32,559 | 100 | - | **3 |
| Imports from GSP countries:[2] | | | | |
| Total | 30,302 | 93 | 100 | **3 |
| Mexico | 26,092 | 80 | 86 | **2 |
| Argentina | 2,750 | 8 | 9 | **([3]) |
| Guatemala | 88 | ([3]) | ([3]) | **([3]) |
| Dominican Republic | 14 | ([3]) | ([3]) | **([3]) |

[1] Imports-to-consumption ratios based on 1988 data.
[2] Chile is a major GSP supplier, but currently is not eligible to receive duty-free treatment.
[3] Less than 0.5 percent.

IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, January-September 1989................. 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 __

V. Position of interested parties

Support.--Rio Grande Foods, Inc., a processing facility in McAllen, Texas, supports the redesignation of certain fresh vegetables from Mexico under the U.S. Generalized System of Preferences. This firm stated that okra is their most important product processed, and that, by not changing the current duty status for Mexico, Mexican growers will become more reluctant to grow okra in the future. In addition, they believe that the more they contract for okra in Mexico the more jobs that become available for farm laborers in Mexico.

Stilwell Foods, Inc., a frozen food packer in Stilwell, Oklahoma, supports the redesignation of certain fresh vegetables from Mexico under the U.S. Generalized System of Preferences. This firm stated that continuation of the current duty structure would put their operation in a very unfavorable economic situation, vis-a-vis other domestic vegetable packers.

The Green Giant Division of the Pillsbury Company, with vegetable processing operations throughout the United States, supports the redesignation of certain fresh vegetables from Mexico under the U.S. Generalized System of Preferences. This firm stated that, in order to meet changing trends in the market place, they are sourcing vegetables world-wide to take advantage of different growing seasons and to be able to supply the best possible product to the market on a year-round basis.

The Mexican Fresh Garlic Growers Association, representing Mexican growers and exporters of fresh garlic, supports the redesignation of certain fresh vegetables from Mexico under the U.S. Generalized System of Preferences. They stated that in recent years, demand for fresh garlic has been increasing while imports from Mexico have remained stable. They believe that redesignation to GSP eligibility would not cause any major increase in Mexican shipments to U.S. markets and would help to offset high transportation costs incurred by Mexican exporters.

The Confederacion Nacional de Productores de Hortalizas (CNPH) supports the redesignation of certain fresh vegetables from Mexico under the U.S. Generalized System of Preference. CNPH believes that imports of such items would not adversely impact U.S. industries or consumers of these products.

The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports;" (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty free.

Opposition.--The Florida Fruit and Vegetable Association is opposed to the redesignation of certain fresh vegetables from Mexico under the U.S. Generalized System of Preferences. The association stated that Mexican growers are able to utilize the same technology as U.S. growers, and are able to take advantage of lower wage rates.

Dean Foods Company, with a subsidiary firm (Richard A. Shaw, Inc.) in Watsonville, California, opposes the elimination of import duties on certain fresh and frozen vegetables from Mexico; they state that if the import duties were eliminated, the competition from low-wage rate Mexican production would severely injure U.S. production.

The Teamsters' Joint Council No. 7, a regional body of affiliated unions in Northern California, is opposed to any reduction of import duties on fresh and frozen vegetables from Mexico. They state that many of their members have lost jobs due to increased imports from Mexico, and modifying the existing import duties would only make the situation worst.

[Probable economic effect advice deleted.]

Table I.

Digest No. 07032000

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

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Mexico | 20,071 | 22,194 | 25,813 | 27,967 | 29,258 |
| Argentina | 1,335 | 1,105 | 4,270 | 2,435 | 2,131 |
| Spain | 1,212 | 1,978 | 2,389 | 1,552 | 1,265 |
| El Salvador | 0 | 0 | 0 | 0 | 946 |
| Chile | 43 | 68 | 1,027 | 950 | 510 |
| Guatemala | 24 | 351 | 173 | 267 | 277 |
| Canada | 651 | 447 | 244 | 358 | 149 |
| Italy | 178 | 130 | 27 | 66 | 109 |
| Dominican Rep | 288 | 90 | 94 | 398 | 104 |
| Belgium | 80 | 150 | 51 | 107 | 63 |
| Peru | 0 | 0 | 130 | 128 | 32 |
| China | 0 | 0 | 228 | 126 | 26 |
| Monaco | 0 | 0 | 0 | 0 | 21 |
| Egypt | 0 | 0 | 0 | 21 | 16 |
| France | 87 | 152 | 45 | 12 | 14 |
| All other | 154 | 435 | 1,063 | 234 | 89 |
| Total | 24,123 | 27,100 | 35,553 | 34,622 | 35,008 |
| GSP Total 2/ | 21,785 | 23,851 | 31,891 | 32,229 | 33,328 |
| GSP+4 2/ | 21,816 | 24,107 | 32,521 | 32,353 | 33,339 |
| | Percent | | | | |
| Mexico | 83.2 | 81.9 | 72.6 | 80.8 | 83.6 |
| Argentina | 5.5 | 4.1 | 12.0 | 7.0 | 6.1 |
| Spain | 5.0 | 7.3 | 6.7 | 4.5 | 3.6 |
| El Salvador | .0 | .0 | .0 | .0 | 2.7 |
| Chile | .2 | .3 | 2.9 | 2.7 | 1.5 |
| Guatemala | .1 | 1.3 | .5 | .8 | .8 |
| Canada | 2.7 | 1.6 | .7 | 1.0 | .4 |
| Italy | .7 | .5 | .1 | .2 | .3 |
| Dominican Rep | 1.2 | .3 | .3 | 1.2 | .3 |
| Belgium | .3 | .6 | .1 | .3 | .2 |
| Peru | .0 | .0 | .4 | .4 | .1 |
| China | .0 | .0 | .6 | .4 | .1 |
| Monaco | .0 | .0 | .0 | .0 | .1 |
| Egypt | .0 | .0 | .0 | .1 | 1/ |
| France | .4 | .6 | .1 | 1/ | 1/ |
| All other | .6 | 1.6 | 3.0 | .7 | .3 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/ | 90.3 | 88.0 | 89.7 | 93.1 | 95.2 |
| GSP+4 2/ | 90.4 | 89.0 | 91.5 | 93.4 | 95.2 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
07032000

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

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada........... | 39,393 | 32,953 | 34,689 | 42,981 | 45,655 |
| Hong Kong........ | 3,820 | 3,393 | 3,447 | 3,772 | 5,443 |
| United Kingdom... | 1,383 | 863 | 1,203 | 1,514 | 1,665 |
| Australia........ | 642 | 1,085 | 878 | 481 | 918 |
| Japan............ | 121 | 71 | 175 | 143 | 754 |
| Netherlands Ant.. | 0 | 0 | 0 | 0 | 539 |
| Taiwan........... | 49 | 129 | 102 | 266 | 479 |
| Fiji............. | 0 | 0 | 0 | 0 | 453 |
| Mexico........... | 144 | 482 | 301 | 120 | 453 |
| Dominican Rep.... | 0 | 1/ | 10 | 141 | 431 |
| Bahamas.......... | 210 | 176 | 422 | 317 | 387 |
| Singapore........ | 15 | 25 | 21 | 103 | 258 |
| Trin & Tobago.... | 517 | 249 | 507 | 226 | 192 |
| Fr Polynesia..... | 124 | 126 | 230 | 247 | 180 |
| Haiti............ | 18 | 32 | 17 | 75 | 141 |
| All other........ | 3,739 | 2,361 | 2,994 | 2,545 | 1,295 |
| Total.......... | 50,174 | 41,944 | 44,998 | 52,930 | 59,243 |
| GSP Total 2/.. | 2,998 | 2,713 | 3,781 | 3,109 | 3,615 |
| GSP+4 2/...... | 6,910 | 6,293 | 7,355 | 7,255 | 9,829 |
| | Percent | | | | |
| Canada........... | 78.5 | 78.6 | 77.1 | 81.2 | 77.1 |
| Hong Kong........ | 7.6 | 8.1 | 7.7 | 7.1 | 9.2 |
| United Kingdom... | 2.8 | 2.1 | 2.7 | 2.9 | 2.8 |
| Australia........ | 1.3 | 2.6 | 2.0 | .9 | 1.5 |
| Japan............ | .2 | .2 | .4 | .3 | 1.3 |
| Netherlands Ant.. | .0 | .0 | .0 | .0 | .9 |
| Taiwan........... | .1 | .3 | .2 | .5 | .8 |
| Fiji............. | .0 | .0 | .0 | .0 | .8 |
| Mexico........... | .3 | 1.1 | .7 | .2 | .8 |
| Dominican Rep.... | .0 | 1/ | 1/ | .3 | .7 |
| Bahamas.......... | .4 | .4 | .9 | .6 | .7 |
| Singapore........ | 1/ | .1 | 1/ | .2 | .4 |
| Trin & Tobago.... | 1.0 | .6 | 1.1 | .4 | .3 |
| Fr Polynesia..... | .2 | .3 | .5 | .5 | .3 |
| Haiti............ | 1/ | .1 | 1/ | .1 | .2 |
| All other........ | 7.5 | 5.6 | 6.7 | 4.8 | 2.2 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 6.0 | 6.5 | 8.4 | 5.9 | 6.1 |
| GSP+4 2/...... | 13.8 | 15.0 | 16.3 | 13.7 | 16.6 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 0710.21.40

CERTAIN FROZEN VEGETABLES

# Certain Frozen Vegetables[1]

## I. Introduction

Certain frozen vegetables: Harmonized Tariff Schedule subheading(s); U.S. col. 1 rate(s) of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 0710.21.40 | 3.8 | Yes | 14,931 | Mexico(R)[1] | 800 | [***] |
| 0710.80.50 | 5.6 | No | 25 | Mexico | 17 | [***] |
| 0710.80.65 | 25.0 | Yes | 1,290 | Mexico | 453 | [***] |
| 0710.80.70 | 25.0 | Yes | 6,695 | Mexico | 14 | [***] |

[1]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.

Description and uses.—This digest covers frozen peas, brussels sprouts, tomatoes, and miscellaneous other frozen vegetables; such vegetables are used primarily as a cooked-vegetable sidedish. Frozen peas are the most important vegetable covered here, both in terms of domestic shipments and imports.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number)[3] | **25 | **25 | **25 | **25 | **25 | **0 |
| Employment (1,000 employees) | **4 | **4 | **4 | **4 | **4 | **0 |
| Shipments (1,000 dollars)[4] | **479,100 | **535,600 | **416,500 | **450,900 | **471,000 | **-1 |
| Exports (1,000 dollars) | 3,514 | 2,840 | 4,425 | 5,089 | 6,683 | 18 |
| Imports (1,000 dollars) | 10,738 | 8,566 | 11,061 | 15,558 | 13,830 | 7 |
| Consumption (1,000 dollars) | **486,324 | **541,326 | *423,136 | **461,369 | **478,147 | **([5]) |
| Import to consumption ratio (percent) | **2 | **2 | **3 | **3 | **3 | **([6]) |
| Capacity utilization (percent) | **80 | **80 | **80 | **80 | **80 | **0 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume 1, "Presentation of Probable Economic Effect Advice," p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.
[3]Data represent the estimated number of firms processing the digest vegetables; such firms also process a number of other vegetables. In recent years, the subject vegetables were grown on an estimated 27,500 farms.
[4]Data are estimated values and may be significantly under- or overestimated.
[5]Less than -0.5 percent.
[6]Less than 0.5 percent.

Comment.—The U.S. vegetable freezing industry consists of many small regional producers competing with several large national and multinational 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

[1]This digest includes the following HTS subheadings: 0710.21.40, 0710.80.50, 0710.80.65, and 0710.80.70.

often the most important issue for intermediate and end-use consumers in their decisions as to 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. Mexico, a major foreign source of frozen-vegetable imports, possesses such advantages, in addition to comparable processing technology, available transportation, export-marketing expertise, and the added advantage of low-cost labor.

## III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 22,942 | 100 | - | **3 |
| Imports from GSP countries: | | | | |
| Total | 10,112 | 44 | 100 | **2 |
| Guatemala | 5,598 | 24 | 55 | **1 |
| Mexico | 1,283 | 6 | 13 | **([2]) |
| El Salvador | 962 | 4 | 10 | **([2]) |
| Costa Rica | 272 | 1 | 3 | **([2]) |

[1] Imports-to-consumption ratios based on 1988 data.
[2] Less than 0.5 percent.

## IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, January-September 1989................. 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 __

V. Position of interested parties

Support.--The Confederacion Nacional de Productores de Hortalizas (CNPH), an organization of fruit and vegetable growers, is in support of the redesignation of GSP eligibility for certain frozen vegetables from Mexico. CNPH believes that imports of the subject vegetables from Mexico do not adversely impact U.S. firms producing similar items, especially since imports are such a small share of U.S. production.

The Celaya growers, a group of growers raising vegetables for freezing by major independent food processors in the Celaya Region of Mexico, are in support of the redesignation of certain frozen vegetables as GSP-eligible from Mexico. This group stated that such a move would have no adverse effect on the comparable domestic industry, since imports from Mexico account for only a small share of U.S. consumption, and that American consumers would benefit from more stable prices during times of shortages in supply.

The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports;" (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States as duty free.

Stilwell Foods, Inc., a frozen food packer with facilities in Stilwell, Oklahoma, is in favor of eliminating import duties on frozen cauliflower, brussels sprouts, and peas from Mexico.

Opposition.--The Teamsters Joint Council No. 7, a regional group of about 30 affiliated unions representing employees in Northern California fresh and frozen vegetable industries, are opposed to the elimination of GSP eligibility restrictions for vegetables from Mexico. According to this group, many of their members have lost jobs due to increased imports from Mexico, and modifying the existing restrictions would only exacerbate this situation.

The Larsen Company, together with its parent firm (Dean Foods Company), is opposed to any changes in current duty restrictions on certain frozen vegetables. They stated that such actions would have disastrous effects on U.S. producers, especially because of the more favorable wage rates in Mexico.

Richard A. Shaw, Inc. Frozen Foods, a frozen vegetable packer in Watsonville, California, is opposed to any changes in current duty restrictions on certain frozen vegetables. According to this source, a downward spiral of prices and the near collapse of the California frozen vegetable industry have resulted from the continued proliferation of imported frozen vegetables from Mexico.

Norcal/Crosetti Foods, Inc., a frozen vegetable packer in Watsonville, California, is opposed to the redesignation of certain frozen vegetables from Mexico as eligible for duty-free treatment under the GSP. They stated that, even with a 17.5 percent duty rate, imports have increased dramatically in recent years, due primarily to cheap wage rates, low raw product costs, and financial aid from the U.S.-sponsored Agency for International Development.

[Probable economic effect advice deleted.]

Digest No.
07102140

Table I.

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

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Taiwan.......... | 4,823 | 2,765 | 5,608 | 6,001 | 4,684 |
| Canada.......... | 2,265 | 2,167 | 1,200 | 2,743 | 2,295 |
| Guatemala........ | 1,664 | 1,276 | 750 | 909 | 1,236 |
| United Kingdom... | 124 | 60 | 11 | 147 | 1,128 |
| Mexico.......... | 1,486 | 1,257 | 2,939 | 4,456 | 1,061 |
| Yugoslavia....... | 0 | 0 | 0 | 0 | 904 |
| Belgium.......... | 32 | 254 | 65 | 793 | 815 |
| Ireland.......... | 0 | 0 | 0 | 0 | 457 |
| Denmark.......... | 0 | 1/ | 0 | 0 | 231 |
| Hungary.......... | 0 | 0 | 0 | 0 | 172 |
| China........... | 4 | 0 | 28 | 118 | 139 |
| Sweden.......... | 192 | 113 | 116 | 0 | 131 |
| Thailand......... | 0 | 25 | 15 | 7 | 122 |
| France.......... | 16 | 279 | 31 | 19 | 107 |
| Tunisia.......... | 0 | 0 | 0 | 0 | 77 |
| All other........ | 132 | 368 | 297 | 365 | 270 |
| Total.......... | 10,738 | 8,566 | 11,061 | 15,558 | 13,830 |
| GSP Total 2/.. | 3,185 | 2,633 | 3,880 | 5,513 | 3,497 |
| GSP+4 2/...... | 8,015 | 5,398 | 9,488 | 11,519 | 8,212 |
| | Percent | | | | |
| Taiwan.......... | 44.9 | 32.3 | 50.7 | 38.6 | 33.9 |
| Canada.......... | 21.1 | 25.3 | 10.8 | 17.6 | 16.6 |
| Guatemala........ | 15.5 | 14.9 | 6.8 | 5.8 | 8.9 |
| United Kingdom... | 1.2 | .7 | .1 | .9 | 8.2 |
| Mexico.......... | 13.8 | 14.7 | 26.6 | 28.6 | 7.7 |
| Yugoslavia....... | .0 | .0 | .0 | .0 | 6.5 |
| Belgium.......... | .3 | 3.0 | .6 | 5.1 | 5.9 |
| Ireland.......... | .0 | .0 | .0 | .0 | 3.3 |
| Denmark.......... | .0 | 1/ | .0 | .0 | 1.7 |
| Hungary.......... | .0 | .0 | .0 | .0 | 1.2 |
| China........... | 1/ | .0 | .3 | .8 | 1.0 |
| Sweden.......... | 1.8 | 1.3 | 1.1 | .0 | .9 |
| Thailand......... | .0 | .3 | .1 | 1/ | .9 |
| France.......... | .2 | 3.3 | .3 | .1 | .8 |
| Tunisia.......... | .0 | .0 | .0 | .0 | .6 |
| All other........ | 1.2 | 4.3 | 2.7 | 2.3 | 2.0 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 29.7 | 30.7 | 35.1 | 35.4 | 25.3 |
| GSP+4 2/...... | 74.6 | 63.0 | 85.8 | 74.0 | 59.4 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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.
07102140

Table II.

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

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan............ | 1,596 | 1,875 | 3,261 | 2,729 | 4,307 |
| United Kingdom... | 15 | 3 | 21 | 20 | 534 |
| Venezuela........ | 255 | 499 | 372 | 634 | 450 |
| Canada........... | 419 | 86 | 142 | 151 | 211 |
| Denmark.......... | 0 | 0 | 0 | 1/ | 175 |
| West Germany..... | 1/ | 1/ | 1 | 1/ | 169 |
| Hong Kong........ | 160 | 91 | 160 | 155 | 154 |
| Australia........ | 950 | 137 | 103 | 499 | 139 |
| Sweden........... | 2 | 1 | 1 | 227 | 132 |
| Korea............ | 6 | 13 | 23 | 8 | 88 |
| Jamaica.......... | 1/ | 1/ | 6 | 6 | 35 |
| Ireland.......... | 0 | 1 | 0 | 1/ | 33 |
| Netherlands...... | 1/ | 0 | 1/ | 1/ | 33 |
| Taiwan........... | 10 | 14 | 11 | 206 | 31 |
| Panama........... | 3 | 18 | 20 | 38 | 21 |
| All other........ | 98 | 102 | 303 | 414 | 169 |
| Total.......... | 3,514 | 2,840 | 4,425 | 5,089 | 6,683 |
| GSP Total 2/.. | 319 | 594 | 638 | 1,017 | 587 |
| GSP+4 2/...... | 510 | 715 | 867 | 1,444 | 882 |
| | Percent | | | | |
| Japan............ | 45.4 | 66.0 | 73.7 | 53.6 | 64.4 |
| United Kingdom... | .4 | .1 | .5 | .4 | 8.0 |
| Venezuela........ | 7.2 | 17.6 | 8.4 | 12.5 | 6.7 |
| Canada........... | 11.9 | 3.0 | 3.2 | 3.0 | 3.2 |
| Denmark.......... | .0 | .0 | .0 | 1/ | 2.6 |
| West Germany..... | 1/ | 1/ | 1/ | 1/ | 2.5 |
| Hong Kong........ | 4.6 | 3.2 | 3.6 | 3.0 | 2.3 |
| Australia........ | 27.0 | 4.8 | 2.3 | 9.8 | 2.1 |
| Sweden........... | 1/ | .1 | 1/ | 4.5 | 2.0 |
| Korea............ | .2 | .4 | .5 | .2 | 1.3 |
| Jamaica.......... | 1/ | 1/ | .1 | .1 | .5 |
| Ireland.......... | .0 | 1/ | .0 | 1/ | .5 |
| Netherlands...... | 1/ | .0 | 1/ | 1/ | .5 |
| Taiwan........... | .3 | .5 | .3 | 4.0 | .5 |
| Panama........... | .1 | .6 | .5 | .7 | .3 |
| All other........ | 2.8 | 3.6 | 6.8 | 8.1 | 2.5 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 9.1 | 20.9 | 14.4 | 20.0 | 8.8 |
| GSP+4 2/...... | 14.5 | 25.2 | 19.6 | 28.4 | 13.2 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 0711.40.00

CERTAIN VEGETABLES PREPARED OR PRESERVED BY VINEGAR OR ACETIC ACID

# Certain Vegetables Prepared or Preserved by Vinegar or Acetic Acid[1]

## I. Introduction

Certain vegetables prepared or preserved by vinegar or acetic acid: Harmonized Tariff Schedule subheading(s); U.S. col. 1 rate(s) of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 | | | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | | | Total | From country to be reinstated | | |
| | | | | Source | Value | |
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 0711.40.00 | 12% | Yes | 1,254 | Mexico | 277 | [***] |
| 0711.90.60 | 12% | Yes | 3,697 | Mexico | 945 | [***] |
| 2001.10.00 | 12% | Yes | 2,598 | Mexico | ([1]) | [***] |
| 2001.90.40[2] | 12% | Yes | 26,360 | Mexico | 18,443 | [***] |

[1]Less than $100,000.
[2]Based on trade data for January-September 1989, it is estimated that Mexico may exceed the applicable competitive need limit for this HTS subheading and may therefore become ineligible for GSP duty-free treatment.

Description and uses.--This digest includes cucumbers and miscellaneous other vegetables or mixtures of vegetables, provisionally preserved (but unsuitable in that state for immediate consumption), or prepared or preserved by vinegar or acetic acid. Such vegetables are often served with sandwiches or on relish trays, and are used as a cooked vegetable sidedish.

[1]This digest includes the following HTS subheadings: 0711.40.00, 0711.90.60, 2001.10.00, and 2001.90.40.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producer (1,000 firms)[3] | **104,000 | **124,000 | **114,000 | **115,000 | **131,000 | **0 |
| Employment (1,000 employees)[4] | **55 | **55 | **55 | **55 | **55 | **0 |
| Shipments (1,000 dollars)[5] | **104,000 | **124,000 | **114,000 | **115,000 | **131,000 | **5 |
| Exports (1,000 dollars) | 3,993 | 4,594 | 5,500 | 5,732 | 5,841 | 10 |
| Imports (1,000 dollars) | 29,620 | 33,655 | 32,713 | 39,925 | 43,012 | 10 |
| Consumption (1,000 dollars) | **129,627 | **153,061 | **141,213 | **149,193 | **168,171 | **7 |
| Import to consumption ratio (percent) | **23 | **22 | **23 | **27 | **26 | **3 |
| Capacity utilization (percent | **80 | **80 | **80 | **80 | **80 | **0 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume 1, "Presentation of Probable Economic Effect Advice," p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.
[3]Includes firms which grow other vegetables as well, both for fresh market and processing.
[4]Includes estimated data for full-time employees; seasonal workers, employed on a short-term basis principally during harvesting, may increase this number dramatically.
[5]Includes estimated data principally for cucumbers for processing and may be significantly underestimated.

Comment.--The U.S. vegetable processing (i.e., canning) industry consists of hundreds of small regional producers along with several national or multi-national producers. Some of the smaller-size firms produce their own private brands, but the majority of all firms supply regional markets with generic or private-label brands. The largest processors usually produce under their own private labels for distribution nationwide; in addition, they compete directly with regional processing operations for satisfying special product needs of regional grocery chains. Some of the major vegetable processing firms are multinational operations with subsidiaries located in many countries including Mexico.

The recent upward trend in levels of output, combined with a small decline in the number of firms, indicate that productivity in the vegetable processing industry has improved. This industry is not expected to grow significantly in the future. Any advanced technology in growing and processing vegetables is shared by domestic and foreign processors alike. For specific private label brands, U.S. firms are more competitive; however, for most other products, Mexican processors are as competitive as U.S. firms in such areas as non-price purchasing incentives, marketing methods, quality, and service. As with most vegetable purchases, lower prices often become a primary purchasing concern.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 33,909 | 100 | - | **26 |
| Imports from GSP countries: | | | | |
| Total | 23,148 | 68 | 100 | **17 |
| Mexico | 19,667 | 58 | 85 | **15 |
| Thailand | 1,130 | 3 | 5 | **1 |
| Israel | 826 | 2 | 4 | **1 |
| Guatemala | 429 | 1 | 2 | **(2) |

[1] Imports-to-consumption ratios based on 1988 data.
[2] Although imports of these items from Israel are eligible for duty-free entry under the GSP, imports of these items in January-September 1989 from Israel entered duty free under the provision of the United States-Israel Free Trade Area Implementation Act of 1985.
[3] Less than 0.5 percent.

IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, January-September 1989: 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 __

## V. Position of interested parties

Support.--Camara Nacional de la Industria de Conservas Alimenticias (CANAINCA), a trade association representing Mexican producers and exporters of processed foods, supports the redesignation of certain processed vegetables imported from Mexico under the U.S. Generalized System of Preferences. CANAINCA states that such actions would result in no adverse effects on U.S. producers of similar products since most firms are large, diversified food processing and packing firms with strong brand label recognition. Consumers, on the other hand, are expected to benefit from more competitive pricing with the entry of imported product.

Benpar S.A. de C.V. of Monterrey, Mexico, a producer and exporter of various food products, stated that the redesignation of GSP eligibility for processed peppers from Mexico would have no adverse impact on the U.S. industry producing a similar product. They report that, since large U.S. producers dominate the market with a wide variety of products and well-known brands, the redesignation would allow Mexican proaucers to gain a foothold in the U.S. Market but in no way detract from current U.S. producers position in such markets.

The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports;" (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty free.

Opposition.--The Cherokee Products Company of Haddock, Georgia, together with a number of other companies, as a group account for nearly all U.S. production of canned sweet Capsicum peppers and are opposed to any waiver of the competitive need limit on such items from Mexico. According to this firm, imports of such items are directly competitive with U.S. product and have replaced sales of domestic product to U.S. processed-food manufacturers and food service companies for many years. They state that quality and price are the primary considerations for such buyers, and that increasing amounts of lower-priced imports from Mexico in recent years have had a major price-depressing effect in the U.S. canned-sweet pepper market.

[Probable economic effect advice deleted.]

Table I.

Digest No.
07114000

Digest Title: Certain vegetables prepared or preserved by vinegar or acetic acid

U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Mexico........... | 15,619 | 20,732 | 17,526 | 20,127 | 21,880 |
| Greece........... | 5,531 | 3,514 | 3,084 | 5,796 | 7,017 |
| Thailand......... | 492 | 392 | 731 | 805 | 1,889 |
| Japan............ | 567 | 519 | 1,219 | 1,282 | 1,641 |
| Colombia......... | 1,550 | 872 | 1,356 | 1,924 | 1,339 |
| Taiwan........... | 631 | 606 | 1,068 | 1,370 | 1,308 |
| Israel........... | 792 | 951 | 942 | 1,127 | 1,075 |
| France........... | 451 | 689 | 815 | 937 | 752 |
| Canada........... | 323 | 468 | 595 | 818 | 628 |
| Poland........... | 232 | 334 | 252 | 409 | 594 |
| Spain............ | 1,046 | 1,108 | 1,276 | 797 | 587 |
| West Germany..... | 414 | 578 | 745 | 753 | 519 |
| Venezuela........ | 39 | 140 | 147 | 290 | 515 |
| China............ | 169 | 81 | 77 | 74 | 430 |
| Italy............ | 313 | 332 | 360 | 331 | 347 |
| All other........ | 1,450 | 2,339 | 2,519 | 3,084 | 2,492 |
| Total.......... | 29,620 | 33,655 | 32,713 | 39,925 | 43,012 |
| GSP Total 1/.. | 19,502 | 24,605 | 21,890 | 26,357 | 28,124 |
| GSP+4 1/...... | 20,211 | 25,374 | 23,369 | 28,107 | 29,948 |
| | Percent | | | | |
| Mexico........... | 52.7 | 61.6 | 53.6 | 50.4 | 50.9 |
| Greece........... | 18.7 | 10.4 | 9.4 | 14.5 | 16.3 |
| Thailand......... | 1.7 | 1.2 | 2.2 | 2.0 | 4.4 |
| Japan............ | 1.9 | 1.5 | 3.7 | 3.2 | 3.8 |
| Colombia......... | 5.2 | 2.6 | 4.1 | 4.8 | 3.1 |
| Taiwan........... | 2.1 | 1.8 | 3.3 | 3.4 | 3.0 |
| Israel........... | 2.7 | 2.8 | 2.9 | 2.8 | 2.5 |
| France........... | 1.5 | 2.0 | 2.5 | 2.3 | 1.7 |
| Canada........... | 1.1 | 1.4 | 1.8 | 2.0 | 1.5 |
| Poland........... | .8 | 1.0 | .8 | 1.0 | 1.4 |
| Spain............ | 3.5 | 3.3 | 3.9 | 2.0 | 1.4 |
| West Germany..... | 1.4 | 1.7 | 2.3 | 1.9 | 1.2 |
| Venezuela........ | .1 | .4 | .4 | .7 | 1.2 |
| China............ | .6 | .2 | .2 | .2 | 1.0 |
| Italy............ | 1.1 | 1.0 | 1.1 | .8 | .8 |
| All other........ | 4.9 | 6.9 | 7.7 | 7.7 | 5.8 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 65.8 | 73.1 | 66.9 | 66.0 | 65.4 |
| GSP+4 1/...... | 68.2 | 75.4 | 71.4 | 70.4 | 69.6 |

1/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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.
07114000

Table II.

Digest Title: Certain vegetables prepared or preserved by vinegar or acetic acid

U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada.......... | 1,583 | 1,944 | 1,920 | 1,973 | 2,042 |
| Japan........... | 469 | 436 | 775 | 871 | 1,020 |
| Korea........... | 144 | 150 | 308 | 362 | 500 |
| Australia....... | 226 | 497 | 465 | 663 | 275 |
| Hong Kong....... | 274 | 262 | 498 | 221 | 183 |
| Saudi Arabia.... | 262 | 167 | 180 | 62 | 160 |
| Antigua......... | 0 | 0 | 0 | 0 | 121 |
| Singapore....... | 87 | 44 | 90 | 133 | 118 |
| Netherlands..... | 21 | 34 | 100 | 106 | 115 |
| Mexico.......... | 55 | 102 | 70 | 65 | 112 |
| St Vinc & Gren... | 0 | 0 | 0 | 0 | 92 |
| Taiwan.......... | 51 | 41 | 80 | 113 | 89 |
| United Kingdom... | 30 | 62 | 66 | 67 | 83 |
| Grenada......... | 21 | 24 | 56 | 99 | 77 |
| Switzerland..... | 26 | 33 | 19 | 30 | 71 |
| All other....... | 745 | 798 | 872 | 966 | 782 |
| Total......... | 3,993 | 4,594 | 5,500 | 5,732 | 5,841 |
| GSP Total 1/.. | 623 | 529 | 677 | 503 | 851 |
| GSP+4 1/...... | 1,179 | 1,026 | 1,653 | 1,332 | 1,741 |
| | Percent | | | | |
| Canada.......... | 39.6 | 42.3 | 34.9 | 34.4 | 35.0 |
| Japan........... | 11.7 | 9.5 | 14.1 | 15.2 | 17.5 |
| Korea........... | 3.6 | 3.3 | 5.6 | 6.3 | 8.6 |
| Australia....... | 5.7 | 10.8 | 8.5 | 11.6 | 4.7 |
| Hong Kong....... | 6.9 | 5.7 | 9.1 | 3.8 | 3.1 |
| Saudi Arabia.... | 6.6 | 3.6 | 3.3 | 1.1 | 2.7 |
| Antigua......... | .0 | .0 | .0 | .0 | 2.1 |
| Singapore....... | 2.2 | 1.0 | 1.6 | 2.3 | 2.0 |
| Netherlands..... | .5 | .7 | 1.8 | 1.9 | 2.0 |
| Mexico.......... | 1.4 | 2.2 | 1.3 | 1.1 | 1.9 |
| St Vinc & Gren... | .0 | .0 | .0 | .0 | 1.6 |
| Taiwan.......... | 1.3 | .9 | 1.5 | 2.0 | 1.5 |
| United Kingdom... | .8 | 1.3 | 1.2 | 1.2 | 1.4 |
| Grenada......... | .5 | .5 | 1.0 | 1.7 | 1.3 |
| Switzerland..... | .6 | .7 | .4 | .5 | 1.2 |
| All other....... | 18.7 | 17.4 | 15.9 | 16.9 | 13.4 |
| Total......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 15.6 | 11.5 | 12.3 | 8.8 | 14.6 |
| GSP+4 1/...... | 29.5 | 22.3 | 30.1 | 23.2 | 29.8 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 0804.50.80

MANGO AND GUAVA PRODUCTS

Mango and Guava Products[1]

## I. Introduction

**Digest title:** Harmonized Tariff Schedule subheading(s); U.S. col. 1 rate(s) of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 Total | From country to be reinstated Source | Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 0804.50.80 | 1.3 | Yes | 448 | Mexico(R)[1] | 0 | [***] |
| 2007.99.50[2] | 2.8 | Yes | 3,614 | Brazil(R)[1] | 922 | [***] |

[1]An "R" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.
[2]Based on trade data for January-September 1989, it is estimated that Brazil may exceed the applicable competitive need limit for this HTS subheading and may therefore become ineligible for GSP duty-free treatment."

Description and uses.--In the HTS, subheading 0804.50.80 provides for dried mangoes, guavas, and mangosteens, used chiefly as snack items. These articles were dutiable in the former TSUS as parts of three separate item numbers having rates of duties ranging from 2.8 percent AVE to 7 percent ad valorem; each were GSP eligible without a country exclusion.[2] Subheading 2007.99.50 provides for quava and mango pastes and purees that are cooked preparations, whether or not frozen or containing added sugar or other sweetening matter. Fruit paste has had water removed and is generally used in the bakery trade; a consumer-ready, confection-like product of quava paste is also imported. Fruit puree or pulp is generally used by the beverage or jelly and jam industries and in the HTS may be dutiable under one of three 4-digit headings, depending upon the processing and packaging methods employed. Cooked purees of this digest is one of these headings. Frozen pulps, and otherwise prepared or preserved pulps, are alternate headings.[3]

[1]This digest includes the following HTS subheadings: 0804.50.80 and 2007.99.50

[2]Estimated HTS imports for 1984-88 are based almost entirely on an allocation for dried mangoes.

[3]Advice on the addition of frozen mangoes (including frozen mango pulp) to the GSP was provided in Dec. 1989.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | (3) | (3) | (3) | (3) | (3) | (3) |
| Employment (1,000 employees) | (3) | (3) | (3) | (3) | (3) | (3) |
| Shipments (1,000 dollars) | (3) | (3) | (3) | (3) | (3) | (3) |
| Exports (1,000 dollars) | 12 | 13 | 15 | 16 | 16 | 7 |
| Imports (1,000 dollars) | 1,432 | 1,683 | 2,135 | 1,880 | 2,512 | 15 |
| Consumption (1,000 dollars) | (3) | (3) | (3) | (3) | (3) | (3) |
| Import to consumption ratio (percent) | (3) | (3) | (3) | (3) | (3) | (3) |
| Capacity utilization (percent) | [***] | [***] | [***] | [***] | [***] | - |

[1]Trade data for 1984-88 may not be directly comparable to HTS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p.5.
[2]This figure represents the average annual rate of change during 1984-1988.
[3]Not available.

Comment.—Mangoes or quavas are grown in Florida, Hawaii, California and Puerto Rico. The number of U.S firms that process quava and mango products is not known, but is likely less than six firms. The dried products are not competitive for the same uses as the paste and puree products. Guava products are produced chiefly in Hawaii. In 1988, the quantity of fresh quavas processed in Hawaii for all uses was 19 million pounds with a farm value of $2.5 million.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 4,063 | 100 | - | - |
| Imports from GSP countries: | | | | |
| Total | 3,585 | 88 | 100 | (1) |
| Philippines | 1,020 | 25 | 28 | (1) |
| Brazil | 922 | 23 | 26 | (1) |
| Mexico | 787 | 19 | 22 | (1) |
| India | 354 | 9 | 10 | (1) |

[1]Not available.

Comment.--During the nine months of January thru September 1989, U.S. imports of cooked quava and mango pastes or purees and dried quavas and mangoes (including dried mangosteens) totaled $4.1 million with the principal GSP supplier, the Philippines, providing 25 percent of the total.

Most of the digest imports during January-September 1989, $3.6 million or 89 percent of the total, were cooked quava or mango paste and puree products where Brazil was excluded from duty free treatment. The following tabulation shows the top 5 GSP suppliers for quava and mango pastes and puree products under HTS item 2007.99.50, and their shares of the total imports of such products:

| GSP supplier | Percent of total imports under HTS item 2007.99.50 |
|---|---|
| Brazil | 26 |
| Mexico | 22 |
| Philippines | 22 |
| India | 9 |
| Dominican Republic | 5 |
| All other | 5 |
| Total | 89 |

During January-September 1989, Mexico was excluded from duty-free treatment for dried quava and mango products (including dried mangosteens) under HTS item 0804.50.80, imports of which totaled $448,000.[1] The following tabulation shows the top 5 GSP suppliers and their shares of the total imports of these products:

| GSP supplier | Percent of total imports under HTS item 0804.50.80 |
|---|---|
| Philippines | 53 |
| Thailand | 24 |
| Haiti | 4 |
| India | 3 |
| Colombia | 1 |
| All other | - |
| Total | 85 |

[1]Mexico was not a recorded supplier of these products during Jan.-Sept. 1989.

IV. Competitiveness profiles

Competitiveness indicators for Brazil[1]

Ranking as a U.S. import supplier, January-September 1989................ 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?[2]................................................. Yes __ No __
What is the price elasticity of import supply?...................... High X Moderate __ Low __
Price level compared with--
U.S. products[2]............................................... Above __ Equivalent __ Below __
Other foreign products........................................ Above __ Equivalent __ Below X
Quality compared with--
U.S. products[2]............................................... Above __ Equivalent __ Below __
Other foreign products[2]....................................... Above __ Equivalent __ Below __

[1]Profile applies only to the following HTS subheading, for which advice is requested: 2007.99.50.
[2]Not available, especially comparing like domestic and foreign products.

Comment.--During January-September 1989, Brazil was the number one ranked supplier of the quava and mango products under HTS item 2007.99.50, accounting for 26 percent of the imports. Based on 1988 data when imports of quava and mango pastes or pulps were reported separately, the imports from Brazil consisted entirely of quava products. Brazil is an exporter of a consumer-ready product, that is popular with persons of Latin American origin, called quava paste, which is a firm, sweetened food used to accompany meals or as a dessert. Other products covered by this HTS item are cooked, canned or frozen, quava puree (except if sterilized), mango paste, and cooked mango puree. Guava paste, the consumer-ready product, is likely available from numerous GSP suppliers, but the U.S. demand is limited and therefore the price elasticity of demand is moderate.

Under the former TSUS, U.S. imports of quava paste and pulp (former TSUS item 152.54), which was an eligible GSP article, were chiefly from Brazil. The following tabulation shows the 1984-88 U.S. imports from Brazil under former item 152.54 (including both cooked and not cooked pastes and pulps), and Brazil's share of the total imports, as well as a January-September comparison for 1988 and 1989 of TSUS and HTS imports:

| Year | U.S. imports from Brazil (1,000 dollars) | Brazil's share of total imports under former TSUS item 152.54 or HTS 2007.99.50 |
|---|---|---|
| 1984 | 940 | 53 |
| 1985 | 972 | 50 |
| 1986 | 1,332 | 48 |
| 1987 | 1,114 | 48 |
| 1988 | 1,462 | 43 |
| Jan.-Sept. | | |
| 1988 | 1,048 | 51 |
| 1989[1] | 922 | 26 |

[1]Imports under HTS subheading 2007.99.50.

IV. Competitiveness profiles--Continued

Competitiveness indicators for Mexico[1]

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Ranking as a U.S. import supplier of all digest products, January-September 1989[2]...... ______

Price elasticity:[2]

- Can the U.S. purchaser easily shift among this and other suppliers?.............. Yes ___ No ___
- What is the price elasticity of U.S. demand?.0...................... 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--[2]

- U.S. products................................................ Above ___ Equivalent ___ Below ___
- Other foreign products........................................ Above ___ Equivalent ___ Below ___

Quality compared with--[2]

- U.S. products................................................ Above ___ Equivalent ___ Below ___
- Other foreign products........................................ Above ___ Equivalent ___ Below ___

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[1]Profile applies only to the following HTS subheading for which advice is requested: 0804.50.80.
[2]Not applicable because there is no evidence that Mexico is a producer and exporter of digest products under HTS subheading 0804.50.80.

Comment.--The principal product imported under HTS item 0804.50.80 is dried mangoes and three Asian countries--the Philippines, Thailand and Singapore--accounted for more than 90 percent of the imports during January-September 1989. Dried mangoes are sold in health food stores and compete with other dried tropical fruits, such as papaya and pineapple. Guavas are not popular in the United States as a dried fruit and the small-sized, exotic, mangosteen (unrelated botanical to the mango) is little traded in any form. As a group, GSP suppliers accounted for 84 percent of the January-September 1989 imports under HTS item 0804.50.80, and such imports are estimated to account for over four-fifths of the U.S. consumption of such products.

During January-September 1989, there were no recorded imports of item products from Mexico.

V. Position of interested parties

Support.--The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) the imports from Mexico represent either "a small share, or a very low value of total U.S. imports", (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty-free.

Opposition.--The State of Hawaii thru its Department of Agriculture opposes the elimination of import duties on guava from Brazil and Mexico. In their brief they stated that the amount of processed guava produced in Hawaii presently exceeds, by about 4.5 million pounds, the total amount of guava paste and pulp imported into the United States from all countries. Of the amount of guava paste and pulp imported from Brazil, 5.3 million pounds, approximately half is landed in Puerto Rico. The major Hawaiian producer of processed guava is presently exploring Puerto Rico as a potential market, they stated. In order to encourage further growth of this expanding domestic diversified agricultural industry, the State of Hawaii opposes the elimination of import duties on guava products from Brazil and Mexico.

Hawaii is not presently a significant commercial producer of mangoes, they stated. However, Hawaii is looking at possible development of mango production for export to the U.S. mainland market in the future, in which case elimination of duty on foreign imports of mangoes may have a detrimental effect on Hawaii.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

Table I.

Digest No.
08045080

Digest Title: Mango and guava products
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Philippines...... | 142 | 275 | 254 | 336 | 669 |
| India........... | 501 | 387 | 546 | 489 | 534 |
| Brazil.......... | 291 | 291 | 400 | 354 | 439 |
| Dominican Rep.... | 184 | 326 | 413 | 295 | 359 |
| Australia........ | 0 | 0 | 33 | 50 | 173 |
| Mexico.......... | 106 | 145 | 58 | 122 | 85 |
| France.......... | 7 | 1 | 21 | 18 | 51 |
| Thailand........ | 15 | 23 | 39 | 32 | 33 |
| Venezuela........ | 13 | 6 | 4 | 3 | 24 |
| Colombia........ | 42 | 28 | 56 | 31 | 21 |
| Haiti........... | 41 | 95 | 35 | 13 | 20 |
| United Kingdom... | 13 | 18 | 18 | 9 | 17 |
| Guatemala........ | 15 | 7 | 15 | 12 | 16 |
| Costa Rica....... | 26 | 2 | 8 | 17 | 16 |
| Chile........... | 3 | 4 | 4 | 6 | 11 |
| All other........ | 34 | 74 | 232 | 92 | 45 |
| Total.......... | 1,432 | 1,683 | 2,135 | 1,880 | 2,512 |
| GSP Total 1/.. | 1,384 | 1,610 | 1,921 | 1,755 | 2,246 |
| GSP+4 1/...... | 1,406 | 1,656 | 1,964 | 1,775 | 2,262 |
| | Percent | | | | |
| Philippines...... | 9.9 | 16.3 | 11.9 | 17.9 | 26.6 |
| India........... | 35.0 | 23.0 | 25.6 | 26.0 | 21.3 |
| Brazil.......... | 20.3 | 17.3 | 18.7 | 18.8 | 17.5 |
| Dominican Rep.... | 12.8 | 19.4 | 19.3 | 15.7 | 14.3 |
| Australia........ | .0 | .0 | 1.5 | 2.7 | 6.9 |
| Mexico.......... | 7.4 | 8.6 | 2.7 | 6.5 | 3.4 |
| France.......... | .5 | .1 | 1.0 | 1.0 | 2.0 |
| Thailand........ | 1.0 | 1.3 | 1.8 | 1.7 | 1.3 |
| Venezuela........ | .9 | .3 | .2 | .1 | 1.0 |
| Colombia........ | 2.9 | 1.6 | 2.6 | 1.7 | .8 |
| Haiti........... | 2.9 | 5.7 | 1.6 | .7 | .8 |
| United Kingdom... | .9 | 1.1 | .9 | .5 | .7 |
| Guatemala........ | 1.0 | .4 | .7 | .6 | .6 |
| Costa Rica....... | 1.8 | .1 | .4 | .9 | .6 |
| Chile........... | .2 | .3 | .2 | .3 | .4 |
| All other........ | 2.4 | 4.4 | 10.9 | 4.9 | 1.8 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 96.6 | 95.7 | 90.0 | 93.3 | 89.4 |
| GSP+4 1/...... | 98.2 | 98.4 | 92.0 | 94.4 | 90.1 |

1/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
08045080

Digest Title: Mango and guava products
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan............ | 1 | 1 | 1 | 3 | 4 |
| Canada........... | 2 | 3 | 3 | 3 | 3 |
| Netherlands...... | 1/ | 1 | 3 | 3 | 2 |
| West Germany..... | 1 | 1/ | 2 | 2 | 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........ | 2 | 1/ | 0 | 1/ | 1/ |
| Sweden........... | 1/ | 1/ | 1/ | 1/ | 1/ |
| Singapore........ | 1/ | 1/ | 1/ | 1/ | 1/ |
| Austria.......... | 0 | 0 | 0 | 1/ | 1/ |
| Bermuda.......... | 1/ | 1/ | 1/ | 1/ | 1/ |
| Hong Kong........ | 1/ | 1/ | 1/ | 1 | 1/ |
| Saudi Arabia..... | 1 | 1 | 1 | 1/ | 1/ |
| All other........ | 4 | 6 | 4 | 2 | 2 |
| Total.......... | 12 | 13 | 15 | 16 | 16 |
| GSP Total 2/.. | 5 | 4 | 3 | 3 | 3 |
| GSP+4 2/...... | 5 | 4 | 4 | 4 | 4 |
| | Percent | | | | |
| Japan............ | 6.0 | 6.7 | 9.2 | 15.6 | 22.7 |
| Canada........... | 19.5 | 21.7 | 19.1 | 18.0 | 19.6 |
| Netherlands...... | 1/ | 5.3 | 17.4 | 17.4 | 12.1 |
| West Germany..... | 5.0 | 1/ | 11.3 | 15.4 | 8.7 |
| United Kingdom... | 1/ | 1/ | 1/ | 1/ | 6.5 |
| Costa Rica....... | 1/ | 1/ | 1/ | 3.9 | 5.0 |
| Dominican Rep.... | 1/ | 1/ | 1/ | 4.0 | 1/ |
| Israel........... | 1/ | 1/ | 1/ | 1/ | 1/ |
| Venezuela........ | 15.1 | 1/ | .0 | 1/ | 1/ |
| Sweden........... | 1/ | 1/ | 1/ | 1/ | 1/ |
| Singapore........ | 1/ | 1/ | 1/ | 1/ | 1/ |
| Austria.......... | .0 | .0 | .0 | 1/ | 1/ |
| Bermuda.......... | 1/ | 1/ | 1/ | 1/ | 1/ |
| Hong Kong........ | 1/ | 1/ | 1/ | 3.1 | 1/ |
| Saudi Arabia..... | 6.0 | 7.6 | 5.2 | 1/ | 1/ |
| All other........ | 35.0 | 44.3 | 27.5 | 12.3 | 10.1 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 41.8 | 27.6 | 23.8 | 20.1 | 18.8 |
| GSP+4 2/...... | 45.5 | 31.8 | 27.4 | 25.7 | 22.0 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 0810.90.40

FRESH FRUIT, N.E.S.I.

Fresh Fruit, n.e.s.i.

## I. Introduction

Digest title: Harmonized Tariff Schedule subheading; U.S. col. 1 rate of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 Total | From country to be reinstated Source | Value | Probable effects on U.S. imports/production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 0810.90.40[1] | 3.4 | Yes | 3,907 | Mexico(R)[2] | 2,978 | [***] |

[1]Based on trade data for January-September 1989, it is estimated that Mexico may exceed the applicable competitive-need limit for this HTS subheading and may therefore become ineligible for GSP duty-free treatment.
[2]An "R" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.

Description and uses.--The fresh fruits covered by this digest are all those not elsewhere specified or included (n.e.s.i.) in the HTS. For the most part, such fruits are tropical or sub-tropical in nature; but citrus fruits of any kind are not included. Many of the fruits covered in this digest are known, depending on region, by different names. The following is a list of most of the fruits covered by this digest: acerolas (or Barbados cherries), carambolas (star fruit), cherimoyas (custard apple), cashew apples, genips (Spanish limes), honey berries, jujubes, larms (Chinese olives), loquats, logans, lychees (litchi), mameyes colorados, medlars, passion fruit (granadillas), pawpaws, persimmons, pomegranates, prickly pears (cactus fig or tuna), rose hips, sapodillas, sapotes, soursops, sweetsops, tomatillas (husk tomatoes), and tree tomatoes.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | *4,000 | *4,000 | *4,000 | *4,000 | *4,000 | - |
| Employment (1,000 employees) | (3) | (3) | (3) | (3) | (3) | (3) |
| Shipments (1,000 dollars) | (3) | (3) | (3) | (3) | (3) | (3) |
| Exports (1,000 dollars) | 2,766 | 2,624 | 6,080 | 9,782 | 11,422 | 52 |
| Imports (1,000 dollars) | 2,516 | 2,443 | 4,039 | 4,430 | 4,831 | 18 |
| Consumption (1,000 dollars) | (3) | (3) | (3) | (3) | (3) | (3) |
| Import to consumption ratio (percent) | (3) | (3) | (3) | (3) | (3) | (3) |
| Capacity utilization (percent) | (3) | (3) | (3) | (3) | (3) | (3) |

[1]Trade data for 1984-88 may not be directly comparable to HTS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p.5.
[2]This figure represents the average annual rate of change during 1984-1988.
[3]Not available.

Comment.--The number of producers are the estimated number of farms that grow the tropical and subtropical fruit of this digest for commercial sales or local markets, based on Census of Agriculture data for 1987. Such farms are located principally in Puerto Rico, California, Florida, Texas and Hawaii. Shipments data for such fresh fruits are not reported. Exports likely consist mostly of persimmons, pomegranates, carambolas and other tropical fruits. The import to consumption ratios, if available, would have little meaning because domestic production and imports are mostly of different kinds of fruit.

The increase in exports, shown above, is most likely overstated for the fresh fruit, n.e.s.i. of this digest because of an increase in exports during 1984-88 of certain fresh fruits (apricots, mangoes, and pineapples) that were in the basket class prior to the HTS, and are not now in the HTS basket class of this digest; trade allocations between the HTS and the former schedule B were not changed over the period. During January-September 1989, exports of fruits of this digest were at an annual level of $5,533,000 for 1989, more than one-half of which went to Canada and Japan.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 3,907 | 100 | - | - |
| Imports from GSP countries: | | | | |
| Total | 3,265 | 84 | 100 | (1) |
| Mexico | 2,978 | 76 | 91 | (1) |
| Israel[2] | 75 | 2 | 2 | (1) |
| Thailand | 69 | 2 | 2 | (1) |
| Brazil | 47 | 1 | 1 | (1) |

[1]Not available.
[2]Although imports of digest products from Israel are eligible for duty-free entry under the GSP, imports of this item during January-September 1989 from Israel entered duty-free under the provisions of the United States Free Trade Area Implementation Act of 1985.

Comment.--Mexico is the dominant supplier of fresh fruit, n.e.s.i. under the HTS, accounting for 76 percent of the value of total imports during January-September 1989. This compares with a 49-51 percent annual share by Mexico for the four years 1985-88 (table I) under the former TSUS. The increased share by Mexico in 1989, compared with 1988, is due in large part to a decline in import class share by Chile, which supplied 22 percent of the class imports in 1988 and less than one percent in 1989.

The principal fresh fruits supplied by Mexico under the basket class of this digest, based on reports of imports under plant quarantine programs of the U.S. Department of Agriculture, are tomatillas (husk tomatoes), prickly pears (cactus figs or tuna), and tree tomatoes. Tomatillas are estimated to account for approximately four-fifths of the imports from Mexico, prickley pears from one-fifth to one-tenth of the imports, and all other products the balance.

## IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

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Ranking as a U.S. import supplier, January-September 1989................. 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 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 X Moderate ___ Low ___

Price level compared with--

U.S. products[1]............................................ Above ___ Equivalent ___ Below ___

Other foreign products[2].................................... Above ___ Equivalent ___ Below ___

Quality compared with--

U.S. products[2]............................................ Above ___ Equivalent ___ Below ___

Other foreign products....................................... Above ___ Equivalent ___ Below ___

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[1]Data on U.S. produced fruits, if any, comparable to the kinds imported are not available.
[2]Not available for the kinds of fruits imported from Mexico.

## V. Position of interested parties

Support.--The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) the imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty-free.

[Probable economic effects advice deleted]

Table I.

Digest No. 08109040

Digest Title: Fresh fruit,n.e.s.i.
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Mexico........... | 1,693 | 1,199 | 1,991 | 2,174 | 2,466 |
| Chile............ | 243 | 384 | 392 | 594 | 1,056 |
| New Zealand...... | 256 | 353 | 888 | 839 | 661 |
| Thailand......... | 122 | 315 | 538 | 608 | 419 |
| Israel........... | 0 | 93 | 42 | 85 | 134 |
| Costa Rica....... | 1 | 1 | 3 | 9 | 33 |
| Dominican Rep.... | 64 | 32 | 68 | 27 | 18 |
| Guatemala........ | 69 | 11 | 8 | 6 | 15 |
| Haiti............ | 18 | 2 | 12 | 0 | 14 |
| Netherlands...... | 5 | 0 | 37 | 6 | 10 |
| Honduras......... | 0 | 0 | 0 | 0 | 3 |
| Jamaica.......... | 0 | 0 | 3 | 0 | 1 |
| Philippines...... | 1/ | 0 | 1 | 0 | 1 |
| Malaysia......... | 0 | 0 | 0 | 1/ | 1/ |
| Canada........... | 4 | 31 | 9 | 0 | 0 |
| All other........ | 41 | 21 | 48 | 82 | 0 |
| Total.......... | 2,516 | 2,443 | 4,039 | 4,430 | 4,831 |
| GSP Total 2/.. | 2,232 | 2,041 | 3,069 | 3,506 | 4,160 |
| GSP+4 2/...... | 2,246 | 2,041 | 3,080 | 3,578 | 4,160 |
| | Percent | | | | |
| Mexico........... | 67.3 | 49.1 | 49.3 | 49.1 | 51.0 |
| Chile............ | 9.7 | 15.7 | 9.7 | 13.4 | 21.8 |
| New Zealand...... | 10.2 | 14.5 | 22.0 | 18.9 | 13.7 |
| Thailand......... | 4.9 | 12.9 | 13.3 | 13.7 | 8.7 |
| Israel........... | .0 | 3.8 | 1.0 | 1.9 | 2.8 |
| Costa Rica....... | 1/ | .1 | .1 | .2 | .7 |
| Dominican Rep.... | 2.5 | 1.3 | 1.7 | .6 | .4 |
| Guatemala........ | 2.7 | .5 | .2 | .1 | .3 |
| Haiti............ | .7 | .1 | .3 | .0 | .3 |
| Netherlands...... | .2 | .0 | .9 | .1 | .2 |
| Honduras......... | .0 | .0 | .0 | .0 | .1 |
| Jamaica.......... | .0 | .0 | .1 | .0 | 1/ |
| Philippines...... | 1/ | .0 | 1/ | .0 | 1/ |
| Malaysia......... | .0 | .0 | .0 | 1/ | 1/ |
| Canada........... | .2 | 1.3 | .2 | .0 | .0 |
| All other........ | 1.6 | .9 | 1.2 | 1.8 | .0 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 88.7 | 83.5 | 76.0 | 79.1 | 86.1 |
| GSP+4 2/...... | 89.2 | 83.5 | 76.3 | 80.8 | 86.1 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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.
08109040

Table II.

Digest Title: Fresh fruit, n.e.s.i.
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada........... | 1,311 | 830 | 1,096 | 1,650 | 2,857 |
| Netherlands...... | 105 | 88 | 521 | 1,329 | 2,420 |
| Japan............ | 379 | 482 | 1,142 | 1,593 | 1,574 |
| United Kingdom... | 73 | 58 | 274 | 986 | 1,297 |
| Bermuda.......... | 152 | 222 | 1,187 | 1,553 | 885 |
| Hong Kong........ | 66 | 112 | 194 | 750 | 467 |
| Kuwait........... | 1/ | 23 | 146 | 430 | 368 |
| Netherlands Ant.. | 0 | 0 | 0 | 0 | 183 |
| United Arab Em... | 50 | 89 | 92 | 42 | 177 |
| France........... | 0 | 25 | 298 | 207 | 173 |
| Australia........ | 78 | 60 | 62 | 64 | 116 |
| Singapore........ | 94 | 33 | 20 | 100 | 115 |
| Saudi Arabia..... | 54 | 40 | 202 | 134 | 110 |
| Mexico........... | 31 | 12 | 5 | 15 | 105 |
| Taiwan........... | 9 | 1 | 8 | 110 | 80 |
| All other........ | 362 | 553 | 832 | 817 | 494 |
| Total.......... | 2,766 | 2,624 | 6,080 | 9,782 | 11,422 |
| GSP Total 2/.. | 380 | 628 | 1,909 | 2,103 | 1,478 |
| GSP+4 2/...... | 549 | 773 | 2,132 | 3,065 | 2,143 |
| | Percent | | | | |
| Canada........... | 47.4 | 31.6 | 18.0 | 16.9 | 25.0 |
| Netherlands...... | 3.8 | 3.3 | 8.6 | 13.6 | 21.2 |
| Japan............ | 13.7 | 18.4 | 18.8 | 16.3 | 13.8 |
| United Kingdom... | 2.7 | 2.2 | 4.5 | 10.1 | 11.4 |
| Bermuda.......... | 5.5 | 8.4 | 19.5 | 15.9 | 7.8 |
| Hong Kong........ | 2.4 | 4.3 | 3.2 | 7.7 | 4.1 |
| Kuwait........... | 1/ | .9 | 2.4 | 4.4 | 3.2 |
| Netherlands Ant.. | .0 | .0 | .0 | .0 | 1.6 |
| United Arab Em... | 1.8 | 3.4 | 1.5 | .4 | 1.5 |
| France........... | .0 | .9 | 4.9 | 2.1 | 1.5 |
| Australia........ | 2.8 | 2.3 | 1.0 | .7 | 1.0 |
| Singapore........ | 3.4 | 1.2 | .3 | 1.0 | 1.0 |
| Saudi Arabia..... | 2.0 | 1.5 | 3.3 | 1.4 | 1.0 |
| Mexico........... | 1.1 | .5 | .1 | .2 | .9 |
| Taiwan........... | .3 | 1/ | .1 | 1.1 | .7 |
| All other........ | 13.1 | 21.1 | 13.7 | 8.4 | 4.3 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 13.7 | 23.9 | 31.4 | 21.5 | 12.9 |
| GSP+4 2/...... | 19.9 | 29.4 | 35.1 | 31.3 | 18.8 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 0813.30.00

DRIED APPLES

# Dried Apples

## I. Introduction

Dried apples: Harmonized Tariff Schedule subheading(s); U.S. col. 1 rate(s) of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 0813.30.00[1] | 0.8% | Yes | 3,534 | Argentina(R)[2] | 1,335 | [***] |

[1]Based on trade data for January-September 1989, it is estimated that Argentina may exceed the applicable competitive need limit for this HTS subheading and may therefore become ineligible for GSP duty-free treatment.
[2]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.

Description and uses.--Dried apples are used primarily in snacks, breakfast cereals, and more extensively in baked goods. Producers that are engaged in sun drying or artificially dehydrating fruits and vegetables are classified in SIC 2034, Dried and Dehydrated Fruits, Vegetables, and Soup Mixes.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | **10 | **9 | **8 | **7 | **10 | **0 |
| Employment (1,000 employees) | **11 | **13 | **12 | **10 | **10 | **-2 |
| Shipments (1,000 dollars) | **53,797 | **58,132 | **59,299 | **56,958 | **59,122 | **2 |
| Exports (1,000 dollars) | 2,048 | 1,088 | 1,311 | 1,386 | 1,344 | -8 |
| Imports (1,000 dollars) | 2,861 | 5,214 | 4,358 | 2,596 | 4,068 | 9 |
| Consumption (1,000 dollars) | **54,610 | **62,258 | **62,346 | **58,168 | **61,846 | **3 |
| Import to consumption ratio (percent) | **5 | **8 | **7 | **4 | **7 | **9 |
| Capacity utilization (percent) | *70 | *78 | *88 | *90 | *90 | *7 |

[1]Trade data for 1984-1988 may not be directly comparable to HS trade data for 1989. Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p.5.
[2]This figure represents the average annual rate of change during 1984-1988.

Comment.--The U.S. industry producing dried cut apples also produces other dried fruits and vegetables. Therefore, the largest concentration is geographically situated near the large fruit and vegetable growing areas of California, Washington, and Colorado. In addition, New York, Colorado, and Texas each have one facility. Producers range in size from small operations producing a single fruit seasonally, to large multiproduct firms that dry numerous fruits and vegetable items year round, of which, apples represents only a small part.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 3,534 | 100 | - | **7 |
| Imports from GSP countries: | | | | |
| Total[2] | 2,305 | 65 | 100 | **4 |
| Argentina | 1,335 | 38 | 58 | **1 |

[1]Import-to-consumption ratios based on 1988 data.
[2]Chile is a major supplier of this product, but Chile is currently ineligible for GSP duty-free treatment.

Comment.--Imports from GSP countries totaled $2.3 million from January-September 1989, representing 65 percent of total imports for that period. Argentina the leading supplier, accounted for 38 percent of total imports.

## IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Argentina for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 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 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 __ Below X |
| Quality compared with-- | |
| U.S. products | Above __ Equivalent X Below __ |
| Other foreign products | Above __ Equivalent X Below __ |

V. Position of Interested Parties

No statements were received either in support of or in opposition to the proposed modification to the GSP considered in this digest.

[Probable economic effects advice deleted]

Table I.

Digest No.
08133000

Digest Title: Dried apples
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Argentina........ | 1,489 | 2,025 | 1,192 | 1,185 | 1,960 |
| Chile............ | 24 | 625 | 1,009 | 583 | 881 |
| Italy............ | 748 | 2,330 | 1,178 | 156 | 575 |
| China............ | 296 | 125 | 675 | 357 | 313 |
| West Germany..... | 70 | 47 | 133 | 102 | 209 |
| Switzerland...... | 25 | 0 | 14 | 93 | 106 |
| Portugal......... | 0 | 0 | 0 | 0 | 13 |
| Australia........ | 3 | 15 | 0 | 84 | 5 |
| Mexico........... | 0 | 0 | 0 | 7 | 4 |
| Korea............ | 0 | 9 | 11 | 3 | 2 |
| Canada........... | 10 | 12 | 23 | 13 | 1 |
| Panama........... | 0 | 0 | 0 | 0 | 0 |
| Venezuela........ | 0 | 0 | 4 | 3 | 0 |
| Brazil........... | 3 | 0 | 0 | 0 | 0 |
| Netherlands...... | 0 | 0 | 0 | 0 | 0 |
| All other........ | 193 | 25 | 120 | 10 | 0 |
| Total.......... | 2,861 | 5,214 | 4,358 | 2,596 | 4,068 |
| GSP Total 2/.. | 1,516 | 2,651 | 2,205 | 1,778 | 2,845 |
| GSP+4 2/...... | 1,708 | 2,660 | 2,333 | 1,791 | 2,846 |
| | Percent | | | | |
| Argentina........ | 52.0 | 38.8 | 27.3 | 45.7 | 48.2 |
| Chile............ | .8 | 12.0 | 23.2 | 22.5 | 21.7 |
| Italy............ | 26.1 | 44.7 | 27.0 | 6.0 | 14.1 |
| China............ | 10.3 | 2.4 | 15.5 | 13.7 | 7.7 |
| West Germany..... | 2.5 | .9 | 3.1 | 3.9 | 5.1 |
| Switzerland...... | .9 | .0 | .3 | 3.6 | 2.6 |
| Portugal......... | .0 | .0 | .0 | .0 | .3 |
| Australia........ | .1 | .3 | .0 | 3.2 | .1 |
| Mexico........... | .0 | .0 | .0 | .3 | .1 |
| Korea............ | .0 | .2 | .2 | .1 | 1/ |
| Canada........... | .4 | .2 | .5 | .5 | 1/ |
| Panama........... | .0 | .0 | .0 | .0 | .0 |
| Venezuela........ | .0 | .0 | .1 | .1 | .0 |
| Brazil........... | .1 | .0 | .0 | .0 | .0 |
| Netherlands...... | .0 | .0 | .0 | .0 | .0 |
| All other........ | 6.8 | .5 | 2.7 | .4 | .0 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 53.0 | 50.8 | 50.6 | 68.5 | 69.9 |
| GSP+4 2/...... | 59.7 | 51.0 | 53.5 | 69.0 | 70.0 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
08133000

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

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada........... | 1,007 | 621 | 816 | 610 | 467 |
| Netherlands...... | 459 | 0 | 0 | 14 | 139 |
| Mexico........... | 9 | 34 | 11 | 23 | 135 |
| Panama........... | 15 | 22 | 17 | 6 | 83 |
| Norway........... | 36 | 29 | 27 | 209 | 61 |
| United Kingdom... | 20 | 48 | 5 | 182 | 55 |
| West Germany..... | 54 | 27 | 41 | 51 | 54 |
| Japan............ | 10 | 0 | 7 | 2 | 46 |
| Philippines...... | 0 | 0 | 0 | 5 | 40 |
| Italy............ | 0 | 140 | 0 | 20 | 38 |
| France........... | 4 | 2 | 2 | 0 | 29 |
| Israel........... | 8 | 6 | 8 | 35 | 27 |
| Finland.......... | 37 | 29 | 46 | 56 | 24 |
| Sweden........... | 50 | 20 | 25 | 23 | 23 |
| Australia........ | 105 | 0 | 0 | 0 | 21 |
| All other........ | 235 | 109 | 307 | 151 | 103 |
| Total.......... | 2,048 | 1,088 | 1,311 | 1,386 | 1,344 |
| GSP Total 1/.. | 221 | 96 | 250 | 146 | 324 |
| GSP+4 1/...... | 231 | 126 | 262 | 158 | 340 |
| | Percent | | | | |
| Canada........... | 49.2 | 57.1 | 62.3 | 44.1 | 34.8 |
| Netherlands...... | 22.4 | .0 | .0 | 1.0 | 10.3 |
| Mexico........... | .4 | 3.1 | .8 | 1.6 | 10.0 |
| Panama........... | .7 | 2.0 | 1.3 | .4 | 6.2 |
| Norway........... | 1.8 | 2.7 | 2.1 | 15.1 | 4.5 |
| United Kingdom... | 1.0 | 4.4 | .4 | 13.1 | 4.1 |
| West Germany..... | 2.6 | 2.5 | 3.1 | 3.7 | 4.0 |
| Japan............ | .5 | .0 | .5 | .1 | 3.4 |
| Philippines...... | .0 | .0 | .0 | .4 | 2.9 |
| Italy............ | .0 | 12.9 | .0 | 1.4 | 2.8 |
| France........... | .2 | .2 | .2 | .0 | 2.1 |
| Israel........... | .4 | .5 | .6 | 2.5 | 2.0 |
| Finland.......... | 1.8 | 2.7 | 3.5 | 4.1 | 1.8 |
| Sweden........... | 2.4 | 1.8 | 1.9 | 1.7 | 1.7 |
| Australia........ | 5.1 | .0 | .0 | .0 | 1.6 |
| All other........ | 11.5 | 10.0 | 23.4 | 10.9 | 7.6 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 10.8 | 8.9 | 19.1 | 10.6 | 24.1 |
| GSP+4 1/...... | 11.3 | 11.6 | 20.0 | 11.4 | 25.3 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 1005.90.40

CORN (OTHER THAN YELLOW DENT)
AND GRAIN SORGHUM

# Corn (other than yellow dent) and grain sorghum[1]

## I. Introduction

Corn (other than yellow dent) and grain sorghum: Harmonized Tariff Schedule subheading(s); U.S. col. 1 rate(s) of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 1005.90.40[1] | 5.7 | Yes | 1,950 | Argentina | 1,485 | [***] |
| 1007.00.00 | 7.2 | Yes | 47 | Argentina | 0 | [***] |

[1]Based on trade data for January-September 1989, it is estimated that Argentina will exceed the applicable competitive need limit for this HTS subheading and may therefore become ineligible for GSP duty-free treatment.

Description and uses.--Corn (also called maize) is the leading feed grain (also called coarse grain) in the United States, and as such is the most important single legal crop. There are several kinds of corn, with grains of different color, and of different shapes. This subheading of the Harmonized Code includes all forms of corn which are not of the yellow dent variety and which are not for use as seed. Also excluded is sweet corn. The principal uses of corn are as animal feed, for the manufacture or High Fructose Corn Syrup, for the manufacture of grain alcohol; however, primarily yellow dent corn goes into these uses. Corn is also used for the manufacture of flour/meal for human consumption. White corn is used in the manufacture of products such as grits. Yellow dent corn represents an estimated 98 percent of U.S. corn production, such that white corn statistics are no longer separately reported by the U.S. Department of Agriculture.

Grain sorghum is another important feed grain. It is used primarily as animal feed and as an ingredient for the manufacture of cereals for human consumption. This heading of the Harmonized Code does not include forage sorghum (for hay or silage) or sweet sorghum (for the manufacture of syrup or molasses), nor does it include grain sorghum seed.

[1]This digest includes the following HTS subheading: 1005.90.40 and 1007.00.00.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1,2]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[3] |
|---|---|---|---|---|---|---|
| Producers[4] | 73 | 75 | 70 | 60 | 60 | -5[5] |
| Employment (1,000 employees) | 600 | 600 | 600 | 600 | 600 | 0 |
| Shipments[6,7] | 195 | 225 | 210 | 180 | 125 | -11 |
| Exports (million dollars) | 935 | 896 | 422 | 441 | 756 | -5 |
| Imports (million dollars) | 7 | 3 | 5 | 3 | 3 | -19 |
| Consumption[6,8] | 177 | 188 | 195 | 197 | 171 | -1 |
| Import to consumption ratio (percent) | (9) | (9) | (9) | (9) | (9) | - |
| Capacity utilization (percent) | 80 | 80 | 80 | 80 | 80 | - |

[1]Trade data for 1874-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see volume I, "Presentation of Probable Economic Effect Advice", p.5.
[2]For sorghum and all corn (statistics are not available permitting the specific exclusion of yellow dent corn).
[3]This figure represents the average annual rate of change during 1987-88.
[4]Expressed in million hectares.
[5]Acreage reduction programs in effect.
[6]Crop years, August 1 to July 31.
[7]In million metric tons.
[8]In million metric tons, defined in accordance with the Department of Agriculture statistic for total domestic use.
[9]Less than 0.5.

Comment.--The United States is the most important participant in the world grain market, accounting for roughly half of world exports of all grains.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 1,997 | 100 | - | (1) |
| Imports from GSP countries: | | | | |
| Total | 1,922 | 97 | 100 | (1) |
| Argentina | 1,485 | 76 | 79 | (1) |
| Mexico | 260 | 13 | 14 | (1) |
| Peru | 63 | 3 | 3 | (1) |
| Thailand | 53 | 3 | 3 | (1) |

[1]Less than 0.5.

Comment.--U.S. imports from all sources of corn and sorghum, during Jan.-Sept. 1989, represent less than one-third percent of U.S. exports during the same period.

## IV. Competitiveness profiles

Competitiveness indicators for Argentina for all digest product

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 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 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 __ |

V. Position of interested parties

No statements were received either in support of or in opposition to the proposed modification to the GSP considered in this digest.

[Probable Economic Effects advice deleted]

Digest No.
10059040

Table I.

Digest Title: Corn (other than yellow dent) and grain sorghum
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Argentina........ | 7,112 | 2,660 | 4,490 | 2,304 | 2,398 |
| Mexico........... | 4 | 24 | 80 | 47 | 215 |
| Canada........... | 75 | 152 | 409 | 175 | 61 |
| Portugal......... | 10 | 5 | 2 | 2 | 9 |
| France........... | 1/ | 0 | 0 | 2 | 9 |
| Brazil........... | 0 | 0 | 0 | 0 | 5 |
| Korea............ | 0 | 2 | 5 | 10 | 5 |
| Netherlands...... | 0 | 0 | 0 | 148 | 3 |
| Chile............ | 0 | 0 | 4 | 71 | 1 |
| Colombia......... | 0 | 0 | 0 | 0 | 0 |
| Ecuador.......... | 0 | 9 | 9 | 0 | 0 |
| Peru............. | 0 | 1 | 29 | 0 | 0 |
| United Kingdom... | 0 | 0 | 0 | 3 | 0 |
| West Germany..... | 2 | 0 | 0 | 0 | 0 |
| Hungary.......... | 4 | 0 | 0 | 0 | 0 |
| All other........ | 6 | 2 | 4 | 11 | 0 |
| Total.......... | 7,213 | 2,856 | 5,033 | 2,774 | 2,708 |
| GSP Total 2/.. | 7,117 | 2,695 | 4,617 | 2,422 | 2,620 |
| GSP+4 2/...... | 7,118 | 2,696 | 4,622 | 2,432 | 2,626 |
| | Percent | | | | |
| Argentina........ | 98.6 | 93.2 | 89.2 | 83.1 | 88.6 |
| Mexico........... | .1 | .9 | 1.6 | 1.7 | 8.0 |
| Canada........... | 1.0 | 5.3 | 8.1 | 6.3 | 2.3 |
| Portugal......... | .1 | .2 | 1/ | .1 | .3 |
| France........... | 1/ | .0 | .0 | .1 | .3 |
| Brazil........... | .0 | .0 | .0 | .0 | .2 |
| Korea............ | .0 | .1 | .1 | .4 | .2 |
| Netherlands...... | .0 | .0 | .0 | 5.3 | .1 |
| Chile............ | .0 | .0 | .1 | 2.5 | .1 |
| Colombia......... | .0 | .0 | .0 | .0 | .0 |
| Ecuador.......... | .0 | .3 | .2 | .0 | .0 |
| Peru............. | .0 | 1/ | .6 | .0 | .0 |
| United Kingdom... | .0 | .0 | .0 | .1 | .0 |
| West Germany..... | 1/ | .0 | .0 | .0 | .0 |
| Hungary.......... | .1 | .0 | .0 | .0 | .0 |
| All other........ | .1 | .1 | .1 | .4 | .0 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 98.7 | 94.4 | 91.7 | 87.3 | 96.8 |
| GSP+4 2/...... | 98.7 | 94.4 | 91.8 | 87.7 | 97.0 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
10059040

Digest Title: Corn (other than yellow dent) and grain sorghum
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan | 283,925 | 252,254 | 186,184 | 185,451 | 224,509 |
| Mexico | 302,482 | 304,507 | 67,216 | 67,571 | 173,334 |
| Venezuela | 63,486 | 122,878 | 72,143 | 77,569 | 171,321 |
| Israel | 73,657 | 50,712 | 33,155 | 23,001 | 33,594 |
| Spain | 48,438 | 1,253 | 359 | 519 | 27,367 |
| Poland | 0 | 0 | 0 | 6,330 | 15,602 |
| Soviet Union | 0 | 0 | 0 | 0 | 15,295 |
| Canada | 7,170 | 9,831 | 7,833 | 9,111 | 11,322 |
| Nigeria | 1,761 | 12,614 | 17 | 0 | 10,431 |
| Saudi Arabia | 1,271 | 1,560 | 903 | 2,142 | 10,418 |
| Taiwan | 35,677 | 13,293 | 29,877 | 38,674 | 8,583 |
| Ecuador | 76 | 2,592 | 114 | 3,119 | 6,973 |
| Colombia | 6,720 | 12,405 | 1,347 | 1,336 | 5,701 |
| Morocco | 1,653 | 42 | 232 | 42 | 5,342 |
| Sudan | 2,531 | 55,615 | 751 | 134 | 3,925 |
| All other | 106,317 | 56,156 | 21,863 | 26,406 | 32,448 |
| Total | 935,165 | 895,713 | 421,993 | 441,407 | 756,166 |
| GSP Total 2/ | 494,445 | 579,353 | 181,811 | 184,708 | 411,948 |
| GSP+4 2/ | 550,505 | 596,735 | 212,490 | 223,951 | 421,660 |
| | Percent | | | | |
| Japan | 30.4 | 28.2 | 44.1 | 42.0 | 29.7 |
| Mexico | 32.3 | 34.0 | 15.9 | 15.3 | 22.9 |
| Venezuela | 6.8 | 13.7 | 17.1 | 17.6 | 22.7 |
| Israel | 7.9 | 5.7 | 7.9 | 5.2 | 4.4 |
| Spain | 5.2 | .1 | .1 | .1 | 3.6 |
| Poland | .0 | .0 | .0 | 1.4 | 2.1 |
| Soviet Union | .0 | .0 | .0 | .0 | 2.0 |
| Canada | .8 | 1.1 | 1.9 | 2.1 | 1.5 |
| Nigeria | .2 | 1.4 | 1/ | .0 | 1.4 |
| Saudi Arabia | .1 | .2 | .2 | .5 | 1.4 |
| Taiwan | 3.8 | 1.5 | 7.1 | 8.8 | 1.1 |
| Ecuador | 1/ | .3 | 1/ | .7 | .9 |
| Colombia | .7 | 1.4 | .3 | .3 | .8 |
| Morocco | .2 | 1/ | .1 | 1/ | .7 |
| Sudan | .3 | 6.2 | .2 | 1/ | .5 |
| All other | 11.4 | 6.3 | 5.2 | 6.0 | 4.3 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/ | 52.9 | 64.7 | 43.1 | 41.8 | 54.5 |
| GSP+4 2/ | 58.9 | 66.6 | 50.4 | 50.7 | 55.8 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 1006.30.10

PARBOILED RICE, RICE FLOUR, RICE MEAL,
and PRECOOKED or OTHERWISE PREPARED CEREALS

Parboiled rice, rice flour, rice meal,
and precooked or otherwise prepared cereals[1]

## I. Introduction

Parboiled rice, rice flour, rice meal, and precooked or otherwise prepared cereals: Harmonized Tariff Schedule subheading(s); U.S. col. 1 rate(s) of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 Total | From country to be reinstated Source | Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 1006.30.10 | 17.5 | Yes | 593 | Mexico | - | [***] |
| 1102.30.00 | 0.5 | Yes | 848 | Thailand | 689 | [***] |
| 1103.14.00 | 0.4 | Yes | 89 | Thailand | 72 | [***] |
| 1904.90.00 | 17.5 | No | 285 | Mexico | - | [***] |

Description and uses.--Parboiled rice (HS item no. 1006.30.10) is a milled rice. While still in the husk, and before being subject to other processes (e.g., husking, milling, polishing), it has been soaked in hot water or steamed, and then dried. The grain structure of parboiled rice is only modified to a minor extent by the process. Such rice, after milling, polishing, etc., takes from 20 to 25 minutes to cook fully.[2]

Also covered in this digest are rice flour and groats of rice (HS item nos. 1102.30.00 and 1103.14.00, respectively). Rice flour is defined as 45 percent starch and 4 percent ash, 80 percent of which can pass through a 315 micron sieve. In the case of groats, which are much coarser since they are obtained by fragmentation instead of grinding, 95 percent by weight passes through a woven metal wire cloth sieve with an aperture of 1.25 mm. (groats are milled to a coarse consisting, and are not to be confused with the separate category of "broken rice", which is used largely as a malt adjunct in the brewing of beer). Rice flour and groats are used in a variety of products for human consumption. The last item covered in this digest (HS item no. 1904.90.00) is a "basket category" for a range of food preparations made from cereal grains.

[1]This digest includes the following HTS subheadings: 1006.30.10, 1102.30.00, 1103.14.00 and 1904.90.00.

[2]From the "General Rules for the Interpretation of the Harmonized System".

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1,2]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[3] |
|---|---|---|---|---|---|---|
| Producers[4] (number of farms)............... | 11,445 | 11,445 | 11,445 | 11,445 | 11,445 | 0 |
| Employment.................................. | NA | NA | NA | NA | NA | NA |
| Supply[5] (million cwt)...................... | 186 | 200 | 211 | 181 | 191 | 1 |
| Exports (million cwt)....................... | 62 | 59 | 84 | 72 | 76 | 5 |
| Imports (million cwt)....................... | 2 | 2 | 3 | 3 | 4 | 19 |
| Consumption[6] (million cwt)................. | 53 | 62 | 71 | 74 | 77 | 10 |
| Import to consumption ratio (percent)...... | 4 | 3 | 4 | 4 | 5 | 6 |
| Capacity utilization (percent)............. | 80 | 80 | 80 | 80 | 80 | 0 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume 1, "Presentation of Probable Economic Effect Advice," p.5.
[2]Crop years, August 1 to July 31.
[3]This figure represents the average annual rate of change during 1984-88.
[4]Number of farms, individual employment is not available; according to the 1982 Census of Agriculture (the latest available source); approximately 10,900 of these farms earn in excess of $10,000.
[5]Total supply (including beginning stocks) minus imports (in million cwt.).
[6]Consumption = total domestic use (in million cwt.), i.e., excluding ending stocks.

Source: U.S. Department of Agriculture, Economic Research Service, Rice, Situation and Outlook Report (RS-55, July 1989).

Comment.--The data in the table cover the whole rice industry. The parboiled rice, rice flour, and rice meal covered in this digest represent very small percentage of the total rice industry. Available data aggregate different forms of rice on a milled basis.

Four types of rice account for 95 percent of U.S. rice exports: parboiled (31.6%), regular milled white rice (46%), brown rice, (13.3%), and rough rice (4.8%).[1] The Middle East is the principal market for U.S. parboiled rice, accounting for about 35 percent of shipments on average. Sub-Saharan Africa, particularly West Africa, accounts for about one-third of U.S. parboiled exports. U.S. rice typically sells at a premium compared with that of major competitors, and is generally believed to be of a higher quality.

[1]Childs, Nathan W., "The Changing Role of the United States in the World Rice Market", USDA-ERS, Rice Situation and Outlook Report (RS-55, July 1989).

## III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 1,815 | 100 | - | 5 |
| Imports from GSP countries: | | | | |
| Total | 1,600 | 88 | 100 | 2 |
| Thailand | 761 | 49 | 56 | 1 |
| Brazil | 524 | 29 | 33 | (2) |
| India | 50 | 3 | 3 | (2) |
| Philippines | 46 | 3 | 3 | (2) |

[1] Import-to-consumption ratios based on 1988 data.
[2] Less than 0.5 percent.

Comment.--The United States alternates with Thailand as the most important exporter of rice in the world. U.S. rice production far exceeds U.S. domestic requirements. U.S. rice is viewed worldwide--including in Japan--as a superior product. [ *** ]

## IV. Competitiveness profiles

Competitiveness indicators for Mexico[1]

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | not shown |
| 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 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 __ |

[1]Profile applies only to the following HTS subheadings for which advice is requested: 1006.30.10, 1904.90.00.

Competitiveness indicators for Thailand[1]

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | Second |
| 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 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 __ |

[1]Profile applies only to the following HTS subheadings for which advice is requested: 1102.30.00, 1103.14.00.

## V. Position of interested parties

Support.--The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty-free.

Opposition.--Riceland Foods, Inc. and the Rice-Miller Association oppose the redesignation under the GSP for rice groats and meal from Thailand, and parboiled rice from Mexico. [

*** ] the industry opposes any further imports which may lower the profitability of domestic production. Further, Thailand has been highly competitive world-wide without GSP.

[Probable economic effects advice deleted]

[Probable economic effects advice deleted]

Table I.

Digest No. 10063010

Digest Title: Parboiled rice, rice flour, rice meal, and precooked or otherwise prepared cereals
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Thailand......... | 471 | 890 | 694 | 958 | 938 |
| Japan............ | 91 | 56 | 44 | 46 | 135 |
| Taiwan........... | 3 | 28 | 49 | 11 | 66 |
| Hong Kong........ | 84 | 75 | 24 | 4 | 65 |
| China............ | 84 | 145 | 36 | 20 | 42 |
| Canada........... | 46 | 41 | 23 | 13 | 16 |
| Brazil........... | 0 | 4 | 0 | 0 | 15 |
| Italy............ | 0 | 0 | 4 | 0 | 14 |
| El Salvador...... | 6 | 9 | 1 | 8 | 11 |
| Mexico........... | 21 | 19 | 14 | 9 | 9 |
| Korea............ | 17 | 5 | 9 | 12 | 9 |
| Belgium.......... | 0 | 0 | 0 | 0 | 7 |
| Pakistan......... | 0 | 0 | 0 | 0 | 5 |
| Malaysia......... | 0 | 0 | 0 | 0 | 4 |
| Switzerland...... | 0 | 1 | 0 | 0 | 2 |
| All other........ | 23 | 11 | 90 | 269 | 2 |
| Total.......... | 846 | 1,285 | 989 | 1,349 | 1,340 |
| GSP Total 1/.. | 515 | 932 | 713 | 977 | 982 |
| GSP+4 1/...... | 619 | 1,040 | 796 | 1,004 | 1,122 |
| | Percent | | | | |
| Thailand......... | 55.7 | 69.3 | 70.2 | 71.0 | 70.0 |
| Japan............ | 10.7 | 4.4 | 4.5 | 3.4 | 10.1 |
| Taiwan........... | .3 | 2.2 | 5.0 | .8 | 4.9 |
| Hong Kong........ | 10.0 | 5.8 | 2.4 | .3 | 4.8 |
| China............ | 9.9 | 11.2 | 3.7 | 1.5 | 3.1 |
| Canada........... | 5.4 | 3.2 | 2.4 | 1.0 | 1.2 |
| Brazil........... | .0 | .3 | .0 | .0 | 1.1 |
| Italy............ | .0 | .0 | .4 | .0 | 1.0 |
| El Salvador...... | .7 | .7 | .1 | .6 | .8 |
| Mexico........... | 2.5 | 1.5 | 1.5 | .6 | .7 |
| Korea............ | 2.0 | .4 | .9 | .9 | .7 |
| Belgium.......... | .0 | .0 | .0 | .0 | .5 |
| Pakistan......... | .0 | .0 | .0 | .0 | .4 |
| Malaysia......... | .0 | .0 | .0 | .0 | .3 |
| Switzerland...... | .0 | .1 | .0 | .0 | .1 |
| All other........ | 2.7 | .9 | 9.1 | 19.9 | .1 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 60.8 | 72.5 | 72.1 | 72.4 | 73.3 |
| GSP+4 1/...... | 73.1 | 80.9 | 80.5 | 74.4 | 83.8 |

1/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No. 10063010

Digest Title: Parboiled rice, rice flour, rice meal, and precooked or otherwise prepared cereals

U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Saudi Arabia..... | 143,774 | 97,943 | 74,486 | 70,114 | 99,239 |
| Belgium.......... | 29,961 | 41,973 | 32,278 | 27,805 | 36,851 |
| Rep So Africa.... | 49,281 | 21,555 | 17,096 | 14,678 | 29,632 |
| Canada........... | 16,545 | 15,834 | 7,923 | 7,109 | 13,734 |
| Switzerland...... | 21,729 | 10,783 | 7,854 | 8,984 | 8,927 |
| Liberia.......... | 24,504 | 17,278 | 15,396 | 16,707 | 8,653 |
| Sweden........... | 7,009 | 6,817 | 6,386 | 5,933 | 8,128 |
| Yemen (Sana)..... | 16,018 | 7,800 | 4,975 | 6,866 | 5,003 |
| Netherlands...... | 4,719 | 2,570 | 3,215 | 5,260 | 4,949 |
| Philippines...... | 2,732 | 557 | 12 | 41 | 4,829 |
| Haiti............ | 74 | 251 | 1,716 | 5,525 | 4,469 |
| Iraq............. | 6,511 | 0 | 5,664 | 0 | 3,972 |
| Netherlands Ant.. | 0 | 0 | 0 | 0 | 3,314 |
| West Germany..... | 7,146 | 3,200 | 4,895 | 3,557 | 3,201 |
| Jordan........... | 4,627 | 657 | 458 | 659 | 3,128 |
| All other........ | 55,483 | 36,244 | 35,533 | 33,883 | 37,347 |
| Total.......... | 390,112 | 263,463 | 217,887 | 207,121 | 275,377 |
| GSP Total 2/.. | 79,584 | 52,549 | 47,236 | 52,417 | 55,950 |
| GSP+4 2/...... | 79,764 | 52,717 | 47,492 | 52,794 | 56,447 |
| | Percent | | | | |
| Saudi Arabia..... | 36.9 | 37.2 | 34.2 | 33.9 | 36.0 |
| Belgium.......... | 7.7 | 15.9 | 14.8 | 13.4 | 13.4 |
| Rep So Africa.... | 12.6 | 8.2 | 7.8 | 7.1 | 10.8 |
| Canada........... | 4.2 | 6.0 | 3.6 | 3.4 | 5.0 |
| Switzerland...... | 5.6 | 4.1 | 3.6 | 4.3 | 3.2 |
| Liberia.......... | 6.3 | 6.6 | 7.1 | 8.1 | 3.1 |
| Sweden........... | 1.8 | 2.6 | 2.9 | 2.9 | 3.0 |
| Yemen (Sana)..... | 4.1 | 3.0 | 2.3 | 3.3 | 1.8 |
| Netherlands...... | 1.2 | 1.0 | 1.5 | 2.5 | 1.8 |
| Philippines...... | .7 | .2 | 1/ | 1/ | 1.8 |
| Haiti............ | 1/ | .1 | .8 | 2.7 | 1.6 |
| Iraq............. | 1.7 | .0 | 2.6 | .0 | 1.4 |
| Netherlands Ant.. | .0 | .0 | .0 | .0 | 1.2 |
| West Germany..... | 1.8 | 1.2 | 2.2 | 1.7 | 1.2 |
| Jordan........... | 1.2 | .2 | .2 | .3 | 1.1 |
| All other........ | 14.2 | 13.8 | 16.3 | 16.4 | 13.6 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 20.4 | 19.9 | 21.7 | 25.3 | 20.3 |
| GSP+4 2/...... | 20.4 | 20.0 | 21.8 | 25.5 | 20.5 |

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

2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 1701.11.00

SUGAR

# Sugar[1]

## I. Introduction

Sugar: Harmonized Tariff Schedule subheading(s); U.S. col. 1 rate(s) of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 Total | From country to be reinstated Source | From country to be reinstated Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 1701.11.00 | 4.0 | Yes | 457,507 | Brazil | 22,511 | [***] |
| 1701.12.00 | 3.7 | Yes | 9,404 | Brazil | - | [***] |
| 1701.91.20 | 6.7 | Yes | 289 | Brazil | - | [***] |
| 1701.99.00 | 2.8 | Yes | 662 | Brazil | - | [***] |
| 1806.10.40 | 13.2 | Yes | 26 | Brazil | - | [***] |

Description and uses.—The products covered here are raw sugar, refined sugar, colored sugar, and flavored sugar. Virtually all of the imports of the articles covered here are raw sugar. Refined sugar is an identical product, whether derived from sugarcane or sugar beets. Refined sugar is used as a caloric sweetener in foods; in this use (particularly liquid applications) it competes with high fructose corn syrup, which now accounts for the largest share of the U.S. caloric sweetener market.

[1]This digest includes the following HTS subheadings: 1701.11.00, 1701.12.00, 1701.91.20, 1701.99.00 and 1806.10.40.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | *119 | *118 | *117 | 116 | *116 | *-1 |
| Employment (1,000 employees) | *21 | *21 | *20 | 20 | *19 | *-2 |
| Shipments (million dollars) | 4,916 | 4,405 | 4,363 | 4,390 | *4,400 | *-2 |
| Exports (million dollars) | 76 | 65 | 92 | 115 | 106 | 9 |
| Imports (million dollars) | 1,109 | 812 | 624 | 380 | 438 | *-13 |
| Consumption (million dollars) | 5,949 | 5,152 | 4,895 | 4,656 | 4,731 | *-5 |
| Import to consumption ratio (percent) | 19 | 16 | 13 | 8 | 9 | - |
| Capacity utilization (percent) | *85 | *85 | *87 | *88 | *89 | - |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Proable Economic Effect Advice", p.5.
[2]This figure represents the average annual rate of change during 1984-1988.

Comment.--The domestic industry is made up of sugar cane mills, cane sugar refineries, and beet sugar factories. Sugar cane mills use domestically produced sugarcane as a raw material; they produce raw cane sugar. Cane sugar refineries use domestically-produced and imported raw cane sugar as raw materials; they produce refined cane sugar. Beet sugar factories use domestically produced sugar beets as raw materials to produce refined beet sugar. [
***
]

The overall U.S. market for caloric sweeteners has been increasing slowly, at about the same rate as population growth. However, in recent years an increasing share of the sweetener market has been captured by corn sweeteners (particularly high fructose corn syrup) to such an extent that corn sweeteners now have a larger share of the market than does sugar.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 467,888 | 100 | - | *9 |
| Imports from GSP countries: | | | | |
| Total | 432,440 | 92 | 100 | *9 |
| Dominican Republic | 85,935 | 18 | 20 | *2 |
| Philippines | 73,798 | 16 | 17 | *2 |
| Colombia | 50,107 | 11 | 12 | *1 |
| Mexico | 33,865 | 7 | 8 | *1 |

[1] Import-to-consumption ratios based on 1988 trade.

Comment.--Imports of sugar into the United States are subject to strict country-by-country quotas administered under the authority of Additional U.S. Note 2 to chapter 17 of the HTS. These quotas serve to maintain the U.S. sugar price-support system and protect the U.S. sugar industry.

IV. Competitiveness profiles

Competitiveness indicators for Brazil for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 7 |
| 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 ___ Low X |
| 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.—Imports of sugar for consumption in the United States are strictly limited by a system of import quotas allocated country-by-country. These quotas serve to protect the U.S. price-support system for sugarcane and sugar beets.

V. Position of interested parties

Opposition.--The State of Hawaii Department of Agriculture is opposed to duty-free treatment for sugar from Brazil.

[Probable economic effects advice deleted]

Table I.

Digest No. 17011100

Digest Title: Sugar

U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Dominican Rep.... | 201,654 | 143,485 | 99,283 | 62,244 | 77,926 |
| Philippines...... | 130,587 | 124,184 | 85,172 | 55,993 | 57,218 |
| Brazil........... | 129,071 | 126,460 | 94,216 | 45,228 | 52,323 |
| Mexico........... | 1 | 5,105 | 21,900 | 30,880 | 32,413 |
| Australia........ | 97,688 | 48,273 | 38,600 | 28,054 | 30,273 |
| Guatemala........ | 55,391 | 34,188 | 43,040 | 14,262 | 23,455 |
| Colombia......... | 24,734 | 25,119 | 23,281 | 11,798 | 20,750 |
| Peru............. | 43,772 | 39,528 | 21,810 | 11,529 | 13,080 |
| El Salvador...... | 28,765 | 24,673 | 10,434 | 78 | 12,554 |
| Belize........... | 12,224 | 5,440 | 11,110 | 5,122 | 10,014 |
| Argentina........ | 65,668 | 48,576 | 15,766 | 14,284 | 9,751 |
| Costa Rica....... | 35,312 | 1,314 | 14,348 | 9,969 | 9,499 |
| Swaziland........ | 20,827 | 6,785 | 10,497 | 7,265 | 6,657 |
| Bolivia.......... | 3,602 | 6,847 | 2,254 | 2,426 | 5,238 |
| Taiwan........... | 13,876 | 10,406 | 7,154 | 4,135 | 5,166 |
| All other........ | 245,602 | 161,476 | 125,547 | 77,206 | 71,406 |
| Total.......... | 1,108,775 | 811,862 | 624,413 | 380,474 | 437,723 |
| GSP Total 2/.. | 958,098 | 724,046 | 562,701 | 339,758 | 394,431 |
| GSP+4 2/...... | 972,024 | 734,491 | 569,891 | 343,912 | 399,596 |
| | Percent | | | | |
| Dominican Rep.... | 18.2 | 17.7 | 15.9 | 16.4 | 17.8 |
| Philippines...... | 11.8 | 15.3 | 13.6 | 14.7 | 13.1 |
| Brazil........... | 11.6 | 15.6 | 15.1 | 11.9 | 12.0 |
| Mexico........... | 1/ | .6 | 3.5 | 8.1 | 7.4 |
| Australia........ | 8.8 | 5.9 | 6.2 | 7.4 | 6.9 |
| Guatemala........ | 5.0 | 4.2 | 6.9 | 3.7 | 5.4 |
| Colombia......... | 2.2 | 3.1 | 3.7 | 3.1 | 4.7 |
| Peru............. | 3.9 | 4.9 | 3.5 | 3.0 | 3.0 |
| El Salvador...... | 2.6 | 3.0 | 1.7 | 1/ | 2.9 |
| Belize........... | 1.1 | .7 | 1.8 | 1.3 | 2.3 |
| Argentina........ | 5.9 | 6.0 | 2.5 | 3.8 | 2.2 |
| Costa Rica....... | 3.2 | .2 | 2.3 | 2.6 | 2.2 |
| Swaziland........ | 1.9 | .8 | 1.7 | 1.9 | 1.5 |
| Bolivia.......... | .3 | .8 | .4 | .6 | 1.2 |
| Taiwan........... | 1.3 | 1.3 | 1.1 | 1.1 | 1.2 |
| All other........ | 22.2 | 19.9 | 20.1 | 20.3 | 16.3 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 86.4 | 89.2 | 90.1 | 89.3 | 90.1 |
| GSP+4 2/...... | 87.7 | 90.5 | 91.3 | 90.4 | 91.3 |

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

2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 17011100

Table II.

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

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada.......... | 10,524 | 19,728 | 25,544 | 33,649 | 40,274 |
| Iraq............ | 0 | 1,632 | 15,894 | 32,456 | 30,181 |
| Jordan.......... | 35 | 4,187 | 1,461 | 6 | 15,036 |
| Jamaica......... | 9,751 | 3,144 | 5,311 | 4,048 | 6,083 |
| Haiti........... | 1,841 | 2,724 | 3,107 | 3,746 | 4,161 |
| Bahamas......... | 3,756 | 1,826 | 2,468 | 2,231 | 2,762 |
| Netherlands Ant.. | 0 | 0 | 0 | 0 | 2,201 |
| Switzerland...... | 18 | 17 | 25 | 191 | 479 |
| Dominican Rep.... | 51 | 2,319 | 183 | 426 | 408 |
| West Germany..... | 36 | 2 | 52 | 308 | 315 |
| Panama.......... | 151 | 198 | 171 | 235 | 299 |
| Guatemala........ | 61 | 232 | 164 | 541 | 297 |
| Argentina........ | 709 | 361 | 534 | 526 | 286 |
| Netherlands...... | 268 | 51 | 78 | 74 | 246 |
| Aruba........... | 3,351 | 1,828 | 1,933 | 2,253 | 240 |
| All other........ | 45,513 | 26,310 | 35,489 | 33,971 | 3,145 |
| Total.......... | 76,065 | 64,560 | 92,413 | 114,662 | 106,413 |
| GSP Total 2/.. | 61,130 | 40,547 | 45,620 | 31,232 | 33,606 |
| GSP+4 2/...... | 61,621 | 40,869 | 45,928 | 31,534 | 33,885 |
| | Percent | | | | |
| Canada.......... | 13.8 | 30.6 | 27.6 | 29.3 | 37.8 |
| Iraq............ | .0 | 2.5 | 17.2 | 28.3 | 28.4 |
| Jordan.......... | 1/ | 6.5 | 1.6 | 1/ | 14.1 |
| Jamaica......... | 12.8 | 4.9 | 5.7 | 3.5 | 5.7 |
| Haiti........... | 2.4 | 4.2 | 3.4 | 3.3 | 3.9 |
| Bahamas......... | 4.9 | 2.8 | 2.7 | 1.9 | 2.6 |
| Netherlands Ant.. | .0 | .0 | .0 | .0 | 2.1 |
| Switzerland...... | 1/ | 1/ | 1/ | .2 | .5 |
| Dominican Rep.... | .1 | 3.6 | .2 | .4 | .4 |
| West Germany..... | 1/ | 1/ | .1 | .3 | .3 |
| Panama.......... | .2 | .3 | .2 | .2 | .3 |
| Guatemala........ | .1 | .4 | .2 | .5 | .3 |
| Argentina........ | .9 | .6 | .6 | .5 | .3 |
| Netherlands...... | .4 | .1 | .1 | .1 | .2 |
| Aruba........... | 4.4 | 2.8 | 2.1 | 2.0 | .2 |
| All other........ | 59.8 | 40.8 | 38.4 | 29.6 | 3.0 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 80.4 | 62.8 | 49.4 | 27.2 | 31.6 |
| GSP+4 2/...... | 81.0 | 63.3 | 49.7 | 27.5 | 31.8 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 2005.10.00

CERTAIN VEGETABLES NOT PREPARED OR PRESERVED BY VINEGAR OR ACETIC ACID, NOT FROZEN

# Certain Vegetables Not Prepared or Preserved by Vinegar or Acetic Acid, Not Frozen[1]

## I. Introduction

Certain vegetables not prepared or preserved by vinegar or acetic acid, not frozen: Harmonized Tariff Schedule subheading(s); U.S. col. 1 rate(s) of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 Total | From country to be reinstated Source | From country to be reinstated Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 2005.10.00 | 17.5% | Yes | 100 | Mexico(R)[1] | ([2]) | [***] |
| 2005.90.55[3] | 17.5 | Yes | 2,552 | Mexico(R)[1] | 1,115 | [***] |
| 2005.90.90[3] | 17.5 | Yes | 11,408 | Mexico(R)[1] | 11,408 | [***] |

[1]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.
[2]Less than $500.
[3]Based on trade data for January-September 1989, it is estimated that Mexico may exceed the applicable competitive need limit for this HTS subheading and may therefore become ineligible for GSP duty-free treatment.

Description and uses.--This digest includes cucumbers and miscellaneous other vegetables or mixtures of vegetables, provisionally preserved, or prepared or preserved by vinegar or acetic acid. Such vegetables are often served with sandwiches or on relish trays, and are used as a cooked vegetable sidedish.

[1]This digest includes the following HTS subheadings: 2005.10.00, 2005.90.55, and 2005.90.90.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (1,000 firms)[3]............ | **100 | **100 | **100 | **100 | **100 | **0 |
| Employment (1,000 employees)[4]........ | **16 | **16 | **16 | **16 | **16 | **0 |
| Shipments (1,000 dollars)[5]........... | **64,000 | **84,000 | **74,000 | **75,000 | **90,000 | **9 |
| Exports (1,000 dollars).............. | 4,977 | 4,281 | 4,016 | 3,912 | 4,972 | ([6]) |
| Imports (1,000 dollars).............. | 14,048 | 15,889 | 18,517 | 21,444 | 22,525 | 12 |
| Consumption (1,000 dollars).......... | **73,071 | **95,608 | **88,501 | **92,532 | **107,553 | **10 |
| Import to consumption ratio (percent).......................... | **19 | **17 | **21 | **23 | **21 | **3 |
| Capacity utilization (percent)....... | **80 | **80 | **80 | **80 | **80 | **0 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume 1, "Presentation of Probable Economic Effect Advice," p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.
[3]Includes those firms accounting for the bulk of production. Such firms also process a number of other vegetables and fruit, some of which are covered in other digests.
[4]Includes workers in firms processing vegetables covered in other digests.
[5]Includes estimated data principally for processing cucumbers and peppers, and may be significantly under- or overestimated.
[6]Less than 0.5 percent.

Comment.--The U.S. vegetable processing industry consists of about 100 firms packing the digest products. Such firms include small regional producers as well as large national or multinational packers. The technology involved in processing is shared by both domestic and foreign firms, with the greater number of workers and lower wage rates favoring Mexican processors. For specific private label brands, U.S. firms are more competitive; however, for most other products, processors in Mexico are able to compete favorably with U.S. firms in such areas as non-price purchasing incentives, marketing methods, quality, and service. In the U.S. market, prices are generally the primary factor in determining the consumer's purchase.

## III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total........................ | 14,060 | 100 | - | **21 |
| Imports from GSP countries: | | | | |
| Total........................ | 7,277 | 52 | 100 | **11 |
| Thailand....................... | 2,738 | 20 | 38 | **4 |
| Mexico......................... | 2,418 | 17 | 33 | **4 |
| Colombia....................... | 529 | 4 | 7 | **1 |
| Israel[2]....................... | 378 | 3 | 5 | **1 |

[1]Import-to-consumption ratios based on 1988 data.
[2]Although imports of certain vegetables, not prepared or preserved by vinegar or acetic acid and not frozen, from Israel are eligible for duty-free entry under the GSP, imports of these items during January-September 1989 from Israel entered duty-free under the provisions of the United States-Israel Free Trade Area Implementation Act of 1985.

## IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 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

Support.—Camara Nacional de la Industria de Conservas Alimenticias (CANAINCA), a trade association representing Mexican producers and exporters of processed foods, supports the redesignation of certain processed vegetables imported from Mexico under the U.S. Generalized System of Preferences. CANAINCA states that such actions would result in no adverse effects on U.S. producers of similar products since most firms are large, diversified food processing and packing firms with strong brand label recognition. Consumers, on the other hand, are expected to benefit from more competitive pricing with the entry of imported product.

The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports;" (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty free.

Opposition.—The Cherokee Products Company of Haddock, Georgia, together with a number of other companies, as a group accounts for nearly all U.S. production of canned sweet Capsicum peppers and is opposed to any waiver of the competitive need limit on such items from Mexico. According to this firm, imports of such items are directly competitive with U.S. product and have replaced sales of domestic product to U.S. processed-food manufacturers and food service companies for many years. They state that quality and price are the primary considerations for such buyers, and that increasing amounts of lower-priced imports from Mexico in recent years have had a major price-depressing effect in the U.S. canned sweet pepper market.

[Probable economic effect advice deleted.]

Table I.

Digest No.
20051000

Digest Title: Certain vegetables not prepared or preserved by vinegar or acetic acid, not frozen

U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Mexico.......... | 4,062 | 4,437 | 4,227 | 6,399 | 5,474 |
| Japan........... | 3,087 | 3,137 | 3,237 | 3,080 | 3,706 |
| Taiwan.......... | 1,320 | 1,621 | 1,863 | 2,072 | 2,072 |
| Korea........... | 247 | 376 | 631 | 940 | 1,353 |
| Israel.......... | 949 | 1,216 | 1,859 | 1,707 | 1,193 |
| Italy........... | 129 | 309 | 800 | 1,046 | 1,165 |
| Thailand........ | 571 | 474 | 858 | 1,053 | 1,068 |
| China........... | 810 | 571 | 777 | 639 | 1,009 |
| Dominican Rep.... | 195 | 312 | 461 | 514 | 839 |
| Canada.......... | 95 | 241 | 226 | 315 | 750 |
| Netherlands...... | 7 | 94 | 423 | 717 | 432 |
| Hong Kong........ | 420 | 338 | 496 | 467 | 428 |
| Belgium.......... | 341 | 450 | 595 | 413 | 390 |
| Costa Rica....... | 5 | 132 | 58 | 182 | 379 |
| Spain............ | 132 | 161 | 104 | 298 | 296 |
| All other........ | 1,679 | 2,022 | 1,902 | 1,601 | 1,972 |
| Total.......... | 14,048 | 15,889 | 18,517 | 21,444 | 22,525 |
| GSP Total 2/.. | 6,278 | 7,265 | 8,165 | 10,545 | 9,940 |
| GSP+4 2/...... | 8,266 | 9,601 | 11,175 | 14,028 | 13,796 |
| | Percent | | | | |
| Mexico.......... | 28.9 | 27.9 | 22.8 | 29.8 | 24.3 |
| Japan........... | 22.0 | 19.7 | 17.5 | 14.4 | 16.5 |
| Taiwan.......... | 9.4 | 10.2 | 10.1 | 9.7 | 9.2 |
| Korea........... | 1.8 | 2.4 | 3.4 | 4.4 | 6.0 |
| Israel.......... | 6.8 | 7.7 | 10.0 | 8.0 | 5.3 |
| Italy........... | .9 | 1.9 | 4.3 | 4.9 | 5.2 |
| Thailand........ | 4.1 | 3.0 | 4.6 | 4.9 | 4.7 |
| China........... | 5.8 | 3.6 | 4.2 | 3.0 | 4.5 |
| Dominican Rep.... | 1.4 | 2.0 | 2.5 | 2.4 | 3.7 |
| Canada.......... | .7 | 1.5 | 1.2 | 1.5 | 3.3 |
| Netherlands...... | 1/ | .6 | 2.3 | 3.3 | 1.9 |
| Hong Kong........ | 3.0 | 2.1 | 2.7 | 2.2 | 1.9 |
| Belgium.......... | 2.4 | 2.8 | 3.2 | 1.9 | 1.7 |
| Costa Rica....... | 1/ | .8 | .3 | .8 | 1.7 |
| Spain............ | .9 | 1.0 | .6 | 1.4 | 1.3 |
| All other........ | 12.0 | 12.7 | 10.3 | 7.5 | 8.8 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 44.7 | 45.7 | 44.1 | 49.2 | 44.1 |
| GSP+4 2/...... | 58.8 | 60.4 | 60.3 | 65.4 | 61.2 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
20051000

Digest Title: Certain vegetables not prepared or preserved by vinegar or acetic acid, not frozen

U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada | 324 | 361 | 338 | 430 | 583 |
| United Arab Em | 321 | 361 | 378 | 383 | 469 |
| Hong Kong | 245 | 226 | 286 | 278 | 359 |
| Japan | 175 | 143 | 166 | 201 | 351 |
| Aruba | 842 | 531 | 366 | 423 | 303 |
| Mexico | 53 | 141 | 197 | 198 | 234 |
| Kuwait | 202 | 281 | 258 | 132 | 226 |
| Saudi Arabia | 309 | 324 | 241 | 155 | 208 |
| Singapore | 125 | 117 | 125 | 136 | 181 |
| Dominican Rep | 205 | 46 | 120 | 117 | 156 |
| Netherlands Ant | 0 | 0 | 0 | 0 | 154 |
| Marshall Is | 0 | 0 | 0 | 67 | 153 |
| Panama | 144 | 182 | 170 | 92 | 112 |
| United Kingdom | 25 | 46 | 135 | 103 | 101 |
| Bahamas | 52 | 38 | 19 | 75 | 99 |
| All other | 1,955 | 1,486 | 1,216 | 1,122 | 1,284 |
| Total | 4,977 | 4,281 | 4,016 | 3,912 | 4,972 |
| GSP Total 1/ | 2,661 | 1,907 | 1,728 | 1,662 | 2,099 |
| GSP+4 1/ | 3,082 | 2,317 | 2,227 | 2,163 | 2,759 |
| | Percent | | | | |
| Canada | 6.5 | 8.4 | 8.4 | 11.0 | 11.7 |
| United Arab Em | 6.4 | 8.4 | 9.4 | 9.8 | 9.4 |
| Hong Kong | 4.9 | 5.3 | 7.1 | 7.1 | 7.2 |
| Japan | 3.5 | 3.3 | 4.1 | 5.1 | 7.1 |
| Aruba | 16.9 | 12.4 | 9.1 | 10.8 | 6.1 |
| Mexico | 1.1 | 3.3 | 4.9 | 5.1 | 4.7 |
| Kuwait | 4.0 | 6.6 | 6.4 | 3.4 | 4.5 |
| Saudi Arabia | 6.2 | 7.6 | 6.0 | 4.0 | 4.2 |
| Singapore | 2.5 | 2.7 | 3.1 | 3.5 | 3.6 |
| Dominican Rep | 4.1 | 1.1 | 3.0 | 3.0 | 3.1 |
| Netherlands Ant | .0 | .0 | .0 | .0 | 3.1 |
| Marshall Is | .0 | .0 | .0 | 1.7 | 3.1 |
| Panama | 2.9 | 4.3 | 4.2 | 2.3 | 2.2 |
| United Kingdom | .5 | 1.1 | 3.4 | 2.6 | 2.0 |
| Bahamas | 1.1 | .9 | .5 | 1.9 | 2.0 |
| All other | 39.3 | 34.7 | 30.3 | 28.7 | 25.8 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/ | 53.5 | 44.5 | 43.0 | 42.5 | 42.2 |
| GSP+4 1/ | 61.9 | 54.1 | 55.5 | 55.3 | 55.5 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 2208.90.45

CORDIALS AND LIQUEURS

# Cordials and Liqueurs

## I. Introduction

Cordials and liqueurs: Harmonized Tariff Schedule subheading(s); U.S. col. 1 rate(s) of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 Total | From country to be reinstated Source | From country to be reinstated Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 2208.90.45 | 2% | Yes | 144,826 | Mexico (R)[1] | 8,169 | [***] |

[1]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.

Description and uses.--Cordials and liqueurs are alcoholic beverages obtained by mixing or redistilling neutral spirits, brandy, gin, or other distilled spirits, with or over fruits, flowers, plants, pure juices derived from infusions, percolation, or maceration of such materials, and which contain sugar or dextrose or both in an amount not less than 2.5 percent by weight of the finished product. Many of the imported cordials and liqueurs are proprietary brands (e,g., Benedictine, Grand Marnier, and Chartreuse from France; Drambuie from the United Kingdom; Kahlua from Mexico; and Tia Maria from Jamaica). Generic cordials and liqueurs include anisette, creme de menthe, creme de cassis, creme de cacao, kummel triple sec and sloe gin. Most of the imported products retail at prices substantially higher than U.S. liqueurs and cordials. The bulk of U.S. products are generic in type, although some proprietary liqueurs are also produced in the United States.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | *24 | *24 | *23 | *23 | *23 | *-1 |
| Employment (1,000 employees) | *1 | *1 | *1 | *1 | *1 | - |
| Shipments (million dollars) | *312 | *347 | *386 | *430 | *478 | *11 |
| Exports (million dollars) | 3 | 7 | 6 | 6 | 7 | 24 |
| Imports (million dollars) | 210 | 203 | 204 | 231 | 222 | 1 |
| Consumption (million dollars) | *518 | *543 | *589 | *655 | *693 | *8 |
| Import to consumption ratio (percent) | *40 | *37 | *35 | *35 | *32 | - |
| Capacity utilization (percent) | *66 | *75 | *77 | *77 | *78 | - |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice," p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.

Comment.—Cordials and liqueurs are produced in many countries and there are generally important taste variations among these beverages. These variations and/or characteristics are dependent factors, including; the raw material employed for distilling, the proof at which the spirit is distilled, the presence or lack of flavoring and color ingredients, and the aging process. Competition between imported and domestic cordials and liqueurs is not predominantly on the basis of price. There is some price competition between the more generic types, but generally, imported cordials and liqueurs tend to be specialty products or particular brands of worldwide repute which usually retail at prices in excess of comparable brands. Demand for many of these beverages is more dependent on consumer taste preferences, brand loyalty, perceived quality, and/or the social image the consumer wishes to convey than the price.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 144,826 | 100 | - | *32 |
| Imports from GSP countries: | | | | |
| Total | 13,669 | 9 | 100 | *2 |
| Mexico | 8,169 | 6 | 60 | *1 |
| Jamaica | 3,282 | 2 | 24 | ([3]) |
| Colombia | 1,142 | 1 | 8 | ([3]) |
| Brazil | 374 | ([2]) | 3 | ([3]) |

[1] Import-to-consumption ratios based on 1988 data.
[2] Less than 0.5 percent.

## IV. Competitiveness profile

Competitiveness indicators for Mexico for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 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 ___ 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 X Equivalent ___ 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.--U.S. cordials and liqueurs and imported cordials and liqueurs are generally equivalent in quality. However, many imported cordials and liqueurs are made by single producers from proprietary formulas and generally retail at prices substantially higher than the U.S. product. The bulk of U.S. cordials and liqueurs are generic in type, although some proprietary items are also produced here. Imports from Mexico are believed to consist primarily of coffee-based liqueurs produced from proprietary formulas (e.g., Kahlua is an extremely popular coffee-flavored liqueur from Mexico).

V. Position of interested parties

Support.--Congressman John Paul Hammerschmidt, of Arkansas, indicated in a written submission that he strongly supported the reinstatement of bulk cordials/liqueurs to full GSP status. He states that the reinstatement can only help the employees of many firms located across the United States and that such an action is a most appropriate response to actions taken by Mexico to reduce its barriers to imports in several areas.

Hiram Walker-Allied Vinters Inc., (of Detroit, Michigan) the exclusive U.S. importer of bulk Kahula Coffee Liqueur imported from Mexico, indicated in a written submission that it supported the reinstatement of bulk cordials/liqueurs from Mexico to full GSP status. They report that the distilled spirits market in the United States is a highly competitive one; and the market as a whole, including both domestic and imported products, has declined in sales over 2 percent per year for the last 6 years. The company indicated that the elimination of duty would permit this category of product to remain competitively strong most probably through increased advertising and promotion.

The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty-free.

[Probable economic effect advice deleted.]

Table I.

Digest No. 22089045

Digest Title: Cordials and liqueurs
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Ireland.......... | 57,698 | 60,041 | 52,163 | 62,583 | 65,444 |
| France........... | 45,000 | 49,419 | 49,049 | 52,150 | 52,525 |
| Italy............ | 32,048 | 29,002 | 37,096 | 48,848 | 40,321 |
| United Kingdom... | 25,938 | 26,036 | 29,333 | 23,620 | 20,092 |
| Mexico........... | 10,334 | 10,186 | 7,660 | 9,389 | 10,472 |
| West Germany..... | 4,088 | 3,859 | 4,216 | 6,178 | 10,377 |
| Canada........... | 10,272 | 4,753 | 6,106 | 5,403 | 5,972 |
| Jamaica.......... | 5,436 | 4,626 | 2,937 | 3,586 | 4,495 |
| Spain............ | 1,991 | 2,265 | 2,322 | 3,628 | 3,093 |
| Netherlands...... | 4,054 | 1,598 | 2,566 | 4,565 | 2,641 |
| Greece........... | 2,241 | 1,799 | 1,983 | 1,739 | 1,545 |
| Colombia......... | 1,860 | 624 | 522 | 1,210 | 1,275 |
| Japan............ | 4,892 | 4,586 | 4,181 | 4,125 | 848 |
| Denmark.......... | 584 | 383 | 959 | 359 | 470 |
| Netherlands Ant.. | 0 | 0 | 133 | 398 | 335 |
| All other........ | 3,103 | 3,585 | 2,782 | 3,347 | 2,192 |
| Total.......... | 209,540 | 202,763 | 204,007 | 231,127 | 222,098 |
| GSP Total 1/.. | 18,884 | 17,274 | 11,947 | 15,114 | 17,398 |
| GSP+4 1/...... | 19,001 | 17,479 | 12,046 | 15,367 | 17,465 |
| | Percent | | | | |
| Ireland.......... | 27.5 | 29.6 | 25.6 | 27.1 | 29.5 |
| France........... | 21.5 | 24.4 | 24.0 | 22.6 | 23.6 |
| Italy............ | 15.3 | 14.3 | 18.2 | 21.1 | 18.2 |
| United Kingdom... | 12.4 | 12.8 | 14.4 | 10.2 | 9.0 |
| Mexico........... | 4.9 | 5.0 | 3.8 | 4.1 | 4.7 |
| West Germany..... | 2.0 | 1.9 | 2.1 | 2.7 | 4.7 |
| Canada........... | 4.9 | 2.3 | 3.0 | 2.3 | 2.7 |
| Jamaica.......... | 2.6 | 2.3 | 1.4 | 1.6 | 2.0 |
| Spain............ | 1.0 | 1.1 | 1.1 | 1.6 | 1.4 |
| Netherlands...... | 1.9 | .8 | 1.3 | 2.0 | 1.2 |
| Greece........... | 1.1 | .9 | 1.0 | .8 | .7 |
| Colombia......... | .9 | .3 | .3 | .5 | .6 |
| Japan............ | 2.3 | 2.3 | 2.0 | 1.8 | .4 |
| Denmark.......... | .3 | .2 | .5 | .2 | .2 |
| Netherlands Ant.. | .0 | .0 | .1 | .2 | .2 |
| All other........ | 1.5 | 1.8 | 1.4 | 1.4 | 1.0 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 9.0 | 8.5 | 5.9 | 6.5 | 7.8 |
| GSP+4 1/...... | 9.1 | 8.6 | 5.9 | 6.6 | 7.9 |

1/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
22089045

Digest Title: Cordials and liqueurs
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada | 325 | 3,721 | 3,369 | 3,582 | 3,366 |
| Belgium | 12 | 14 | 53 | 186 | 672 |
| Sweden | 448 | 255 | 354 | 713 | 477 |
| Ireland | 1 | 0 | 0 | 22 | 415 |
| Netherlands Ant. | 0 | 0 | 0 | 0 | 335 |
| Netherlands | 440 | 126 | 136 | 292 | 330 |
| Venezuela | 5 | 5 | 12 | 0 | 317 |
| Bahamas | 84 | 486 | 553 | 268 | 171 |
| Mexico | 26 | 0 | 26 | 47 | 170 |
| Yugoslavia | 0 | 0 | 0 | 0 | 126 |
| Colombia | 69 | 61 | 73 | 159 | 119 |
| Japan | 48 | 44 | 161 | 57 | 87 |
| Dominican Rep | 13 | 1 | 69 | 128 | 83 |
| Bermuda | 46 | 34 | 13 | 18 | 48 |
| Norway | 51 | 81 | 0 | 0 | 47 |
| All other | 1,658 | 1,780 | 1,346 | 931 | 483 |
| Total | 3,227 | 6,608 | 6,165 | 6,404 | 7,248 |
| GSP Total 2/ | 451 | 781 | 1,520 | 1,052 | 1,562 |
| GSP+4 2/ | 553 | 819 | 1,588 | 1,164 | 1,602 |
| | Percent | | | | |
| Canada | 10.1 | 56.3 | 54.6 | 55.9 | 46.4 |
| Belgium | .4 | .2 | .9 | 2.9 | 9.3 |
| Sweden | 13.9 | 3.9 | 5.7 | 11.1 | 6.6 |
| Ireland | 1/ | .0 | .0 | .3 | 5.7 |
| Netherlands Ant. | .0 | .0 | .0 | .0 | 4.6 |
| Netherlands | 13.6 | 1.9 | 2.2 | 4.6 | 4.6 |
| Venezuela | .2 | .1 | .2 | .0 | 4.4 |
| Bahamas | 2.6 | 7.4 | 9.0 | 4.2 | 2.4 |
| Mexico | .8 | .0 | .4 | .7 | 2.3 |
| Yugoslavia | .0 | .0 | .0 | .0 | 1.7 |
| Colombia | 2.1 | .9 | 1.2 | 2.5 | 1.6 |
| Japan | 1.5 | .7 | 2.6 | .9 | 1.2 |
| Dominican Rep | .4 | 1/ | 1.1 | 2.0 | 1.1 |
| Bermuda | 1.4 | .5 | .2 | .3 | .7 |
| Norway | 1.6 | 1.2 | .0 | .0 | .7 |
| All other | 51.4 | 26.9 | 21.8 | 14.5 | 6.7 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/ | 14.0 | 11.8 | 24.7 | 16.4 | 21.5 |
| GSP+4 2/ | 17.1 | 12.4 | 25.8 | 18.2 | 22.1 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 2402.10.80

CERTAIN CIGARS

# Certain Cigars

## I. Introduction

Certain Cigars: Harmonized Tariff Schedule subheading(s); U.S. col. 1 rate(s) of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 2402.10.80[1] | 6%[2] | Yes | 26,632 | Dominican Republic | 14,153 | [***] |

[1]Based on trade data for January-September 1989, it is estimated that the Dominican Republic may exceed the applicable competitive need limit for this HTS subheading and may therefore become ineligible for GSP duty-free treatment.
[2]It should be noted that imports of this item from the Dominican Republic are eligible for duty-free treatment under the Caribbean Basin Economic Recovery Act (CBERA).

Description and uses.--Cigars are usually composed of three elements: (1) the core or body, consisting of filler or scrap tobacco, which provides most of the taste and aroma; (2) the binder, consisting of leaf tobacco or a section of processed tobacco sheet which, in an overlapping spiral, binds and encloses the core or body, shaping and sealing the cigar; and (3) the wrapper, a cut of thin tobacco leaf of fine texture which is wrapped about the binder spirally. The core or body of cigars may be composed of scrap tobacco or rolled leaf strips made from filler tobacco. It is usually a blend of various tobaccos and its cost varies widely--depending on the type and grade of tobacco used--and it is a major determinant of the price of the cigar. Binder used in U.S. cigars is almost entirely homogenized tobacco sheet. Use of processed binder sheet involves a substantial savings in labor by the cigar manufacturers.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | *42 | *36 | *30 | *19 | *19 | *-9 |
| Employment (1,000 employees) | 4 | 4 | 3 | 3 | 3 | -5 |
| Shipments (million dollars) | *158 | *156 | *155 | *155 | *153 | *-1 |
| Exports (million dollars) | 7 | 5 | 5 | 7 | 5 | *-5 |
| Imports (million dollars) | 43 | 39 | 39 | 42 | 41 | *-1 |
| Consumption (million dollars) | *194 | *190 | *189 | *190 | *189 | *-1 |
| Import to consumption ratio (percent) | *22 | *21 | *21 | *22 | *22 | - |
| Capacity utilization (percent) | *75 | *66 | *70 | *69 | *68 | - |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.

Comment.—In general, the domestic manufacture of cigars is a capital-intensive process utilizing automation and certain other advanced manufacturing techniques. Substantial amounts of cigars are produced by countries, such as the Dominican Republic, Jamaica, and Honduras, which enjoy lower labor costs than U.S. producers. As a result of this cost savings, many of these countries are able to economically produce a cigar which requires a substantial amount of hand-labor, which is generally cost prohibitive in the United States. Most of these imported cigars could be characterized as specialty items, made in a particular style with a special blend of tobaccos, and consequently appeal to a particular consumer. Consequently, competition between higher-priced imported and domestic cigars is not predominantly on the basis of price. Demand for most of these cigars is more dependent on brand loyalty, tobacco taste preferences, perceived quality, and/or the social image the consumer wishes to convey than price.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 26,632 | 100 | - | *22 |
| Imports from GSP countries: | | | | |
| Total | 26,239 | 99 | 100 | *18 |
| Dominican Republic | 14,153 | 53 | 54 | *10 |
| Jamaica | 4,202 | 16 | 16 | *3 |
| Honduras | 4,179 | 16 | 16 | *3 |
| Mexico | 3,099 | 12 | 12 | *2 |

[1]Import-to-consumption ratios based on 1988 data.

Comment.--In January-September 1989, U.S. imports of cigars (each valued 23 cents or over) from GSP countries amounted to $26 million or about 99 percent of total imports. Imports from the Dominican Republic, during this period, accounted for 53 percent of total imports. Based on this trade data, it is estimated that the Dominican Republic may exceed the applicable competitive need limit for this HTS subheading and may therefore become ineligible for GSP duty-free treatment.

## IV. Competitiveness profiles

Competitiveness indicators for the Dominican Republic for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989................. | 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 X Moderate __ Low __ |
| Price level compared with-- | |
| U.S. products................................................... | Above X Equivalent __ Below __ |
| Other foreign products.......................................... | Above __ Equivalent X Below __ |
| Quality compared with-- | |
| U.S. products................................................... | Above X Equivalent __ Below __ |
| Other foreign products.......................................... | Above __ Equivalent X Below __ |

Comment.--Substantial quantities of cigars are produced by various Caribbean countries, which enjoy lower labor costs than U.S producers. Many of these countries are able to economically produce a cigar which requires a substantial amount of hand-labor, which is generally cost prohibitive in the United States. These cigars are perceived by some consumers to be of high quality and are marketed in the United States as such.

V. Position of interested parties

Support.--The Cigar Association of America, Inc., (of Washington D.C.), indicated in a written submission that it favors the restoration of GSP eligibility for cigars each valued at 23 cents or over from the Dominican Republic. The Association reports that the restoration would have little if any economic effect on U.S. cigar manufacturers because cigars from the Dominican Republic are predominantly premium (i.e., handmade) cigars and such cigars can no longer be produced economically in the United States.

[Probable economic effect advice deleted.]

Digest No.
24021080

Table I.

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

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Dominican Rep.... | 20,271 | 17,252 | 18,190 | 19,335 | 20,875 |
| Jamaica.......... | 9,184 | 8,760 | 7,004 | 9,570 | 8,223 |
| Honduras......... | 6,497 | 6,689 | 6,866 | 5,749 | 5,925 |
| Mexico........... | 5,730 | 3,914 | 4,472 | 4,363 | 4,501 |
| Spain............ | 316 | 665 | 1,281 | 1,256 | 706 |
| Switzerland...... | 41 | 17 | 61 | 76 | 273 |
| France........... | 0 | 0 | 50 | 113 | 248 |
| Costa Rica....... | 437 | 219 | 182 | 149 | 246 |
| Panama........... | 0 | 58 | 176 | 170 | 102 |
| Philippines...... | 126 | 88 | 205 | 80 | 97 |
| Brazil........... | 79 | 12 | 74 | 83 | 65 |
| Netherlands...... | 172 | 72 | 82 | 60 | 58 |
| West Germany..... | 15 | 81 | 314 | 292 | 42 |
| Denmark.......... | 0 | 0 | 0 | 0 | 18 |
| Sweden........... | 0 | 6 | 0 | 3 | 5 |
| All other........ | 523 | 915 | 169 | 259 | 12 |
| Total.......... | 43,391 | 38,748 | 39,125 | 41,559 | 41,397 |
| GSP Total 2/.. | 42,402 | 37,631 | 37,279 | 39,756 | 40,043 |
| GSP+4 2/...... | 42,402 | 37,636 | 37,285 | 39,756 | 40,043 |
| | Percent | | | | |
| Dominican Rep.... | 46.7 | 44.5 | 46.5 | 46.5 | 50.4 |
| Jamaica.......... | 21.2 | 22.6 | 17.9 | 23.0 | 19.9 |
| Honduras......... | 15.0 | 17.3 | 17.5 | 13.8 | 14.3 |
| Mexico........... | 13.2 | 10.1 | 11.4 | 10.5 | 10.9 |
| Spain............ | .7 | 1.7 | 3.3 | 3.0 | 1.7 |
| Switzerland...... | .1 | 1/ | .2 | .2 | .7 |
| France........... | .0 | .0 | .1 | .3 | .6 |
| Costa Rica....... | 1.0 | .6 | .5 | .4 | .6 |
| Panama........... | .0 | .1 | .4 | .4 | .2 |
| Philippines...... | .3 | .2 | .5 | .2 | .2 |
| Brazil........... | .2 | 1/ | .2 | .2 | .2 |
| Netherlands...... | .4 | .2 | .2 | .1 | .1 |
| West Germany..... | 1/ | .2 | .8 | .7 | .1 |
| Denmark.......... | .0 | .0 | .0 | .0 | 1/ |
| Sweden........... | .0 | 1/ | .0 | 1/ | 1/ |
| All other........ | 1.2 | 2.4 | .4 | .6 | 1/ |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 97.7 | 97.1 | 95.3 | 95.7 | 96.7 |
| GSP+4 2/...... | 97.7 | 97.1 | 95.3 | 95.7 | 96.7 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No. 24021080

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

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| United Kingdom... | 1,322 | 733 | 1,106 | 1,455 | 1,113 |
| Netherlands Ant.. | 0 | 0 | 0 | 0 | 561 |
| West Germany..... | 703 | 293 | 323 | 375 | 502 |
| Japan............ | 355 | 270 | 266 | 286 | 286 |
| Switzerland...... | 283 | 193 | 194 | 316 | 246 |
| Cyprus........... | 423 | 138 | 161 | 431 | 215 |
| Ireland.......... | 195 | 130 | 160 | 150 | 164 |
| Greece........... | 52 | 61 | 81 | 122 | 159 |
| United Arab Em... | 125 | 114 | 90 | 111 | 141 |
| Canada........... | 274 | 185 | 120 | 119 | 129 |
| Spain............ | 476 | 210 | 233 | 514 | 122 |
| Netherlands...... | 460 | 405 | 296 | 147 | 118 |
| Malta & Gozo..... | 118 | 45 | 85 | 108 | 113 |
| Norway........... | 73 | 72 | 80 | 50 | 103 |
| Belgium.......... | 235 | 182 | 69 | 41 | 82 |
| All other........ | 2,297 | 1,789 | 1,626 | 2,565 | 1,128 |
| Total.......... | 7,392 | 4,820 | 4,891 | 6,790 | 5,184 |
| GSP Total 1/.. | 1,386 | 859 | 1,162 | 2,490 | 1,632 |
| GSP+4 1/...... | 1,475 | 997 | 1,195 | 2,602 | 1,724 |
| | Percent | | | | |
| United Kingdom... | 17.9 | 15.2 | 22.6 | 21.4 | 21.5 |
| Netherlands Ant.. | .0 | .0 | .0 | .0 | 10.8 |
| West Germany..... | 9.5 | 6.1 | 6.6 | 5.5 | 9.7 |
| Japan............ | 4.8 | 5.6 | 5.4 | 4.2 | 5.5 |
| Switzerland...... | 3.8 | 4.0 | 4.0 | 4.6 | 4.7 |
| Cyprus........... | 5.7 | 2.9 | 3.3 | 6.3 | 4.2 |
| Ireland.......... | 2.6 | 2.7 | 3.3 | 2.2 | 3.2 |
| Greece........... | .7 | 1.3 | 1.7 | 1.8 | 3.1 |
| United Arab Em... | 1.7 | 2.4 | 1.8 | 1.6 | 2.7 |
| Canada........... | 3.7 | 3.8 | 2.5 | 1.8 | 2.5 |
| Spain............ | 6.4 | 4.4 | 4.8 | 7.6 | 2.4 |
| Netherlands...... | 6.2 | 8.4 | 6.0 | 2.2 | 2.3 |
| Malta & Gozo..... | 1.6 | .9 | 1.7 | 1.6 | 2.2 |
| Norway........... | 1.0 | 1.5 | 1.6 | .7 | 2.0 |
| Belgium.......... | 3.2 | 3.8 | 1.4 | .6 | 1.6 |
| All other........ | 31.1 | 37.1 | 33.3 | 37.8 | 21.8 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 18.7 | 17.8 | 23.8 | 36.7 | 31.5 |
| GSP+4 1/...... | 20.0 | 20.7 | 24.4 | 38.3 | 33.2 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 2529.22.00

ACID-GRADE FLUORSPAR

Digest No.
2529.22.00

Acid-grade Fluorspar

## I. Introduction

Acid-grade fluorspar: Harmonized Tariff Schedule subheading; U.S. col. 1 rate of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 2529.22.00 | $2.07 per ton (2% AVE) | Yes | 41,970 | Mexico | 14,493 | [***] |

Description and uses.--Fluorspar is a crystalline nonmetallic mineral that is traditionally divided into acid-grade (containing over 97 percent by weight of calcium fluoride) and metallurgical-grade (containing not over 97 percent by weight of calcium fluoride). Almost all acid-grade fluorspar consumed in the United States in 1988 went into the manufacture of hydrofluoric acid, a key ingredient in the aluminum, fluoro-chemical, and uranium industries.

## II. U.S. market profile[1]

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

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | 3 | 3 | 3 | 2 | 3 | 0 |
| Employment (1,000 employees) | 0.3 | 0.3 | 0.2 | 0.2 | 0.2 | -10 |
| Shipments[3] (1,000 dollars) | *12,500 | *11,400 | *13,500 | *12,000 | *12,000 | *-1 |
| Exports (1,000 dollars) | 388 | 319 | 540 | 102 | 114 | -26 |
| Imports (1,000 dollars) | 47,421 | 38,711 | 35,644 | 37,350 | 50,872 | 2 |
| Consumption (1,000 dollars) | *59,533 | *49,792 | *48,604 | *49,248 | *62,758 | *1 |
| Import to consumption ratio (percent) | *80 | *78 | *73 | *76 | *81 | *([4]) |
| Capacity utilization (percent) | *90 | *83 | *98 | *98 | *95 | *1 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice," p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.
[3]Includes small amounts of metallurgical-grade flourspar.
[4]Less than 0.5 percent.

Comment.--[

]

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 41,970 | 100 | - | *81 |
| Imports from GSP countries: | | | | |
| Total | 19,694 | 47 | 100 | *29 |
| Mexico | 14,493 | 35 | 74 | *27 |

[1] Import-to-consumption ratios based on 1988 data.

Comment.--Mexico supplied 35 percent of total imports from GSP countries during the first nine months of 1989. Imports from GSP countries totaled 47 percent of total U.S. imports of acid-grade fluorspar during this period.

IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 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 | [ *** ] |
| Other foreign products | [ *** ] |
| Quality compared with-- | |
| U.S. products | [ *** ] |
| Other foreign products | [ *** ] |

Comment.--[ *** ]

V. Position of interested parties

Support.--The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty-free.

[Probable economic effect advice deleted.]

Table I.

Digest No.
25292200

Digest Title: Acid-grade fluorspar
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Rep So Africa.... | 16,920 | 15,044 | 13,947 | 14,522 | 17,873 |
| Mexico........... | 20,853 | 16,342 | 17,362 | 14,529 | 16,833 |
| China............ | 5 | 451 | 0 | 2,625 | 5,530 |
| Spain............ | 3,267 | 2,785 | 2,525 | 1,992 | 4,600 |
| Canada........... | 31 | 43 | 2 | 548 | 2,853 |
| Kenya............ | 0 | 0 | 475 | 608 | 1,671 |
| Italy............ | 6,318 | 1,527 | 0 | 0 | 1,509 |
| West Germany..... | 0 | 0 | 1 | 4 | 3 |
| Denmark.......... | 0 | 0 | 0 | 0 | 0 |
| United Kingdom... | 0 | 2 | 0 | 0 | 0 |
| France........... | 28 | 143 | 35 | 42 | 0 |
| Austria.......... | 0 | 0 | 0 | 1 | 0 |
| Cyprus........... | 0 | 426 | 0 | 0 | 0 |
| Saudi Arabia..... | 0 | 527 | 0 | 0 | 0 |
| Morocco.......... | 0 | 1,422 | 1,296 | 2,480 | 0 |
| Total.......... | 47,421 | 38,711 | 35,644 | 37,350 | 50,872 |
| GSP Total 2/.. | 20,853 | 18,190 | 19,133 | 17,617 | 18,504 |
| GSP+4 2/...... | 20,853 | 18,190 | 19,133 | 17,617 | 18,504 |
| | Percent | | | | |
| Rep So Africa.... | 35.7 | 38.9 | 39.1 | 38.9 | 35.1 |
| Mexico........... | 44.0 | 42.2 | 48.7 | 38.9 | 33.1 |
| China............ | 1/ | 1.2 | .0 | 7.0 | 10.9 |
| Spain............ | 6.9 | 7.2 | 7.1 | 5.3 | 9.0 |
| Canada........... | .1 | .1 | 1/ | 1.5 | 5.6 |
| Kenya............ | .0 | .0 | 1.3 | 1.6 | 3.3 |
| Italy............ | 13.3 | 3.9 | .0 | .0 | 3.0 |
| West Germany..... | .0 | .0 | 1/ | 1/ | 1/ |
| Denmark.......... | .0 | .0 | .0 | .0 | .0 |
| United Kingdom... | .0 | 1/ | .0 | .0 | .0 |
| France........... | .1 | .4 | .1 | .1 | .0 |
| Austria.......... | .0 | .0 | .0 | 1/ | .0 |
| Cyprus........... | .0 | 1.1 | .0 | .0 | .0 |
| Saudi Arabia..... | .0 | 1.4 | .0 | .0 | .0 |
| Morocco.......... | .0 | 3.7 | 3.6 | 6.6 | .0 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 44.0 | 47.0 | 53.7 | 47.2 | 36.4 |
| GSP+4 2/...... | 44.0 | 47.0 | 53.7 | 47.2 | 36.4 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
25292200

Digest Title: Acid-grade fluorspar
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada.......... | 357 | 255 | 464 | 65 | 72 |
| Dominican Rep.... | 25 | 56 | 74 | 20 | 29 |
| Ghana........... | 0 | 0 | 1 | 9 | 4 |
| Mexico.......... | 0 | 1 | 0 | 0 | 3 |
| Gibraltar....... | 0 | 0 | 0 | 0 | 3 |
| Australia....... | 0 | 1 | 1 | 0 | 2 |
| Taiwan.......... | 0 | 0 | 0 | 0 | 1 |
| Indonesia....... | 0 | 0 | 0 | 0 | 1 |
| Grenada......... | 0 | 0 | 0 | 0 | 0 |
| Colombia........ | 0 | 0 | 0 | 0 | 0 |
| Venezuela....... | 6 | 6 | 1 | 8 | 0 |
| Chile........... | 0 | 0 | 0 | 0 | 0 |
| United Kingdom... | 0 | 0 | 0 | 0 | 0 |
| West Germany..... | 0 | 0 | 0 | 0 | 0 |
| Total......... | 388 | 319 | 540 | 102 | 114 |
| GSP Total 1/.. | 31 | 62 | 76 | 37 | 40 |
| GSP+4 1/...... | 31 | 62 | 76 | 37 | 40 |
| | Percent | | | | |
| Canada.......... | 92.0 | 80.1 | 85.9 | 63.6 | 63.1 |
| Dominican Rep.... | 6.4 | 17.5 | 13.6 | 19.2 | 25.1 |
| Ghana........... | .0 | .0 | .2 | 9.3 | 3.6 |
| Mexico.......... | .0 | .2 | .0 | .0 | 2.8 |
| Gibraltar....... | .0 | .0 | .0 | .0 | 2.5 |
| Australia....... | .0 | .3 | .1 | .0 | 1.6 |
| Taiwan.......... | .0 | .0 | .0 | .0 | .8 |
| Indonesia....... | .0 | .0 | .0 | .0 | .5 |
| Grenada......... | .0 | .0 | .0 | .0 | .0 |
| Colombia........ | .0 | .0 | .0 | .0 | .0 |
| Venezuela....... | 1.6 | 1.8 | .2 | 7.9 | .0 |
| Chile........... | .0 | .0 | .0 | .0 | .0 |
| United Kingdom... | .0 | .0 | .0 | .0 | .0 |
| West Germany..... | .0 | .0 | .0 | .0 | .0 |
| Total......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 8.0 | 19.5 | 14.0 | 36.4 | 34.5 |
| GSP+4 1/...... | 8.0 | 19.5 | 14.0 | 36.4 | 35.3 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 2603.00.00

CERTAIN COPPER ARTICLES

# Certain Copper Articles[1]

## I. Introduction

Certain copper articles: Harmonized Tariff Schedule subheading; U.S. col. 1 rate of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 2603.00.00 | 1.7¢/kg on lead content | Yes | 23,094 | Papua New Guinea | 0 | [***] |
| 2620.30.00 | 0.7¢/kg on copper content + 0.7¢/kg on lead content | Yes | 523 | Mexico | 48 | [***] |
| 7401.10.00 | 0.7¢/kg on copper content + 0.7¢/kg on lead content | Yes | 1,915 | Mexico | 1,896 | [***] |
| 7402.00.00 | 1% on value of copper content | Yes | 174,600 | Mexico (R)[1] | 19,955 | [***] |
| 7403.11.00 | 1% | Yes | 550,263 | Peru | 13,870 | [***] |
| | | | | Zambia | 0 | [***] |
| 7403.12.00 | 1% | Yes | 4,924 | Peru | 4,049 | [***] |
| | | | | Zambia | 0 | [***] |
| 7403.13.00 | 1% | Yes | 7,425 | Peru | 126 | [***] |
| | | | | Zambia | 0 | [***] |
| 7403.19.00 | 1% | Yes | 68,136 | Peru | 0 | [***] |
| | | | | Zambia | 0 | [***] |
| 7403.21.00 | 1% | Yes | 605 | Peru | 0 | [***] |
| | | | | Zambia | 0 | [***] |
| 7403.22.00 | 1% | Yes | 2,182 | Peru | 0 | [***] |
| | | | | Zambia | 0 | [***] |
| 7403.23.00 | 1% | Yes | 1,327 | Peru | 0 | [***] |
| | | | | Zambia | 0 | [***] |
| 7403.29.00 | 1% | Yes | 2,298 | Peru | 0 | [***] |
| | | | | Zambia | 0 | [***] |

[1] An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.

Description and uses.--This digest includes copper ores, intermediate smelter products, and waste products that are processed into refined copper. Also included are refined copper and cast shapes (billets, slabs, etc.) of copper and copper alloys. Refined copper and cast shapes are typically further fabricated into wire (50 percent), flat-rolled products (14 percent), tube and pipe (14 percent), and rods and bars (14 percent). Major end-use sectors include building construction (41 percent), electrical and electronic products (22 percent), and industrial machinery and equipment (14 percent).

[1] This digest includes the following HTS subheadings: 2603.00.00, 2620.30.00, 7401.10.00, 7402.00.00, 7403.11.00, 7403.12.00, 7403.13.00, 7403.19.00, 7403.21.00, 7403.22.00, 7403.23.00, 7403.29.00.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | **135 | **130 | **120 | **110 | **110 | **-5 |
| Employment (thousand employees) | **31 | **25 | **23 | **21 | **21 | **-9 |
| Shipments (million dollars) | *3,100 | *2,900 | *3,000 | *3,700 | *6,300 | *19 |
| Exports (million dollars) | 228 | 231 | 228 | 212 | 586 | 27 |
| Imports (million dollars) | 775 | 533 | 782 | 819 | 1,085 | 9 |
| Consumption (million dollars) | *3,647 | *3,202 | *3,554 | *4,307 | *6,799 | *17 |
| Import to consumption ratio (percent) | *21 | *17 | *22 | *19 | *16 | *-7 |
| Capacity utilization (percent) | *75 | *70 | *70 | *85 | **90 | **5 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice," p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.

Comment.--All digest products are internationally traded, fungible items and quality differences between domestic and foreign products are minimal. Foreign copper producers generally enjoy higher grade copper deposits, lower labor costs, lower environmental compliance costs, and higher byproduct credits (which are other metals recovered from the copper ore) than U.S. copper producers. During the early to mid 1980s, world over-production and an economic slowdown caused many U.S. companies to curtail production as they were unable to compete with foreign operations. Since that time, U.S. copper companies have been among the most aggressive in the world in modernizing operations, adapting low-cost production techniques, and closing high-cost operations. As a result, U.S. production costs have declined from significantly above the world average to the world average by 1989, and U.S. production of copper has returned to the early 1980s level.

The increase in U.S. shipments in 1987 and 1988 reflects both an increase in U.S. production and in the price of copper, which rose from an average of $0.66 per pound in 1986 to $1.20 per pound in 1988. The price increase is attributed to the continued world economic expansion which has caused demand for copper to increase at a time when no new major supplies of copper have been introduced. Reflecting the increased competitiveness of the U.S. industry, the import-to-consumption ratio for digest products has decreased from *22 percent in 1986 to *16 percent in 1988.

Events in Chile will likely effect trade patterns for digest products in the future. By 1992, Chile will be producing over 2.2 million metric tons of copper, up from 1.4 million metric tons in 1988. The Bureau of Mines expects an oversupply of copper to occur during the early to mid 1990s and the price of copper will likely soften. Uncompetitive copper producers, whether in the United States or other countries, may be forced to curtail production if the copper price declines substantially. Thus, imports from Chile would likely increase, either at the expense of U.S. producers or other U.S. suppliers. After 1995, the Bureau of Mines expects copper supplies to tighten because of declining ore grades at existing mines, a lack of new production, and the exhaustion of ore bodies.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 837,289 | 100 | - | *16 |
| Imports from GSP countries: | | | | |
| Total | 375,781[2] | 45 | 100 | *7 |
| Brazil | 50,691 | 6 | 13 | *([3]) |
| Mexico | 45,799 | 6 | 12 | *([3]) |
| Zaire | 42,036 | 5 | 11 | *1 |
| Peru | 18,212 | 2 | 5 | *1 |

[1]Import to consumption ratios based on 1988 data.
[2]Chile is a major supplier, but it is currently not eligible for GSP treatment.
[3]Less than 0.5 percent.

IV. Competitiveness profiles

Competitiveness indicators for Papua New Guinea[1]

Ranking as a U.S. import supplier, January-September 1989................ ([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 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 __

[1]Profile applies only to the following HTS subheadings for which advice is requested: 2603.00.00.
[2]There were no imports from Papua New Guinea during this time.

Comment.--Papua New Guinea (PNG) produces copper concentrates at its Bougainville and Ok Tedi mines. PNG has no smelters and must export all of its concentrate production. Japanese, Korean, and West German companies have contracts for most of PNG's concentrates and PNG sells the excess on the open market. Recent terrorist activity and environmental problems with mine waste dumps are likely to diminish the amount of concentrates available for export in the future.

IV. Competitiveness profiles--Continued

Competitiveness indicators for Mexico[1]

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989................ | 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 ___ 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 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 ___ |

[1]Profile applies only to the following HTS subheadings for which advice is requested: 2620.30.00, 7401.10.00, 7402.00.00.

Comment.--Mexico's copper production comes mostly from two state-owned copper companies, Cananea and La Caridad. Copper concentrate production exceeds smelter capacity and the excess is exported. Similarly, copper smelter production exceeds refinery capacity and the excess is exported. Mexican copper facilities are located near the U.S. industry, which is concentrated in the southwestern region, giving the Mexican industry a competitive advantage over other exporting countries.

Cananea declared bankruptcy in August 1989 because of high debt and high production costs. The company was restructured and resumed operations in November 1989 with a reduced labor force. Before restructuring, Cananea's production costs were $0.90 per pound (compared to the U.S. industry average of about $0.55 per pound) and company officials believe the new operation will be more competitive.

Competitiveness indicators for Peru[1]

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989................ | 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 ___ 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 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 ___ |

[1]Profile applies only to the following HTS subheadings for which advice is requested: 7403.11.00, 7403.12.00, 7403.13.00, 7403.19.00, 7403.21.00, 7403.22.00, 7403.23.00, 7403.29.00.

IV. Competitiveness profiles--Continued

Comment.--The Peruvian copper industry enjoys relatively high copper grades but is disadvantaged by high fuel costs and labor unrest. Labor strikes in 1987, 1988, and 1989 have caused significant production losses and future labor problems could diminish exports to the United States. The industry consists of mines, smelters, and refineries. Of digest products, Peru's primary export product to the United States is refined copper.

Competitiveness indicators for Zambia[1]

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | ([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 _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 ___ |

[1]Profile applies only to the following HTS subheadings for which advice is requested: 7403.11.00, 7403.12.00, 7403.13.00, 7403.19.00, 7403.21.00, 7403.22.00, 7403.23.00, 7403.29.00.
[2]There were no imports from Zambia during this time.

Comment.--All of Zambia's copper output is from state-controlled companies. Zambia's copper industry consists of mines, smelters, and refineries and exports are comprised mostly of refined copper.

The Zambian economy is heavily dependent on copper as the industry accounts for almost 50 percent of the country's GNP and copper exports account for over 75 percent of export earnings. Economic problems brought on by the relative low prices for copper in the early to mid 1980s have made it difficult for Zambia to find the investment required to maintain its copper industry. Consequently, copper production has been steadily declining, from 614,000 metric tons in 1980 to about 445,000 metric tons in 1988.

V. Position of interested parties

Support.--The Goverment of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty-free.

Minpeco S.A., a minerals and metals trading company owned by the Government of Peru, supports reinstating GSP eligibility to Peru for unwrought refined copper and copper alloys (HTS subheadings 7403.11.00-7403.29.00). Minpeco claims the Peruvian copper industry offers no threat to the U.S. industry because total Peruvian copper exports to all countries amount to only 1 percent of U.S. copper consumption. Minpeco also claims that most of the copper from Peru is shipped to markets other than the United States because higher net prices are realized, and GSP reinstatement would not induce a significant change to this pattern. According to Minpeco, U.S. consumers would benefit from GSP reinstatement because it would cause copper prices in the United States to decline.

Opposition.--The Non-Ferrous Metals Producers Committee (NFMPC), a trade group representing U.S. producers of refined copper, is opposed to reinstating GSP eligibility to Zambian and Peruvian refined copper products (HTS subheadings 7403.11.00, 7403.12.00, 7403.13.00, and 7403.19.00). The NFMPC claims Zambian copper exports compete unfairly with U.S. products because of Zambian Government subsidies. Furthermore, the NFMPC claims that during periods of oversupply, Zambian copper exports are redirected from European markets to the more open U.S. market and this serves to further exacerbate the oversupply problem in the United States.

In Peru's case, the NFMPC claims that government intervention throughout the economy prevents the operation of free market forces in the copper industry. As long as this continues, the NFMPC believes GSP reinstatement is unwarranted.

[Probable economic effect advice deleted.]

[Probable economic effect advice deleted.]

[Probable economic effect advice deleted.]

[Probable economic effect advice deleted.]

Table I.

Digest No.
26030000

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

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada | 235,579 | 181,829 | 290,760 | 355,648 | 451,164 |
| Chile | 225,567 | 213,971 | 245,024 | 208,574 | 293,967 |
| Japan | 6,211 | 2,640 | 271 | 6,005 | 84,861 |
| Zaire | 39,226 | 34,694 | 51,969 | 33,579 | 73,954 |
| Peru | 98,125 | 43,398 | 61,050 | 50,991 | 44,381 |
| Mexico | 26,896 | 10,761 | 64,396 | 34,509 | 25,563 |
| Rep So Africa | 5,510 | 7,807 | 13,865 | 15,423 | 25,187 |
| Netherlands | 2,038 | 845 | 88 | 12,104 | 12,360 |
| West Germany | 1,991 | 1,579 | 617 | 42,659 | 11,259 |
| Sweden | 84 | 19 | 0 | 21,515 | 11,167 |
| Papua New Guin | 0 | 0 | 0 | 0 | 10,954 |
| Spain | 430 | 26 | 0 | 0 | 9,978 |
| Ivory Coast | 0 | 0 | 0 | 0 | 7,624 |
| Yugoslavia | 0 | 0 | 0 | 5,556 | 5,357 |
| Belgium | 17,816 | 7,120 | 3,047 | 308 | 3,727 |
| All other | 115,683 | 28,457 | 50,843 | 32,005 | 13,665 |
| Total | 775,156 | 533,147 | 781,930 | 818,877 | 1,085,166 |
| GSP Total 2/ | 490,504 | 319,401 | 468,859 | 363,828 | 464,739 |
| GSP+4 2/ | 490,678 | 322,351 | 468,884 | 364,172 | 466,173 |
| | Percent | | | | |
| Canada | 30.4 | 34.1 | 37.2 | 43.4 | 41.6 |
| Chile | 29.1 | 40.1 | 31.3 | 25.5 | 27.1 |
| Japan | .8 | .5 | 1/ | .7 | 7.8 |
| Zaire | 5.1 | 6.5 | 6.6 | 4.1 | 6.8 |
| Peru | 12.7 | 8.1 | 7.8 | 6.2 | 4.1 |
| Mexico | 3.5 | 2.0 | 8.2 | 4.2 | 2.4 |
| Rep So Africa | .7 | 1.5 | 1.8 | 1.9 | 2.3 |
| Netherlands | .3 | .2 | 1/ | 1.5 | 1.1 |
| West Germany | .3 | .3 | .1 | 5.2 | 1.0 |
| Sweden | 1/ | 1/ | .0 | 2.6 | 1.0 |
| Papua New Guin | .0 | .0 | .0 | .0 | 1.0 |
| Spain | .1 | 1/ | .0 | .0 | .9 |
| Ivory Coast | .0 | .0 | .0 | .0 | .7 |
| Yugoslavia | .0 | .0 | .0 | .7 | .5 |
| Belgium | 2.3 | 1.3 | .4 | 1/ | .3 |
| All other | 14.9 | 5.3 | 6.5 | 3.9 | 1.3 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/ | 63.3 | 59.9 | 60.0 | 44.4 | 42.8 |
| GSP+4 2/ | 63.3 | 60.5 | 60.0 | 44.5 | 43.0 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No. 26030000

Digest Title: Certain copper articles

U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan | 171,783 | 117,177 | 142,070 | 129,749 | 295,805 |
| West Germany | 6,920 | 7,450 | 6,103 | 5,216 | 76,750 |
| Korea | 8,074 | 15,111 | 20,437 | 15,462 | 36,177 |
| China | 76 | 9,097 | 11,898 | 2,094 | 28,384 |
| Canada | 9,597 | 19,011 | 21,338 | 18,246 | 27,246 |
| Mexico | 4,524 | 15,625 | 455 | 6,447 | 26,104 |
| Netherlands | 10,895 | 25,993 | 776 | 691 | 21,572 |
| Taiwan | 4,806 | 7,125 | 7,749 | 6,760 | 15,090 |
| Philippines | 0 | 0 | 1 | 29 | 10,790 |
| Italy | 57 | 136 | 168 | 447 | 10,458 |
| Belgium | 4,723 | 6,668 | 3,832 | 7,203 | 9,309 |
| United Kingdom | 2,332 | 1,639 | 4,058 | 2,680 | 5,801 |
| East Germany | 0 | 0 | 0 | 0 | 5,250 |
| France | 1,609 | 641 | 1,129 | 1,097 | 4,190 |
| Singapore | 169 | 42 | 52 | 63 | 3,424 |
| All other | 2,736 | 4,900 | 8,310 | 15,956 | 9,455 |
| Total | 228,303 | 230,615 | 228,375 | 212,141 | 585,806 |
| GSP Total 2/ | 6,032 | 18,596 | 2,558 | 12,808 | 39,261 |
| GSP+4 2/ | 19,487 | 42,411 | 32,183 | 36,465 | 96,088 |
| | Percent | | | | |
| Japan | 75.2 | 50.8 | 62.2 | 61.2 | 50.5 |
| West Germany | 3.0 | 3.2 | 2.7 | 2.5 | 13.1 |
| Korea | 3.5 | 6.6 | 8.9 | 7.3 | 6.2 |
| China | 1/ | 3.9 | 5.2 | 1.0 | 4.8 |
| Canada | 4.2 | 8.2 | 9.3 | 8.6 | 4.7 |
| Mexico | 2.0 | 6.8 | .2 | 3.0 | 4.5 |
| Netherlands | 4.8 | 11.3 | .3 | .3 | 3.7 |
| Taiwan | 2.1 | 3.1 | 3.4 | 3.2 | 2.6 |
| Philippines | .0 | .0 | 1/ | 1/ | 1.8 |
| Italy | 1/ | .1 | .1 | .2 | 1.8 |
| Belgium | 2.1 | 2.9 | 1.7 | 3.4 | 1.6 |
| United Kingdom | 1.0 | .7 | 1.8 | 1.3 | 1.0 |
| East Germany | .0 | .0 | .0 | .0 | .9 |
| France | .7 | .3 | .5 | .5 | .7 |
| Singapore | .1 | 1/ | 1/ | 1/ | .6 |
| All other | 1.2 | 2.1 | 3.6 | 7.5 | 1.6 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/ | 2.6 | 8.1 | 1.1 | 6.0 | 6.7 |
| GSP+4 2/ | 8.5 | 18.4 | 14.1 | 17.2 | 16.4 |

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

2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 2620.19.60

CERTAIN LEAD AND ZINC ARTICLES

# Certain Lead and Zinc Articles[1]

## I. Introduction

Certain lead and zinc articles: Harmonized Tariff Schedule subheading; U.S. col. 1 rate of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 2620.19.60 | 0.7¢/kg on copper content + 0.7¢/kg on lead content | Yes | 22 | Mexico | 0 | [***] |
| 2620.20.00 | 0.7¢/kg on copper content + 0.7¢/kg on lead content | Yes | 297 | Mexico | 165 | [***] |
| 7903.10.00 | 0.7¢/kg | Yes | 11,035 | Mexico (R)[1] | 2,384 | [***] |
| 7903.90.30 | 0.7¢/kg | Yes | 983 | Mexico (R)[1] | 4 | [***] |

[1]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.

Description and uses.--This digest includes ashes and residues of zinc and lead. These are waste products that are typically sold to secondary smelters that recover the lead and zinc. Also included in the digest are zinc dust and powders, which are produced from zinc metal and whose major end-uses include paints and batteries.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number)[3]....................... | *8 | *7 | *7 | *7 | *7 | *-3 |
| Employment (employees)[3]................... | **60 | **40 | **40 | **40 | **35 | **-13 |
| Shipments (1,000 dollars)................. | **76,000 | **50,000 | **47,000 | **59,000 | **60,000 | **-6 |
| Exports (1,000 dollars).................... | 8,697 | 8,091 | 6,869 | 5,719 | 12,512 | 10 |
| Imports (1,000 dollars)................... | 10,585 | 11,263 | 8,871 | 10,650 | 13,314 | 6 |
| Consumption (1,000 dollars)............... | **77,888 | **53,172 | **49,002 | **63,931 | **60,802 | **-6 |
| Import to consumption ratio (percent)[3]..... | **14 | **21 | **18 | **17 | **22 | **12 |
| Capacity utilization (percent)[3]........... | **70 | **55 | **45 | **50 | **45 | **-10 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice," p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.
[3]Data for lead and zinc ashes and residues (HTS 2620.19.60 and 2620.20.00) not available.

[1]This digest includes the following HTS subheadings: 2620.19.60, 2620.20.00, 7903.10.00, 7903.90.30.

Comment.--Zinc dust accounts for approximately 90 percent of digest imports in January-September 1989. Zinc dust is produced from zinc metal at smelters. The U.S. industry has relatively high costs compared to foreign operations because of lower zinc ore grades, fewer byproduct credits (which are other metals recovered from the zinc ore), and higher labor costs.

Quality differences between foreign and domestic zinc dust are minimal. U.S. producers have a slight advantage in servicing zinc dust customers. Typically, these customers desire custom packaging requirements and the U.S. industry is more responsive in providing this service.

The decline in digest shipments and consumption is primarily due to reduced zinc dust shipments and consumption. Paints containing zinc dust are used extensively for corrosion protection on steel used in the oil industry. A decline in U.S. oil exploration activity since 1984 has caused demand for zinc dust to decline.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total........................ | 12,337 | 100 | - | **22 |
| Imports from GSP countries: | | | | |
| Total........................ | 2,567 | 21 | 100 | **8 |
| Mexico........................ | 2,553 | 21 | 99 | **8 |
| Guatemala..................... | 14 | ([2]) | 1 | ([3]) |

[1]Import to consumption ratios based on 1988 data.
[2]Less than 0.5 percent.
[3]There were no imports from Guatemala in 1988.

IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, January-September 1989................ 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 __

Comment.--High byproduct credits enable Mexican companies to produce zinc inexpensively and their costs are among the lowest in the world. Mexican average production costs per pound of zinc are 50 percent of U.S. average production costs because of byproduct credits. Consequently, Mexican companies can produce zinc dust at low cost. Mexican producers also have an advantage in selling to users in the southwestern United States because of lower transportation costs (most U.S. producers are located in the central and eastern parts of the country).

V. Position of interested parties

Support.--The Goverment of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty-free.

Digest No.
2620.19.60

[Probable economic effect advice deleted.]

Table I.

Digest No.
26201960

Digest Title: Certain lead and zinc articles
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada | 5,066 | 4,809 | 5,203 | 5,836 | 7,630 |
| Mexico | 2,279 | 3,310 | 2,368 | 4,250 | 5,065 |
| Belgium | 99 | 156 | 174 | 191 | 366 |
| Australia | 17 | 0 | 0 | 4 | 80 |
| United Kingdom | 2,201 | 2,359 | 1,054 | 218 | 54 |
| Austria | 0 | 26 | 24 | 0 | 44 |
| Norway | 8 | 0 | 0 | 12 | 40 |
| Peru | 8 | 26 | 25 | 21 | 20 |
| Chile | 8 | 17 | 4 | 0 | 5 |
| West Germany | 234 | 183 | 12 | 65 | 4 |
| Taiwan | 0 | 1 | 2 | 0 | 4 |
| Costa Rica | 0 | 0 | 0 | 0 | 2 |
| Guatemala | 1 | 0 | 0 | 0 | 0 |
| Venezuela | 0 | 38 | 0 | 0 | 0 |
| Finland | 0 | 0 | 0 | 0 | 0 |
| All other | 667 | 339 | 6 | 55 | 0 |
| Total | 10,585 | 11,263 | 8,871 | 10,650 | 13,314 |
| GSP Total 2/ | 2,295 | 3,390 | 2,398 | 4,311 | 5,092 |
| GSP+4 2/ | 2,295 | 3,409 | 2,399 | 4,312 | 5,096 |
| | Percent | | | | |
| Canada | 47.9 | 42.7 | 58.6 | 54.8 | 57.3 |
| Mexico | 21.5 | 29.4 | 26.7 | 39.9 | 38.0 |
| Belgium | .9 | 1.4 | 2.0 | 1.8 | 2.7 |
| Australia | .2 | .0 | .0 | 1/ | .6 |
| United Kingdom | 20.8 | 20.9 | 11.9 | 2.0 | .4 |
| Austria | .0 | .2 | .3 | .0 | .3 |
| Norway | .1 | .0 | .0 | .1 | .3 |
| Peru | .1 | .2 | .3 | .2 | .2 |
| Chile | .1 | .1 | 1/ | .0 | 1/ |
| West Germany | 2.2 | 1.6 | .1 | .6 | 1/ |
| Taiwan | .0 | 1/ | 1/ | .0 | 1/ |
| Costa Rica | .0 | .0 | .0 | .0 | 1/ |
| Guatemala | 1/ | .0 | .0 | .0 | .0 |
| Venezuela | .0 | .3 | .0 | .0 | .0 |
| Finland | .0 | .0 | .0 | .0 | .0 |
| All other | 6.3 | 3.0 | .1 | .5 | .0 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/ | 21.7 | 30.1 | 27.0 | 40.5 | 38.2 |
| GSP+4 2/ | 21.7 | 30.3 | 27.0 | 40.5 | 38.3 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No. 26201960

Digest Title: Certain lead and zinc articles
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Belgium.......... | 661 | 558 | 1,510 | 642 | 8,208 |
| Canada........... | 1,141 | 1,644 | 2,147 | 1,255 | 1,009 |
| Mexico........... | 454 | 622 | 179 | 442 | 607 |
| Singapore........ | 95 | 198 | 251 | 506 | 490 |
| Australia........ | 26 | 24 | 282 | 396 | 446 |
| Venezuela........ | 622 | 94 | 75 | 226 | 340 |
| United Kingdom... | 2,518 | 2,952 | 1,304 | 798 | 322 |
| Philippines...... | 269 | 151 | 254 | 323 | 238 |
| Korea............ | 234 | 116 | 13 | 96 | 233 |
| France........... | 2 | 36 | 370 | 301 | 204 |
| Chile............ | 31 | 25 | 73 | 0 | 107 |
| Switzerland...... | 34 | 62 | 0 | 48 | 99 |
| West Germany..... | 166 | 204 | 1 | 19 | 53 |
| Austria.......... | 0 | 0 | 0 | 45 | 44 |
| Japan............ | 96 | 331 | 0 | 20 | 33 |
| All other........ | 2,347 | 1,074 | 410 | 602 | 79 |
| Total.......... | 8,697 | 8,091 | 6,869 | 5,719 | 12,512 |
| GSP Total 2/.. | 2,777 | 1,545 | 879 | 1,545 | 1,312 |
| GSP+4 2/...... | 3,427 | 1,951 | 1,200 | 2,172 | 2,082 |
| | Percent | | | | |
| Belgium.......... | 7.6 | 6.9 | 22.0 | 11.2 | 65.6 |
| Canada........... | 13.1 | 20.3 | 31.3 | 21.9 | 8.1 |
| Mexico........... | 5.2 | 7.7 | 2.6 | 7.7 | 4.8 |
| Singapore........ | 1.1 | 2.4 | 3.7 | 8.8 | 3.9 |
| Australia........ | .3 | .3 | 4.1 | 6.9 | 3.6 |
| Venezuela........ | 7.2 | 1.2 | 1.1 | 4.0 | 2.7 |
| United Kingdom... | 29.0 | 36.5 | 19.0 | 13.9 | 2.6 |
| Philippines...... | 3.1 | 1.9 | 3.7 | 5.7 | 1.9 |
| Korea............ | 2.7 | 1.4 | .2 | 1.7 | 1.9 |
| France........... | 1/ | .4 | 5.4 | 5.3 | 1.6 |
| Chile............ | .4 | .3 | 1.1 | .0 | .9 |
| Switzerland...... | .4 | .8 | .0 | .8 | .8 |
| West Germany..... | 1.9 | 2.5 | 1/ | .3 | .4 |
| Austria.......... | .0 | .0 | .0 | .8 | .4 |
| Japan............ | 1.1 | 4.1 | .0 | .3 | .3 |
| All other........ | 27.0 | 13.3 | 6.0 | 10.5 | .6 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 31.9 | 19.1 | 12.8 | 27.0 | 10.5 |
| GSP+4 2/...... | 39.4 | 24.1 | 17.5 | 38.0 | 16.6 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 2804.69.10

CERTAIN CHEMICAL ELEMENTS

Certain Chemical Elements

## I. Introduction

Certain chemical elements: Harmonized Tariff Schedule subheading; U.S. col. 1 rate of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 Total | From country to be reinstated Source | Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 2804.69.10[1] | 5.3% | Yes | 26,972 | Brazil (R)[2] | 8,521 | [***] |

[1]Based on trade data for January-September 1989, it is estimated that Brazil may exceed the applicable competitive-need limit for this HTS subheading and may, therefore, become ineligible for GSP duty-free treatment.
[2]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.

Description and uses.--High-purity silicon metal, containing more than 99 percent silicon, is used as a material for semiconductor devices. Silicon is advanced to ultrapure silicon, converted to a single crystal, and sliced into wafers, which are articles used in solar cells and integrated circuit chips.[1]

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | 7 | ([3]) | ([3]) | 9 | *9 | *7 |
| Employment (1,000 employees) | ([4]) | ([4]) | ([4]) | ([3]) | ([3]) | ([3]) |
| Shipments (million dollars) | 165 | 191 | 182 | 264 | **460 | **29 |
| Exports (million dollars) | 27 | 18 | 20 | 32 | 55 | 20 |
| Imports (million dollars) | 19 | 43 | 31 | 33 | 50 | 27 |
| Consumption (million dollars) | 158 | 215 | 194 | 264 | **454 | **30 |
| Import to consumption ratio (percent) | 12 | 20 | 16 | 12 | **11 | **-3 |
| Capacity utilization (percent) | 57 | 46 | 62 | 88 | **92 | **13 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.
[3]Not available.
[4]Employment data was withheld by the U.S. Bureau of Census to avoid disclosing data for individual companies. The miscellaneous nonferrous metals industry, which includes silicon, employed 9,200 workers in 1982.

Note.--Consumption calculated from unrounded figures.

Comment.--In 1982, silicon metal was produced by seven firms in nine plants, located in Washington, Oregon, Alabama, and West Virginia. Polycrystalline silicon metal was produced by five firms located in Michigan, South Carolina, West Virginia, and Texas. Three newer plants were built in Tennessee, Washington, and West Virginia. The plants are located in areas where electric power is plentiful, since large amounts of electricity are required to produce metal from silica. In 1982, approximately [***] persons were employed in the production of silicon metal. Silicon metal that is 99.7-percent pure is expensive to produce, so producers with low cost-structure have a competitive advantage.

[1]U.S. International Trade Commission, Summary of Trade and Tariff Information: Certain Base Metals (1983), p. 147.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 26,972 | 100 | - | **11 |
| Imports from GSP countries: | | | | |
| Total | 13,474 | 50 | 100 | **6 |
| Brazil | 8,521 | 32 | 63 | **3 |
| Argentina | 4,953 | 18 | 37 | **2 |

[1]Import-to-consumption ratios based on 1988 data.

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

Comment.—Brazil was graduated from the GSP for U.S. imports of unalloyed silicon by Presidential Proclamation 5660, effective July 1, 1987.[1] Brazil exceeded the competitive-need limit for unalloyed silicon in 1985. Argentina exceeded the competitive-need limit for the product in 1987. Portugal became ineligible for GSP treatment for all merchandise pursuant to section 502(b) of the Trade Act of 1974 by Presidential Proclamation 5423, effective January 1, 1986.[2] Portugal supplied $930,000, $6.9 million, and $2.8 million of unalloyed silicon in 1984, 1985, and 1986, respectively. There were no U.S. imports of this product from Portugal during 1987-89.

[1]52 F.R. 19259-19270, May 22, 1987.

[2]50 F.R. 52755, Dec. 24, 1985.

## IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Brazil for all digest products

| Indicator | | | |
|---|---|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 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 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 | Equivalent X | Below |
| Other foreign products | Above X | Equivalent | Below |

Comment.--The 1988 average price for 99.7-percent silicon from Brazil was $1.32 per kilogram, c.i.f.; the 1988 U.S. average price for silicon metal with less than 1 percent iron was $1.21 per kilogram, f.o.b. Premium consumers are willing to pay for just-in-time delivery and technical service. An industry representative indicated that the specification of 99.7-percent silicon is insisted on by consumers. A U.S. consumer commented that 99.7-percent silicon from Brazil meets the specification, but technical assistance is required to produce [ *** ]

## V. Position of interested parties

Opposition.--The Ferroalloys Association vigorously opposes a modification to the GSP that will remove the duty on silicon metal. The Ferroalloys Association submitted the following comments in support of its position: The raw materials, production facilities, power, and skilled labor for silicon production are readily available in the United States. Brazil has been most aggressive in expanding its silicon production. Their capacity has more than doubled from 50,000 short tons in 1987 to 124,000 short tons in 1989. Brazil was the largest source of U.S. imports of silicon metal in 1988. The item that is being considered for reinstatement is the metallurgical grade of silicon that the U.S. industry facilities produce almost exclusively. Industry merchant sales by U.S. producers dropped from $732 million in 1984 to $534 million in 1986. Since Brazil, has been graduated from the GSP, U.S. merchant sales increased to $672 million in 1988 with a $64.3 million profit for commercial producers compared with a $15 million loss in 1985. U.S. industry spent in excess of $200 million to install pollution abatement and spends tens of millions of dollars annually to operate in an environmentally safe manner. Brazil extends government subsidies, export tax relief, and tax breaks for new plants. In this decade U.S. sales of $5.8 billion resulted in a net loss before tax of $113 million. After two strong years of financial performance, the industry is again in a loss position. Granting GSP treatment for silicon metal from Brazil at a time when prices have reached a low point where it is difficult for any U.S. producer to survive would only serve to lower prices further and make the U.S. producers position even more precarious.

[Probable economic effect advice deleted.]

Table I.

Digest No. 28046910

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

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Brazil | 2,792 | 13,071 | 12,200 | 4,527 | 14,596 |
| Canada | 6,196 | 7,231 | 6,795 | 10,632 | 10,228 |
| Argentina | 1,322 | 1,482 | 3,005 | 5,880 | 8,673 |
| China | 494 | 157 | 0 | 1,103 | 7,699 |
| Rep So Africa | 1,840 | 4,128 | 1,756 | 2,469 | 4,730 |
| Yugoslavia | 113 | 780 | 1,488 | 5,621 | 2,374 |
| Hong Kong | 0 | 0 | 0 | 0 | 342 |
| France | 4,354 | 4,061 | 2,321 | 510 | 263 |
| Spain | 259 | 1,111 | 331 | 0 | 242 |
| Australia | 0 | 0 | 0 | 0 | 167 |
| Switzerland | 0 | 747 | 0 | 21 | 142 |
| Cameroon | 0 | 0 | 0 | 0 | 116 |
| Norway | 693 | 1,100 | 28 | 208 | 53 |
| Sweden | 0 | 1,099 | 519 | 1,830 | 26 |
| Venezuela | 0 | 21 | 0 | 0 | 23 |
| All other | 1,381 | 8,142 | 3,047 | 55 | 9 |
| Total | 19,444 | 43,131 | 31,490 | 32,857 | 49,682 |
| GSP Total 2/ | 4,227 | 15,355 | 16,693 | 16,029 | 25,782 |
| GSP+4 2/ | 4,227 | 15,355 | 16,693 | 16,032 | 26,124 |
| | Percent | | | | |
| Brazil | 14.4 | 30.3 | 38.7 | 13.8 | 29.4 |
| Canada | 31.9 | 16.8 | 21.6 | 32.4 | 20.6 |
| Argentina | 6.8 | 3.4 | 9.5 | 17.9 | 17.5 |
| China | 2.5 | .4 | .0 | 3.4 | 15.5 |
| Rep So Africa | 9.5 | 9.6 | 5.6 | 7.5 | 9.5 |
| Yugoslavia | .6 | 1.8 | 4.7 | 17.1 | 4.8 |
| Hong Kong | .0 | .0 | .0 | .0 | .7 |
| France | 22.4 | 9.4 | 7.4 | 1.6 | .5 |
| Spain | 1.3 | 2.6 | 1.1 | .0 | .5 |
| Australia | .0 | .0 | .0 | .0 | .3 |
| Switzerland | .0 | 1.7 | .0 | .1 | .3 |
| Cameroon | .0 | .0 | .0 | .0 | .2 |
| Norway | 3.6 | 2.6 | .1 | .6 | .1 |
| Sweden | .0 | 2.5 | 1.6 | 5.6 | .1 |
| Venezuela | .0 | 1/ | .0 | .0 | 1/ |
| All other | 7.1 | 18.9 | 9.7 | .2 | 1/ |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/ | 21.7 | 35.6 | 53.0 | 48.8 | 51.9 |
| GSP+4 2/ | 21.7 | 35.6 | 53.0 | 48.8 | 52.6 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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.
28046910

Table II.

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

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan | 8,922 | 9,105 | 9,966 | 16,511 | 21,759 |
| Malaysia | 9,707 | 6,552 | 5,766 | 9,423 | 11,471 |
| Korea | 781 | 17 | 376 | 1,884 | 6,464 |
| United Kingdom | 1,477 | 141 | 428 | 419 | 6,184 |
| West Germany | 212 | 428 | 254 | 451 | 1,802 |
| Taiwan | 901 | 473 | 572 | 518 | 1,752 |
| Israel | 1/ | 2 | 2 | 12 | 1,705 |
| France | 482 | 484 | 947 | 803 | 1,155 |
| Mexico | 703 | 299 | 370 | 681 | 645 |
| Venezuela | 62 | 16 | 83 | 32 | 587 |
| Canada | 1,013 | 418 | 597 | 498 | 479 |
| Dominican Rep | 5 | 14 | 19 | 144 | 220 |
| Denmark | 0 | 0 | 0 | 230 | 184 |
| Hong Kong | 101 | 2 | 1/ | 2 | 164 |
| Ghana | 0 | 29 | 25 | 36 | 139 |
| All other | 2,196 | 466 | 145 | 221 | 676 |
| Total | 26,563 | 18,447 | 19,550 | 31,866 | 55,385 |
| GSP Total 2/ | 10,527 | 7,087 | 6,311 | 10,421 | 14,973 |
| GSP+4 2/ | 12,326 | 7,582 | 7,259 | 12,825 | 23,362 |
| | Percent | | | | |
| Japan | 33.6 | 49.4 | 51.0 | 51.8 | 39.3 |
| Malaysia | 36.5 | 35.5 | 29.5 | 29.6 | 20.7 |
| Korea | 2.9 | .1 | 1.9 | 5.9 | 11.7 |
| United Kingdom | 5.6 | .8 | 2.2 | 1.3 | 11.2 |
| West Germany | .8 | 2.3 | 1.3 | 1.4 | 3.3 |
| Taiwan | 3.4 | 2.6 | 2.9 | 1.6 | 3.2 |
| Israel | 1/ | 1/ | 1/ | 1/ | 3.1 |
| France | 1.8 | 2.6 | 4.8 | 2.5 | 2.1 |
| Mexico | 2.6 | 1.6 | 1.9 | 2.1 | 1.2 |
| Venezuela | .2 | .1 | .4 | .1 | 1.1 |
| Canada | 3.8 | 2.3 | 3.1 | 1.6 | .9 |
| Dominican Rep | 1/ | .1 | .1 | .5 | .4 |
| Denmark | .0 | .0 | .0 | .7 | .3 |
| Hong Kong | .4 | 1/ | 1/ | 1/ | .3 |
| Ghana | .0 | .2 | .1 | .1 | .3 |
| All other | 8.3 | 2.5 | .7 | .7 | 1.2 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/ | 39.6 | 38.4 | 32.3 | 32.7 | 27.0 |
| GSP+4 2/ | 46.4 | 41.1 | 37.1 | 40.2 | 42.2 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 2824.10.00

LITHARGE AND RED LEAD AND ORANGE LEAD

# Litharge and Red Lead and Orange Lead[1]

## I. Introduction

Litharge and red lead and orange lead: Harmonized Tariff Schedule subheading(s); U.S. col. 1 rate(s) of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 2824.10.00 | 2.4%[1] | Yes | 5,462 | Mexico | 5,244 | [***] |
| 2824.20.00 | 3.4%[2] | Yes | 391 | Mexico | 214 | [***] |

[1]Column 1 rate of duty on litharge temporarily increased to 3% ad valorem or such other rate as may be proclaimed by the President effective on or after January 19, 1981. See HTS heading 9903.28.01.
[2]Column 1 rate of duty on red lead may be modified at the discretion of the President effective on or after January 19, 1981. See HTS heading 9903.28.02.

Description and uses.--Litharge (PbO), also called yellow lead oxide, lead monoxide, and plumbous oxide, is an oxide of lead produced by the controlled heating of lead metal. Commercial grades are yellow to reddish, depending on treatment and purity. Uses include the manufacture of storage batteries, ceramics, coatings, acid resisting composites, and other lead compounds.

Red lead is an oxide of lead ($Pb_3O_4$), also called minium or lead tetroxide, made by carefully heating litharge in a furnace in a current of air. Commercial grades are very bright red. Red lead is used to make storage batteries, glass, pottery, coatings, inks, fluxes, and ceramic glazes, in the purification of alcohols and in packing pipe joints.

Orange lead ($Pb_3O_4$) is a form of red lead also called orange mineral. It is made by roasting lead carbonate or sublimed litharge at very carefully controlled temperatures. It is a very bright orange pigment used in printing inks and primers.

[1]This digest includes the following HTS subheadings: 2824.10.00 and 2824.20.00.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | 5 | 5 | 5 | 4 | 7 | 9 |
| Employment (1,000 employees) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) |
| Shipments (1,000 dollars) | 58,515 | 63,075 | 55,557 | 72,293 | 91,828 | 12 |
| Exports (1,000 dollars) | 1,800 | 1,533 | 2,169 | 3,152 | 2,602 | 10 |
| Imports (1,000 dollars) | 6,866 | 4,411 | 5,065 | 10,906 | 9,001 | 7 |
| Consumption (1,000 dollars) | 63,581 | 65,953 | 58,453 | 80,047 | 98,227 | 11 |
| Import to consumption ratio (percent) | 11 | 7 | 9 | 14 | 9 | - |
| Capacity utilization (percent) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) |

[1]Trade data for 1984-88 may not be directly comparable to the HS trade data for 1989. For a more detailed explanation see volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.
[3]Data for this aggregation of segments of the lead industry are not available.

Comment.--The lead industry as a whole has gone through several years of restructuring with several plant and refinery closings. These changes are principally the result of decreasing lead consumption caused by environmental concerns and regulation, and world-wide overcapacity which resulted in decreasing prices for primary lead. These changes have resulted in a smaller U.S. lead industry which is more modern and better able to compete in the world marketplace. The products covered in this digest are a small part (less than 3 percent) of the overall lead industry. Most of the digest products are consumed primarily in the manufacture of batteries, and as such, have been relatively unaffected by the changes in the lead industry. U.S. production, imports, exports, consumption and prices all increased during 1984-88, and U.S. producers of these products appear able to compete well in the marketplace. The quality, prices and level of customer service available for the digest products supplied by both the domestic firms and the import suppliers appear to be similar. Price appears to be the principal motivating factor in the purchase decision, with brand loyalty/preferences, purchasing incentives, and other such non-price factors playing relative minor roles.

Mexico is, and has been for many years, the largest supplier of imports of the digest products. Mexico supplied about 95 to 99 percent of such imports each year during 1984-88. The exclusion of Mexico from the GSP, and the 3 percent countervailing duty which has been in effect since January, 1981 (see HTS headings 9903.28.01 and 9903.28.02), does not seem to have significantly affected the flow of imports of the digest products from Mexico during 1984-88, or Jan.-Sep., 1989.

## III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 5,854 | 100 | - | 9 |
| Imports from GSP countries: | | | | |
| Total | 5,458 | 93 | 100 | 9 |
| Mexico[2] | 5,458 | 93 | 100 | 9 |

[1]Import to consumption ratio based on 1988 data.
[2]Mexico was excluded from GSP eligibility during this period.

## IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 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 __ |

## V. Position of interested parties

Support--The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty-free.

[Probable economic effect advice deleted.]

Table I.

Digest No.
28241000

Digest Title: Litharge and red lead and orange lead
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Mexico........... | 6,665 | 4,250 | 5,033 | 10,656 | 8,514 |
| West Germany..... | 64 | 65 | 0 | 208 | 245 |
| Canada........... | 60 | 67 | 26 | 0 | 147 |
| Rep So Africa.... | 0 | 0 | 0 | 0 | 40 |
| Hong Kong........ | 0 | 0 | 0 | 0 | 25 |
| Netherlands...... | 74 | 12 | 6 | 6 | 14 |
| China............ | 0 | 0 | 0 | 0 | 14 |
| Japan............ | 2 | 0 | 0 | 0 | 3 |
| Montserrat....... | 0 | 8 | 0 | 0 | 0 |
| Peru............. | 0 | 4 | 0 | 0 | 0 |
| United Kingdom... | 0 | 0 | 0 | 36 | 0 |
| Belgium.......... | 1 | 6 | 0 | 0 | 0 |
| France........... | 0 | 0 | 0 | 0 | 0 |
| Total.......... | 6,866 | 4,411 | 5,065 | 10,906 | 9,001 |
| GSP Total 2/.. | 6,665 | 4,261 | 5,033 | 10,656 | 8,514 |
| GSP+4 2/...... | 6,665 | 4,261 | 5,033 | 10,656 | 8,539 |
| | Percent | | | | |
| Mexico........... | 97.1 | 96.4 | 99.4 | 97.7 | 94.6 |
| West Germany..... | .9 | 1.5 | .0 | 1.9 | 2.7 |
| Canada........... | .9 | 1.5 | .5 | .0 | 1.6 |
| Rep So Africa.... | .0 | .0 | .0 | .0 | .4 |
| Hong Kong........ | .0 | .0 | .0 | .0 | .3 |
| Netherlands...... | 1.1 | .3 | .1 | .1 | .2 |
| China............ | .0 | .0 | .0 | .0 | .2 |
| Japan............ | 1/ | .0 | .0 | .0 | 1/ |
| Montserrat....... | .0 | .2 | .0 | .0 | .0 |
| Peru............. | .0 | .1 | .0 | .0 | .0 |
| United Kingdom... | .0 | .0 | .0 | .3 | .0 |
| Belgium.......... | 1/ | .1 | .0 | .0 | .0 |
| France........... | .0 | .0 | .0 | .0 | .0 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 97.1 | 96.6 | 99.4 | 97.7 | 94.6 |
| GSP+4 2/...... | 97.1 | 96.6 | 99.4 | 97.7 | 94.9 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
28241000

Digest Title: Litharge and red lead and orange lead
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| West Germany..... | 316 | 269 | 296 | 662 | 553 |
| Canada........... | 326 | 250 | 289 | 406 | 505 |
| France........... | 230 | 197 | 290 | 256 | 270 |
| United Kingdom... | 78 | 117 | 198 | 445 | 246 |
| Italy............ | 192 | 163 | 190 | 246 | 213 |
| Spain............ | 86 | 64 | 85 | 67 | 147 |
| Belgium.......... | 9 | 2 | 20 | 95 | 117 |
| Mexico........... | 27 | 20 | 28 | 60 | 90 |
| Iraq............. | 0 | 0 | 0 | 0 | 71 |
| Korea............ | 29 | 35 | 46 | 150 | 68 |
| Jamaica.......... | 40 | 22 | 22 | 25 | 50 |
| Sweden........... | 1 | 1 | 1 | 2 | 48 |
| Venezuela........ | 78 | 70 | 18 | 53 | 43 |
| Philippines...... | 15 | 2 | 4 | 9 | 41 |
| Australia........ | 7 | 9 | 5 | 11 | 31 |
| All other........ | 367 | 312 | 677 | 667 | 109 |
| Total.......... | 1,800 | 1,533 | 2,169 | 3,152 | 2,602 |
| GSP Total 2/.. | 371 | 274 | 355 | 275 | 315 |
| GSP+4 2/...... | 431 | 320 | 461 | 543 | 395 |
| | Percent | | | | |
| West Germany..... | 17.5 | 17.6 | 13.6 | 21.0 | 21.2 |
| Canada........... | 18.1 | 16.3 | 13.3 | 12.9 | 19.4 |
| France........... | 12.8 | 12.9 | 13.4 | 8.1 | 10.4 |
| United Kingdom... | 4.3 | 7.6 | 9.1 | 14.1 | 9.5 |
| Italy............ | 10.7 | 10.6 | 8.8 | 7.8 | 8.2 |
| Spain............ | 4.8 | 4.2 | 3.9 | 2.1 | 5.7 |
| Belgium.......... | .5 | .1 | .9 | 3.0 | 4.5 |
| Mexico........... | 1.5 | 1.3 | 1.3 | 1.9 | 3.5 |
| Iraq............. | .0 | .0 | .0 | .0 | 2.7 |
| Korea............ | 1.6 | 2.3 | 2.1 | 4.8 | 2.6 |
| Jamaica.......... | 2.2 | 1.4 | 1.0 | .8 | 1.9 |
| Sweden........... | .1 | 1/ | 1/ | .1 | 1.9 |
| Venezuela........ | 4.3 | 4.6 | .8 | 1.7 | 1.6 |
| Philippines...... | .8 | .1 | .2 | .3 | 1.6 |
| Australia........ | .4 | .6 | .2 | .3 | 1.2 |
| All other........ | 20.4 | 20.4 | 31.2 | 21.2 | 4.2 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 20.6 | 17.9 | 16.4 | 8.7 | 12.1 |
| GSP+4 2/...... | 24.0 | 20.9 | 21.2 | 17.2 | 15.2 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 2843.21.00

CERTAIN SILVER COMPOUNDS

# Certain Silver Compounds[1]

## I. Introduction

Certain silver compounds: Harmonized Tariff Schedule subheading(s); U.S. col. 1 rate(s) of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 Total | From country to be reinstated Source | Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 2843.21.00[1] | 3.7% | Yes | 2,906 | Mexico(R)[2] | 2,851 | [***] |
| 2843.29.00 | 3.7% | Yes | 294 | Mexico(R)[2] | 0 | [***] |

[1]Based on trade data for January-September 1989, it is estimated that Mexico may exceed the competitive need limit for this HTS subheading and may therefore become ineligible for GSP duty-free treatment.
[2]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.

Description and uses.--The silver compounds covered in this digest include both inorganic and organic compounds of silver. By far the most commercially important silver chemical is silver nitrate, which is produced from metallic silver and which is used in the preparation of virtually all other silver chemicals. Most silver nitrate is used to make silver halides for use in photographic or x-ray film emulsions. Other commercially important silver chemicals include silver oxide which is used in batteries and silver cyanide which is used in electroplating.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | **12 | **12 | **12 | **12 | **12 | **0 |
| Employment (1,000 employees) | (3) | (3) | (3) | (3) | (3) | (3) |
| Shipments (million dollars)[4] | **487 | **398 | **355 | **485 | **473 | **-1 |
| Exports (million dollars) | 4 | 4 | 4 | 3 | 6 | 11 |
| Imports (million dollars) | 30 | 11 | 13 | 8 | 9 | -14 |
| Consumption (million dollars) | **513 | **405 | **365 | **490 | **476 | **-2 |
| Import to consumption ratio (percent) | **6 | **3 | **4 | **2 | **2 | **-14 |
| Capacity utilization (percent) | (3) | (3) | (3) | (3) | (3) | (3) |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.
[3]Not available.
[4]Shipment values of silver compounds in this table include the value of the contained silver, which is much greater than the value added of processing silver to silver compounds. The value added of processing silver to silver compounds rather than the total value is, however, the true measure of shipments provided by the silver processing industry. For silver nitrate, for example, the value added is about [***] percent of the total value. In 1988, the value added for U.S. silver nitrate shipments amounted to roughly [ *** ].

[1]This digest includes the following HTS subheadings: 2843.21.00, 2843.29.00.

Comment.--[ *** ] Three other domestic producers manufacture silver nitrate for sale to photographic manufacturers [ *** ]. Approximately 8 other producers manufacture silver chemicals other than silver nitrate, however, production of these chemicals is small (roughly 10 percent) compared to production or sales of silver nitrate.

According to industry sources, [ *** ]. Although domestic consumption of silver nitrate has been growing steadily,[1] industry sources expressed concern that future consumption of silver nitrate would be adversely affected by rising demand for electronic-optical devices such as camcorders which do not use silver-emulsion technology.

Compared to domestic production of silver chemicals, imports are small. During 1984-88, imports accounted for, at most, 6 percent of U.S. consumption of silver chemicals. U.S. imports of silver compounds, most of which come from Mexico, the United Kingdom, and Venezuela, declined from $30 million in 1984 to $11 million in 1985 but then remained relatively stable during 1985-88. During January-September 1989, U.S. imports of silver chemicals which accounted for an estimated 1.0 percent of domestic consumption amounted to $3.2 million.

During 1984-88, annual U.S. imports of silver compounds from Mexico, the principal GSP supplier, fluctuated between $3.0 and $7.2 million. During January-September 1989, U.S. imports of silver chemicals from Mexico amounted to $2.9 million compared with $5.7 million in the corresponding period of 1988. [ *** ][2]

During 1984-88, annual U.S. exports of silver chemical, most of which went to Japan, Canada, Western Europe, and Australia, fluctuated between $2.6 million and $5.8 million. Presumably, most of these silver compounds consisted of silver nitrate, which was exported for use in the manufacture of photographic films.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total........................ | 3,201 | 100 | - | **2 |
| Imports from GSP countries: | | | | |
| Total........................ | 2,851 | 89 | 100 | **1 |
| Mexico......................... | 2,851 | 89 | 100 | **1 |

[1]Import-to-consumption ratios based on 1988 data.

[1]According to the U.S. Bureau of Mines, demand for silver in photographic applications increased at an average annual rate of about 3.5 percent during 1984-87.
[2][ *** ].

IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989................ | 1 |
| Price elasticity: | |
| Can the U.S. purchaser easily shift among this and other suppliers?................ | Yes ___ No X[1] |
| What is the price elasticity of U.S. demand?[2]......................... | High ___ 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?[2]...................... | High ___ Moderate ___ Low ___ |
| Price level compared with-- | |
| U.S. products[2]............................................ | Above ___ Equivalent ___ Below ___ |
| Other foreign products[2]........................................ | Above ___ Equivalent ___ Below ___ |
| Quality compared with-- | |
| U.S. products................................................. | Above ___ Equivalent X[3] Below ___ |
| Other foreign products......................................... | Above ___ Equivalent X[3] Below ___ |

[1] [ *** ]

[2] [ *** ]

[3] [ *** ]

V. Position of interested parties

Support.--The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP Benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty-free.

[

***

]

Opposition.--The 3 principal merchant producers of silver nitrate, Engelhard Corp., Metz Metallurgical Corp. (Degussa), and Ames Goldsmith Corp. oppose reinstating Mexico to the GSP for silver nitrate. They are deeply concerned about the threat of competition from Mexican producers because Mexico, in addition to its proximity to the United States, is one of the world's largest producers of silver bullion and appears to enjoy lower production costs for silver chemicals than the United States because of lower environmental and labor costs. The U.S. merchant industry's concern is heightened because the conversion cost (value-added) of silver to silver chemicals roughly approximates the 3.7 percent duty, i.e., the cost of the silver manufacturing cost represent about 95 percent of the silver chemicals. According to these merchant producers, reinstating Mexico for the GSP for silver chemicals could have an especially severe detrimental effect on their operations in the near future because currently the industry is only marginally profitable and is suffering from overcapacity.

[Probable economic effect advice deleted.]

[Probable economic effect advice deleted.]

Table I.

Digest No. 28432100

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

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Mexico........... | 4,782 | 2,982 | 4,865 | 7,210 | 6,853 |
| West Germany..... | 6,561 | 415 | 147 | 107 | 1,332 |
| Japan............ | 18 | 7 | 114 | 111 | 448 |
| France........... | 29 | 80 | 128 | 293 | 399 |
| United Kingdom... | 12,715 | 7,546 | 6,866 | 383 | 86 |
| Canada........... | 69 | 44 | 77 | 69 | 38 |
| India............ | 1/ | 1/ | 13 | 0 | 14 |
| Netherlands...... | 4 | 2 | 8 | 11 | 13 |
| Venezuela........ | 6,072 | 217 | 1,173 | 0 | 12 |
| Sweden........... | 25 | 13 | 19 | 9 | 11 |
| Denmark.......... | 21 | 0 | 4 | 11 | 6 |
| Australia........ | 1 | 0 | 2 | 0 | 6 |
| Switzerland...... | 1 | 0 | 1/ | 3 | 4 |
| Finland.......... | 0 | 0 | 0 | 0 | 1 |
| Rep So Africa.... | 0 | 1/ | 0 | 0 | 1 |
| All other........ | 62 | 78 | 20 | 3 | 3 |
| Total.......... | 30,359 | 11,384 | 13,436 | 8,210 | 9,227 |
| GSP Total 2/.. | 10,866 | 3,240 | 6,053 | 7,210 | 6,880 |
| GSP+4 2/...... | 10,866 | 3,240 | 6,053 | 7,210 | 6,880 |
| | Percent | | | | |
| Mexico........... | 15.8 | 26.2 | 36.2 | 87.8 | 74.3 |
| West Germany..... | 21.6 | 3.6 | 1.1 | 1.3 | 14.4 |
| Japan............ | .1 | .1 | .8 | 1.3 | 4.9 |
| France........... | .1 | .7 | .9 | 3.6 | 4.3 |
| United Kingdom... | 41.9 | 66.3 | 51.1 | 4.7 | .9 |
| Canada........... | .2 | .4 | .6 | .8 | .4 |
| India............ | 1/ | 1/ | .1 | .0 | .2 |
| Netherlands...... | 1/ | 1/ | .1 | .1 | .1 |
| Venezuela........ | 20.0 | 1.9 | 8.7 | .0 | .1 |
| Sweden........... | .1 | .1 | .1 | .1 | .1 |
| Denmark.......... | .1 | .0 | 1/ | .1 | .1 |
| Australia........ | 1/ | .0 | 1/ | .0 | .1 |
| Switzerland...... | 1/ | .0 | 1/ | 1/ | 1/ |
| Finland.......... | .0 | .0 | .0 | .0 | 1/ |
| Rep So Africa.... | .0 | 1/ | .0 | .0 | 1/ |
| All other........ | .2 | .7 | .1 | 1/ | 1/ |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 35.8 | 28.5 | 45.1 | 87.8 | 74.6 |
| GSP+4 2/...... | 35.8 | 28.5 | 45.1 | 87.8 | 74.6 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No. 28432100

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

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan | 1,046 | 1,078 | 1,188 | 1,164 | 1,652 |
| Canada | 179 | 82 | 188 | 117 | 1,582 |
| Australia | 3 | 7 | 5 | 6 | 966 |
| Taiwan | 25 | 19 | 41 | 89 | 335 |
| Singapore | 249 | 105 | 224 | 251 | 267 |
| Korea | 116 | 214 | 46 | 93 | 209 |
| Hong Kong | 150 | 68 | 70 | 0 | 156 |
| Brazil | 5 | 6 | 2 | 0 | 124 |
| Israel | 43 | 34 | 19 | 66 | 101 |
| Switzerland | 236 | 581 | 163 | 70 | 95 |
| Belgium | 502 | 490 | 543 | 274 | 74 |
| West Germany | 5 | 423 | 58 | 6 | 42 |
| Venezuela | 75 | 301 | 348 | 22 | 40 |
| Netherlands | 9 | 7 | 135 | 13 | 36 |
| United Kingdom | 24 | 20 | 36 | 88 | 30 |
| All other | 1,204 | 932 | 482 | 308 | 76 |
| Total | 3,871 | 4,367 | 3,549 | 2,568 | 5,786 |
| GSP Total 1/ | 1,265 | 829 | 636 | 196 | 323 |
| GSP+4 1/ | 1,806 | 1,235 | 1,018 | 630 | 1,291 |
| | Percent | | | | |
| Japan | 27.0 | 24.7 | 33.5 | 45.3 | 28.6 |
| Canada | 4.6 | 1.9 | 5.3 | 4.6 | 27.3 |
| Australia | .1 | .1 | .1 | .2 | 16.7 |
| Taiwan | .6 | .4 | 1.1 | 3.5 | 5.8 |
| Singapore | 6.4 | 2.4 | 6.3 | 9.8 | 4.6 |
| Korea | 3.0 | 4.9 | 1.3 | 3.6 | 3.6 |
| Hong Kong | 3.9 | 1.6 | 2.0 | .0 | 2.7 |
| Brazil | .1 | .1 | .1 | .0 | 2.1 |
| Israel | 1.1 | .8 | .5 | 2.6 | 1.7 |
| Switzerland | 6.1 | 13.3 | 4.6 | 2.7 | 1.6 |
| Belgium | 13.0 | 11.2 | 15.3 | 10.7 | 1.3 |
| West Germany | .1 | 9.7 | 1.6 | .2 | .7 |
| Venezuela | 1.9 | 6.9 | 9.8 | .9 | .7 |
| Netherlands | .2 | .2 | 3.8 | .5 | .6 |
| United Kingdom | .6 | .5 | 1.0 | 3.4 | .5 |
| All other | 31.1 | 21.3 | 13.6 | 12.0 | 1.3 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/ | 32.7 | 19.0 | 17.9 | 7.6 | 5.6 |
| GSP+4 1/ | 46.7 | 28.3 | 28.7 | 24.5 | 22.3 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 2905.19.00

CERTAIN MISCELLANEOUS ORGANIC CHEMICALS

# Certain Miscellaneous Organic Chemicals[1]

## I. Introduction

Certain miscellaneous organic chemicals: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 Total | From country to be reinstated Source | Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 2905.19.00 | 3.7 | Yes | 16,701 | Brazil (R)[1] | 0 | [***] |
| 2909.19.10 | 5.6 | Yes | 13,403 | Brazil | 2,368 | [***] |
| 2915.31.00[2] | 3.7 | Yes | 3,398 | Brazil (R)[1] | 1,564 | [***] |
| 2916.19.50 | 3.7 | Yes | 2,597 | Brazil | 0 | [***] |
| 2917.13.00 | 4.8 | Yes | 4,452 | Brazil (R)[1] | 0 | [***] |
| 2917.14.10 | 16 | Yes | 230 | Brazil (R)[1] | 0 | [***] |

[1]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.
[2]Based on trade data for January-September 1989, it is estimated that Brazil may exceed the applicable competitive need limit for this HTS subheading and may therefore become ineligible for GSP duty-free treatment.

Description and uses.—The chemicals covered in this digest are used in a wide variety of applications. Most are used chemically as intermediates in producing other more highly finished chemicals.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | *24 | *29 | *29 | *34 | *40 | *3 |
| Employment (1,000 employees) | **2,400 | **2,900 | **2,900 | **43,00 | **4,000 | **14 |
| Shipments (million dollars) | **778 | **1,146 | **812 | **978 | **1,643 | **21 |
| Exports (million dollars) | 22 | 24 | 24 | 29 | 45 | 20 |
| Imports (million dollars) | 33 | 36 | 29 | 30 | 51 | 12 |
| Consumption (million dollars) | **789 | **1,158 | **817 | **979 | **1,648 | **21 |
| Imports-to-consumption ratio (percent) | **4 | **3 | **4 | **3 | **3 | **-25 |
| Capacity utilization (percent) | **80 | **80 | **85 | **85 | **85 | **2 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.

Comment.--The rapid increase in the number of domestic producers is principally due to increases in demand for methyl t-butyl ether, an additive for unleaded gasoline. Overall, domestic production has kept pace with imports of these chemicals, resulting in only low levels of change in the ratio of imports to consumption.

[1]This digest includes the following HTS subheadings: 2905.19.00, 2909.19.10, 2915.31.00, 2916.19.50, 2917.13.00 and 2917.14.10

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 40,782 | 100 | - | **3 |
| Imports from GSP countries: | | | | |
| Total | 5,269 | 13 | 100 | **([2]) |
| Brazil | 4,385 | 11 | 84 | **([2]) |
| Mexico | 724 | 1.8 | 14 | **([2]) |
| Israel | 152 | ([2]) | 3 | **([2]) |
| Indonesia | 8 | ([2]) | ([2]) | **([2]) |

[1]Imports-to-consumption ratios based on 1988 data.
[2]Less than 0.5

IV. Competitiveness profiles

Competitiveness indicators for Brazil for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 3 |
| Price elasticity: | |
| Can the U.S. purchaser easily shift among this and other suppliers? | [ *** ] |
| What is the price elasticity of U.S. demand? | [ *** ] |
| 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 | [ *** ] |

V. Position of interested parties

Opposition.--Monsanto Company, located in St. Louis, Missouri, has stated opposition to redesignation of ethyl acetate (2915.31.00) and maleic anhydride (2917.14.10).

Amoco Chemical company, located in Chicago, Illinois, has stated opposition to restoration of duty-free treatment for maleic anhydride from Brazil.

Aristech Chemical Corporation, located in Pittsburgh, Pennsylvania, has stated opposition to restoring duty-free treatment for Brazilian maleic anhydride.

Mobay Synthetic Corporation, a susidiary of Mobay Corporation, located in Houston, Texas, has stated opposition to the restoring of duty-free treatment of maleic anhydride.

[Probable economic effect advice deleted.]

Table I.

Digest No.
29051900

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

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Brazil........... | 15,619 | 12,761 | 4,304 | 1,208 | 9,783 |
| West Germany..... | 4,530 | 5,709 | 7,643 | 6,805 | 8,862 |
| Netherlands...... | 342 | 4,303 | 3,497 | 2,634 | 6,528 |
| United Kingdom... | 4,204 | 2,455 | 3,188 | 5,162 | 5,570 |
| France........... | 1,676 | 1,653 | 2,030 | 2,263 | 2,612 |
| Japan............ | 1,811 | 2,989 | 2,023 | 4,859 | 2,516 |
| Saudi Arabia..... | 0 | 0 | 0 | 0 | 1,909 |
| Mexico........... | 491 | 384 | 352 | 395 | 1,783 |
| Switzerland...... | 492 | 171 | 138 | 128 | 1,658 |
| Italy............ | 348 | 592 | 417 | 413 | 1,624 |
| Belgium.......... | 1,191 | 282 | 900 | 1,600 | 1,373 |
| Canada........... | 246 | 403 | 339 | 646 | 1,189 |
| Argentina........ | 218 | 1,415 | 433 | 477 | 961 |
| China............ | 57 | 17 | 9 | 32 | 685 |
| Israel........... | 216 | 1,371 | 178 | 524 | 597 |
| All other........ | 1,671 | 1,751 | 3,625 | 2,825 | 2,867 |
| Total.......... | 33,110 | 36,257 | 29,076 | 29,972 | 50,516 |
| GSP Total 2/.. | 16,622 | 16,091 | 5,507 | 3,227 | 13,951 |
| GSP+4 2/...... | 17,751 | 16,807 | 7,262 | 4,850 | 15,015 |
| | Percent | | | | |
| Brazil........... | 47.2 | 35.2 | 14.8 | 4.0 | 19.4 |
| West Germany..... | 13.7 | 15.7 | 26.3 | 22.7 | 17.5 |
| Netherlands...... | 1.0 | 11.9 | 12.0 | 8.8 | 12.9 |
| United Kingdom... | 12.7 | 6.8 | 11.0 | 17.2 | 11.0 |
| France........... | 5.1 | 4.6 | 7.0 | 7.6 | 5.2 |
| Japan............ | 5.5 | 8.2 | 7.0 | 16.2 | 5.0 |
| Saudi Arabia..... | .0 | .0 | .0 | .0 | 3.8 |
| Mexico........... | 1.5 | 1.1 | 1.2 | 1.3 | 3.5 |
| Switzerland...... | 1.5 | .5 | .5 | .4 | 3.3 |
| Italy............ | 1.1 | 1.6 | 1.4 | 1.4 | 3.2 |
| Belgium.......... | 3.6 | .8 | 3.1 | 5.3 | 2.7 |
| Canada........... | .7 | 1.1 | 1.2 | 2.2 | 2.4 |
| Argentina........ | .7 | 3.9 | 1.5 | 1.6 | 1.9 |
| China............ | .2 | 1/ | 1/ | .1 | 1.4 |
| Israel........... | .7 | 3.8 | .6 | 1.7 | 1.2 |
| All other........ | 5.0 | 4.8 | 12.5 | 9.4 | 5.7 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 50.2 | 44.4 | 18.9 | 10.8 | 27.6 |
| GSP+4 2/...... | 53.6 | 46.4 | 25.0 | 16.2 | 29.7 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
29051900

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

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Netherlands...... | 4,940 | 6,664 | 4,837 | 6,391 | 8,650 |
| Venezuela........ | 1,473 | 1,288 | 2,428 | 3,036 | 5,913 |
| Canada........... | 4,402 | 4,212 | 4,069 | 4,761 | 5,484 |
| Taiwan........... | 2,961 | 265 | 1,472 | 1,246 | 3,767 |
| West Germany..... | 133 | 617 | 1,494 | 2,946 | 3,377 |
| Japan............ | 1,767 | 1,487 | 2,715 | 2,141 | 2,231 |
| Korea............ | 93 | 278 | 303 | 401 | 1,769 |
| United Kingdom... | 234 | 277 | 332 | 453 | 1,617 |
| Turkey........... | 341 | 272 | 574 | 668 | 1,547 |
| Indonesia........ | 9 | 453 | 497 | 662 | 1,160 |
| Singapore........ | 334 | 322 | 518 | 216 | 1,055 |
| Belgium.......... | 873 | 3,272 | 1,110 | 809 | 902 |
| Italy............ | 35 | 15 | 13 | 191 | 866 |
| Thailand......... | 159 | 235 | 105 | 443 | 821 |
| Mexico........... | 346 | 562 | 495 | 627 | 721 |
| All other........ | 4,039 | 3,876 | 3,099 | 4,000 | 5,312 |
| Total.......... | 22,141 | 24,097 | 24,059 | 28,990 | 45,191 |
| GSP Total 2/.. | 5,005 | 5,264 | 6,138 | 8,185 | 13,734 |
| GSP+4 2/...... | 8,431 | 6,166 | 8,477 | 10,105 | 20,653 |
| | Percent | | | | |
| Netherlands...... | 22.3 | 27.7 | 20.1 | 22.0 | 19.1 |
| Venezuela........ | 6.7 | 5.3 | 10.1 | 10.5 | 13.1 |
| Canada........... | 19.9 | 17.5 | 16.9 | 16.4 | 12.1 |
| Taiwan........... | 13.4 | 1.1 | 6.1 | 4.3 | 8.3 |
| West Germany..... | .6 | 2.6 | 6.2 | 10.2 | 7.5 |
| Japan............ | 8.0 | 6.2 | 11.3 | 7.4 | 4.9 |
| Korea............ | .4 | 1.2 | 1.3 | 1.4 | 3.9 |
| United Kingdom... | 1.1 | 1.1 | 1.4 | 1.6 | 3.6 |
| Turkey........... | 1.5 | 1.1 | 2.4 | 2.3 | 3.4 |
| Indonesia........ | 1/ | 1.9 | 2.1 | 2.3 | 2.6 |
| Singapore........ | 1.5 | 1.3 | 2.2 | .7 | 2.3 |
| Belgium.......... | 3.9 | 13.6 | 4.6 | 2.8 | 2.0 |
| Italy............ | .2 | .1 | .1 | .7 | 1.9 |
| Thailand......... | .7 | 1.0 | .4 | 1.5 | 1.8 |
| Mexico........... | 1.6 | 2.3 | 2.1 | 2.2 | 1.6 |
| All other........ | 18.2 | 16.1 | 12.9 | 13.8 | 11.8 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 22.6 | 21.8 | 25.5 | 28.2 | 30.4 |
| GSP+4 2/...... | 38.1 | 25.6 | 35.2 | 34.9 | 45.7 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 2906.11.00

FLAVOR AND FRAGRANCE CHEMICALS

# Flavor and Fragrance Chemicals[1]

## I. Introduction

Flavor and fragrance chemicals: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 2906.11.00 | 37.5¢/kg[1] | Yes | 15,889 | Brazil | 4,325 | [***] |
| 3301.12.00 | 6% | Yes | 6,387 | Brazil | 4,518 | [***] |

[1]Brazil is currently subject to a duty of 100% instead of the 37.5¢/kg column 1 duty rate under special subheading 9903.42.01.

Description and uses.--Flavor and fragrance chemicals are materials composed of organic chemicals, which are produced synthetically or extracted from naturally occurring materials such as plants. These flavor and fragrance materials are used in mixtures to produce certain aromas or flavors in perfume oils or various aromatic compositions. These mixtures are in turn incorporated into various types of consumer products, i.e. perfumes, soaps, laundry detergents, pharmaceuticals, and confectioneries. The specific flavor and fragrance chemicals covered in this digest are menthol and essential oil of orange.

Essential oil of orange is obtained from the pulp or the rind of the orange and may be either bitter or sweet, depending on the variety of the orange used for extraction. Orange oils may be used in such diverse applications as perfumes and soft drinks.

Menthol is derived from oils extracted from the same plant as is peppermint oil, Mentha arvensis. Menthol may also be produced synthetically from organic intermediate raw materials. Primary uses include pharmaceuticals, dentifrices, and tobacco products, in addition to confectioneries.

[1]This digest includes the following HTS subheadings: 2906.11.00, 3301.12.00.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number)[3] | 10 | 10 | 10 | 10 | 10 | - |
| Employment (1,000 employees) | (4) | (4) | (4) | (4) | (4) | (4) |
| Shipments (1,000 dollars) | (4) | (4) | (4) | (4) | (4) | (4) |
| Exports (1,000 dollars) | 11,650 | 10,807 | 10,292 | 11,072 | 12,549 | 2 |
| Imports (1,000 dollars) | 22,441 | 20,884 | 20,932 | 22,441 | 29,181 | 7 |
| Consumption (1,000 dollars) | (4) | (4) | (4) | (4) | (4) | (4) |
| Imports-to-consumption ratio (percent) | (4) | (4) | (4) | (4) | (4) | (4) |
| Capacity utilization (percent)[5] | (4) | (4) | (4) | (4) | (4) | (4) |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-88.
[3]Estimated by the staff of the U.S. International Trade Commission.
[4]Not available.
[5]Production of one of the two items in this digest, essential oil of orange, is not a primary production material. It is, instead, a by-product of the citrus industry, whose primary products are fresh fruit and juice.

Comment.--There is little data available concerning the production of one of the two products included in this digest, orange oil. Essential oil of orange is a by-product of the citrus fruit industry and the citrus fruit processing industry. There are many different ways which these industries account for the orange oil they produce and sell; most of these methods are incompatible with one another.

There is one large producer of synthetic l-menthol in the United States. This product is chemically equivalent to the natural menthol that constitutes the majority of menthol imports. [ *** ] However, certain industrial users of the natural material continue to avoid using the synthetic material, claiming that the slight impurities associated with the natural product give it distinctive characteristics that differentiate it from the "clean" synthetic product.

The overall market for flavor and fragrance chemicals is expected to continue to grow at a rate that would closely approximate the rate of growth of the end-products into which they are included. As most of these markets in which these products are sold are fairly stable and grow at rates associated with population growth, the flavor and fragrance chemical industry would be expected to also grow at a similar rate, approximately 2 percent per year.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 22,276 | 100 | - | ([2]) |
| Imports from GSP countries: | | | | |
| Total | 11,345 | 51 | 100 | ([2]) |
| Brazil | 8,843 | 40 | 78 | ([2]) |
| India | 1,677 | 8 | 15 | ([2]) |
| Israel[3] | 431 | 2 | 4 | ([2]) |
| Mexico | 36 | ([4]) | ([4]) | ([2]) |

[1]Imports-to-consumption ratios based on 1988 data.
[2]Not available.
[3]Approximately 17 percent of imports from Israel entered under the Israel Free Trade Implementation Act, while the remainder entered under the GSP.
[4]Less than 0.5 percent.

Comment.--Much of the material imported under the two subheadings included in this digest are dissimilar to materials produced domestically. As mentioned previously, the natural menthol has been described as differing slightly from the chemically equivalent synthetic product produced domestically. Also, the climatic conditions under which citrus fruits are cultivated have an impact on the sensory characteristics of the fruit's essential oil. Therefore, the imported oils may differ significantly from the domestic product, and in some cases, be preferred for some applications.

IV. Competitiveness profiles

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, January-September 1989................ 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 _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 __

V. Position of interested parties

Opposition.--Opposition to the petition was received from two groups, the California-Arizona Citrus League and Florida Citrus Mutual.

The California-Arizona Citrus League is composed of marketers of California and Arizona citrus fruits. Historically, the League has maintained that the U.S. citrus industry is sensitive to increased imports and that citrus-producing GSP countries are already highly competitive in the U.S. market. They maintain that Brazil is the leading producer and exporter of orange oil, with the greatest share of its exports coming to the United States.

Florida Citrus Mutual cites several recent investigations of a related citrus product in which this product (frozen concentrated orange juice) was determined to be import sensitive. Florida Citrus Mutual also cites findings from these investigations that the Brazilian industry is extremely well-developed and is the largest in the world. They maintain that the separation of essential oil of orange into a separate industry is not valid and GSP should not be accorded on this basis to Brazil.

[Probable economic effect advice deleted.]

Table I.

Digest No.
29061100

Digest Title: Flavor and fragrance chemicals
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Brazil.......... | 6,452 | 11,823 | 10,064 | 6,358 | 11,021 |
| China........... | 10,398 | 3,914 | 5,270 | 7,497 | 6,167 |
| Japan........... | 1,694 | 1,953 | 2,207 | 2,992 | 3,192 |
| Singapore....... | 736 | 0 | 0 | 600 | 1,436 |
| Mexico.......... | 166 | 1 | 2 | 548 | 1,042 |
| Israel.......... | 208 | 431 | 508 | 464 | 834 |
| India........... | 0 | 0 | 0 | 104 | 814 |
| France.......... | 151 | 173 | 418 | 524 | 673 |
| Switzerland..... | 515 | 588 | 962 | 497 | 602 |
| Bahrain......... | 0 | 0 | 0 | 0 | 539 |
| Taiwan.......... | 241 | 281 | 163 | 502 | 524 |
| West Germany.... | 248 | 234 | 271 | 559 | 459 |
| Netherlands..... | 152 | 151 | 183 | 246 | 277 |
| Haiti........... | 26 | 65 | 63 | 177 | 221 |
| United Kingdom... | 253 | 466 | 301 | 160 | 219 |
| All other....... | 1,202 | 802 | 519 | 1,212 | 1,159 |
| Total......... | 22,441 | 20,884 | 20,932 | 22,441 | 29,181 |
| GSP Total 2/.. | 7,118 | 12,686 | 10,965 | 8,495 | 15,205 |
| GSP+4 2/...... | 8,884 | 12,976 | 11,129 | 9,793 | 17,252 |
| | Percent | | | | |
| Brazil.......... | 28.8 | 56.6 | 48.1 | 28.3 | 37.8 |
| China........... | 46.3 | 18.7 | 25.2 | 33.4 | 21.1 |
| Japan........... | 7.6 | 9.4 | 10.5 | 13.3 | 10.9 |
| Singapore....... | 3.3 | .0 | .0 | 2.7 | 4.9 |
| Mexico.......... | .7 | 1/ | 1/ | 2.4 | 3.6 |
| Israel.......... | .9 | 2.1 | 2.4 | 2.1 | 2.9 |
| India........... | .0 | .0 | .0 | .5 | 2.8 |
| France.......... | .7 | .8 | 2.0 | 2.3 | 2.3 |
| Switzerland..... | 2.3 | 2.8 | 4.6 | 2.2 | 2.1 |
| Bahrain......... | .0 | .0 | .0 | .0 | 1.8 |
| Taiwan.......... | 1.1 | 1.3 | .8 | 2.2 | 1.8 |
| West Germany.... | 1.1 | 1.1 | 1.3 | 2.5 | 1.6 |
| Netherlands..... | .7 | .7 | .9 | 1.1 | 1.0 |
| Haiti........... | .1 | .3 | .3 | .8 | .8 |
| United Kingdom... | 1.1 | 2.2 | 1.4 | .7 | .8 |
| All other....... | 5.4 | 3.8 | 2.5 | 5.4 | 4.0 |
| Total......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 31.7 | 60.7 | 52.4 | 37.9 | 52.1 |
| GSP+4 2/...... | 39.6 | 62.1 | 53.2 | 43.6 | 59.1 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No. 29061100

Digest Title: Flavor and fragrance chemicals
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan............ | 2,993 | 2,254 | 2,171 | 2,375 | 3,196 |
| Netherlands...... | 1,456 | 1,149 | 1,383 | 1,396 | 1,061 |
| Canada........... | 1,088 | 1,361 | 902 | 886 | 768 |
| China............ | 386 | 304 | 53 | 227 | 636 |
| Belgium.......... | 580 | 236 | 294 | 296 | 591 |
| Switzerland...... | 293 | 369 | 510 | 218 | 573 |
| West Germany..... | 801 | 569 | 596 | 972 | 565 |
| United Kingdom... | 584 | 411 | 369 | 453 | 549 |
| Ireland.......... | 73 | 58 | 70 | 202 | 434 |
| Taiwan........... | 65 | 71 | 208 | 305 | 402 |
| Venezuela........ | 206 | 143 | 207 | 344 | 389 |
| Korea............ | 143 | 159 | 308 | 285 | 379 |
| Mexico........... | 762 | 1,394 | 597 | 598 | 334 |
| France........... | 171 | 174 | 303 | 280 | 333 |
| Brazil........... | 207 | 240 | 202 | 405 | 325 |
| All other........ | 1,842 | 1,918 | 2,118 | 1,832 | 2,012 |
| Total.......... | 11,650 | 10,807 | 10,292 | 11,072 | 12,549 |
| GSP Total 1/.. | 1,934 | 2,456 | 2,048 | 2,200 | 1,876 |
| GSP+4 1/...... | 2,381 | 3,130 | 3,040 | 3,215 | 3,081 |
| | Percent | | | | |
| Japan............ | 25.7 | 20.9 | 21.1 | 21.4 | 25.5 |
| Netherlands...... | 12.5 | 10.6 | 13.4 | 12.6 | 8.5 |
| Canada........... | 9.3 | 12.6 | 8.8 | 8.0 | 6.1 |
| China............ | 3.3 | 2.8 | .5 | 2.1 | 5.1 |
| Belgium.......... | 5.0 | 2.2 | 2.9 | 2.7 | 4.7 |
| Switzerland...... | 2.5 | 3.4 | 5.0 | 2.0 | 4.6 |
| West Germany..... | 6.9 | 5.3 | 5.8 | 8.8 | 4.5 |
| United Kingdom... | 5.0 | 3.8 | 3.6 | 4.1 | 4.4 |
| Ireland.......... | .6 | .5 | .7 | 1.8 | 3.5 |
| Taiwan........... | .6 | .7 | 2.0 | 2.8 | 3.2 |
| Venezuela........ | 1.8 | 1.3 | 2.0 | 3.1 | 3.1 |
| Korea............ | 1.2 | 1.5 | 3.0 | 2.6 | 3.0 |
| Mexico........... | 6.5 | 12.9 | 5.8 | 5.4 | 2.7 |
| France........... | 1.5 | 1.6 | 2.9 | 2.5 | 2.7 |
| Brazil........... | 1.8 | 2.2 | 2.0 | 3.7 | 2.6 |
| All other........ | 15.8 | 17.7 | 20.6 | 16.5 | 16.0 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 16.6 | 22.7 | 19.9 | 19.9 | 14.9 |
| GSP+4 1/...... | 20.4 | 29.0 | 29.5 | 29.0 | 24.6 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 2915.21.00

ACETIC ACID

# Acetic Acid

## I. Introduction

Acetic Acid: Harmonized Tariff Schedule subheading; U.S. col. 1 rate of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 Total | From country to be reinstated Source | Value | Probable effects on U.S. imports/production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 2915.21.00 | 1.8 | Yes | 6,484 | Mexico | 33 | [***] |

Description and uses.--Acetic acid is a chemical derived from either acetaldehyde or butane and is used in a variety of chemical manufacturing processes. End products from acetic acid include plastics, fibers, pharmaceuticals, and dyes.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number)......................... | 6 | 5 | 5 | 8 | 8 | 8 |
| Employment (1,000 employees)............... | **600 | **500 | **500 | **800 | **800 | 8 |
| Shipments (1,000 dollars).................. | 132,980 | 141,730 | 103,424 | 140,377 | 131,912 | ([3]) |
| Exports (1,000 dollars).................... | 33,321 | 34,449 | 20,513 | 15,676 | 16,724 | -11 |
| Imports (1,000 dollars).................... | 20,734 | 6,266 | 5,066 | 4,757 | 52,056 | 26 |
| Consumption (1,000 dollars)................ | 120,393 | 113,547 | 87,977 | 129,418 | 167,244 | 9 |
| Import-to-consumption ratio (percent)...... | 17 | 6 | 6 | 4 | 31 | 16 |
| Capacity utilization (percent)............. | *70 | *80 | *80 | *80 | *80 | 3 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.
[3]Less than minus 0.5 percent.

Comment.--There are several domestic producers of acetic acid. All of these produce acetic acid directly or indirectly from butane. The use of technology has only recently been used outside the United States to supply imports, resulting in low imports-to-consumption ratios during 1985-1987.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 6,484 | 100 | - | 31 |
| Imports from GSP countries: | | | | |
| Total | 420 | 7 | 100 | ([2]) |
| Yugoslavia | 290 | 5 | 69 | ([2]) |
| Venezuela | 97 | 2 | 23 | ([2]) |
| Mexico | 33 | 1 | 8 | ([2]) |

[1] Imports-to-consumption ratios based on 1988 data.
[2] Less than 0.5 percent.

IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 1 |
| Price elasticity: | |
| Can the U.S. purchaser easily shift among this and other suppliers? | [ *** ] |
| What is the price elasticity of U.S. demand? | [ *** ] |
| 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 | [ *** ] |

V. Position of interested parties

Support.--The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty-free.

A Mexican producer of acetic acid, Celanese Mexicana, SA, has stated that Celanese Mexicana is a major acetic acid producer, and a considerable percentage of its production is destined for consumption to manufacture more aggregated value products. The company requested that " . . . the Commission keep the acetic acid quota for next year's business under the Generalized System of Preferences."[1]

Opposition.--Air Products and Chemicals, Inc., located in Allentown, PA, has stated that although they generally support Mexico's efforts to boost economic growth, the company further stated they oppose GSP treatment of acetic acid from Mexico.

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[1]Based on information received directly by the analyst.

[Probable economic effect advice deleted.]

Table I.

Digest No.
29152100

Digest Title: Acetic acid
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Mexico........... | 4,112 | 678 | 944 | 1,508 | 27,199 |
| Japan............ | 24 | 53 | 256 | 53 | 8,279 |
| Taiwan........... | 0 | 0 | 0 | 0 | 6,129 |
| West Germany..... | 62 | 13 | 16 | 51 | 4,206 |
| United Kingdom... | 10,661 | 4,522 | 3,434 | 1,854 | 2,268 |
| Spain............ | 0 | 0 | 0 | 0 | 1,229 |
| China............ | 0 | 0 | 0 | 0 | 889 |
| Italy............ | 7 | 3 | 153 | 91 | 638 |
| Netherlands...... | 12 | 32 | 148 | 0 | 351 |
| Yugoslavia....... | 0 | 0 | 0 | 0 | 334 |
| Brazil........... | 0 | 0 | 0 | 0 | 240 |
| France........... | 3,973 | 685 | 101 | 53 | 217 |
| Korea............ | 0 | 0 | 0 | 35 | 62 |
| Switzerland...... | 3 | 2 | 0 | 25 | 10 |
| Canada........... | 39 | 7 | 0 | 0 | 5 |
| All other........ | 1,842 | 270 | 13 | 1,086 | 0 |
| Total.......... | 20,734 | 6,266 | 5,066 | 4,757 | 52,056 |
| GSP Total 2/.. | 4,112 | 678 | 948 | 1,798 | 27,773 |
| GSP+4 2/...... | 4,112 | 678 | 955 | 1,838 | 33,964 |
| | Percent | | | | |
| Mexico........... | 19.8 | 10.8 | 18.6 | 31.7 | 52.2 |
| Japan............ | .1 | .8 | 5.1 | 1.1 | 15.9 |
| Taiwan........... | .0 | .0 | .0 | .0 | 11.8 |
| West Germany..... | .3 | .2 | .3 | 1.1 | 8.1 |
| United Kingdom... | 51.4 | 72.2 | 67.8 | 39.0 | 4.4 |
| Spain............ | .0 | .0 | .0 | .0 | 2.4 |
| China............ | .0 | .0 | .0 | .0 | 1.7 |
| Italy............ | 1/ | .1 | 3.0 | 1.9 | 1.2 |
| Netherlands...... | .1 | .5 | 2.9 | .0 | .7 |
| Yugoslavia....... | .0 | .0 | .0 | .0 | .6 |
| Brazil........... | .0 | .0 | .0 | .0 | .5 |
| France........... | 19.2 | 10.9 | 2.0 | 1.1 | .4 |
| Korea............ | .0 | .0 | .0 | .7 | .1 |
| Switzerland...... | 1/ | 1/ | .0 | .5 | 1/ |
| Canada........... | .2 | .1 | .0 | .0 | 1/ |
| All other........ | 8.9 | 4.3 | .3 | 22.8 | .0 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 19.8 | 10.8 | 18.7 | 37.8 | 53.4 |
| GSP+4 2/...... | 19.8 | 10.8 | 18.8 | 38.6 | 65.2 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
29152100

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

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Netherlands...... | 2,028 | 6,808 | 2,573 | 1,413 | 5,438 |
| Taiwan........... | 18,774 | 16,620 | 6,433 | 3,488 | 1,712 |
| Korea............ | 2,349 | 956 | 1,084 | 624 | 1,605 |
| Colombia......... | 99 | 544 | 270 | 744 | 1,325 |
| Japan............ | 4,736 | 4,957 | 3,550 | 2,726 | 1,242 |
| Spain............ | 286 | 845 | 2,408 | 683 | 1,222 |
| United Kingdom... | 1,186 | 51 | 641 | 812 | 951 |
| India............ | 0 | 0 | 0 | 6 | 938 |
| Belgium.......... | 387 | 695 | 254 | 0 | 742 |
| Venezuela........ | 330 | 371 | 416 | 607 | 559 |
| Indonesia........ | 4 | 1 | 82 | 9 | 123 |
| Yugoslavia....... | 0 | 0 | 0 | 0 | 98 |
| Canada........... | 278 | 328 | 147 | 140 | 93 |
| Mexico........... | 48 | 64 | 48 | 168 | 91 |
| Brazil........... | 7 | 0 | 132 | 0 | 90 |
| All other........ | 2,808 | 2,207 | 2,474 | 4,256 | 494 |
| Total.......... | 33,321 | 34,449 | 20,513 | 15,676 | 16,724 |
| GSP Total 2/.. | 1,321 | 1,689 | 1,617 | 1,887 | 3,427 |
| GSP+4 2/...... | 23,860 | 19,996 | 10,036 | 6,720 | 6,804 |
| | Percent | | | | |
| Netherlands...... | 6.1 | 19.8 | 12.5 | 9.0 | 32.5 |
| Taiwan........... | 56.3 | 48.2 | 31.4 | 22.2 | 10.2 |
| Korea............ | 7.0 | 2.8 | 5.3 | 4.0 | 9.6 |
| Colombia......... | .3 | 1.6 | 1.3 | 4.7 | 7.9 |
| Japan............ | 14.2 | 14.4 | 17.3 | 17.4 | 7.4 |
| Spain............ | .9 | 2.5 | 11.7 | 4.4 | 7.3 |
| United Kingdom... | 3.6 | .1 | 3.1 | 5.2 | 5.7 |
| India............ | .0 | .0 | .0 | 1/ | 5.6 |
| Belgium.......... | 1.2 | 2.0 | 1.2 | .0 | 4.4 |
| Venezuela........ | 1.0 | 1.1 | 2.0 | 3.9 | 3.3 |
| Indonesia........ | 1/ | 1/ | .4 | .1 | .7 |
| Yugoslavia....... | .0 | .0 | .0 | .0 | .6 |
| Canada........... | .8 | 1.0 | .7 | .9 | .6 |
| Mexico........... | .1 | .2 | .2 | 1.1 | .5 |
| Brazil........... | 1/ | .0 | .6 | .0 | .5 |
| All other........ | 8.4 | 6.4 | 12.1 | 27.1 | 3.0 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 4.0 | 4.9 | 7.9 | 12.0 | 20.5 |
| GSP+4 2/...... | 71.6 | 58.0 | 48.9 | 42.9 | 40.7 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 2915.39.10

BENZYL ACETATE

# Benzyl Acetate

## I. Introduction

Benzyl acetate: Harmonized Tariff Schedule subheading; U.S. col. 1 rate of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 Total | From country to be reinstated Source | Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 2915.39.10 | 23.5% | Yes | 1,136 | Mexico | 274 | [***] |

Description and uses.--Benzyl acetate is a colorless, mobile liquid at room temperature used extensively in perfumery. It often constitutes the main ingredient in perfume oils.[1]

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number)......................... | 2 | 2 | 4 | 3 | 1 | -11 |
| Employment (1,000 employees)............... | (3) | (3) | (3) | (3) | (3) | (3) |
| Production (1,000 dollars)................. | (3) | (3) | (3) | (3) | (3) | (3) |
| Exports (1,000 dollars).................... | 451 | 433 | 485 | 823 | 1,002 | 22 |
| Imports (1,000 dollars).................... | 1,124 | 1,233 | 1,093 | 1,036 | 1,108 | (4) |
| Consumption (1,000 dollars)................ | (3) | (3) | (3) | (3) | (3) | (3) |
| Imports-to-consumption ratio (percent)..... | (3) | (3) | (3) | (3) | (3) | (3) |
| Capacity utilization (percent)............. | (3) | (3) | (3) | (3) | (3) | (3) |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation, see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-88.
[3]Not available.
[4]Less than minus 0.5 percent.

Comment.--Benzyl acetate is produced in a batch process, not in a continuous operation as are many commodity-grade chemicals. [

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[1]Steffen Arctander, Perfume and Flavor Chemicals, Monograph No. 286.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 1,136 | 100 | - | ([2]) |
| Imports from GSP countries: | | | | |
| Total | 348 | 31 | 100 | ([2]) |
| Mexico | 274 | 24 | 79 | ([2]) |
| Brazil | 74 | 7 | 21 | ([2]) |

[1] Imports-to-consumption ratios based on 1988 data.
[2] Not available.

Comment.--[

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IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, January-September 1989................. 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 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.................................................. [ *** ]
Other foreign products......................................... [ *** ]
Quality compared with--
U.S. products.................................................. [ *** ]
Other foreign products......................................... [ *** ]

V. Position of interested parties

Support.--The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty-free.

[Probable economic effect advice deleted.]

Table I.

Digest No. 29153910

Digest Title: Benzyl acetate
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | | | Value (1,000 dollars) | | |
| Mexico........... | 743 | 639 | 544 | 728 | 573 |
| Italy............ | 28 | 0 | 180 | 301 | 283 |
| Brazil........... | 8 | 0 | 0 | 0 | 207 |
| West Germany..... | 19 | 182 | 13 | 0 | 31 |
| United Kingdom... | 47 | 271 | 147 | 3 | 12 |
| Switzerland...... | 0 | 0 | 0 | 0 | 1 |
| Netherlands...... | 20 | 56 | 5 | 0 | 0 |
| France........... | 27 | 0 | 3 | 3 | 0 |
| Spain............ | 0 | 61 | 41 | 0 | 0 |
| China............ | 232 | 25 | 160 | 0 | 0 |
| Total.......... | 1,124 | 1,233 | 1,093 | 1,036 | 1,108 |
| GSP Total 1/.. | 751 | 639 | 544 | 728 | 781 |
| GSP+4 1/...... | 751 | 639 | 544 | 728 | 781 |
| | | | Percent | | |
| Mexico........... | 66.0 | 51.8 | 49.8 | 70.3 | 51.7 |
| Italy............ | 2.5 | .0 | 16.5 | 29.1 | 25.5 |
| Brazil........... | .7 | .0 | .0 | .0 | 18.7 |
| West Germany..... | 1.7 | 14.7 | 1.2 | .0 | 2.8 |
| United Kingdom... | 4.2 | 21.9 | 13.5 | .3 | 1.1 |
| Switzerland...... | .0 | .0 | .0 | .0 | .1 |
| Netherlands...... | 1.8 | 4.5 | .5 | .0 | .0 |
| France........... | 2.4 | .0 | .3 | .3 | .0 |
| Spain............ | .0 | 4.9 | 3.8 | .0 | .0 |
| China............ | 20.6 | 2.0 | 14.6 | .0 | .0 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 66.8 | 51.8 | 49.8 | 70.3 | 70.5 |
| GSP+4 1/...... | 66.8 | 51.8 | 49.8 | 70.3 | 70.5 |

1/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No. 29153910

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

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Korea | 20 | 24 | 53 | 254 | 269 |
| Japan | 19 | 26 | 27 | 67 | 108 |
| Canada | 72 | 38 | 40 | 58 | 71 |
| Venezuela | 26 | 30 | 17 | 38 | 68 |
| Taiwan | 20 | 29 | 70 | 94 | 66 |
| West Germany | 6 | 3 | 2 | 41 | 56 |
| Netherlands | 8 | 2 | 23 | 26 | 47 |
| Mexico | 95 | 97 | 50 | 76 | 36 |
| United Kingdom | 16 | 13 | 35 | 41 | 32 |
| Belgium | 1 | 8 | 10 | 5 | 30 |
| Indonesia | 0 | 0 | 1 | 6 | 23 |
| Chile | 7 | 14 | 14 | 16 | 21 |
| Brazil | 42 | 45 | 5 | 12 | 17 |
| Italy | 14 | 11 | 1 | 5 | 17 |
| Rep So Africa | 1/ | 2 | 11 | 0 | 15 |
| All other | 105 | 92 | 126 | 83 | 126 |
| Total | 451 | 433 | 485 | 823 | 1,002 |
| GSP Total 2/ | 206 | 223 | 139 | 185 | 225 |
| GSP+4 2/ | 249 | 282 | 262 | 540 | 573 |
| | Percent | | | | |
| Korea | 4.5 | 5.6 | 10.9 | 30.9 | 26.8 |
| Japan | 4.1 | 6.1 | 5.5 | 8.2 | 10.7 |
| Canada | 15.9 | 8.8 | 8.3 | 7.1 | 7.1 |
| Venezuela | 5.8 | 6.8 | 3.4 | 4.6 | 6.8 |
| Taiwan | 4.4 | 6.7 | 14.4 | 11.5 | 6.6 |
| West Germany | 1.2 | .6 | .4 | 5.0 | 5.6 |
| Netherlands | 1.7 | .5 | 4.8 | 3.1 | 4.7 |
| Mexico | 21.1 | 22.3 | 10.2 | 9.2 | 3.6 |
| United Kingdom | 3.6 | 3.0 | 7.2 | 5.0 | 3.2 |
| Belgium | .2 | 1.9 | 2.0 | .6 | 3.0 |
| Indonesia | .0 | .0 | .3 | .7 | 2.3 |
| Chile | 1.5 | 3.2 | 3.0 | 1.9 | 2.1 |
| Brazil | 9.3 | 10.3 | 1.1 | 1.4 | 1.7 |
| Italy | 3.2 | 2.4 | .2 | .6 | 1.7 |
| Rep So Africa | 1/ | .4 | 2.3 | .0 | 1.5 |
| All other | 23.4 | 21.2 | 26.0 | 10.1 | 12.5 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/ | 45.7 | 51.5 | 28.5 | 22.5 | 22.4 |
| GSP+4 2/ | 55.2 | 65.2 | 54.0 | 65.7 | 57.2 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 2915.70.00

FATTY CHEMICALS

# Fatty Chemicals[1]

## I. Introduction

Fatty Chemicals: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 Total | From country to be reinstated Source | Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 2915.70.00 | 5% | Yes | 4,424 | Brazil | 0 | [***] |
| 2916.15.50 | 4.4% | Yes | 869 | Brazil (R)[1] | 0 | [***] |
| 3823.90.40 | 4.6% | Yes | 6,376 | Brazil (R)[1] | 1,307 | [***] |

[1] An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.

Description and uses.—The fatty chemicals covered by this digest are primarily simple hydrolysis products of animal fats and vegetable oils and simple derivatives and mixtures thereof. These fatty chemicals are used as surface active agents and emulsifiers in health and beauty aids, foods, and other formulated consumer and industrial products.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number)...................... | 10-15 | 10-15 | 10-15 | 10-15 | 10-15 | ([3]) |
| Employment (1,000 employees).......... | *1 | *1 | *1 | *1 | *1 | ([3]) |
| Shipments (million dollars)........... | **250 | **250 | **250 | **250 | **250 | ([3]) |
| Exports (million dollars)............. | 15 | 13 | 15 | 18 | 19 | 5 |
| Imports (million dollars)............. | 8 | 6 | 5 | 7 | 10 | 5 |
| Consumption (million dollars)......... | **243 | **243 | **240 | **239 | **241 | **([4]) |
| Imports-to-consumption ratio (percent). | **3 | **3 | **2 | **3 | **4 | ([3]) |
| Capacity utilization (percent)......... | *80 | *80 | *80 | *80 | *80 | ([3]) |

[1] Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effects Advice," p. 5.
[2] This figure represents the average annual rate of change during 1984-1988.
[3] Not meaningful.
[4] Less than -0.5 percent.

Comment.--The domestic industry is mature and generally regarded as competitive on quality and price of these chemicals. [***]

[1]This digest includes the following HTS subheadings: 2915.70.00, 2916.15.50, and 3823.90.40.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 11,669 | 100 | - | **4 |
| Imports from GSP countries: | | | | |
| Total | 3,303 | 28 | 100 | **2 |
| Malaysia | 1,589 | 14 | 48 | **1 |
| Brazil | 1,307 | 11 | 40 | **([2]) |
| Mexico | 240 | 2 | 7 | **([2]) |
| Argentina | 151 | 1 | 5 | **([2]) |

[1] Imports-to-consumption ratios based on 1988 data.
[2] Less than 0.5 percent.

IV. Competitiveness profiles

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, January-September 1989................ 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.--A high proportion of Brazil's exports of fatty chemicals are related to ricinoleic acid derived from castor oil. Directly competing chemicals manufactured in the United States are made from imported castor oil, principally from Brazil, as production of castor beans has long since ceased in the United States. Price levels in Brazil are nearly meaningless owing to the high rate of inflation which distorts all manufacturing activity, especially of products for export, effectively decoupling export prices from domestic prices.

V. Position of interested parties

No statements were received either in support of or in opposition to the proposed modifications to the GSP considered in this digest.

[Probable economic effect advice deleted.]

Table I.

Digest No.
29157000

Digest Title: Fatty chemicals
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Malaysia......... | 1,386 | 547 | 913 | 1,322 | 3,318 |
| West Germany..... | 2,152 | 1,968 | 1,201 | 1,742 | 2,315 |
| Canada........... | 742 | 458 | 539 | 828 | 1,123 |
| Japan............ | 474 | 393 | 652 | 834 | 753 |
| United Kingdom... | 253 | 273 | 204 | 492 | 566 |
| Philippines...... | 931 | 205 | 72 | 279 | 366 |
| Mexico........... | 191 | 112 | 181 | 93 | 212 |
| Netherlands...... | 397 | 366 | 371 | 315 | 212 |
| Italy............ | 422 | 421 | 266 | 130 | 196 |
| France........... | 215 | 71 | 101 | 140 | 171 |
| Israel........... | 23 | 0 | 2 | 0 | 141 |
| Argentina........ | 15 | 13 | 54 | 62 | 125 |
| Norway........... | 5 | 25 | 6 | 25 | 85 |
| Spain............ | 43 | 45 | 27 | 26 | 67 |
| Morocco.......... | 0 | 8 | 8 | 0 | 47 |
| All other........ | 854 | 1,201 | 403 | 327 | 84 |
| Total.......... | 8,103 | 6,105 | 5,003 | 6,616 | 9,783 |
| GSP Total 2/.. | 2,818 | 1,673 | 1,430 | 1,855 | 4,216 |
| GSP+4 2/...... | 2,962 | 1,872 | 1,485 | 1,924 | 4,236 |
| | Percent | | | | |
| Malaysia......... | 17.1 | 9.0 | 18.3 | 20.0 | 33.9 |
| West Germany..... | 26.6 | 32.2 | 24.0 | 26.3 | 23.7 |
| Canada........... | 9.2 | 7.5 | 10.8 | 12.5 | 11.5 |
| Japan............ | 5.8 | 6.4 | 13.0 | 12.6 | 7.7 |
| United Kingdom... | 3.1 | 4.5 | 4.1 | 7.4 | 5.8 |
| Philippines...... | 11.5 | 3.4 | 1.4 | 4.2 | 3.7 |
| Mexico........... | 2.4 | 1.8 | 3.6 | 1.4 | 2.2 |
| Netherlands...... | 4.9 | 6.0 | 7.4 | 4.8 | 2.2 |
| Italy............ | 5.2 | 6.9 | 5.3 | 2.0 | 2.0 |
| France........... | 2.7 | 1.2 | 2.0 | 2.1 | 1.8 |
| Israel........... | .3 | .0 | 1/ | .0 | 1.4 |
| Argentina........ | .2 | .2 | 1.1 | .9 | 1.3 |
| Norway........... | .1 | .4 | .1 | .4 | .9 |
| Spain............ | .5 | .7 | .5 | .4 | .7 |
| Morocco.......... | .0 | .1 | .2 | .0 | .5 |
| All other........ | 10.5 | 19.7 | 8.1 | 4.9 | .9 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 34.8 | 27.4 | 28.6 | 28.0 | 43.1 |
| GSP+4 2/...... | 36.6 | 30.7 | 29.7 | 29.1 | 43.3 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No. 29157000

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

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada | 3,778 | 2,630 | 2,823 | 3,630 | 3,934 |
| Australia | 771 | 1,033 | 1,662 | 2,017 | 3,529 |
| Japan | 1,115 | 1,133 | 1,385 | 1,578 | 1,354 |
| Netherlands | 1,504 | 1,138 | 1,224 | 1,202 | 1,327 |
| Mexico | 973 | 1,154 | 948 | 1,007 | 1,290 |
| United Kingdom | 587 | 867 | 1,022 | 1,295 | 815 |
| West Germany | 1,393 | 1,389 | 1,051 | 776 | 667 |
| Taiwan | 338 | 381 | 661 | 1,432 | 634 |
| Korea | 667 | 531 | 496 | 512 | 610 |
| France | 391 | 173 | 396 | 783 | 551 |
| Rep So Africa | 174 | 63 | 150 | 280 | 423 |
| Brazil | 381 | 135 | 202 | 464 | 372 |
| Venezuela | 463 | 270 | 145 | 234 | 301 |
| Belgium | 182 | 320 | 264 | 204 | 237 |
| Saudi Arabia | 5 | 159 | 120 | 32 | 217 |
| All other | 2,396 | 1,844 | 2,725 | 2,350 | 2,294 |
| Total | 15,119 | 13,219 | 15,273 | 17,796 | 18,557 |
| GSP Total 2/ | 3,407 | 2,945 | 3,013 | 2,971 | 3,246 |
| GSP+4 2/ | 4,566 | 4,033 | 4,577 | 5,118 | 4,711 |
| | Percent | | | | |
| Canada | 25.0 | 19.9 | 18.5 | 20.4 | 21.2 |
| Australia | 5.1 | 7.8 | 10.9 | 11.3 | 19.0 |
| Japan | 7.4 | 8.6 | 9.1 | 8.9 | 7.3 |
| Netherlands | 9.9 | 8.6 | 8.0 | 6.8 | 7.2 |
| Mexico | 6.4 | 8.7 | 6.2 | 5.7 | 7.0 |
| United Kingdom | 3.9 | 6.6 | 6.7 | 7.3 | 4.4 |
| West Germany | 9.2 | 10.5 | 6.9 | 4.4 | 3.6 |
| Taiwan | 2.2 | 2.9 | 4.3 | 8.0 | 3.4 |
| Korea | 4.4 | 4.0 | 3.2 | 2.9 | 3.3 |
| France | 2.6 | 1.3 | 2.6 | 4.4 | 3.0 |
| Rep So Africa | 1.1 | .5 | 1.0 | 1.6 | 2.3 |
| Brazil | 2.5 | 1.0 | 1.3 | 2.6 | 2.0 |
| Venezuela | 3.1 | 2.0 | .9 | 1.3 | 1.6 |
| Belgium | 1.2 | 2.4 | 1.7 | 1.1 | 1.3 |
| Saudi Arabia | 1/ | 1.2 | .8 | .2 | 1.2 |
| All other | 15.9 | 14.0 | 17.8 | 13.2 | 12.4 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/ | 22.5 | 22.3 | 19.7 | 16.7 | 17.5 |
| GSP+4 2/ | 30.2 | 30.5 | 30.0 | 28.8 | 25.4 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 2916.39.15

IBUPROFEN

# Ibuprofen

## I. Introduction

Ibuprofen: Harmonized Tariff Schedule subheading; U.S. col. 1 rate of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 2916.39.15 | 6.8% | Yes | 48,319 | Bahamas | 0 | [***] |

Description and uses.—Ibuprofen is a non-steroidal anti-inflammatory agent (NSAIA) that is used in the symptomatic treatment of acute and chronic rheumatoid arthritis and osteoarthritis, as well as for treatment of anti-inflammatory and analgesic effects in the symptomatic treatment of muscular inflammation. Ibuprofen's pharmacological actions are similar to other NSAIA's such as aspirin and indomethacin. Although ibuprofen can be used by patients who have low or no gastrointestinal tolerance of other NSAIA's, it should not be used by any patients who are allergic to aspirin.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | 1 | 1 | 2 | 1 | 2 | 19 |
| Employment (1,000 employees) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) | ([4]) |
| Production (1,000 dollars) | [***] | [***] | [***] | [***] | [***] | [***] |
| Exports (1,000 dollars)[5] | [***] | [***] | [***] | [***] | [***] | [***] |
| Imports (1,000 dollars) | 13,274 | 33,946 | 43,940 | 55,072 | 47,243 | 36 |
| Consumption (1,000 dollars)[6] | [***] | [***] | [***] | [***] | [***] | [***] |
| Imports-to-consumption ratio (percent) | [***] | [***] | [***] | [***] | [***] | [***] |
| Capacity utilization (percent) | [***] | [***] | [***] | [***] | [***] | [***] |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice," p. 5.
[2]This figure represents the average annual rate of change during 1984-88.
[3][ *** ]
[4][ *** ]
[5]Estimated by Commission staff.
[6][ *** ]

Comment.—[

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][1 2]

According to recent articles in trade journals, domestic ibuprofen production capacity will increase by about 2750 tons in 1991, [ *** ], as a result of a Boots Company PLC (United Kingdom) and Hoechst Celanese (United States) joint venture. The new capacity will be brought onstream in Texas. Each company will own 50 percent of the venture. Hoechst Celanese expects that the use of new technology in producing an ibuprofen intermediate will result in more efficient production of ibuprofen, making the company the "low-cost producer" of ibuprofen.[3] According to a representative of Ethyl Corp. and to articles in trade journals, Ethyl Corp. began in 1985 to expand its domestic capacity to approximately 2700 tons per year.[4] World production capacity for ibuprofen was said to be approximately 8800 tons per year, whereas world capacity utilization is estimated to be 50-67 percent. World capacity is expected to increase soon as a result of a joint venture between Nippon Petrochemicals and Mitsubishi that is intended to produce an ibuprofen precursor, but might produce ibuprofen as well.[5]

## III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 48,319 | 100 | - | [***] |
| Imports from GSP countries: | | | | |
| Total | 3,141 | 7 | 100 | [***] |
| India[2] | 3,141 | 7 | 100 | [***] |

[1]Imports-to-consumption ratios based on 1988 data.
[2]India was not eligible for GSP during this time period.

Comment.—The majority of U.S. imports in January-September 1989 were supplied by the United Kingdom. The GSP imports of ibuprofen during this time period were supplied by India. Although the official import statistics suggest that during 1984-88 the Bahamas was the largest supplier of ibuprofen to the United States, industry sources believe that [ *** ][6] It should be noted that, if the reinstatement of the Bahamas for this product is

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[1][

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[2][ *** ]

[3]Chemical Marketing Reporter, Apr. 25, 1988, p. 5.

[4]McGraw-Hill Inc., Chemical Week, July 22, 1987, p. 20; USITC, President's List of Articles Which May Be Designated or Modified as Eligible Articles for Purposes of the U.S. Generalized System of Preferences, USITC Publication 2138, Nov. 1988, p. 5.

[5]Chemical Marketing Reporter, Jan. 19, 1987, p. 3-19.

[6]See footnote 1 on the table in Section II of this digest.

denied, such imports from the Bahamas would still be eligible for duty-free entry into the United States under the Caribbean Basin Economic Recovery Act.

Ibuprofen was developed and patented by a British firm, Boots Company PLC, which then licensed production and marketing in the United States for a number of years. The U.S. patent on ibuprofen expired in May 1985 and, by the end of that year, several generic prescription products entered the market. The significant increase in imports during 1984-85 was probably the result of companies gearing up to produce generic products as well as increased imports in order to meet the expected surge in products. In September 1986, the period of market exclusivity granted to Upjohn and Boots to market OTC ibuprofen expired and several new over-the-counter (OTC) products entered the market.

IV. Competitiveness profiles

Competitiveness indicators for the Bahamas for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | ([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 X No ___ |
| Could exports from the country be readily redistributed among its foreign export markets?[1] | Yes ___ No ___ |
| What is the price elasticity of import supply? | High X Moderate ___ Low ___ |
| Price level compared with-- | |
| U.S. products[1] | Above ___ Equivalent ___ Below ___ |
| Other foreign products[1] | Above ___ Equivalent ___ Below ___ |
| Quality compared with-- | |
| U.S. products[1] | Above ___ Equivalent ___ Below ___ |
| Other foreign products[1] | Above ___ Equivalent ___ Below ___ |

[1]There were no imports of ibuprofen from the Bahamas during January-September 1989.

Comment: The quality of imported ibuprofen for medicinal purposes should generally match that of the domestic product because of the regulations imposed on medicinal products by both the FDA and the United States Pharmacopeia (USP). [

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V. Position of interested parties

No statements were received either in support of or in opposition to the proposed modifications to the GSP considered in this digest.

[Probable economic effect advice deleted.]

**Table I.** **Digest No. 29163915**

**Digest Title: Ibuprofen**
**U.S. imports for consumption, principal sources, 1984-88**

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| United Kingdom... | 12,890 | 28,642 | 31,523 | 41,832 | 39,738 |
| Switzerland...... | 171 | 3 | 0 | 48 | 2,203 |
| Italy............ | 127 | 2,422 | 6,200 | 11,187 | 1,569 |
| Japan............ | 18 | 2,736 | 4,646 | 943 | 1,547 |
| West Germany..... | 1 | 0 | 809 | 172 | 569 |
| Tunisia.......... | 0 | 0 | 0 | 0 | 503 |
| Spain............ | 1 | 2 | 195 | 679 | 380 |
| India............ | 0 | 0 | 0 | 1 | 333 |
| Netherlands...... | 0 | 0 | 309 | 0 | 209 |
| Taiwan........... | 0 | 0 | 48 | 0 | 180 |
| Finland.......... | 0 | 27 | 195 | 75 | 12 |
| Canada........... | 8 | 0 | 0 | 0 | 0 |
| Mexico........... | 0 | 0 | 0 | 0 | 0 |
| Bahamas.......... | 0 | 0 | 0 | 0 | 0 |
| Dominican Rep.... | 0 | 0 | 0 | 0 | 0 |
| All other........ | 59 | 114 | 13 | 135 | 0 |
| Total.......... | 13,274 | 33,946 | 43,940 | 55,072 | 47,243 |
| GSP Total 2/.. | 59 | 0 | 0 | 92 | 836 |
| GSP+4 2/...... | 59 | 0 | 48 | 92 | 1,016 |

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Percent | | | | |
| United Kingdom... | 97.1 | 84.4 | 71.7 | 76.0 | 84.1 |
| Switzerland...... | 1.3 | 1/ | .0 | .1 | 4.7 |
| Italy............ | 1.0 | 7.1 | 14.1 | 20.3 | 3.3 |
| Japan............ | .1 | 8.1 | 10.6 | 1.7 | 3.3 |
| West Germany..... | 1/ | .0 | 1.8 | .3 | 1.2 |
| Tunisia.......... | .0 | .0 | .0 | .0 | 1.1 |
| Spain............ | 1/ | 1/ | .4 | 1.2 | .8 |
| India............ | .0 | .0 | .0 | 1/ | .7 |
| Netherlands...... | .0 | .0 | .7 | .0 | .4 |
| Taiwan........... | .0 | .0 | .1 | .0 | .4 |
| Finland.......... | .0 | .1 | .4 | .1 | 1/ |
| Canada........... | .1 | .0 | .0 | .0 | .0 |
| Mexico........... | .0 | .0 | .0 | .0 | .0 |
| Bahamas.......... | .0 | .0 | .0 | .0 | .0 |
| Dominican Rep.... | .0 | .0 | .0 | .0 | .0 |
| All other........ | .4 | .3 | 1/ | .2 | .0 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | .4 | .0 | .0 | .2 | 1.8 |
| GSP+4 2/...... | .4 | .0 | .1 | .2 | 2.2 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 2917.19.50

LACTIC ACID AND CERTAIN NONAROMATIC POLYCARBOXYLIC ACIDS

# Lactic Acid and Certain Nonaromatic Polycarboxylic Acids[1]

## I. Introduction

Lactic acid and certain nonaromatic polycarboxylic acids: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 2917.19.50 | 4% | Yes | 7,335 | Brazil (R)[1] | 1,129 | [***] |
| 2918.11.10 | 5.1% | Yes | 10,865 | Brazil (R)[1] | 0 | [***] |

[1]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.

Description and uses.--The products covered by this digest are lactic acid and certain other polycarboxylic acids and their esters and other derivatives. Lactic acid occurs naturally and can be produced commercially either by fermentation or synthetically. Lactic acid and its derivatives are used as chemical intermediates, as food additives, in industrial processes, and in pharmaceuticals and cosmetics. The remaining products covered by this digest are certain polycarboxylic organic acids and their derivatives which may also be produced either by fermentation or synthetically, and are used as specialty chemicals in the plastics, food, pharmaceutical, and cosmetics industries.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number)........................ | **3 | **3 | **3 | **3 | **3 | **0 |
| Employment (1,000 employees)............. | [***] | [***] | [***] | [***] | [***] | [***] |
| Shipments (million dollars)............... | [***] | [***] | [***] | [***] | [***] | [***] |
| Exports (million dollars)................. | 39 | 39 | 41 | 52 | 55 | 9 |
| Imports (million dollars)................. | 6 | 8 | 7 | 10 | 10 | 14 |
| Consumption (million dollars)............. | [***] | [***] | [***] | [***] | [***] | [***] |
| Imports-to-consumption ratio (percent).... | [***] | [***] | [***] | [***] | [***] | [***] |
| Capacity utilization (percent)............ | [***] | [***] | [***] | [***] | [***] | [***] |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-88.

Comment.--The markets for the products included in this digest are considered to be mature with many other polycarboxylic acids available as substitutes for major end-market applications. Overall, these products can be categorized as having a moderate price sensitivity of demand.

[1]This digest includes the following HTS subheadings: 2917.19.50 and 2918.11.10.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 18,200 | 100 | - | [***] |
| Imports from GSP countries: | | | | |
| Total | 1,130 | 6 | 100 | [***][2] |
| Brazil | 1,129 | 6 | 100 | [***][2] |

[1]Imports-to-consumption ratios based on 1988 data.
[2][ *** ]

Comment.--[ *** ]

IV. Competitiveness profiles

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, January-September 1989 .......... 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 .......... [ *** ]
- Other foreign products .......... [ *** ]

Quality compared with--
- U.S. products .......... [ *** ]
- Other foreign products .......... [ *** ]

V. Position of interested parties

No statements were received either in support of or in opposition to the proposed modifications to the GSP considered in this digest.

[Probable economic effect advice deleted.]

Table I.

Digest No.
29171950

Digest Title: Lactic acid and certain nonaromatic polycarboxylic acids
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Netherlands...... | 410 | 1,542 | 2,061 | 4,343 | 4,435 |
| Japan............ | 1,827 | 1,703 | 1,486 | 1,468 | 1,746 |
| Brazil........... | 2,110 | 2,405 | 1,848 | 2,057 | 1,717 |
| United Kingdom... | 873 | 1,096 | 641 | 575 | 670 |
| Spain............ | 829 | 567 | 591 | 1,021 | 462 |
| Canada........... | 7 | 5 | 20 | 8 | 199 |
| France........... | 182 | 33 | 35 | 60 | 185 |
| West Germany..... | 182 | 440 | 457 | 172 | 114 |
| China............ | 0 | 0 | 0 | 0 | 95 |
| Switzerland...... | 15 | 29 | 20 | 2 | 43 |
| Italy............ | 9 | 27 | 43 | 20 | 31 |
| Israel........... | 6 | 23 | 32 | 18 | 27 |
| Norway........... | 0 | 0 | 1 | 0 | 20 |
| Mexico........... | 4 | 15 | 21 | 14 | 14 |
| Belgium.......... | 4 | 7 | 46 | 47 | 7 |
| All other........ | 4 | 102 | 44 | 23 | 9 |
| Total.......... | 6,462 | 7,993 | 7,348 | 9,827 | 9,774 |
| GSP Total 2/.. | 2,120 | 2,444 | 1,902 | 2,089 | 1,759 |
| GSP+4 2/...... | 2,123 | 2,457 | 1,902 | 2,091 | 1,760 |
| | Percent | | | | |
| Netherlands...... | 6.3 | 19.3 | 28.1 | 44.2 | 45.4 |
| Japan............ | 28.3 | 21.3 | 20.2 | 14.9 | 17.9 |
| Brazil........... | 32.7 | 30.1 | 25.2 | 20.9 | 17.6 |
| United Kingdom... | 13.5 | 13.7 | 8.7 | 5.9 | 6.8 |
| Spain............ | 12.8 | 7.1 | 8.0 | 10.4 | 4.7 |
| Canada........... | .1 | .1 | .3 | .1 | 2.0 |
| France........... | 2.8 | .4 | .5 | .6 | 1.9 |
| West Germany..... | 2.8 | 5.5 | 6.2 | 1.7 | 1.2 |
| China............ | .0 | .0 | .0 | .0 | 1.0 |
| Switzerland...... | .2 | .4 | .3 | 1/ | .4 |
| Italy............ | .1 | .3 | .6 | .2 | .3 |
| Israel........... | .1 | .3 | .4 | .2 | .3 |
| Norway........... | .0 | .0 | 1/ | .0 | .2 |
| Mexico........... | .1 | .2 | .3 | .1 | .1 |
| Belgium.......... | .1 | .1 | .6 | .5 | .1 |
| All other........ | .1 | 1.3 | .6 | .2 | .1 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 32.8 | 30.6 | 25.9 | 21.3 | 18.0 |
| GSP+4 2/...... | 32.9 | 30.7 | 25.9 | 21.3 | 18.0 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
29171950

Digest Title: Lactic acid and certain nonaromatic polycarboxylic acids
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Netherlands...... | 11,763 | 13,223 | 12,068 | 16,645 | 10,455 |
| Japan............ | 6,140 | 4,722 | 6,120 | 7,519 | 10,375 |
| Canada........... | 6,249 | 6,605 | 6,261 | 7,120 | 7,653 |
| Taiwan........... | 731 | 331 | 731 | 1,979 | 3,910 |
| Hong Kong........ | 1,045 | 1,633 | 1,924 | 2,193 | 3,526 |
| Belgium.......... | 2,694 | 1,211 | 1,464 | 1,343 | 2,459 |
| Switzerland...... | 89 | 150 | 84 | 50 | 1,982 |
| United Kingdom... | 785 | 749 | 777 | 1,276 | 1,505 |
| Korea............ | 205 | 305 | 254 | 1,054 | 1,134 |
| West Germany..... | 1,324 | 1,382 | 1,592 | 2,472 | 1,132 |
| Australia........ | 622 | 704 | 1,034 | 943 | 1,105 |
| Mexico........... | 1,131 | 1,346 | 1,268 | 892 | 1,090 |
| Singapore........ | 568 | 631 | 698 | 853 | 998 |
| Philippines...... | 462 | 890 | 365 | 874 | 800 |
| France........... | 465 | 238 | 294 | 572 | 610 |
| All other........ | 5,156 | 4,509 | 5,613 | 6,153 | 6,406 |
| Total.......... | 39,430 | 38,630 | 40,548 | 51,936 | 55,138 |
| GSP Total 1/.. | 4,838 | 4,853 | 4,452 | 4,948 | 5,324 |
| GSP+4 1/...... | 7,387 | 7,752 | 8,059 | 11,028 | 14,891 |
| | Percent | | | | |
| Netherlands...... | 29.8 | 34.2 | 29.8 | 32.0 | 19.0 |
| Japan............ | 15.6 | 12.2 | 15.1 | 14.5 | 18.8 |
| Canada........... | 15.8 | 17.1 | 15.4 | 13.7 | 13.9 |
| Taiwan........... | 1.9 | .9 | 1.8 | 3.8 | 7.1 |
| Hong Kong........ | 2.7 | 4.2 | 4.7 | 4.2 | 6.4 |
| Belgium.......... | 6.8 | 3.1 | 3.6 | 2.6 | 4.5 |
| Switzerland...... | .2 | .4 | .2 | .1 | 3.6 |
| United Kingdom... | 2.0 | 1.9 | 1.9 | 2.5 | 2.7 |
| Korea............ | .5 | .8 | .6 | 2.0 | 2.1 |
| West Germany..... | 3.4 | 3.6 | 3.9 | 4.8 | 2.1 |
| Australia........ | 1.6 | 1.8 | 2.5 | 1.8 | 2.0 |
| Mexico........... | 2.9 | 3.5 | 3.1 | 1.7 | 2.0 |
| Singapore........ | 1.4 | 1.6 | 1.7 | 1.6 | 1.8 |
| Philippines...... | 1.2 | 2.3 | .9 | 1.7 | 1.5 |
| France........... | 1.2 | .6 | .7 | 1.1 | 1.1 |
| All other........ | 13.1 | 11.7 | 13.8 | 11.8 | 11.6 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 12.3 | 12.6 | 11.0 | 9.5 | 9.7 |
| GSP+4 1/...... | 18.7 | 20.1 | 19.9 | 21.2 | 27.0 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 2917.35.00

PHTHALIC ANHYDRIDE

# Phthalic Anhydride

## I. Introduction

Phthalic anhydride: Harmonized Tariff Schedule subheading; U.S. col. 1 rate of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 Total | From country to be reinstated Source | Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 2917.35.00 | 12.9%(AVE) | Yes | 4,978 | Brazil (R)[1] | 417 | [***] |

[1]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.

Description and uses.--Phthalic anhydride (PA) is a synthetic organic chemical produced from either o-xylene or naphthalene, which are also organic chemicals. PA is used principally to produce plasticizers, but it is also utilized in the manufacture of certain unsaturated polyester resins and alkyd resins.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | 6 | 6 | 6 | 7 | 7 | 4 |
| Employment (1,000 employees) | **2 | **2 | **2 | **3 | **3 | **11 |
| Shipments (million dollars) | 235 | 213 | 199 | 259 | 290 | 5 |
| Exports (million dollars) | 1 | 2 | 3 | 6 | 9 | 66 |
| Imports (million dollars) | 3 | 2 | 3 | 4 | 9 | 32 |
| Consumption (million dollars) | 237 | 214 | 199 | 257 | 290 | 5 |
| Imports-to-consumption ratio (percent) | 1 | 1 | 2 | 2 | 3 | 32 |
| Capacity utilization (percent) | 79 | 70 | 78 | 90 | 89 | 3 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice," p. 5.
[2]This figure represents the average annual rate of change during 1984-88.

Comment.--Approximately 87 percent of total domestic capacity for PA production is based on o-xylene feedstocks. During 1984-88, the ratio of imports to consumption averaged about 2 percent. Most large domestic PA consumers use the molten (liquid) form of this chemical as feedstock for downstream products. The solid or flake form of PA is generally purchased by smaller volume consumers although same flake PA is inventoried by the larger molten PA users as a buffer against shipment delays and equipment failure. The molten and flake PA products are chemically identical and are used to produce the same types of end products. Since molten PA must be shipped in heated tanks, exported and imported PA can only be economically transported over long distances in the flaked form.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 4,978 | 100 | - | 3 |
| Imports from GSP countries: | | | | |
| Total | 4,129 | 83 | 100 | 1 |
| Mexico | 3,111 | 63 | 75 | 1 |
| Brazil | 417 | 8 | 10 | ([2]) |
| Venezuela | 339 | 7 | 8 | ([2]) |
| Argentina | 104 | 2 | 3 | ([2]) |

[1]Imports-to-consumption ratios based on 1988 data.
[2]Less than 0.5 percent.

Comment.--Only flaked PA is imported from all sources.

IV. Competitiveness profiles

Competitiveness indicators for Brazil for all digest products.

Ranking as a U.S. import supplier, January-September 1989 ................ 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 __

V. Position of interested parties

No statements were received either in support of or in opposition to the proposed modifications to the GSP considered in this digest.

[Probable economic effect advice deleted.]

Table I.

Digest No.
29173500

Digest Title: Phthalic anhydride
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Mexico........... | 149 | 269 | 1,106 | 2,481 | 4,939 |
| Brazil........... | 1,500 | 944 | 259 | 359 | 2,874 |
| Canada........... | 0 | 2 | 549 | 220 | 554 |
| Argentina........ | 17 | 8 | 196 | 119 | 93 |
| Romania.......... | 303 | 111 | 123 | 0 | 58 |
| Israel........... | 134 | 210 | 94 | 49 | 38 |
| Korea............ | 205 | 340 | 54 | 0 | 18 |
| Netherlands...... | 0 | 0 | 0 | 0 | 6 |
| West Germany..... | 37 | 42 | 9 | 45 | 1 |
| Venezuela........ | 228 | 235 | 549 | 119 | 0 |
| United Kingdom... | 2 | 2 | 1 | 0 | 0 |
| Belgium.......... | 0 | 8 | 0 | 0 | 0 |
| Austria.......... | 0 | 0 | 2 | 0 | 0 |
| Italy............ | 9 | 0 | 0 | 0 | 0 |
| China............ | 7 | 0 | 0 | 0 | 0 |
| All other........ | 9 | 33 | 549 | 955 | 0 |
| Total.......... | 2,599 | 2,203 | 3,492 | 4,345 | 8,582 |
| GSP Total 2/.. | 2,028 | 1,666 | 2,204 | 3,125 | 7,944 |
| GSP+4 2/...... | 2,233 | 2,039 | 2,258 | 3,125 | 7,963 |
| | Percent | | | | |
| Mexico........... | 5.8 | 12.2 | 31.7 | 57.1 | 57.5 |
| Brazil........... | 57.7 | 42.8 | 7.4 | 8.3 | 33.5 |
| Canada........... | .0 | .1 | 15.7 | 5.1 | 6.5 |
| Argentina........ | .7 | .4 | 5.6 | 2.7 | 1.1 |
| Romania.......... | 11.7 | 5.0 | 3.5 | .0 | .7 |
| Israel........... | 5.1 | 9.5 | 2.7 | 1.1 | .4 |
| Korea............ | 7.9 | 15.4 | 1.5 | .0 | .2 |
| Netherlands...... | .0 | .0 | .0 | .0 | .1 |
| West Germany..... | 1.4 | 1.9 | .3 | 1.0 | 1/ |
| Venezuela........ | 8.8 | 10.6 | 15.7 | 2.7 | .0 |
| United Kingdom... | .1 | .1 | 1/ | .0 | .0 |
| Belgium.......... | .0 | .4 | .0 | .0 | .0 |
| Austria.......... | .0 | .0 | .1 | .0 | .0 |
| Italy............ | .3 | .0 | .0 | .0 | .0 |
| China............ | .3 | .0 | .0 | .0 | .0 |
| All other........ | .3 | 1.5 | 15.7 | 22.0 | .0 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 78.0 | 75.6 | 63.1 | 71.9 | 92.6 |
| GSP+4 2/...... | 85.9 | 92.5 | 64.7 | 71.9 | 92.8 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
29173500

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

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Taiwan........... | 51 | 0 | 1,940 | 3,241 | 4,102 |
| China............ | 0 | 0 | 0 | 1,160 | 2,453 |
| Canada........... | 824 | 1,181 | 1,205 | 1,232 | 1,653 |
| Japan............ | 2 | 1 | 0 | 10 | 331 |
| India............ | 0 | 0 | 0 | 0 | 87 |
| West Germany..... | 6 | 41 | 28 | 27 | 30 |
| United Kingdom... | 5 | 115 | 0 | 1 | 24 |
| Philippines...... | 0 | 0 | 0 | 0 | 19 |
| Korea............ | 0 | 14 | 0 | 17 | 16 |
| Netherlands...... | 0 | 2 | 0 | 0 | 7 |
| New Zealand...... | 0 | 0 | 0 | 0 | 4 |
| Brazil........... | 0 | 2 | 0 | 0 | 3 |
| Belgium.......... | 1/ | 0 | 1 | 0 | 1 |
| Mexico........... | 6 | 114 | 17 | 0 | 0 |
| El Salvador...... | 1 | 0 | 0 | 0 | 0 |
| All other........ | 386 | 5 | 17 | 238 | 0 |
| Total.......... | 1,282 | 1,475 | 3,208 | 5,925 | 8,730 |
| GSP Total 2/.. | 28 | 122 | 34 | 235 | 109 |
| GSP+4 2/...... | 79 | 135 | 1,973 | 3,492 | 4,227 |
| | Percent | | | | |
| Taiwan........... | 4.0 | .0 | 60.5 | 54.7 | 47.0 |
| China............ | .0 | .0 | .0 | 19.6 | 28.1 |
| Canada........... | 64.3 | 80.1 | 37.6 | 20.8 | 18.9 |
| Japan............ | .2 | .1 | .0 | .2 | 3.8 |
| India............ | .0 | .0 | .0 | .0 | 1.0 |
| West Germany..... | .5 | 2.8 | .9 | .5 | .3 |
| United Kingdom... | .4 | 7.8 | .0 | 1/ | .3 |
| Philippines...... | .0 | .0 | .0 | .0 | .2 |
| Korea............ | .0 | .9 | .0 | .3 | .2 |
| Netherlands...... | .0 | .1 | .0 | .0 | .1 |
| New Zealand...... | .0 | .0 | .0 | .0 | 1/ |
| Brazil........... | .0 | .2 | .0 | .0 | 1/ |
| Belgium.......... | 1/ | .0 | 1/ | .0 | 1/ |
| Mexico........... | .5 | 7.7 | .5 | .0 | .0 |
| El Salvador...... | 1/ | .0 | .0 | .0 | .0 |
| All other........ | 30.1 | .4 | .5 | 4.0 | .0 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 2.2 | 8.2 | 1.1 | 4.0 | 1.2 |
| GSP+4 2/...... | 6.2 | 9.2 | 61.5 | 58.9 | 48.4 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 2918.22.50

CERTAIN OTHER MEDICINALS, IN BULK FORM

Digest No.
2918.22.50

# Certain Other Medicinals, in Bulk Form[1]

## I. Introduction

Certain other medicinals, in bulk form: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 2918.22.50 | 6.8% | Yes | 24 | Bahamas | 0 | [***] |
| 2933.19.35 | 6.8% | Yes | 42 | Bahamas | 0 | [***] |
| 2933.90.31 | 6.8% | Yes | 428 | Bahamas | 0 | [***] |

Description and uses.—The products covered in this digest are primarily analgesics, antipyretics and non-steroidal anti-inflammatory agents, not including aspirin, ibuprofen, acetaminophen, or naproxen. These analgesic products are used principally in the symptomatic treatment of mild to moderate pain, fever, inflammatory diseases, and rheumatic fever.
It should be noted that these imports from the Bahamas are eligible for duty-free entry into the United States under the Caribbean Basin Economic Recovery Act (CBERA).

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | 15-20 | 15-20 | 15-20 | 15-20 | 15-20 | ([3]) |
| Employment (1,000 employees)[4] | 17 | 16 | 16 | 11 | 12 | -7 |
| Production (million dollars) | ([5]) | ([5]) | ([5]) | ([5]) | ([5]) | ([3]) |
| Exports (million dollars) | 22 | 23 | 22 | 24 | 30 | 8 |
| Imports (million dollars)[6] | 5 | 5 | 4 | 4 | 5 | 0 |
| Consumption (million dollars) | ([5]) | ([5]) | ([5]) | ([5]) | ([5]) | ([3]) |
| Imports-to-consumption ratio (percent) | ([5]) | ([5]) | ([5]) | ([5]) | ([5]) | ([3]) |
| Capacity utilization (percent) | ([5]) | ([5]) | ([5]) | ([5]) | ([5]) | ([3]) |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice," p. 5.
[2]This figure represents the average annual rate of change during 1984-88.
[3]Not meaningful.
[4]The employment data cited is that for SIC Product Code 2833, "Medicinals and Botanicals," which includes establishments primarily engaged in manufacturing bulk organic and inorganic medicinal chemicals and their derivatives (including the products covered in this digest) and processing bulk botanical drugs and herbs.
[5]Not available.
[6]Estimated by Commission staff.

[1]This digest includes the following HTS subheadings: 2918.22.50, 2933.19.35, 2933.90.31.

Comment.--Although it is believed that the primary therapeutic classification of the products covered in this digest is that of analgesics, the specific products included in these HTS basket classifications are not completely ascertainable and, therefore, it is not possible to accurately cite production values.

## III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 6,017 | 100 | - | ([2]) |
| Imports from GSP countries: | | | | |
| Total | 31 | 1 | 100 | ([2]) |
| Costa Rica | 16 | ([3]) | 52 | ([2]) |
| Israel[4] | 12 | ([3]) | 39 | ([2]) |
| India | 3 | ([3]) | 10 | ([2]) |

[1]Imports-to-consumption ratios based on 1988 data.
[2]Not available.
[3]Less than 0.5 percent.
[4]Although imports of "certain other medicinals, in bulk form," from Israel are eligible for duty free entry under the GSP, imports of this item during January-September 1989 from Israel entered duty-free under the provisions of the United States-Israel Free Trade Area Implementation Act of 1985.

Comment.--According to data for the first nine months of 1989, there were no imports of these products from the Bahamas. [ *** ] Panama is a major GSP supplier, however, it is currently ineligible for duty-free treatment.

## IV. Competitiveness profiles

Competitiveness indicators for the Bahamas for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | ([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?[1] | Yes __ No X |
| What is the price elasticity of import supply? | High __ Moderate __ Low __ |
| Price level compared with-- | |
| U.S. products[1] | Above __ Equivalent __ Below __ |
| Other foreign products[1] | Above __ Equivalent __ Below __ |
| Quality compared with-- | |
| U.S. products[1] | Above __ Equivalent __ Below __ |
| Other foreign products[1] | Above __ Equivalent __ Below __ |

[1]There were no imports of the digest products from the Bahamas during January-September 1989.

Comment.--The answers provided above are given [

***

] The quality of any medicinal product exported, however, would be comparable to that produced domestically, given the Food and Drug Administration's regulations regarding the production and import of pharmaceutical products.

V. Position of interested parties

No statements were received either in support of or in opposition to the proposed modifications to the GSP considered in this digest.

[Probable economic effect advice deleted.]

Table I .

Digest No.
2918.22.50

Digest Title: Certain other medicinals, in bulk form
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Ireland.......... | 2,002 | 817 | 949 | 4,926 | 12,113 |
| Canada........... | 2,073 | 1,243 | 1,529 | 1,748 | 2,192 |
| Belgium.......... | 6,091 | 7,606 | 886 | 832 | 1,530 |
| West Germany..... | 717 | 1,016 | 1,067 | 879 | 1,368 |
| Bahamas.......... | 18 | 25 | 6,217 | 1,396 | 1,338 |
| United Kingdom... | 898 | 1,190 | 1,433 | 1,647 | 1,079 |
| Japan............ | 965 | 680 | 1,038 | 1,322 | 1,059 |
| France........... | 612 | 3,199 | 757 | 477 | 977 |
| Australia........ | 924 | 814 | 823 | 726 | 966 |
| Mexico........... | 226 | 412 | 452 | 690 | 852 |
| Switzerland...... | 530 | 349 | 338 | 527 | 661 |
| Brazil........... | 506 | 539 | 658 | 445 | 644 |
| Korea............ | 177 | 148 | 333 | 421 | 595 |
| Pakistan......... | 195 | 290 | 351 | 342 | 457 |
| Thailand......... | 416 | 588 | 533 | 944 | 348 |
| All other........ | 5,806 | 4,240 | 4,300 | 7,083 | 3,829 |
| Total.......... | 22,156 | 23,155 | 21,665 | 24,404 | 30,006 |
| GSP Total 1/.. | 3,025 | 3,198 | 10,424 | 6,167 | 5,773 |
| GSP+4 1/...... | 3,338 | 3,655 | 11,191 | 6,838 | 6,593 |
| | Percent | | | | |
| Ireland.......... | 9.0 | 3.5 | 4.4 | 20.2 | 40.4 |
| Canada........... | 9.4 | 5.4 | 7.1 | 7.2 | 7.3 |
| Belgium.......... | 27.5 | 32.8 | 4.1 | 3.4 | 5.1 |
| West Germany..... | 3.2 | 4.4 | 4.9 | 3.6 | 4.6 |
| Bahamas.......... | .1 | .1 | 28.7 | 5.7 | 4.5 |
| United Kingdom... | 4.1 | 5.1 | 6.6 | 6.7 | 3.6 |
| Japan............ | 4.4 | 2.9 | 4.8 | 5.4 | 3.5 |
| France........... | 2.8 | 13.8 | 3.5 | 2.0 | 3.3 |
| Australia........ | 4.2 | 3.5 | 3.8 | 3.0 | 3.2 |
| Mexico........... | 1.0 | 1.8 | 2.1 | 2.8 | 2.8 |
| Switzerland...... | 2.4 | 1.5 | 1.6 | 2.2 | 2.2 |
| Brazil........... | 2.3 | 2.3 | 3.0 | 1.8 | 2.1 |
| Korea............ | .8 | .6 | 1.5 | 1.7 | 2.0 |
| Pakistan......... | .9 | 1.3 | 1.6 | 1.4 | 1.5 |
| Thailand......... | 1.9 | 2.5 | 2.5 | 3.9 | 1.2 |
| All other........ | 26.2 | 18.3 | 19.8 | 29.0 | 12.8 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 13.7 | 13.8 | 48.1 | 25.3 | 19.2 |
| GSP+4 1/...... | 15.1 | 15.8 | 51.7 | 28.0 | 22.0 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 3201.90.50

NATURAL TANNING MATERIALS

# Natural Tanning Materials

## I. Introduction

Natural tanning materials: Harmonized Tariff Schedule subheading; U.S. col. 1 rate of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 Total | From country to be reinstated Source | Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 3201.90.50 | 3.1% | No | 1,093 | Mexico | 111 | [***] |

Description and uses.--Natural tanning materials are prepared by aqueous extraction of shredded barks, woods, and roots of trees having large concentrations of tannin. Tannin is the generic name for a class of natural compounds that, although vary greatly in chemical structure, has the ability to react with protein matter in animal hides to produce leather. Natural tanning materials also have the ability to color leather during the tanning process.

## II. U.S. market profile[1]

Profile of U.S. industry and market, 1984-88[2]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[3] |
|---|---|---|---|---|---|---|
| Producers (number)........................ | | | | | | |
| Employment (1,000 employees).............. | | | | | | |
| Shipments (1,000 dollars)................. | | | | | | |
| Exports (1,000 dollars)................... | | | | | | |
| Imports (1,000 dollars)[4]................... | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | - |
| Consumption (1,000 dollars)............... | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | - |
| Imports to consumption ratio (percent)..... | 100 | 100 | 100 | 100 | 100 | - |
| Capacity utilization (percent)............ | 0 | 0 | 0 | 0 | 0 | - |

1 There is no U.S. production of the digest product.
2 Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see volume I, "Presentation of Probable Economic Effect Advice", p. 5.
3 This figure represents the average annual rate of change during 1984-88.
4 Data estimated by the staff of the U.S. International Trade Commission.

Comment.--U.S. producers process and formulate an imported raw or partially processed material, the majority of which is grown in warm or tropical climates. There has been no natural tanning material harvested in the United States since the 1950s. Therefore, the competitiveness of the U.S. natural tanning industry is dependent on the availability and cost of foreign raw materials. The import data presented in the above table are estimates by the Commission staff in cooperation with industry analysts, who believe that imports of these materials have been stable during the last decade. Since World War II, the United States has established a synthetic tanning materials industry. However, the products made by these two industries, although they are used to tan leather, are imperfect substitutes and both industries have well established markets in the United States.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 1,093 | 100 | - | 100 |
| Imports from GSP countries: | | | | |
| Total | 111 | 10 | 100 | NA |
| Mexico | 111 | 10 | 100 | NA |

[1] Imports-to-consumption ratios based on 1988 data.

IV. Competitiveness profiles[1]

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, January-September 1989................. 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 __
Other foreign products........................................ Above ___ Equivalent X Below __
Quality compared with--
U.S. products................................................. Above ___ Equivalent ___ Below __
Other foreign products........................................ Above ___ Equivalent X Below __

[1] There is no U.S. production of the digest product.

V. Position of interested parties

Support.--The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these iports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty-free.

[Probable economic effect advice deleted.]

DIGEST NO. 3207.40.10

GROUND OR PULVERIZED GLASS FRIT

# Ground or Pulverized Glass Frit

## I. Introduction

Ground or pulverized glass frit: Harmonized Tariff Schedule subheading; U.S. col. 1 rate of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production.

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 3207.40.10[1] | 6% | Yes | 7,219 | Mexico(R)[2] | 3,222 | [***] |

[1]Based on trade data for January-September 1989, it is estimated that Mexico may exceed the applicable competitive need limit for this HTS subheading and may therefore become ineligible for GSP duty-free treatment.
[2]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive need limit.

Description and uses.--Glass frit is usually ground glass used in making glazes and enamels for ceramic uses such as decorated clay pots, and for making frit seals. Finely powdered glass may also be called frit. In addition, the term "frit" is used for finely ground inorganic minerals which, mixed with fluxes and coloring agents, form a glass-like coating when heated.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) |
| Employment (1,000 employees) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) |
| Shipments (1,000 dollars) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) |
| Exports (1,000 dollars) | 4,010 | 3,664 | 3,816 | 4,200 | 4,700 | 4 |
| Imports (1,000 dollars) | 6,449 | 7,217 | 7,004 | 7,565 | 9,621 | 11 |
| Consumption (1,000 dollars) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) |
| Import to consumption ratio (percent) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) |
| Capacity utilization (percent) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) |

[1]Trade data for 1984-88 may not be directly comparable to HTS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the annual compound rate of change during 1984-1988.
[3]Not available.

Comment.--According to industry analysts, glass frit is a very small part of the glass industry and separate data on U.S. production, shipments, consumption, production capacity, or the relative size of imports or exports to production or consumption are not available.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 7,219 | 100 | - | ([2]) |
| Imports from GSP countries: | | | | |
| Total | 3,222 | 45 | 100 | ([2]) |
| Mexico[3] | 3,222 | 45 | 100 | ([2]) |

[1]Import-to-consumption ratios based on 1988 data.
[2]Not available.
[3]Mexico was excluded from GSP eligibility during January-September 1989.

IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 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 __ |

V. Position of interested parties

Support.--The law firm of Brownstein, Zeidman, and Schomer, Washington, DC, in a statement on behalf of Dal-Tile Corp. of Dallas, Texas, Ceramica Regiomontana, S.A. of Monterrey, Mexico, and Esvimex, S.A. of Saltillo, Mexico, maintains that the granting of GSP treatment on the digest products would have no adverse economic impact on the industry in the United States producing a like or competitive product.

The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty-free.

[Probable economic effect advice deleted.]

Table I.

Digest No. 32074010

Digest Title: Ground or pulverized glass frit
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Mexico | 2,418 | 2,706 | 2,799 | 3,002 | 3,406 |
| Japan | 1,596 | 1,160 | 1,087 | 1,363 | 2,440 |
| West Germany | 1,251 | 1,236 | 1,734 | 1,801 | 1,414 |
| Italy | 356 | 1,517 | 738 | 966 | 1,386 |
| United Kingdom | 624 | 273 | 174 | 150 | 359 |
| France | 101 | 98 | 87 | 157 | 252 |
| Spain | 3 | 57 | 3 | 43 | 201 |
| Canada | 8 | 4 | 3 | 12 | 65 |
| Denmark | 0 | 0 | 0 | 34 | 27 |
| Switzerland | 56 | 10 | 1 | 10 | 27 |
| Taiwan | 28 | 31 | 29 | 11 | 19 |
| Rep So Africa | 0 | 0 | 0 | 0 | 16 |
| Netherlands | 2 | 14 | 0 | 3 | 6 |
| China | 0 | 0 | 0 | 0 | 4 |
| Colombia | 0 | 0 | 46 | 0 | 0 |
| All other | 6 | 111 | 302 | 13 | 0 |
| Total | 6,449 | 7,217 | 7,004 | 7,565 | 9,621 |
| GSP Total 2/ | 2,418 | 2,804 | 3,145 | 3,002 | 3,406 |
| GSP+4 2/ | 2,448 | 2,835 | 3,173 | 3,013 | 3,425 |
| | Percent | | | | |
| Mexico | 37.5 | 37.5 | 40.0 | 39.7 | 35.4 |
| Japan | 24.8 | 16.1 | 15.5 | 18.0 | 25.4 |
| West Germany | 19.4 | 17.1 | 24.8 | 23.8 | 14.7 |
| Italy | 5.5 | 21.0 | 10.5 | 12.8 | 14.4 |
| United Kingdom | 9.7 | 3.8 | 2.5 | 2.0 | 3.7 |
| France | 1.6 | 1.4 | 1.2 | 2.1 | 2.6 |
| Spain | .1 | .8 | 1/ | .6 | 2.1 |
| Canada | .1 | .1 | 1/ | .2 | .7 |
| Denmark | .0 | .0 | .0 | .4 | .3 |
| Switzerland | .9 | .1 | 1/ | .1 | .3 |
| Taiwan | .4 | .4 | .4 | .1 | .2 |
| Rep So Africa | .0 | .0 | .0 | .0 | .2 |
| Netherlands | 1/ | .2 | .0 | 1/ | .1 |
| China | .0 | .0 | .0 | .0 | 1/ |
| Colombia | .0 | .0 | .7 | .0 | .0 |
| All other | .1 | 1.5 | 4.3 | .2 | .0 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/ | 37.5 | 38.9 | 44.9 | 39.7 | 35.4 |
| GSP+4 2/ | 38.0 | 39.3 | 45.3 | 39.8 | 35.6 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No. 32074010

Digest Title: Ground or pulverized glass frit
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan | 680 | 334 | 250 | 379 | 703 |
| Taiwan | 740 | 355 | 502 | 684 | 655 |
| West Germany | 439 | 415 | 616 | 695 | 637 |
| France | 343 | 521 | 998 | 707 | 470 |
| United Kingdom | 659 | 631 | 410 | 462 | 423 |
| Brazil | 201 | 191 | 220 | 200 | 301 |
| Canada | 489 | 462 | 205 | 424 | 276 |
| Switzerland | 101 | 181 | 169 | 100 | 168 |
| Venezuela | 0 | 0 | 0 | 0 | 165 |
| Andorra | 0 | 0 | 0 | 0 | 126 |
| Italy | 1 | 31 | 2 | 7 | 121 |
| Netherlands | 24 | 103 | 81 | 100 | 101 |
| Hong Kong | 4 | 8 | 34 | 41 | 77 |
| Korea | 13 | 5 | 48 | 60 | 77 |
| Mexico | 64 | 77 | 29 | 28 | 67 |
| All other | 250 | 350 | 252 | 314 | 335 |
| Total | 4,010 | 3,664 | 3,816 | 4,200 | 4,700 |
| GSP Total 2/ | 311 | 340 | 322 | 292 | 661 |
| GSP+4 2/ | 1,072 | 713 | 922 | 1,081 | 1,472 |
| | Percent | | | | |
| Japan | 17.0 | 9.1 | 6.6 | 9.0 | 15.0 |
| Taiwan | 18.5 | 9.7 | 13.2 | 16.3 | 13.9 |
| West Germany | 10.9 | 11.3 | 16.1 | 16.5 | 13.5 |
| France | 8.6 | 14.2 | 26.2 | 16.8 | 10.0 |
| United Kingdom | 16.4 | 17.2 | 10.7 | 11.0 | 9.0 |
| Brazil | 5.0 | 5.2 | 5.8 | 4.8 | 6.4 |
| Canada | 12.2 | 12.6 | 5.4 | 10.1 | 5.9 |
| Switzerland | 2.5 | 4.9 | 4.4 | 2.4 | 3.6 |
| Venezuela | .0 | .0 | .0 | .0 | 3.5 |
| Andorra | .0 | .0 | .0 | .0 | 2.7 |
| Italy | 1/ | .8 | 1/ | .2 | 2.6 |
| Netherlands | .6 | 2.8 | 2.1 | 2.4 | 2.1 |
| Hong Kong | .1 | .2 | .9 | 1.0 | 1.6 |
| Korea | .3 | .1 | 1.3 | 1.4 | 1.6 |
| Mexico | 1.6 | 2.1 | .7 | .7 | 1.4 |
| All other | 6.2 | 9.6 | 6.6 | 7.5 | 7.1 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/ | 7.8 | 9.3 | 8.4 | 7.0 | 14.1 |
| GSP+4 2/ | 26.7 | 19.5 | 24.2 | 25.7 | 31.3 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 3703.10.30

CERTAIN PHOTOGRAPHIC PAPERS

Digest No.
3703.10.30

Certain Photographic Papers[1]

## I. Introduction

Certain photographic papers: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 3703.10.30[1] | 3.7% | Yes | 95,457 | Brazil (R)[2] | 26,533 | [ *** ] |
| 3703.20.30 | 3.7% | Yes | 95,784 | Brazil (R)[2] | 1,964 | [ *** ] |
| 3703.90.30 | 3.7% | Yes | 55,796 | Brazil (R)[2] | 0 | [ *** ] |

[1]Based on trade data for January-September 1989, it is estimated that Brazil may exceed the applicable competitive need limit for the HTS subheading and may therefore become ineligible for GSP duty-free treatment.
[2]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.

Description and uses.--The products in this digest are part of the sensitized materials sector of the photographic industry. They include unexposed, sensitized photographic paper, containing silver halide, for both color (polychrome) and black and white photography. Both rolls of less than or equal to 610mm in width and those exceeding 610mm in width are covered.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | 1 | 1 | 1 | 1 | 1 | - |
| Employment (thousand employees) | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Shipments (million dollars) | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Exports (million dollars) | 285 | 265 | 281 | 317 | 320 | 3 |
| Imports (million dollars) | 264 | 329 | 349 | 370 | 404 | 11 |
| Consumption (million dollars) | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Import to consumption ratio (percent) | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Capacity utilization (percent) | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.

Comment.--Eastman Kodak, the photographic industry leader, is the only U.S. producer of the sensitized photographic products covered in this digest. The company commands an estimated [ ***

[1]This digest includes the following HTS subheadings: 3703.10.30, 3703.20.30, and 3703.90.30.

] percent overall market share in the total photographic business worldwide, and photographic films and papers account for an estimated [ *** ] of its revenues. Kodak produces [ *** ] in the United States. The company operates a paper manufacturing facility in Brazil [ *** ]. Industry sources believe that, in addition to Kodak, two Japanese concerns (Fuji and Sakura) also manufacture photographic paper products in Brazil (for possible export to the United States).

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 247,037 | 100 | - | [ *** ] |
| Imports from GSP countries: | | | | |
| Total | 28,497 | 12 | 100 | [ *** ] |
| Brazil | 28,497 | 12 | 100 | [ *** ] |

[1]Import-to-consumption ratios are based on 1988 data.

Comment.--Although Brazil lost its GSP status, U.S. imports of digest products steadily increased during the 1984-88 period and, most particularly, rose from $42.7 million in 1987 to $67.9 million in 1988. [ *** ].

IV. Competitiveness profiles

Competitiveness indicators for Brazil for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 3 |
| 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 ___ 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 ___ No X |
| What is the price elasticity of import supply? | High X Moderate ___ Low ___ |
| Price level compared with-- | |
| U.S. products | [ *** ] |
| Other foreign products | [ *** ] |
| Quality compared with-- | |
| U.S. products | [ *** ] |
| Other foreign products | [ *** ] |

V. Position of interested parties

No statements were received either in support of or in opposition to the proposed modifications to the GSP considered in this digest.

[Probable economic effect advice deleted.]

Table I.

Digest No. 37031030

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

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan | 126,673 | 160,455 | 169,496 | 159,999 | 170,951 |
| Brazil | 19,428 | 30,588 | 31,547 | 42,650 | 67,885 |
| West Germany | 38,950 | 45,021 | 61,885 | 60,935 | 41,885 |
| France | 38,176 | 36,037 | 30,853 | 38,578 | 36,256 |
| Canada | 11,017 | 22,762 | 20,397 | 12,590 | 31,223 |
| Netherlands | 1,650 | 3,922 | 5,369 | 23,000 | 23,329 |
| United Kingdom | 9,465 | 11,580 | 16,998 | 17,034 | 19,101 |
| Switzerland | 4,356 | 4,737 | 3,753 | 5,657 | 6,594 |
| Belgium | 10,097 | 8,970 | 4,651 | 4,631 | 3,391 |
| Taiwan | 2,166 | 1,809 | 1,288 | 1,997 | 1,946 |
| Korea | 314 | 254 | 726 | 1,191 | 664 |
| Italy | 1,557 | 2,156 | 1,223 | 389 | 560 |
| Hong Kong | 18 | 1 | 0 | 8 | 198 |
| New Zealand | 1 | 0 | 0 | 0 | 25 |
| Mexico | 1/ | 220 | 0 | 676 | 0 |
| All other | 350 | 337 | 372 | 217 | 0 |
| Total | 264,215 | 328,850 | 348,558 | 369,550 | 404,009 |
| GSP Total 2/ | 19,428 | 30,816 | 31,617 | 43,325 | 67,885 |
| GSP+4 2/ | 21,925 | 32,879 | 33,711 | 46,521 | 70,694 |
| | Percent | | | | |
| Japan | 47.9 | 48.8 | 48.6 | 43.3 | 42.3 |
| Brazil | 7.4 | 9.3 | 9.1 | 11.5 | 16.8 |
| West Germany | 14.7 | 13.7 | 17.8 | 16.5 | 10.4 |
| France | 14.4 | 11.0 | 8.9 | 10.4 | 9.0 |
| Canada | 4.2 | 6.9 | 5.9 | 3.4 | 7.7 |
| Netherlands | .6 | 1.2 | 1.5 | 6.2 | 5.8 |
| United Kingdom | 3.6 | 3.5 | 4.9 | 4.6 | 4.7 |
| Switzerland | 1.6 | 1.4 | 1.1 | 1.5 | 1.6 |
| Belgium | 3.8 | 2.7 | 1.3 | 1.3 | .8 |
| Taiwan | .8 | .6 | .4 | .5 | .5 |
| Korea | .1 | .1 | .2 | .3 | .2 |
| Italy | .6 | .7 | .4 | .1 | .1 |
| Hong Kong | 1/ | 1/ | .0 | 1/ | 1/ |
| New Zealand | 1/ | .0 | .0 | .0 | 1/ |
| Mexico | 1/ | .1 | .0 | .2 | .0 |
| All other | .1 | .1 | .1 | .1 | .0 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/ | 7.4 | 9.4 | 9.1 | 11.7 | 16.8 |
| GSP+4 2/ | 8.3 | 10.0 | 9.7 | 12.6 | 17.5 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No. 37031030

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

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Netherlands...... | 63,594 | 66,312 | 72,054 | 77,541 | 79,171 |
| United Kingdom... | 78,206 | 90,508 | 80,296 | 77,437 | 78,717 |
| Japan............ | 28,030 | 26,203 | 32,475 | 30,053 | 31,379 |
| France........... | 9,851 | 12,657 | 22,728 | 35,198 | 27,865 |
| Canada........... | 14,239 | 16,552 | 15,213 | 21,233 | 22,652 |
| Singapore........ | 1,483 | 1,306 | 1,347 | 1,438 | 11,488 |
| Belgium.......... | 6,929 | 6,965 | 6,925 | 6,566 | 10,731 |
| Australia........ | 6,709 | 5,042 | 8,749 | 15,020 | 9,655 |
| Mexico........... | 4,118 | 3,920 | 6,471 | 6,565 | 7,784 |
| West Germany..... | 8,902 | 4,946 | 4,496 | 5,338 | 5,078 |
| Italy............ | 14,688 | 3,708 | 2,311 | 3,702 | 3,790 |
| Hong Kong........ | 1,722 | 2,189 | 2,549 | 6,728 | 3,237 |
| Israel........... | 1,654 | 1,371 | 2,885 | 2,915 | 2,741 |
| United Arab Em... | 7,941 | 828 | 959 | 2,089 | 2,542 |
| Venezuela........ | 2,035 | 1,561 | 1,275 | 2,047 | 2,534 |
| All other........ | 34,917 | 20,684 | 20,315 | 22,785 | 20,991 |
| Total.......... | 285,018 | 264,753 | 281,047 | 316,656 | 320,353 |
| GSP Total 1/.. | 18,635 | 14,648 | 21,035 | 24,323 | 26,915 |
| GSP+4 1/...... | 22,175 | 18,392 | 25,373 | 33,409 | 42,274 |
| | Percent | | | | |
| Netherlands...... | 22.3 | 25.0 | 25.6 | 24.5 | 24.7 |
| United Kingdom... | 27.4 | 34.2 | 28.6 | 24.5 | 24.6 |
| Japan............ | 9.8 | 9.9 | 11.6 | 9.5 | 9.8 |
| France........... | 3.5 | 4.8 | 8.1 | 11.1 | 8.7 |
| Canada........... | 5.0 | 6.3 | 5.4 | 6.7 | 7.1 |
| Singapore........ | .5 | .5 | .5 | .5 | 3.6 |
| Belgium.......... | 2.4 | 2.6 | 2.5 | 2.1 | 3.3 |
| Australia........ | 2.4 | 1.9 | 3.1 | 4.7 | 3.0 |
| Mexico........... | 1.4 | 1.5 | 2.3 | 2.1 | 2.4 |
| West Germany..... | 3.1 | 1.9 | 1.6 | 1.7 | 1.6 |
| Italy............ | 5.2 | 1.4 | .8 | 1.2 | 1.2 |
| Hong Kong........ | .6 | .8 | .9 | 2.1 | 1.0 |
| Israel........... | .6 | .5 | 1.0 | .9 | .9 |
| United Arab Em... | 2.8 | .3 | .3 | .7 | .8 |
| Venezuela........ | .7 | .6 | .5 | .6 | .8 |
| All other........ | 12.3 | 7.8 | 7.2 | 7.2 | 6.6 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 6.5 | 5.5 | 7.5 | 7.7 | 8.4 |
| GSP+4 1/...... | 7.8 | 6.9 | 9.0 | 10.6 | 13.2 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 3904.21.00

POLYVINYL CHLORIDE (PVC) RESINS IN PRIMARY FORMS

# Polyvinyl Chloride (PVC) Resins in Primary Forms [1]

## I. Introduction

Polyvinyl chloride (PVC) resins in primary forms: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 3904.21.00 | 10.1 | Yes | 8,956 | Mexico (R)[1] | 20 | [***] |
| 3904.22.00 | 10.1 | Yes | 2,418 | Mexico (R)[1] | ([2]) | [***] |

[1]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.
[2]Less than $500.

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.

Rigid (unplasticized) PVC resins uses have increased in recent years so that now rigid applications account for more than two-thirds of PVC's total domestic consumption. The largest use for rigid PVC is in pipe extrusion followed by siding and windows. Flexible (plasticized) PVC is used mostly in coated fabrics and in film and sheeting for furnishings and consumer goods.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | 15 | 14 | 12 | 12 | 13 | -3 |
| Employment (1,000 employees) | **10 | **10 | **9 | **8 | **8 | **-5 |
| Shipments (Million dollars) | **1,967 | **1,860 | **1,967 | **2,927 | **3,521 | **16 |
| Exports (Million dollars) | 48 | 42 | 45 | 68 | 88 | 16 |
| Imports (Million dollars) | 36 | 37 | 22 | 18 | 21 | -9 |
| Consumption (Million dollars) | **1,955 | **1,855 | **1,944 | **2,877 | **3,454 | **15 |
| Import to consumption ratio (percent) | **2 | **2 | **1 | **1 | **1 | **-11 |
| Capacity utilization (percent) | **82 | **89 | *90 | *98 | **95 | **4 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-88.

[1]This digest includes the following HTS subheadings: 3904.21.00 and 3904.22.00.

Comment.--PVC resins are capital-intensive materials, in which a relatively few workers can each produce hundreds of millions of pounds of PVC annually. This U.S. producers of PVC resins are large, diversified firms that produce a host of other chemical and nonchemical products. Five PVC resins 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 resins 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.[1] 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 counties are usually general-purpose materials that enter into 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 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 25 percent. PVC capacity worldwide is projected by industry sources exceed 44 billion pounds by 1995.

Growth in usage of PVC is tied closely to housing starts and housing starts 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.

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[1] 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.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 11,374 | 100 | - | **1 |
| Imports from GSP countries: | | | | |
| Total | 5,551 | 49 | 100 | **([2]) |
| Brazil | 5,430 | 48 | 98 | **([2]) |
| Malaysia | 88 | 1 | 2 | **([2]) |
| Mexico | 21 | ([2]) | ([2]) | **([2]) |
| Colombia | 9 | ([2]) | ([2]) | **([2]) |

[1]Imports-to-consumption ratios based on 1988 data.
[2]Less than 0.5 percent.

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 January 1, 1989, and this reduced competitive need was continued following a review by the Trade Policy Staff Committee on July 1, 1989. For HTS subheading 3904.21.00, Mexico had exceeded the upper competitive-need limit and was reduced to the lower competitive-need limit; for HTS subheading 3904.22.00, Mexico was denied de minimus level. 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 [ *** ] pounds of PVC per year and the United States consumes over [ *** ] pounds of PVC annually.[1]

[1]Grupo Primex was a petitioner in the earlier GSP headings before the Commission on Oct. 3, 1989, Investigation numbers TA-503(a)-18 and 332-279.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 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 __ 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.--The United States is Mexico's leading market for PVC exports. In 1988, PVC exports to the United States represented about 5 percent of Mexico's total PVC capacity of about 660 million pounds per year.[1]

Although the quality of imported PVC normally is equal to 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.[2] Industry sources report that VCM represents about 75 percent of the cost of manufacturing PVC.[3]

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[1] Aushandel, Sept. 4, 1987, p. 3.

[2] Based on information developed during a telephone conversation on Aug. 25, 1989, between a staff member and an official at B.F. Goodrich Co. (Cleveland, Ohio) a major domestic producer of PVC.

[3] Based on information developed during a telephone conversation on Aug. 25, 1989, between a staff member and an official at Air Products and Chemicals, Inc. (Allentown, PA) a medium-sized PVC producer.

V. Position of interested parties

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty-free.

Opposition .—Vista Chemical Company (Houston, Texas) is a U.S. producer and international marketer of PVC, and as such they believe that both its business and those of other suppliers would benefit from a general lowering or elimination of duties and trade restrictions. However, the elimination of the U.S. tariff should be accompanied by a reciprocal elimination of duties on the part of Mexico, maintaining competitive parity.

Vista believes the Mexican PVC industry already possesses world-scale facilities, is well-established, and is a worthy competitor for U.S. PVC manufacturers. In fact government subsidy in such areas as energy, may well give them a cost advantage.

The B.F. Goodrich Company (Cleveland, Ohio), the second largest domestic producer of PVC, is an international producer and marketer of PVC. BFGoodrich Co. believes that any elimination of the U.S. tariff on PVC in its many forms should be accompained by reciprocal elimination of duties on the part of Mexico.

According to B.F. Goodrich: The Mexican PVC industry is well-established and possesses world-scale facilities. For example, Mexico's four PVC manufacturers' had an annual capacity in 1989 of 320,000 metric tons (mt). Meanwhile, domestic Mexican demand is approximately 130,000 mt leaving an excess capacity of 190,000 mt. Mexico's PVC producers use advanced technology, including that of BFGoodrich and are fully capable of competing with other nations' manufacturers on a cost basis. In fact, their present cost is potentially lower due to government subsidies in such areas as energy. These cost advantages are passed through to the PVC classifications in question.

Occidental Chemical Corporation (OxyChem) is the largest U.S. producer of PVC as well as an international marketer of PVC. OxyChem would support a lowering or elimination of all tariffs, duties and trade restrictions worldwide. The firm believes that the elimination of the U.S. tariff on PVC should be accompanied by an equal elimination of duties on the part of Mexico. Indeed, if Mexico proposed a reduction to maintain competitive parity, OxyChem would not oppose such a reduction. However, OxyChem must oppose a unilateral reduction.

According to OxyChem: 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 nation's manufacturers on a cost basis. In fact, their current cost is probably lower due to governmental subsidy of their energy costs.

Borden Chemicals and Plastics (Geismar, La) is a major domestic producer of PVC. The firm opposes Mexico's petition for duty-free status under the GSP for PVC.

According to Borden Chemicals: The domestic PVC market is highly competitive and currently experiencing a significant oversupply situation based on U.S. domestic capacity versus demand. This circumstance has prompted deterioration of PVC selling prices and margins. The elimination of duties on any foreign produced PVC would be harmful to U.S. producers, as additional products entering the United States would only serve to further depress the market.

[Probable economic effect advice deleted.]

Table I.

Digest No. 39042100

Digest Title: Polyvinyl chloride (PVC) resins in primary forms
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Mexico | 8,965 | 9,481 | 8,467 | 7,183 | 9,996 |
| Canada | 12,822 | 14,320 | 5,248 | 3,353 | 2,839 |
| Japan | 1,578 | 1,641 | 2,240 | 1,160 | 2,238 |
| West Germany | 2,075 | 1,692 | 1,610 | 1,805 | 1,986 |
| Romania | 753 | 1,518 | 875 | 93 | 814 |
| Italy | 984 | 858 | 737 | 774 | 768 |
| Israel | 1,122 | 1,539 | 657 | 857 | 677 |
| Sweden | 407 | 819 | 521 | 504 | 488 |
| Brazil | 4,950 | 1,142 | 194 | 0 | 429 |
| Argentina | 2 | 0 | 0 | 0 | 396 |
| France | 316 | 685 | 246 | 278 | 346 |
| United Kingdom | 271 | 485 | 217 | 211 | 155 |
| Venezuela | 0 | 9 | 15 | 25 | 142 |
| Belgium | 277 | 217 | 269 | 116 | 45 |
| Netherlands | 146 | 628 | 94 | 34 | 43 |
| All other | 1,074 | 1,599 | 728 | 1,144 | 138 |
| Total | 35,743 | 36,633 | 22,117 | 17,538 | 21,499 |
| GSP Total 2/ | 15,065 | 12,242 | 9,462 | 8,498 | 11,655 |
| GSP+4 2/ | 15,419 | 12,924 | 9,904 | 8,724 | 11,698 |
| | 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 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/ | 42.1 | 33.4 | 42.8 | 48.5 | 54.2 |
| GSP+4 2/ | 43.1 | 35.3 | 44.8 | 49.7 | 54.4 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No. 39042100

Digest Title: Polyvinyl chloride (PVC) resins in primary forms
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada........... | 8,294 | 9,227 | 8,396 | 19,068 | 22,271 |
| Mexico........... | 4,655 | 5,956 | 7,258 | 6,342 | 10,240 |
| Honduras......... | 2,124 | 1,475 | 3,268 | 4,481 | 5,420 |
| Belgium.......... | 3,268 | 3,013 | 2,729 | 3,528 | 4,815 |
| United Kingdom... | 372 | 538 | 785 | 3,885 | 4,786 |
| Japan............ | 2,035 | 1,533 | 2,955 | 2,974 | 3,423 |
| Hong Kong........ | 414 | 25 | 343 | 1,931 | 3,170 |
| China............ | 1/ | 31 | 132 | 309 | 2,698 |
| Taiwan........... | 612 | 592 | 854 | 1,545 | 2,417 |
| Jamaica.......... | 959 | 464 | 624 | 1,800 | 2,365 |
| Ireland.......... | 113 | 126 | 166 | 802 | 2,062 |
| Korea............ | 101 | 98 | 646 | 1,122 | 2,052 |
| Dominican Rep.... | 2,018 | 1,541 | 1,715 | 2,501 | 1,869 |
| Venezuela........ | 3,011 | 2,593 | 2,833 | 1,669 | 1,788 |
| Guatemala........ | 990 | 1,196 | 586 | 598 | 1,765 |
| All other........ | 19,287 | 13,210 | 11,269 | 15,078 | 16,637 |
| Total.......... | 48,253 | 41,616 | 44,558 | 67,633 | 87,780 |
| GSP Total 2/.. | 24,526 | 21,232 | 24,101 | 27,417 | 31,542 |
| GSP+4 2/...... | 25,907 | 22,068 | 26,093 | 32,421 | 40,453 |
| | Percent | | | | |
| Canada........... | 17.2 | 22.2 | 18.8 | 28.2 | 25.4 |
| Mexico........... | 9.6 | 14.3 | 16.3 | 9.4 | 11.7 |
| Honduras......... | 4.4 | 3.5 | 7.3 | 6.6 | 6.2 |
| Belgium.......... | 6.8 | 7.2 | 6.1 | 5.2 | 5.5 |
| United Kingdom... | .8 | 1.3 | 1.8 | 5.7 | 5.5 |
| Japan............ | 4.2 | 3.7 | 6.6 | 4.4 | 3.9 |
| Hong Kong........ | .9 | .1 | .8 | 2.9 | 3.6 |
| China............ | 1/ | .1 | .3 | .5 | 3.1 |
| Taiwan........... | 1.3 | 1.4 | 1.9 | 2.3 | 2.8 |
| Jamaica.......... | 2.0 | 1.1 | 1.4 | 2.7 | 2.7 |
| Ireland.......... | .2 | .3 | .4 | 1.2 | 2.3 |
| Korea............ | .2 | .2 | 1.4 | 1.7 | 2.3 |
| Dominican Rep.... | 4.2 | 3.7 | 3.8 | 3.7 | 2.1 |
| Venezuela........ | 6.2 | 6.2 | 6.4 | 2.5 | 2.0 |
| Guatemala........ | 2.1 | 2.9 | 1.3 | .9 | 2.0 |
| All other........ | 40.0 | 31.7 | 25.3 | 22.3 | 19.0 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 50.8 | 51.0 | 54.1 | 40.5 | 35.9 |
| GSP+4 2/...... | 53.7 | 53.0 | 58.6 | 47.9 | 46.1 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 3909.10.00

UREA RESINS, THIOUREA RESINS

# Urea Resins, Thiourea Resins

## I. Introduction

Urea resins, thiourea resins: Harmonized Tariff Schedule subheading; U.S. col. 1 rate of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 3909.10.00 | 6.9% | Yes | 10,475 | Israel | 4,569 | [***][1] |

[1]To the extent that products enter under the United States-Israel Free Trade Area Implementation Act of 1985, (i.e., U.S.-IFTA), there would be no effect.

Description and uses.--Urea resins represent more than 99 percent of all the products covered in this digest. Urea resins are produced by reacting urea with formaldehyde to form urea-formaldehyde resins, commonly known as urea resins. Urea resins are the largest volume thermosetting material produced domestically, and the sixth largest individual resin domestically produced overall.[1] The majority of urea resins are used in non-plastic applications such as adhesives and bonding agents for fibrous and granulated wood, textile treatment, and protective coatings. Small amounts (i.e., about 5 percent) of urea resins are annually used in plastic application as molding powders mainly in the electrical market (e.g., circuit breakers). Bonding and adhesives applications annually represent about 80 percent of the domestic consumption of urea resins, virtually all of which is for fibrous and granulated wood applications.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | *34 | *33 | *32 | *27 | *23 | *-7 |
| Employment (1,000 employees) | **7 | **7 | **7 | **6 | **6 | **-3 |
| Production (million dollars) | *278 | *255 | *230 | *275 | *275 | *-([3]) |
| Exports (million dollars) | 4 | 4 | 3 | 6 | 7 | 15 |
| Imports (million dollars | 9 | 9 | 11 | 12 | 12 | 7 |
| Consumption (million dollars) | *283 | *260 | *238 | *281 | *280 | *-([3]) |
| Import to consumption ratio (percent) | *3 | *3 | *5 | *4 | *4 | *7 |
| Capacity utilization (percent) | ([4]) | ([4]) | ([4]) | ([4]) | ([4]) | ([4]) |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-88.
[3]Less than 0.5 percent.
[4]Not available.

Comment.--Urea resins are made by a batch process and are, therefore, less capital intensive than plastics made by a continuous process (e.g., polyethylene resins). Since other plastics

[1]Thermosetting resins in their final state as finished articles are substantially infusible and insoluble.

materials (e.g., phenolic resins, melamine resins), can be made on the same equipment, industry sources do not estimate capacity for urea resins.[1] The typical producers of urea resins are generally medium-sized, diversified firms that produce a number of products (e.g., dairy products, adhesives, plywood, particle board, textiles) outside of the chemical industry.

Although there are a large number of domestic producers of urea resins, three firms dominate the industry annually and represent about [***] percent of the domestic output. All three of these firms are integrated back to formaldehyde, a starting material; one of these three firms is also integrated back to urea, the other starting material. The one firm that is integrated back to both formaldehyde and urea is integrated further back to methyl alcohol and ammonia, precursors for formaldehyde and urea, respectively.

Urea resin was introduced commercially in 1929 and is now a mature product whose technology is broadly known. Urea resins are normally low priced materials and transportation costs can become an important factor. Therefore, it is generally not economical to transport the liquid form of urea resins great distances. Most trade in urea resins is in a dry form, mainly molding compounds, which are usually of a higher unit value than the liquid product[2]

Israel and the United Kingdom have been the two leading sources of urea resins imports annually during 1984-88. In 1988, these two countries represented in the aggregated about 82 percent of the total value in 1988.

Growth in usage of urea resins is tied closely to building and construction (i.e., for resin bonded woods), especially residential construction. Therefore, future demand in the United States for this mature product will fluctuate with the cycles of the general economy. Industry sources forecast that urea molding compounds, used mainly in electrical applications, will grow at an annual rate of 1 percent or less per year through the mid 1990s.[3]

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 10,475 | 100 | - | *4 |
| Imports from GSP countries: | | | | |
| Total | 4,618 | 44 | 100 | *2 |
| Israel([2]) | 4,569 | 44 | 99 | *2 |
| Philippine | 49 | ([3]) | 1 | *([3]) |

[1]Imports-to-consumption ratios based on 1988 data.
[2]Imports of this item during January-September 1989 from Israel entered duty free under the provisions of the US-IFTA.
[3]Less than 0.5 percent.

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

Comment.--The majority of U.S. imports of urea resins during 1986-88 have been from Israel, which climbed from 37 percent, by value, of the total in 1984 to 56 percent, by value, of the total in 1988. In 1988, urea resin imports from Israel represented 97 percent of the total imports from GSP countries. In 1988 imports of urea resin from Israel represented about 2 percent of apparent U.S. consumption (up from 1 percent in 1984).

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[1]Based on information developed during a telephone conversation on Nov. 21, 1989 between an International Trade Commission staff member and an official at Georgia Pacific Corp. (Atlanta, Ga.), a leading domestic producer of urea resins.

[2]Ibid.

[3]Based on information developed during a telephone conversation on Nov. 29, 1989 between an International Trade Commission staff member and an official at Standard Research Institute (Menlo Park, California) a noted independent research and consulting firm.

Israel was found to have exceeded the competitive-need limit for urea resin imports and was excluded as a GSP source effective January 1, 1989. This exclusion continued in effect following a review by the Trade Policy Staff Committee on July 1, 1989. However, this is probably a moot point since this item is eligible for free entry under the US-IFTA. For example, during the first eight months (January-August) of 1989 Israel supplied urea resin imports valued at $4.3 million to the United States of which $3.7 million, or 86 percent, entered under this Act.

## IV. Competitiveness profiles

Competitiveness indicators for Israel for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989................ | 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 __ |

Comment.--The United States is Israel's leading individual market for all of its exports of plastics and articles thereof, and rubber and articles thereof, amounting to $98.1 million, or, about 25 percent of Israel's total exports of these products in 1988.[1] Because of the size of Israel's plastics industry, separate trade statistics are not available for individual plastics.

An industry source stated that nearly all of the urea resin imports from Israel were molding compounds. This source further stated that the Israeli urea molding compound is comparable in quality to U.S. urea molding compounds.[2] Another industry source stated that the prices for the urea molding compounds from Israel were very competitive with domestic prices for comparable products.[3]

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[1] Israel Central Bureau of Statistics, Foreign Trade Statistics Quarterly, vol. XXXIX, October-December 1988, table 13. This source reports that, in the aggregate, the EC accounted for about 52 percent of these exports in 1988. Israel's exports of plastics in primary forms amounted to $124.6 million in 1988, or 47 percent of Israel exports of plastics in all forms that year.

[2] Based on information developed during a telephone conversation on Nov. 27, 1989, between an International Trade Commission staff member and an official at American Cyanamid Co. (Wayne, New Jersey), a leading domestic producer of urea molding compounds. [

***

]

[3] [

***

]

V. Position of interested parties

Opposition.--Monsanto Company (St. Louis, Missouri) produces urea resins domestically and also imports this product from its Canadian operations. Monsanto objects to the redesignation of urea resins from Israel as eligible for duty-free treatment under the GSP for the following reasons. First, the probable economic effects of taking such an action would be adverse to the U.S. industry as well as to imports of urea resins from other developed countries. Second, Israel and its chemical industry has proved extremely competitive both generally and with respect to the product at issue. Third, redesignation would not encourage product diversification. Finally, redesignation would undermine the trade remedies provided for by the U.S.-Israel Free Trade Agreement and would otherwise serve no useful purpose.

[Probable economic effect advice deleted.]

Table I.

Digest No. 39091000

Digest Title: Urea resins; thiourea resins
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Israel.......... | 3,251 | 3,408 | 5,275 | 6,125 | 6,502 |
| United Kingdom... | 3,725 | 3,917 | 4,049 | 3,870 | 3,065 |
| Canada.......... | 673 | 633 | 698 | 705 | 867 |
| West Germany..... | 186 | 265 | 625 | 306 | 433 |
| Italy........... | 514 | 307 | 175 | 196 | 235 |
| Philippines...... | 171 | 51 | 82 | 65 | 155 |
| Norway.......... | 13 | 27 | 108 | 48 | 119 |
| Taiwan.......... | 2 | 2 | 111 | 170 | 99 |
| Brazil.......... | 95 | 190 | 0 | 105 | 51 |
| Sweden.......... | 200 | 89 | 67 | 45 | 39 |
| France.......... | 0 | 3 | 0 | 4 | 27 |
| Japan........... | 29 | 51 | 33 | 4 | 15 |
| Spain........... | 0 | 72 | 4 | 0 | 12 |
| Jordan.......... | 0 | 0 | 0 | 0 | 11 |
| Singapore........ | 0 | 0 | 0 | 0 | 10 |
| All other........ | 6 | 84 | 69 | 63 | 8 |
| Total......... | 8,865 | 9,102 | 11,296 | 11,705 | 11,648 |
| GSP Total 2/.. | 3,517 | 3,686 | 5,358 | 6,295 | 6,722 |
| GSP+4 2/...... | 3,519 | 3,689 | 5,469 | 6,465 | 6,832 |
| | Percent | | | | |
| Israel.......... | 36.7 | 37.4 | 46.7 | 52.3 | 55.8 |
| United Kingdom... | 42.0 | 43.0 | 35.8 | 33.1 | 26.3 |
| Canada.......... | 7.6 | 7.0 | 6.2 | 6.0 | 7.4 |
| West Germany..... | 2.1 | 2.9 | 5.5 | 2.6 | 3.7 |
| Italy........... | 5.8 | 3.4 | 1.5 | 1.7 | 2.0 |
| Philippines...... | 1.9 | .6 | .7 | .6 | 1.3 |
| Norway.......... | .1 | .3 | 1.0 | .4 | 1.0 |
| Taiwan.......... | 1/ | 1/ | 1.0 | 1.5 | .9 |
| Brazil.......... | 1.1 | 2.1 | .0 | .9 | .4 |
| Sweden.......... | 2.3 | 1.0 | .6 | .4 | .3 |
| France.......... | .0 | 1/ | .0 | 1/ | .2 |
| Japan........... | .3 | .6 | .3 | 1/ | .1 |
| Spain........... | .0 | .8 | 1/ | .0 | .1 |
| Jordan.......... | .0 | .0 | .0 | .0 | .1 |
| Singapore........ | .0 | .0 | .0 | .0 | .1 |
| All other........ | .1 | .9 | .6 | .5 | .1 |
| Total......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 39.7 | 40.5 | 47.4 | 53.8 | 57.7 |
| GSP+4 2/...... | 39.7 | 40.5 | 48.4 | 55.2 | 58.7 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No. 39091000

Digest Title: Urea resins; thiourea resins
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada | 1,976 | 1,378 | 1,062 | 2,692 | 3,633 |
| Japan | 155 | 185 | 191 | 391 | 471 |
| Hong Kong | 442 | 351 | 117 | 223 | 437 |
| Korea | 47 | 51 | 75 | 244 | 399 |
| Mexico | 71 | 67 | 183 | 118 | 365 |
| Taiwan | 94 | 38 | 131 | 121 | 324 |
| Netherlands | 482 | 244 | 112 | 171 | 211 |
| West Germany | 16 | 200 | 91 | 91 | 124 |
| Egypt | 6 | 0 | 1/ | 0 | 92 |
| United Kingdom | 38 | 1 | 23 | 132 | 85 |
| Belgium | 243 | 107 | 238 | 149 | 83 |
| Chile | 17 | 32 | 11 | 14 | 78 |
| Australia | 135 | 77 | 132 | 28 | 72 |
| Indonesia | 0 | 0 | 14 | 3 | 65 |
| Singapore | 26 | 10 | 28 | 42 | 62 |
| All other | 409 | 1,192 | 530 | 1,380 | 467 |
| Total | 4,156 | 3,934 | 2,936 | 5,796 | 6,968 |
| GSP Total 2/ | 444 | 1,227 | 595 | 635 | 939 |
| GSP+4 2/ | 1,053 | 1,676 | 946 | 1,264 | 2,162 |
| | Percent | | | | |
| Canada | 47.5 | 35.0 | 36.2 | 46.4 | 52.1 |
| Japan | 3.7 | 4.7 | 6.5 | 6.7 | 6.8 |
| Hong Kong | 10.6 | 8.9 | 4.0 | 3.8 | 6.3 |
| Korea | 1.1 | 1.3 | 2.6 | 4.2 | 5.7 |
| Mexico | 1.7 | 1.7 | 6.2 | 2.0 | 5.2 |
| Taiwan | 2.3 | 1.0 | 4.5 | 2.1 | 4.7 |
| Netherlands | 11.6 | 6.2 | 3.8 | 3.0 | 3.0 |
| West Germany | .4 | 5.1 | 3.1 | 1.6 | 1.8 |
| Egypt | .1 | .0 | 1/ | .0 | 1.3 |
| United Kingdom | .9 | 1/ | .8 | 2.3 | 1.2 |
| Belgium | 5.8 | 2.7 | 8.1 | 2.6 | 1.2 |
| Chile | .4 | .8 | .4 | .2 | 1.1 |
| Australia | 3.2 | 2.0 | 4.5 | .5 | 1.0 |
| Indonesia | .0 | .0 | .5 | .1 | .9 |
| Singapore | .6 | .3 | .9 | .7 | .9 |
| All other | 9.8 | 30.3 | 18.0 | 23.8 | 6.7 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/ | 10.7 | 31.2 | 20.3 | 11.0 | 13.5 |
| GSP+4 2/ | 25.3 | 42.6 | 32.2 | 21.8 | 31.0 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 3921.13.50

PLATES, FILMS, SHEETS, FOILS, STRIPS, AND PROFILE FORMS
OF RUBBER OR PLASTICS

# Plastics, Films, Sheets, Foils, Strips, and Profile Forms of Rubber or Plastics[1]

## I. Introduction

Plates, films, sheets, foils, strips, and profile forms of rubber or plastics: Harmonized Tariff Schedule subheading(s); U.S. col. 1 rate(s) of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 Total | From country to be reinstated Source | From country to be reinstated Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 3921.13.50 | 4.2% | Yes | 7,001 | Mexico (R)[1] | 409 | [***] |
| 3921.90.50 | 4.2% | Yes | 25,307 | Mexico | 279 | [***] |

[1]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.

Description and uses.--The products covered in this digest are certain cellular and noncellular plates, films, sheets, foils, strips, and profile forms of rubber or plastics used in the manufacture of such products as packaging materials, bags, sacks, tapes, sheets, and floor tiles.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number)[3] | **2,000 | **2,000 | **2,000 | **2,000 | **2,000 | **0 |
| Employment (1,000 employees)[3] | **106 | **109 | **115 | **115 | **115 | **2 |
| Shipments (1,000 dollars) | **570 | **670 | **690 | **740 | **750 | **7 |
| Exports (1,000 dollars) | 57 | 55 | 62 | 83 | 115 | 19 |
| Imports (1,000 dollars) | 40 | 46 | 56 | 48 | 45 | 3 |
| Consumption (1,000 dollars) | **553 | **661 | **684 | **705 | **680 | **3 |
| Import to consumption ratio (percent)[3] | **7 | **7 | **8 | **7 | **7 | **0 |
| Capacity utilization (percent)[3] | **85 | **85 | **85 | **85 | **85 | **0 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice" p. 5.
[2]This figure represents the average compound rate of change during 1984-1988.
[3]Data is for the entire plastics products industry; data for HTS items 3921.13.50 and 3921.90.50 are not separately available.

Comment.--Producers of these products include the leading U.S. chemical companies, small domestic converters and fabricators, and U.S. subsidiaries of foreign plastics manufacturers. Developed nations such as the United States provide the largest markets for these products. Competition for export markets is intense owing to worldwide availability of plastics materials, processing machinery, and technological knowledge. In most of the less developed countries, the basic plastics, whether locally produced or imported, cost more than those in the developed nations, although the total cost is offset by lower labor costs. In less developed countries, the duty on

[1]This digest includes the following HTS subheadings: 3921.13.50, 3921.90.50.

imports of the plastics raw materials is typically low, whereas the duty on imports of plastics film and sheet is high. In contrast, the United States places higher tariffs on raw materials than on finished products. Consequently, other countries find it advantageous to sell their finished products in the United States. The U.S. imports of these products are comparable in terms of quality to domestic production.

## III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total........................ | 32,309 | 100 | - | **7 |
| Imports from GSP countries: | | | | |
| Total........................ | 9,225 | 29 | 100 | **2 |
| Israel........................ | 2,707 | 8 | 29 | **1 |
| Argentina..................... | 1,673 | 5 | 18 | **([2]) |
| Brazil........................ | 1,632 | 5 | 18 | **([2]) |
| Mexico........................ | 688 | 2 | 7 | **([2]) |
| India......................... | 599 | 2 | 6 | **([2]) |

[1] Imports-to-consumption ratios based on 1988 data.
[2] 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, January-September 1989................. | 11 |
| Price elasticity: | |
| Can the U.S. purchaser easily shift among this and other suppliers?................ | [ *** ] |
| What is the price elasticity of U.S. demand?........................ | [ *** ] |
| 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....................................... | [ *** ] |

V. Position of interested parties

Support.--The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports;" (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty-free.

Opposition.--The National Electrical Manufacturers Association (NEMA) is opposed to the redesignation of Mexico for GSP eligibility for products classified under HS item 3921.90.50. NEMA states that the Mexican manufacturers are highly developed and produce a product that is very competitive in cost and quality. NEMA states that U.S. products going into Mexico face import duties and associated import taxes of 30-35 percent which puts U.S. firms at a disadvantage and hinders U.S. exports. NEMA states that the U.S. duty rate should be lowered only in concert with the Mexican duty rate, and only after the Mexican rate is lowered to the current U.S. level.

[Probable economic effect advice deleted]

Table I.

Digest No. 39211350

Digest Title: Plates, films, sheets, foils, strips, and profile forms of rubber or plastics
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada | 13,019 | 15,122 | 18,738 | 14,805 | 9,558 |
| Israel | 4,655 | 3,956 | 2,815 | 3,628 | 4,750 |
| Mexico | 5,393 | 9,859 | 9,320 | 6,223 | 3,992 |
| Japan | 1,668 | 1,762 | 1,109 | 1,985 | 3,849 |
| West Germany | 1,885 | 1,513 | 3,066 | 3,254 | 3,424 |
| Brazil | 1,985 | 1,506 | 1,731 | 1,547 | 3,158 |
| Italy | 939 | 1,656 | 2,011 | 2,130 | 2,304 |
| France | 3,240 | 2,912 | 6,402 | 3,163 | 2,024 |
| Argentina | 1,171 | 1,586 | 2,129 | 2,122 | 1,553 |
| Portugal | 715 | 1,055 | 1,713 | 1,532 | 1,487 |
| Taiwan | 717 | 693 | 970 | 1,251 | 1,369 |
| United Kingdom | 519 | 742 | 1,403 | 820 | 1,344 |
| Jamaica | 2 | 49 | 340 | 1,020 | 1,168 |
| Greece | 485 | 516 | 680 | 738 | 842 |
| India | 1,155 | 713 | 347 | 506 | 753 |
| All other | 2,432 | 2,479 | 3,010 | 2,941 | 3,697 |
| Total | 39,981 | 46,118 | 55,783 | 47,665 | 45,273 |
| GSP Total 2/ | 14,638 | 17,808 | 16,912 | 15,276 | 15,501 |
| GSP+4 2/ | 15,661 | 18,900 | 18,447 | 17,029 | 17,381 |
| | Percent | | | | |
| Canada | 32.6 | 32.8 | 33.6 | 31.1 | 21.1 |
| Israel | 11.6 | 8.6 | 5.0 | 7.6 | 10.5 |
| Mexico | 13.5 | 21.4 | 16.7 | 13.1 | 8.8 |
| Japan | 4.2 | 3.8 | 2.0 | 4.2 | 8.5 |
| West Germany | 4.7 | 3.3 | 5.5 | 6.8 | 7.6 |
| Brazil | 5.0 | 3.3 | 3.1 | 3.2 | 7.0 |
| Italy | 2.3 | 3.6 | 3.6 | 4.5 | 5.1 |
| France | 8.1 | 6.3 | 11.5 | 6.6 | 4.5 |
| Argentina | 2.9 | 3.4 | 3.8 | 4.5 | 3.4 |
| Portugal | 1.8 | 2.3 | 3.1 | 3.2 | 3.3 |
| Taiwan | 1.8 | 1.5 | 1.7 | 2.6 | 3.0 |
| United Kingdom | 1.3 | 1.6 | 2.5 | 1.7 | 3.0 |
| Jamaica | 1/ | .1 | .6 | 2.1 | 2.6 |
| Greece | 1.2 | 1.1 | 1.2 | 1.5 | 1.9 |
| India | 2.9 | 1.5 | .6 | 1.1 | 1.7 |
| All other | 6.1 | 5.4 | 5.4 | 6.2 | 8.2 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/ | 36.6 | 38.6 | 30.3 | 32.0 | 34.2 |
| GSP+4 2/ | 39.2 | 41.0 | 33.1 | 35.7 | 38.4 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
39211350

Digest Title: Plates, films, sheets, foils, strips, and profile forms of rubber or plastics
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada | 19,767 | 16,771 | 19,130 | 29,177 | 34,428 |
| Mexico | 6,922 | 9,386 | 10,026 | 12,196 | 20,458 |
| West Germany | 3,654 | 3,108 | 5,483 | 5,254 | 8,657 |
| Japan | 4,239 | 4,249 | 5,159 | 6,892 | 8,464 |
| United Kingdom | 2,829 | 3,057 | 3,201 | 3,463 | 7,639 |
| Hong Kong | 1,565 | 1,564 | 1,246 | 2,958 | 5,865 |
| Taiwan | 1,014 | 974 | 2,664 | 3,570 | 4,001 |
| Netherlands | 716 | 800 | 1,168 | 2,052 | 2,605 |
| France | 1,329 | 1,342 | 1,297 | 1,538 | 2,278 |
| Australia | 1,399 | 1,283 | 1,438 | 1,503 | 1,867 |
| Italy | 670 | 501 | 606 | 730 | 1,472 |
| Korea | 908 | 386 | 723 | 1,180 | 1,460 |
| Singapore | 900 | 1,467 | 926 | 957 | 1,431 |
| Belgium | 3,236 | 2,534 | 1,090 | 1,204 | 1,344 |
| Egypt | 123 | 26 | 38 | 128 | 866 |
| All other | 7,917 | 7,340 | 8,105 | 9,908 | 12,559 |
| Total | 57,189 | 54,789 | 62,301 | 82,710 | 115,396 |
| GSP Total 2/ | 11,763 | 13,555 | 14,837 | 17,769 | 27,990 |
| GSP+4 2/ | 16,150 | 17,947 | 20,396 | 26,433 | 40,748 |
| | Percent | | | | |
| Canada | 34.6 | 30.6 | 30.7 | 35.3 | 29.8 |
| Mexico | 12.1 | 17.1 | 16.1 | 14.7 | 17.7 |
| West Germany | 6.4 | 5.7 | 8.8 | 6.4 | 7.5 |
| Japan | 7.4 | 7.8 | 8.3 | 8.3 | 7.3 |
| United Kingdom | 4.9 | 5.6 | 5.1 | 4.2 | 6.6 |
| Hong Kong | 2.7 | 2.9 | 2.0 | 3.6 | 5.1 |
| Taiwan | 1.8 | 1.8 | 4.3 | 4.3 | 3.5 |
| Netherlands | 1.3 | 1.5 | 1.9 | 2.5 | 2.3 |
| France | 2.3 | 2.4 | 2.1 | 1.9 | 2.0 |
| Australia | 2.4 | 2.3 | 2.3 | 1.8 | 1.6 |
| Italy | 1.2 | .9 | 1.0 | .9 | 1.3 |
| Korea | 1.6 | .7 | 1.2 | 1.4 | 1.3 |
| Singapore | 1.6 | 2.7 | 1.5 | 1.2 | 1.2 |
| Belgium | 5.7 | 4.6 | 1.7 | 1.5 | 1.2 |
| Egypt | .2 | 1/ | .1 | .2 | .8 |
| All other | 13.8 | 13.4 | 13.0 | 12.0 | 10.9 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/ | 20.6 | 24.7 | 23.8 | 21.5 | 24.3 |
| GSP+4 2/ | 28.2 | 32.8 | 32.7 | 32.0 | 35.3 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 3922.10.00

MISCELLANEOUS RUBBER OR PLASTICS PRODUCTS

# Miscellaneous Rubber or Plastics Products[1]

## I. Introduction

Miscellaneous rubber or plastics products: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 3922.10.00 | 6.3% | Yes | 14,515 | Mexico | 1,513 | [***] |
| 3922.20.00 | 6.3% | Yes | 2,241 | Mexico | 43 | [***] |
| 3922.90.00 | 6.3% | Yes | 4,692 | Mexico | 65 | [***] |

Description and uses.--The products included in this digest are baths, shower baths, wash basins, bidets, lavortory pans, seats and covers, flushing cisterns, and similar sanitary ware of plastics.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number)[3] | **12,900 | **13,200 | **13,200 | **13,300 | **13,300 | **1 |
| Employment (1,000 employees)[3] | **620 | **635 | **650 | **670 | **690 | **3 |
| Shipments (million dollars) | **180 | **180 | **190 | **200 | **250 | **9 |
| Exports (million dollars) | 18 | 18 | 20 | 23 | 24 | 9 |
| Imports (million dollars) | 13 | 34 | 43 | 32 | 42 | 35 |
| Consumption (million dollars) | **175 | **196 | **213 | **209 | **268 | **11 |
| Imports-to-consumption ratio (percent) | **7 | **17 | **20 | **15 | **16 | **23 |
| Capacity utilization (percent)[3] | **85 | **85 | **85 | **85 | **85 | **10 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.
[3]Data is for the entire plastics products industry; data for HTS items 3922.10.00, 3922.20.00, and 3922.90.00 is not separately available.

Comment.--The miscellaneous rubber or plastics industry is comprised of large U.S. chemical companies as well as small domestic fabricators. U.S. and foreign producers compete evenly with the U.S. companies having a slight advantage because of the proximity of markets. The industry is highly automated, therefore, labor costs are not a major factor. U.S. imports of these products historically tend to fluctuate. U.S.imports of these products are comparable to domestic production.

[1]This digest includes the following HTS subheadings: 3922.10.00, 3922.20.00, 3922.90.00.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 21,448 | 100 | - | **16 |
| Imports from GSP countries: | | | | |
| Total | 3,019 | 14 | 100 | **1 |
| Mexico | 1,621 | 8 | 54 | **([2]) |
| Israel | 1,051 | 5 | 35 | **([2]) |
| Venezuela | 179 | 1 | 6 | **([2]) |
| Ecuador | 59 | ([2]) | 2 | **([2]) |

[1]Import-to-consumption ratios based on 1988 data.
[2]Less than 0.5 percent.

IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 2 |
| Price elasticity: | |
| Can the U.S. purchaser easily shift among this and other suppliers? | [ *** ] |
| What is the price elasticity of U.S. demand? | [ *** ] |
| 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 | [ *** ] |

## V. Position of interested parties

Support.--The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty-free.

[Probable economic effect advice deleted.]

Table I.

Digest No.
39221000

Digest Title: Miscellaneous rubber or plastic products
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Mexico........... | 356 | 23,725 | 30,775 | 19,909 | 31,399 |
| Canada........... | 4,216 | 4,633 | 4,961 | 5,180 | 4,437 |
| Taiwan........... | 3,921 | 1,853 | 962 | 1,173 | 1,089 |
| United Kingdom... | 1,247 | 868 | 1,068 | 997 | 943 |
| Japan............ | 600 | 421 | 726 | 702 | 763 |
| Korea............ | 140 | 81 | 193 | 490 | 693 |
| West Germany..... | 323 | 299 | 743 | 645 | 487 |
| Denmark.......... | 564 | 699 | 526 | 411 | 430 |
| Switzerland...... | 118 | 241 | 174 | 107 | 310 |
| France........... | 72 | 136 | 69 | 103 | 228 |
| Belgium.......... | 373 | 173 | 350 | 349 | 226 |
| Sweden........... | 132 | 212 | 531 | 330 | 167 |
| Italy............ | 290 | 299 | 268 | 493 | 106 |
| Hong Kong........ | 118 | 46 | 127 | 206 | 102 |
| Brazil........... | 60 | 3 | 197 | 140 | 72 |
| All other........ | 416 | 481 | 1,006 | 616 | 260 |
| Total.......... | 12,946 | 34,169 | 42,675 | 31,852 | 41,713 |
| GSP Total 2/.. | 685 | 24,031 | 31,486 | 20,367 | 31,601 |
| GSP+4 2/...... | 4,864 | 26,011 | 32,919 | 22,240 | 33,491 |
| | Percent | | | | |
| Mexico........... | 2.7 | 69.4 | 72.1 | 62.5 | 75.3 |
| Canada........... | 32.6 | 13.6 | 11.6 | 16.3 | 10.6 |
| Taiwan........... | 30.3 | 5.4 | 2.3 | 3.7 | 2.6 |
| United Kingdom... | 9.6 | 2.5 | 2.5 | 3.1 | 2.3 |
| Japan............ | 4.6 | 1.2 | 1.7 | 2.2 | 1.8 |
| Korea............ | 1.1 | .2 | .5 | 1.5 | 1.7 |
| West Germany..... | 2.5 | .9 | 1.7 | 2.0 | 1.2 |
| Denmark.......... | 4.4 | 2.0 | 1.2 | 1.3 | 1.0 |
| Switzerland...... | .9 | .7 | .4 | .3 | .7 |
| France........... | .6 | .4 | .2 | .3 | .5 |
| Belgium.......... | 2.9 | .5 | .8 | 1.1 | .5 |
| Sweden........... | 1.0 | .6 | 1.2 | 1.0 | .4 |
| Italy............ | 2.2 | .9 | .6 | 1.5 | .3 |
| Hong Kong........ | .9 | .1 | .3 | .6 | .2 |
| Brazil........... | .5 | 1/ | .5 | .4 | .2 |
| All other........ | 3.2 | 1.4 | 2.4 | 1.9 | .6 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 5.3 | 70.3 | 73.8 | 63.9 | 75.8 |
| GSP+4 2/...... | 37.6 | 76.1 | 77.1 | 69.8 | 80.3 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
39221000

Digest Title: Miscellaneous rubber or plastic products
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada.......... | 4,801 | 4,704 | 4,278 | 4,467 | 5,469 |
| Mexico.......... | 291 | 459 | 1,874 | 2,471 | 2,409 |
| Japan........... | 2,021 | 1,712 | 1,968 | 2,286 | 1,716 |
| United Kingdom... | 847 | 897 | 933 | 1,288 | 1,500 |
| West Germany..... | 657 | 693 | 1,028 | 1,003 | 1,379 |
| Korea............ | 220 | 215 | 463 | 653 | 1,028 |
| Colombia......... | 756 | 1,375 | 1,523 | 1,910 | 867 |
| Belgium.......... | 205 | 231 | 287 | 586 | 831 |
| Hong Kong........ | 354 | 463 | 343 | 360 | 665 |
| France........... | 441 | 421 | 352 | 525 | 640 |
| Saudi Arabia..... | 1,023 | 728 | 399 | 220 | 596 |
| Australia........ | 660 | 620 | 791 | 709 | 464 |
| Netherlands...... | 475 | 356 | 305 | 313 | 460 |
| Singapore........ | 189 | 202 | 155 | 209 | 435 |
| Taiwan........... | 248 | 399 | 530 | 369 | 355 |
| All other........ | 5,179 | 4,404 | 4,438 | 5,213 | 5,214 |
| Total.......... | 18,367 | 17,879 | 19,668 | 22,584 | 24,029 |
| GSP Total 1/.. | 3,999 | 4,162 | 5,838 | 7,678 | 6,918 |
| GSP+4 1/...... | 5,011 | 5,441 | 7,330 | 9,269 | 9,401 |
| | Percent | | | | |
| Canada.......... | 26.1 | 26.3 | 21.8 | 19.8 | 22.8 |
| Mexico.......... | 1.6 | 2.6 | 9.5 | 10.9 | 10.0 |
| Japan........... | 11.0 | 9.6 | 10.0 | 10.1 | 7.1 |
| United Kingdom... | 4.6 | 5.0 | 4.7 | 5.7 | 6.2 |
| West Germany..... | 3.6 | 3.9 | 5.2 | 4.4 | 5.7 |
| Korea............ | 1.2 | 1.2 | 2.4 | 2.9 | 4.3 |
| Colombia......... | 4.1 | 7.7 | 7.7 | 8.5 | 3.6 |
| Belgium.......... | 1.1 | 1.3 | 1.5 | 2.6 | 3.5 |
| Hong Kong........ | 1.9 | 2.6 | 1.7 | 1.6 | 2.8 |
| France........... | 2.4 | 2.4 | 1.8 | 2.3 | 2.7 |
| Saudi Arabia..... | 5.6 | 4.1 | 2.0 | 1.0 | 2.5 |
| Australia........ | 3.6 | 3.5 | 4.0 | 3.1 | 1.9 |
| Netherlands...... | 2.6 | 2.0 | 1.6 | 1.4 | 1.9 |
| Singapore........ | 1.0 | 1.1 | .8 | .9 | 1.8 |
| Taiwan........... | 1.4 | 2.2 | 2.7 | 1.6 | 1.5 |
| All other........ | 28.2 | 24.6 | 22.6 | 23.1 | 21.7 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 21.8 | 23.3 | 29.7 | 34.0 | 28.8 |
| GSP+4 1/...... | 27.3 | 30.4 | 37.3 | 41.0 | 39.1 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 4011.10.00

PNEUMATIC TIRES, NEW

# Pneumatic Tires, New[1]

## I. Introduction

Pneumatic tires, new: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 4011.10.00 | 4% | Yes | 998,282 | Brazil | 46,157 | [***] |
| 4011.20.00 | 4% | Yes | 809,728 | Brazil | 23,815 | [***] |
| 4011.40.00 | 4% | Yes | 20,928 | Brazil | 16 | [***] |
| 4011.91.50 | 4% | Yes | 1,424 | Brazil | 82 | [***] |
| 4011.99.50 | 4% | Yes | 33,561 | Brazil | 1,808 | [***] |

Description and uses.--The products included in this digest are new tires for passenger cars, trucks, buses, motorcycles, and special purpose vehicles. Auto, truck, and bus tires account for about 85 percent of domestic shipments. Most of the tires imported from Brazil are passenger car (auto) tires.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | 13 | 13 | 12 | 13 | 13 | 0 |
| Employment (1,000 employees) | 68 | 68 | 64 | 62 | *65 | *-1 |
| Shipments (million dollars) | 9,265 | 9,015 | 9,339 | 9,676 | *10,038 | *2 |
| Exports (million dollars) | 287 | 254 | 234 | 414 | 634 | 22 |
| Imports (million dollars) | 1,661 | 1,731 | 1,795 | 2,076 | 2,231 | 8 |
| Consumption (million dollars) | 10,639 | 10,492 | 10,900 | 11,338 | *11,635 | *2 |
| Imports-to-consumption ratio (percent) | 16 | 16 | 16 | 18 | *19 | *4 |
| Capacity utilization (percent) | 99 | 94 | 98 | 103 | 102 | 1 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-88.

Comment.--The major U.S. tire producers are large multinational corporations such as the Goodyear Tire and Rubber Company and the Firestone Tire and Rubber Company. Marketing methods have been stable during the past five years. In 1988, 68 percent of passenger tires were distributed through independent dealers, 17 percent through chain and discount stores, and another 13 percent through tire company stores. Product quality, service, brand loyalty or preference are not major factors influencing consumer sales. Price is the major consideration in most tire purchases.

Competitive strengths of U.S. producers are their proximity to the largest tire market in the world and their recent cost-cutting, plant modernization programs. The main competitive weakness is the cost of domestic labor which represents about 30 percent of the cost of tire production for domestic manufacturers.

During 1984-88, as domestic capacity diminished due to plant modernization programs and domestic plants were forced to operate at 100-percent-plus capacity utilization, imports were

[1]This digest includes the following HTS subheadings: 4011.10.00, 4011.20.00, 4011.40.00, 4011.91.50, 4011.99.50.

largely related-party transactions. For example, tire imports from Brazil were often tires manufactured by foreign subsidiaries of domestic multinationals that supplemented the capacity-limited output of domestic producers. Tires produced in Brazil are equivalent in quality to those domestically produced.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 1,863,924 | 100 | - | *19 |
| Imports from GSP countries: | | | | |
| Total | 177,795 | 10 | 100 | *2 |
| Brazil | 71,878 | 4 | 40 | *1 |
| Mexico | 37,703 | 2 | 21 | *([2]) |
| India | 15,659 | 1 | 9 | *([2]) |
| Israel[3] | 12,507 | 1 | 7 | *([2]) |

[1]Imports-to-consumption ratios based on 1988 data.
[2]Less than 0.5 percent.
[3]Although imports of products classified under HTS subheadings 4011.10.00 and 4011.20.00 from Israel are eligible for duty-free entry under the GSP, imports of these items during January-September 1989 from Israel also entered duty-free under the provisions of the United Sates Free Trade Area Implementation Act of 1985.

Comment.--Total imports from GSP countries represent 10 percent of total U.S. tire imports. Forty percent of GSP imports are truck and auto tires from Brazil.

## IV. Competitiveness profiles

Competitiveness indicators for Brazil for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 9 |
| Price elasticity: | |
| Can the U.S. purchaser easily shift among this and other suppliers? | [ *** ] |
| What is the price elasticity of U.S. demand? | [ *** ] |
| 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 | [ *** ] |

V. Position of interested parties

Support.--The Goodyear Tire and Rubber Company (Akron, Ohio), favors the restoration of the GSP for Brazilian tires. According to Goodyear: The U.S. consumer would benefit by having an additional supply of competitively priced tires. U.S. multinationals doing business in Brazil would also benefit because, according to the submission, Brazil's ability to earn the hard currency required for raw material imports would be enhanced.

Opposition.--The Uniroyal Goodrich Tire Company (Troy, Michigan), strongly objects to the redesignation of Brazilian tire imports to duty-free status under the GSP unless there is reciprocal action on the part of Brazil. According to Uniroyal: Imports of replacement radial tires have increased from 13 percent of the U.S. market in 1977 to 21 percent in 1988. This increase of over 26 million imported tires per year is equivalent to 14,000 lost jobs to U.S. workers. If the import tax of 4 percent is removed, most of this "savings" would be passed on to the importers' dealers. These dealers' price reductions would create an immediate impact on Uniroyal Goodrich and might result in the further loss of jobs. According to the submission, Brazil has an import tax of over 26 percent on tires. The huge disparity between the two nations' import duties makes it virtually impossible to export to Brazil on a competitive basis. If parity on import duties could be negotiated, the adverse economic impact on Uniroyal Goodrich would be reduced.

The Cooper Tire and Rubber Company (Findlay, Ohio), believes the redesignation for duty-free treatment under GSP of tires from Brazil, classified under HTS Subheading 4011.10.00 and 4011.20.00, would have severe effects on the domestic tire industry. According to Cooper Tire and Rubber Co., the reasons for this conclusion are as follows: Import growth has been steady and relentless even while a 4 percent tariff has been in place. The increase in tire imports has been accompanied by a substantial employment decline in the U.S. tire industry. Removing the tariff would remove the incentive for U.S. capital expansion and force price reductions certain to precipitate a plunge in Cooper's unit sales and return on investment. This would be followed by a reduction in the number of Cooper employees. Removing the tariff would also place Cooper at a competitive disadvantage with foreign competitors since tires produced by Cooper would be burdened by import duties on material inputs while imported tires would not. In addition, prior to 1989 the competitive need limit was applied to the five-digit TSUS item 772.51. This included all pneumatic tires except agricultural, aircraft, and bicycle. Under this system, Brazil has exceeded the competitive need limit every year since 1984. Under the HTS system, this group of tires has been divided into seven 8-digit HTS subheadings. The competitive need limit of approximately $88 million for 1989, now applies to each of seven HTS subheadings instead of one 5-digit TSUS level. Consequently, it is unlikely that these limits will be exceeded by Brazil in the near future.

[Probable economic effect advice deleted.]

Digest No.
40111000

Table I.

Digest Title: Pneumatic tires, new
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan | 470,505 | 522,325 | 531,513 | 554,276 | 715,165 |
| Canada | 482,803 | 445,664 | 495,108 | 511,283 | 425,765 |
| Korea | 157,932 | 180,478 | 161,976 | 163,107 | 173,578 |
| Spain | 65,392 | 58,291 | 79,968 | 145,711 | 165,772 |
| France | 111,839 | 106,229 | 87,168 | 144,122 | 127,613 |
| West Germany | 78,031 | 76,271 | 80,058 | 112,127 | 124,935 |
| Brazil | 74,603 | 97,825 | 98,900 | 100,715 | 110,508 |
| United Kingdom | 32,218 | 52,554 | 38,818 | 85,050 | 96,324 |
| Italy | 34,030 | 44,427 | 48,331 | 67,346 | 70,574 |
| Mexico | 23,234 | 3,393 | 11,106 | 29,352 | 44,870 |
| Taiwan | 26,268 | 30,326 | 43,294 | 43,414 | 38,146 |
| India | 6,369 | 14,272 | 15,063 | 13,447 | 19,011 |
| Belgium | 16,253 | 19,294 | 21,709 | 15,661 | 14,281 |
| Yugoslavia | 12,602 | 9,484 | 8,904 | 13,114 | 13,562 |
| East Germany | 11,346 | 13,899 | 10,739 | 10,371 | 11,014 |
| All other | 57,307 | 55,901 | 62,226 | 66,905 | 79,598 |
| Total | 1,660,732 | 1,730,635 | 1,794,884 | 2,076,001 | 2,230,717 |
| GSP Total 1/ | 134,474 | 141,973 | 156,151 | 185,900 | 222,970 |
| GSP+4 1/ | 318,819 | 353,210 | 362,837 | 394,163 | 436,309 |
| | Percent | | | | |
| Japan | 28.3 | 30.2 | 29.6 | 26.7 | 32.1 |
| Canada | 29.1 | 25.8 | 27.6 | 24.6 | 19.1 |
| Korea | 9.5 | 10.4 | 9.0 | 7.9 | 7.8 |
| Spain | 3.9 | 3.4 | 4.5 | 7.0 | 7.4 |
| France | 6.7 | 6.1 | 4.9 | 6.9 | 5.7 |
| West Germany | 4.7 | 4.4 | 4.5 | 5.4 | 5.6 |
| Brazil | 4.5 | 5.7 | 5.5 | 4.9 | 5.0 |
| United Kingdom | 1.9 | 3.0 | 2.2 | 4.1 | 4.3 |
| Italy | 2.0 | 2.6 | 2.7 | 3.2 | 3.2 |
| Mexico | 1.4 | .2 | .6 | 1.4 | 2.0 |
| Taiwan | 1.6 | 1.8 | 2.4 | 2.1 | 1.7 |
| India | .4 | .8 | .8 | .6 | .9 |
| Belgium | 1.0 | 1.1 | 1.2 | .8 | .6 |
| Yugoslavia | .8 | .5 | .5 | .6 | .6 |
| East Germany | .7 | .8 | .6 | .5 | .5 |
| All other | 3.5 | 3.2 | 3.5 | 3.2 | 3.6 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/ | 8.1 | 8.2 | 8.7 | 9.0 | 10.0 |
| GSP+4 1/ | 19.2 | 20.4 | 20.2 | 19.0 | 19.6 |

1/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No. 40111000

Digest Title: Pneumatic tires, new
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada.......... | 157,988 | 130,958 | 93,020 | 166,691 | 224,123 |
| Japan........... | 9,061 | 9,214 | 20,875 | 59,663 | 141,222 |
| Mexico.......... | 6,583 | 13,263 | 9,856 | 21,372 | 40,065 |
| Korea........... | 1,015 | 1,697 | 19,289 | 29,216 | 32,726 |
| Netherlands...... | 1,268 | 1,527 | 3,166 | 10,609 | 23,635 |
| West Germany..... | 6,010 | 6,177 | 7,453 | 11,553 | 19,670 |
| Australia........ | 9,866 | 7,980 | 6,012 | 7,170 | 18,125 |
| Belgium.......... | 1,480 | 3,320 | 3,292 | 11,047 | 18,113 |
| Saudi Arabia..... | 9,365 | 11,080 | 9,371 | 12,050 | 16,604 |
| United Kingdom... | 3,860 | 4,358 | 4,176 | 8,610 | 14,699 |
| Italy............ | 3,095 | 2,643 | 3,003 | 4,472 | 7,318 |
| Venezuela........ | 23,404 | 15,301 | 6,398 | 6,167 | 6,280 |
| Sweden........... | 1,567 | 1,378 | 1,385 | 3,097 | 5,392 |
| France........... | 5,799 | 5,190 | 3,434 | 4,310 | 4,129 |
| Kuwait........... | 1,935 | 1,201 | 754 | 1,070 | 4,010 |
| All other........ | 45,083 | 38,475 | 42,097 | 56,613 | 57,829 |
| Total.......... | 287,379 | 253,764 | 233,582 | 413,713 | 633,939 |
| GSP Total 1/.. | 61,275 | 56,490 | 44,775 | 65,430 | 78,681 |
| GSP+4 1/...... | 64,095 | 58,828 | 64,728 | 95,817 | 115,589 |
| | Percent | | | | |
| Canada.......... | 55.0 | 51.6 | 39.8 | 40.3 | 35.4 |
| Japan........... | 3.2 | 3.6 | 8.9 | 14.4 | 22.3 |
| Mexico.......... | 2.3 | 5.2 | 4.2 | 5.2 | 6.3 |
| Korea........... | .4 | .7 | 8.3 | 7.1 | 5.2 |
| Netherlands...... | .4 | .6 | 1.4 | 2.6 | 3.7 |
| West Germany..... | 2.1 | 2.4 | 3.2 | 2.8 | 3.1 |
| Australia........ | 3.4 | 3.1 | 2.6 | 1.7 | 2.9 |
| Belgium.......... | .5 | 1.3 | 1.4 | 2.7 | 2.9 |
| Saudi Arabia..... | 3.3 | 4.4 | 4.0 | 2.9 | 2.6 |
| United Kingdom... | 1.3 | 1.7 | 1.8 | 2.1 | 2.3 |
| Italy............ | 1.1 | 1.0 | 1.3 | 1.1 | 1.2 |
| Venezuela........ | 8.1 | 6.0 | 2.7 | 1.5 | 1.0 |
| Sweden........... | .5 | .5 | .6 | .7 | .9 |
| France........... | 2.0 | 2.0 | 1.5 | 1.0 | .7 |
| Kuwait........... | .7 | .5 | .3 | .3 | .6 |
| All other........ | 15.7 | 15.2 | 18.0 | 13.7 | 9.1 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 21.3 | 22.3 | 19.2 | 15.8 | 12.4 |
| GSP+4 1/...... | 22.3 | 23.2 | 27.7 | 23.2 | 18.2 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 4012.10.50

AUTO, TRUCK, BUS, AND MOTORCYCLE RETREADED TIRES

Auto, Truck, Bus, and Motorcycle Retreaded Tires

## I. Introduction

Auto, truck, bus, and motorcycle retreaded tires: Harmonized Tariff Schedule subheading; U.S. col. 1 rate of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 4012.10.50 | 4% | Yes | 20,973 | Brazil | 0 | [***] |

Description and uses.--The products included in this digest are auto, truck, bus, and motorcycle retreaded tires. These final products are produced from inspected used tires (casings) to which tread rubber is adhered. As long as the tire casing remains undamaged, tires may be repeatedly retreaded. Truck tire retreading is the major segment of the retreading industry.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | 2,470 | 2,375 | 2,300 | 2,135 | *2,100 | *-4 |
| Employment (1,000 employees) | 8 | 8 | 8 | 7 | *7 | *-3 |
| Shipments (million dollars) | 2,026 | 1,846 | 1,762 | 1,760 | *1,790 | *-3 |
| Exports (million dollars) | 9 | 9 | 7 | 6 | 9 | 0 |
| Imports (million dollars)[3] | *9 | *10 | 9 | 7 | 8 | *-3 |
| Consumption (million dollars) | *2,026 | *1,847 | 1,764 | 1,761 | *1,789 | *-3 |
| Imports-to-consumption ratio (percent) | *([4]) | *1 | 1 | ([4]) | ([4]) | *([4]) |
| Capacity utilization (percent) | 88 | 85 | 83 | 85 | *84 | *-1 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-88.
[3]Import data for 1984 and 1985 are at variance with table 1 data. Table 1 data for those years include used tires (tire casings) and retreaded tires.
[4]Less than 0.5 percent.

Comment.--Over 90 percent of the U.S. establishments making retreaded tires are small companies with an average of three or four employees per establishment. Retreading companies are situated throughout the country with locations primarily concentrated in large population areas. Since 1984, the number of tires retreaded in the United States declined by 11.5 percent; from 40 million units in 1984 to 35.4 million units in 1988.

Although the total number of tires retreaded has been declining since 1984, truck tire retreading increased by 12 percent, from 18.5 million units to 20.7 million units. Passenger tire retreading, however, declined from 21.5 million units in 1984 to 14.7 million units in 1988, a 32-percent decrease. The most frequently cited reason for this development is the decreasing price differential between a new tire and a passenger retread. Retreaded tires produced in Brazil are equivalent in quality to those domestically produced.

Industry sources estimate an annual decline of 9 percent in passenger tire retreading during the next decade. However, an annual increase of 3 to 4 percent in truck tire retreading is also projected.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 20,973 | 100 | - | *([2]) |
| Imports from GSP countries: | | | | |
| Total | 2,295 | 11 | 100 | *([2]) |
| India | 1,532 | 7 | 67 | *([2]) |
| Malaysia | 91 | ([2]) | 4 | *([2]) |
| Israel[3] | 70 | ([2]) | 3 | *([2]) |

[1]Imports-to-consumption ratios based on 1988 data.
[2]Less than 0.5 percent.
[3]Although imports of this digest's products from Israel are eligible for duty-free entry under the GSP, imports of this item during January-September 1989 from Israel also entered duty-free under the provisions of the United States Free Trade Area Implementation Act of 1985.

Comment.--During January-September 1989, there were no digest products imported from Brazil.

IV. Competitiveness profiles

Competitiveness indicators for Brazil for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | ([1]) |
| Price elasticity: | |
| Can the U.S. purchaser easily shift among this and other suppliers? | [ *** ] |
| What is the price elasticity of U.S. demand? | [ *** ] |
| 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 | [ *** ] |

[1]No imports of digest products from Brazil during January-September 1989.

V. Position of interested parties

Support.--The Goodyear Tire and Rubber Company (Akron, Ohio), favors the restoration of the GSP for Brazilian Tires. According to Goodyear: The U.S. consumer will benefit by having an additional supply of competitively priced tires. U.S. multinationals doing business in Brazil would also benefit because Brazil's ability to earn the hard currency required for raw material imports would be enhanced.

Opposition.--The Uniroyal Goodrich Tire Company (Troy, Michigan), strongly objects to the redesignation of Brazilian tire imports to duty free status under the GSP unless there is reciprocal action on the part of Brazil. According to Uniroyal: Brazil has an import tax of over 26 percent on tires. The huge disparity between the United States and Brazil's import duties makes it virtually impossible to export to Brazil on a competitive basis. If parity on import duties could be negotiated, the adverse impact on Uniroyal Goodrich would be reduced.

[Probable economic effect advice deleted.]

Table I. Digest No. 40121050

Digest Title: Auto truck, bus, and motor cycle retreaded tires
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 1/ | 1985 1/ | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Belgium | 572 | 2,270 | 266 | 171 | 2,135 |
| Japan | 21,380 | 17,400 | 3,345 | 2,052 | 1,794 |
| Canada | 4,082 | 2,224 | 770 | 1,183 | 854 |
| Netherlands | 2,921 | 2,442 | 1,043 | 864 | 850 |
| United Kingdom | 9,681 | 8,711 | 2,217 | 1,139 | 842 |
| Mexico | 128 | 52 | 235 | 457 | 540 |
| West Germany | 2,502 | 1,329 | 200 | 155 | 160 |
| France | 638 | 1,247 | 98 | 155 | 127 |
| India | 158 | 1,333 | 86 | 21 | 108 |
| Korea | 233 | 1,129 | 353 | 133 | 79 |
| Singapore | 11 | 7 | 30 | 140 | 76 |
| Malaysia | 15 | 0 | 0 | 0 | 70 |
| Hungary | 0 | 359 | 38 | 82 | 41 |
| Spain | 56 | 187 | 2 | 395 | 39 |
| Romania | 0 | 44 | 1 | 0 | 38 |
| All other | 1,604 | 10,498 | 594 | 151 | 193 |
| Total | 43,981 | 49,231 | 9,279 | 7,097 | 7,947 |
| GSP Total 2/ | 752 | 1,921 | 751 | 505 | 798 |
| GSP+4 2/ | 1,779 | 11,867 | 1,136 | 792 | 974 |
| | Percent | | | | |
| Belgium | 1.3 | 4.6 | 2.9 | 2.4 | 26.9 |
| Japan | 48.6 | 35.3 | 36.0 | 28.9 | 22.6 |
| Canada | 9.3 | 4.5 | 8.3 | 16.7 | 10.7 |
| Netherlands | 6.6 | 5.0 | 11.2 | 12.2 | 10.7 |
| United Kingdom | 22.0 | 17.7 | 23.9 | 16.1 | 10.6 |
| Mexico | .3 | .1 | 2.5 | 6.4 | 6.8 |
| West Germany | 5.7 | 2.7 | 2.2 | 2.2 | 2.0 |
| France | 1.5 | 2.5 | 1.1 | 2.2 | 1.6 |
| India | .4 | 2.7 | .9 | .3 | 1.4 |
| Korea | .5 | 2.3 | 3.8 | 1.9 | 1.0 |
| Singapore | 3/ | 3/ | .3 | 2.0 | 1.0 |
| Malaysia | 3/ | .0 | .0 | .0 | .9 |
| Hungary | .0 | .7 | .4 | 1.2 | .5 |
| Spain | .1 | .4 | 3/ | 5.6 | .5 |
| Romania | .0 | .1 | 3/ | .0 | .5 |
| All other | 3.6 | 21.3 | 6.4 | 2.1 | 2.4 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/ | 1.7 | 3.9 | 8.1 | 7.1 | 10.0 |
| GSP+4 2/ | 4.0 | 24.1 | 12.2 | 11.2 | 12.3 |

1/ Import data for 1984 and 1985 include used tires and retreaded tires.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.
3/ 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 No. 40121050

Digest Title: Auto, truck, bus, and motor cycle retreaded tires
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Saudi Arabia..... | 2,221 | 1,507 | 1,817 | 1,684 | 2,709 |
| United Kingdom... | 577 | 746 | 700 | 885 | 1,241 |
| West Germany..... | 266 | 187 | 300 | 340 | 624 |
| Netherlands...... | 41 | 51 | 35 | 33 | 619 |
| Canada........... | 623 | 301 | 372 | 279 | 593 |
| Mexico........... | 161 | 980 | 209 | 253 | 489 |
| Japan............ | 553 | 276 | 49 | 373 | 278 |
| Brazil........... | 69 | 119 | 90 | 175 | 266 |
| Bahamas.......... | 22 | 37 | 52 | 58 | 214 |
| Australia........ | 249 | 507 | 139 | 238 | 194 |
| Italy............ | 59 | 48 | 96 | 28 | 188 |
| Belgium.......... | 19 | 39 | 49 | 119 | 172 |
| Venezuela........ | 1,800 | 1,434 | 1,003 | 46 | 132 |
| Kuwait........... | 43 | 69 | 76 | 100 | 105 |
| Honduras......... | 196 | 223 | 355 | 192 | 100 |
| All other........ | 2,578 | 2,509 | 1,882 | 1,019 | 918 |
| Total.......... | 9,477 | 9,034 | 7,223 | 5,822 | 8,843 |
| GSP Total 1/.. | 4,031 | 4,065 | 3,301 | 1,473 | 1,754 |
| GSP+4 1/...... | 4,061 | 4,790 | 3,310 | 1,492 | 1,798 |
| | Percent | | | | |
| Saudi Arabia..... | 23.4 | 16.7 | 25.2 | 28.9 | 30.6 |
| United Kingdom... | 6.1 | 8.3 | 9.7 | 15.2 | 14.0 |
| West Germany..... | 2.8 | 2.1 | 4.2 | 5.8 | 7.1 |
| Netherlands...... | .4 | .6 | .5 | .6 | 7.0 |
| Canada........... | 6.6 | 3.3 | 5.1 | 4.8 | 6.7 |
| Mexico........... | 1.7 | 10.9 | 2.9 | 4.4 | 5.5 |
| Japan............ | 5.8 | 3.1 | .7 | 6.4 | 3.1 |
| Brazil........... | .7 | 1.3 | 1.2 | 3.0 | 3.0 |
| Bahamas.......... | .2 | .4 | .7 | 1.0 | 2.4 |
| Australia........ | 2.6 | 5.6 | 1.9 | 4.1 | 2.2 |
| Italy............ | .6 | .5 | 1.3 | .5 | 2.1 |
| Belgium.......... | .2 | .4 | .7 | 2.0 | 1.9 |
| Venezuela........ | 19.0 | 15.9 | 13.9 | .8 | 1.5 |
| Kuwait........... | .5 | .8 | 1.1 | 1.7 | 1.2 |
| Honduras......... | 2.1 | 2.5 | 4.9 | 3.3 | 1.1 |
| All other........ | 27.2 | 27.8 | 26.1 | 17.5 | 10.4 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 42.5 | 45.0 | 45.7 | 25.3 | 19.8 |
| GSP+4 1/...... | 42.9 | 53.0 | 45.8 | 25.6 | 20.3 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 4104.21.00

LEATHER

Digest No.
4104.21.00

# Leather[1]

## I. Introduction

Leather: Harmonized Tariff Schedule subheading(s); U.S. col. 1 rate(s) of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 | | | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | | | Total | From country to be reinstated | | |
| | | | | Source | Value | |
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 4104.21.00[1] | 5% | Yes | 7,643 | Argentina | 5,409 | [***] |
| 4104.22.00 | 5% | Yes | 13,197 | Argentina | 2,258 | [***] |
| 4104.29.50 | 5% | Yes | 1,728 | Argentina | 1,056 | [***] |
| 4104.29.90 | 5% | Yes | 22,709 | Argentina | 1,551 | [***] |
| 4104.31.50 | 5% | Yes | 9,728 | Argentina | 1,208 | [***] |
| 4104.31.60 | 5% | Yes | 48,328 | Argentina | 14,654 | [***] |
| 4104.31.80 | 2.4% | Yes | 75,096 | Argentina | 28,417 | [***] |
| 4104.39.50 | 5% | Yes | 4,100 | Argentina | 530 | [***] |
| 4104.39.60 | 5% | Yes | 38,244 | Argentina | 13,243 | [***] |
| 4104.39.80[1] | 2.4% | Yes | 68,270 | Argentina | 38,526 | [***] |
| 4105.20.60 | 2.4% | Yes | 16,567 | Argentina | 23 | [***] |
| 4106.12.00 | 3.7% | Yes | 337 | India | 6 | [***] |
| 4106.19.00 | 3.7% | Yes | 3,319 | India | 358 | [***] |
| 4106.20.30 | 3.7% | Yes | 6,329 | India | 2,839 | [***] |
| 4107.29.60 | 2.4% | Yes | 7,878 | Argentina | 2,022 | [***] |
| 4107.90.60 | 2.4% | Yes | 10,084 | Argentina | 970 | [***] |
| 4109.00.70 | 2.4% | Yes | 339 | Argentina | 41 | [***] |

[1]Based on trade data for January-September 1989, it is estimated that Argentina may exceed the applicable competitive need limit for this HTS subheading and may therefore become ineligible for GSP duty-free treatment.

Description and uses.—The leather included in this digest is derived from the hides and skins of animals which have been subjected to the tanning process. In the tanning process, hides and skins of most animals are treated with chemicals to preserve them and convert them into a form in which they can be made into common leather articles such as shoes, leather garments, handbags, personal leather goods, and so forth. Cattlehide leather is the most economically significant of the items included in this digest.

[1]This digest includes the following HTS subheadings: 4104.21.00, 4104.22.00, 4104.29.50, 4104.29.90, 4104.31.50, 4104.31.60, 4104.31.80, 4104.39.50, 4104.39.60, 4104.39.80, 4105.20.60, 4106.12.00, 4106.19.00, 4106.20.30, 4107.29.60, 4107.90.60, and 4109.00.70.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | 160 | 150 | 140 | 136 | 130 | -4 |
| Employment (1,000 employees) | 17 | 14 | 13 | 14 | 13 | -6 |
| Shipments (in millions of dollars)[3] | 1,594 | 1,494 | 1,458 | 1,709 | 2,008 | 6 |
| Exports (in millions of dollars) | 210 | 193 | 212 | 251 | 329 | 12 |
| Imports (in millions of dollars) | 248 | 234 | 259 | 337 | 463 | 17 |
| Consumption (in millions of dollars) | 1,632 | 1,535 | 1,505 | 1,796 | 2,143 | 7 |
| Import to consumption ratio (percent) | 15 | 15 | 17 | 19 | 22 | 10 |
| Capacity utilization (percent) | 71 | 75 | 74 | 75 | 75 | 2 |

[1] Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2] This figure represents the average annual rate of change during 1984-1988.
[3] This figure represents the value of all leather shipments, including leather products not covered in this digest. Cattlehide leather accounts for the bulk of U.S. leather shipments. Upper leather and sole leather for the footwear industry accounted for approximately 51 percent of shipments in 1988. U.S. shipments for goat and kidskin leather, and reptilian leather are very small because of the limited availability of domestic or imported skins.

Comment.—The United States is a major hide, skin, and leather producer as well as a major exporter of hides and skins. Of the leather produced in the United States, approximately 89 percent of the quantity is derived from cattlehide skins. The remainder consist of leathers produced from the hides or skins of domestic or imported calf, kip (skins from immature cattle that have grown larger than the size usually slaughtered for veal, and from undersize cattle that have otherwise reached maturity), goat, sheep, lamb and other animals and reptiles. Most leather imports are similar in quality and performance to the U.S. product, with the exception of certain sheepskins, goatskins, kidskin, and reptile skins which are generally not produced or produced in limited quantities in the United States. U.S. tanners rely heavily on imports of sheepskins and lambskins to meet their raw material needs for sheep or lambskin leather production. Goat or kidskin leather production in the United States is small, because of the limited availability of domestic and imported raw materials. The use of import-and export-controls is an important factor influencing the availability of processed hides and skins for leather production.

Argentina is also a major producer of hides, skins, and leather. Unlike the United States however, Argentina bans the export of its hides and skins. U.S. industry sources contend that the ban lowers the raw material costs for Argentina's tanning and leather-products industries below those existing in the world market, and tighten world supplies. The tighten world supplies, coupled with rising demand for raw materials leads to higher world hide and skin prices.

Detailed data on goatskin and kidskin production are not available, however, such production tends to be concentrated more in developing countries such as India. India, like Argentina, uses export controls to restrict their exports of hides and skins to encourage domestic processing of hides and skins. U.S. imports of leather from India consist primarily of goat or kidskin leather.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 333,893 | 100 | 61 | 22 |
| Imports from GSP countries: | | | | |
| Total | 202,006 | 61 | 100 | 15 |
| Argentina | 109,963 | 33 | 54 | 8 |
| Brazil | 26,848 | 8 | 13 | 3 |
| Uruguay | 21,634 | 6 | 11 | 1 |
| Colombia | 9,322 | 3 | 5 | 1 |
| India | 7,029 | 2 | 3 | 1 |

[1]Import to consumption ratios based on 1988 data.

IV. Competitiveness profiles

Competitiveness indicators for Argentina[1]

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 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 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 __ |

[1]Profile applies only to the following HTS subheadings, for which advice is requested: 4104.21.00, 4104.22.00, 4104.29.50, 4104.29.90, 4104.31.50, 4104.31.60, 4104.31.80, 4104.39.50, 4104.39.60, 4104.39.80, 4105.20.60, 4107.29.60, 4107.90.60, and 4109.00.70.

Competitiveness indicators for India[1]

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 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 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 __ |

[1]Profile applies only to the following HTS subheadings, for which advice is requested: 4106.12.00, 4106.19.00, and 4106.20.30.

V. Position of interested parties

Opposition.—The Leather Industries of America (LIA) is a nonprofit trade association representing the U.S. leather tanning industry and its suppliers. The LIA opposes the reinstatement of GSP status to Argentina and India. LIA contends that market access restrictions imposed by Argentina and India have created substantial trade imbalances worldwide. According to LIA, these imbalances are responsible for a major increase in U.S. exports of hides, increased hide prices, increased competition from foreign leather and leather products and diminished export markets. In addition, LIA asserts that India upon losing GSP status on a given item (HTS subheading) will shift these imports to a given item which receives GSP status. Because of increasing imports of leather, the U.S. leather tanning industry not only is losing orders, but the U.S. leather product manufacturers are also declining.

[Probable economic effect advice deleted]

[Probable economic effect advice deleted]

Table I.

Digest No.
41042100

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

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Argentina........ | 93,336 | 89,342 | 113,834 | 154,172 | 175,666 |
| Brazil........... | 31,121 | 13,867 | 9,504 | 24,470 | 61,563 |
| Italy............ | 13,221 | 15,726 | 17,352 | 21,581 | 31,652 |
| United Kingdom... | 10,764 | 13,694 | 18,409 | 14,995 | 24,703 |
| Canada........... | 21,324 | 22,976 | 25,292 | 20,801 | 24,037 |
| Uruguay.......... | 8,896 | 6,760 | 6,382 | 10,984 | 19,993 |
| Mexico........... | 1,089 | 832 | 3,029 | 11,604 | 19,599 |
| Colombia......... | 2,404 | 3,544 | 4,595 | 8,878 | 18,428 |
| India............ | 17,948 | 18,430 | 16,811 | 16,067 | 11,749 |
| Korea............ | 751 | 288 | 2,254 | 6,806 | 10,745 |
| West Germany..... | 3,583 | 4,250 | 6,621 | 5,461 | 9,980 |
| Paraguay......... | 7,295 | 1,940 | 2,074 | 4,680 | 9,299 |
| Pakistan......... | 1,866 | 2,167 | 1,922 | 5,653 | 7,004 |
| Norway........... | 840 | 2,547 | 3,888 | 7,082 | 6,775 |
| Spain............ | 6,306 | 9,139 | 6,806 | 5,090 | 6,303 |
| All other........ | 27,744 | 28,576 | 20,639 | 19,068 | 25,690 |
| Total.......... | 248,489 | 234,076 | 259,411 | 337,394 | 463,185 |
| GSP Total 1/.. | 171,038 | 143,546 | 164,946 | 243,738 | 331,473 |
| GSP+4 1/...... | 172,953 | 146,357 | 168,579 | 251,201 | 344,131 |
| | Percent | | | | |
| Argentina........ | 37.6 | 38.2 | 43.9 | 45.7 | 37.9 |
| Brazil........... | 12.5 | 5.9 | 3.7 | 7.3 | 13.3 |
| Italy............ | 5.3 | 6.7 | 6.7 | 6.4 | 6.8 |
| United Kingdom... | 4.3 | 5.9 | 7.1 | 4.4 | 5.3 |
| Canada........... | 8.6 | 9.8 | 9.7 | 6.2 | 5.2 |
| Uruguay.......... | 3.6 | 2.9 | 2.5 | 3.3 | 4.3 |
| Mexico........... | .4 | .4 | 1.2 | 3.4 | 4.2 |
| Colombia......... | 1.0 | 1.5 | 1.8 | 2.6 | 4.0 |
| India............ | 7.2 | 7.9 | 6.5 | 4.8 | 2.5 |
| Korea............ | .3 | .1 | .9 | 2.0 | 2.3 |
| West Germany..... | 1.4 | 1.8 | 2.6 | 1.6 | 2.2 |
| Paraguay......... | 2.9 | .8 | .8 | 1.4 | 2.0 |
| Pakistan......... | .8 | .9 | .7 | 1.7 | 1.5 |
| Norway........... | .3 | 1.1 | 1.5 | 2.1 | 1.5 |
| Spain............ | 2.5 | 3.9 | 2.6 | 1.5 | 1.4 |
| All other........ | 11.2 | 12.2 | 8.0 | 5.7 | 5.5 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 68.8 | 61.3 | 63.6 | 72.2 | 71.6 |
| GSP+4 1/...... | 69.6 | 62.5 | 65.0 | 74.5 | 74.3 |

1/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
41042100

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

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Korea | 49,428 | 32,360 | 41,216 | 43,202 | 62,099 |
| Italy | 17,237 | 16,907 | 29,480 | 37,616 | 58,525 |
| Taiwan | 14,028 | 12,629 | 11,792 | 22,246 | 32,741 |
| Philippines | 6,314 | 4,022 | 11,241 | 17,191 | 21,908 |
| Hong Kong | 17,842 | 14,095 | 15,480 | 16,076 | 17,345 |
| China | 39,423 | 62,230 | 30,251 | 16,940 | 16,042 |
| Canada | 11,882 | 7,814 | 7,029 | 9,552 | 14,146 |
| Mexico | 6,121 | 4,605 | 4,081 | 7,404 | 13,638 |
| Thailand | 204 | 1,753 | 2,526 | 4,962 | 11,079 |
| Brazil | 14,796 | 3,328 | 6,103 | 9,878 | 10,542 |
| Japan | 1,973 | 4,049 | 1,392 | 7,525 | 10,069 |
| West Germany | 3,035 | 3,577 | 7,066 | 4,237 | 8,814 |
| Dominican Rep | 4,005 | 6,916 | 8,222 | 10,725 | 8,434 |
| Haiti | 2,578 | 1,786 | 1,982 | 1,901 | 6,117 |
| United Kingdom | 1,173 | 1,117 | 2,347 | 4,693 | 5,261 |
| All other | 20,362 | 15,752 | 31,788 | 36,477 | 31,778 |
| Total | 210,399 | 192,941 | 211,995 | 250,625 | 328,539 |
| GSP Total 1/ | 37,828 | 26,076 | 39,800 | 60,506 | 80,224 |
| GSP+4 1/ | 119,315 | 85,357 | 108,349 | 142,404 | 192,597 |
| | Percent | | | | |
| Korea | 23.5 | 16.8 | 19.4 | 17.2 | 18.9 |
| Italy | 8.2 | 8.8 | 13.9 | 15.0 | 17.8 |
| Taiwan | 6.7 | 6.5 | 5.6 | 8.9 | 10.0 |
| Philippines | 3.0 | 2.1 | 5.3 | 6.9 | 6.7 |
| Hong Kong | 8.5 | 7.3 | 7.3 | 6.4 | 5.3 |
| China | 18.7 | 32.3 | 14.3 | 6.8 | 4.9 |
| Canada | 5.6 | 4.1 | 3.3 | 3.8 | 4.3 |
| Mexico | 2.9 | 2.4 | 1.9 | 3.0 | 4.2 |
| Thailand | .1 | .9 | 1.2 | 2.0 | 3.4 |
| Brazil | 7.0 | 1.7 | 2.9 | 3.9 | 3.2 |
| Japan | .9 | 2.1 | .7 | 3.0 | 3.1 |
| West Germany | 1.4 | 1.9 | 3.3 | 1.7 | 2.7 |
| Dominican Rep | 1.9 | 3.6 | 3.9 | 4.3 | 2.6 |
| Haiti | 1.2 | .9 | .9 | .8 | 1.9 |
| United Kingdom | .6 | .6 | 1.1 | 1.9 | 1.6 |
| All other | 9.7 | 8.2 | 15.0 | 14.6 | 9.7 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/ | 18.0 | 13.5 | 18.8 | 24.1 | 24.4 |
| GSP+4 1/ | 56.7 | 44.2 | 51.1 | 56.8 | 58.6 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 4411.19.20

FIBERBOARD

# Fiberboard[1]

## I. Introduction

Fiberboard: Harmonized Tariff Schedule subheading(s); U.S. col. 1 rate(s) of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 Total | From country to be reinstated Source | Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 4411.19.20 | 3% | Yes | 8,319 | Brazil (R)[1] | 1,910 | [***] |
| 4411.19.40 | 6% | Yes | 7,845 | Brazil | 3,505 | [***] |
| 4411.21.00 | 3% | Yes | 1,174 | Brazil (R)[1] | 170 | [***] |
| 4411.29.60 | 3% | Yes | 4,090 | Brazil (R)[1] | 883 | [***] |
| 4411.29.90 | 6% | Yes | 932 | Brazil | 98 | [***] |

[1]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.

Description and uses.—In trade, the articles referred to herein are commonly referred to as hardboard (HTS heading 4411.19) and medium density fiberboard (MDF) (HTS heading 4411.21 and 4411.29). Hardboard and MDF are used primarily in the furniture and construction products industries and compete directly with particleboard in many applications. Hardboard is produced without the use of added adhesives, whereas, MDF is produced using adhesives. Typical application for hardboard include pegboards for vertical tool storage and unexposed furniture backing. MDF is often used as an undersurface to which plastic or other laminates are laminated.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number)........................ | *20 | *20 | *20 | *20 | *20 | - |
| Employment (1,000 employees).............. | *6 | *6 | *6 | *6 | *6 | *3 |
| Shipments (1,000 dollars)................. | *778,286 | *737,281 | *726,842 | *753,517 | *760,000 | *([3]) |
| Exports (1,000 dollars)................... | 19,185 | 21,082 | 24,167 | 32,067 | 45,316 | 24 |
| Imports (1,000 dollars)................... | 49,955 | 48,728 | 52,963 | 58,911 | 47,087 | -1 |
| Consumption (1,000 dollars)............... | *809,056 | *764,927 | *755,638 | *780,361 | *761,771 | *-1 |
| Import to consumption ratio (percent)...... | *6 | *6 | *7 | *8 | *6 | - |
| Capacity utilization (percent)............ | *85 | *80 | *85 | *85 | *85 | - |

[1]Trade data for 1984-88 may not be directly comparable to HTS trade data for 1989. For a more detailed explanation see Volume 1, "Presentaiton of Probable Economic effect Advice", p.5.
[2]This figure represents the average annual rate of change during 1984-1988.
[3]Less than -0.5 percent.

[1]This digest includes the following HTS subheadings: 4411.19.20, 4411.19.40, 4411.21.00, 4411.29.60, and 4411.29.90.

Comment.--The U.S. market for fiberboard is composed of both commodity and non-commodity type products, with the commodity type products being the most prevalent. For all types of products, the articles may be purchased from a variety of domestic and imported sources. There is generally no discernable difference between the products of competing companies or between the products of different countries. However, purchasers, often manufacturers of other products such as furniture or cabinetry, do show a moderate degree of brand loyalty. During times of tight supplies, purchasers that have shown the highest degree of brand loyalty are serviced first. Sales may be on either a long-term contract basis or, more often, on a daily price basis with waiting back orders of several weeks to two months common.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 22,360 | 100 | - | *6 |
| Imports from GSP countries: | | | | |
| Total | 13,327 | 60 | 100 | *4 |
| Brazil | 6,566 | 29 | 49 | *2 |
| Mexico | 4,085 | 18 | 31 | *1 |
| Argentina | 2,425 | 11 | 18 | *1 |
| Thailand | 60 | ([1]) | ([1]) | ([1]) |

[1]Less than 0.5 percent.

IV. Competitiveness profiles

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, January-September 1989................ 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 __ Below X

Quality compared with--
- U.S. products................................................ Above __ Equivalent X Below __
- Other foreign products....................................... Above __ Equivalent X Below __

Comment.--The products of the United States and Brazil are highly competitive with each other in the U.S. market. The quality of the products from Brazil are reportedly comparable with that of the U.S. products. However, the range of products available from Brazil and other foreign sources is smaller than in the United States

V. Position of interested parties

Support.--Duratex S.A., a major Brazilian manufacturer and exporter of hardboard supports the redesignation of HTS headings 4411.11 through 4411.19 for duty-free treatment under the GSP, if the competitive need limitations do not apply. Duratex argues that imports are a small segment of the U.S. hardboard and fiberboard markets. They report that imports traditionally constitute 10 percent or less of total apparent domestic consumption of these products. This figure has remained relatively stable over the years, independent of whether Brazil enjoyed GSP treatment. Duratex believes that imports serve market segments not attended by domestic producers. They report that over 50 percent of the Brazilian hardboard imports are used by U.S. flush door manufacturers, in part because the Brazilian flush hardboard doorskins do not absorb as much paint as comparable U.S. products. Duratex also remarks that the U.S. industry has made innovations, most notably raised panel hardboard doorskins, which are not produced in Brazil, that provide U.S. producers a competitive advantage in that segment of the U.S. door market.

Opposition.--The American Hardboard Association (AHA) opposes the reinstatement of duty-free status under the GSP for hardboard imported from Brazil. Hardboard may be entered into the United States under HTS subheadings 4411.19.20, 4411.19.40, 4411.21.00, 4411.29.60, and 4411.29.90. The AHA cites statistical evidence that the U.S. hardboard industry has been faced with diminished output and lower levels of productive capacity and capacity utilization. According to the AHA, U.S. hardboard plant capacity shrunk by 23 percent during the 1980's; plant capacity utilization in the hardboard industry fell from 82.5 percent in 1984 to 71.3 percent in 1988, and then rose to 77.9 percent in 1989; U.S. hardboard industry shipments are lower than in 1982, a year of deep economic recession; hardboard prices have fallen since 1984; the nation's largest hardboard plant has laid off a third of its production workers in 1989; and the near-term outlook for the domestic hardboard industry is bleak, with no expected major upturns in demand from the construction industry.

[Probable economic effect advice deleted.]

Table I.

Digest No.
44111920

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

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Brazil........... | 23,982 | 22,896 | 23,442 | 29,489 | 21,832 |
| Canada........... | 7,606 | 8,396 | 9,417 | 9,531 | 7,748 |
| Mexico........... | 1,940 | 1,467 | 721 | 2,962 | 5,049 |
| Argentina........ | 1,888 | 2,398 | 3,494 | 3,725 | 4,453 |
| Soviet Union..... | 1,604 | 1,329 | 2,222 | 3,136 | 3,391 |
| Chile............ | 3,523 | 3,588 | 3,222 | 2,901 | 1,803 |
| Romania.......... | 2,146 | 1,528 | 2,039 | 2,121 | 1,045 |
| Poland........... | 527 | 228 | 245 | 525 | 508 |
| Spain............ | 2,715 | 1,588 | 2,980 | 1,621 | 478 |
| New Zealand...... | 435 | 633 | 461 | 523 | 311 |
| El Salvador...... | 0 | 0 | 4 | 252 | 149 |
| Indonesia........ | 15 | 21 | 47 | 39 | 88 |
| Sweden........... | 2,625 | 2,333 | 2,286 | 566 | 80 |
| Thailand......... | 34 | 233 | 651 | 174 | 51 |
| Finland.......... | 270 | 148 | 45 | 28 | 38 |
| All other........ | 646 | 1,942 | 1,687 | 1,315 | 62 |
| Total.......... | 49,955 | 48,728 | 52,963 | 58,911 | 47,087 |
| GSP Total 2/.. | 31,384 | 30,973 | 31,793 | 39,801 | 33,429 |
| GSP+4 2/...... | 31,384 | 31,137 | 31,866 | 40,058 | 33,435 |
| | Percent | | | | |
| Brazil........... | 48.0 | 47.0 | 44.3 | 50.1 | 46.4 |
| Canada........... | 15.2 | 17.2 | 17.8 | 16.2 | 16.5 |
| Mexico........... | 3.9 | 3.0 | 1.4 | 5.0 | 10.7 |
| Argentina........ | 3.8 | 4.9 | 6.6 | 6.3 | 9.5 |
| Soviet Union..... | 3.2 | 2.7 | 4.2 | 5.3 | 7.2 |
| Chile............ | 7.1 | 7.4 | 6.1 | 4.9 | 3.8 |
| Romania.......... | 4.3 | 3.1 | 3.8 | 3.6 | 2.2 |
| Poland........... | 1.1 | .5 | .5 | .9 | 1.1 |
| Spain............ | 5.4 | 3.3 | 5.6 | 2.8 | 1.0 |
| New Zealand...... | .9 | 1.3 | .9 | .9 | .7 |
| El Salvador...... | .0 | .0 | 1/ | .4 | .3 |
| Indonesia........ | 1/ | 1/ | .1 | .1 | .2 |
| Sweden........... | 5.3 | 4.8 | 4.3 | 1.0 | .2 |
| Thailand......... | .1 | .5 | 1.2 | .3 | .1 |
| Finland.......... | .5 | .3 | .1 | 1/ | .1 |
| All other........ | 1.3 | 4.0 | 3.2 | 2.2 | .1 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 62.8 | 63.6 | 60.0 | 67.6 | 71.0 |
| GSP+4 2/...... | 62.8 | 63.9 | 60.2 | 68.0 | 71.0 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
44111920

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

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada | 7,871 | 9,025 | 9,078 | 11,347 | 14,061 |
| Taiwan | 1,030 | 1,117 | 1,874 | 3,084 | 8,022 |
| Korea | 794 | 1,555 | 2,050 | 1,005 | 5,422 |
| United Kingdom | 4,995 | 3,608 | 5,419 | 3,940 | 3,223 |
| Iraq | 10 | 0 | 0 | 0 | 2,961 |
| Mexico | 507 | 181 | 172 | 1,120 | 2,484 |
| Japan | 204 | 518 | 747 | 1,802 | 1,488 |
| Hong Kong | 13 | 15 | 149 | 257 | 701 |
| Panama | 341 | 424 | 427 | 463 | 662 |
| Spain | 0 | 12 | 13 | 1,401 | 550 |
| West Germany | 170 | 90 | 194 | 1,268 | 526 |
| Antigua | 0 | 0 | 0 | 0 | 513 |
| Belgium | 524 | 487 | 667 | 158 | 487 |
| Australia | 147 | 1,730 | 520 | 413 | 483 |
| Israel | 3 | 2 | 15 | 259 | 393 |
| All other | 2,577 | 2,318 | 2,842 | 5,552 | 3,339 |
| Total | 19,185 | 21,082 | 24,167 | 32,067 | 45,316 |
| GSP Total 2/ | 1,512 | 1,421 | 1,599 | 3,552 | 4,986 |
| GSP+4 2/ | 3,500 | 4,128 | 5,764 | 8,128 | 19,512 |
| | Percent | | | | |
| Canada | 41.0 | 42.8 | 37.6 | 35.4 | 31.0 |
| Taiwan | 5.4 | 5.3 | 7.8 | 9.6 | 17.7 |
| Korea | 4.1 | 7.4 | 8.5 | 3.1 | 12.0 |
| United Kingdom | 26.0 | 17.1 | 22.4 | 12.3 | 7.1 |
| Iraq | .1 | .0 | .0 | .0 | 6.5 |
| Mexico | 2.6 | .9 | .7 | 3.5 | 5.5 |
| Japan | 1.1 | 2.5 | 3.1 | 5.6 | 3.3 |
| Hong Kong | .1 | .1 | .6 | .8 | 1.5 |
| Panama | 1.8 | 2.0 | 1.8 | 1.4 | 1.5 |
| Spain | .0 | .1 | .1 | 4.4 | 1.2 |
| West Germany | .9 | .4 | .8 | 4.0 | 1.2 |
| Antigua | .0 | .0 | .0 | .0 | 1.1 |
| Belgium | 2.7 | 2.3 | 2.8 | .5 | 1.1 |
| Australia | .8 | 8.2 | 2.2 | 1.3 | 1.1 |
| Israel | 1/ | 1/ | .1 | .8 | .9 |
| All other | 13.4 | 11.0 | 11.8 | 17.3 | 7.4 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/ | 7.9 | 6.7 | 6.6 | 11.1 | 11.0 |
| GSP+4 2/ | 18.2 | 19.6 | 23.8 | 25.3 | 43.1 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 4412.19.40

PLYWOOD

# Plywood

## I. Introduction

Plywood: Harmonized Tariff Schedule subheading(s); U.S. col. 1 rate(s) of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 4412.19.40 | 20% | Yes | 6,364 | Indonesia | 3,384 | [***] |

Description and uses.—The articles considered herein are known throughout the trade as softwood plywood. Both rough and surfaced plywood, whether or not edge worked, are included herein. However, plywood that has been surface covered is not included herein. Most softwood plywood is used for construction or structural purposes. Agathis plywood, imported primarily from Indonesia is used for cabinetry, and as such, does not compete against most other softwood plywoods, but rather competes against hardwood plywood, both domestic and imported, and fiberboards.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number)........................ | *100 | *101 | *102 | *103 | *105 | *1 |
| Employment (1,000 employees).............. | *30 | *30 | *30 | *30 | *30 | *([3]) |
| Shipments (million dollars)............... | *2,578 | *2,591 | *2,783 | *2,858 | *2,800 | *2 |
| Exports (million dollars)................. | 52 | 45 | 79 | 107 | 137 | 27 |
| Imports (million dollars)................. | 7 | 8 | 18 | 21 | 14 | 20 |
| Consumption (million dollars)............. | *2,533 | *2,554 | *2,722 | *2,772 | *2,677 | *1 |
| Import to consumption ratio (percent)...... | *([3]) | *([3]) | *1 | *1 | *1 | - |
| Capacity utilization (percent)............ | **90 | **92 | **85 | **85 | **85 | - |

[1]Trade data for 1984-88 may not be directly comparable to HTS trade data for 1989. For a more detailed explanation see Volume 1, "Presentation of Probable Economic effect Advice", p.5.
[2]This figure represents the average annual rate of change during 1984-1988.
[3]Less than 0.5 percent.

Comment.—The U.S. market for plywood is composed of both commodity and non-commodity type products, with the commodity type products being the most prevalent. For all types of products, the articles may be purchased from a variety of domestic sources. Imports generally are of specialty types, but do compete directly against U.S. products. The construction industry is the major consumer of softwood plywood. Softwood plywood is used in new residential and business construction primarily as sheathing, flooring, and siding. Softwood plywood is marketed to both wholesalers and large retailers and direct consumers such as the major new home building companies. During times of tight supplies, purchasers that have shown the highest degree of brand loyalty are serviced first. Sales may be on either a long-term contract basis or, more often, on a spot basis with waiting back orders of several weeks to two months common.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total........................ | 6,364 | 100 | - | *1 |
| Imports from GSP countries: | | | | |
| Total........................ | 6,057 | 95 | 100 | *([1]) |
| Indonesia...................... | 3,384 | 53 | 56 | *([1]) |
| Mexico......................... | 1,877 | 29 | 31 | *([1]) |
| Philippines.................... | 775 | 12 | 13 | *([1]) |
| Honduras....................... | 13 | ([1]) | ([1]) | *([1]) |

[1]Less than 0.5 percent.

IV. Competitiveness profiles

Competitiveness indicators for Indonesia for all digest products

Ranking as a U.S. import supplier, January-September 1989................ 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 __ 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.--The softwood plywood from Indonesia is produced primarily from Agathis, a softwood species that has many of the characteristics of hardwoods. In the United States, Agathis plywood competes directly against domestically produced hardwood plywoods in the cabinetry market, where it is used for cabinet and drawer sides and bottoms. There are no known softwood plywood products from any GSP eligible countries that compete against the major segment of the domestic softwood plywood industry, that being construction uses. The quality of the products from Indonesia compare favorably with that of the U.S. hardwood plywood products. However, the range of softwood plywood products available from Indonesia and other foreign sources, with the exception of Canada, is smaller than in the United States.

V. Position of interested parties

Support.--The Government of Indonesia (GOI) supports the redesignation of agathis plywood as eligible for GSP treatment. The GOI states in their brief that agathis is scarce and the distribution of growth is very limited, hence agathis plywood production is very limited, representing just additional production to their total hardwood plywood production. The GOI also states that agathis plywood is not sold to domestic markets, but only to the U.S. market[1].

[1]The staff of the Commission notes that Japanese trade statistics verify the importation of softwood plywood from Indonesia into Japan. Such plywood is believed to be made from agathis and, to a lesser extent, from plantation grown pine species. The staff of the Commission therefore has reason to believe that sufficient other markets for agathis plywood exist, other than in the United States.

[Probable economic effect advice deleted]

Table I.

Digest No.
44121940

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

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Indonesia........ | 1,258 | 2,729 | 7,255 | 12,250 | 8,401 |
| Mexico........... | 1,763 | 183 | 3,448 | 3,883 | 3,792 |
| Philippines...... | 1,873 | 2,544 | 1,996 | 1,704 | 831 |
| Canada........... | 637 | 394 | 567 | 848 | 527 |
| Brazil........... | 588 | 1,457 | 2,736 | 820 | 348 |
| Korea............ | 146 | 29 | 0 | 40 | 172 |
| Taiwan........... | 505 | 387 | 1,307 | 748 | 88 |
| Singapore........ | 0 | 10 | 17 | 20 | 81 |
| United Kingdom... | 24 | 17 | 33 | 28 | 49 |
| West Germany..... | 2 | 3 | 5 | 36 | 15 |
| Austria.......... | 1 | 1/ | 1 | 1/ | 4 |
| Italy............ | 0 | 23 | 20 | 1/ | 3 |
| Switzerland...... | 0 | 0 | 0 | 0 | 3 |
| Spain............ | 0 | 0 | 0 | 2 | 3 |
| Japan............ | 0 | 1 | 3 | 6 | 1 |
| All other........ | 81 | 380 | 525 | 806 | 1 |
| Total.......... | 6,879 | 8,157 | 17,912 | 21,192 | 14,319 |
| GSP Total 2/.. | 5,541 | 7,232 | 15,916 | 19,462 | 13,372 |
| GSP+4 2/...... | 6,192 | 7,707 | 17,257 | 20,271 | 13,714 |
| | Percent | | | | |
| Indonesia........ | 18.3 | 33.5 | 40.5 | 57.8 | 58.7 |
| Mexico........... | 25.6 | 2.2 | 19.2 | 18.3 | 26.5 |
| Philippines...... | 27.2 | 31.2 | 11.1 | 8.0 | 5.8 |
| Canada........... | 9.3 | 4.8 | 3.2 | 4.0 | 3.7 |
| Brazil........... | 8.6 | 17.9 | 15.3 | 3.9 | 2.4 |
| Korea............ | 2.1 | .4 | .0 | .2 | 1.2 |
| Taiwan........... | 7.3 | 4.7 | 7.3 | 3.5 | .6 |
| Singapore........ | .0 | .1 | .1 | .1 | .6 |
| United Kingdom... | .4 | .2 | .2 | .1 | .3 |
| West Germany..... | 1/ | 1/ | 1/ | .2 | .1 |
| Austria.......... | 1/ | 1/ | 1/ | 1/ | 1/ |
| Italy............ | .0 | .3 | .1 | 1/ | 1/ |
| Switzerland...... | .0 | .0 | .0 | .0 | 1/ |
| Spain............ | .0 | .0 | .0 | 1/ | 1/ |
| Japan............ | .0 | 1/ | 1/ | 1/ | 1/ |
| All other........ | 1.2 | 4.7 | 2.9 | 3.8 | 1/ |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 80.6 | 88.7 | 88.9 | 91.8 | 93.4 |
| GSP+4 2/...... | 90.0 | 94.5 | 96.3 | 95.7 | 95.8 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
44121940

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

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| United Kingdom... | 13,858 | 8,643 | 14,157 | 31,946 | 35,359 |
| Belgium.......... | 5,465 | 5,694 | 8,401 | 12,768 | 26,216 |
| Netherlands...... | 7,409 | 7,720 | 13,899 | 15,486 | 16,576 |
| Denmark.......... | 6,171 | 4,741 | 11,071 | 12,207 | 11,955 |
| Canada........... | 3,146 | 2,899 | 12,563 | 12,063 | 10,010 |
| West Germany..... | 1,826 | 2,259 | 3,985 | 4,453 | 7,180 |
| Italy............ | 353 | 117 | 715 | 1,578 | 2,902 |
| Iraq............. | 0 | 0 | 0 | 0 | 2,742 |
| Mexico........... | 2,393 | 3,476 | 910 | 1,573 | 2,460 |
| Japan............ | 1,200 | 1,052 | 1,353 | 1,805 | 2,216 |
| Netherlands Ant.. | 0 | 0 | 0 | 0 | 2,090 |
| Dominican Rep.... | 347 | 367 | 907 | 1,646 | 1,702 |
| Ireland.......... | 366 | 348 | 1,261 | 1,501 | 1,653 |
| Sweden........... | 181 | 68 | 83 | 1,096 | 1,634 |
| Bahamas.......... | 1,612 | 1,408 | 1,540 | 1,169 | 1,617 |
| All other........ | 7,587 | 6,339 | 7,943 | 8,122 | 10,396 |
| Total......... | 51,916 | 45,132 | 78,788 | 107,414 | 136,710 |
| GSP Total 1/.. | 9,620 | 10,160 | 9,185 | 10,677 | 15,778 |
| GSP+4 1/...... | 9,718 | 10,246 | 10,217 | 11,073 | 16,986 |
| | Percent | | | | |
| United Kingdom... | 26.7 | 19.2 | 18.0 | 29.7 | 25.9 |
| Belgium.......... | 10.5 | 12.6 | 10.7 | 11.9 | 19.2 |
| Netherlands...... | 14.3 | 17.1 | 17.6 | 14.4 | 12.1 |
| Denmark.......... | 11.9 | 10.5 | 14.1 | 11.4 | 8.7 |
| Canada........... | 6.1 | 6.4 | 15.9 | 11.2 | 7.3 |
| West Germany..... | 3.5 | 5.0 | 5.1 | 4.1 | 5.3 |
| Italy............ | .7 | .3 | .9 | 1.5 | 2.1 |
| Iraq............. | .0 | .0 | .0 | .0 | 2.0 |
| Mexico........... | 4.6 | 7.7 | 1.2 | 1.5 | 1.8 |
| Japan............ | 2.3 | 2.3 | 1.7 | 1.7 | 1.6 |
| Netherlands Ant.. | .0 | .0 | .0 | .0 | 1.5 |
| Dominican Rep.... | .7 | .8 | 1.2 | 1.5 | 1.2 |
| Ireland.......... | .7 | .8 | 1.6 | 1.4 | 1.2 |
| Sweden........... | .3 | .2 | .1 | 1.0 | 1.2 |
| Bahamas.......... | 3.1 | 3.1 | 2.0 | 1.1 | 1.2 |
| All other........ | 14.6 | 14.0 | 10.1 | 7.6 | 7.6 |
| Total......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 18.5 | 22.5 | 11.7 | 9.9 | 11.5 |
| GSP+4 1/...... | 18.7 | 22.7 | 13.0 | 10.3 | 12.4 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 4823.90.65

CERTAIN PAPER ARTICLES

Digest No.
4823.90.65

Certain Paper Articles

I. Introduction

Certain paper articles: Harmonized Tariff Schedule subheading; U.S. col. 1 rate of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 4823.90.65 | 5.6% | Yes | 9,522 | Mexico | 313 | [***] |

Description and uses.— The articles covered under this digest are classified under a "super" basket category near the end of HTS chapter 48 (Paper and Paperboard, and Articles Thereof). Headnote 4823 is the last major heading in chapter 48, and it is the major basket category for all of Chapter 48. Furthermore, there are three subheading lines between HTS heading 4823.90 and HTS heading 4823.90.65 that are labeled "other". HTS heading 4823.90.65 is also labeled "other" under a subheading that is labeled "of coated paper or paperboard". [

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II. U.S. market profile[1]

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

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | (3) | (3) | (3) | (3) | (3) | (3) |
| Employment (1,000 employees) | (3) | (3) | (3) | (3) | (3) | (3) |
| Shipments (million dollars) | **282 | **328 | **343 | **381 | **435 | **11.4 |
| Exports (million dollars) | 16 | 15 | 15 | 19 | 23 | 9.7 |
| Imports (million dollars)[4] | 47 | 55 | 58 | 64 | 73 | 11.6 |
| Consumption (million dollars) | **313 | **368 | **386 | **426 | **485 | **11.6 |
| Import to consumption ratio (percent) | **15 | **15 | **15 | **15 | **15 | (3) |
| Capacity utilization (percent) | **93 | **92 | **93 | **95 | **95 | **0.5 |

[1] Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2] This figure represents the average annual rate of change during 1984-1988.
[3] Not available.
[4] [

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Comment.-- To date, the actual 1989 HTS import figures are much lower than the 1984-1988 derived import figures. [

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In 1989, the imports entering under HTS 4823.90.65 appeared to be a very heterogenous mix of articles. [

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III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total[2] | 9,522 | 100 | - | **15 |
| Imports from GSP countries: | | | | |
| Total | 484 | 5 | 100 | **1 |
| Mexico | 313 | 3 | 65 | **1 |
| Malaysia | 101 | 1 | 21 | **([3]) |
| Philippines | 32 | ([3]) | 7 | **([3]) |
| Mauritius | 19 | ([3]) | 4 | **([3]) |

[1] Import-to-consumption ratios based on 1988 data.
[2] [

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[3] Less than 0.5 percent.

Comment.-- In 1989, imports from Mexico did not receive GSP treatment. Mauritius and Haiti, respectively, exported to the United States $8,000 and $3,000 that failed to receive GSP treatment. Imports from all other GSP beneficiary countries, including $11,000 of imports from Mauritius, did receive GSP treatment during 1989.

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## IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 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 __ 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 | 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.—In January-September 1989, Mexico was the eighth leading supply source under this HTS subheading. However, using the derived statistics for 1984-88, based on HTS\TSUS conversion, Mexico becomes the leading supplier accounting for about 83 percent of 1988 derived imports. [

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## V. Position of interested parties

Support.— The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty-free.

The National Chamber for the Pulp and Paper Industries of Mexico (CNICP) stated their interest in this HTS subheading. However, additional information on CNICP's position is not available.

Opposition.— TeknaMed Corporation is opposed to granting GSP treatment for this and three other HTS subheadings. TeknaMed believes that the articles entering under this HTS subheading would be some of the same articles that entered under TSUS item 256.8780 (articles of paper, nspf, other, of coated papers, other, other). The articles that actually entered under this potentially broad TSUS basket category during 1984-88, consisted almost entirely of disposable hospital apparel, footwear, surgical hoods, nurse caps, hospital bed drapes, and other similar articles.

TeknaMed believes that they cannot compete with four larger U.S. companies that import disposable apparel and similar articles if the larger companies are granted even more favorable tariff treatment beyond the already favorable treatment currently granted under HTS subheading 9802.0080 (the HTS equivalent of TSUS item 807). TeknaMed states that if these larger companies were granted duty-exemption under GSP, TeknaMed (and other small companies) would be driven out of the market.

[Probable economic effect advice deleted]

Table I.

Digest No.
48239065

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

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Mexico........... | 38,581 | 45,375 | 47,164 | 56,109 | 60,697 |
| Dominican Rep.... | 3,108 | 4,249 | 4,759 | 1,177 | 3,509 |
| Haiti............ | 1,320 | 1,069 | 461 | 698 | 1,752 |
| Canada........... | 1,292 | 1,535 | 1,839 | 1,834 | 1,630 |
| Japan............ | 757 | 1,142 | 1,151 | 1,037 | 1,450 |
| West Germany..... | 571 | 623 | 855 | 953 | 1,000 |
| Sweden........... | 17 | 38 | 39 | 442 | 778 |
| United Kingdom... | 177 | 190 | 292 | 423 | 501 |
| Taiwan........... | 252 | 477 | 437 | 310 | 395 |
| Brazil........... | 126 | 83 | 107 | 128 | 208 |
| Finland.......... | 89 | 24 | 113 | 246 | 172 |
| Hong Kong........ | 81 | 77 | 91 | 110 | 135 |
| Korea............ | 25 | 28 | 44 | 72 | 129 |
| China............ | 21 | 10 | 21 | 43 | 102 |
| Switzerland...... | 186 | 82 | 100 | 84 | 72 |
| All other........ | 298 | 241 | 428 | 314 | 251 |
| Total.......... | 46,901 | 55,243 | 57,899 | 63,980 | 72,781 |
| GSP Total 2/.. | 43,205 | 50,817 | 52,649 | 58,177 | 66,206 |
| GSP+4 2/...... | 43,567 | 51,399 | 53,226 | 58,672 | 66,891 |
| | Percent | | | | |
| Mexico........... | 82.3 | 82.1 | 81.5 | 87.7 | 83.4 |
| Dominican Rep.... | 6.6 | 7.7 | 8.2 | 1.8 | 4.8 |
| Haiti............ | 2.8 | 1.9 | .8 | 1.1 | 2.4 |
| Canada........... | 2.8 | 2.8 | 3.2 | 2.9 | 2.2 |
| Japan............ | 1.6 | 2.1 | 2.0 | 1.6 | 2.0 |
| West Germany..... | 1.2 | 1.1 | 1.5 | 1.5 | 1.4 |
| Sweden........... | 1/ | .1 | .1 | .7 | 1.1 |
| United Kingdom... | .4 | .3 | .5 | .7 | .7 |
| Taiwan........... | .5 | .9 | .8 | .5 | .5 |
| Brazil........... | .3 | .2 | .2 | .2 | .3 |
| Finland.......... | .2 | 1/ | .2 | .4 | .2 |
| Hong Kong........ | .2 | .1 | .2 | .2 | .2 |
| Korea............ | .1 | .1 | .1 | .1 | .2 |
| China............ | 1/ | 1/ | 1/ | .1 | .1 |
| Switzerland...... | .4 | .1 | .2 | .1 | .1 |
| All other........ | .6 | .4 | .7 | .5 | .3 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 92.1 | 92.0 | 90.9 | 90.9 | 91.0 |
| GSP+4 2/...... | 92.9 | 93.0 | 91.9 | 91.7 | 91.9 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
48239065

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

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Mexico.......... | 9,250 | 9,758 | 8,609 | 10,064 | 11,839 |
| Canada.......... | 2,088 | 2,025 | 2,320 | 3,495 | 4,788 |
| United Kingdom... | 455 | 373 | 516 | 542 | 701 |
| Japan........... | 193 | 370 | 317 | 314 | 458 |
| Australia........ | 267 | 248 | 321 | 346 | 433 |
| West Germany..... | 395 | 201 | 172 | 307 | 345 |
| Netherlands...... | 133 | 96 | 62 | 138 | 326 |
| China........... | 6 | 3 | 94 | 34 | 284 |
| Venezuela........ | 137 | 147 | 187 | 372 | 255 |
| Taiwan.......... | 51 | 65 | 103 | 139 | 228 |
| Italy........... | 22 | 45 | 64 | 100 | 214 |
| France.......... | 192 | 161 | 195 | 216 | 211 |
| Saudi Arabia..... | 458 | 159 | 103 | 78 | 176 |
| Hong Kong........ | 71 | 46 | 125 | 108 | 142 |
| Colombia......... | 61 | 46 | 69 | 88 | 131 |
| All other........ | 1,790 | 1,534 | 1,682 | 2,449 | 1,980 |
| Total.......... | 15,569 | 15,278 | 14,940 | 18,791 | 22,511 |
| GSP Total 2/.. | 10,565 | 11,016 | 9,954 | 12,378 | 13,461 |
| GSP+4 2/...... | 10,804 | 11,228 | 10,277 | 12,792 | 14,040 |
| | Percent | | | | |
| Mexico.......... | 59.4 | 63.9 | 57.6 | 53.6 | 52.6 |
| Canada.......... | 13.4 | 13.3 | 15.5 | 18.6 | 21.3 |
| United Kingdom... | 2.9 | 2.4 | 3.5 | 2.9 | 3.1 |
| Japan........... | 1.2 | 2.4 | 2.1 | 1.7 | 2.0 |
| Australia........ | 1.7 | 1.6 | 2.1 | 1.8 | 1.9 |
| West Germany..... | 2.5 | 1.3 | 1.2 | 1.6 | 1.5 |
| Netherlands...... | .9 | .6 | .4 | .7 | 1.4 |
| China........... | 1/ | 1/ | .6 | .2 | 1.3 |
| Venezuela........ | .9 | 1.0 | 1.3 | 2.0 | 1.1 |
| Taiwan.......... | .3 | .4 | .7 | .7 | 1.0 |
| Italy........... | .1 | .3 | .4 | .5 | 1.0 |
| France.......... | 1.2 | 1.1 | 1.3 | 1.2 | .9 |
| Saudi Arabia..... | 2.9 | 1.0 | .7 | .4 | .8 |
| Hong Kong........ | .5 | .3 | .8 | .6 | .6 |
| Colombia......... | .4 | .3 | .5 | .5 | .6 |
| All other........ | 11.5 | 10.0 | 11.3 | 13.0 | 8.8 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 67.9 | 72.1 | 66.6 | 65.9 | 59.8 |
| GSP+4 2/...... | 69.4 | 73.5 | 68.8 | 68.1 | 62.4 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 5208.31.20

HAND-LOOMED PLAIN WEAVE COTTON FABRICS

## Hand-loomed Plain Weave Cotton Fabrics[1]

### I. Introduction

Hand-loomed plain weave cotton fabrics: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 5208.31.20 | 6% | No | 1,195 | India | 1,195 | [***] |
| 5208.32.10 | 6% | No | 706 | India | 655 | [***] |
| 5208.41.20 | 6% | No | 5,084 | India | 5,069 | [***] |
| 5208.42.10 | 6% | No | 2,305 | India | 2,273 | [***] |
| 5208.51.20 | 6% | No | 112 | India | 107 | [***] |
| 5208.52.10 | 6% | No | 323 | India | 61 | [***] |

Description and uses.—This digest consists of hand-loomed cotton broadwoven fabrics that weigh less than 200 g/m2. These fabrics must be certified as "hand-loomed" by an official of the government of the country where the products are produced, prior to being imported into the United States. Certified goods from developing countries are usually not subject to U.S. import quotas. Hand-loomed fabrics generally have a larger number of imperfections than machine-woven fabrics, but compete in the market with low quality, low-cost imported machine-made fabrics and some moderately-priced 100-percent cotton U.S. yarn-dyed fabrics. Hand-loomed cotton fabrics are used for apparel, such as blouses and skirts, and homefurnishings, such as tablecloths and lightweight bedspreads.

[1] This digest includes the following HTS subheadings: 5208.31.20, 5208.32.10, 5208.41.20, 5208.42.10, 5208.51.20, and 5208.52.10.

II. U.S. market profile[1]

Profile of U.S. industry and market, 1984-88[2]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[3] |
|---|---|---|---|---|---|---|
| Producers (number) | ([1]) | ([1]) | ([1]) | ([1]) | ([1]) | - |
| Employment (1,000 employees) | ([1]) | ([1]) | ([1]) | ([1]) | ([1]) | - |
| Shipments (1,000 dollars) | ([1]) | ([1]) | ([1]) | ([1]) | ([1]) | - |
| Exports (1,000 dollars) | ([4]) | ([4]) | ([4]) | ([4]) | ([4]) | - |
| Imports (1,000 dollars) | 12,806 | 17,284 | 12,353 | 13,494 | 20,294 | 12 |
| Consumption (1,000 dollars) | 12,806 | 17,284 | 12,353 | 13,494 | 20,294 | 12 |
| Import to consumption ratio (percent) | 100 | 100 | 100 | 100 | 100 | - |
| Capacity utilization (percent) | ([1]) | ([1]) | ([1]) | ([1]) | ([1]) | - |

[1] No U.S. production in commercial quantities.
[2] Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see volume I, "Presentation of Probable Economic Effect Advice", p.5.
[3] This figure represents the average annual rate of change during 1984-1988.
[4] U.S. exports are believed to be negligible and to consist primarily of imported fabric that has been further processed in the United States before reexport.

Comment.—There is no significant commercial production of hand-loomed cotton fabrics in the United States. However, some cotton hand-loomed fabrics are produced in the United States by individuals for their own use or to sell as handicrafts. The domestically-produced fabrics differ considerably from most imported hand-loomed fabrics in that they are sold based on style and design and not price, unlike the imported fabrics for which price is a primary consideration.

Some imported hand-loomed fabrics compete with machine-made yarn-dyed fabrics sold at the low to mid range of the market. These hand-loomed fabrics, commonly known as "madras", are usually lower quality than the domestically-produced machine-made fabrics, but they are also sold at lower prices than the domestically-produced fabric. Demand for madras fabric is seasonal, since it is used mostly to produce lightweight summer apparel, and is dependent on fashion trends.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 9,724 | 100 | - | 100 |
| Imports from GSP countries: | | | | |
| Total | 9,596 | 99 | 100 | 99 |
| India | 9,359 | 96 | 98 | 98 |
| Guatemala | 195 | 2 | 2 | 1 |
| Indonesia | 19 | ([2]) | ([2]) | ([2]) |
| Malaysia | 14 | ([2]) | ([2]) | ([2]) |

[1]Import to consumption ratio based on 1988 data.
[2]Less than 0.5 percent.

IV. Competitiveness profiles[1]

Competitiveness indicators for India for all digest products

Ranking as a U.S. import supplier, January-September 1989................. 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 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 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 ___
Other foreign products....................................... Above ___ Equivalent ___ Below X
Quality compared with--
U.S. products................................................ Above ___ Equivalent ___ Below ___
Other foreign products....................................... Above ___ Equivalent ___ Below X

[1]No U.S. production in commercial quantities.

V. Position of interested parties

No statements were received either in support of or in opposition to the proposed modifications to the GSP considered in this digest.

[Probable economic effect advice deleted.]

Digest No.
52083120

Table I.

Digest Title: Hand-loomed plain weave cotton fabrics
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| India............ | 12,582 | 17,010 | 12,138 | 13,325 | 19,981 |
| Guatemala........ | 105 | 77 | 28 | 26 | 114 |
| Taiwan........... | 2 | 1 | 18 | 17 | 43 |
| Hungary.......... | 0 | 0 | 0 | 0 | 41 |
| United Kingdom... | 16 | 8 | 8 | 46 | 36 |
| Czechoslovakia... | 0 | 0 | 0 | 0 | 35 |
| Mexico........... | 8 | 1 | 4 | 10 | 21 |
| China............ | 0 | 0 | 0 | 0 | 7 |
| Hong Kong........ | 0 | 0 | 3 | 0 | 5 |
| Thailand......... | 1 | 0 | 0 | 1 | 3 |
| Canada........... | 0 | 0 | 0 | 0 | 2 |
| Portugal......... | 0 | 8 | 2 | 0 | 1 |
| Italy............ | 9 | 40 | 7 | 1 | 1 |
| France........... | 1 | 28 | 65 | 9 | 1 |
| Malaysia......... | 0 | 0 | 1 | 12 | 1 |
| All other........ | 83 | 111 | 80 | 48 | 2 |
| Total.......... | 12,806 | 17,284 | 12,353 | 13,494 | 20,294 |
| GSP Total 2/.. | 12,712 | 17,176 | 12,192 | 13,402 | 20,121 |
| GSP+4 2/...... | 12,714 | 17,179 | 12,213 | 13,419 | 20,169 |
| | Percent | | | | |
| India............ | 98.3 | 98.4 | 98.3 | 98.7 | 98.5 |
| Guatemala........ | .8 | .4 | .2 | .2 | .6 |
| Taiwan........... | 1/ | 1/ | .1 | .1 | .2 |
| Hungary.......... | .0 | .0 | .0 | .0 | .2 |
| United Kingdom... | .1 | 1/ | .1 | .3 | .2 |
| Czechoslovakia... | .0 | .0 | .0 | .0 | .2 |
| Mexico........... | .1 | 1/ | 1/ | .1 | .1 |
| China............ | .0 | .0 | .0 | .0 | 1/ |
| Hong Kong........ | .0 | .0 | 1/ | .0 | 1/ |
| Thailand......... | 1/ | .0 | .0 | 1/ | 1/ |
| Canada........... | .0 | .0 | .0 | .0 | 1/ |
| Portugal......... | .0 | 1/ | 1/ | .0 | 1/ |
| Italy............ | .1 | .2 | .1 | 1/ | 1/ |
| France........... | 1/ | .2 | .5 | .1 | 1/ |
| Malaysia......... | .0 | .0 | 1/ | .1 | 1/ |
| All other........ | .6 | .6 | .6 | .4 | 1/ |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 99.3 | 99.4 | 98.7 | 99.3 | 99.1 |
| GSP+4 2/...... | 99.3 | 99.4 | 98.9 | 99.4 | 99.4 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
52083120

Digest Title: Hand-loomed plain weave cotton fabrics
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada.......... | 510 | 395 | 476 | 434 | 515 |
| Italy........... | 12 | 65 | 328 | 339 | 371 |
| West Germany..... | 10 | 25 | 80 | 210 | 245 |
| United Kingdom... | 55 | 90 | 113 | 141 | 196 |
| Paraguay......... | 0 | 38 | 118 | 217 | 168 |
| Dominican Rep.... | 26 | 39 | 228 | 162 | 151 |
| Costa Rica....... | 40 | 53 | 53 | 56 | 97 |
| Australia........ | 78 | 43 | 43 | 48 | 84 |
| France........... | 17 | 27 | 104 | 55 | 83 |
| Mexico........... | 114 | 45 | 27 | 21 | 52 |
| Japan............ | 3 | 12 | 12 | 28 | 40 |
| Hong Kong........ | 38 | 41 | 46 | 71 | 34 |
| Jamaica.......... | 24 | 22 | 36 | 38 | 31 |
| Barbados......... | 15 | 3 | 10 | 35 | 28 |
| New Zealand...... | 20 | 9 | 6 | 26 | 24 |
| All other........ | 403 | 301 | 321 | 392 | 361 |
| Total.......... | 1,364 | 1,207 | 2,000 | 2,272 | 2,478 |
| GSP Total 1/.. | 498 | 358 | 682 | 759 | 699 |
| GSP+4 1/...... | 572 | 441 | 743 | 878 | 782 |
| | Percent | | | | |
| Canada.......... | 37.4 | 32.7 | 23.8 | 19.1 | 20.8 |
| Italy........... | .9 | 5.4 | 16.4 | 14.9 | 15.0 |
| West Germany..... | .7 | 2.0 | 4.0 | 9.2 | 9.9 |
| United Kingdom... | 4.0 | 7.4 | 5.7 | 6.2 | 7.9 |
| Paraguay......... | .0 | 3.1 | 5.9 | 9.5 | 6.8 |
| Dominican Rep.... | 1.9 | 3.2 | 11.4 | 7.1 | 6.1 |
| Costa Rica....... | 2.9 | 4.4 | 2.7 | 2.5 | 3.9 |
| Australia........ | 5.7 | 3.6 | 2.1 | 2.1 | 3.4 |
| France........... | 1.3 | 2.2 | 5.2 | 2.4 | 3.4 |
| Mexico........... | 8.4 | 3.8 | 1.4 | .9 | 2.1 |
| Japan............ | .2 | 1.0 | .6 | 1.3 | 1.6 |
| Hong Kong........ | 2.8 | 3.4 | 2.3 | 3.1 | 1.4 |
| Jamaica.......... | 1.7 | 1.8 | 1.8 | 1.7 | 1.3 |
| Barbados......... | 1.1 | .2 | .5 | 1.5 | 1.1 |
| New Zealand...... | 1.5 | .8 | .3 | 1.2 | 1.0 |
| All other........ | 29.6 | 24.9 | 16.0 | 17.3 | 14.6 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 36.5 | 29.6 | 34.1 | 33.4 | 28.2 |
| GSP+4 1/...... | 42.0 | 36.6 | 37.2 | 38.6 | 31.6 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 5607.30.20

TWINE, CORDAGE, ROPE, AND CABLE OF ABACA, ETC.

# Twine, Cordage, Rope, and Cable of Abaca, Etc.

## I. Introduction

Twine, cordage, rope, and cable of abaca, etc: Harmonized Tariff Schedule subheading; U.S. col. 1 rate of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 5607.30.20 | 6.8% | Yes | 2,815 | Mexico (R)[1] | 0 | [***] |

[1]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.

Description and uses.--Cordage is an assemblage of fiber or yarns, in approximately cylindrical form and of continuous length. Cordage of stranded construction (rope and cable) is composed of three or more strands, of two or more yarns each, whether or not containing a core. Cordage not of stranded construction (twine), which usually measures less than 48 centimeters (3/16 inches) in diameter, is composed of two or more yarns twisted together. Virtually all of the cordage covered in this digest is made from abaca or "manila hemp", a hard or leaf fiber. Abaca is not to be confused with "true hemp" which is a soft or bast (stem) fiber. Abaca cordage included in this digest measures under 1.88 centimeters (3/4 inches) in diameter and is used primarily by the agricultural, industrial, and marine industries for general tying purposes.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | *3 | *3 | *3 | *3 | *3 | - |
| Employment (1,000 employees) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) |
| Shipments (1,000 dollars) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) |
| Exports (1,000 dollars) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) |
| Imports (1,000 dollars) | 6,861 | 7,214 | 6,236 | 6,313 | 5,995 | -3 |
| Consumption (1,000 dollars) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) |
| Import to consumption ratio (percent) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) |
| Capacity utilization (percent) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p.5.
[2]This figure represents the average annual rate of change during 1984-1988.
[3]Not available.

Comment.--The domestic industry consists of three producers. The abaca fiber or yarn used is imported. Abaca cordage accounts for a minor share of the producers overall operation. These companies whose production of cordage consists mostly of manmade fibers, manufacture cordage in various types and sizes. Some of these producers manufacture products other than cordage and some purchase types and sizes of cordage they do not produce from other domestic producers or imported sources to supplement their line of merchandise. [

***

]U.S. exports of abaca cordage are nil or negligible.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 2,815 | 100 | - | ([2]) |
| Imports from GSP countries: | | | | |
| Total | 2,522 | 90 | 100 | ([2]) |
| Philippines | 2,507 | 89 | 99 | ([2]) |
| Ecuador | 6 | ([3]) | ([3]) | ([2]) |
| Bangladesh | 6 | ([3]) | ([3]) | ([2]) |
| Falkland Islands | 4 | ([3]) | ([3]) | ([2]) |
| Mexico | 0 | 0 | 0 | 0 |

[1]Import-to-consumption ratios based on 1988 data.
[2]Not availible, [ *** ]
[3]Less than 0.5 percent.

Comment.--Imports from GSP countries account for most of the U.S. imports [ *** ] of the cordage covered in this digest. The Philippines has traditionally been the main foreign source of abaca cordage, since it provides approximately 95 percent of the world's total output of abaca fiber. Other countries, including most GSP countries, except for Ecuador, must purchase their raw materials (abaca fiber and yarn) almost entirely from the Philippines. Although there have been no reported imports of abaca cordage from Mexico in 1989, Mexico has supplied a mininal amount of abaca cordage in the past.

## IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | (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 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 __ |

[1] No imports of digest products from Mexico during January-September 1989.

Comment.--Mexico's commercial production of abaca fiber is miminal. However, Mexico is the world's largest producer of henequen (hard fiber), which is very similar in characteristics and appearance to sisal, another major natural fiber utilized in cordage production. Abaca fiber grown in Mexico is generally more suitable for paper making purposes than producing cordage. The quality of Mexico's abaca cordage whether manufactured from imported or domestically produced fiber would be comparable in quality to other sources. Abaca cordage produced in Mexico is generally lower priced than that produced in the United States because of lower labor cost and greater availibility of the raw material.

## V. Position of interested parties

Support.--The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty-free.

[Probable economic effect advice deleted.]

Table I.

Digest No. 56073020

Digest Title: Twine, cordage, rope and cable of abaca, etc.
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Philippines...... | 4,009 | 4,204 | 3,314 | 3,349 | 3,510 |
| Mexico........... | 920 | 713 | 885 | 869 | 771 |
| Brazil........... | 618 | 556 | 508 | 819 | 638 |
| Portugal......... | 817 | 939 | 562 | 572 | 615 |
| Italy............ | 4 | 0 | 0 | 265 | 220 |
| Hong Kong........ | 0 | 1/ | 1/ | 1/ | 70 |
| Switzerland...... | 0 | 0 | 40 | 55 | 67 |
| Thailand......... | 15 | 47 | 14 | 11 | 31 |
| Canada........... | 319 | 444 | 671 | 284 | 15 |
| Taiwan........... | 24 | 49 | 47 | 21 | 14 |
| Pakistan......... | 5 | 0 | 0 | 0 | 10 |
| United Kingdom... | 1 | 31 | 88 | 31 | 9 |
| China............ | 39 | 29 | 1 | 2 | 8 |
| Malaysia......... | 0 | 0 | 0 | 0 | 6 |
| Bangladesh....... | 0 | 9 | 3 | 2 | 4 |
| All other........ | 90 | 194 | 103 | 32 | 7 |
| Total.......... | 6,861 | 7,214 | 6,236 | 6,313 | 5,995 |
| GSP Total 2/.. | 5,619 | 5,634 | 4,767 | 5,066 | 4,969 |
| GSP+4 2/...... | 5,656 | 5,684 | 4,815 | 5,088 | 5,054 |
| | Percent | | | | |
| Philippines...... | 58.4 | 58.3 | 53.1 | 53.0 | 58.5 |
| Mexico........... | 13.4 | 9.9 | 14.2 | 13.8 | 12.9 |
| Brazil........... | 9.0 | 7.7 | 8.1 | 13.0 | 10.6 |
| Portugal......... | 11.9 | 13.0 | 9.0 | 9.1 | 10.3 |
| Italy............ | .1 | .0 | .0 | 4.2 | 3.7 |
| Hong Kong........ | .0 | 1/ | 1/ | 1/ | 1.2 |
| Switzerland...... | .0 | .0 | .6 | .9 | 1.1 |
| Thailand......... | .2 | .7 | .2 | .2 | .5 |
| Canada........... | 4.7 | 6.1 | 10.8 | 4.5 | .2 |
| Taiwan........... | .4 | .7 | .7 | .3 | .2 |
| Pakistan......... | .1 | .0 | .0 | .0 | .2 |
| United Kingdom... | 1/ | .4 | 1.4 | .5 | .2 |
| China............ | .6 | .4 | 1/ | 1/ | .1 |
| Malaysia......... | .0 | .0 | .0 | .0 | .1 |
| Bangladesh....... | .0 | .1 | 1/ | 1/ | .1 |
| All other........ | 1.3 | 2.7 | 1.7 | .5 | .1 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 81.9 | 78.1 | 76.5 | 80.3 | 82.9 |
| GSP+4 2/...... | 82.4 | 78.8 | 77.2 | 80.6 | 84.3 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 6210.10.20

DISPOSABLE GARMENTS, DRAPES AND FOOTWEAR

# Disposable Garments, Drapes and Footwear[1]

## I. Introduction

Disposable garments, drapes and footwear: Harmonized Tariff Schedule subheading(s); U.S. col. 1 rate(s) of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 Total | From country to be reinstated Source | Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 6210.10.20 | 5.6% | Yes | 0 | Mexico | 0 | [***] |
| 6307.90.60 | 5.6% | Yes | 661 | Mexico | 661 | [***] |
| 6405.90.20 | 7.5% | Yes | 5,467 | Mexico | 4,883 | [***] |

Description and uses.--The disposable products covered in this digest are designed for use in hospitals, clinics, laboratories, or contaminated areas, such as where there is the potential for garment damage. The apparel and surgical drapes are limited to those made of fabrics formed on a base of paper or covered or lined with paper, whereas the footwear includes both the paper-based fabric and the nonwoven manmade-fiber fabric products. The products covered in this digest represent about two-thirds of the market for disposable apparel, drapes and footwear.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number)........................ | **20 | **20 | **20 | **20 | **20 | - |
| Employment (1,000 employees)............. | **1 | **1 | **1 | **1 | **1 | - |
| Shipments (1,000 dollars)................ | **45,200 | **46,600 | **48,000 | **49,500 | **51,000 | **3 |
| Exports (1,000 dollars).................. | 25,675 | 24,145 | 29,064 | 33,372 | 39,002 | 11 |
| Imports (1,000 dollars).................. | 31,809 | 35,628 | 36,419 | 39,576 | 43,855 | 8 |
| Consumption (1,000 dollars).............. | **51,334 | **58,083 | **55,355 | **55,704 | **55,858 | **2 |
| Import to consumption ratio (percent)..... | **62 | **61 | **66 | **71 | **79 | **6 |
| Capacity utilization (percent)........... | 80 | 80 | 80 | 80 | 80 | - |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p.5.
[2]This figure represents the average annual rate of change during 1984-1988.

Comment.--The domestic industry making disposable apparel, drapes and footwear, unlike the industries making other textile and apparel products, consists of a relatively small number of producers. The largest firms dominate the market and consist primarily of medical supply and paper product companies, which make a wide array of medical and/or highly advertised consumer-related products. Disposable footwear, along with disposable headwear (which is not covered by this digest), is also manufactured by several small producers making only these products.

Many U.S. producers, including all the largest firms, are heavily involved in production sharing offshore. They cut the paper-based fabric or the manmade-fiber fabric into parts in the United States and ship them to Mexico and, more recently, to several Caribbean Basin countries for assembly and subsequent return as finished products under HTS item 9802.00.80 (formerly TSUS item 807.00).

[1]This digest includes the following HTS subheadings: 6210.10.20, 6307.90.60 and 6405.90.20.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total........................ | 6,127 | 100 | - | **79 |
| Imports from GSP countries: | | | | |
| Total........................ | 5,797 | 95 | 100 | **72 |
| Mexico........................ | 5,544 | 91 | 96 | **65 |
| Dominican Republic............ | 107 | 2 | 2 | **4 |
| Thailand...................... | 142 | 2 | 2 | **2 |
| India......................... | 4 | (2) | (2) | **(2) |

[1]Import-to-consumption ratios based on 1988 data.
[2]Less than 0.5 percent.

Comment.--It is estimated that about three-quarters of the products covered in this digest are assembled in Mexican facilities owned by the U.S. medical supply and/or paper firms. An estimated 78 percent of the total value of imports based on 1988 trade entered duty free under HTS item 9802.00.80 (i.e., the value of the U.S. components).

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IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989................. | 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 _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 _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.--Disposable apparel and surgical drapes are standardized in terms of manufacturing processes and product features, and imported products are similar in quality and performance to the domestically produced products. Imports under HTS 9802.00.80 account for more than three-fourths of the U.S. market. The major domestic producers of disposable apparel have production facilities in Mexico that are basically extensions of the U.S. industry, and they most likely would not shift production to other countries.

V. Position of interested parties

Support.--The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general:

(1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty-free.

Opposition.--Kimberly-Clark Corporation opposes the reinstatement of GSP status for Mexico to subheadings 6210.10.20 and 6307.90.60. They state that because product classifications changed during the conversion from the TSUS to the HTS, it is premature to reinstate GSP status until more accurate import data can be obtained.

Also in opposition to granting GSP status to Mexico for subheadings 6210.10.20, 6307.90.60, and 6405.90.20, is TeknaMed Corporation of Columbus, Mississippi. They believe that their company, and other small U.S. manufacturers, users, and the consuming public would be adversely affected. TeknaMed contends that the cost savings to large importers if they obtain duty-free treatment would make it nearly impossible for domestic producers to compete. TeknaMed manufactures certain medical products in the Dominican Republic before shipping these items to the United States for further assembly, packaging or sterilization. TeknaMed's imports account for about one-third of their sales, whereas the large manufacturers that have facilities in Mexico, import nearly all their products.

[Probable economic effect advice deleted.]

Table I.

Digest No.
62101020

Digest Title: Disposable garments, drapes and footwear
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Mexico........... | 27,941 | 30,901 | 30,833 | 34,899 | 36,401 |
| Dominican Rep.... | 1,663 | 2,200 | 2,485 | 684 | 2,004 |
| Taiwan........... | 224 | 631 | 1,146 | 1,228 | 1,273 |
| Thailand......... | 1 | 0 | 90 | 704 | 1,094 |
| Haiti............ | 790 | 534 | 231 | 349 | 876 |
| Canada........... | 507 | 647 | 764 | 727 | 595 |
| Japan............ | 312 | 498 | 485 | 398 | 589 |
| Sweden........... | 6 | 8 | 4 | 208 | 369 |
| West Germany..... | 104 | 97 | 116 | 153 | 219 |
| China............ | 9 | 4 | 9 | 19 | 147 |
| Hong Kong........ | 32 | 24 | 49 | 47 | 101 |
| Korea............ | 7 | 9 | 30 | 50 | 47 |
| United Kingdom... | 30 | 13 | 16 | 16 | 25 |
| Switzerland...... | 79 | 22 | 25 | 23 | 24 |
| Philippines...... | 1/ | 0 | 0 | 0 | 23 |
| All other........ | 104 | 39 | 136 | 69 | 66 |
| Total.......... | 31,809 | 35,628 | 36,419 | 39,576 | 43,855 |
| GSP Total 2/.. | 30,413 | 33,642 | 33,728 | 36,679 | 40,406 |
| GSP+4 2/...... | 30,676 | 34,306 | 34,955 | 38,005 | 41,837 |
| | Percent | | | | |
| Mexico........... | 87.8 | 86.7 | 84.7 | 88.2 | 83.0 |
| Dominican Rep.... | 5.2 | 6.2 | 6.8 | 1.7 | 4.6 |
| Taiwan........... | .7 | 1.8 | 3.1 | 3.1 | 2.9 |
| Thailand......... | 1/ | .0 | .2 | 1.8 | 2.5 |
| Haiti............ | 2.5 | 1.5 | .6 | .9 | 2.0 |
| Canada........... | 1.6 | 1.8 | 2.1 | 1.8 | 1.4 |
| Japan............ | 1.0 | 1.4 | 1.3 | 1.0 | 1.3 |
| Sweden........... | 1/ | 1/ | 1/ | .5 | .8 |
| West Germany..... | .3 | .3 | .3 | .4 | .5 |
| China............ | 1/ | 1/ | 1/ | 1/ | .3 |
| Hong Kong........ | .1 | .1 | .1 | .1 | .2 |
| Korea............ | 1/ | 1/ | .1 | .1 | .1 |
| United Kingdom... | .1 | 1/ | 1/ | 1/ | .1 |
| Switzerland...... | .2 | .1 | .1 | .1 | .1 |
| Philippines...... | 1/ | .0 | .0 | .0 | .1 |
| All other........ | .3 | .1 | .4 | .2 | .1 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 95.6 | 94.4 | 92.6 | 92.7 | 92.1 |
| GSP+4 2/...... | 96.4 | 96.3 | 96.0 | 96.0 | 95.4 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
62101020

Digest Title: Disposable garments, drapes and footwear
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan............ | 5,511 | 4,912 | 5,665 | 5,558 | 7,572 |
| Belgium.......... | 3,442 | 3,303 | 5,559 | 5,298 | 6,767 |
| Canada........... | 3,160 | 3,567 | 4,153 | 4,696 | 5,433 |
| United Kingdom... | 2,003 | 1,839 | 1,956 | 3,319 | 3,408 |
| Mexico........... | 670 | 884 | 959 | 1,757 | 1,975 |
| Dominican Rep.... | 445 | 626 | 937 | 1,327 | 1,688 |
| West Germany..... | 1,434 | 936 | 1,133 | 1,341 | 1,240 |
| Italy............ | 1,003 | 1,202 | 1,184 | 1,340 | 1,160 |
| Korea............ | 335 | 372 | 798 | 903 | 1,081 |
| Australia........ | 917 | 1,124 | 1,130 | 902 | 923 |
| Hong Kong........ | 363 | 418 | 642 | 575 | 835 |
| Netherlands...... | 780 | 346 | 344 | 507 | 504 |
| France........... | 1,422 | 725 | 589 | 612 | 444 |
| Saudi Arabia..... | 293 | 256 | 140 | 187 | 411 |
| Taiwan........... | 181 | 295 | 665 | 476 | 372 |
| All other........ | 3,717 | 3,339 | 3,211 | 4,573 | 5,190 |
| Total.......... | 25,675 | 24,145 | 29,064 | 33,372 | 39,002 |
| GSP Total 1/.. | 3,333 | 3,770 | 4,022 | 6,138 | 6,914 |
| GSP+4 1/...... | 4,321 | 4,936 | 6,299 | 8,373 | 9,464 |
| | Percent | | | | |
| Japan............ | 21.5 | 20.3 | 19.5 | 16.7 | 19.4 |
| Belgium.......... | 13.4 | 13.7 | 19.1 | 15.9 | 17.3 |
| Canada........... | 12.3 | 14.8 | 14.3 | 14.1 | 13.9 |
| United Kingdom... | 7.8 | 7.6 | 6.7 | 9.9 | 8.7 |
| Mexico........... | 2.6 | 3.7 | 3.3 | 5.3 | 5.1 |
| Dominican Rep.... | 1.7 | 2.6 | 3.2 | 4.0 | 4.3 |
| West Germany..... | 5.6 | 3.9 | 3.9 | 4.0 | 3.2 |
| Italy............ | 3.9 | 5.0 | 4.1 | 4.0 | 3.0 |
| Korea............ | 1.3 | 1.5 | 2.7 | 2.7 | 2.8 |
| Australia........ | 3.6 | 4.7 | 3.9 | 2.7 | 2.4 |
| Hong Kong........ | 1.4 | 1.7 | 2.2 | 1.7 | 2.1 |
| Netherlands...... | 3.0 | 1.4 | 1.2 | 1.5 | 1.3 |
| France........... | 5.5 | 3.0 | 2.0 | 1.8 | 1.1 |
| Saudi Arabia..... | 1.1 | 1.1 | .5 | .6 | 1.1 |
| Taiwan........... | .7 | 1.2 | 2.3 | 1.4 | 1.0 |
| All other........ | 14.5 | 13.8 | 11.0 | 13.7 | 13.3 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 13.0 | 15.6 | 13.8 | 18.4 | 17.7 |
| GSP+4 1/...... | 16.8 | 20.4 | 21.7 | 25.1 | 24.3 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 6406.10.65

FOOTWEAR COMPONENTS

# Footwear Components[1]

## I. Introduction

Footwear components: Harmonized Tariff Schedule subheading(s); U.S. col. 1 rate(s) of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 6406.10.65 | 3.7% | Yes | 128,969 | Brazil (R)[1] | 20,614 | [***] |
| 6406.99.60 | 5% | Yes | 13,815 | Argentina | 4,891 | [***] |

[1]An (R) following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive need limit.

Description and uses.--This digest covers leather footwear components, specifically unlasted uppers and miscellaneous footwear parts. Unlasted uppers are assemblies of the various pieces and reinforcements that are used to cover and to support the top of the foot in the finished shoe. The upper is the most important part of the shoe since it is the highest cost component and contains most of the fashion and quality attributes of the finished shoe. The miscellaneous footwear parts in this digest include removable insoles, heel cushions and other similar articles.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | *222 | *173 | *96 | *75 | *75 | *-13 |
| Employment (thousand employees) | 115 | 100 | 93 | 89 | 87 | -2 |
| Shipments (million dollars) | (3) | (3) | (3) | (3) | (3) | (3) |
| Exports (million dollars) | 14 | 16 | 17 | 20 | 25 | 16 |
| Imports (million dollars) | 156 | 160 | 148 | 177 | 200 | 6 |
| Consumption (million dollars) | (3) | (3) | (3) | (3) | (3) | (3) |
| Import to consumption ratio (percent) | (3) | (3) | (3) | (3) | (3) | (3) |
| Capacity utilization (percent) | 70 | 73 | 68 | 69 | *72 | (4) |

[1] Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice," p. 5.
[2] This figure represents the average annual rate of change during 1984-88.
[3] Not available.
[4] Less than 0.5 percent.

Comment.--Although data are not available on U.S. production of the leather footwear components, a reasonably good indication of its trend can be obtained from an analysis of production

[1]This digest includes the following HTS subheadings: 6406.10.65, 6406.99.60.

data for finished leather footwear. An estimated 90 percent of U.S.-produced leather footwear is made with domestic components.

U.S. production of leather footwear continued its long-term decline during 1984-88, declining by an estimated 20 percent to an estimated 152 million pairs. U.S. consumption of such footwear declined by a smaller amount, 4 percent, reflecting an estimated 24-percent increase in imports of finished leather footwear. U.S. imports of footwear have grown rapidly in the last 10 years, and by 1989 imports had captured a little over 80 percent of the U.S. leather footwear market.

The most significant factor influencing the competitive position of U.S. and foreign producers is labor costs, which along with raw material costs, represent the bulk of manufacturing costs. Hourly compensation costs for production workers in the U.S. footwear industry are substantially higher than those in the major supplying countries. The significant differences in labor costs have forced a number of U.S. producers to import footwear and footwear parts to remain competitive in the market. U.S. footwear manufacturers are believed to now account for about 40 percent of all footwear imports. In general, U.S. producers have also developed market niches, improved quality, and emphasized nonprice factors such as customer service and warehousing to compete with imports.

## III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 142,784 | 100 | - | ([2]) |
| Imports from GSP countries: | | | | |
| Total | 121,366 | 85 | 100 | ([2]) |
| Dominican Republic | 47,548 | 33 | 39 | ([2]) |
| Brazil | 22,575 | 16 | 21 | ([2]) |
| Mexico | 18,185 | 13 | 15 | ([2]) |
| India | 13,437 | 9 | 11 | ([2]) |
| Argentina | 11,391 | 8 | 9 | ([1]) |

[1] Import to consumption ratio based on 1988 data.
[2] Not available.

Comment.--During 1984-88, the bulk of imported leather footwear components came from GSP countries. Imports from these countries increased at an average annual rate of 7 percent during the period.

## IV. Competitiveness profiles

Competitiveness indicators for Brazil[1]

| | |
| --- | --- |
| Ranking as a U.S. import supplier, January-September 1989 | 2 |
| **Price elasticity:** | |
| Can the U.S. purchaser easily shift among this and other suppliers? | Yes X |
| What is the price elasticity of U.S. demand? | High X |
| Can production in the country be easily expanded or contracted in the short term? | Yes X |
| Does the country have significant export markets besides the United States? | No X |
| Could exports from the country be readily redistributed among its foreign export markets? | Yes X |
| What is the price elasticity of import supply? | High X |
| **Price level compared with--** | |
| U.S. products | Below X |
| Other foreign products | Equivalent X |
| **Quality compared with--** | |
| U.S. products | Equivalent X |
| Other foreign products | Equivalent X |

[1] Profile applies only to the following HTS subheading for which advice is requested: 6406.10.65.

Comment.--Brazil is a major shoe producer, with most of its footwear output consisting of fashion-oriented leather branded shoes. U.S. imports of footwear components from Brazil are similar in quality, but lower in cost, compared with those produced in the United States. Nevertheless, an estimated 90 percent of the components consumed domestically are manufactured by U.S. footwear producers for captive use, which enables the firms to maintain greater control over production schedules and product quality, and provide better customer service. Aside from labor costs, raw material costs are also lower for Brazilian producers. Brazil, like some other developing countries which has an indigenous supply of cattlehides, uses export controls or taxes to restrict exports of these raw materials in order to encourage the growth of its own tanning and leather products industries. Export restrictions depress prices of hides within these developing countries, thereby lowering the cost of raw materials to the tanners and leather products producers. U.S. cattlehides, in contrast, are freely traded in world markets.

Competitiveness indicators for Argentina[1]

| | |
| --- | --- |
| Ranking as a U.S. import supplier, January-September 1989 | 4 |
| **Price elasticity:** | |
| Can the U.S. purchaser easily shift among this and other suppliers? | Yes X |
| What is the price elasticity of U.S. demand? | High X |
| Can production in the country be easily expanded or contracted in the short term? | Yes X |
| Does the country have significant export markets besides the United States? | No X |
| Could exports from the country be readily redistributed among its foreign export markets? | Yes X |
| What is the price elasticity of import supply? | High X |
| **Price level compared with--** | |
| U.S. products | Below X |
| Other foreign products | Equivalent X |
| **Quality compared with--** | |
| U.S. products | Equivalent X |
| Other foreign products | Equivalent X |

[1] Profile applies only to the following HTS subheading for which advice is requested: 6406.99.60.

Comment.--Argentina is a relatively small supplier of footwear components, which are comparable in quality but lower in cost than those produced domestically. Aside from lower labor costs, producers in Argentina also benefit from lower raw material costs. Argentina, which has an indigenous supply of cattlehides, uses export controls or taxes to restrict exports of these raw materials in order to encourage the growth of its own tanning and leather products industries. Export restrictions depress prices of hides in Argentina, thereby lowering the cost of raw materials to the tanners and leather products producers there. U.S. cattlehides, in contrast, are freely traded in world markets.

V. Position of interested parties

Opposition.-- The Leather Industries of America (LIA) is a nonprofit trade association representing the U.S. leather tanning industry and its suppliers. The LIA opposes the reinstatement of GSP status to Argentina (HTS 6406.99.60). LIA contends that market access restrictions imposed by Argentina have created substantial trade imbalances worldwide. According to LIA, these imbalances are responsible for a major increase in U.S. exports of hides, increased hide prices, increased competition from foreign leather and leather products and diminished export markets.

[Probable economic effect advice deleted.]

[Probable economic effect advice deleted.]

Table I.

Digest No.
64061065

Digest Title: Footware components
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Dominican Rep.... | 17,164 | 24,606 | 24,520 | 49,639 | 56,541 |
| India........... | 33,792 | 38,612 | 26,062 | 30,103 | 31,121 |
| Brazil.......... | 24,316 | 34,117 | 33,615 | 24,856 | 21,841 |
| Taiwan.......... | 12,476 | 15,212 | 17,663 | 14,506 | 18,936 |
| Argentina........ | 664 | 745 | 3,124 | 12,089 | 18,141 |
| Mexico.......... | 17,834 | 9,485 | 9,537 | 13,393 | 16,739 |
| Korea........... | 16,291 | 8,930 | 6,970 | 9,833 | 10,957 |
| Haiti........... | 25,804 | 16,949 | 14,790 | 7,206 | 8,954 |
| Ireland.......... | 2,408 | 3,408 | 3,669 | 4,857 | 3,132 |
| Italy........... | 1,483 | 1,954 | 1,965 | 3,420 | 2,960 |
| Thailand......... | 377 | 753 | 1,002 | 1,235 | 2,931 |
| Hong Kong........ | 370 | 435 | 152 | 393 | 1,817 |
| Canada.......... | 144 | 229 | 426 | 475 | 1,168 |
| China........... | 311 | 262 | 393 | 770 | 903 |
| Colombia......... | 473 | 516 | 1,306 | 1,027 | 750 |
| All other........ | 2,029 | 3,675 | 3,217 | 2,769 | 2,843 |
| Total.......... | 155,936 | 159,890 | 148,410 | 176,572 | 199,735 |
| GSP Total 1/.. | 121,314 | 128,118 | 115,761 | 141,133 | 158,356 |
| GSP+4 1/...... | 150,456 | 152,698 | 140,555 | 165,868 | 190,093 |
| | Percent | | | | |
| Dominican Rep.... | 11.0 | 15.4 | 16.5 | 28.1 | 28.3 |
| India........... | 21.7 | 24.1 | 17.6 | 17.0 | 15.6 |
| Brazil.......... | 15.6 | 21.3 | 22.6 | 14.1 | 10.9 |
| Taiwan.......... | 8.0 | 9.5 | 11.9 | 8.2 | 9.5 |
| Argentina........ | .4 | .5 | 2.1 | 6.8 | 9.1 |
| Mexico.......... | 11.4 | 5.9 | 6.4 | 7.6 | 8.4 |
| Korea........... | 10.4 | 5.6 | 4.7 | 5.6 | 5.5 |
| Haiti........... | 16.5 | 10.6 | 10.0 | 4.1 | 4.5 |
| Ireland.......... | 1.5 | 2.1 | 2.5 | 2.8 | 1.6 |
| Italy........... | 1.0 | 1.2 | 1.3 | 1.9 | 1.5 |
| Thailand......... | .2 | .5 | .7 | .7 | 1.5 |
| Hong Kong........ | .2 | .3 | .1 | .2 | .9 |
| Canada.......... | .1 | .1 | .3 | .3 | .6 |
| China........... | .2 | .2 | .3 | .4 | .5 |
| Colombia......... | .3 | .3 | .9 | .6 | .4 |
| All other........ | 1.3 | 2.3 | 2.2 | 1.6 | 1.4 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 77.8 | 80.1 | 78.0 | 79.9 | 79.3 |
| GSP+4 1/...... | 96.5 | 95.5 | 94.7 | 93.9 | 95.2 |

1/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
64061065

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

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Dominican Rep.... | 2,471 | 3,131 | 4,320 | 6,879 | 10,108 |
| Mexico........... | 4,224 | 4,733 | 4,859 | 4,599 | 4,952 |
| Korea............ | 635 | 418 | 634 | 1,045 | 1,325 |
| Canada........... | 808 | 903 | 1,178 | 1,164 | 1,258 |
| Brazil........... | 41 | 112 | 81 | 461 | 956 |
| El Salvador...... | 124 | 258 | 121 | 202 | 796 |
| Taiwan........... | 265 | 285 | 274 | 565 | 767 |
| Japan............ | 333 | 368 | 390 | 489 | 527 |
| Haiti............ | 2,849 | 3,069 | 1,848 | 1,123 | 403 |
| India............ | 301 | 230 | 450 | 444 | 381 |
| Hong Kong........ | 35 | 77 | 269 | 294 | 364 |
| Honduras......... | 104 | 92 | 200 | 180 | 272 |
| France........... | 42 | 55 | 58 | 126 | 213 |
| Italy............ | 61 | 46 | 79 | 65 | 173 |
| Israel........... | 6 | 26 | 99 | 88 | 172 |
| All other........ | 1,796 | 1,862 | 1,759 | 1,846 | 1,911 |
| Total.......... | 14,095 | 15,665 | 16,620 | 19,569 | 24,579 |
| GSP Total 2/.. | 11,148 | 12,586 | 12,793 | 14,917 | 19,131 |
| GSP+4 2/...... | 12,109 | 13,651 | 13,979 | 16,873 | 21,639 |
| | Percent | | | | |
| Dominican Rep.... | 17.5 | 20.0 | 26.0 | 35.2 | 41.1 |
| Mexico........... | 30.0 | 30.2 | 29.2 | 23.5 | 20.1 |
| Korea............ | 4.5 | 2.7 | 3.8 | 5.3 | 5.4 |
| Canada........... | 5.7 | 5.8 | 7.1 | 5.9 | 5.1 |
| Brazil........... | .3 | .7 | .5 | 2.4 | 3.9 |
| El Salvador...... | .9 | 1.6 | .7 | 1.0 | 3.2 |
| Taiwan........... | 1.9 | 1.8 | 1.7 | 2.9 | 3.1 |
| Japan............ | 2.4 | 2.3 | 2.3 | 2.5 | 2.1 |
| Haiti............ | 20.2 | 19.6 | 11.1 | 5.7 | 1.6 |
| India............ | 2.1 | 1.5 | 2.7 | 2.3 | 1.5 |
| Hong Kong........ | .3 | .5 | 1.6 | 1.5 | 1.5 |
| Honduras......... | .7 | .6 | 1.2 | .9 | 1.1 |
| France........... | .3 | .3 | .3 | .6 | .9 |
| Italy............ | .4 | .3 | .5 | .3 | .7 |
| Israel........... | 1/ | .2 | .6 | .4 | .7 |
| All other........ | 12.7 | 11.9 | 10.6 | 9.4 | 7.8 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 79.1 | 80.3 | 77.0 | 76.2 | 77.8 |
| GSP+4 2/...... | 85.9 | 87.1 | 84.1 | 86.2 | 88.0 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 6905.10.00

CERAMIC ROOFING TILES

Digest No.
6905.10.00

# Ceramic Roofing Tiles

## I. Introduction

Ceramic roofing tiles: Harmonized Tariff Schedule subheading; U.S. col. 1 rate of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 6905.10.00 | 13.5% | Yes | 8,838 | Mexico | 3,856 | [***] |

Description and uses.—Ceramic roofing tiles are flat or curved pieces of fired clay used as a roof covering. They are produced in different shapes and colors and may be unglazed or glazed, i.e., coated with a glassy material that makes a tile face impervious to moisture and imparts a decorative appearance. Unglazed tiles are predominant, with glazed tiles largely a special-order item.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | 9 | 9 | 9 | 9 | 9 | 0 |
| Employment (1,000 employees) | **1 | **1 | **1 | **1 | **1 | **0 |
| Shipments (1,000 dollars) | [***] | [***] | [***] | [***] | [***] | [***] |
| Exports (1,000 dollars) | 58 | 65 | 42 | 43 | 50 | -4 |
| Imports (1,000 dollars) | 6,723 | 8,710 | 8,794 | 7,198 | 7,652 | 3 |
| Consumption (1,000 dollars) | [***] | [***] | [***] | [***] | [***] | [***] |
| Import to consumption ratio (percent) | [***] | [***] | [***] | [***] | [***] | [***] |
| Capacity utilization (percent) | (4) | (4) | (4) | (4) | (4) | (4) |

[1] Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice," p. 5.
[2] This figure represents the average annual rate of change during 1984-1988.
[3] [ *** ]
[4] Not available.

Comment.—Ceramic roofing tiles are produced by 9 firms, with five plants located in California and two plants in both Ohio and Florida. Six of the production facilities produce only ceramic roofing tiles, while the remaining three plants also are engaged in the production of other clay construction products such as floor and wall tiles or pipe. U.S. demand for ceramic roofing tiles is concentrated in California and Florida, with California being the biggest market by a wide margin. Competition in the markets is focused on both imports and competitive materials such as concrete roofing tiles. Imports are typically of lower quality than U.S.-produced tiles and compete on the basis of price. Domestic producers attempt to overcome their price disadvantage by stressing quality, service, and dependability.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 8,838 | 100 | - | [***] |
| Imports from GSP countries: | | | | |
| Total | 7,355 | 83 | 100 | [***] |
| Mexico | 3,856 | 44 | 52 | [***] |
| Venezuela | 3,300 | 37 | 45 | [***] |
| El Salvador | 70 | 1 | 1 | [***] |
| Dominican Republic | 49 | 1 | 1 | [***] |

[1] Import-to-consumption ratios based on 1988 imports.
[2] [ *** ]

IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, January-September 1989................. 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 __ 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

V. Position of interested parties

Support.--The Goverment of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty-free.

[Probable economic effect advice deleted.]

Table I.

Digest No. 69051000

Digest Title: Ceramic roofing tiles
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Mexico........... | 3,884 | 4,126 | 2,994 | 2,448 | 2,451 |
| Japan............ | 772 | 1,155 | 1,042 | 1,583 | 1,966 |
| Venezuela........ | 316 | 1,343 | 1,775 | 1,026 | 1,089 |
| Spain............ | 398 | 652 | 637 | 364 | 389 |
| Italy............ | 106 | 105 | 522 | 254 | 343 |
| Taiwan........... | 174 | 116 | 261 | 322 | 288 |
| West Germany..... | 18 | 113 | 300 | 146 | 220 |
| Portugal......... | 271 | 242 | 344 | 134 | 150 |
| Sweden........... | 3 | 9 | 8 | 36 | 120 |
| France........... | 135 | 227 | 285 | 96 | 99 |
| Brazil........... | 1 | 86 | 33 | 55 | 80 |
| Dominican Rep.... | 199 | 98 | 70 | 55 | 74 |
| United Kingdom... | 55 | 51 | 71 | 56 | 65 |
| Thailand......... | 69 | 0 | 102 | 115 | 63 |
| Peru............. | 0 | 68 | 4 | 16 | 57 |
| All other........ | 322 | 320 | 345 | 493 | 199 |
| Total.......... | 6,723 | 8,710 | 8,794 | 7,198 | 7,652 |
| GSP Total 2/.. | 4,560 | 5,910 | 5,214 | 4,026 | 3,941 |
| GSP+4 2/...... | 4,753 | 6,039 | 5,481 | 4,391 | 4,245 |
| | Percent | | | | |
| Mexico........... | 57.8 | 47.4 | 34.1 | 34.0 | 32.0 |
| Japan............ | 11.5 | 13.3 | 11.8 | 22.0 | 25.7 |
| Venezuela........ | 4.7 | 15.4 | 20.2 | 14.2 | 14.2 |
| Spain............ | 5.9 | 7.5 | 7.2 | 5.1 | 5.1 |
| Italy............ | 1.6 | 1.2 | 5.9 | 3.5 | 4.5 |
| Taiwan........... | 2.6 | 1.3 | 3.0 | 4.5 | 3.8 |
| West Germany..... | .3 | 1.3 | 3.4 | 2.0 | 2.9 |
| Portugal......... | 4.0 | 2.8 | 3.9 | 1.9 | 2.0 |
| Sweden........... | 1/ | .1 | .1 | .5 | 1.6 |
| France........... | 2.0 | 2.6 | 3.2 | 1.3 | 1.3 |
| Brazil........... | 1/ | 1.0 | .4 | .8 | 1.0 |
| Dominican Rep.... | 3.0 | 1.1 | .8 | .8 | 1.0 |
| United Kingdom... | .8 | .6 | .8 | .8 | .9 |
| Thailand......... | 1.0 | .0 | 1.2 | 1.6 | .8 |
| Peru............. | .0 | .8 | 1/ | .2 | .7 |
| All other........ | 4.8 | 3.7 | 3.9 | 6.8 | 2.6 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 67.8 | 67.8 | 59.3 | 55.9 | 51.5 |
| GSP+4 2/...... | 70.7 | 69.3 | 62.3 | 61.0 | 55.5 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No. 69051000

Digest Title: Ceramic roofing tiles
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan............ | 2 | 4 | 4 | 9 | 10 |
| Canada........... | 4 | 6 | 4 | 6 | 7 |
| Panama........... | 15 | 16 | 3 | 5 | 4 |
| Finland.......... | 0 | 0 | 2 | 1/ | 3 |
| Korea............ | 1 | 6 | 7 | 4 | 3 |
| Antigua.......... | 0 | 0 | 0 | 0 | 3 |
| Ghana............ | 0 | 0 | 1 | 1/ | 2 |
| West Germany..... | 1 | 2 | 1/ | 1 | 2 |
| Netherlands Ant.. | 0 | 0 | 0 | 0 | 2 |
| United Kingdom... | 1/ | 2 | 1 | 1/ | 2 |
| Mexico........... | 1 | 8 | 6 | 8 | 2 |
| Kuwait........... | 2 | 0 | 1 | 1/ | 1 |
| Hong Kong........ | 1/ | 0 | 0 | 0 | 1 |
| Barbados......... | 1/ | 1/ | 1/ | 0 | 1 |
| Haiti............ | 2 | 1/ | 1/ | 1/ | 1 |
| All other........ | 31 | 21 | 13 | 9 | 7 |
| Total.......... | 58 | 65 | 42 | 43 | 50 |
| GSP Total 2/.. | 30 | 38 | 16 | 20 | 18 |
| GSP+4 2/...... | 32 | 44 | 23 | 24 | 23 |
| | Percent | | | | |
| Japan............ | 2.7 | 5.8 | 9.4 | 20.7 | 20.7 |
| Canada........... | 7.0 | 9.2 | 8.5 | 13.1 | 14.5 |
| Panama........... | 26.0 | 24.8 | 8.2 | 11.8 | 7.6 |
| Finland.......... | .0 | .0 | 4.1 | 1/ | 5.5 |
| Korea............ | 1.1 | 9.2 | 15.6 | 10.0 | 5.1 |
| Antigua.......... | .0 | .0 | .0 | .0 | 5.1 |
| Ghana............ | .0 | .0 | 3.1 | 1/ | 4.5 |
| West Germany..... | 2.2 | 3.7 | 1/ | 1.5 | 4.5 |
| Netherlands Ant.. | .0 | .0 | .0 | .0 | 3.5 |
| United Kingdom... | 1/ | 3.2 | 2.9 | 1/ | 3.4 |
| Mexico........... | 1.0 | 11.6 | 14.3 | 17.9 | 3.2 |
| Kuwait........... | 3.0 | .0 | 2.1 | 1/ | 2.9 |
| Hong Kong........ | 1/ | .0 | .0 | .0 | 2.1 |
| Barbados......... | 1/ | 1/ | 1/ | .0 | 2.1 |
| Haiti............ | 3.1 | 1/ | 1/ | 1/ | 1.1 |
| All other........ | 53.2 | 31.8 | 30.0 | 21.9 | 14.0 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 51.1 | 57.7 | 38.3 | 46.5 | 36.5 |
| GSP+4 2/...... | 54.1 | 67.3 | 54.1 | 56.4 | 45.1 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 6908.10.20

CERTAIN CERAMIC FLOOR AND WALL TILES

# Certain Ceramic Floor and Wall Tiles

## I. Introduction

Certain ceramic floor and wall tiles: Harmonized Tariff Schedule subheading; U.S. col. 1 rate of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 6908.10.20[1] | 20% | Yes | 17,242 | Thailand (R)[2] | 5,675 | [***] |

[1]Based on trade data for January-September 1989, it is estimated that Thailand may exceed the applicable competitive need limit for this subheading and may therefore become ineligible for GSP duty-free treatment.
[2]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.

Description and uses.--Ceramic floor and wall tiles are thin surfacing units composed primarily of shaped and fired mixtures of nonmetallic minerals. They are used as decorative veneers on floors and walls. This digest covers glazed tiles (tiles with a glassy coating) that are extremely small (more than 3229 tiles per square meter) and/or irregularly shaped, with the latter predominating.

## II. U.S. market profile[1]

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

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | *4 | *4 | *4 | *4 | *4 | *0 |
| Employment (1,000 employees) | (3) | (3) | (3) | (3) | (3) | (3) |
| Shipments (1,000 dollars) | (3) | (3) | (3) | (3) | (3) | (3) |
| Exports (1,000 dollars) | (3) | (3) | (3) | (3) | (3) | (3) |
| Imports (1,000 dollars) | 13,231 | 16,154 | 16,405 | 15,310 | 14,776 | 3 |
| Consumption (1,000 dollars) | (3) | (3) | (3) | (3) | (3) | (3) |
| Import to consumption ratio (percent) | (3) | (3) | (3) | (3) | (3) | (3) |
| Capacity utilization (percent) | (3) | (3) | (3) | (3) | (3) | (3) |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice," p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.
[3]Not available.

Comment.--There are believed to be four U.S. producers, with their production of these tiles representing only a small percentage of their tile output. There are no known U.S. producers of tiles with more than 3229 tiles per square meter; U.S. production is solely of the irregularly shaped variety. Competition in the U.S. market for such tiles is based on a number of factors. U.S. producers tend to do well in nonresidential markets and have competitive advantages over imports because of larger inventories, quicker delivery, and technical assistance. Imported tiles tend to do well in residential markets, having competitive advantages over domestic tiles in price and aesthetic appeal. Imported tiles are available in a wider range of sizes, shapes, colors, and surface decorations than domestic tiles. Imports compete with each other primarily on the basis of price and aesthetic qualities.

These tiles were not a significant item of commerce until they were made eligible for duty-free treatment under the GSP. Imports of these tiles increased from about 300,000 square meters annually before GSP eligibility to a high of 3 million square meters in 1986. Some of this growth most likely was an attempt by certain foreign producers to modify their products to take advantage of product eligibility under GSP provisions, but some of the growth reflected a change in consumer preference, since many of the imports came from countries not eligible for GSP treatment.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 17,242 | 100 | - | ([2]) |
| Imports from GSP countries: | | | | |
| Total | 7,324 | 42 | 100 | ([2]) |
| Thailand | 5,675[3] | 33 | 77 | ([2]) |
| Brazil | 716 | 4 | 10 | ([2]) |
| Mexico | 320 | 2 | 4 | ([2]) |
| Malaysia | 226 | 1 | 3 | ([2]) |

[1]Import-to-consumption ratios based on 1988 data.
[2]Not available.
[3]Imports from Thailand did not lose their GSP eligibility until July 1, 1989, and dutiable imports from Thailand represent only 33 percent of this figure.

IV. Competitiveness profiles

Competitiveness indicators for Thailand for all digest products

Ranking as a U.S. import supplier, January-September 1989................. 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 __ Below x
Quality compared with—
U.S. products.............................................. Above __ Equivalent x Below __
Other foreign products.................................... Above __ Equivalent x Below __

Comment.—Consumers are willing to pay somewhat higher prices for domestic products because of the competitive advantages of U.S. producers in the availability of tiles and technical assistance.

V. Position of interested parties

Opposition.—The Tile Council of America, Inc. (TCA), an association of domestic producers of ceramic floor and wall tiles, is opposed to the redesignation of imports from Thailand under HTS subheadings 6908.10.20 to GSP eligibility because of what they consider Thailand's past abuse of the GSP program and the likelihood that such abuse would recur if the United States once again permitted duty-free treatment for such imports under the GSP program. TCA believes that Thailand's past abuse of the GSP program consisted of evading tariffs by shifting its output of tiles from the dutiable glazed mosaic category under HTS subheading 6908.10.10 into the duty-free GSP category under HTS subheading 6908.10.20.

[Probable economic effect advice deleted.]

Table I.

Digest No. 69081020

Digest Title: Certain ceramic floor and wall tiles
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan........... | 3,006 | 4,756 | 3,829 | 4,197 | 4,243 |
| Thailand......... | 2,323 | 2,930 | 3,287 | 2,999 | 4,022 |
| Korea........... | 3,840 | 2,757 | 3,159 | 2,327 | 3,302 |
| Canada........... | 1 | 5 | 27 | 666 | 1,275 |
| Taiwan........... | 3,471 | 4,690 | 4,663 | 4,169 | 941 |
| Brazil........... | 65 | 291 | 222 | 167 | 394 |
| Italy............ | 142 | 242 | 750 | 452 | 242 |
| Indonesia........ | 0 | 51 | 0 | 39 | 101 |
| Mexico........... | 3 | 0 | 4 | 0 | 60 |
| West Germany..... | 95 | 18 | 26 | 5 | 46 |
| Singapore........ | 11 | 21 | 34 | 0 | 32 |
| United Kingdom... | 0 | 5 | 50 | 37 | 29 |
| Belgium.......... | 0 | 0 | 0 | 3 | 29 |
| Sri Lanka........ | 0 | 0 | 0 | 19 | 21 |
| Turkey........... | 0 | 0 | 0 | 0 | 11 |
| All other........ | 275 | 388 | 356 | 233 | 27 |
| Total.......... | 13,231 | 16,154 | 16,405 | 15,310 | 14,776 |
| GSP Total 2/.. | 2,411 | 3,411 | 3,640 | 3,244 | 4,619 |
| GSP+4 2/...... | 9,755 | 10,917 | 11,507 | 9,835 | 8,894 |
| | Percent | | | | |
| Japan........... | 22.7 | 29.4 | 23.3 | 27.4 | 28.7 |
| Thailand......... | 17.6 | 18.1 | 20.0 | 19.6 | 27.2 |
| Korea........... | 29.0 | 17.1 | 19.3 | 15.2 | 22.3 |
| Canada........... | 1/ | 1/ | .2 | 4.3 | 8.6 |
| Taiwan........... | 26.2 | 29.0 | 28.4 | 27.2 | 6.4 |
| Brazil........... | .5 | 1.8 | 1.4 | 1.1 | 2.7 |
| Italy............ | 1.1 | 1.5 | 4.6 | 2.9 | 1.6 |
| Indonesia........ | .0 | .3 | .0 | .3 | .7 |
| Mexico........... | 1/ | .0 | 1/ | .0 | .4 |
| West Germany..... | .7 | .1 | .2 | 1/ | .3 |
| Singapore........ | .1 | .1 | .2 | .0 | .2 |
| United Kingdom... | .0 | 1/ | .3 | .2 | .2 |
| Belgium.......... | .0 | .0 | .0 | 1/ | .2 |
| Sri Lanka........ | .0 | .0 | .0 | .1 | .1 |
| Turkey........... | .0 | .0 | .0 | .0 | .1 |
| All other........ | 2.1 | 2.4 | 2.2 | 1.5 | .2 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 18.2 | 21.1 | 22.2 | 21.2 | 31.3 |
| GSP+4 2/...... | 73.7 | 67.6 | 70.1 | 64.2 | 60.2 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 6909.19.10

FERRITE CORE MEMORIES

# Ferrite Core Memories

## I. Introduction

Ferrite core memories: Harmonized Tariff Schedule subheading; U.S. col. 1 rate of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 Total | From country to be reinstated Source | Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 6909.19.10 | 3.9% | Yes | 16,380 | Mexico (R)[1] | 0 | [***] |

[1]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.

Description and uses.--Ferrite core memories are electromagnetic data storage components for computers. They are produced by weaving together individual electromagnetic data storage devices, i.e., ferrite cores, to form a memory grid of desired capacity. Ferrite core memories have largely been replaced by less expensive integrated circuits in computer applications.

## II. U.S. market profile[1]

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

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | (3) | (3) | (3) | (3) | (3) | (3) |
| Employment (1,000 employees) | (3) | (3) | (3) | (3) | (3) | (3) |
| Shipments (1,000 dollars) | (3) | (3) | (3) | (3) | (3) | (3) |
| Exports (1,000 dollars) | 1,535 | 702 | 3,731 | 10,524 | 12,212 | 68 |
| Imports (1,000 dollars) | 42,291 | 47,873 | 39,051 | 25,111 | 26,446 | -11 |
| Consumption (1,000 dollars) | (3) | (3) | (3) | (3) | (3) | (3) |
| Import to consumption ratio (percent) | (3) | (3) | (3) | (3) | (3) | (3) |
| Capacity utilization (percent) | (3) | (3) | (3) | (3) | (3) | (3) |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice," p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.
[3]Not available.

Comment.--Data are not separately reported for U.S. producers of ferrite core memories, but the U.S. industry and U.S. market are believed to be declining as integrated circuits replace ferrite core memories in computer markets. Articles assembled abroad from components produced in the United States represented 14 percent of imports in 1988.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 16,380 | 100 | - | ([2]) |
| Imports from GSP countries: | | | | |
| Total | 0 | 0 | 100 | ([2]) |

[1]Import-to-consumption ratios based on 1988 data.
[2]Not available.

IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | ([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 __ |

[1]There were no imports from Mexico during the period.

V. Position of interested parties

Support.--The Goverment of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty-free.

[Probable economic effect advice deleted.]

Table I.

Digest No. 69091910

Digest Title: Ferrite core memories
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada........... | 26 | 85 | 32 | 65 | 11,935 |
| Hong Kong........ | 24,133 | 34,586 | 26,445 | 11,989 | 7,971 |
| Japan............ | 4,158 | 3,538 | 1,507 | 2,343 | 2,619 |
| Taiwan........... | 4,688 | 3,174 | 7,375 | 10,159 | 1,990 |
| France........... | 31 | 0 | 0 | 230 | 1,328 |
| Korea............ | 3,480 | 5,098 | 1,843 | 55 | 445 |
| Malaysia......... | 0 | 0 | 0 | 0 | 60 |
| United Kingdom... | 45 | 58 | 99 | 94 | 36 |
| Mexico........... | 3,983 | 773 | 1,039 | 42 | 30 |
| Philippines...... | 0 | 0 | 374 | 93 | 16 |
| Switzerland...... | 0 | 13 | 48 | 0 | 11 |
| Singapore........ | 530 | 0 | 0 | 0 | 4 |
| West Germany..... | 49 | 13 | 108 | 18 | 1 |
| Montserrat....... | 0 | 0 | 2 | 0 | 0 |
| Dominica......... | 0 | 0 | 0 | 19 | 0 |
| All other........ | 1,168 | 534 | 177 | 3 | 0 |
| Total.......... | 42,291 | 47,873 | 39,051 | 25,111 | 26,446 |
| GSP Total 2/.. | 5,120 | 1,292 | 1,502 | 153 | 106 |
| GSP+4 2/...... | 37,951 | 44,150 | 37,165 | 22,357 | 10,516 |
| | Percent | | | | |
| Canada........... | .1 | .2 | .1 | .3 | 45.1 |
| Hong Kong........ | 57.1 | 72.2 | 67.7 | 47.7 | 30.1 |
| Japan............ | 9.8 | 7.4 | 3.9 | 9.3 | 9.9 |
| Taiwan........... | 11.1 | 6.6 | 18.9 | 40.5 | 7.5 |
| France........... | .1 | .0 | .0 | .9 | 5.0 |
| Korea............ | 8.2 | 10.6 | 4.7 | .2 | 1.7 |
| Malaysia......... | .0 | .0 | .0 | .0 | .2 |
| United Kingdom... | .1 | .1 | .3 | .4 | .1 |
| Mexico........... | 9.4 | 1.6 | 2.7 | .2 | .1 |
| Philippines...... | .0 | .0 | 1.0 | .4 | .1 |
| Switzerland...... | .0 | 1/ | .1 | .0 | 1/ |
| Singapore........ | 1.3 | .0 | .0 | .0 | 1/ |
| West Germany..... | .1 | 1/ | .3 | .1 | 1/ |
| Montserrat....... | .0 | .0 | 1/ | .0 | .0 |
| Dominica......... | .0 | .0 | .0 | .1 | .0 |
| All other........ | 2.8 | 1.1 | .5 | 1/ | .0 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 12.1 | 2.7 | 3.8 | .6 | .4 |
| GSP+4 2/...... | 89.7 | 92.2 | 95.2 | 89.0 | 39.8 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No. 69091910

Digest Title: Ferrite core memories

U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Philippines...... | 11 | 1 | 2,168 | 8,322 | 9,160 |
| Mexico........... | 244 | 77 | 722 | 711 | 1,182 |
| Korea............ | 15 | 40 | 19 | 58 | 481 |
| Taiwan........... | 140 | 62 | 134 | 257 | 313 |
| Hong Kong........ | 689 | 301 | 343 | 487 | 304 |
| Haiti............ | 42 | 85 | 163 | 373 | 237 |
| Japan............ | 82 | 32 | 28 | 262 | 197 |
| India............ | 0 | 0 | 1 | 0 | 88 |
| Canada........... | 16 | 7 | 1/ | 2 | 62 |
| Singapore........ | 148 | 0 | 20 | 8 | 59 |
| Switzerland...... | 0 | 1 | 0 | 0 | 32 |
| United Kingdom... | 103 | 50 | 4 | 6 | 26 |
| Brazil........... | 5 | 2 | 18 | 26 | 22 |
| West Germany..... | 13 | 30 | 5 | 4 | 15 |
| Denmark.......... | 0 | 0 | 0 | 0 | 5 |
| All other........ | 26 | 15 | 106 | 8 | 28 |
| Total.......... | 1,535 | 702 | 3,731 | 10,524 | 12,212 |
| GSP Total 2/.. | 322 | 179 | 3,094 | 9,436 | 10,704 |
| GSP+4 2/...... | 1,314 | 582 | 3,610 | 10,246 | 11,860 |
| | Percent | | | | |
| Philippines...... | .7 | .1 | 58.1 | 79.1 | 75.0 |
| Mexico........... | 15.9 | 11.0 | 19.3 | 6.8 | 9.7 |
| Korea............ | 1.0 | 5.7 | .5 | .5 | 3.9 |
| Taiwan........... | 9.1 | 8.8 | 3.6 | 2.4 | 2.6 |
| Hong Kong........ | 44.9 | 42.9 | 9.2 | 4.6 | 2.5 |
| Haiti............ | 2.7 | 12.1 | 4.4 | 3.5 | 1.9 |
| Japan............ | 5.3 | 4.6 | .8 | 2.5 | 1.6 |
| India............ | .0 | .0 | 1/ | .0 | .7 |
| Canada........... | 1.1 | 1.0 | 1/ | 1/ | .5 |
| Singapore........ | 9.6 | .0 | .5 | .1 | .5 |
| Switzerland...... | .0 | .1 | .0 | .0 | .3 |
| United Kingdom... | 6.7 | 7.2 | .1 | .1 | .2 |
| Brazil........... | .3 | .3 | .5 | .2 | .2 |
| West Germany..... | .8 | 4.3 | .1 | 1/ | .1 |
| Denmark.......... | .0 | .0 | .0 | .0 | 1/ |
| All other........ | 1.7 | 2.1 | 2.8 | .1 | .2 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 21.0 | 25.6 | 82.9 | 89.7 | 87.7 |
| GSP+4 2/...... | 85.6 | 82.9 | 96.8 | 97.4 | 97.1 |

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

2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 6910.10.00

CERAMIC SANITARY WARE

Digest No.
6910.10.00

# Ceramic Sanitary Ware[1]

## I. Introduction

Ceramic sanitary ware: Harmonized Tariff Schedule subheading; U.S. col. 1 rate of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 6910.10.00 | 7.2% | Yes | 51,924 | Brazil (R)[1] | 8,659 | [***] |
| | | | | Mexico | 20,223 | [***] |
| 6910.90.00 | 7.2% | Yes | 2,846 | Brazil (R)[1] | 185 | [***] |
| | | | | Mexico | 180 | [***] |

[1]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.

Description and uses.--Ceramic sanitary ware consists of plumbing fixtures such as lavatories, water closet bowls, and flush tanks. Ceramic materials are preferred for the production of sanitary ware because they can be readily formed into complex shapes to produce ware that is durable, easy to clean and maintain in aseptic condition, and resistant to the corrosive effects of both water and sewage.

## II. U.S. market profile[1]

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

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | 76 | 77 | 78 | 77 | *77 | *([3]) |
| Employment (1,000 employees) | 10 | 9 | 11 | 10 | *10 | *0 |
| Shipments (1,000 dollars) | 579,788 | 634,170 | 681,161 | 718,670 | 758,492 | 7 |
| Exports (1,000 dollars) | 12,940 | 13,163 | 11,737 | 14,340 | 27,533 | 21 |
| Imports (1,000 dollars) | 21,673 | 37,433 | 64,420 | 60,125 | 64,589 | 31 |
| Consumption (1,000 dollars) | 588,521 | 658,440 | 733,844 | 764,455 | 795,548 | 8 |
| Import to consumption ratio (percent) | 4 | 6 | 9 | 8 | 8 | 19 |
| Capacity utilization (percent) | 89 | 84 | 86 | *86 | *86 | *-1 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice," p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.
[3]Less than 0.5 percent.

Comment.--The production of ceramic sanitary ware is labor intensive, and significant innovations in production technology are only now beginning to appear. The labor-intensive nature of the product has not had a negative effect on the domestic industry until relatively recently because high shipping costs and breakage have been sufficient to discourage imports into the U.S. market. Shipping charges add almost 11 percent to the cost of imports, while the duty adds 7.2 percent.

[1]This digest includes the following HTS subheadings: 6910.10.00 and 6910.90.00.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 54,770 | 100 | - | 8 |
| Imports from GSP countries: | | | | |
| Total | 47,770 | 87 | 100 | 7 |
| Mexico | 20,403 | 37 | 43 | 3 |
| Brazil | 8,844 | 16 | 19 | 1 |
| Venezuela | 5,086 | 9 | 11 | 1 |
| Thailand | 2,478 | 5 | 5 | ([2]) |

[1] Import-to-consumption ratios based on 1988 data.
[2] Less than 0.5 percent.

IV. Competitiveness profiles

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, January-September 1989................. 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 __ Below x
Quality compared with--
U.S. products................................................ Above __ Equivalent x Below __
Other foreign products........................................ Above __ Equivalent x Below __

Comment.--Purchasers are willing to pay somewhat higher prices for domestic products because of faster and more dependable domestic delivery.

IV. Competitiveness profiles--Continued

Competitiveness indicators for Mexico for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 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 __ Below x |
| Other foreign products | Above x Equivalent __ Below __ |
| Quality compared with-- | |
| U.S. products | Above __ Equivalent x Below __ |
| Other foreign products | Above __ Equivalent x Below __ |

Comment.--Purchasers are willing to pay somewhat higher prices for domestic products because of faster and more dependable domestic delivery.

V. Position of interested parties

Support.--Fabricas Orion, S.A., Sanitarios Azteca, S.A., and Vitromex, S.A., Mexican producers and/or exporters of ceramic sanitary fixtures, support the redesignation of imports from Mexico under HTS subheadings 6910.10.00 and 6910.90.00 to GSP eligibility. They believe that imports from Mexico are too small to have an adverse impact on a healthy domestic industry. These firms believe that other factors should also be considered. Mexico has taken significant steps to open its markets, encourage foreign investment, and conform its international trading regime to international norms. The GSP program is important to the overall well-being of the Mexican economy and the attempt of the Mexican Government to extricate itself from its current economic problems. A strong Mexican economy is in the interest of the United States. The United States is the largest source of Mexican imports, and a strong Mexican economy translates into political stability. Increased employment opportunities in Mexico would help to alleviate the immigration problem that has long been an irritant between the United States and Mexico.

Santarios Azteca, a Mexican exporter of ceramic sanitary ware, also submitted a separate brief supporting the redesignation of imports from Mexico under HTS subheading 6910.10.00 to GSP eligibility. It believes that the redesignation will have a negligible impact on U.S. producers and will ultimately benefit U.S. consumers. Santarios Azteca states that U.S. producers are often unable to meet demand in the expanding U.S. market, and denial of redesignation will cause prices to artificially inflate due to the effects of a constricted market.

The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially, products from other countries which are already entering the United States duty-free.

Opposition.--Artesian Industries (Artesian), a U.S. producer of ceramic sanitary ware, is opposed to the redesignation of imports from Brazil and Mexico under HTS subheadings 6910.10.00 and 6910.90.00 to GSP eligibility. Artesian believes that redesignation "would provide an unnecessary windfall to strong competitors who are already enjoying substantial success in the U.S. market." Artesian competes with imports from Brazil and Mexico in the typically low-priced retail market. Products from Brazil and Mexico already enjoy a price advantage over U.S.-produced products, forcing U.S. firms to sell at a loss in order to compete. Redesignation would only increase the price advantage of imports, depress prices in the United States, cause U.S. firms to lose sales, and

V. Position of interested parties--Continued

increase the losses of U.S. firms. Artesian believes that few U.S. producers are earning a profit on retail-market sales, and increased U.S. losses will force U.S. manufacturers to forego needed capital and technological improvements to improve productivity and will eventually drive some manufacturers out of the market.

[Probable economic effect advice deleted.]

[Probable economic effect advice deleted.]

Table I.

Digest No.
69101000

Digest Title: Ceramic sanitary ware
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Mexico........... | 11,733 | 13,742 | 17,692 | 24,799 | 26,315 |
| Brazil........... | 2,550 | 11,064 | 23,117 | 11,430 | 10,562 |
| Venezuela........ | 2,680 | 4,699 | 8,232 | 4,612 | 5,311 |
| Chile............ | 3 | 70 | 257 | 1,305 | 2,439 |
| Colombia......... | 781 | 1,621 | 2,356 | 2,109 | 2,260 |
| Thailand......... | 0 | 0 | 220 | 1,299 | 2,194 |
| Argentina........ | 0 | 59 | 720 | 1,035 | 2,068 |
| Taiwan........... | 177 | 1,060 | 3,004 | 2,958 | 1,983 |
| Costa Rica....... | 32 | 24 | 579 | 319 | 1,911 |
| Italy............ | 1,125 | 1,156 | 1,218 | 1,622 | 1,896 |
| Ecuador.......... | 0 | 0 | 659 | 1,330 | 1,735 |
| Dominican Rep.... | 216 | 417 | 979 | 455 | 915 |
| France........... | 369 | 242 | 376 | 430 | 755 |
| Uruguay.......... | 81 | 827 | 1,155 | 784 | 647 |
| Sweden........... | 161 | 525 | 439 | 704 | 618 |
| All other........ | 1,767 | 1,928 | 3,420 | 4,935 | 2,979 |
| Total.......... | 21,673 | 37,433 | 64,420 | 60,125 | 64,589 |
| GSP Total 2/.. | 18,077 | 32,615 | 56,062 | 49,591 | 56,719 |
| GSP+4 2/...... | 18,493 | 33,882 | 59,323 | 53,199 | 59,048 |
| | Percent | | | | |
| Mexico........... | 54.1 | 36.7 | 27.5 | 41.2 | 40.7 |
| Brazil........... | 11.8 | 29.6 | 35.9 | 19.0 | 16.4 |
| Venezuela........ | 12.4 | 12.6 | 12.8 | 7.7 | 8.2 |
| Chile............ | 1/ | .2 | .4 | 2.2 | 3.8 |
| Colombia......... | 3.6 | 4.3 | 3.7 | 3.5 | 3.5 |
| Thailand......... | .0 | .0 | .3 | 2.2 | 3.4 |
| Argentina........ | .0 | .2 | 1.1 | 1.7 | 3.2 |
| Taiwan........... | .8 | 2.8 | 4.7 | 4.9 | 3.1 |
| Costa Rica....... | .1 | .1 | .9 | .5 | 3.0 |
| Italy............ | 5.2 | 3.1 | 1.9 | 2.7 | 2.9 |
| Ecuador.......... | .0 | .0 | 1.0 | 2.2 | 2.7 |
| Dominican Rep.... | 1.0 | 1.1 | 1.5 | .8 | 1.4 |
| France........... | 1.7 | .6 | .6 | .7 | 1.2 |
| Uruguay.......... | .4 | 2.2 | 1.8 | 1.3 | 1.0 |
| Sweden........... | .7 | 1.4 | .7 | 1.2 | 1.0 |
| All other........ | 8.2 | 5.1 | 5.3 | 8.2 | 4.6 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 83.4 | 87.1 | 87.0 | 82.5 | 87.8 |
| GSP+4 2/...... | 85.3 | 90.5 | 92.1 | 88.5 | 91.4 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
69101000

Digest Title: Ceramic sanitary ware
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada.......... | 1,838 | 2,543 | 2,714 | 5,690 | 10,746 |
| Korea........... | 358 | 904 | 787 | 1,200 | 4,089 |
| Hong Kong....... | 791 | 1,751 | 1,960 | 1,777 | 3,690 |
| China........... | 255 | 329 | 549 | 309 | 1,715 |
| Japan........... | 866 | 672 | 688 | 476 | 1,553 |
| Bahamas......... | 786 | 650 | 1,016 | 823 | 785 |
| Saudi Arabia..... | 1,726 | 1,183 | 783 | 599 | 636 |
| Mexico.......... | 180 | 224 | 165 | 254 | 329 |
| Jamaica......... | 454 | 281 | 128 | 248 | 312 |
| Bermuda......... | 95 | 42 | 137 | 166 | 297 |
| Dominican Rep.... | 252 | 125 | 12 | 34 | 272 |
| Cayman Is........ | 263 | 198 | 217 | 73 | 174 |
| Taiwan.......... | 140 | 22 | 240 | 125 | 170 |
| Belgium......... | 21 | 11 | 12 | 3 | 152 |
| Italy........... | 47 | 41 | 36 | 31 | 150 |
| All other........ | 4,867 | 4,185 | 2,293 | 2,533 | 2,464 |
| Total.......... | 12,940 | 13,163 | 11,737 | 14,340 | 27,533 |
| GSP Total 2/.. | 4,695 | 3,930 | 3,220 | 3,457 | 3,612 |
| GSP+4 2/...... | 6,572 | 6,712 | 6,321 | 6,600 | 11,631 |
| | Percent | | | | |
| Canada.......... | 14.2 | 19.3 | 23.1 | 39.7 | 39.0 |
| Korea........... | 2.8 | 6.9 | 6.7 | 8.4 | 14.8 |
| Hong Kong....... | 6.1 | 13.3 | 16.7 | 12.4 | 13.4 |
| China........... | 2.0 | 2.5 | 4.7 | 2.2 | 6.2 |
| Japan........... | 6.7 | 5.1 | 5.9 | 3.3 | 5.6 |
| Bahamas......... | 6.1 | 4.9 | 8.7 | 5.7 | 2.8 |
| Saudi Arabia..... | 13.3 | 9.0 | 6.7 | 4.2 | 2.3 |
| Mexico.......... | 1.4 | 1.7 | 1.4 | 1.8 | 1.2 |
| Jamaica......... | 3.5 | 2.1 | 1.1 | 1.7 | 1.1 |
| Bermuda......... | .7 | .3 | 1.2 | 1.2 | 1.1 |
| Dominican Rep.... | 1.9 | .9 | .1 | .2 | 1.0 |
| Cayman Is........ | 2.0 | 1.5 | 1.8 | .5 | .6 |
| Taiwan.......... | 1.1 | .2 | 2.0 | .9 | .6 |
| Belgium......... | .2 | .1 | .1 | 1/ | .6 |
| Italy........... | .4 | .3 | .3 | .2 | .5 |
| All other........ | 37.6 | 31.8 | 19.5 | 17.7 | 9.0 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 36.3 | 29.9 | 27.4 | 24.1 | 13.1 |
| GSP+4 2/...... | 50.8 | 51.0 | 53.9 | 46.0 | 42.2 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 6911.90.00

CERTAIN CERAMIC HOUSEHOLD AND TOILET ARTICLES

# Certain Ceramic Household and Toilet Articles[1]

## I. Introduction

Certain ceramic household and toilet articles: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 6911.90.00 | 9% | Yes | 36,098 | Brazil (R)[1] | 66 | [***] |
| | | | | Mexico | 197 | [***] |
| 6912.00.44 | 13.5% | Yes | 74,644 | Brazil | 8,986 | [***] |

[1]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.

Description and uses.--The ceramic household items included in this digest are earthenware and stoneware mugs and steins, other than those with permanently attached pewter lids, and articles of porcelain or china other than tableware and kitchenware, including toilet articles such as towel racks, soap dishes, and toothbrush holders.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) | - |
| Employment (1,000 employees) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) | - |
| Shipments (1,000 dollars) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) | - |
| Exports (1,000 dollars) | 7,370 | 5,592 | 5,285 | 6,762 | 11,400 | 12 |
| Imports (1,000 dollars) | 84,256 | 89,989 | 94,766 | 119,938 | 121,245 | 10 |
| Consumption (1,000 dollars) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) | - |
| Import to consumption ratio (percent) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) | - |
| Capacity utilization (percent) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) | - |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.
[3]Not available.

Comment.--The domestic industry producing earthenware mugs and other steins is dominated by the Pfaltzgraff Company (York, PA) and its subsidiary, Treasure Craft (Compton, CA). The Homer Laughlin Company (Newell, WV) manufactures these mugs also, but primarily for the commercial dinnerware market. Corning Glass Works (Corning, NY) currently imports these mugs from Japan and Thailand, but would like to produce these articles in the United States (specifically Charleroi, PA) by 1991 or 1992 if current favorable economic conditions continue. Similarly, the Scio Pottery Company (Scio, OH), which manufactured earthenware/stoneware mugs until 1985, currently imports these mugs. However, the firm is seeking to reenter the domestic market with a restart of its Scio plant, as evidenced by a several million dollar investment in an upgrade of its production capacity. Royal

[1]This digest includes the following HTS subheadings: 6911.90.00 and 6912.00.44.

China Company (Sebring, OH) manufactured earthenware mugs but reportedly ceased production between 1982 and 1985. There is additional production of these mugs, particularly by companies along the West Coast, but such production is relatively small. Additional production occurs by a cottage-type industry that produces primarily for arts and crafts distribution channels, generally not directly competitive with the type of imported products subject to this investigation. The mugs produced by the U.S. industry are of the same or higher quality than those imported, which are generally of lower value.

At least 7 firms manufacture vitreous china bath accessories domestically, 4 of which are located in New Jersey. Much of this production is design and color coordinated with bath tiles. Producers' shipments of these articles amounted to $39.6 million in 1987, according to the Census of Manufactures. Production of these items is also believed to supplement the product lines of several household dinnerware manufacturers in the United States.

## III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 110,742 | 100 | - | [2] |
| Imports from GSP countries: | | | | |
| Total | 16,407 | 15 | 100 | [2] |
| Brazil | 9,052 | 8 | 55 | [2] |
| Thailand | 3,692 | 3 | 23 | [2] |
| Argentina | 1,172 | 1 | 7 | [2] |
| Philippines | 696 | 1 | 4 | [2] |
| Mexico | 260 | [3] | 2 | [2] |

[1] Import-to-consumption ratios based on 1988 data.
[2] Not available.
[3] Less than 0.5 percent.

## IV. Competitiveness profiles

Competitiveness indicators for Brazil for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 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 __ 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 __ |

IV. Competitiveness profiles--Continued

Competitiveness indicators for Mexico[1]

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 16 |
| 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 ___ |

V. Position of interested parties

Support.--The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty-free.

Opposition.--The Pfaltzgraff Co. (York, PA), a U.S. producer of ceramic dinnerware and bathroom accessories, opposes the granting of GSP for these articles given the serious detrimental impact that imports have had and would continue to have on the U.S. industry producing earthenware mugs and chinaware accessory items.

Artesian Industries (Mansfield, OH), a U.S. producer of ceramic sanitary fixtures, opposes the reinstatement of Mexico to GSP for item 6911.90.00 because of Mexico's competitiveness in this item and the adverse effect on the U.S. industry that would a result from depressed prices and lost sales.

[1]Profile applies only to the following HTS subheadings, for which advice is requested: 6911.90.00.

[Probable economic effect advice deleted.]

[Probable economic effect advice deleted.]

Table I.

Digest No.
69119000

Digest Title: Certain ceramic household and toilet articles
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Korea | 13,498 | 15,723 | 16,734 | 29,252 | 32,328 |
| Japan | 38,548 | 37,834 | 34,732 | 34,176 | 26,136 |
| Taiwan | 11,031 | 12,067 | 17,002 | 25,374 | 22,679 |
| Brazil | 6,115 | 6,685 | 5,697 | 6,090 | 8,753 |
| China | 2,396 | 2,342 | 3,860 | 4,963 | 7,647 |
| United Kingdom | 4,615 | 6,201 | 5,051 | 7,351 | 5,914 |
| West Germany | 2,327 | 2,437 | 2,568 | 2,885 | 4,772 |
| Italy | 1,103 | 1,246 | 1,986 | 2,185 | 2,642 |
| Hong Kong | 556 | 1,086 | 1,322 | 1,963 | 1,522 |
| Mexico | 1,235 | 768 | 1,255 | 1,060 | 1,381 |
| Thailand | 25 | 11 | 14 | 103 | 1,292 |
| France | 286 | 376 | 433 | 582 | 1,121 |
| Spain | 598 | 600 | 614 | 576 | 918 |
| Chile | 45 | 88 | 125 | 374 | 552 |
| Uruguay | 277 | 303 | 344 | 399 | 355 |
| All other | 1,600 | 2,224 | 3,028 | 2,604 | 3,235 |
| Total | 84,256 | 89,989 | 94,766 | 119,938 | 121,245 |
| GSP Total 2/ | 8,492 | 8,997 | 8,835 | 9,319 | 14,142 |
| GSP+4 2/ | 33,580 | 37,873 | 43,894 | 65,913 | 70,674 |
| | Percent | | | | |
| Korea | 16.0 | 17.5 | 17.7 | 24.4 | 26.7 |
| Japan | 45.8 | 42.0 | 36.7 | 28.5 | 21.6 |
| Taiwan | 13.1 | 13.4 | 17.9 | 21.2 | 18.7 |
| Brazil | 7.3 | 7.4 | 6.0 | 5.1 | 7.2 |
| China | 2.8 | 2.6 | 4.1 | 4.1 | 6.3 |
| United Kingdom | 5.5 | 6.9 | 5.3 | 6.1 | 4.9 |
| West Germany | 2.8 | 2.7 | 2.7 | 2.4 | 3.9 |
| Italy | 1.3 | 1.4 | 2.1 | 1.8 | 2.2 |
| Hong Kong | .7 | 1.2 | 1.4 | 1.6 | 1.3 |
| Mexico | 1.5 | .9 | 1.3 | .9 | 1.1 |
| Thailand | 1/ | 1/ | 1/ | .1 | 1.1 |
| France | .3 | .4 | .5 | .5 | .9 |
| Spain | .7 | .7 | .6 | .5 | .8 |
| Chile | .1 | .1 | .1 | .3 | .5 |
| Uruguay | .3 | .3 | .4 | .3 | .3 |
| All other | 1.9 | 2.5 | 3.2 | 2.2 | 2.7 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/ | 10.1 | 10.0 | 9.3 | 7.8 | 11.7 |
| GSP+4 2/ | 39.9 | 42.1 | 46.3 | 55.0 | 58.3 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
69119000

Digest Title: Certain ceramic household and toilet articles
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Saudi Arabia..... | 1,420 | 771 | 688 | 1,378 | 2,210 |
| Canada.......... | 551 | 404 | 288 | 475 | 1,153 |
| Mexico.......... | 311 | 305 | 287 | 200 | 756 |
| Japan........... | 122 | 159 | 234 | 759 | 720 |
| Korea........... | 170 | 65 | 944 | 385 | 634 |
| United Kingdom... | 356 | 152 | 481 | 602 | 575 |
| Denmark......... | 3 | 7 | 28 | 19 | 368 |
| Hong Kong........ | 290 | 588 | 108 | 92 | 294 |
| Netherlands...... | 111 | 417 | 56 | 192 | 278 |
| Dominican Rep.... | 29 | 88 | 54 | 102 | 268 |
| Sweden.......... | 5 | 16 | 1 | 38 | 199 |
| Colombia......... | 52 | 21 | 23 | 27 | 194 |
| Australia........ | 128 | 64 | 131 | 129 | 190 |
| Bahamas.......... | 487 | 278 | 82 | 78 | 170 |
| Kuwait........... | 18 | 24 | 97 | 10 | 168 |
| All other........ | 3,316 | 2,236 | 1,783 | 2,275 | 3,223 |
| Total.......... | 7,370 | 5,592 | 5,285 | 6,762 | 11,400 |
| GSP Total 2/.. | 3,180 | 2,256 | 1,225 | 1,197 | 3,347 |
| GSP+4 2/...... | 3,823 | 2,946 | 2,359 | 1,747 | 4,441 |
| | Percent | | | | |
| Saudi Arabia..... | 19.3 | 13.8 | 13.0 | 20.4 | 19.4 |
| Canada.......... | 7.5 | 7.2 | 5.5 | 7.0 | 10.1 |
| Mexico.......... | 4.2 | 5.5 | 5.4 | 3.0 | 6.6 |
| Japan........... | 1.7 | 2.8 | 4.4 | 11.2 | 6.3 |
| Korea........... | 2.3 | 1.2 | 17.9 | 5.7 | 5.6 |
| United Kingdom... | 4.8 | 2.7 | 9.1 | 8.9 | 5.0 |
| Denmark......... | 1/ | .1 | .5 | .3 | 3.2 |
| Hong Kong........ | 3.9 | 10.5 | 2.0 | 1.4 | 2.6 |
| Netherlands...... | 1.5 | 7.4 | 1.1 | 2.8 | 2.4 |
| Dominican Rep.... | .4 | 1.6 | 1.0 | 1.5 | 2.3 |
| Sweden.......... | .1 | .3 | 1/ | .6 | 1.7 |
| Colombia......... | .7 | .4 | .4 | .4 | 1.7 |
| Australia........ | 1.7 | 1.1 | 2.5 | 1.9 | 1.7 |
| Bahamas.......... | 6.6 | 5.0 | 1.6 | 1.2 | 1.5 |
| Kuwait........... | .2 | .4 | 1.8 | .1 | 1.5 |
| All other........ | 45.0 | 40.0 | 33.7 | 33.7 | 28.3 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 43.1 | 40.3 | 23.2 | 17.7 | 29.4 |
| GSP+4 2/...... | 51.9 | 52.7 | 44.6 | 25.8 | 39.0 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 7004.10.20

CERTAIN DRAWN/BLOWN RECTANGULAR SHEET GLASS

Digest No.
7004.10.20

# Certain Drawn/Blown Rectangular Sheet Glass

## I. Introduction

Certain drawn/blown rectangular sheet glass: Harmonized Tariff Schedule subheading; U.S. col. 1 rate of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 7004.10.20 | 1.3¢/kg + 2% | No[1] | 3,003 | Mexico (R)[2] | 14 | [***] |

[1]Although this item does not appear on the formal President's list of items not produced in the United States in 1985, extensive contacts with U.S. glass producers and the U.S. Census Bureau indicate that it is unlikely that U.S. production existed on that date.
[2]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.

Description and uses.--The item referred to is "flat" glass produced by either the drawn glass or blown glass process. Such glass can be used wherever flat glass is needed; the major applications for flat glass are windows for motor vehicles or for homes and buildings. However, the drawn and blown processes for making colored flat glass are now thought to be obsolete in the United States, having been gradually replaced by the float process since the 1970s.

## II. U.S. market profile[1]

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number)......................... | | | | | | |
| Employment (1,000 employees).............. | | | | | | |
| Shipments (1,000 dollars).................. | | | | | | |
| Exports (1,000 dollars).................... | | | | | | |
| Imports (1,000 dollars).................... | 4,195 | 4,897 | 3,912 | 4,169 | 4,287 | 1 |
| Consumption (1,000 dollars)................ | 4,195 | 4,897 | 3,912 | 4,169 | 4,287 | 1 |
| Import to consumption ratio (percent)...... | 100 | 100 | 100 | 100 | 100 | 0 |
| Capacity utilization (percent)............. | | | | | | |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.

Comment.--Blown and drawn colored flat glass is now obsolete in the United States, having been progressively replaced by glass manufactured with the float process. Although drawn and blown glass is still produced in some nations, the float process offers advantages in both quality of product and costs of production.

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[1]There is no known U.S. production of this article. [

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III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 3,003 | 100 | - | 100 |
| Imports from GSP countries: | | | | |
| Total | 195 | 6 | 100 | 11 |
| Mexico | 14 | ([2]) | 7 | 1 |

[1]Import-to-consumption ratios based on 1988 data.
[2]Less than 0.5 percent.

IV. Competitiveness profiles[1]

Competitiveness indicators for Mexico for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 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 __ |
| Other foreign products | Above __ Equivalent x Below __ |
| Quality compared with-- | |
| U.S. products | Above __ Equivalent __ Below __ |
| Other foreign products | Above __ Equivalent x Below __ |

[1]There is no known U.S. production of this product.

V. Position of interested parties

Support.--The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty-free.

Opposition.--PPG Industries (PPG), a U.S. producer of colored flat glass made by the float process, opposes the redesignation of drawn/blown colored sheet glass as eligible for duty-free GSP treatment for Mexico. PPG believes that Mexico has demonstrated international competitiveness in this market, the Mexican glass producer, Vidro Plano, is a financially strong company, and granting GSP eligibility to Mexico for this product could have negative economic effects upon the U.S. glass industry, and upon PPG in particular.

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[1]There is no known U.S. production of this article.

[Probable economic effect advice deleted.]

Table I.

Digest No. 70041020

Digest Title: Certain drawn/blown rectangular sheet glass
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| West Germany..... | 2,317 | 2,378 | 2,362 | 2,603 | 2,983 |
| France........... | 319 | 704 | 494 | 519 | 386 |
| Taiwan........... | 67 | 64 | 132 | 222 | 385 |
| Colombia......... | 187 | 293 | 247 | 379 | 265 |
| Argentina........ | 28 | 74 | 0 | 0 | 146 |
| United Kingdom... | 99 | 153 | 53 | 27 | 33 |
| Mexico........... | 436 | 669 | 442 | 154 | 28 |
| Brazil........... | 0 | 25 | 0 | 53 | 20 |
| Hong Kong........ | 0 | 0 | 0 | 16 | 18 |
| Singapore........ | 547 | 306 | 4 | 13 | 9 |
| Japan............ | 31 | 23 | 52 | 1 | 5 |
| Soviet Union..... | 1 | 5 | 0 | 0 | 3 |
| Sweden........... | 0 | 0 | 0 | 1 | 3 |
| Italy............ | 124 | 136 | 52 | 14 | 3 |
| Norway........... | 0 | 0 | 0 | 0 | 2 |
| All other........ | 40 | 68 | 74 | 167 | 0 |
| Total.......... | 4,195 | 4,897 | 3,912 | 4,169 | 4,287 |
| GSP Total 2/.. | 670 | 1,085 | 696 | 628 | 460 |
| GSP+4 2/...... | 1,304 | 1,455 | 854 | 879 | 871 |
| | Percent | | | | |
| West Germany..... | 55.2 | 48.6 | 60.4 | 62.4 | 69.6 |
| France........... | 7.6 | 14.4 | 12.6 | 12.5 | 9.0 |
| Taiwan........... | 1.6 | 1.3 | 3.4 | 5.3 | 9.0 |
| Colombia......... | 4.5 | 6.0 | 6.3 | 9.1 | 6.2 |
| Argentina........ | .7 | 1.5 | .0 | .0 | 3.4 |
| United Kingdom... | 2.4 | 3.1 | 1.4 | .7 | .8 |
| Mexico........... | 10.4 | 13.7 | 11.3 | 3.7 | .7 |
| Brazil........... | .0 | .5 | .0 | 1.3 | .5 |
| Hong Kong........ | .0 | .0 | .0 | .4 | .4 |
| Singapore........ | 13.0 | 6.2 | .1 | .3 | .2 |
| Japan............ | .7 | .5 | 1.3 | 1/ | .1 |
| Soviet Union..... | 1/ | .1 | .0 | .0 | .1 |
| Sweden........... | .0 | .0 | .0 | 1/ | .1 |
| Italy............ | 2.9 | 2.8 | 1.3 | .3 | .1 |
| Norway........... | .0 | .0 | .0 | .0 | 1/ |
| All other........ | 1.0 | 1.4 | 1.9 | 4.0 | .0 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 16.0 | 22.2 | 17.8 | 15.1 | 10.7 |
| GSP+4 2/...... | 31.1 | 29.7 | 21.8 | 21.1 | 20.3 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 7113.11.50**

**CERTAIN PRECIOUS JEWELRY**

Digest No.
7113.11.50

# Certain Precious Jewelry[1]

## I. Introduction

Certain precious jewelry: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 7113.11.50 | 6.5% | Yes | 112,564 | Thailand | 28,760 | [ *** ] |
| 7113.19.21 | 6.5% | Yes | 43,436 | Israel | 52 | [ *** ] |
| 7113.19.50[1] | 6.5% | Yes | 888,914 | Thailand | 87,854 | [ *** ] |
| 7113.20.21 | 6.5% | Yes | 15,424 | Israel | 50 | [ *** ] |
| 7113.20.50 | 6.5% | Yes | 29,509 | Thailand | 1,895 | [ *** ] |

[1]Based on trade data for January-September 1989, it is estimated that Thailand may exceed the applicable competitive need limit for this HTS subheading and may therefore become ineligible for GSP duty-free treatment.

Description and uses.—Products covered in this digest include gold rope necklaces and neck chains, and jewelry and parts, of precious metal other than silver. These products may also be of metal clad or plated with precious metal, and consist principally of rings, bracelets, earrings, and necklaces. Such articles are worn principally for personal adornment and, in some instances, purchased for investment purposes.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number)...................... | *400 | *445 | *500 | *560 | *600 | *11 |
| Employment (thousand employees).......... | *14 | *14 | *13 | *13 | *14 | *([3]) |
| Shipments (million dollars).............. | **1,278 | **1,288 | **1,295 | **1,305 | **1,331 | **1 |
| Exports (million dollars)................ | 24 | 28 | 38 | 57 | 83 | 36 |
| Imports (million dollars)................ | 599 | 876 | 1,036 | 1,182 | 1,340 | 22 |
| Consumption (million dollars)............ | **1,853 | **2,136 | **2,293 | **2,430 | **2,588 | **9 |
| Import to consumption ratio (percent).... | **32 | **41 | **45 | **49 | **52 | **13 |
| Capacity utilization (percent)........... | *56 | *51 | *50 | *45 | *45 | - |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice," p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.
[3]Less than 0.5 percent.

Comment.—The U.S. market for jewelry has remained the world's largest since the 1970s. Domestic manufacturers, the majority of which are small firms with 20 or less employees, are somewhat specialized and usually purchase raw materials, parts, and services from suppliers, such as chain manufacturers, stampers, casters, and findings manufacturers. Domestic producers, located

[1]This digest includes the following HTS subheadings: 7113.11.50, 7113.19.21, 7113.19.50, 7113.20.21, and 7113.20.50.

principally in the Northeast, rely on a concentration of trained jewelry workers and parts suppliers, and tend toward more traditional casting and production methods than some major foreign suppliers. U.S. producers of the subject products maintain a competitive advantage in the marketing and distribution of their generally higher quality goods.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 1,089,847 | 100 | - | **52 |
| Imports from GSP countries: | | | | |
| Total | 347,145 | 32 | 100 | **9 |
| Thailand | 120,177 | 11 | 35 | **3 |
| Israel | 62,360 | 6 | 18 | **2 |
| Dominican Republic | 28,761 | 3 | 8 | **1 |
| Peru | 28,619 | 3 | 8 | **1 |

[1]Import-to-consumption ratios are based on 1988 data.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Thailand[1]

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 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 __ 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 __ |

[1]Profile applies only to the following HTS subheadings, for which advice is requested: 7113.11.50, 7113.19.50, and 7113.20.50.

Comment.—U.S. imports of precious metal jewelry from Thailand consist principally of rings, necklaces, and earrings, the bulk of which incorporate small gemstones. An abundant supply of such gemstones, along with lower labor rates than most other precious jewelry suppliers, enables precious jewelry produced in Thailand to compete effectively, in terms of price, in the U.S. market.

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for Israel[1]

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 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 _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 __ |

[1]Profile applies only to the following HTS subheadings, for which advice is requested: 7113.19.21 and 7113.20.21.

Comment.—U.S. imports of these products from Israel primarily consist of hand-made necklaces and machine-made chain. Israeli production has traditionally focused on high-quality, basic-designed chain, for which design and labor costs are kept at lower levels than those in the United States and major suppliers such as Italy. Israeli suppliers have also sought to provide better and more timely service for its products than some foreign suppliers.

V. Position of interested parties

Support.—The Government of Israel Trade Center, on behalf of the Government of Israel, submits that reinstatement of GSP eligibility for certain precious jewelry from Israel would not have an adverse effect on the U.S. precious jewelry industry. The current ineligibility of such products from Israel has resulted in other suppliers filling the niche formerly occupied by the Israeli products and has resulted in a decline in output by the Israeli precious jewelry industry.

Opposition.—The Manufacturing Jewelers and Silversmiths of America, Inc. (MJSA), Providence, Rhode Island, submit that GSP redesignation of imports of certain precious jewelry from Thailand and Israel would have an adverse impact on the domestic jewelry industry. Further, MJSA states the precious jewelry industries in both Thailand and Israel are sufficiently developed to compete effectively in both the world and U.S. market without benefit of preferential tariffs.

[Probable economic effect advice deleted.]

[Probable economic effect advice deleted.]

Table I.

Digest No.
71131150

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

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | | | Value (1,000 dollars) | | |
| Italy............ | 306,349 | 512,262 | 546,134 | 585,381 | 725,154 |
| Hong Kong........ | 51,344 | 69,265 | 92,220 | 111,832 | 130,483 |
| Switzerland...... | 66,212 | 83,141 | 113,607 | 118,178 | 102,018 |
| Thailand......... | 12,486 | 25,415 | 72,415 | 96,251 | 82,828 |
| Israel........... | 52,257 | 46,414 | 44,173 | 51,588 | 45,380 |
| Mexico........... | 2,322 | 6,604 | 20,787 | 28,328 | 27,555 |
| Peru............. | 22,967 | 16,306 | 8,877 | 18,121 | 26,368 |
| France........... | 9,749 | 13,816 | 12,212 | 14,061 | 18,504 |
| Dominican Rep.... | 3,745 | 3,620 | 6,380 | 13,199 | 18,110 |
| Spain............ | 15,978 | 23,368 | 23,032 | 21,697 | 16,382 |
| India............ | 1,530 | 3,311 | 3,721 | 5,587 | 14,927 |
| Lebanon.......... | 496 | 4,476 | 7,000 | 11,019 | 14,005 |
| Singapore........ | 1,311 | 1,573 | 5,768 | 12,594 | 13,664 |
| West Germany..... | 13,549 | 17,543 | 14,791 | 10,300 | 13,156 |
| Korea............ | 1,323 | 2,236 | 3,622 | 9,132 | 12,046 |
| All other........ | 37,602 | 46,596 | 60,992 | 74,666 | 79,085 |
| Total.......... | 599,221 | 875,944 | 1,035,730 | 1,181,932 | 1,339,665 |
| GSP Total 1/.. | 109,591 | 122,778 | 183,546 | 259,358 | 270,147 |
| GSP+4 1/...... | 164,925 | 199,362 | 289,233 | 398,909 | 434,207 |
| | | | Percent | | |
| Italy............ | 51.1 | 58.5 | 52.7 | 49.5 | 54.1 |
| Hong Kong........ | 8.6 | 7.9 | 8.9 | 9.5 | 9.7 |
| Switzerland...... | 11.0 | 9.5 | 11.0 | 10.0 | 7.6 |
| Thailand......... | 2.1 | 2.9 | 7.0 | 8.1 | 6.2 |
| Israel........... | 8.7 | 5.3 | 4.3 | 4.4 | 3.4 |
| Mexico........... | .4 | .8 | 2.0 | 2.4 | 2.1 |
| Peru............. | 3.8 | 1.9 | .9 | 1.5 | 2.0 |
| France........... | 1.6 | 1.6 | 1.2 | 1.2 | 1.4 |
| Dominican Rep.... | .6 | .4 | .6 | 1.1 | 1.4 |
| Spain............ | 2.7 | 2.7 | 2.2 | 1.8 | 1.2 |
| India............ | .3 | .4 | .4 | .5 | 1.1 |
| Lebanon.......... | .1 | .5 | .7 | .9 | 1.0 |
| Singapore........ | .2 | .2 | .6 | 1.1 | 1.0 |
| West Germany..... | 2.3 | 2.0 | 1.4 | .9 | 1.0 |
| Korea............ | .2 | .3 | .3 | .8 | .9 |
| All other........ | 6.3 | 5.3 | 5.9 | 6.3 | 5.9 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 18.3 | 14.0 | 17.7 | 21.9 | 20.2 |
| GSP+4 1/...... | 27.5 | 22.8 | 27.9 | 33.8 | 32.4 |

1/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No. 71131150

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

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan | 3,935 | 4,017 | 6,830 | 10,528 | 19,650 |
| Switzerland | 2,745 | 2,080 | 4,370 | 4,884 | 9,746 |
| Canada | 5,079 | 2,767 | 2,081 | 6,790 | 8,270 |
| Dominican Rep | 678 | 6,089 | 7,068 | 9,236 | 7,410 |
| Hong Kong | 1,324 | 1,295 | 1,608 | 3,245 | 7,251 |
| Haiti | 770 | 3,703 | 2,799 | 4,089 | 4,582 |
| United Kingdom | 1,348 | 1,079 | 2,697 | 2,390 | 3,347 |
| Mexico | 354 | 469 | 1,328 | 2,330 | 3,277 |
| West Germany | 758 | 689 | 701 | 1,688 | 2,378 |
| Thailand | 132 | 33 | 46 | 382 | 2,288 |
| United Arab Em | 39 | 61 | 272 | 159 | 1,618 |
| Netherlands Ant | 0 | 0 | 0 | 0 | 1,406 |
| France | 1,375 | 714 | 903 | 1,098 | 1,389 |
| Italy | 592 | 399 | 574 | 1,091 | 1,121 |
| Israel | 323 | 436 | 282 | 563 | 760 |
| All other | 4,231 | 4,304 | 6,224 | 8,797 | 8,664 |
| Total | 23,684 | 28,137 | 37,783 | 57,271 | 83,156 |
| GSP Total 1/ | 3,836 | 12,579 | 14,447 | 20,909 | 24,001 |
| GSP+4 1/ | 5,610 | 14,362 | 17,074 | 25,559 | 32,403 |
| | Percent | | | | |
| Japan | 16.6 | 14.3 | 18.1 | 18.4 | 23.6 |
| Switzerland | 11.6 | 7.4 | 11.6 | 8.5 | 11.7 |
| Canada | 21.4 | 9.8 | 5.5 | 11.9 | 9.9 |
| Dominican Rep | 2.9 | 21.6 | 18.7 | 16.1 | 8.9 |
| Hong Kong | 5.6 | 4.6 | 4.3 | 5.7 | 8.7 |
| Haiti | 3.3 | 13.2 | 7.4 | 7.1 | 5.5 |
| United Kingdom | 5.7 | 3.8 | 7.1 | 4.2 | 4.0 |
| Mexico | 1.5 | 1.7 | 3.5 | 4.1 | 3.9 |
| West Germany | 3.2 | 2.5 | 1.9 | 2.9 | 2.9 |
| Thailand | .6 | .1 | .1 | .7 | 2.8 |
| United Arab Em | .2 | .2 | .7 | .3 | 1.9 |
| Netherlands Ant | .0 | .0 | .0 | .0 | 1.7 |
| France | 5.8 | 2.5 | 2.4 | 1.9 | 1.7 |
| Italy | 2.5 | 1.4 | 1.5 | 1.9 | 1.3 |
| Israel | 1.4 | 1.6 | .7 | 1.0 | .9 |
| All other | 17.9 | 15.3 | 16.5 | 15.4 | 10.4 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/ | 16.2 | 44.7 | 38.2 | 36.5 | 28.9 |
| GSP+4 1/ | 23.7 | 51.0 | 45.2 | 44.6 | 39.0 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 7114.11.70

CERTAIN GOLDSMITH AND SILVERSMITH ARTICLES

# Certain Goldsmith and Silversmith Articles[1]

## I. Introduction

Certain goldsmith and silversmith articles: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) Percent ad valorem | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 Total 1,000 dollars | From country to be reinstated Source | Value 1,000 dollars | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| 7114.11.70 | 6% | Yes | 3,130 | Mexico (R)[1] | 55 | [ *** ] |
| 7114.20.00 | 6% | Yes | 10,419 | Mexico (R)[1] | 13 | [ *** ] |
| 7115.90.20 | 6% | Yes | 6,839 | Mexico (R)[1] | 17 | [ *** ] |

[1] An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.

Description and uses.—This digest covers the following types of goldsmith and silversmith articles: (1) silver articles for religious, decorative, or office use (e.g. chalices, silver-dipped baby-booties, commemorative plaques, ink-stands); (2) articles of base metal clad (decorated) with precious metal; (3) handbags decorated with silver; and (4) silver articles for laboratory use (e.g. crucibles, beakers, spatulas).

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | *31 | *30 | *27 | *25 | *25 | *-5 |
| Employment (1,000 employees) | *1 | *1 | *1 | *1 | *1 | *0 |
| Shipments (1,000 dollars) | *79,780 | *75,700 | *64,730 | *69,270 | *62,540 | *-5 |
| Exports (1,000 dollars) | 18,350 | 12,486 | 13,993 | 18,870 | 20,216 | 2 |
| Imports (1,000 dollars) | 9,309 | 32,068 | 23,293 | 29,280 | 26,797 | 30 |
| Consumption (1,000 dollars) | *70,739 | *95,282 | *74,030 | *79,680 | *69,121 | *-1 |
| Import to consumption ratio (percent) | *13 | *34 | *31 | *37 | *39 | *32 |
| Capacity utilization (percent) | *66 | *71 | *71 | *70 | *70 | *1 |

[1] Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice," p. 5.
[2] This figure represents the average annual rate of change during 1984-1988.

Comment.—U.S. consumption of the covered goldsmith and silversmith wares is estimated to have fallen at an average annual rate of 1 percent during 1984-88, to $69 million. The drop in U.S. consumption of these articles was moderated because the decrease in U.S. producers' shipments—which fell at an average annual rate of 6 percent during this period, to $63 million—was offset by an increase in U.S. imports, which rose at an average annual rate of 30 percent, to $27 million. The drop in U.S. shipments was the result of (1) a decrease in U.S. demand for laboratory articles of silver because new technologies have provided less expensive substitutes for such laboratory ware and (2) increased competition for U.S. producers of base metal articles clad in precious metal in the high-end of the market from EC producers (chiefly Italy and the United Kingdom) and from East

[1] This digest includes the following HTS subheadings: 7114.11.70, 7114.20.00, and 7115.90.20.

Asian producers (chiefly Hong Kong and Japan) in the low-end of the market. By contrasts, U.S. producers' shipments of silver articles for religious, decorative, or office use increased during 1984-88, from $10 million to $14 million.

GSP producers of covered goldsmith and silversmith articles have a competitive advantage over those in the United States owing to their access to low-cost labor. This advantage is most significant in the production of base metal articles clad with precious metal because of the hand work involved. The labor cost advantage in the production of silver articles for religious, decorative, or office use becomes more significant as the products become more detailed.

The major producers of goldsmith and silversmith articles are concentrated in the Northeastern United States because that is where the industry started more than 150 year ago.

U.S. production of laboratory articles is highly automated owing to the simplicity and uniformity of most of these articles (e.g. spatulas, beakers, crucibles). The production of silver articles for office, religious, or decorative use is less capital intensive because of short production runs and the customizing/personalizing of many of the products (e.g. paper-weights, commemorative plaques, letter-openers). The production of articles of base metal clad with precious metal is relatively labor intensive because the rolled gold/silver decorations must be soldered on by hand. Wages for production workers accounted for roughly 15 to 20 percent of the total value of U.S. producers' shipments of certain goldsmith and silversmith articles in 1988.

## III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 20,388 | 100 | - | *39 |
| Imports from GSP countries: | | | | |
| Total | 3,598 | 18 | 100 | *5 |
| Peru | 1,645 | 8 | 46 | *4 |
| Israel[2] | 1,439 | 7 | 40 | *5 |
| India | 100 | ([3]) | 3 | *([3]) |
| Mexico | 85 | ([3]) | 2 | *([3]) |

[1] Import-to-consumption ratios are based on 1988 data.
[2] Although imports of certain goldsmith and silversmith articles are eligible for duty-free entry under the GSP, imports of these items during January-September 1989 from Israel entered duty-free under the provision of the United States Free Trade Area implementation Act of 1985.
[3] Less than 0.5 percent.

Comment.—U.S. imports of articles of base metal clad with precious metal accounted for 51 percent of all digest imports during January-September 1989; handbags decorated with silver accounted for 34 percent. GSP eligible suppliers, particularly Peru and Israel, tended to be sources for U.S. imports of handbags decorated with silver; while U.S. imports from Mexico were principally silver articles for religious, decorative, or office use.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 19 |
| 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 __ Below X |
| Quality compared with— | |
| U.S. products | Above __ Equivalent X Below __ |
| Other foreign products | Above __ Equivalent X Below __ |

Comment.—U.S. imports from Mexico are principally of handcrafted articles of silver. This type of article accounts for only a small portion of total imports of products covered in this digest. In the U.S. market for handcrafted articles of silver, Mexican products are usually preferred over those made in the United States because of the high quality of the work performed by Mexican craftsmen. Erratic delivery times and lack of product uniformity has hindered the entry of Mexican products into the U.S. market.

V. Position of interested parties

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either a small share or a very low value compared with total U.S. imports; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty-free.

[Probable economic effect advice deleted.]

Table I.

Digest No.
71141170

Digest Title: Certain goldsmith and silversmith articles
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Israel........... | 996 | 1,315 | 1,601 | 2,801 | 3,316 |
| Italy............ | 1,609 | 2,419 | 2,247 | 3,217 | 3,226 |
| Japan............ | 607 | 796 | 2,403 | 2,214 | 3,052 |
| United Kingdom... | 903 | 1,698 | 2,026 | 1,875 | 2,694 |
| Peru............. | 12 | 618 | 21 | 822 | 2,599 |
| West Germany..... | 437 | 555 | 1,630 | 1,805 | 2,309 |
| Canada........... | 483 | 802 | 891 | 955 | 1,590 |
| Taiwan........... | 534 | 606 | 774 | 1,147 | 1,289 |
| Singapore........ | 47 | 30 | 632 | 1,150 | 1,285 |
| China............ | 201 | 201 | 343 | 656 | 1,018 |
| Portugal......... | 593 | 609 | 907 | 817 | 753 |
| Korea............ | 95 | 102 | 147 | 323 | 748 |
| Hong Kong........ | 656 | 670 | 790 | 1,205 | 542 |
| Mexico........... | 388 | 9,160 | 1,723 | 7,300 | 326 |
| Hungary.......... | 92 | 36 | 156 | 379 | 315 |
| All other........ | 1,656 | 12,452 | 7,002 | 2,614 | 1,735 |
| Total.......... | 9,309 | 32,068 | 23,293 | 29,280 | 26,797 |
| GSP Total 1/.. | 1,712 | 22,147 | 8,903 | 11,309 | 6,688 |
| GSP+4 1/...... | 3,044 | 23,554 | 11,245 | 15,135 | 10,552 |
| | Percent | | | | |
| Israel........... | 10.7 | 4.1 | 6.9 | 9.6 | 12.4 |
| Italy............ | 17.3 | 7.5 | 9.6 | 11.0 | 12.0 |
| Japan............ | 6.5 | 2.5 | 10.3 | 7.6 | 11.4 |
| United Kingdom... | 9.7 | 5.3 | 8.7 | 6.4 | 10.1 |
| Peru............. | .1 | 1.9 | .1 | 2.8 | 9.7 |
| West Germany..... | 4.7 | 1.7 | 7.0 | 6.2 | 8.6 |
| Canada........... | 5.2 | 2.5 | 3.8 | 3.3 | 5.9 |
| Taiwan........... | 5.7 | 1.9 | 3.3 | 3.9 | 4.8 |
| Singapore........ | .5 | .1 | 2.7 | 3.9 | 4.8 |
| China............ | 2.2 | .6 | 1.5 | 2.2 | 3.8 |
| Portugal......... | 6.4 | 1.9 | 3.9 | 2.8 | 2.8 |
| Korea............ | 1.0 | .3 | .6 | 1.1 | 2.8 |
| Hong Kong........ | 7.0 | 2.1 | 3.4 | 4.1 | 2.0 |
| Mexico........... | 4.2 | 28.6 | 7.4 | 24.9 | 1.2 |
| Hungary.......... | 1.0 | .1 | .7 | 1.3 | 1.2 |
| All other........ | 17.8 | 38.8 | 30.1 | 8.9 | 6.5 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 18.4 | 69.1 | 38.2 | 38.6 | 25.0 |
| GSP+4 1/...... | 32.7 | 73.5 | 48.3 | 51.7 | 39.4 |

1/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No. 71141170

Digest Title: Certain goldsmith and silversmith articles
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan | 2,405 | 1,570 | 2,562 | 4,321 | 3,491 |
| Canada | 4,103 | 3,072 | 1,935 | 2,832 | 3,461 |
| United Kingdom | 1,104 | 1,030 | 1,487 | 2,257 | 2,737 |
| Singapore | 196 | 764 | 584 | 1,228 | 1,938 |
| West Germany | 2,490 | 1,238 | 817 | 1,340 | 1,466 |
| Taiwan | 2,051 | 65 | 205 | 368 | 900 |
| France | 729 | 531 | 1,765 | 357 | 851 |
| Korea | 91 | 145 | 687 | 649 | 607 |
| Malaysia | 574 | 730 | 211 | 153 | 458 |
| Netherlands | 210 | 631 | 1,031 | 471 | 421 |
| Italy | 110 | 139 | 211 | 356 | 411 |
| Hong Kong | 317 | 192 | 169 | 117 | 401 |
| Australia | 534 | 373 | 290 | 344 | 373 |
| Mexico | 407 | 368 | 472 | 766 | 346 |
| Switzerland | 105 | 98 | 174 | 717 | 342 |
| All other | 2,924 | 1,540 | 1,395 | 2,594 | 2,012 |
| Total | 18,350 | 12,486 | 13,993 | 18,870 | 20,216 |
| GSP Total 1/ | 2,352 | 1,872 | 1,329 | 2,374 | 1,724 |
| GSP+4 1/ | 5,007 | 3,037 | 2,973 | 4,735 | 5,570 |
| | Percent | | | | |
| Japan | 13.1 | 12.6 | 18.3 | 22.9 | 17.3 |
| Canada | 22.4 | 24.6 | 13.8 | 15.0 | 17.1 |
| United Kingdom | 6.0 | 8.3 | 10.6 | 12.0 | 13.5 |
| Singapore | 1.1 | 6.1 | 4.2 | 6.5 | 9.6 |
| West Germany | 13.6 | 9.9 | 5.8 | 7.1 | 7.3 |
| Taiwan | 11.2 | .5 | 1.5 | 2.0 | 4.5 |
| France | 4.0 | 4.3 | 12.6 | 1.9 | 4.2 |
| Korea | .5 | 1.2 | 4.9 | 3.4 | 3.0 |
| Malaysia | 3.1 | 5.8 | 1.5 | .8 | 2.3 |
| Netherlands | 1.1 | 5.1 | 7.4 | 2.5 | 2.1 |
| Italy | .6 | 1.1 | 1.5 | 1.9 | 2.0 |
| Hong Kong | 1.7 | 1.5 | 1.2 | .6 | 2.0 |
| Australia | 2.9 | 3.0 | 2.1 | 1.8 | 1.8 |
| Mexico | 2.2 | 2.9 | 3.4 | 4.1 | 1.7 |
| Switzerland | .6 | .8 | 1.2 | 3.8 | 1.7 |
| All other | 15.9 | 12.3 | 10.0 | 13.7 | 10.0 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/ | 12.8 | 15.0 | 9.5 | 12.6 | 8.5 |
| GSP+4 1/ | 27.3 | 24.3 | 21.2 | 25.1 | 27.6 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 7116.10.10

CERTAIN ARTICLES OF NATURAL PEARLS, AND JEWELRY OF PRECIOUS OR SEMIPRECIOUS STONES

Digest No.
7116.10.10

Certain Articles of Natural Pearls, and Jewelry of Precious or Semiprecious Stones[1]

## I. Introduction

Certain articles of natural pearls, and jewelry of precious and semiprecious stones: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 7116.10.10 | 6.5% | Yes | 615 | Thailand | ([1]) | [ *** ] |
| 7116.20.10 | 6.5% | Yes | 137,129 | Thailand | 39,130 | [ *** ] |

[1]Less than $500.

Description and uses.—Products covered in this digest include articles of natural pearls, virtually all of which are jewelry such as necklaces, bracelets, and earrings. Precious stones (such as diamonds, rubies, emeralds, or other precious stones) or semiprecious stones (such as amethyst, garnet, or tanzanite) are customarily used in jewelry products such as necklaces, bracelets, rings, pendants,or other jewelry articles. Such products are used for personal adornment, for the most part, and for investment purposes in some instances.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number)........................ | *160 | *180 | *200 | *225 | *255 | *12 |
| Employment (thousand employees)........... | *3 | *3 | *2 | *2 | *3 | *([3]) |
| Shipments (million dollars)............... | **473 | **478 | **480 | **485 | **505 | **2 |
| Exports (million dollars)................. | 46 | 57 | 62 | 61 | 105 | 23 |
| Imports (million dollars)................. | 160 | 216 | 276 | 399 | 489 | 32 |
| Consumption (million dollars)............. | *587 | *640 | *694 | *823 | *889 | *11 |
| Import to consumption ratio (percent)..... | **27 | **34 | **40 | **48 | **55 | **19 |
| Capacity utilization (percent)............ | *56 | *51 | *50 | *45 | *45 | *-5 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.
[3]Less than 0.5 percent.

Comment.—The U.S. market for pearl and gemstone jewelry is one of the world's largest and most competitive in the world. Product design and quality, along with price, are considered important factors in purchasing decisions. Gemstone jewelry comprises the bulk of U.S. consumption of these products. Lower priced imports supply the majority of gemstone products containing smaller stones, whereas domestic producers focus on pieces containing larger stones.

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[1]This digest includes the following HTS subheadings: 7116.10.10 and 7116.20.10.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 137,744 | 100 | - | **55 |
| Imports from GSP countries: | | | | |
| Total | 65,729 | 48 | 100 | **20 |
| Thailand | 39,130 | 28 | 60 | **4 |
| Dominican Republic | 15,156 | 11 | 23 | **2 |
| India | 3,271 | 2 | 5 | **([2]) |
| Brazil | 2,635 | 2 | 4 | **([2]) |

[1] Import-to-consumption ratios are based on 1988 data.
[2] Less than 0.5 percent.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Thailand for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 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 __ Below X |
| Other foreign products | Above __ Equivalent X Below __ |

V. Position of interested parties

Opposition.--The Manufacturing Jewelers and Silversmiths of America, Inc. (MJSA), Providence, Rhode Island, submit that GSP redesignation of imports of certain articles of natural pearls and precious or semiprecious stone jewelry from Thailand would have an adverse effect on the domestic jewelry industry. Further, MJSA states the precious jewelry industry in Thailand is sufficiently developed to compete effectively in both the world and U.S. markets without benefit of preferential tariffs.

Digest No.
7116.10.10

[Probable economic effect advice deleted.]

Table I. Digest No. 71161010

Digest Title: Certain articles of natural pearls and jewelry of precious or semiprecious stones

U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Hong Kong........ | 70,101 | 79,365 | 98,695 | 146,807 | 174,791 |
| Thailand......... | 13,511 | 16,373 | 37,280 | 96,001 | 123,175 |
| Italy............ | 25,506 | 32,634 | 37,374 | 48,435 | 38,315 |
| Israel........... | 9,324 | 21,730 | 14,714 | 13,442 | 32,224 |
| Dominican Rep.... | 8 | 6,311 | 11,232 | 21,654 | 24,744 |
| Singapore........ | 596 | 2,609 | 4,491 | 6,114 | 13,635 |
| France........... | 7,439 | 4,638 | 7,679 | 6,524 | 9,161 |
| United Kingdom... | 5,942 | 6,373 | 7,620 | 4,983 | 7,278 |
| India............ | 817 | 1,677 | 2,246 | 5,030 | 7,009 |
| West Germany..... | 4,757 | 6,988 | 6,704 | 6,911 | 6,336 |
| Switzerland...... | 3,860 | 6,470 | 5,160 | 4,555 | 6,152 |
| Mexico........... | 409 | 1,759 | 5,430 | 7,047 | 6,115 |
| Korea............ | 403 | 1,343 | 2,702 | 1,831 | 5,338 |
| Canada........... | 744 | 1,430 | 834 | 2,612 | 5,027 |
| Taiwan........... | 1,964 | 2,179 | 2,793 | 3,716 | 4,386 |
| All other........ | 14,891 | 23,977 | 31,418 | 22,927 | 25,571 |
| Total.......... | 160,273 | 215,855 | 276,374 | 398,591 | 489,257 |
| GSP Total 2/.. | 31,066 | 62,232 | 89,620 | 156,970 | 208,480 |
| GSP+4 2/...... | 104,130 | 147,728 | 198,302 | 315,438 | 406,631 |
| | Percent | | | | |
| Hong Kong........ | 43.7 | 36.8 | 35.7 | 36.8 | 35.7 |
| Thailand......... | 8.4 | 7.6 | 13.5 | 24.1 | 25.2 |
| Italy............ | 15.9 | 15.1 | 13.5 | 12.2 | 7.8 |
| Israel........... | 5.8 | 10.1 | 5.3 | 3.4 | 6.6 |
| Dominican Rep.... | 1/ | 2.9 | 4.1 | 5.4 | 5.1 |
| Singapore........ | .4 | 1.2 | 1.6 | 1.5 | 2.8 |
| France........... | 4.6 | 2.1 | 2.8 | 1.6 | 1.9 |
| United Kingdom... | 3.7 | 3.0 | 2.8 | 1.3 | 1.5 |
| India............ | .5 | .8 | .8 | 1.3 | 1.4 |
| West Germany..... | 3.0 | 3.2 | 2.4 | 1.7 | 1.3 |
| Switzerland...... | 2.4 | 3.0 | 1.9 | 1.1 | 1.3 |
| Mexico........... | .3 | .8 | 2.0 | 1.8 | 1.2 |
| Korea............ | .3 | .6 | 1.0 | .5 | 1.1 |
| Canada........... | .5 | .7 | .3 | .7 | 1.0 |
| Taiwan........... | 1.2 | 1.0 | 1.0 | .9 | .9 |
| All other........ | 9.3 | 11.1 | 11.4 | 5.8 | 5.2 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 19.4 | 28.8 | 32.4 | 39.4 | 42.6 |
| GSP+4 2/...... | 65.0 | 68.4 | 71.8 | 79.1 | 83.1 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No. 71161010

Digest Title: Certain articles of natural pearls, and jewelry of precious or semiprecious stones

U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Switzerland...... | 33,552 | 40,683 | 41,326 | 39,276 | 73,038 |
| France........... | 3,817 | 8,688 | 7,114 | 8,348 | 8,951 |
| United Kingdom... | 1,461 | 553 | 1,602 | 697 | 7,401 |
| Japan............ | 1,721 | 638 | 1,305 | 2,285 | 4,830 |
| Canada........... | 432 | 348 | 330 | 288 | 1,927 |
| Haiti............ | 96 | 1 | 2,109 | 1,571 | 1,494 |
| West Germany..... | 425 | 536 | 449 | 573 | 1,494 |
| Dominican Rep.... | 403 | 721 | 1,846 | 3,696 | 1,329 |
| Hong Kong........ | 1,326 | 1,288 | 1,437 | 914 | 1,252 |
| Thailand......... | 141 | 186 | 255 | 519 | 920 |
| Bahamas.......... | 30 | 31 | 43 | 215 | 463 |
| Israel........... | 45 | 80 | 114 | 78 | 332 |
| Italy............ | 64 | 215 | 962 | 329 | 331 |
| Mexico........... | 355 | 1,125 | 620 | 176 | 291 |
| Spain............ | 0 | 3 | 167 | 52 | 203 |
| All other........ | 1,666 | 1,958 | 1,939 | 2,483 | 1,201 |
| Total.......... | 45,535 | 57,054 | 61,616 | 61,498 | 105,455 |
| GSP Total 2/.. | 1,802 | 2,437 | 5,594 | 7,140 | 5,332 |
| GSP+4 2/...... | 3,428 | 5,157 | 7,638 | 8,363 | 6,775 |
| | Percent | | | | |
| Switzerland...... | 73.7 | 71.3 | 67.1 | 63.9 | 69.3 |
| France........... | 8.4 | 15.2 | 11.5 | 13.6 | 8.5 |
| United Kingdom... | 3.2 | 1.0 | 2.6 | 1.1 | 7.0 |
| Japan............ | 3.8 | 1.1 | 2.1 | 3.7 | 4.6 |
| Canada........... | .9 | .6 | .5 | .5 | 1.8 |
| Haiti............ | .2 | 1/ | 3.4 | 2.6 | 1.4 |
| West Germany..... | .9 | .9 | .7 | .9 | 1.4 |
| Dominican Rep.... | .9 | 1.3 | 3.0 | 6.0 | 1.3 |
| Hong Kong........ | 2.9 | 2.3 | 2.3 | 1.5 | 1.2 |
| Thailand......... | .3 | .3 | .4 | .8 | .9 |
| Bahamas.......... | .1 | .1 | .1 | .3 | .4 |
| Israel........... | .1 | .1 | .2 | .1 | .3 |
| Italy............ | .1 | .4 | 1.6 | .5 | .3 |
| Mexico........... | .8 | 2.0 | 1.0 | .3 | .3 |
| Spain............ | .0 | 1/ | .3 | .1 | .2 |
| All other........ | 3.7 | 3.4 | 3.1 | 4.0 | 1.1 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 4.0 | 4.3 | 9.1 | 11.6 | 5.1 |
| GSP+4 2/...... | 7.5 | 9.0 | 12.4 | 13.6 | 6.4 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 7202.11.10

CERTAIN FERROALLOYS

# Certain Ferroalloys[1]

## I. Introduction

Certain ferroalloys: Harmonized Tariff Schedule subheading; U.S. col. 1 rate of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 Total | From country to be reinstated Source | Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 7202.11.10 | 1.4% | Yes | 86 | Mexico | 86 | [***] |
| 7202.19.50 | 1.4% | Yes | 42,071 | Mexico | 20,071 | [***] |

Description and uses.--Medium carbon ferromanganese containing over 1 but not over 4 percent carbon is principally used as an alloying agent by the steel industry to increase the strength, toughness, hardness, and hardenability of steel products.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | 2 | 2 | 1 | 1 | 1 | -16 |
| Employment (number) | [***] | [***] | [***] | [***] | [***] | [***] |
| Shipments (1,000 dollars) | [***] | [***] | [***] | [***] | [***] | [***] |
| Exports (1,000 dollars) | 4,389 | 4,762 | 2,650 | 2,144 | 2,950 | -9 |
| Imports (1,000 dollars) | 25,674 | 16,436 | 27,036 | 20,356 | 53,727 | 20 |
| Consumption (1,000 dollars) | [***] | [***] | [***] | [***] | [***] | [***] |
| Import to consumption ratio (percent) | [***] | [***] | [***] | [***] | [***] | [***] |
| Capacity utilization (percent) | [***] | [***] | [***] | [***] | [***] | [***] |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.

Comment.--[

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[1]This digest includes the following HTS subheadings: 7202.11.10 and 7202.19.50.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 42,157 | 100 | - | [***] |
| Imports from GSP countries: | | | | |
| Total | 20,158 | 48 | 100 | [***] |
| Mexico | 20,158 | 48 | 100 | [***] |

[1] Import-to-consumption ratios based on 1988 data.

IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 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 | [ *** ] |
| Other foreign products | [ *** ] |
| Quality compared with-- | |
| U.S. products | [ *** ] |
| Other foreign products | [ *** ] |

Comment.--[ *** ]

V. Position of interested parties

Support.--The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexico products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty-free.

Opposition.--The Ferroalloy Association, representing all U.S. commercial producers, requests that duty-free treatment on medium carbon ferromanganese from Mexico into the United States should be denied. The Ferroalloy Association's request is based on the contentions that (1) Mexico has achieved a commanding position in the importation of medium carbon ferromanganese in relation to other importers and also a dominant market position in the U.S. market and (2) the United States has only one domestic medium carbon ferromanganese producer, Elkems Metal Company at Marietta, Ohio, remaining in the business.

[Probable economic effect advice deleted.]

Table I.

Digest No.
72021110

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

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Norway | 0 | 0 | 404 | 5,000 | 17,207 |
| Mexico | 7,540 | 8,795 | 7,242 | 4,215 | 14,453 |
| West Germany | 11,073 | 1,794 | 10,026 | 5,947 | 9,450 |
| Rep So Africa | 313 | 4,347 | 1,633 | 259 | 3,021 |
| Belgium | 0 | 0 | 0 | 729 | 2,741 |
| France | 2,139 | 0 | 1,363 | 2,944 | 2,721 |
| Japan | 1,385 | 0 | 1,300 | 1,262 | 1,967 |
| Netherlands | 0 | 516 | 1,147 | 0 | 1,323 |
| Brazil | 297 | 0 | 0 | 0 | 594 |
| Canada | 2 | 36 | 76 | 0 | 249 |
| Denmark | 577 | 0 | 0 | 0 | 0 |
| Spain | 2,347 | 948 | 3,845 | 0 | 0 |
| Total | 25,674 | 16,436 | 27,036 | 20,356 | 53,727 |
| GSP Total 2/ | 7,837 | 8,795 | 7,242 | 4,215 | 15,048 |
| GSP+4 2/ | 7,837 | 8,795 | 7,242 | 4,215 | 15,048 |
| | Percent | | | | |
| Norway | .0 | .0 | 1.5 | 24.6 | 32.0 |
| Mexico | 29.4 | 53.5 | 26.8 | 20.7 | 26.9 |
| West Germany | 43.1 | 10.9 | 37.1 | 29.2 | 17.6 |
| Rep So Africa | 1.2 | 26.4 | 6.0 | 1.3 | 5.6 |
| Belgium | .0 | .0 | .0 | 3.6 | 5.1 |
| France | 8.3 | .0 | 5.0 | 14.5 | 5.1 |
| Japan | 5.4 | .0 | 4.8 | 6.2 | 3.7 |
| Netherlands | .0 | 3.1 | 4.2 | .0 | 2.5 |
| Brazil | 1.2 | .0 | .0 | .0 | 1.1 |
| Canada | 1/ | .2 | .3 | .0 | .5 |
| Denmark | 2.2 | .0 | .0 | .0 | .0 |
| Spain | 9.1 | 5.8 | 14.2 | .0 | .0 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/ | 30.5 | 53.5 | 26.8 | 20.7 | 28.0 |
| GSP+4 2/ | 30.5 | 53.5 | 26.8 | 20.7 | 28.0 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No. 72021110

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

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada........... | 3,745 | 4,158 | 1,676 | 1,351 | 1,854 |
| Belgium.......... | 0 | 160 | 179 | 217 | 368 |
| West Germany..... | 0 | 17 | 554 | 347 | 250 |
| Trin & Tobago.... | 355 | 0 | 0 | 0 | 139 |
| United Kingdom... | 0 | 0 | 0 | 33 | 119 |
| Mexico........... | 241 | 241 | 116 | 99 | 89 |
| France........... | 0 | 0 | 0 | 36 | 65 |
| Chile............ | 6 | 0 | 0 | 0 | 27 |
| Dominican Rep.... | 0 | 5 | 0 | 0 | 19 |
| Honduras......... | 0 | 0 | 0 | 14 | 12 |
| Colombia......... | 0 | 23 | 44 | 20 | 8 |
| Jamaica.......... | 8 | 54 | 0 | 0 | 0 |
| Venezuela........ | 0 | 0 | 46 | 0 | 0 |
| Ecuador.......... | 5 | 0 | 0 | 0 | 0 |
| Peru............. | 28 | 2 | 1 | 0 | 0 |
| All other........ | 1 | 102 | 34 | 29 | 0 |
| Total.......... | 4,389 | 4,762 | 2,650 | 2,144 | 2,950 |
| GSP Total 2/.. | 644 | 326 | 210 | 132 | 294 |
| GSP+4 2/...... | 644 | 326 | 210 | 161 | 294 |
| | Percent | | | | |
| Canada........... | 85.3 | 87.3 | 63.2 | 63.0 | 62.9 |
| Belgium.......... | .0 | 3.4 | 6.8 | 10.1 | 12.5 |
| West Germany..... | .0 | .4 | 20.9 | 16.2 | 8.5 |
| Trin & Tobago.... | 8.1 | .0 | .0 | .0 | 4.7 |
| United Kingdom... | .0 | .0 | .0 | 1.5 | 4.0 |
| Mexico........... | 5.5 | 5.1 | 4.4 | 4.6 | 3.0 |
| France........... | .0 | .0 | .0 | 1.7 | 2.2 |
| Chile............ | .1 | .0 | .0 | .0 | .9 |
| Dominican Rep.... | .0 | .1 | .0 | .0 | .6 |
| Honduras......... | .0 | .0 | .0 | .6 | .4 |
| Colombia......... | .0 | .5 | 1.6 | .9 | .3 |
| Jamaica.......... | .2 | 1.1 | .0 | .0 | .0 |
| Venezuela........ | .0 | .0 | 1.7 | .0 | .0 |
| Ecuador.......... | .1 | .0 | .0 | .0 | .0 |
| Peru............. | .6 | 1/ | 1/ | .0 | .0 |
| All other........ | 1/ | 2.1 | 1.3 | 1.3 | .0 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 14.7 | 6.8 | 7.9 | 6.2 | 10.0 |
| GSP+4 2/...... | 14.7 | 6.8 | 7.9 | 7.5 | 10.0 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 7320.10.00

CERTAIN LEAF AND HELICAL SPRINGS OF IRON OR STEEL

Digest No.
7320.10.00

Certain Leaf and Helical Springs of Iron or Steel[1]

I. Introduction

Certain leaf and helical springs of iron or steel: Harmonized Tariff Schedule subheading; U.S. col. 1 rate of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 7320.10.00 | 4% | Yes | 84,134 | Mexico | 23,548 | [***] |
| 7320.20.10 | 4% | Yes | 112,648 | Mexico | 5,119 | [***] |

Description and uses.--Leaf and helical springs are springs used primarily in motor vehicle suspension. Located in the front and back of a vehicle, these springs hold the vehicle's frame, body, engine and power train above the wheels. Heavy duty vehicles use primarily leaf springs, whereas passenger cars use helical, or coil, springs.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number)........................ | *140 | *140 | *140 | *140 | *140 | *0 |
| Employment (thousand employees)........... | *5 | *5 | *5 | *5 | *5 | *0 |
| Shipments (million dollars)............... | **655 | **663 | **678 | **710 | **743 | **3 |
| Exports (million dollars)................. | 25 | 22 | 11 | 22 | 30 | 5 |
| Imports (million dollars)................. | 208 | 214 | 215 | 238 | 222 | 2 |
| Consumption (million dollars)............. | **838 | **855 | **882 | **926 | **935 | **3 |
| Import to consumption ratio (percent)...... | **25 | **25 | **24 | **26 | **24 | **-1 |
| Capacity utilization (percent)............ | *75 | *75 | *75 | *75 | *75 | *0 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.

Comment.--Both digest products are sold in two distinct markets: the original equipment manufacturing (OEM) market and the aftermarket (i.e. replacement parts). OEM springs--both foreign and domestic--are sold directly to motor vehicle manufacturers (which are few in number), whereas the majority of replacement springs go through distributors to auto shops and retail stores throughout the country.

Spring manufacturers and distributors compete on the basis of price, technological sophistication, delivery and quality. According to industry sources, prices of springs from developing countries, including Mexico, are 5 percent to 40 percent lower than domestic spring prices. Manufacturers and buyers alike indicated that these cheaper-priced springs do not possess a comparable level of technological sophistication, and that these foreign manufacturers do not offer support services to the extent that their domestic counterparts do. U.S producers also claimed that Mexico is not as reliable as they are in terms of delivery. Regarding quality, some distributors and buyers noted that spring quality had become more uniform in recent years and therefore was less

[1]This digest includes the following HTS subheadings: 7320.10.00 and 7320.20.10.

of a factor distinguishing one spring from another. Others claimed that Mexican spring quality was still substantially inferior. Despite confidence in the superiority of their product, domestic producers claim that there is great pressure for them to limit the gap between domestic and Mexican spring prices.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total........................ | 196,782 | 100 | - | **24 |
| Imports from GSP countries: | | | | |
| Total........................ | 36,051 | 18 | 100 | **4 |
| Mexico........................ | 28,667 | 15 | 80 | **3 |
| Argentina..................... | 2,877 | 1 | 8 | **([2]) |
| Brazil........................ | 2,024 | 1 | 6 | **([2]) |
| Venezuela..................... | 898 | 1 | 2 | **([2]) |

[1]Import-to-consumption ratios based on 1988 data.
[2]Less than 0.5 percent.

Comment.--As the second largest foreign supplier of digest products, Mexico supplies nearly twice as much of U.S. imports as third-place Japan. Canada, however, is by far the dominant foreign supplier capturing nearly two-thirds of U.S. import market share. Mexico's market position is more pronounced in the leaf spring market, where it accounts for 28 percent of U.S. imports compared with Canada's 35 percent. One reason that Mexico's presence is greater in the leaf spring market may be that the labor content of leaf spring production is higher than that of coil spring production.

IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, January-September 1989................. 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 __ 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

Comment.--[

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V. Position of interested parties

Support. According to Rassini, S.A. de C.V., (Rassini), eliminating duties on leaf springs and leaves therefor (HTS 7320.10.00) would have a negligible effect (if any) on U.S. companies producing like or directly competitive products.[1] These springs, Rassini points out, are not import sensitive because of growing demand for them in the expanding U.S. market. Potential adverse impact is minimized because Rassini does not compete directly with U.S. companies, which generally supply the heavy-duty truck market. (Rassini supplies the light-truck market). Rassini adds that duty elimination would lower costs for the U.S. auto industry, and has included a letter of support from Ford.

Rassini considers that the implementation of the HTS has corrected the pre-existing distortion caused by separating out Canadian imports under the United States-Canada Automotive Products Trade Agreement (APTA). U.S. imports from Mexico are now approximately 28 percent of total imports, far below the 50 percent competitive need limit.

The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty-free.

Opposition. The Spring Manufacturers Institute, Inc. (SMI), a non-profit trade association of 289 spring manufactures and their suppliers, argues that there has been no significant change in the circumstances which substantiated the 1985 denial for redesignation for GSP eligibility. Mexico continues to be sufficiently competitive, SMI points out, relative to other beneficiary developing countries. In addition, Mexican imports exceed the 25 percent competitiveness threshold level, which SMI claims to be applicable under the pertinent parts of Subsections 504(c)(1) and (2) of the Trade Act of 1974.

Regarding the elimination of a separate category for Canadian imports under APTA in the HTS, SMI maintains that Canadian imports should continue to have no bearing on the redesignation decision, since no underlying policy change has been announced.

[1]Note that Rassini does not consider digest product HTS 7320.20.10, helical springs suitable for motor-vehicle suspension, in its testimony.

[Probable economic effect advice deleted.]

Table I.

Digest No. 73201000

Digest Title: Certain leaf and helical springs of iron or steel.
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada | 139,521 | 136,875 | 134,517 | 148,653 | 141,268 |
| Mexico | 34,974 | 36,169 | 30,203 | 28,300 | 31,330 |
| West Germany | 5,778 | 11,094 | 17,612 | 27,946 | 17,167 |
| Japan | 16,681 | 16,064 | 17,702 | 20,810 | 17,088 |
| Korea | 2,778 | 2,978 | 2,122 | 1,542 | 2,421 |
| Argentina | 1/ | 0 | 593 | 865 | 1,773 |
| Brazil | 860 | 1,324 | 882 | 849 | 1,562 |
| Venezuela | 354 | 653 | 1,498 | 937 | 1,443 |
| Thailand | 363 | 658 | 1,000 | 1,640 | 1,297 |
| France | 744 | 1,057 | 396 | 529 | 926 |
| Rep So Africa | 273 | 513 | 1,398 | 1,355 | 914 |
| United Kingdom | 441 | 614 | 543 | 427 | 874 |
| Taiwan | 201 | 627 | 1,483 | 949 | 864 |
| Singapore | 23 | 70 | 749 | 360 | 776 |
| Yugoslavia | 0 | 279 | 600 | 511 | 587 |
| All other | 5,263 | 5,459 | 3,431 | 2,188 | 1,242 |
| Total | 208,255 | 214,434 | 214,729 | 237,862 | 221,534 |
| GSP Total 2/ | 36,660 | 39,553 | 35,405 | 33,668 | 38,446 |
| GSP+4 2/ | 39,662 | 43,258 | 39,808 | 36,518 | 42,509 |
| | Percent | | | | |
| Canada | 67.0 | 63.8 | 62.6 | 62.5 | 63.8 |
| Mexico | 16.8 | 16.9 | 14.1 | 11.9 | 14.1 |
| West Germany | 2.8 | 5.2 | 8.2 | 11.7 | 7.7 |
| Japan | 8.0 | 7.5 | 8.2 | 8.7 | 7.7 |
| Korea | 1.3 | 1.4 | 1.0 | .6 | 1.1 |
| Argentina | 1/ | .0 | .3 | .4 | .8 |
| Brazil | .4 | .6 | .4 | .4 | .7 |
| Venezuela | .2 | .3 | .7 | .4 | .7 |
| Thailand | .2 | .3 | .5 | .7 | .6 |
| France | .4 | .5 | .2 | .2 | .4 |
| Rep So Africa | .1 | .2 | .7 | .6 | .4 |
| United Kingdom | .2 | .3 | .3 | .2 | .4 |
| Taiwan | .1 | .3 | .7 | .4 | .4 |
| Singapore | 1/ | 1/ | .3 | .2 | .4 |
| Yugoslavia | .0 | .1 | .3 | .2 | .3 |
| All other | 2.5 | 2.5 | 1.6 | .9 | .6 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/ | 17.6 | 18.4 | 16.5 | 14.2 | 17.4 |
| GSP+4 2/ | 19.0 | 20.2 | 18.5 | 15.4 | 19.2 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No. 73201000

Digest Title: Certain leaf and helical springs of iron or steel.
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada | 21,414 | 18,391 | 7,978 | 16,976 | 22,929 |
| Mexico | 2,073 | 2,301 | 1,098 | 1,639 | 2,967 |
| United Kingdom | 124 | 97 | 502 | 2,647 | 2,729 |
| Japan | 18 | 5 | 58 | 48 | 155 |
| West Germany | 30 | 11 | 38 | 36 | 152 |
| Korea | 0 | 15 | 33 | 40 | 113 |
| France | 3 | 0 | 299 | 60 | 81 |
| Costa Rica | 1 | 29 | 4 | 0 | 57 |
| Hong Kong | 7 | 0 | 3 | 27 | 52 |
| Brazil | 29 | 0 | 15 | 4 | 49 |
| Australia | 157 | 195 | 121 | 64 | 47 |
| Netherlands | 0 | 5 | 27 | 24 | 44 |
| Sweden | 38 | 36 | 37 | 23 | 32 |
| Jamaica | 0 | 0 | 1 | 2 | 32 |
| Singapore | 55 | 58 | 50 | 24 | 27 |
| All other | 780 | 512 | 414 | 386 | 199 |
| Total | 24,728 | 21,654 | 10,680 | 21,999 | 29,666 |
| GSP Total 2/ | 2,437 | 2,591 | 1,442 | 1,899 | 3,260 |
| GSP+4 2/ | 2,500 | 2,669 | 1,530 | 2,034 | 3,459 |
| | Percent | | | | |
| Canada | 86.6 | 84.9 | 74.7 | 77.2 | 77.3 |
| Mexico | 8.4 | 10.6 | 10.3 | 7.4 | 10.0 |
| United Kingdom | .5 | .4 | 4.7 | 12.0 | 9.2 |
| Japan | .1 | 1/ | .5 | .2 | .5 |
| West Germany | .1 | .1 | .4 | .2 | .5 |
| Korea | .0 | .1 | .3 | .2 | .4 |
| France | 1/ | .0 | 2.8 | .3 | .3 |
| Costa Rica | 1/ | .1 | 1/ | .0 | .2 |
| Hong Kong | 1/ | .0 | 1/ | .1 | .2 |
| Brazil | .1 | .0 | .1 | 1/ | .2 |
| Australia | .6 | .9 | 1.1 | .3 | .2 |
| Netherlands | .0 | 1/ | .3 | .1 | .1 |
| Sweden | .2 | .2 | .3 | .1 | .1 |
| Jamaica | .0 | .0 | 1/ | 1/ | .1 |
| Singapore | .2 | .3 | .5 | .1 | .1 |
| All other | 3.2 | 2.4 | 3.9 | 1.8 | .7 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/ | 9.9 | 12.0 | 13.5 | 8.6 | 11.0 |
| GSP+4 2/ | 10.1 | 12.3 | 14.3 | 9.2 | 11.7 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 7608.10.00

CERTAIN ALUMINUM MILL PRODUCTS

# Certain Aluminum Mill Products[1]

## I. Introduction

Certain aluminum mill products: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 Total | From country to be reinstated Source | Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 7608.10.00 | 5.7% | Yes | 3,990 | Brazil | 21 | [***] |
| 7608.20.00 | 5.7% | Yes | 5,002 | Brazil | 0 | [***] |
| 7609.00.00 | 5.7% | Yes | 6,312 | Brazil | 0 | [***] |

Description and uses.—This digest includes pipes and tubes, alloyed or not alloyed, principally used for conduits, irrigation piping, refrigeration, air conditioning, and furniture. Fittings, such as elbows, are the parts used to connect pipes and tubes in their various configurations.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) | - |
| Employment (thousand employees) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) | - |
| Shipments (million dollars) | **480 | **473 | **829 | **573 | **488 | **([4]) |
| Exports (million dollars) | 31 | 27 | 29 | 37 | 46 | 10 |
| Imports (million dollars) | 12 | 15 | 37 | 18 | 18 | 11 |
| Consumption (million dollars) | **461 | **461 | **837 | **554 | **460 | **([4]) |
| Import to consumption ratio (percent) | **3 | **3 | **4 | **3 | **4 | **7 |
| Capacity utilization (percent) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) | - |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.
[3]Not available.
[4]Less than 0.5 percent.

Comment.—The U.S. industry includes integrated producers that produce their own primary aluminum for further fabrication, and extruders that process purchased primary aluminum or secondary aluminum. Approximately 19 firms manufacture drawn tube; 16 firms produce welded tube; and about 217 extruders produce various extruded products, including pipe and tube. Drawn and/or welded tube producers are concentrated in Southern California, Nebraska, and east of the Mississippi River; extruders are primarily located in Southern California and the Great Lakes region. These tube manufacturers are generally located in proximity to primary and secondary sources of aluminum. The most important cost factor when producing these products is the price of the primary/secondary aluminum. Pipe and tube prices generally fluctuate in relation to the price of these inputs, which has experienced wide price swings during 1984-88.

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[1]This digest includes the following HTS subheadings: 7608.10.00, 7608.20.00, and 7609.00.00.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 15,305 | 100 | - | **4 |
| Imports from GSP countries: | | | | |
| Total | 1,357 | 9 | 100 | **1 |
| Israel[2] | 1,021 | 7 | 75 | **([3]) |
| Mexico | 231 | 2 | 17 | **([3]) |
| Yugoslavia | 57 | ([3]) | 4 | **([3]) |
| Brazil | 21 | ([3]) | 2 | **([3]) |

[1] Import-to-consumption ratios based on 1988 data.
[2] Although imports of certain aluminum mill products from Israel are eligible for duty-free entry under the GSP, imports of this item during January-September 1989 from Israel entered duty-free under the provisions of the United States-Israel Free Trade Area Implementation Act of 1985.
[3] Less than 0.5 percent.

IV. Competitiveness profiles

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, January-September 1989................ 19
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.--There are six primary aluminum smelters located in Brazil, with a yearend 1989 capacity of 869,000 metric tons, making Brazil the world's sixth largest primary producer. Another smelter (Alune), to be located in Recife, is planned. There are four known firms in Brazil manufacturing extrusions.

V. Position of interested parties

No statements were received either in support of or in opposition to the proposed modifications to the GSP considered in this digest.

[Probable economic effect advice deleted.]

Table I.

Digest No.
76081000

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

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Mexico........... | 0 | 31 | 40 | 2,329 | 3,858 |
| Canada........... | 1,477 | 1,569 | 1,217 | 1,320 | 2,642 |
| United Kingdom... | 2,445 | 2,417 | 3,537 | 2,349 | 2,216 |
| West Germany..... | 1,496 | 2,289 | 2,761 | 2,489 | 1,944 |
| Japan............ | 1,509 | 3,751 | 3,802 | 4,811 | 1,660 |
| Taiwan........... | 120 | 379 | 305 | 953 | 1,342 |
| Hungary.......... | 0 | 0 | 2 | 143 | 1,152 |
| Korea............ | 36 | 9 | 138 | 969 | 896 |
| France........... | 803 | 1,804 | 435 | 677 | 665 |
| Israel........... | 818 | 763 | 847 | 373 | 405 |
| Finland.......... | 0 | 0 | 0 | 50 | 209 |
| Sweden........... | 36 | 4 | 36 | 83 | 175 |
| Netherlands...... | 9 | 75 | 156 | 137 | 166 |
| Brazil........... | 3,222 | 412 | 22,177 | 479 | 146 |
| Rep So Africa.... | 0 | 0 | 0 | 57 | 116 |
| All other........ | 514 | 1,225 | 1,704 | 891 | 405 |
| Total.......... | 12,483 | 14,727 | 37,157 | 18,110 | 17,997 |
| GSP Total 2/.. | 4,286 | 1,713 | 23,430 | 3,359 | 4,471 |
| GSP+4 2/...... | 4,460 | 2,102 | 23,873 | 5,289 | 6,711 |
| | Percent | | | | |
| Mexico........... | .0 | .2 | .1 | 12.9 | 21.4 |
| Canada........... | 11.8 | 10.7 | 3.3 | 7.3 | 14.7 |
| United Kingdom... | 19.6 | 16.4 | 9.5 | 13.0 | 12.3 |
| West Germany..... | 12.0 | 15.5 | 7.4 | 13.7 | 10.8 |
| Japan............ | 12.1 | 25.5 | 10.2 | 26.6 | 9.2 |
| Taiwan........... | 1.0 | 2.6 | .8 | 5.3 | 7.5 |
| Hungary.......... | .0 | .0 | 1/ | .8 | 6.4 |
| Korea............ | .3 | .1 | .4 | 5.4 | 5.0 |
| France........... | 6.4 | 12.2 | 1.2 | 3.7 | 3.7 |
| Israel........... | 6.6 | 5.2 | 2.3 | 2.1 | 2.3 |
| Finland.......... | .0 | .0 | .0 | .3 | 1.2 |
| Sweden........... | .3 | 1/ | .1 | .5 | 1.0 |
| Netherlands...... | .1 | .5 | .4 | .8 | .9 |
| Brazil........... | 25.8 | 2.8 | 59.7 | 2.6 | .8 |
| Rep So Africa.... | .0 | .0 | .0 | .3 | .6 |
| All other........ | 4.1 | 8.3 | 4.6 | 4.9 | 2.2 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 34.3 | 11.6 | 63.1 | 18.5 | 24.8 |
| GSP+4 2/...... | 39.7 | 14.3 | 64.2 | 29.2 | 37.3 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
76081000

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

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada.......... | 9,500 | 10,335 | 14,286 | 17,032 | 18,929 |
| Mexico.......... | 2,417 | 4,225 | 3,884 | 7,336 | 10,386 |
| United Kingdom... | 1,198 | 1,032 | 1,564 | 1,662 | 3,685 |
| Korea........... | 891 | 214 | 573 | 1,736 | 1,392 |
| Australia........ | 616 | 941 | 559 | 682 | 1,342 |
| Japan........... | 576 | 256 | 1,160 | 880 | 1,246 |
| West Germany..... | 499 | 288 | 338 | 462 | 1,038 |
| France.......... | 218 | 365 | 628 | 416 | 878 |
| Taiwan.......... | 6,267 | 880 | 680 | 1,232 | 716 |
| Singapore........ | 358 | 179 | 176 | 124 | 591 |
| Philippines...... | 156 | 64 | 48 | 71 | 510 |
| Indonesia........ | 171 | 7 | 140 | 22 | 454 |
| Egypt........... | 266 | 5 | 21 | 50 | 404 |
| Switzerland...... | 135 | 225 | 152 | 192 | 309 |
| Italy........... | 183 | 264 | 117 | 363 | 292 |
| All other........ | 7,254 | 7,316 | 4,954 | 5,192 | 4,170 |
| Total......... | 30,705 | 26,596 | 29,281 | 37,453 | 46,341 |
| GSP Total 2/.. | 5,995 | 9,814 | 7,959 | 11,120 | 14,300 |
| GSP+4 2/..... | 13,554 | 11,164 | 9,470 | 14,346 | 17,133 |
| | Percent | | | | |
| Canada.......... | 30.9 | 38.9 | 48.8 | 45.5 | 40.8 |
| Mexico.......... | 7.9 | 15.9 | 13.3 | 19.6 | 22.4 |
| United Kingdom... | 3.9 | 3.9 | 5.3 | 4.4 | 8.0 |
| Korea........... | 2.9 | .8 | 2.0 | 4.6 | 3.0 |
| Australia........ | 2.0 | 3.5 | 1.9 | 1.8 | 2.9 |
| Japan........... | 1.9 | 1.0 | 4.0 | 2.3 | 2.7 |
| West Germany..... | 1.6 | 1.1 | 1.2 | 1.2 | 2.2 |
| France.......... | .7 | 1.4 | 2.1 | 1.1 | 1.9 |
| Taiwan.......... | 20.4 | 3.3 | 2.3 | 3.3 | 1.5 |
| Singapore........ | 1.2 | .7 | .6 | .3 | 1.3 |
| Philippines...... | .5 | .2 | .2 | .2 | 1.1 |
| Indonesia........ | .6 | 1/ | .5 | .1 | 1.0 |
| Egypt........... | .9 | 1/ | .1 | .1 | .9 |
| Switzerland...... | .4 | .8 | .5 | .5 | .7 |
| Italy........... | .6 | 1.0 | .4 | 1.0 | .6 |
| All other........ | 23.6 | 27.5 | 16.9 | 13.9 | 9.0 |
| Total......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 19.5 | 36.9 | 27.2 | 29.7 | 30.9 |
| GSP+4 2/..... | 44.1 | 42.0 | 32.3 | 38.3 | 37.0 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 8406.11.90

VAPOR TURBINES

# Vapor Turbines[1]

## I. Introduction

Vapor turbines: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 8406.11.90 | 4.5% | Yes | 44 | Israel | 0 | [***] |
| 8406.19.90 | 4.5% | Yes | 907 | Israel | 4 | [***] |
| 8406.90.90 | 4.5% | Yes | 4,059 | Israel | 0 | [***] |

Description and uses.--This digest includes vapor turbines except those powered by steam. Vapor powered turbines are machines which convert the kinetic heat energy of expanding vapors into mechanical energy (electricity). Electricity is generated in thermal power plants which use coal, natural gas, oil, or uranium as their heat source. Vapor turbines are driven by applying vapor pressure to the vanes or blades of a wheel. These units consists of a rotor comprising a shaft which sits on a wheel with a row of closely spaced blades and a casing consisting of a system of stationary nozzles which direct vapor into the blades of the rotor, thus turning the turbines. For the most part, these machines are large, bulky, and are generally custom designed. Vapor turbines can be found in utilities which use them to generate electricity or in other industries which require them to accomplish such tasks as pushing gas through pipelines.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number)........................ | **50 | **50 | **40 | **40 | **40 | **-5 |
| Employment (1,000 employees)............. | **56 | **51 | **51 | **40 | **40 | **-8 |
| Shipments (million dollars)............... | 2,726 | 2,882 | 2,531 | **1,893 | **1,893[3] | **-9 |
| Exports (million dollars)................. | 161 | 177 | 112 | 105 | 112 | -9 |
| Imports (million dollars)................. | 1 | 4 | 4 | 18 | 11 | 82 |
| Consumption (million dollars)............. | 2,565 | 2,709 | 2,453 | **1,806 | **1,792 | **-9 |
| Import to consumption ratio (percent)..... | ([4]) | ([4]) | ([4]) | 1 | 1 | 19 |
| Capacity utilization (percent)............ | 68 | 66 | 63 | 64 | **64 | **-2 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.
[3]Shipment figures include shipments for all vapor turbines including steam.
[4]Less than 0.5 percent.

[1]This digest includes the following HTS subheadings: 8406.11.90, 8406.19.90, and 8406.90.90.

Comment.—The U.S. market for vapor turbines is the world's single largest. According to industry sources, domestic demand for vapor turbines and other electric power generating machinery has been on the decline since 1979. The largest U.S. producers of these machines are presently operating with significant excess capacity. Electric utilities, the principal consumers of these products, have been reluctant to expand because of the large amount of capital investment needed to build and operate new plants and because of the additional costs associated with meeting strict environmental and operational controls imposed by Public Utility Commissions. Utilities have opted to maintain and upgrade existing systems until they wear out. The low level of demand has caused U.S. manufacturers to close or consolidate plants, move production abroad, or enter joint-venture agreements with major foreign manufacturers. The U.S. industry principal functions today is to refurbish U.S.-manufactured equipment. However, foreign manufacturers have not been able to make significant inroad into the U.S. market. Foreign manufacturers presently enjoy advantages in the price of raw materials (steel) and the cost of labor. U.S. manufacturers have also suffered because of limited access to markets in Western Europe and Japan, and public distrust of nuclear energy.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 5,010 | 100 | - | **1 |
| Imports from GSP countries: | | | | |
| Total | 4 | ([2]) | 100 | **([2]) |
| Israel[3] | 4 | ([2]) | 100 | **([2]) |

[1]Import-to-consumption ratios based on 1988 data.
[2]Less than 0.5 percent.
[3]Although imports of vapor turbines from Israel are eligible for duty-free entry under the GSP, imports of these items in 1988 from Israel entered duty-free under the provisions of the United States-Israel Free Trade Area Implementation Act of 1985.

## IV. Competitiveness profiles

Competitiveness indicators for Israel for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 11 |
| 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 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 __ |

V. Position of interested parties

No statements were received either in support of or in opposition to the proposed modification to the GSP considered in this digest.

[Probable economic effect advice deleted.]

Table I.

Digest No.
84061190

Digest Title: Vapor turbines
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan............ | 213 | 406 | 36 | 1,518 | 4,992 |
| Israel.......... | 13 | 3 | 67 | 12,395 | 2,205 |
| West Germany..... | 435 | 447 | 1,273 | 185 | 1,026 |
| United Kingdom... | 150 | 831 | 1,197 | 1,826 | 763 |
| Canada.......... | 113 | 162 | 43 | 280 | 520 |
| Switzerland...... | 18 | 1,057 | 14 | 0 | 503 |
| France.......... | 1 | 0 | 335 | 124 | 500 |
| Italy........... | 0 | 3 | 28 | 80 | 172 |
| Belgium......... | 0 | 0 | 29 | 72 | 164 |
| China........... | 0 | 0 | 0 | 14 | 53 |
| Netherlands...... | 0 | 336 | 377 | 307 | 53 |
| Spain........... | 0 | 0 | 9 | 0 | 19 |
| Sweden.......... | 1 | 0 | 7 | 0 | 14 |
| Finland......... | 24 | 152 | 76 | 47 | 5 |
| Austria......... | 0 | 0 | 0 | 1 | 3 |
| All other........ | 13 | 223 | 194 | 797 | 0 |
| Total......... | 981 | 3,617 | 3,684 | 17,645 | 10,991 |
| GSP Total 2/.. | 15 | 125 | 186 | 12,601 | 2,205 |
| GSP+4 2/...... | 15 | 224 | 189 | 12,639 | 2,205 |
| | Percent | | | | |
| Japan............ | 21.7 | 11.2 | 1.0 | 8.6 | 45.4 |
| Israel.......... | 1.3 | .1 | 1.8 | 70.2 | 20.1 |
| West Germany..... | 44.4 | 12.4 | 34.5 | 1.0 | 9.3 |
| United Kingdom... | 15.3 | 23.0 | 32.5 | 10.3 | 6.9 |
| Canada.......... | 11.5 | 4.5 | 1.2 | 1.6 | 4.7 |
| Switzerland...... | 1.8 | 29.2 | .4 | .0 | 4.6 |
| France.......... | .1 | .0 | 9.1 | .7 | 4.5 |
| Italy........... | .0 | .1 | .8 | .5 | 1.6 |
| Belgium......... | .0 | .0 | .8 | .4 | 1.5 |
| China........... | .0 | .0 | .0 | .1 | .5 |
| Netherlands...... | .0 | 9.3 | 10.2 | 1.7 | .5 |
| Spain........... | .0 | .0 | .2 | .0 | .2 |
| Sweden.......... | .1 | .0 | .2 | .0 | .1 |
| Finland......... | 2.4 | 4.2 | 2.1 | .3 | 1/ |
| Austria......... | .0 | .0 | .0 | 1/ | 1/ |
| All other........ | 1.3 | 6.2 | 5.3 | 4.5 | .0 |
| Total......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 1.5 | 3.5 | 5.1 | 71.4 | 20.1 |
| GSP+4 2/...... | 1.5 | 6.2 | 5.1 | 71.6 | 20.1 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
84061190

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

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Mexico.......... | 32,959 | 19,222 | 11,403 | 9,134 | 13,432 |
| China........... | 1,567 | 2,933 | 3,588 | 24,697 | 13,246 |
| Israel.......... | 779 | 516 | 266 | 188 | 12,804 |
| Romania......... | 5,080 | 14,330 | 29,768 | 10,095 | 9,557 |
| Canada.......... | 13,010 | 7,239 | 4,153 | 3,478 | 7,918 |
| Egypt........... | 3,169 | 19,976 | 2,147 | 2,329 | 5,683 |
| United Kingdom... | 4,273 | 2,851 | 3,071 | 3,287 | 5,396 |
| Taiwan.......... | 6,807 | 46,291 | 8,846 | 3,474 | 4,193 |
| Spain........... | 6,030 | 2,502 | 2,163 | 4,629 | 4,005 |
| Saudi Arabia..... | 10,713 | 10,614 | 10,138 | 8,701 | 3,649 |
| Japan........... | 32,095 | 5,171 | 3,433 | 2,174 | 3,547 |
| West Germany..... | 1,535 | 1,443 | 1,415 | 2,860 | 2,801 |
| Venezuela....... | 1,222 | 1,575 | 2,520 | 1,506 | 2,219 |
| Pakistan........ | 551 | 223 | 2,833 | 6,987 | 2,057 |
| France.......... | 622 | 486 | 532 | 908 | 1,636 |
| All other....... | 39,769 | 41,970 | 25,997 | 20,052 | 19,774 |
| Total......... | 160,180 | 177,341 | 112,272 | 104,500 | 111,917 |
| GSP Total 1/.. | 55,176 | 67,739 | 34,929 | 33,845 | 47,867 |
| GSP+4 1/..... | 69,384 | 115,344 | 46,475 | 39,595 | 53,927 |
| | Percent | | | | |
| Mexico.......... | 20.6 | 10.8 | 10.2 | 8.7 | 12.0 |
| China........... | 1.0 | 1.7 | 3.2 | 23.6 | 11.8 |
| Israel.......... | .5 | .3 | .2 | .2 | 11.4 |
| Romania......... | 3.2 | 8.1 | 26.5 | 9.7 | 8.5 |
| Canada.......... | 8.1 | 4.1 | 3.7 | 3.3 | 7.1 |
| Egypt........... | 2.0 | 11.3 | 1.9 | 2.2 | 5.1 |
| United Kingdom... | 2.7 | 1.6 | 2.7 | 3.1 | 4.8 |
| Taiwan.......... | 4.2 | 26.1 | 7.9 | 3.3 | 3.7 |
| Spain........... | 3.8 | 1.4 | 1.9 | 4.4 | 3.6 |
| Saudi Arabia..... | 6.7 | 6.0 | 9.0 | 8.3 | 3.3 |
| Japan........... | 20.0 | 2.9 | 3.1 | 2.1 | 3.2 |
| West Germany..... | 1.0 | .8 | 1.3 | 2.7 | 2.5 |
| Venezuela....... | .8 | .9 | 2.2 | 1.4 | 2.0 |
| Pakistan........ | .3 | .1 | 2.5 | 6.7 | 1.8 |
| France.......... | .4 | .3 | .5 | .9 | 1.5 |
| All other....... | 24.8 | 23.7 | 23.2 | 19.2 | 17.7 |
| Total......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 34.4 | 38.2 | 31.1 | 32.4 | 42.8 |
| GSP+4 1/..... | 43.3 | 65.0 | 41.4 | 37.9 | 48.2 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 8407.32.20

ENGINES AND PARTS

# Engines and Parts[1]

## I. Introduction

Engines and parts: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 Total | From country to be reinstated Source | Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 8407.32.20 | 3.1% | Yes | 682,610 | Brazil | 73 | [***] |
| | | | | Mexico | 382 | [***] |
| 8407.33.20 | 3.1% | Yes | 55,638 | Brazil | 53 | [***] |
| | | | | Mexico | 2 | [***] |
| 8407.34.20 | 3.1% | Yes | 1,041,820 | Brazil | 2,800 | [***] |
| 8408.10.00 | 3.7% | Yes | 31,935 | Brazil | 126 | [***] |
| 8408.20.90 | 3.7% | Yes | 33,032 | Brazil (R)[1] | 283 | [***] |
| 8408.90.90 | 3.7% | Yes | 191,522 | Brazil (R)[1] | 9,001 | [***] |
| 8409.91.92 | 3.1% | Yes | 89,537 | Brazil | 1,534 | [***] |
| | | | | Mexico (R)[1] | 8,266 | [***] |
| 8409.91.99 | 3.1% | Yes | 191,264 | Brazil (R)[1] | 11,422 | [***] |
| | | | | Mexico (R)[1] | 7,299 | [***] |
| 8409.99.91 | 3.7% | Yes | 116,522 | Brazil (R)[1] | 10,816 | [***] |
| 8409.99.92 | 3.7% | Yes | 18,939 | Brazil (R)[1] | 6 | [***] |
| 8421.23.00 | 3.1% | Yes | 76,171 | Brazil (R)[1] | 315 | [***] |
| 8421.31.00 | 3.1% | Yes | 64,243 | Brazil (R)[1] | 65 | [***] |

[1]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.

Description and uses.—This digest covers certain internal combustion spark ignition and compression ignition engines for motor vehicles and marine use, and certain parts of those engines.

[1]This digest includes the following HTS subheadings: 8407.32.20, 8407.33.20, 8407.34.20, 8408.10.00, 8408.20.90, 8408.90.90, 8409.91.92, 8409.91.99, 8409.99.91, 8409.99.92, 8421.23.00, and 8421.31.00.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | **15 | **15 | **15 | **15 | **15 | - |
| Employment (1,000 employees) | **7 | **8 | **7 | **7 | **8 | **3 |
| Shipments (million dollars) | **12,480 | **12,855 | **13,240 | **13,505 | **13,755 | **2 |
| Exports (million dollars) | 2,123 | 2,291 | 2,203 | 2,181 | 2,586 | 5 |
| Imports (million dollars) | 2,869 | 2,997 | 2,854 | 3,170 | 3,517 | 5 |
| Consumption (million dollars) | **13,226 | **13,561 | **13,891 | **14,494 | **14,686 | **3 |
| Import to consumption ratio (percent) | **22 | **22 | **22 | **22 | **24 | **2 |
| Capacity utilization (percent) | **76 | **76 | **74 | **72 | **74 | **-1 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.

Comment.—U.S. producers are primarily large firms with relatively advanced technological capabilities. Most U.S. producers manufacture products of high quality, and have the competitive advantage of close proximity to the U.S. market which allows for low transportation costs, easy buyer-supplier interaction and service, and reliable delivery. Many U.S. producers also have excellent brand-name recognition and customer loyalty. U.S. producers face intense competition from certain efficient, high-quality producers in Japan, Canada, and Western Europe, and from low-cost, newly industrializing countries.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 2,593,235 | 100 | - | **24 |
| Imports from GSP countries: | | | | |
| Total | 385,132 | 15 | 100 | **4 |
| Mexico | 334,599 | 13 | 87 | **4 |
| Brazil | 36,494 | 1 | 9 | **([2]) |
| India | 5,858 | ([2]) | 2 | **([2]) |
| Israel | 4,103 | ([2]) | 1 | **([2]) |

[1]Import-to-consumption ratios based on 1988 data.
[2]Less than one percent.

IV. Competitiveness profiles

Competitiveness indicators for Brazil[1]

| | | | |
|---|---|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 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 __ | 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 __ |

[1]This advice applies only to the following HTS subheadings for which advice was requested for Brazil: 8407.32.20, 8407.33.20, 8407.34.20, 8408.10.00, 8408.20.90, 8408.90.90, 8409.91.92, 8409.91.99, 8409.99.91, 8409.99.92, 8421.23.00, and 8421.31.00

Competitiveness indicators for Mexico[2]

| | | | |
|---|---|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 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 __ | 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 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 __ |

[1]This advice applies only to the following HTS subheadings for which advice was requested for Brazil: 8407.32.20, 8407.33.20, 8408.34.20, 8408.10.00, 8408.20.90, 8408.90.90, 8409.91.92, 8409.91.99, 8409.99.92, 8421.23.00, and 8421.31.00.

Comment.—Digest products imported from Brazil and Mexico are generally priced lower than U.S.-produced digest products because of significantly lower production costs in Brazil and Mexico. However, purchasers in the United States are often willing to buy more expensive products of equal quality in order to ensure certain nonprice advantages such as timely and reliable delivery, marketing a well-known brand, and conducting business with suppliers with a known reputation.

V. Position of interested parties

Support.--The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty free.

[Probable economic effect advice deleted.]

[Probable economic effect advice deleted.]

Table I.

Digest No.
84073220

Digest Title: Engines and parts
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada.......... | 1,414,692 | 1,299,663 | 1,000,800 | 1,185,862 | 1,397,024 |
| Japan........... | 294,360 | 320,311 | 392,371 | 479,302 | 587,019 |
| West Germany..... | 216,793 | 302,066 | 448,953 | 517,492 | 568,121 |
| Mexico.......... | 527,350 | 625,786 | 617,423 | 651,594 | 553,894 |
| United Kingdom... | 89,156 | 99,833 | 106,709 | 105,727 | 172,470 |
| Brazil.......... | 235,779 | 246,529 | 167,162 | 105,094 | 86,644 |
| France.......... | 34,058 | 36,556 | 39,234 | 41,548 | 33,936 |
| Sweden.......... | 12,413 | 11,126 | 14,140 | 15,942 | 21,658 |
| Italy........... | 13,667 | 12,115 | 24,402 | 14,321 | 20,432 |
| Taiwan.......... | 3,418 | 4,117 | 5,524 | 8,825 | 11,866 |
| Korea........... | 901 | 1,948 | 2,581 | 6,121 | 8,001 |
| Belgium......... | 1,482 | 981 | 1,376 | 2,588 | 7,868 |
| Hong Kong........ | 3,003 | 4,600 | 3,423 | 2,964 | 7,213 |
| Singapore........ | 3,330 | 4,310 | 3,166 | 5,262 | 6,674 |
| Austria......... | 2,399 | 1,547 | 2,878 | 4,212 | 4,960 |
| All other........ | 16,094 | 25,410 | 23,784 | 23,059 | 28,946 |
| Total.......... | 2,868,895 | 2,996,898 | 2,853,926 | 3,169,912 | 3,516,727 |
| GSP Total 2/.. | 765,385 | 878,463 | 789,595 | 759,767 | 648,763 |
| GSP+4 2/...... | 776,037 | 893,438 | 804,289 | 782,939 | 682,518 |
| | Percent | | | | |
| Canada.......... | 49.3 | 43.4 | 35.1 | 37.4 | 39.7 |
| Japan........... | 10.3 | 10.7 | 13.7 | 15.1 | 16.7 |
| West Germany..... | 7.6 | 10.1 | 15.7 | 16.3 | 16.2 |
| Mexico.......... | 18.4 | 20.9 | 21.6 | 20.6 | 15.8 |
| United Kingdom... | 3.1 | 3.3 | 3.7 | 3.3 | 4.9 |
| Brazil.......... | 8.2 | 8.2 | 5.9 | 3.3 | 2.5 |
| France.......... | 1.2 | 1.2 | 1.4 | 1.3 | 1.0 |
| Sweden.......... | .4 | .4 | .5 | .5 | .6 |
| Italy........... | .5 | .4 | .9 | .5 | .6 |
| Taiwan.......... | .1 | .1 | .2 | .3 | .3 |
| Korea........... | 1/ | .1 | .1 | .2 | .2 |
| Belgium......... | .1 | 1/ | 1/ | .1 | .2 |
| Hong Kong........ | .1 | .2 | .1 | .1 | .2 |
| Singapore........ | .1 | .1 | .1 | .2 | .2 |
| Austria......... | .1 | .1 | .1 | .1 | .1 |
| All other........ | .6 | .8 | .8 | .7 | .8 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 26.7 | 29.3 | 27.7 | 24.0 | 18.4 |
| GSP+4 2/...... | 27.1 | 29.8 | 28.2 | 24.7 | 19.4 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
84073220

Digest Title: Engines and parts
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada.......... | 1,046,653 | 1,232,057 | 1,196,502 | 1,101,125 | 1,181,303 |
| United Kingdom... | 84,668 | 89,805 | 88,115 | 107,134 | 175,293 |
| Mexico.......... | 116,978 | 137,118 | 137,012 | 118,859 | 173,345 |
| Belgium......... | 101,552 | 115,779 | 95,854 | 117,161 | 147,080 |
| Australia........ | 59,826 | 68,325 | 51,310 | 72,212 | 81,946 |
| Japan............ | 56,246 | 59,584 | 67,333 | 57,619 | 72,887 |
| France.......... | 47,876 | 51,094 | 53,120 | 65,026 | 72,453 |
| Venezuela........ | 27,038 | 32,689 | 41,203 | 43,234 | 67,264 |
| Singapore........ | 41,600 | 37,103 | 36,581 | 51,603 | 66,078 |
| Netherlands...... | 18,447 | 20,217 | 31,021 | 47,303 | 51,005 |
| West Germany..... | 38,491 | 35,875 | 37,240 | 41,440 | 42,843 |
| Saudi Arabia..... | 75,668 | 43,464 | 36,215 | 38,940 | 36,014 |
| Israel.......... | 20,274 | 17,998 | 16,466 | 8,592 | 34,294 |
| Italy........... | 14,583 | 12,733 | 15,682 | 17,395 | 30,877 |
| Brazil.......... | 22,769 | 21,104 | 27,055 | 26,541 | 26,562 |
| All other........ | 350,553 | 315,797 | 272,608 | 266,975 | 326,329 |
| Total.......... | 2,123,222 | 2,290,741 | 2,203,315 | 2,181,159 | 2,585,572 |
| GSP Total 1/.. | 385,908 | 397,892 | 366,571 | 332,548 | 471,844 |
| GSP+4 1/...... | 478,115 | 474,495 | 451,075 | 439,186 | 589,818 |
| | Percent | | | | |
| Canada.......... | 49.3 | 53.8 | 54.3 | 50.5 | 45.7 |
| United Kingdom... | 4.0 | 3.9 | 4.0 | 4.9 | 6.8 |
| Mexico.......... | 5.5 | 6.0 | 6.2 | 5.4 | 6.7 |
| Belgium......... | 4.8 | 5.1 | 4.4 | 5.4 | 5.7 |
| Australia........ | 2.8 | 3.0 | 2.3 | 3.3 | 3.2 |
| Japan............ | 2.6 | 2.6 | 3.1 | 2.6 | 2.8 |
| France.......... | 2.3 | 2.2 | 2.4 | 3.0 | 2.8 |
| Venezuela........ | 1.3 | 1.4 | 1.9 | 2.0 | 2.6 |
| Singapore........ | 2.0 | 1.6 | 1.7 | 2.4 | 2.6 |
| Netherlands...... | .9 | .9 | 1.4 | 2.2 | 2.0 |
| West Germany..... | 1.8 | 1.6 | 1.7 | 1.9 | 1.7 |
| Saudi Arabia..... | 3.6 | 1.9 | 1.6 | 1.8 | 1.4 |
| Israel.......... | 1.0 | .8 | .7 | .4 | 1.3 |
| Italy........... | .7 | .6 | .7 | .8 | 1.2 |
| Brazil.......... | 1.1 | .9 | 1.2 | 1.2 | 1.0 |
| All other........ | 16.5 | 13.8 | 12.4 | 12.2 | 12.6 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 18.2 | 17.4 | 16.6 | 15.2 | 18.2 |
| GSP+4 1/...... | 22.5 | 20.7 | 20.5 | 20.1 | 22.8 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 8411.91.90

AIRCRAFT ENGINES AND PARTS

# Aircraft Engines and Parts[1]

## I. Introduction

Aircraft engines and parts: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 8411.91.90 | 3.7% | Yes | 1,219,670 | Brazil | 655 | [***] |
| 8411.99.90 | 3.7% | Yes | 224,015 | Brazil (R)[1] | 2,580 | [***] |

[1]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.

Description and uses.—The parts included in this digest consist of the majority of finished parts and subassemblies needed to assemble a complete gas turbine aircraft engine for both civil and military use. This excludes those cast-iron parts, not advanced beyond cleaning, and machined only for the removal of fins, gates, sprues and risers or to permit location in finishing machinery. Over 29 percent of imports covered in this digest are non-aircraft-engine related items.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | *250 | *255 | *265 | *280 | *280 | *3 |
| Employment (1,000 employees) | *140 | *148 | *154 | *158 | *154 | *2 |
| Shipments (million dollars) | *6,146 | *6,926 | *7,341 | *7,928 | *8,563 | *9 |
| Exports (million dollars) | 1,772 | 2,056 | 2,322 | 2,687 | 3,243 | 16 |
| Imports (million dollars) | 647 | 965 | 1,220 | 1,281 | 1,607 | 26 |
| Consumption (million dollars) | *5,021 | *5,835 | *6,239 | *6,522 | *6,927 | *8 |
| Import to consumption ratio (percent) | *13 | *17 | *20 | *20 | *23 | *15 |
| Capacity utilization (percent) | *66 | *63 | *76 | *80 | *85 | *7 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.

Comment.—The U.S. aircraft engine and parts industry is mature, and enjoys an excellent worldwide reputation for quality and timely delivery. Capacity restraints limit further market expansion. Major competitors of industry include European, Japanese, and Canadian companies.

[1]This digest includes the following HTS subheadings: 8411.91.90 and 8411.99.90.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 1,443,685 | 100 | - | *23 |
| Imports from GSP countries: | | | | |
| Total | 84,418 | 6 | 100 | *1 |
| Mexico | 43,640 | 3 | 52 | *1 |
| Israel | 28,421 | 2 | 34 | *([2]) |
| Turkey | 8,771 | 1 | 10 | *([2]) |
| Brazil | 3,235 | ([2]) | 4 | *([2]) |

[1]Import-to-consumption ratios based on 1988 data.
[2]Less than 0.5 percent.

Comment.—Four Western European countries supplied 73 percent of total digest imports, valued at over $1 billion for the period January-September 1989. U.S. producers shipped half of their 1988 production to these same four countries. Brazil has never been either a significant importer or exporter of the products covered in this digest.

IV. Competitiveness profiles

Competitiveness indicators for Brazil for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 20 |
| 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 | 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. <u>Position of interested parties</u>

No statements were received either in support of or in opposition to the proposed modifications to the GSP considered in this digest.

[Probable economic effect advice deleted.]

Table I.

Digest No.
84119190

Digest Title: Aircraft engines and parts
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| France | 209,370 | 312,641 | 395,534 | 377,572 | 440,840 |
| United Kingdom | 118,800 | 200,144 | 232,191 | 213,234 | 286,430 |
| Canada | 184,224 | 170,889 | 208,942 | 200,171 | 253,893 |
| West Germany | 27,795 | 52,040 | 95,424 | 99,231 | 146,676 |
| Sweden | 8,484 | 32,096 | 63,644 | 97,662 | 129,168 |
| Italy | 20,463 | 38,153 | 40,171 | 51,453 | 75,619 |
| Japan | 13,736 | 29,238 | 47,162 | 34,421 | 48,969 |
| Mexico | 5,468 | 6,181 | 15,890 | 27,929 | 43,885 |
| Israel | 15,301 | 20,786 | 32,151 | 56,725 | 42,459 |
| Belgium | 8,539 | 35,150 | 22,596 | 28,325 | 26,809 |
| Norway | 7,591 | 9,251 | 6,185 | 17,899 | 24,479 |
| Netherlands | 9,262 | 4,306 | 7,659 | 14,295 | 19,328 |
| Australia | 3,204 | 13,064 | 17,616 | 15,488 | 15,801 |
| Turkey | 101 | 12 | 133 | 0 | 11,773 |
| Switzerland | 1,575 | 20,724 | 8,002 | 17,787 | 10,438 |
| All other | 13,117 | 20,517 | 27,044 | 29,187 | 30,208 |
| Total | 647,029 | 965,193 | 1,220,343 | 1,281,378 | 1,606,777 |
| GSP Total 2/ | 23,778 | 31,094 | 52,762 | 86,568 | 99,353 |
| GSP+4 2/ | 30,061 | 41,137 | 65,256 | 103,833 | 112,966 |
| | Percent | | | | |
| France | 32.4 | 32.4 | 32.4 | 29.5 | 27.4 |
| United Kingdom | 18.4 | 20.7 | 19.0 | 16.6 | 17.8 |
| Canada | 28.5 | 17.7 | 17.1 | 15.6 | 15.8 |
| West Germany | 4.3 | 5.4 | 7.8 | 7.7 | 9.1 |
| Sweden | 1.3 | 3.3 | 5.2 | 7.6 | 8.0 |
| Italy | 3.2 | 4.0 | 3.3 | 4.0 | 4.7 |
| Japan | 2.1 | 3.0 | 3.9 | 2.7 | 3.0 |
| Mexico | .8 | .6 | 1.3 | 2.2 | 2.7 |
| Israel | 2.4 | 2.2 | 2.6 | 4.4 | 2.6 |
| Belgium | 1.3 | 3.6 | 1.9 | 2.2 | 1.7 |
| Norway | 1.2 | 1.0 | .5 | 1.4 | 1.5 |
| Netherlands | 1.4 | .4 | .6 | 1.1 | 1.2 |
| Australia | .5 | 1.4 | 1.4 | 1.2 | 1.0 |
| Turkey | 1/ | 1/ | 1/ | .0 | .7 |
| Switzerland | .2 | 2.1 | .7 | 1.4 | .6 |
| All other | 2.0 | 2.1 | 2.2 | 2.3 | 1.9 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/ | 3.7 | 3.2 | 4.3 | 6.8 | 6.2 |
| GSP+4 2/ | 4.6 | 4.3 | 5.3 | 8.1 | 7.0 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
84119190

Digest Title: Aircraft engines and parts
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| France........... | 398,163 | 498,505 | 551,800 | 663,459 | 737,890 |
| United Kingdom... | 148,536 | 199,666 | 249,494 | 278,859 | 427,773 |
| Japan............ | 164,315 | 210,368 | 287,560 | 305,609 | 391,553 |
| Canada........... | 190,100 | 206,323 | 202,826 | 226,421 | 263,568 |
| West Germany..... | 95,981 | 116,364 | 164,806 | 188,562 | 183,674 |
| Netherlands...... | 82,333 | 56,387 | 84,356 | 71,319 | 129,815 |
| Australia........ | 34,705 | 77,693 | 72,616 | 113,996 | 117,514 |
| Israel........... | 9,045 | 15,765 | 19,743 | 53,848 | 106,247 |
| Mexico........... | 54,258 | 74,942 | 80,768 | 68,135 | 88,578 |
| Singapore........ | 45,322 | 66,754 | 59,714 | 116,799 | 88,445 |
| Turkey........... | 5,397 | 4,610 | 9,213 | 50,773 | 88,082 |
| Brazil........... | 36,305 | 36,874 | 66,715 | 80,194 | 79,486 |
| Ireland.......... | 13,254 | 26,439 | 34,307 | 32,390 | 72,285 |
| Sweden........... | 31,081 | 40,180 | 40,690 | 53,717 | 61,798 |
| Italy............ | 81,205 | 51,796 | 65,241 | 31,912 | 54,087 |
| All other........ | 381,556 | 373,231 | 331,843 | 350,612 | 352,570 |
| Total.......... | 1,771,556 | 2,055,898 | 2,321,691 | 2,686,605 | 3,243,366 |
| GSP Total 1/.. | 193,412 | 239,262 | 300,534 | 391,862 | 473,133 |
| GSP+4 1/...... | 290,135 | 338,412 | 396,091 | 547,804 | 616,808 |
| | Percent | | | | |
| France........... | 22.5 | 24.2 | 23.8 | 24.7 | 22.8 |
| United Kingdom... | 8.4 | 9.7 | 10.7 | 10.4 | 13.2 |
| Japan............ | 9.3 | 10.2 | 12.4 | 11.4 | 12.1 |
| Canada........... | 10.7 | 10.0 | 8.7 | 8.4 | 8.1 |
| West Germany..... | 5.4 | 5.7 | 7.1 | 7.0 | 5.7 |
| Netherlands...... | 4.6 | 2.7 | 3.6 | 2.7 | 4.0 |
| Australia........ | 2.0 | 3.8 | 3.1 | 4.2 | 3.6 |
| Israel........... | .5 | .8 | .9 | 2.0 | 3.3 |
| Mexico........... | 3.1 | 3.6 | 3.5 | 2.5 | 2.7 |
| Singapore........ | 2.6 | 3.2 | 2.6 | 4.3 | 2.7 |
| Turkey........... | .3 | .2 | .4 | 1.9 | 2.7 |
| Brazil........... | 2.0 | 1.8 | 2.9 | 3.0 | 2.5 |
| Ireland.......... | .7 | 1.3 | 1.5 | 1.2 | 2.2 |
| Sweden........... | 1.8 | 2.0 | 1.8 | 2.0 | 1.9 |
| Italy............ | 4.6 | 2.5 | 2.8 | 1.2 | 1.7 |
| All other........ | 21.5 | 18.2 | 14.3 | 13.1 | 10.9 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 10.9 | 11.6 | 12.9 | 14.6 | 14.6 |
| GSP+4 1/...... | 16.4 | 16.5 | 17.1 | 20.4 | 19.0 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 8414.51.00

FANS AND VENTILATING HOODS

# Fans and Ventilating Hoods[1]

## I. Introduction

Fans and ventilating hoods: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 8414.51.00 | 4.7% | Yes | 476,046 | Mexico (R)[1] | 42 | [***] |
| 8414.59.80[2] | 4.7% | Yes | 180,437 | Mexico (R)[1] | 30,219 | [***] |
| 8414.60.00 | 4.7% | Yes | 2,232 | Mexico (R)[1] | 0 | [***] |
| 8414.90.10 | 4.7% | Yes | 98,655 | Mexico (R)[1] | 6,266 | [***] |

[1]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.
[2]Based on data for January-September 1989, it is estimated that Mexico may exceed the applicable competitive need limit for this HTS subheading and may therefore become ineligible for GSP duty-free treatment.

Description and uses.—Fans are devices which generate an air current by the rotation of a blade or an array of blades. The shape and setting of the blades are the primary determinants of the performance characteristics of a fan. Fans are used in a variety of applications from moving air in the home to ventilating commercial and industrial facilities.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number)........................ | 44 | 44 | 44 | **44 | **44 | - |
| Employment (1,000 employees)............. | 16 | 16 | **17 | **16 | **16 | - |
| Shipments (million dollars)............... | 1,772 | 1,874 | 1,980 | **1,992 | **2,036 | **4 |
| Exports (million dollars)................. | 83 | 72 | 68 | 95 | 112 | 8 |
| Imports (million dollars)................. | 744 | 728 | 754 | 854 | 889 | 19 |
| Consumption (million dollars)............. | 2,433 | 2,530 | 2,666 | **2,751 | **2,813 | **4 |
| Import to consumption ratio (percent)..... | 31 | 29 | 28 | **31 | **32 | **1 |
| Capacity utilization (percent)............ | 72 | 74 | 69 | **72 | **72 | - |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.

Comment.—According to industry sources, the United States is the world's premier producer of high-technology fans. This industry is primarily comprised of small- and medium-sized businesses, although large manufacturing firms account for approximately 70 percent of the value of total domestic fan and hood shipments. However, in recent years, numerous firms have relocated their production facilities to lower-cost regions of the United States in order to maintain their competitive position. Many of the firms in this industry are multinational and distribute their products globally, via direct export, wholly owned foreign subsidiaries, or through licensees.

[1]This digest includes the following HTS subheadings: 8414.51.00, 8414.59.80, 8414.60.00, and 8414.90.10.

The U.S. industry for fans is capital intensive, highly automated, and vertically integrated. In recent years, this industry has undergone major structural changes as leading producers entered into mergers, acquisitions, and joint ventures with foreign firms. Several U.S. companies have established production facilities in lower labor cost countries such as Mexico. The transfer of technology through licensing arrangements, U.S. direct investment, and various joint venture agreements has enabled emerging foreign producers to increase their production and their exports to the United States. U.S. producers, however, are likely to shift their production to high-value, intermediate technology products, leaving emerging foreign producers like Mexico to vie for low-technology, low-profit margin products such as residential ceiling fans.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 757,371 | 100 | - | **32 |
| Imports from GSP countries: | | | | |
| Total | 65,555 | 9 | 100 | **3 |
| Mexico | 36,528 | 5 | 56 | **2 |
| Thailand | 27,267 | 4 | 42 | **1 |
| Brazil | 200 | **([2]) | **([2]) | **([2]) |
| Philippines | 109 | **([2]) | **([2]) | **([2]) |

[1]Import-to-consumption ratios based on 1988 data.
[2]Less than 0.5 percent.

IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 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 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 | 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 __ |

V. Position of interested parties

Support.—Home Depot U.S.A., Inc. in its written submission dated December 15, 1989, affirmed its support for the restoration of GSP eligibility for table, floor, wall, window, ceiling, or roof fans. Home Depot, located in Atlanta, GA, indicated that the redesignation of these products from Mexico would have no adverse effect on U.S. producers.

The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty free.

[Probable economic effect advice deleted.]

Table I.

Digest No.
84145100

Digest Title: Fans and ventilating hoods
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Taiwan.......... | 328,131 | 326,622 | 344,343 | 384,291 | 374,403 |
| Japan........... | 61,631 | 77,322 | 94,035 | 109,818 | 142,442 |
| Canada.......... | 54,582 | 64,962 | 72,223 | 74,456 | 61,945 |
| China........... | 4,688 | 3,627 | 4,907 | 20,834 | 61,776 |
| Hong Kong....... | 207,006 | 166,578 | 120,996 | 106,701 | 58,184 |
| Mexico.......... | 18,687 | 25,747 | 33,380 | 58,510 | 55,177 |
| West Germany..... | 28,085 | 29,476 | 33,926 | 40,164 | 48,554 |
| United Kingdom... | 14,348 | 9,168 | 13,010 | 23,220 | 28,879 |
| Thailand......... | 118 | 547 | 3,088 | 6,291 | 21,277 |
| Korea........... | 6,335 | 10,697 | 8,232 | 9,837 | 9,816 |
| France.......... | 4,972 | 3,058 | 10,493 | 5,002 | 7,110 |
| Italy........... | 925 | 1,460 | 1,851 | 2,735 | 4,352 |
| Sweden.......... | 2,082 | 1,596 | 2,369 | 3,388 | 3,252 |
| Ireland......... | 32 | 44 | 93 | 498 | 3,157 |
| Denmark......... | 5,403 | 1,203 | 1,670 | 2,553 | 2,175 |
| All other........ | 7,266 | 6,188 | 9,785 | 5,639 | 6,937 |
| Total......... | 744,292 | 728,294 | 754,400 | 853,937 | 889,435 |
| GSP Total 2/.. | 19,608 | 27,038 | 38,679 | 66,410 | 78,002 |
| GSP+4 2/...... | 561,426 | 531,243 | 512,687 | 567,596 | 521,836 |
| | Percent | | | | |
| Taiwan.......... | 44.1 | 44.8 | 45.6 | 45.0 | 42.1 |
| Japan........... | 8.3 | 10.6 | 12.5 | 12.9 | 16.0 |
| Canada.......... | 7.3 | 8.9 | 9.6 | 8.7 | 7.0 |
| China........... | .6 | .5 | .7 | 2.4 | 6.9 |
| Hong Kong....... | 27.8 | 22.9 | 16.0 | 12.5 | 6.5 |
| Mexico.......... | 2.5 | 3.5 | 4.4 | 6.9 | 6.2 |
| West Germany..... | 3.8 | 4.0 | 4.5 | 4.7 | 5.5 |
| United Kingdom... | 1.9 | 1.3 | 1.7 | 2.7 | 3.2 |
| Thailand......... | 1/ | .1 | .4 | .7 | 2.4 |
| Korea........... | .9 | 1.5 | 1.1 | 1.2 | 1.1 |
| France.......... | .7 | .4 | 1.4 | .6 | .8 |
| Italy........... | .1 | .2 | .2 | .3 | .5 |
| Sweden.......... | .3 | .2 | .3 | .4 | .4 |
| Ireland......... | 1/ | 1/ | 1/ | .1 | .4 |
| Denmark......... | .7 | .2 | .2 | .3 | .2 |
| All other........ | 1.0 | .8 | 1.3 | .7 | .8 |
| Total......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 2.6 | 3.7 | 5.1 | 7.8 | 8.8 |
| GSP+4 2/...... | 75.4 | 72.9 | 68.0 | 66.5 | 58.7 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No. 84145100

Digest Title: Fans and ventilating hoods
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Mexico.......... | 12,690 | 13,620 | 11,282 | 27,635 | 28,694 |
| Canada.......... | 26,309 | 23,857 | 21,454 | 28,909 | 28,481 |
| Saudi Arabia..... | 6,327 | 5,388 | 2,885 | 2,366 | 5,455 |
| Korea........... | 2,395 | 2,127 | 1,793 | 1,890 | 4,659 |
| United Kingdom... | 3,753 | 2,369 | 2,375 | 3,270 | 3,995 |
| Taiwan.......... | 2,108 | 2,333 | 1,691 | 3,061 | 3,615 |
| West Germany..... | 2,109 | 1,719 | 1,246 | 1,327 | 2,948 |
| Japan........... | 1,687 | 1,428 | 1,951 | 2,644 | 2,630 |
| France.......... | 1,001 | 969 | 2,886 | 768 | 2,407 |
| Brazil.......... | 557 | 547 | 1,927 | 2,550 | 2,262 |
| Hong Kong........ | 3,234 | 2,019 | 1,747 | 856 | 2,177 |
| Australia........ | 1,795 | 891 | 890 | 1,483 | 1,879 |
| Italy........... | 2,205 | 919 | 1,447 | 1,736 | 1,843 |
| Venezuela........ | 863 | 698 | 779 | 1,330 | 1,342 |
| Argentina........ | 329 | 158 | 416 | 550 | 1,339 |
| All other........ | 16,047 | 13,383 | 13,120 | 14,972 | 18,651 |
| Total.......... | 83,410 | 72,424 | 67,890 | 95,345 | 112,380 |
| GSP Total 1/.. | 23,695 | 23,051 | 21,449 | 39,549 | 44,860 |
| GSP+4 1/...... | 31,893 | 29,945 | 27,069 | 45,963 | 56,080 |
| | Percent | | | | |
| Mexico.......... | 15.2 | 18.8 | 16.6 | 29.0 | 25.5 |
| Canada.......... | 31.5 | 32.9 | 31.6 | 30.3 | 25.3 |
| Saudi Arabia..... | 7.6 | 7.4 | 4.2 | 2.5 | 4.9 |
| Korea........... | 2.9 | 2.9 | 2.6 | 2.0 | 4.1 |
| United Kingdom... | 4.5 | 3.3 | 3.5 | 3.4 | 3.6 |
| Taiwan.......... | 2.5 | 3.2 | 2.5 | 3.2 | 3.2 |
| West Germany..... | 2.5 | 2.4 | 1.8 | 1.4 | 2.6 |
| Japan........... | 2.0 | 2.0 | 2.9 | 2.8 | 2.3 |
| France.......... | 1.2 | 1.3 | 4.3 | .8 | 2.1 |
| Brazil.......... | .7 | .8 | 2.8 | 2.7 | 2.0 |
| Hong Kong........ | 3.9 | 2.8 | 2.6 | .9 | 1.9 |
| Australia........ | 2.2 | 1.2 | 1.3 | 1.6 | 1.7 |
| Italy........... | 2.6 | 1.3 | 2.1 | 1.8 | 1.6 |
| Venezuela........ | 1.0 | 1.0 | 1.1 | 1.4 | 1.2 |
| Argentina........ | .4 | .2 | .6 | .6 | 1.2 |
| All other........ | 19.2 | 18.5 | 19.3 | 15.7 | 16.6 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 28.4 | 31.8 | 31.6 | 41.5 | 39.9 |
| GSP+4 1/...... | 38.2 | 41.3 | 39.9 | 48.2 | 49.9 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 8415.10.00

AIR CONDITIONERS

# Air Conditioners[1]

## I. Introduction

Air conditioners: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 8415.10.00 | 2.2% | Yes | 182,760 | Mexico (R)[1] | 8,320 | [***] |
| 8415.81.00 | 2.2% | Yes | 29,595 | Mexico (R)[1] | 221 | [***] |
| 8415.82.00[2] | 2.2% | Yes | 71,154 | Mexico (R)[1] | 31,835 | [***] |
| 8415.83.00 | 2.2% | Yes | 50,689 | Mexico (R)[1] | 4,844 | [***] |

[1]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.
[2]Based on data for January-September 1989, it is estimated that Mexico may exceed the applicable competitive need limit for this HTS subheading and may therefore become ineligible for GSP duty-free treatment.

Description and uses.--Air-conditioners consist of motor-driven fans and elements for changing the temperature and humidity of the air. The most common types of air-conditioning machines are room air-conditioners, dehumidifiers, unitary air-conditioners, mobile vehicles systems, and applied cooling systems.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number)......................... | **61 | **61 | **61 | **61 | **61 | - |
| Employment (1,000 employees).............. | *47 | **47 | **47 | **46 | **46 | **-1 |
| Shipments (million dollars)............... | 8,214 | 8,464 | 8,187 | 7,923 | *8,587 | *1 |
| Exports (million dollars)................. | 712 | 665 | 599 | 686 | 831 | 4 |
| Imports (million dollars)................. | 98 | 164 | 242 | 397 | 536 | 53 |
| Consumption (million dollars)............. | 7,540 | 7,963 | 7,030 | 7,634 | *8,292 | *2 |
| Import to consumption ratio (percent)...... | 1 | 2 | 3 | 5 | *6 | *57 |
| Capacity utilization (percent)............ | *77 | *72 | *79 | **80 | **80 | **1 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.

Comment.--The U.S. market is the world's single largest market for these products. Although production capacity in the United States has gradually increased in recent years, foreign capacity has exceeded that of the United States, because of favorable international exchange rates, availability of lower-priced labor, and an expanding global market demand for these products. Recently this industry has undergone a major restructuring because of declining profit margins, mergers and acquisitions, and increased competition from leading foreign sources. Several prominent U.S. manufacturers have been acquired by or have merged with other major U.S. corporations in an attempt to remain internationally competitive. While others have embarked on programs to expand their global market share by either entering into joint-venture agreements with major foreign corporations or opting to shift the labor-intensive portion of their production abroad.

[1]This digest includes the following HTS subheadings: 8415.10.00, 8415.81.00, 8415.82.00, 8415.83.00.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 334,198 | 100 | - | *6 |
| Imports from GSP countries: | | | | |
| Total | 140,401 | 42 | 100 | *2 |
| Mexico | 45,220 | 14 | 33 | *1 |
| Malaysia | 42,938 | 13 | 31 | *1 |
| Brazil | 41,427 | 12 | 30 | *([2]) |
| Mali | 5,201 | 2 | 4 | *([2]) |

[1] Import-to-consumption ratios based on 1988 data.
[2] Less than 0.5 percent.

IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 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 __ 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 | 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 __ |

V. Position of interested parties

Support.—The Carrier Corporation in its written submission dated December 15, 1989 affirmed its support of the restoration of GSP eligibility status for imports of air conditioners from Mexico. Carrier stated that the restoration would be beneficial to Mexico's competitive position in the U.S. market without adversely affecting domestic production.

The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty free.

[Probable economic effect advice deleted.]

Table I.

Digest No.
84151000

Digest Title: Air conditioners
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan............ | 55,954 | 103,053 | 130,409 | 131,495 | 119,838 |
| Singapore........ | 253 | 7,491 | 5,809 | 34,197 | 90,249 |
| Korea............ | 391 | 1,629 | 6,421 | 32,332 | 82,465 |
| Mexico........... | 4,042 | 6,293 | 15,826 | 57,120 | 79,357 |
| Brazil........... | 2,210 | 9,863 | 32,697 | 43,514 | 57,005 |
| Malaysia......... | 1 | 870 | 2,185 | 24,435 | 35,780 |
| Canada........... | 27,458 | 22,510 | 23,751 | 30,925 | 34,467 |
| Taiwan........... | 116 | 348 | 2,519 | 13,809 | 9,789 |
| United Kingdom... | 735 | 989 | 6,136 | 9,491 | 7,050 |
| France........... | 677 | 65 | 1,382 | 6,353 | 6,126 |
| Israel........... | 2,667 | 6,001 | 8,686 | 7,862 | 5,226 |
| West Germany..... | 967 | 2,392 | 2,034 | 2,006 | 3,747 |
| Italy............ | 96 | 280 | 1,674 | 1,109 | 1,744 |
| Sweden........... | 759 | 324 | 143 | 319 | 929 |
| Australia........ | 223 | 104 | 113 | 492 | 685 |
| All other........ | 1,912 | 1,402 | 1,926 | 1,092 | 1,757 |
| Total.......... | 98,460 | 163,614 | 241,714 | 396,551 | 536,214 |
| GSP Total 2/.. | 9,489 | 23,587 | 59,831 | 133,208 | 177,896 |
| GSP+4 2/...... | 10,524 | 33,576 | 75,335 | 213,748 | 360,951 |
| | Percent | | | | |
| Japan............ | 56.8 | 63.0 | 54.0 | 33.2 | 22.3 |
| Singapore........ | .3 | 4.6 | 2.4 | 8.6 | 16.8 |
| Korea............ | .4 | 1.0 | 2.7 | 8.2 | 15.4 |
| Mexico........... | 4.1 | 3.8 | 6.5 | 14.4 | 14.8 |
| Brazil........... | 2.2 | 6.0 | 13.5 | 11.0 | 10.6 |
| Malaysia......... | 1/ | .5 | .9 | 6.2 | 6.7 |
| Canada........... | 27.9 | 13.8 | 9.8 | 7.8 | 6.4 |
| Taiwan........... | .1 | .2 | 1.0 | 3.5 | 1.8 |
| United Kingdom... | .7 | .6 | 2.5 | 2.4 | 1.3 |
| France........... | .7 | 1/ | .6 | 1.6 | 1.1 |
| Israel........... | 2.7 | 3.7 | 3.6 | 2.0 | 1.0 |
| West Germany..... | 1.0 | 1.5 | .8 | .5 | .7 |
| Italy............ | .1 | .2 | .7 | .3 | .3 |
| Sweden........... | .8 | .2 | .1 | .1 | .2 |
| Australia........ | .2 | .1 | 1/ | .1 | .1 |
| All other........ | 1.9 | .9 | .8 | .3 | .3 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 9.6 | 14.4 | 24.8 | 33.6 | 33.2 |
| GSP+4 2/...... | 10.7 | 20.5 | 31.2 | 53.9 | 67.3 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
84151000

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

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada | 324,134 | 363,561 | 310,998 | 360,404 | 356,991 |
| Saudi Arabia | 76,653 | 53,306 | 32,271 | 35,300 | 47,141 |
| Taiwan | 9,649 | 6,914 | 10,622 | 17,148 | 47,073 |
| Mexico | 15,147 | 19,405 | 45,993 | 38,251 | 42,078 |
| West Germany | 50,335 | 34,977 | 30,606 | 24,956 | 38,427 |
| Hong Kong | 13,631 | 14,972 | 11,186 | 22,050 | 33,019 |
| United Kingdom | 16,531 | 13,936 | 18,000 | 17,606 | 23,110 |
| United Arab Em | 14,109 | 11,451 | 7,103 | 11,098 | 19,128 |
| Venezuela | 9,445 | 10,213 | 11,428 | 11,470 | 18,792 |
| Singapore | 10,960 | 6,190 | 6,049 | 6,581 | 11,891 |
| France | 10,485 | 6,051 | 6,204 | 8,066 | 11,578 |
| Australia | 12,694 | 9,515 | 6,621 | 7,555 | 11,496 |
| Japan | 4,649 | 4,332 | 6,432 | 5,042 | 10,787 |
| Spain | 2,369 | 1,804 | 1,935 | 4,788 | 10,349 |
| China | 1,358 | 3,563 | 2,937 | 2,834 | 8,338 |
| All other | 139,531 | 104,950 | 90,768 | 113,054 | 141,002 |
| Total | 711,681 | 665,140 | 599,152 | 686,204 | 831,200 |
| GSP Total 1/ | 101,431 | 94,398 | 117,821 | 126,930 | 156,247 |
| GSP+4 1/ | 141,367 | 125,336 | 148,809 | 176,710 | 252,776 |
| | Percent | | | | |
| Canada | 45.5 | 54.7 | 51.9 | 52.5 | 42.9 |
| Saudi Arabia | 10.8 | 8.0 | 5.4 | 5.1 | 5.7 |
| Taiwan | 1.4 | 1.0 | 1.8 | 2.5 | 5.7 |
| Mexico | 2.1 | 2.9 | 7.7 | 5.6 | 5.1 |
| West Germany | 7.1 | 5.3 | 5.1 | 3.6 | 4.6 |
| Hong Kong | 1.9 | 2.3 | 1.9 | 3.2 | 4.0 |
| United Kingdom | 2.3 | 2.1 | 3.0 | 2.6 | 2.8 |
| United Arab Em | 2.0 | 1.7 | 1.2 | 1.6 | 2.3 |
| Venezuela | 1.3 | 1.5 | 1.9 | 1.7 | 2.3 |
| Singapore | 1.5 | .9 | 1.0 | 1.0 | 1.4 |
| France | 1.5 | .9 | 1.0 | 1.2 | 1.4 |
| Australia | 1.8 | 1.4 | 1.1 | 1.1 | 1.4 |
| Japan | .7 | .7 | 1.1 | .7 | 1.3 |
| Spain | .3 | .3 | .3 | .7 | 1.2 |
| China | .2 | .5 | .5 | .4 | 1.0 |
| All other | 19.6 | 15.8 | 15.1 | 16.5 | 17.0 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/ | 14.3 | 14.2 | 19.7 | 18.5 | 18.8 |
| GSP+4 1/ | 19.9 | 18.8 | 24.8 | 25.8 | 30.4 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 8419.11.00

WATER HEATERS

# Water Heaters[1]

## I. Introduction

Water heaters: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 Total | From country to be reinstated Source | Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 8419.11.00 | 4% | Yes | 3,113 | Israel | 0 | [***] |
| 8419.19.00 | 4% | Yes | 23,562 | Israel | 100 | [***] |
| 8419.90.10 | 4% | Yes | 3,834 | Israel | 0 | [***] |

Description and uses.--This digest covers nonelectric instantaneous or storage water heaters. Nonelectric residential and commercial water heaters include gas-fired, oil-fired, wood fired, and kerosene-fired units, as well as solar energy water heaters and space heaters. Commercial water heaters are built with a heavier gauge steel, have larger capacity, and produce hotter water than residential units.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number)......................... | **19 | **18 | **17 | **17 | **17 | **-3 |
| Employment (1,000 employees).............. | **6 | **6 | **6 | **6 | **6 | - |
| Shipments (million dollars)............... | 476 | 513 | 558 | 540 | **563 | **4 |
| Exports (million dollars)................. | 27 | 22 | 25 | 33 | 45 | 14 |
| Imports (million dollars)................. | 16 | 22 | 23 | 32 | 42 | 27 |
| Consumption (million dollars)............. | 465 | 513 | 556 | 540 | **560 | **5 |
| Import to consumption ratio (percent)...... | 3 | 4 | 4 | 6 | **8 | **28 |
| Capacity utilization (percent)............ | 77 | 72 | 79 | 80 | **80 | **1 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.

Comment.--The United States is the world's largest single market for the nonelectrical water heaters. This industry can be characterized as small, but highly capital intensive slower growth industry. Domestic suppliers still supply the bulk of all nonelectric water heaters consumed in the United States. In the world market, however, U.S. firms appear to be at a competitive disadvantage owing to the high cost of capital in the United States.

[1]This digest includes the following HTS subheadings: 8419.11.00, 8419.19.00, and 8419.90.10.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 30,510 | 100 | - | **8 |
| Imports from GSP countries: | | | | |
| Total | 17,193 | 56 | 100 | **4 |
| Mexico | 12,771 | 42 | 74 | **3 |
| Brazil | 4,322 | 14 | 25 | **1 |
| Israel[2] | 100 | ([3]) | 5 | **([3]) |

[1]Import-to-consumption ratios based on 1988 data.
[2]Although imports of these products from Israel are eligible for duty-free entry under the GSP, imports of these items in 1988 from Israel entered duty-free under the provisions of the United States-Israel Free Trade Area Implementation Act of 1985.
[3]Less than 0.5 percent.

IV. Competitiveness profiles

Competitiveness indicators for Israel for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 14 |
| 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 _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 __ |

## V. Position of interested parties

No statements were received either in support of or in opposition to the proposed modifications to the GSP considered in this digest.

[Probable economic effect advice deleted.]

Table I.

Digest No.
84191100

Digest Title: Water heaters
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Mexico.......... | 1 | 0 | 1,734 | 8,647 | 16,625 |
| Brazil.......... | 0 | 0 | 3 | 22 | 7,314 |
| Canada.......... | 4,633 | 6,952 | 5,674 | 5,746 | 5,649 |
| Japan........... | 1,684 | 2,022 | 2,732 | 3,873 | 2,790 |
| West Germany..... | 1,150 | 1,064 | 1,531 | 2,259 | 2,537 |
| France.......... | 1,436 | 1,914 | 2,848 | 3,011 | 1,669 |
| Taiwan.......... | 516 | 760 | 1,371 | 1,615 | 1,574 |
| Israel.......... | 2,361 | 4,229 | 1,779 | 3,575 | 1,065 |
| Korea........... | 88 | 425 | 59 | 1,264 | 701 |
| United Kingdom... | 2,444 | 1,415 | 4,268 | 356 | 646 |
| Belgium......... | 138 | 113 | 85 | 121 | 486 |
| Australia....... | 1,336 | 2,560 | 671 | 140 | 293 |
| Finland......... | 0 | 0 | 0 | 534 | 146 |
| Italy........... | 77 | 170 | 120 | 200 | 52 |
| Denmark......... | 5 | 0 | 9 | 134 | 41 |
| All other....... | 234 | 521 | 554 | 603 | 132 |
| Total......... | 16,101 | 22,144 | 23,439 | 32,099 | 41,721 |
| GSP Total 2/.. | 2,399 | 4,256 | 3,526 | 12,290 | 25,019 |
| GSP+4 2/..... | 3,032 | 5,443 | 4,955 | 15,169 | 27,320 |
| | Percent | | | | |
| Mexico.......... | 1/ | .0 | 7.4 | 26.9 | 39.8 |
| Brazil.......... | .0 | .0 | 1/ | .1 | 17.5 |
| Canada.......... | 28.8 | 31.4 | 24.2 | 17.9 | 13.5 |
| Japan........... | 10.5 | 9.1 | 11.7 | 12.1 | 6.7 |
| West Germany..... | 7.1 | 4.8 | 6.5 | 7.0 | 6.1 |
| France.......... | 8.9 | 8.6 | 12.2 | 9.4 | 4.0 |
| Taiwan.......... | 3.2 | 3.4 | 5.8 | 5.0 | 3.8 |
| Israel.......... | 14.7 | 19.1 | 7.6 | 11.1 | 2.6 |
| Korea........... | .5 | 1.9 | .3 | 3.9 | 1.7 |
| United Kingdom... | 15.2 | 6.4 | 18.2 | 1.1 | 1.5 |
| Belgium......... | .9 | .5 | .4 | .4 | 1.2 |
| Australia....... | 8.3 | 11.6 | 2.9 | .4 | .7 |
| Finland......... | .0 | .0 | .0 | 1.7 | .4 |
| Italy........... | .5 | .8 | .5 | .6 | .1 |
| Denmark......... | 1/ | .0 | 1/ | .4 | .1 |
| All other....... | 1.5 | 2.4 | 2.4 | 1.9 | .3 |
| Total......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 14.9 | 19.2 | 15.0 | 38.3 | 60.0 |
| GSP+4 2/...... | 18.8 | 24.6 | 21.1 | 47.3 | 65.5 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 84191100

Table II.

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

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada.......... | 7,578 | 8,079 | 12,679 | 21,182 | 25,369 |
| Netherlands...... | 5,229 | 1,466 | 3,132 | 3,279 | 4,467 |
| Mexico.......... | 936 | 1,610 | 1,499 | 1,540 | 2,688 |
| China........... | 134 | 361 | 29 | 534 | 1,560 |
| Saudi Arabia..... | 2,499 | 1,260 | 351 | 355 | 1,096 |
| Hong Kong........ | 239 | 416 | 666 | 276 | 1,062 |
| Korea........... | 506 | 1,426 | 1,437 | 521 | 976 |
| United Kingdom... | 1,850 | 1,439 | 779 | 675 | 952 |
| Taiwan.......... | 924 | 365 | 331 | 483 | 890 |
| West Germany..... | 301 | 268 | 316 | 79 | 857 |
| Belgium......... | 235 | 16 | 7 | 78 | 517 |
| Venezuela........ | 128 | 442 | 397 | 162 | 413 |
| Chile........... | 127 | 210 | 198 | 145 | 340 |
| Jordan.......... | 86 | 23 | 0 | 30 | 313 |
| Spain........... | 42 | 14 | 6 | 0 | 296 |
| All other........ | 6,211 | 4,844 | 2,694 | 3,532 | 3,315 |
| Total......... | 27,026 | 22,239 | 24,520 | 32,871 | 45,109 |
| GSP Total 2/.. | 5,270 | 5,178 | 3,625 | 3,614 | 5,814 |
| GSP+4 2/...... | 7,080 | 7,486 | 6,125 | 4,931 | 8,801 |
| | Percent | | | | |
| Canada.......... | 28.0 | 36.3 | 51.7 | 64.4 | 56.2 |
| Netherlands...... | 19.3 | 6.6 | 12.8 | 10.0 | 9.9 |
| Mexico.......... | 3.5 | 7.2 | 6.1 | 4.7 | 6.0 |
| China........... | .5 | 1.6 | .1 | 1.6 | 3.5 |
| Saudi Arabia..... | 9.2 | 5.7 | 1.4 | 1.1 | 2.4 |
| Hong Kong........ | .9 | 1.9 | 2.7 | .8 | 2.4 |
| Korea........... | 1.9 | 6.4 | 5.9 | 1.6 | 2.2 |
| United Kingdom... | 6.8 | 6.5 | 3.2 | 2.1 | 2.1 |
| Taiwan.......... | 3.4 | 1.6 | 1.3 | 1.5 | 2.0 |
| West Germany..... | 1.1 | 1.2 | 1.3 | .2 | 1.9 |
| Belgium......... | .9 | .1 | 1/ | .2 | 1.1 |
| Venezuela........ | .5 | 2.0 | 1.6 | .5 | .9 |
| Chile........... | .5 | .9 | .8 | .4 | .8 |
| Jordan.......... | .3 | .1 | .0 | .1 | .7 |
| Spain........... | .2 | .1 | 1/ | .0 | .7 |
| All other........ | 23.0 | 21.8 | 11.0 | 10.7 | 7.3 |
| Total......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 19.5 | 23.3 | 14.8 | 11.0 | 12.9 |
| GSP+4 2/...... | 26.2 | 33.7 | 25.0 | 15.0 | 19.5 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 8424.20.10

PUMP SPRAYS AND POWDER BELLOWS

# Pump Sprays and Powder Bellows[1]

## I. Introduction

Pump sprays and powder bellows: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 Total | From country to be reinstated Source | Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 8424.20.10[1] | 5.7% | Yes | 15,254 | Mexico | 9,474 | [***] |
| 8424.90.10 | 5.7% | Yes | 5,560 | Mexico | 123 | [***] |

[1]Based on trade data for January-September 1989, it is estimated that Mexico may exceed the applicable competitive-need limit for this HTS subheading and may therefore become ineligible for GSP duty-free treatment.

Description and uses.--This digest includes simple non-agricultural and horticultural spray pumps and powder bellows. These items have many diverse uses and are employed for spraying or dispersing liquids or powders or other projecting granules. The appliances include: spray- and powder-dispensing machines which produce an artificial cloud; sprinklers for lawns; mistblowers and dusters; paint spray guns; and steam cleaning machines. Industrial spraying equipment accounts for the majority of U.S. shipments of these products.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number)........................ | 750 | **750 | **750 | **750 | **750 | - |
| Employment (1,000 employees).............. | 13 | **13 | **13 | **13 | **13 | - |
| Shipments (million dollars)................ | 728 | 755 | 816 | 669 | **699 | **-1 |
| Exports (million dollars).................. | 25 | 19 | 23 | 25 | 34 | 8 |
| Imports (million dollars).................. | 16 | 21 | 27 | 30 | 31 | 18 |
| Consumption (million dollars).............. | 719 | 757 | 820 | 674 | **696 | **-3 |
| Import to consumption ratio (percent)...... | 2 | 3 | 3 | 4 | **4 | **26 |
| Capacity utilization (percent)............. | **58 | **58 | **56 | **68 | **68 | **4 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.

Comment.--U.S. producers supply the bulk of the domestically consumed digest products. Domestic consumption of the heterogeneous group of products covered by this digest is believed to have decreased slightly during recent years. The articles covered in this digest are used for numerous diversified applications in industry and in the home and are not dependent on any one segment of the economy for their growth. Many of the U.S. producers are highly specialized and make only one line of products; others are diversified to the extent that the production of these articles may represent only a small part of their total output.

[1]This digest includes the following subheadings: 8424.20.10, 8424.90.10.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 20,814 | 100 | - | **4 |
| Imports from GSP countries: | | | | |
| Total | 10,814 | 52 | 100 | **2 |
| Mexico | 9,597 | 46 | 89 | **2 |
| Costa Rica | 1,087 | 5 | 10 | **([2]) |
| Haiti | 72 | 1 | 1 | **([2]) |
| Brazil | 58 | 1 | 1 | **([2]) |

[1] Import-to-consumption ratios based on 1988 data.
[2] Less than 0.5 percent.

IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

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Ranking as a U.S. import supplier, January-September 1989................ _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 __ 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.................................................. 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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V. Position of interested parties

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty free.

[Probable economic effect advice deleted.]

Table I.

Digest No. 84242010

Digest Title: Pump sprays and powder bellows
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Mexico | 5,699 | 6,107 | 6,560 | 9,425 | 11,663 |
| Taiwan | 1,724 | 2,707 | 3,072 | 2,303 | 4,580 |
| France | 1,635 | 3,037 | 3,332 | 4,635 | 4,450 |
| Haiti | 1,021 | 3,625 | 4,958 | 3,841 | 2,733 |
| Italy | 224 | 289 | 248 | 1,081 | 1,703 |
| West Germany | 1,414 | 1,726 | 1,872 | 2,231 | 1,629 |
| United Kingdom | 70 | 378 | 465 | 299 | 722 |
| Japan | 1,449 | 1,125 | 1,009 | 2,937 | 712 |
| Costa Rica | 0 | 0 | 0 | 0 | 593 |
| Austria | 4 | 21 | 0 | 3 | 331 |
| Hong Kong | 850 | 632 | 634 | 201 | 286 |
| Spain | 36 | 34 | 55 | 19 | 249 |
| Canada | 440 | 199 | 238 | 358 | 213 |
| Netherlands | 32 | 9 | 1,148 | 79 | 192 |
| Switzerland | 682 | 319 | 1,310 | 814 | 174 |
| All other | 665 | 514 | 1,603 | 1,403 | 627 |
| Total | 15,944 | 20,721 | 26,501 | 29,627 | 30,857 |
| GSP Total 2/ | 6,925 | 9,912 | 12,515 | 13,855 | 15,214 |
| GSP+4 2/ | 9,518 | 13,251 | 16,342 | 16,863 | 20,150 |
| | Percent | | | | |
| Mexico | 35.7 | 29.5 | 24.8 | 31.8 | 37.8 |
| Taiwan | 10.8 | 13.1 | 11.6 | 7.8 | 14.8 |
| France | 10.3 | 14.7 | 12.6 | 15.6 | 14.4 |
| Haiti | 6.4 | 17.5 | 18.7 | 13.0 | 8.9 |
| Italy | 1.4 | 1.4 | .9 | 3.6 | 5.5 |
| West Germany | 8.9 | 8.3 | 7.1 | 7.5 | 5.3 |
| United Kingdom | .4 | 1.8 | 1.8 | 1.0 | 2.3 |
| Japan | 9.1 | 5.4 | 3.8 | 9.9 | 2.3 |
| Costa Rica | .0 | .0 | .0 | .0 | 1.9 |
| Austria | 1/ | .1 | .0 | 1/ | 1.1 |
| Hong Kong | 5.3 | 3.0 | 2.4 | .7 | .9 |
| Spain | .2 | .2 | .2 | .1 | .8 |
| Canada | 2.8 | 1.0 | .9 | 1.2 | .7 |
| Netherlands | .2 | 1/ | 4.3 | .3 | .6 |
| Switzerland | 4.3 | 1.5 | 4.9 | 2.7 | .6 |
| All other | 4.2 | 2.5 | 6.0 | 4.7 | 2.0 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/ | 43.4 | 47.8 | 47.2 | 46.8 | 49.3 |
| GSP+4 2/ | 59.7 | 63.9 | 61.7 | 56.9 | 65.3 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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

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

# Lifting and Handling Machinery[1]

## I. Introduction

Lifting and handling machinery: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 8425.20.00 | 2% | Yes | 652 | Mexico | 0 | [***] |
| 8425.31.00 | 2% | Yes | 4,097 | Mexico (R)[1] | 0 | [***] |
| 8425.41.00 | 2% | Yes | 3,954 | Mexico (R)[1] | 0 | [***] |
| 8425.42.00 | 2% | Yes | 58,242 | Mexico (R)[1] | 278 | [***] |
| 8426.11.00 | 2% | Yes | 15,679 | Mexico | 0 | [***] |
| 8426.12.00 | 2% | Yes | 7,241 | Mexico (R)[1] | 0 | [***] |
| 8426.19.00 | 2% | Yes | 41,180 | Mexico (R)[1] | 0 | [***] |
| 8426.20.00 | 2% | No | 682 | Mexico (R)[1] | 0 | [***] |
| 8426.30.00 | 2% | Yes | 1,631 | Mexico (R)[1] | 0 | [***] |
| 8426.41.00 | 2% | Yes | 6,977 | Mexico (R)[1] | 0 | [***] |
| 8426.49.00 | 2% | Yes | 915 | Mexico (R)[1] | 0 | [***] |
| 8426.91.00 | 2% | Yes | 3,490 | Mexico (R)[1] | 0 | [***] |
| 8426.99.00 | 2% | Yes | 9,695 | Mexico (R)[1] | 0 | [***] |
| 8428.10.00 | 2% | Yes | 6,672 | Mexico (R)[1] | 140 | [***] |
| 8428.20.00 | 2% | Yes | 43,291 | Mexico (R)[1] | 47 | [***] |
| 8428.31.00 | 2% | Yes | 6,286 | Mexico | 26 | [***] |
| 8428.32.00 | 2% | Yes | 1,103 | Mexico | 0 | [***] |
| 8428.33.00 | 2% | Yes | 30,052 | Mexico | 20 | [***] |
| 8428.39.00 | 2% | Yes | 189,025 | Mexico | 9,602 | [***] |
| 8428.40.00 | 2% | Yes | 17,645 | Mexico (R)[1] | 0 | [***] |
| 8428.50.00 | 2% | Yes | 262 | Mexico (R)[1] | 0 | [***] |
| 8428.60.00 | 2% | Yes | 2,538 | Mexico (R)[1] | 0 | [***] |
| 8428.90.00 | 2% | Yes | 190,778 | Mexico (R)[1] | 10,116 | [***] |
| 8431.10.00 | 2% | Yes | 41,723 | Mexico (R)[1] | 660 | [***] |
| 8431.31.00 | 2% | Yes | 48,305 | Mexico (R)[1] | 4,864 | [***] |
| 8431.39.00 | 2% | Yes | 181,328 | Mexico (R)[1] | 5,875 | [***] |
| 8431.49.10 | 2% | Yes | 48,676 | Mexico (R)[1] | 4,245 | [***] |

[1]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.

Description and uses.--Lifting and handling machinery consists of a variety of machinery and equipment used in mass-assembly manufacturing settings. Lifting and handling machinery is used to move horizontally, raise, or lower articles, loose materials, or people. Nearly all large scale manufacturing operations depend heavily on items such as elevators and moving stairways, conveyors, hoists and winches, overhead traveling cranes, and monorails.

[1]This digest includes the following HTS subheadings: 8425.20.00, 8425.31.00, 8425.41.00, 8425.42.00, 8426.11.00, 8426.12.00, 8426.19.00, 8426.20.00, 8426.30.00, 8426.41.00, 8426.49.00, 8426.91.00, 8426.99.00, 8428.10.00, 8428.20.00, 8428.31.00, 8428.32.00, 8428.33.00, 8428.39.00, 8428.40.00, 8428.50.00, 8428.60.00, 8428.90.00, 8431.10.00, 8431.31.00, 8431.39.00, and 8431.49.10.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | **916 | **916 | **916 | **916 | **916 | - |
| Employment (1,000 employees) | 44 | 44 | 44 | 42 | **42 | **-1 |
| Shipments (million dollars) | 4,415 | 4,250 | 4,568 | 4,472 | *4,584 | *1 |
| Exports (million dollars) | 421 | 408 | 360 | 392 | 576 | 8 |
| Imports (million dollars) | 628 | 773 | 965 | 1,044 | 1,030 | 13 |
| Consumption (million dollars) | 4,622 | 4,615 | 5,173 | 5,124 | *5,038 | *2 |
| Import to consumption ratio (percent) | 14 | 17 | 19 | 20 | *20 | *9 |
| Capacity utilization (percent) | *54 | *60 | *60 | *62 | *62 | *4 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.

Comment.—Domestic producers supply the bulk of all lifting and handling machinery consumed in the United States. The high cost of capital and raw materials in the United States, lower foreign labor costs, and foreign government export promotion programs have placed U.S. manufacturers at a distinct cost disadvantage and have enabled major foreign competitors to compete more effectively in the U.S. market. As a result, some domestic producers have shifted the labor intensive portions of their production to low-wage rate countries like Mexico. Because service is an important consideration, many foreign producers, especially those from Sweden and West Germany, entered into agreements with domestic companies to provide after-sale service for their machinery and systems.

## III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 962,119 | 100 | - | *20 |
| Imports from GSP countries: | | | | |
| Total | 43,508 | 5 | 100 | *2 |
| Mexico | 35,871 | 4 | 82 | *2 |
| Brazil | 4,857 | 1 | 11 | *([2]) |
| Indonesia | 1,644 | ([2]) | 4 | *([2]) |
| Israel | 504 | ([2]) | 1 | *([2]) |

[1]Import-to-consumption ratios based on 1988 data.
[2]Less than 0.5 percent.

IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 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 __ 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 | 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 __ |

V. Position of interested parties

Support.—Internacional De Elevadores of Tijuana, B.C. Mexico, in its written submission dated December 13, 1989 affirmed its support for restoring GSP eligibility status for imports of hydraulic and gear elevators and parts from Mexico. Internacional De Elevadores asserted that the restoration of benefits would benefit both the United States and Mexico.

The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty free.

[Probable economic effect advice deleted.]

Table I.

Digest No.
84252000

Digest Title: Lifting and handling machinery
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan............ | 140,795 | 170,255 | 223,167 | 279,908 | 247,682 |
| Canada........... | 144,197 | 156,414 | 152,585 | 168,076 | 166,677 |
| West Germany..... | 92,608 | 112,398 | 183,510 | 154,633 | 165,780 |
| Taiwan........... | 44,955 | 50,813 | 52,701 | 77,722 | 79,904 |
| Mexico........... | 10,763 | 42,743 | 65,959 | 68,170 | 76,388 |
| United Kingdom... | 38,331 | 52,702 | 47,171 | 39,892 | 53,032 |
| Sweden........... | 49,105 | 41,296 | 36,243 | 38,724 | 37,292 |
| Italy............ | 11,371 | 26,860 | 44,091 | 48,535 | 32,912 |
| Korea............ | 3,170 | 7,099 | 7,643 | 22,366 | 30,881 |
| France........... | 12,146 | 18,042 | 23,331 | 17,528 | 23,366 |
| Switzerland...... | 18,244 | 23,229 | 37,781 | 27,647 | 19,660 |
| Brazil........... | 6,006 | 11,507 | 13,374 | 14,760 | 17,837 |
| Netherlands...... | 6,556 | 5,866 | 13,429 | 12,756 | 13,822 |
| Finland.......... | 7,479 | 8,669 | 10,684 | 23,523 | 11,846 |
| China............ | 3,527 | 2,508 | 1,621 | 3,864 | 9,021 |
| All other........ | 39,025 | 42,508 | 51,723 | 45,491 | 44,295 |
| Total.......... | 628,279 | 772,909 | 965,012 | 1,043,595 | 1,030,392 |
| GSP Total 1/.. | 17,424 | 55,950 | 82,301 | 87,552 | 99,066 |
| GSP+4 1/...... | 66,034 | 114,138 | 143,007 | 188,361 | 210,486 |
| | Percent | | | | |
| Japan............ | 22.4 | 22.0 | 23.1 | 26.8 | 24.0 |
| Canada........... | 23.0 | 20.2 | 15.8 | 16.1 | 16.2 |
| West Germany..... | 14.7 | 14.5 | 19.0 | 14.8 | 16.1 |
| Taiwan........... | 7.2 | 6.6 | 5.5 | 7.4 | 7.8 |
| Mexico........... | 1.7 | 5.5 | 6.8 | 6.5 | 7.4 |
| United Kingdom... | 6.1 | 6.8 | 4.9 | 3.8 | 5.1 |
| Sweden........... | 7.8 | 5.3 | 3.8 | 3.7 | 3.6 |
| Italy............ | 1.8 | 3.5 | 4.6 | 4.7 | 3.2 |
| Korea............ | .5 | .9 | .8 | 2.1 | 3.0 |
| France........... | 1.9 | 2.3 | 2.4 | 1.7 | 2.3 |
| Switzerland...... | 2.9 | 3.0 | 3.9 | 2.6 | 1.9 |
| Brazil........... | 1.0 | 1.5 | 1.4 | 1.4 | 1.7 |
| Netherlands...... | 1.0 | .8 | 1.4 | 1.2 | 1.3 |
| Finland.......... | 1.2 | 1.1 | 1.1 | 2.3 | 1.1 |
| China............ | .6 | .3 | .2 | .4 | .9 |
| All other........ | 6.2 | 5.5 | 5.4 | 4.4 | 4.3 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 2.8 | 7.2 | 8.5 | 8.4 | 9.6 |
| GSP+4 1/...... | 10.5 | 14.8 | 14.8 | 18.0 | 20.4 |

1/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No. 84252000

Digest Title: Lifting and handling machinery
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada.......... | 103,778 | 119,929 | 93,880 | 128,469 | 164,016 |
| Mexico.......... | 38,006 | 43,480 | 48,901 | 58,490 | 96,183 |
| United Kingdom... | 21,752 | 16,993 | 15,558 | 16,817 | 31,117 |
| Korea........... | 16,840 | 9,624 | 11,613 | 14,955 | 24,399 |
| Japan........... | 21,442 | 15,059 | 11,739 | 10,032 | 23,494 |
| West Germany..... | 7,121 | 4,505 | 7,013 | 9,126 | 16,391 |
| Venezuela........ | 6,828 | 5,575 | 9,542 | 4,706 | 14,664 |
| Singapore........ | 27,209 | 7,144 | 5,275 | 7,325 | 13,630 |
| Australia........ | 8,369 | 10,289 | 12,664 | 9,336 | 13,236 |
| China........... | 1,767 | 15,771 | 5,463 | 12,305 | 13,153 |
| Netherlands...... | 6,236 | 3,437 | 7,551 | 5,661 | 12,617 |
| Saudi Arabia..... | 16,180 | 12,279 | 5,368 | 3,207 | 10,602 |
| Belgium.......... | 4,216 | 1,388 | 2,621 | 8,610 | 10,031 |
| Taiwan........... | 4,097 | 6,504 | 10,591 | 6,477 | 9,717 |
| France........... | 4,554 | 3,318 | 3,084 | 3,855 | 6,747 |
| All other........ | 133,033 | 132,966 | 109,575 | 92,733 | 116,273 |
| Total......... | 421,428 | 408,262 | 360,439 | 392,105 | 576,271 |
| GSP Total 1/.. | 134,251 | 128,530 | 132,216 | 122,651 | 184,418 |
| GSP+4 1/..... | 183,811 | 152,835 | 160,474 | 152,627 | 235,803 |
| | Percent | | | | |
| Canada.......... | 24.6 | 29.4 | 26.0 | 32.8 | 28.5 |
| Mexico.......... | 9.0 | 10.7 | 13.6 | 14.9 | 16.7 |
| United Kingdom... | 5.2 | 4.2 | 4.3 | 4.3 | 5.4 |
| Korea........... | 4.0 | 2.4 | 3.2 | 3.8 | 4.2 |
| Japan........... | 5.1 | 3.7 | 3.3 | 2.6 | 4.1 |
| West Germany..... | 1.7 | 1.1 | 1.9 | 2.3 | 2.8 |
| Venezuela........ | 1.6 | 1.4 | 2.6 | 1.2 | 2.5 |
| Singapore........ | 6.5 | 1.7 | 1.5 | 1.9 | 2.4 |
| Australia........ | 2.0 | 2.5 | 3.5 | 2.4 | 2.3 |
| China........... | .4 | 3.9 | 1.5 | 3.1 | 2.3 |
| Netherlands...... | 1.5 | .8 | 2.1 | 1.4 | 2.2 |
| Saudi Arabia..... | 3.8 | 3.0 | 1.5 | .8 | 1.8 |
| Belgium.......... | 1.0 | .3 | .7 | 2.2 | 1.7 |
| Taiwan........... | 1.0 | 1.6 | 2.9 | 1.7 | 1.7 |
| France........... | 1.1 | .8 | .9 | 1.0 | 1.2 |
| All other........ | 31.6 | 32.6 | 30.4 | 23.7 | 20.2 |
| Total......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 31.9 | 31.5 | 36.7 | 31.3 | 32.0 |
| GSP+4 1/..... | 43.6 | 37.4 | 44.5 | 38.9 | 40.9 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 8429.11.00

CONSTRUCTION AND MINING EQUIPMENT

Construction and Mining Equipment[1]

## I. Introduction

Construction and mining equipment: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 Total | From country to be reinstated Source | Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 8429.11.00[2] | 2.5% | Yes | 33,141 | Brazil(R)[1] | 8,680 | [***] |
| 8429.19.00 | 2.5% | Yes | 5,948 | Brazil(R)[1] | 27 | [***] |
| 8429.20.00[2] | 2.5% | Yes | 22,113 | Brazil(R)[1] | 5,655 | [***] |
| 8429.40.00 | 2.5% | Yes | 60,286 | Brazil(R)[1] | 1,209 | [***] |
| 8429.51.50 | 2.5% | Yes | 105,544 | Brazil | 39 | [***] |
| 8429.52.50 | 2.5% | Yes | 16,320 | Brazil(R)[1] | ([3]) | [***] |
| 8429.59.50 | 2.5% | Yes | 18,473 | Brazil(R)[1] | 548 | [***] |
| 8430.10.00 | 2.5% | Yes | 3,163 | Brazil(R)[1] | ([3]) | [***] |
| 8430.20.00 | 2.5% | Yes | 6,364 | Brazil(R)[1] | ([3]) | [***] |
| 8430.31.00 | 2.5% | Yes | 29,369 | Brazil | ([3]) | [***] |
| 8430.39.00 | 2.5% | Yes | 17,869 | Brazil | ([3]) | [***] |
| 8430.41.00 | 2.5% | Yes | 8,191 | Brazil(R)[1] | ([3]) | [***] |
| 8430.49.80 | 2.5% | Yes | 18,443 | Brazil(R)[1] | 82 | [***] |
| 8430.50.50 | 2.5% | Yes | 25,647 | Brazil(R)[1] | 919 | [***] |
| 8430.61.00 | 2.5% | Yes | 5,067 | Brazil(R)[1] | ([3]) | [***] |
| 8430.62.00 | 2.5% | Yes | 380 | Brazil(R)[1] | ([3]) | [***] |
| 8430.69.00 | 2.5% | Yes | 16,434 | Brazil(R)[1] | 281 | [***] |
| 8431.41.00 | 2.5% | Yes | 46,167 | Brazil(R)[1] | ([3]) | [***] |
| 8431.42.00 | 2.5% | Yes | 13,017 | Brazil(R)[1] | 302 | [***] |
| 8431.43.80 | 2.5% | Yes | 30,794 | Brazil(R)[1] | ([3]) | [***] |

[1]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive need limit.
[2]Based on trade data for January-September 1989, it is estimated that Brazil may exceed the applicable competitive-need limit for this HTS subheading and may therefore become ineligible for duty-free treatment.
[3]Less than $1,000.

Description and uses.—Construction and mining equipment is manufactured in the United States in establishments primarily engaged in the manufacture of heavy machinery and equipment used by the construction and mining industry. Construction and mining equipment includes such items as bulldozers, shovel loaders, scrapers, ditchers, core and rock drills, and boring machinery.

[1]This digest includes the following HTS subheadings: 8429.11.00, 8429.19.00, 8429.20.00, 8429.40.00, 8429.51.50, 8429.52.50, 8429.59.50, 8430.10.00, 8430.20.00, 8430.31.00, 8430.39.00, 8430.41.00, 8430.49.80, 8430.50.50, 8430.61.00, 8430.62.00, 8430.69.00, 8431.41.00, 8431.42.00, and 8431.43.80.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | 1,426 | 1,410 | 1,390 | 1,400 | 1,403 | ([3]) |
| Employment (1,000 employees) | 113 | 110 | 112 | 115 | 118 | 1 |
| Shipments (million dollars) | **15,000 | **15,700 | **16,000 | **16,300 | **17,000 | **3 |
| Exports (million dollars) | 498 | 587 | 425 | 444 | 585 | 4 |
| Imports (million dollars) | 863 | 1,070 | 1,136 | 1,239 | 1,339 | 12 |
| Consumption (million dollars) | **15,365 | **16,183 | **16,711 | **17,095 | **17,754 | **4 |
| Import to consumption ratio (percent) | **6 | **7 | **7 | **8 | **8 | **7 |
| Capacity utilization (percent) | **65 | **69 | **65 | **58 | **68 | **1 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.
[3]Less than 0.5 percent.

Comment.—During the last several years, there have been major structural changes in the U.S. construction and mining manufacturing industry, including mergers, acquisitions, plant closings, and shifts to offshore production. [***] Some U.S.-owned firms are multinationals that produce a wide range of products. Many small- and medium-size U.S. companies produce equipment for specific segments of the U.S. market. These companies produce variations of basic machines in a number of types and sizes.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 482,729 | 100 | - | **8 |
| Imports from GSP countries: | | | | |
| Total | 28,280 | 6 | 100 | **([2]) |
| Brazil | 17,742 | 4 | 63 | **([2]) |

[1]Import-to-consumption ratios based on 1988 data.
[2]Less than 0.5 percent.

IV. Competitiveness profiles

Competitiveness indicators for Brazil for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989................ | 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 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 __ |

V. Position of interested parties

No statements were received either in support of or in opposition to the proposed modifications to the GSP considered in this digest.

[Probable economic effect advice deleted.]

Table I.

Digest No. 84291100

Digest Title: Construction and mining equipment
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan............ | 362,150 | 411,862 | 314,099 | 387,096 | 404,363 |
| West Germany..... | 113,942 | 161,226 | 221,377 | 194,447 | 210,753 |
| France........... | 42,030 | 70,737 | 170,390 | 194,979 | 168,364 |
| United Kingdom... | 79,779 | 93,027 | 94,576 | 87,344 | 117,474 |
| Canada........... | 80,725 | 85,667 | 87,729 | 102,975 | 100,517 |
| Italy............ | 57,558 | 50,012 | 54,347 | 54,817 | 74,657 |
| Brazil........... | 27,523 | 39,556 | 30,191 | 51,954 | 53,323 |
| Mexico........... | 11,937 | 16,201 | 14,645 | 28,691 | 52,154 |
| Sweden........... | 10,908 | 26,089 | 42,305 | 28,253 | 32,687 |
| Belgium.......... | 20,676 | 38,689 | 30,420 | 19,816 | 32,232 |
| Austria.......... | 8,273 | 17,585 | 26,533 | 26,576 | 20,823 |
| Korea............ | 5,731 | 2,525 | 4,064 | 7,211 | 15,871 |
| Finland.......... | 3,905 | 5,233 | 6,126 | 10,524 | 14,646 |
| Netherlands...... | 12,588 | 17,929 | 14,765 | 15,309 | 11,784 |
| Australia........ | 1,541 | 2,069 | 2,330 | 3,330 | 6,842 |
| All other........ | 23,746 | 31,742 | 22,586 | 25,626 | 22,029 |
| Total.......... | 863,011 | 1,070,151 | 1,136,480 | 1,238,947 | 1,338,517 |
| GSP Total 1/.. | 46,602 | 60,197 | 49,867 | 83,734 | 107,967 |
| GSP+4 1/...... | 65,337 | 78,613 | 61,033 | 99,451 | 130,275 |
| | Percent | | | | |
| Japan............ | 42.0 | 38.5 | 27.6 | 31.2 | 30.2 |
| West Germany..... | 13.2 | 15.1 | 19.5 | 15.7 | 15.7 |
| France........... | 4.9 | 6.6 | 15.0 | 15.7 | 12.6 |
| United Kingdom... | 9.2 | 8.7 | 8.3 | 7.0 | 8.8 |
| Canada........... | 9.4 | 8.0 | 7.7 | 8.3 | 7.5 |
| Italy............ | 6.7 | 4.7 | 4.8 | 4.4 | 5.6 |
| Brazil........... | 3.2 | 3.7 | 2.7 | 4.2 | 4.0 |
| Mexico........... | 1.4 | 1.5 | 1.3 | 2.3 | 3.9 |
| Sweden........... | 1.3 | 2.4 | 3.7 | 2.3 | 2.4 |
| Belgium.......... | 2.4 | 3.6 | 2.7 | 1.6 | 2.4 |
| Austria.......... | 1.0 | 1.6 | 2.3 | 2.1 | 1.6 |
| Korea............ | .7 | .2 | .4 | .6 | 1.2 |
| Finland.......... | .5 | .5 | .5 | .8 | 1.1 |
| Netherlands...... | 1.5 | 1.7 | 1.3 | 1.2 | .9 |
| Australia........ | .2 | .2 | .2 | .3 | .5 |
| All other........ | 2.8 | 3.0 | 2.0 | 2.1 | 1.6 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 5.4 | 5.6 | 4.4 | 6.8 | 8.1 |
| GSP+4 1/...... | 7.6 | 7.3 | 5.4 | 8.0 | 9.7 |

1/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No. 84291100

Digest Title: Construction and mining equipment
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada | 97,375 | 132,684 | 81,380 | 91,643 | 127,803 |
| France | 13,088 | 9,587 | 21,193 | 35,362 | 40,974 |
| Venezuela | 1,561 | 1,746 | 5,328 | 12,037 | 31,332 |
| Australia | 29,301 | 36,355 | 23,541 | 20,408 | 24,960 |
| Mexico | 14,055 | 32,881 | 13,483 | 12,149 | 23,867 |
| Belgium | 15,314 | 14,923 | 10,469 | 9,474 | 23,857 |
| United Kingdom | 11,202 | 7,768 | 10,048 | 13,291 | 22,533 |
| West Germany | 10,493 | 8,653 | 14,692 | 17,574 | 18,930 |
| Chile | 14,146 | 16,872 | 13,639 | 14,958 | 18,906 |
| Japan | 7,907 | 9,956 | 8,713 | 11,655 | 16,428 |
| Austria | 774 | 487 | 1,880 | 5,200 | 11,094 |
| Spain | 2,499 | 3,671 | 5,582 | 8,804 | 10,760 |
| Brazil | 13,394 | 5,192 | 9,391 | 10,059 | 10,629 |
| Rep So Africa | 17,128 | 9,687 | 6,286 | 9,143 | 9,734 |
| Sweden | 2,629 | 2,877 | 3,938 | 8,455 | 8,606 |
| All other | 247,279 | 293,518 | 195,637 | 163,313 | 184,239 |
| Total | 498,146 | 586,855 | 425,200 | 443,525 | 584,653 |
| GSP Total 1/ | 178,765 | 196,160 | 157,454 | 154,058 | 198,942 |
| GSP+4 1/ | 188,120 | 207,424 | 163,625 | 166,292 | 212,389 |
| | Percent | | | | |
| Canada | 19.5 | 22.6 | 19.1 | 20.7 | 21.9 |
| France | 2.6 | 1.6 | 5.0 | 8.0 | 7.0 |
| Venezuela | .3 | .3 | 1.3 | 2.7 | 5.4 |
| Australia | 5.9 | 6.2 | 5.5 | 4.6 | 4.3 |
| Mexico | 2.8 | 5.6 | 3.2 | 2.7 | 4.1 |
| Belgium | 3.1 | 2.5 | 2.5 | 2.1 | 4.1 |
| United Kingdom | 2.2 | 1.3 | 2.4 | 3.0 | 3.9 |
| West Germany | 2.1 | 1.5 | 3.5 | 4.0 | 3.2 |
| Chile | 2.8 | 2.9 | 3.2 | 3.4 | 3.2 |
| Japan | 1.6 | 1.7 | 2.0 | 2.6 | 2.8 |
| Austria | .2 | .1 | .4 | 1.2 | 1.9 |
| Spain | .5 | .6 | 1.3 | 2.0 | 1.8 |
| Brazil | 2.7 | .9 | 2.2 | 2.3 | 1.8 |
| Rep So Africa | 3.4 | 1.7 | 1.5 | 2.1 | 1.7 |
| Sweden | .5 | .5 | .9 | 1.9 | 1.5 |
| All other | 49.6 | 50.0 | 46.0 | 36.8 | 31.5 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/ | 35.9 | 33.4 | 37.0 | 34.7 | 34.0 |
| GSP+4 1/ | 37.8 | 35.3 | 38.5 | 37.5 | 36.3 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 8465.94.00

CORK AND WOODWORKING MACHINERY

# Cork and Woodworking Machinery[1]

## I. Introduction

Cork and woodworking machinery: Harmonized Tariff Schedule subheading; U.S. col. 1 rate of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 Total | From country to be reinstated Source | Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 8465.94.00 | 3.7% | Yes | 9,825 | Mexico | 0 | [***] |
| | | | | Brazil(R)[1] | 28 | [***] |

[1]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.

Description and uses.--These machines either mechanically change the form or physical characteristics of wood and/or cork, or assemble two or more parts by means of binding agents, adhesives, or gummed paper.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | **50 | **40 | **35 | **37 | **40 | **-5 |
| Employment (1,000 employees) | **3 | **3 | **3 | **3 | **3 | - |
| Shipments (million dollars) | **17 | **19 | **20 | **22 | **24 | **9 |
| Exports (million dollars) | 8 | 6 | 6 | 9 | 11 | 8 |
| Imports (million dollars) | 37 | 36 | 42 | 51 | 63 | 14 |
| Consumption (million dollars) | **46 | **49 | **56 | **64 | **76 | **9 |
| Import to consumption ratio (percent) | **80 | **73 | **75 | **80 | **83 | **1 |
| Capacity utilization (percent) | **68 | **72 | **80 | **81 | **87 | **6 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.

Comment.--There is little U.S. production of the articles contained in this digest; foreign firms supply most of the domestic market. Japan, West Germany, and Italy accounted for 83 percent of total digest imports during 1988.

[1]This digest includes the following HTS subheading: 8465.94.00

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 9,825 | 100 | - | **83 |
| Imports from GSP countries: | | | | |
| Total | 28 | ([2]) | 100 | **3 |
| Brazil | 28 | ([2]) | 100 | **([2]) |
| Mexico | 0 | 0 | 0 | **([2]) |

[1] Import-to-consumption ratios based on 1988 data.
[2] Less than 0.5 percent.

IV. Competitiveness profiles

Competitiveness indicators for Brazil for all digest products

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Ranking as a U.S. import supplier, January-September 1989................. 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 __ 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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Competitiveness indicators for Mexico for all digest products

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Ranking as a U.S. import supplier, January-September 1989................. ([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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[1] No imports of this product in 1989. Table completed based on historical data.

V. Position of interested parties

Support.--The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty free.

[Probable economic effect advice deleted.]

[Probable economic effect advice deleted.]

Table I.

Digest No.
84659400

Digest Title: Cork and woodworking machinery
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan............ | 6,363 | 7,608 | 9,642 | 14,168 | 21,111 |
| Canada........... | 8,820 | 5,891 | 4,295 | 7,525 | 10,672 |
| West Germany..... | 6,693 | 7,048 | 10,198 | 9,143 | 9,380 |
| United Kingdom... | 3,652 | 3,903 | 4,078 | 4,925 | 5,630 |
| Italy............ | 1,392 | 1,846 | 2,317 | 2,080 | 3,109 |
| Switzerland...... | 2,094 | 2,355 | 3,184 | 3,270 | 2,434 |
| Netherlands...... | 810 | 1,314 | 1,705 | 2,403 | 1,797 |
| France........... | 1,100 | 848 | 1,089 | 1,390 | 1,441 |
| Taiwan........... | 326 | 795 | 594 | 1,055 | 1,332 |
| Sweden........... | 1,030 | 803 | 803 | 936 | 980 |
| Israel........... | 265 | 365 | 203 | 291 | 835 |
| Denmark.......... | 581 | 503 | 1,285 | 502 | 562 |
| Hong Kong........ | 373 | 407 | 555 | 393 | 431 |
| Belgium.......... | 291 | 307 | 286 | 299 | 413 |
| Liechtenstein.... | 0 | 0 | 0 | 0 | 325 |
| All other........ | 3,081 | 2,083 | 1,762 | 2,559 | 2,632 |
| Total.......... | 36,871 | 36,076 | 41,996 | 50,939 | 63,084 |
| GSP Total 1/.. | 2,044 | 906 | 476 | 824 | 1,766 |
| GSP+4 1/...... | 3,215 | 2,517 | 2,145 | 2,764 | 4,067 |
| | Percent | | | | |
| Japan............ | 17.3 | 21.1 | 23.0 | 27.8 | 33.5 |
| Canada........... | 23.9 | 16.3 | 10.2 | 14.8 | 16.9 |
| West Germany..... | 18.2 | 19.5 | 24.3 | 17.9 | 14.9 |
| United Kingdom... | 9.9 | 10.8 | 9.7 | 9.7 | 8.9 |
| Italy............ | 3.8 | 5.1 | 5.5 | 4.1 | 4.9 |
| Switzerland...... | 5.7 | 6.5 | 7.6 | 6.4 | 3.9 |
| Netherlands...... | 2.2 | 3.6 | 4.1 | 4.7 | 2.8 |
| France........... | 3.0 | 2.4 | 2.6 | 2.7 | 2.3 |
| Taiwan........... | .9 | 2.2 | 1.4 | 2.1 | 2.1 |
| Sweden........... | 2.8 | 2.2 | 1.9 | 1.8 | 1.6 |
| Israel........... | .7 | 1.0 | .5 | .6 | 1.3 |
| Denmark.......... | 1.6 | 1.4 | 3.1 | 1.0 | .9 |
| Hong Kong........ | 1.0 | 1.1 | 1.3 | .8 | .7 |
| Belgium.......... | .8 | .9 | .7 | .6 | .7 |
| Liechtenstein.... | .0 | .0 | .0 | .0 | .5 |
| All other........ | 8.4 | 5.8 | 4.2 | 5.0 | 4.2 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 5.5 | 2.5 | 1.1 | 1.6 | 2.8 |
| GSP+4 1/...... | 8.7 | 7.0 | 5.1 | 5.4 | 6.4 |

1/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
84659400

Digest Title: Cork and woodworking machinery
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada........... | 1,570 | 922 | 999 | 1,240 | 1,738 |
| Mexico........... | 710 | 639 | 801 | 1,247 | 1,708 |
| Taiwan........... | 91 | 102 | 165 | 388 | 786 |
| United Kingdom... | 633 | 343 | 291 | 302 | 635 |
| Japan............ | 661 | 314 | 289 | 534 | 618 |
| West Germany..... | 353 | 353 | 246 | 332 | 554 |
| Korea............ | 207 | 77 | 357 | 447 | 509 |
| Hong Kong........ | 187 | 145 | 142 | 460 | 353 |
| Philippines...... | 86 | 108 | 145 | 164 | 318 |
| Singapore........ | 310 | 220 | 24 | 70 | 283 |
| Soviet Union..... | 39 | 19 | 37 | 266 | 260 |
| Italy............ | 108 | 248 | 115 | 141 | 245 |
| Colombia......... | 54 | 47 | 46 | 64 | 243 |
| Chile............ | 29 | 13 | 47 | 124 | 225 |
| Brazil........... | 75 | 171 | 144 | 123 | 196 |
| All other........ | 2,626 | 2,559 | 2,054 | 2,605 | 2,652 |
| Total.......... | 7,739 | 6,279 | 5,901 | 8,506 | 11,321 |
| GSP Total 1/.. | 1,825 | 1,840 | 2,181 | 3,166 | 3,916 |
| GSP+4 1/...... | 2,620 | 2,384 | 2,869 | 4,532 | 5,846 |
| | Percent | | | | |
| Canada........... | 20.3 | 14.7 | 16.9 | 14.6 | 15.4 |
| Mexico........... | 9.2 | 10.2 | 13.6 | 14.7 | 15.1 |
| Taiwan........... | 1.2 | 1.6 | 2.8 | 4.6 | 6.9 |
| United Kingdom... | 8.2 | 5.5 | 4.9 | 3.5 | 5.6 |
| Japan............ | 8.5 | 5.0 | 4.9 | 6.3 | 5.5 |
| West Germany..... | 4.6 | 5.6 | 4.2 | 3.9 | 4.9 |
| Korea............ | 2.7 | 1.2 | 6.0 | 5.3 | 4.5 |
| Hong Kong........ | 2.4 | 2.3 | 2.4 | 5.4 | 3.1 |
| Philippines...... | 1.1 | 1.7 | 2.5 | 1.9 | 2.8 |
| Singapore........ | 4.0 | 3.5 | .4 | .8 | 2.5 |
| Soviet Union..... | .5 | .3 | .6 | 3.1 | 2.3 |
| Italy............ | 1.4 | 3.9 | 1.9 | 1.7 | 2.2 |
| Colombia......... | .7 | .7 | .8 | .8 | 2.1 |
| Chile............ | .4 | .2 | .8 | 1.5 | 2.0 |
| Brazil........... | 1.0 | 2.7 | 2.4 | 1.4 | 1.7 |
| All other........ | 33.9 | 40.8 | 34.8 | 30.6 | 23.4 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 23.6 | 29.3 | 37.0 | 37.2 | 34.6 |
| GSP+4 1/...... | 33.9 | 38.0 | 48.6 | 53.3 | 51.6 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 8470.40.00

ACCOUNTING MACHINES

Accounting Machines[1]

## I. Introduction

Accounting machines: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 8470.40.00 | 3.9% | Yes | 19,934 | Mexico | 69 | [***] |
| 8473.21.00 | 3.9% | Yes | 11,599 | Mexico | 773 | [***] |
| 8473.29.00 | 3.9% | Yes | 108,222 | Mexico | 201 | [***] |
| 8473.40.20 | 3.9% | Yes | 25,166 | Mexico | ([1]) | [***] |
| 8473.40.40 | 3.9% | Yes | 49,105 | Mexico | 605 | [***] |

[1]Imports from Mexico did not appear among the top 15 U.S. suppliers.

Description and uses.—This digest covers accounting machines as well as parts of calculators, parts of automatic teller machines, parts of accounting machines and various miscellaneous parts used in these respective types of electronic equipment.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | **62 | **62 | **62 | **62 | **62 | - |
| Employment (1,000 employees) | **4 | **3 | **3 | **5 | **4 | - |
| Shipments (millions dollars) | **754 | **691 | **657 | **959 | **889 | **4 |
| Exports (millions dollars) | 252 | 230 | 219 | 374 | 322 | 6 |
| Imports (millions dollars) | 170 | 201 | 226 | 263 | 380 | 22 |
| Consumption (millions dollars) | **672 | **662 | **664 | **848 | **947 | **9 |
| Import to consumption ratio (percent) | **25 | **30 | **34 | **31 | **40 | **12 |
| Capacity utilization (percent) | **68 | **65 | **65 | **75 | **72 | **1 |

[1]Trade data for 1984-88 may not be directly comparable to HS data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.

Comment.—The products covered by this digest are principally accounting machines (except general purpose automatic data-processing machines), automatic teller machines, calculators, parts and subassemblies thereof. These machines and subassemblies have a high content of electro-mechanical parts. Much of the assembly of these products is labor intensive, and manufactured offshore in low wage rate countries. Final assembly operations in the United States tends to be either simple final assembly of the complex imported subassemblies or automated assembly where long production runs justify the cost.

The value of U.S. shipments increased by 4-percent annually from 1984 through 1988 which is approximately equal to the rate of inflation. Whereas, U.S. imports have increased by 22-percent during the period. An increase in U.S. consumption of these items has been accounted for by foreign suppliers who have increased their share of the U.S. market.

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[1]This digest includes the following HTS subheadings: 8470.40.00, 8473.21.00, 8473.29.00, 8473.40.20, and 8473.40.40.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 214,006 | 100 | - | **40 |
| Imports from GSP countries: | | | | |
| Total | 4,365 | 2 | 100 | **2 |
| Thailand | 1,832 | 1 | 42 | **([2]) |
| Mexico | 1,648 | 1 | 38 | **([2]) |

[1]Import-to-consumption ratios based on 1988 data.
[2]Less than 0.5 percent.

IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 13 |
| 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

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty free.

[Probable economic effect advice deleted.]

Table I.

Digest No. 84704000

Digest Title: Accounting machines
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan............ | 65,556 | 84,199 | 89,359 | 78,941 | 117,945 |
| Taiwan........... | 11,137 | 19,352 | 25,579 | 41,322 | 54,611 |
| Canada........... | 19,216 | 20,641 | 21,706 | 26,302 | 42,580 |
| Korea............ | 6,164 | 6,452 | 9,345 | 13,463 | 30,930 |
| Singapore........ | 2,104 | 5,537 | 15,465 | 20,991 | 28,034 |
| United Kingdom... | 9,265 | 14,994 | 21,957 | 20,382 | 19,020 |
| Mexico........... | 1,686 | 1,766 | 3,642 | 9,593 | 18,127 |
| Hong Kong........ | 22,506 | 15,790 | 8,708 | 9,407 | 18,100 |
| Italy............ | 1,488 | 2,889 | 3,857 | 7,621 | 11,107 |
| France........... | 4,130 | 4,282 | 4,752 | 9,002 | 10,650 |
| West Germany..... | 9,314 | 10,597 | 5,988 | 8,408 | 9,849 |
| Switzerland...... | 1,867 | 2,609 | 2,927 | 1,922 | 3,585 |
| Netherlands...... | 6,620 | 3,159 | 2,254 | 1,651 | 2,598 |
| Sweden........... | 1,595 | 1,865 | 1,321 | 1,138 | 1,448 |
| Brazil........... | 341 | 822 | 1,314 | 381 | 1,332 |
| All other........ | 6,717 | 6,162 | 7,797 | 13,076 | 10,063 |
| Total.......... | 169,705 | 201,116 | 225,969 | 263,599 | 379,978 |
| GSP Total.... | 2,433 | 3,052 | 5,525 | 10,287 | 21,129 |
| GSP+4........ | 44,344 | 50,183 | 64,621 | 95,470 | 152,803 |
| | Percent | | | | |
| Japan............ | 38.6 | 41.9 | 39.5 | 29.9 | 31.0 |
| Taiwan........... | 6.6 | 9.6 | 11.3 | 15.7 | 14.4 |
| Canada........... | 11.3 | 10.3 | 9.6 | 10.0 | 11.2 |
| Korea............ | 3.6 | 3.2 | 4.1 | 5.1 | 8.1 |
| Singapore........ | 1.2 | 2.8 | 6.8 | 8.0 | 7.4 |
| United Kingdom... | 5.5 | 7.5 | 9.7 | 7.7 | 5.0 |
| Mexico........... | 1.0 | .9 | 1.6 | 3.6 | 4.8 |
| Hong Kong........ | 13.3 | 7.9 | 3.9 | 3.6 | 4.8 |
| Italy............ | .9 | 1.4 | 1.7 | 2.9 | 2.9 |
| France........... | 2.4 | 2.1 | 2.1 | 3.4 | 2.8 |
| West Germany..... | 5.5 | 5.3 | 2.7 | 3.2 | 2.6 |
| Switzerland...... | 1.1 | 1.3 | 1.3 | .7 | .9 |
| Netherlands...... | 3.9 | 1.6 | 1.0 | .6 | .7 |
| Sweden........... | .9 | .9 | .6 | .4 | .4 |
| Brazil........... | .2 | .4 | .6 | .1 | .4 |
| All other........ | 4.0 | 3.1 | 3.5 | 5.0 | 2.6 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total.... | 1.4 | 1.5 | 2.4 | 3.9 | 5.6 |
| GSP+4........ | 26.1 | 25.0 | 28.6 | 36.2 | 40.2 |

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

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

Table II.

Digest No. 84704000

Digest Title: Accounting machines

U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| United Kingdom... | 27,258 | 28,255 | 23,764 | 37,261 | 43,818 |
| Canada.......... | 56,114 | 54,846 | 36,735 | 69,420 | 33,695 |
| Netherlands...... | 10,162 | 7,396 | 8,138 | 21,590 | 31,124 |
| West Germany..... | 13,036 | 11,357 | 13,422 | 26,540 | 28,298 |
| Japan............ | 27,475 | 20,738 | 24,677 | 34,723 | 20,486 |
| France.......... | 15,675 | 12,367 | 13,269 | 27,417 | 18,122 |
| Singapore........ | 8,770 | 9,991 | 11,900 | 10,361 | 16,146 |
| Mexico.......... | 15,090 | 10,634 | 10,985 | 17,146 | 15,349 |
| Australia........ | 7,871 | 8,602 | 9,213 | 15,795 | 11,659 |
| Italy............ | 6,972 | 4,636 | 6,118 | 16,556 | 10,872 |
| Hong Kong........ | 4,986 | 6,176 | 3,884 | 13,375 | 9,063 |
| Belgium.......... | 4,937 | 5,078 | 5,342 | 8,651 | 8,964 |
| Korea............ | 2,416 | 3,275 | 3,935 | 5,230 | 8,771 |
| Taiwan........... | 2,818 | 4,024 | 3,778 | 5,526 | 6,521 |
| Venezuela........ | 1,592 | 1,853 | 4,162 | 3,832 | 6,372 |
| All other........ | 46,476 | 41,257 | 39,733 | 61,085 | 53,244 |
| Total.......... | 251,649 | 230,486 | 219,053 | 374,507 | 322,505 |
| GSP Total.... | 35,363 | 35,021 | 34,983 | 48,628 | 46,222 |
| GSP+4........ | 54,353 | 58,487 | 58,480 | 83,120 | 86,724 |
| | Percent | | | | |
| United Kingdom... | 10.8 | 12.3 | 10.8 | 9.9 | 13.6 |
| Canada.......... | 22.3 | 23.8 | 16.8 | 18.5 | 10.4 |
| Netherlands...... | 4.0 | 3.2 | 3.7 | 5.8 | 9.7 |
| West Germany..... | 5.2 | 4.9 | 6.1 | 7.1 | 8.8 |
| Japan............ | 10.9 | 9.0 | 11.3 | 9.3 | 6.4 |
| France.......... | 6.2 | 5.4 | 6.1 | 7.3 | 5.6 |
| Singapore........ | 3.5 | 4.3 | 5.4 | 2.8 | 5.0 |
| Mexico.......... | 6.0 | 4.6 | 5.0 | 4.6 | 4.8 |
| Australia........ | 3.1 | 3.7 | 4.2 | 4.2 | 3.6 |
| Italy............ | 2.8 | 2.0 | 2.8 | 4.4 | 3.4 |
| Hong Kong........ | 2.0 | 2.7 | 1.8 | 3.6 | 2.8 |
| Belgium.......... | 2.0 | 2.2 | 2.4 | 2.3 | 2.8 |
| Korea............ | 1.0 | 1.4 | 1.8 | 1.4 | 2.7 |
| Taiwan........... | 1.1 | 1.7 | 1.7 | 1.5 | 2.0 |
| Venezuela........ | .6 | .8 | 1.9 | 1.0 | 2.0 |
| All other........ | 18.5 | 17.9 | 18.1 | 16.3 | 16.5 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total.... | 14.1 | 15.2 | 16.0 | 13.0 | 14.3 |
| GSP+4........ | 21.6 | 25.4 | 26.7 | 22.2 | 26.9 |

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

AUTOMATIC DATA-PROCESSING MACHINES

# Automatic Data-Processing Machines[1]

## I. Introduction

Automatic data-processing machines: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 8471.99.30[1] | 3.0% | Yes | 520,313 | Mexico | 85,608 | [***] |
| 8473.30.80 | 3.9% | Yes | 318,304 | Mexico | 4,900 | [***] |

[1]Based on trade data for January-September 1989, it is estimated that Mexico may exceed the applicable competitive-need limit for this HTS subheading and may therefore become ineligible for GSP duty-free treatment.

Description and uses.—The products covered in this digest are principally subassemblies used in the manufacture of automatic data-processing machines. The vast majority of the products are designed for a specific model of a particular end product. These units and subassemblies are not generally substitutable one for another.

The products of subheading 8471.99.30 are power supplies which convert 115-volt alternating currently (AC), house current, to the various direct currents required by the electronic components of the computer and its peripherals. The power supplies may be finished, stand alone, assemblies such as the small, plug-in-the-wall modules which supply the direct current output power to the computer or peripheral by a flexible electric cord; or, the power supplies may be subassembly components constructed on printed circuit boards that are ultimately assembled into the finished computer or peripheral.

The products or HTS subheading 8473.30.80 are subassemblies using cathode ray tubes (CRT) that form the basis for a computer display (often called a monitor) peripheral. These subassemblies bear an essential similarity to the picture tube subassemblies of television receivers.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | **101 | **109 | **89 | **95 | **92 | **-2 |
| Employment (1,000 employees) | **15 | **12 | **10 | **9 | **9 | **-12 |
| Shipments (million dollars) | **2,413 | **1,873 | **1,585 | **1,372 | **1,462 | **-13 |
| Exports (million dollars) | **342 | **361 | **382 | **469 | **594 | **15 |
| Imports (million dollars) | **704 | **701 | **716 | **800 | **939 | **8 |
| Consumption (million dollars) | **2,775 | **2,213 | **1,919 | **1,703 | **1,807 | **-10 |
| Import to consumption ratio (percent) | **25 | **32 | **37 | **47 | **52 | **20 |
| Capacity utilization (percent) | **85 | **83 | **80 | **78 | **75 | **-3 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.

Comment.—U.S. producers are both merchant and captive. The technology needed to produce these products is not advanced and requires a limited number of components. Production lends itself to manual assembly particularly in the case of CRT display subassemblies. Although there appears to be a large number of U.S. producers, the number is open to question. Employment, and shipments are

[1]This digest includes the following HTS subheadings: 8471.99.30 and 8473.30.80.

declining as U.S. manufacturers of the finished computers and peripherals buy more of the end products from offshore. Apparent U.S. consumption of subassemblies is declining also while the ratio of imports to consumption is increasing rapidly.

The U.S. demand for computers, automatic data-processing machines, and peripherals is very strong and expected to remain so. Production of the more labor-intensive components of these systems is expected to continue to move offshore to the low-wage-rate countries.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | million dollars | | | |
| Total | 838,617 | 100 | - | **52 |
| Imports from GSP countries: | | | | |
| Total | 151,054 | 18 | 100 | **8 |
| Mexico | 90,508 | 11 | 60 | **6 |
| Malaysia | 37,025 | 4 | 25 | **1 |
| Israel | 12,731 | 2 | 8 | **([2]) |
| India | 4,920 | 1 | 3 | **([2]) |

[1]Import-to-consumption ratios based on 1988 data.
[2]Less than 0.5 percent.

IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 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 __ 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 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 U.S. consumer of the subject products is an end product producer. The Mexican producer is often affiliated with the U.S. end product producer. The imported subassembly is most often designed to fit one model of a particular end product being assembled in the United States. The quality level of the imported subassembly is sufficiently high for the majority of end products being assembled in the United States. As noted in the previous sections, U.S. production is declining and the import penetration ratio is rising. U.S. producers are substituting lower cost, imported subassemblies in their end products wherever possible. There are some advanced technology end products, however, which command a premium price in the market and which still use U.S. produced subassemblies. There are some U.S. end products which must be produced completely in the United States especially those sold to agencies such as the Department of Defense and the Federal Aviation Administration.

V. Position of interested parties

Support.--Camara Nacional de la Industria Electronica y de Communicaciones Electricas (CANIECE), representing the Mexican computer industry, supports the GSP reinstatement of HTS subheadings 8471.99.30 and 8473.30.80. CANIECE believes that the reinstatement of GSP will encourage U.S. firms to invest money and technology in the Mexican computer manufacturing industry. CANIECE states that the Mexican computer industry is very small, imports many of the parts used from the United States, is operating at 80% of capacity, and needs money to expand.

The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty free.

[Probable economic effect advice deleted.]

Table I

Digest Title: Automatic data-processing machines
U.S. imports of domestic merchandise, by principal markets, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan | 182,953 | 213,589 | 244,065 | 257,777 | 254,492 |
| Taiwan | 73,333 | 89,734 | 102,116 | 153,535 | 192,872 |
| Mexico | 82,369 | 59,894 | 79,011 | 96,798 | 99,612 |
| Canada | 86,036 | 76,208 | 82,275 | 51,239 | 82,140 |
| Hong Kong | 91,248 | 66,574 | 67,165 | 72,579 | 77,133 |
| Singapore | 31,827 | 30,879 | 11,499 | 13,874 | 49,651 |
| West Germany | 16,827 | 21,044 | 20,434 | 57,901 | 39,131 |
| Malaysia | 3,060 | 2,500 | 4,020 | 12,660 | 26,760 |
| United Kingdom | 24,647 | 36,508 | 23,140 | 25,834 | 26,328 |
| Korea | 33,046 | 20,392 | 20,409 | 21,468 | 24,948 |
| Italy | 3,179 | 5,125 | 9,125 | 12,583 | 10,372 |
| Netherlands | 30,114 | 16,145 | 7,923 | 2,267 | 8,503 |
| Israel | 3,905 | 6,396 | 4,490 | 5,714 | 7,380 |
| Switzerland | 2,131 | 1,701 | 3,475 | 6,224 | 6,595 |
| India | 780 | 720 | 1,740 | 2,700 | 5,880 |
| All other | 48,859 | 53,264 | 35,135 | 27,084 | 27,377 |
| Total | 704,314 | 700,673 | 716,022 | 800,287 | 939,174 |
| GSP total 1/ | 99,036 | 76,653 | 94,937 | 123,697 | 144,713 |
| GSP+4 1/ | 328,589 | 284,232 | 296,091 | 385,094 | 489,234 |
| | Percent | | | | |
| Japan | 26.0 | 30.5 | 34.1 | 32.2 | 27.1 |
| Taiwan | 10.4 | 12.8 | 14.3 | 19.2 | 20.5 |
| Mexico | 11.7 | 8.5 | 11.0 | 12.1 | 10.6 |
| Canada | 12.2 | 10.9 | 11.5 | 6.4 | 8.7 |
| Hong Kong | 13.0 | 9.5 | 9.3 | 9.1 | 8.2 |
| Singapore | 4.5 | 4.4 | 1.6 | 1.7 | 5.3 |
| West Germany | 2.4 | 3.0 | 2.9 | 4.7 | 4.3 |
| Malaysia | 0.4 | 0.4 | 0.6 | 1.6 | 2.8 |
| United Kingdom | 3.5 | 5.2 | 3.2 | 3.2 | 2.8 |
| Korea | 4.7 | 2.9 | 2.9 | 2.7 | 2.7 |
| Italy | 0.5 | 0.7 | 1.3 | 1.6 | 1.1 |
| Netherlands | 4.3 | 2.3 | 1.1 | 0.3 | 0.9 |
| Israel | 0.5 | 0.9 | 0.6 | 0.7 | 0.8 |
| Switzerland | 0.3 | 0.2 | 0.5 | 0.8 | 0.7 |
| India | 0.1 | 0.1 | 0.2 | 0.3 | 0.6 |
| All other | 6.9 | 7.6 | 4.9 | 3.4 | 2.9 |
| Total | 100 | 100 | 100 | 100 | 100 |
| GSP total 1/ | 14.1 | 10.9 | 13.3 | 15.5 | 15.4 |
| GSP+4 1/ | 46.5 | 40.6 | 41.4 | 48.1 | 52.1 |

1/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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

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

Table II

Digest Title: Automatic data-processing machines
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada | 55,020 | 61,184 | 55,153 | 72,165 | 70,138 |
| France | 20,399 | 23,713 | 22,325 | 21,853 | 69,014 |
| United Kingdom | 40,785 | 40,658 | 41,484 | 50,468 | 69,011 |
| West Germany | 30,916 | 33,402 | 38,327 | 46,962 | 57,843 |
| Japan | 26,667 | 31,047 | 31,534 | 40,600 | 55,843 |
| Singapore | 16,136 | 15,908 | 18,979 | 30,729 | 47,439 |
| Netherlands | 16,689 | 16,440 | 20,894 | 20,940 | 29,817 |
| Italy | 9,846 | 9,544 | 12,295 | 19,057 | 27,083 |
| Mexico | 13,851 | 14,804 | 15,140 | 21,616 | 26,394 |
| Ireland | 19,447 | 16,717 | 19,047 | 19,586 | 19,116 |
| Australia | 9,064 | 11,154 | 12,774 | 14,647 | 18,920 |
| Belgium | 5,042 | 6,808 | 9,550 | 10,975 | 16,909 |
| Korea | 3,670 | 4,894 | 5,685 | 8,500 | 12,935 |
| Hong Kong | 13,694 | 12,708 | 9,199 | 9,301 | 12,909 |
| Taiwan | 7,268 | 6,246 | 7,566 | 10,371 | 12,228 |
| All other | 53,040 | 56,129 | 64,381 | 71,604 | 48,696 |
| Total | 341,534 | 361,356 | 382,283 | 469,174 | 594,295 |
| GSP total 1/ | 40,760 | 43,082 | 48,098 | 54,159 | 66,498 |
| GSP+4 1/ | 82,609 | 83,139 | 89,805 | 113,448 | 152,550 |
| | Percent | | | | |
| Canada | 16.1 | 16.9 | 13.9 | 15.4 | 11.8 |
| France | 6.0 | 6.6 | 5.8 | 4.7 | 11.6 |
| United Kingdom | 11.9 | 11.3 | 10.9 | 10.8 | 11.6 |
| West Germany | 9.1 | 9.2 | 10.0 | 10.0 | 9.7 |
| Japan | 7.8 | 8.6 | 8.2 | 8.7 | 9.4 |
| Singapore | 4.7 | 4.4 | 5.0 | 6.5 | 8.0 |
| Netherlands | 4.9 | 4.5 | 5.5 | 4.5 | 5.0 |
| Italy | 2.9 | 2.6 | 3.2 | 4.1 | 4.6 |
| Mexico | 4.1 | 4.1 | 4.0 | 4.6 | 4.4 |
| Ireland | 5.7 | 4.6 | 5.0 | 4.2 | 3.2 |
| Australia | 2.7 | 3.1 | 3.3 | 3.1 | 3.2 |
| Belgium | 1.5 | 1.9 | 2.5 | 2.3 | 2.8 |
| Korea | 1.1 | 1.4 | 1.5 | 1.8 | 2.2 |
| Hong Kong | 4.0 | 3.5 | 2.4 | 2.0 | 2.2 |
| Taiwan | 2.1 | 1.7 | 2.0 | 2.2 | 2.1 |
| All other | 15.5 | 15.5 | 16.8 | 15.3 | 8.2 |
| Total | 100 | 100 | 100 | 100 | 100 |
| GSP total 1/ | 11.9 | 11.9 | 12.6 | 11.5 | 11.2 |
| GSP+4 1/ | 24.2 | 23.0 | 23.5 | 24.2 | 25.7 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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

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

DIGEST NO. 8479.10.00

MISCELLANEOUS MACHINERY AND MECHANICAL APPLIANCES

# Miscellaneous Machinery and Mechanical Appliances[1]

## I. Introduction

Miscellaneous machinery and mechanical appliances: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 8479.10.00 | 3.7% | Yes | 11,016 | Brazil(R)[1] | 0 | [***] |
| | | | | Mexico | 0 | [***] |
| 8479.30.00 | 3.7% | Yes | 2,650 | Brazil(R)[1] | 0 | [***] |
| | | | | Mexico | 0 | [***] |
| 8479.81.00 | 3.7% | Yes | 15,323 | Brazil(R)[1] | 0 | [***] |
| | | | | Mexico | 36 | [***] |
| 8479.82.00 | 3.7% | Yes | 34,214 | Brazil(R)[1] | 8 | [***] |
| | | | | Mexico | 5 | [***] |
| 8479.89.70 | 3.7% | Yes | 1 | Brazil(R)[1] | 0 | [***] |
| | | | | Mexico | 0 | [***] |
| 8479.89.90 | 3.7% | Yes | 816,322 | Brazil(R)[1] | 4,731 | [***] |
| | | | | Mexico | 28,138 | [***] |
| 8479.90.40 | 3.7% | Yes | 12,308 | Brazil(R)[1] | 0 | [***] |
| 8479.90.80 | 3.7% | Yes | 545,609 | Brazil(R)[1] | 3,049 | [***] |

[1]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.

Description and uses.--This digest includes various products, such as machines for public works; machinery for treating wood or cork; mixing, kneading, crushing and grinding machines; carpet sweepers; mechanical appliances; individual function machines; and parts of humidifiers, vacuum cleaners, carpet sweepers, and individual function machines. Individual function machines and appliances and parts thereof comprised 95 percent of total digest imports during January-September 1989.

[1]This digest includes the following HTS subheadings: 8479.10.00, 8479.30.00, 8479.81.00, 8479.82.00, 8479.89.70, 8479.89.90, 8479.90.40, and 8479.90.80.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | **2,104 | **2,215 | **2,331 | **2,454 | **2,577 | **5 |
| Employment (1,000 employees) | **69 | **73 | **77 | **81 | **85 | **5 |
| Shipments (million dollars) | **6,805 | **7,163 | **7,540 | **7,937 | **8,334 | **5 |
| Exports (million dollars) | 638 | 680 | 728 | 794 | 1,026 | 13 |
| Imports (million dollars) | 1,229 | 1,222 | 1,406 | 1,686 | 2,072 | 14 |
| Consumption (million dollars) | **7,396 | **7,705 | **8,218 | **8,829 | **9,380 | **6 |
| Import to consumption ratio (percent) | **17 | **16 | **17 | **19 | **22 | **7 |
| Capacity utilization (percent) | **70 | **63 | **65 | **73 | **78 | **3 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.

Comment.--Shipments rose during the period due in part to capital improvements which resulted in increased efficiency in the production of digest items. Imports increased by 14 percent during the period, and exports grew by an average annual rate of 13 percent, from $638 million to $1,026 million in 1988. Imports of digest items from Brazil and Mexico amounted to $44 million during January-September 1989, or 3 percent of total digest imports.

## III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 1,437,444 | 100 | - | **22 |
| Imports from GSP countries: | | | | |
| Total | 59,232 | 4 | 100 | **3 |
| Mexico | 28,179 | 2 | 48 | **([2]) |
| Israel[3] | 13,482 | 1 | 23 | **([2]) |
| Brazil | 7,788 | 1 | 13 | **([2]) |
| Philippines | 427 | ([2]) | 1 | **([2]) |

[1]Import-to-consumption ratios based on 1988 data.
[2]Less than 0.5 percent.
[3]Digest items imported from Israel were eligible to be imported under the United States-Israel Free Trade Area Agreement of 1985.

IV. Competitiveness profiles

Competitiveness indicators for Mexico[1]

Ranking as a U.S. import supplier, January-September 1989................. 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 __ 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 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 __

[1]This advice applies only to the following HTS subheadings for which advice was requested for Mexico: 8479.10.00, 8479.30.00, 8479.81.00, 8479.82.00, 8479.89.70, and 8479.89.90.

Competitiveness indicators for Brazil[1]

Ranking as a U.S. import supplier, January-September 1989................. 16
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 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 __

[1]This advice applies only to the following HTS subheadings for which advice was requested Brazil: 8479.10.00, 8479.30.00, 8479.81.00, 8479.82.00, 8479.89.70, 8479.89.90, 8479.90.40, and 8479.90.80.

V. Position of interested parties

Support.--The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty free.

[Probable economic effect advice deleted.]

[Probable economic effect advice deleted.]

Table I.

Digest No.
84791000

Digest Title: Miscellaneous machinery and mechanical appliances
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan............ | 241,038 | 283,216 | 341,773 | 493,306 | 713,179 |
| Canada........... | 281,222 | 188,827 | 138,237 | 240,877 | 335,166 |
| West Germany..... | 216,471 | 234,086 | 337,143 | 299,410 | 312,869 |
| United Kingdom... | 116,679 | 127,251 | 134,485 | 158,308 | 178,443 |
| Italy............ | 45,186 | 60,002 | 74,375 | 69,527 | 98,236 |
| Switzerland...... | 68,277 | 75,989 | 101,971 | 103,840 | 77,133 |
| Netherlands...... | 25,921 | 42,390 | 54,261 | 74,137 | 55,788 |
| France........... | 36,265 | 28,654 | 36,778 | 45,604 | 46,230 |
| Taiwan........... | 10,612 | 25,801 | 19,530 | 33,673 | 43,007 |
| Sweden........... | 36,476 | 33,019 | 31,299 | 31,686 | 39,702 |
| Israel........... | 8,568 | 11,815 | 6,721 | 9,479 | 27,152 |
| Denmark.......... | 18,458 | 16,095 | 40,722 | 15,697 | 17,392 |
| Belgium.......... | 9,752 | 10,187 | 9,975 | 9,551 | 13,939 |
| Hong Kong........ | 11,984 | 13,152 | 18,066 | 12,770 | 13,880 |
| Mexico........... | 50,941 | 13,239 | 4,177 | 8,685 | 10,983 |
| All other........ | 50,866 | 58,347 | 56,572 | 79,038 | 88,656 |
| Total.......... | 1,228,714 | 1,222,070 | 1,406,086 | 1,685,587 | 2,071,755 |
| GSP Total 1/.. | 67,957 | 31,790 | 18,888 | 32,389 | 62,190 |
| GSP+4 1/...... | 105,961 | 84,614 | 73,766 | 94,599 | 136,373 |
| | Percent | | | | |
| Japan............ | 19.6 | 23.2 | 24.3 | 29.3 | 34.4 |
| Canada........... | 22.9 | 15.5 | 9.8 | 14.3 | 16.2 |
| West Germany..... | 17.6 | 19.2 | 24.0 | 17.8 | 15.1 |
| United Kingdom... | 9.5 | 10.4 | 9.6 | 9.4 | 8.6 |
| Italy............ | 3.7 | 4.9 | 5.3 | 4.1 | 4.7 |
| Switzerland...... | 5.6 | 6.2 | 7.3 | 6.2 | 3.7 |
| Netherlands...... | 2.1 | 3.5 | 3.9 | 4.4 | 2.7 |
| France........... | 3.0 | 2.3 | 2.6 | 2.7 | 2.2 |
| Taiwan........... | .9 | 2.1 | 1.4 | 2.0 | 2.1 |
| Sweden........... | 3.0 | 2.7 | 2.2 | 1.9 | 1.9 |
| Israel........... | .7 | 1.0 | .5 | .6 | 1.3 |
| Denmark.......... | 1.5 | 1.3 | 2.9 | .9 | .8 |
| Belgium.......... | .8 | .8 | .7 | .6 | .7 |
| Hong Kong........ | 1.0 | 1.1 | 1.3 | .8 | .7 |
| Mexico........... | 4.1 | 1.1 | .3 | .5 | .5 |
| All other........ | 4.1 | 4.8 | 4.0 | 4.7 | 4.3 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 5.5 | 2.6 | 1.3 | 1.9 | 3.0 |
| GSP+4 1/...... | 8.6 | 6.9 | 5.2 | 5.6 | 6.6 |

1/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No. 84791000

Digest Title: Miscellaneous machinery and mechanical appliances
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada........... | 94,879 | 96,379 | 118,762 | 179,755 | 186,826 |
| Japan............ | 113,379 | 92,996 | 76,571 | 68,814 | 129,301 |
| Korea............ | 31,775 | 39,234 | 38,773 | 53,948 | 83,777 |
| United Kingdom... | 43,148 | 47,699 | 43,033 | 45,627 | 64,849 |
| West Germany..... | 39,663 | 51,018 | 65,314 | 54,013 | 64,621 |
| Mexico........... | 46,772 | 56,427 | 68,719 | 57,488 | 52,116 |
| China............ | 5,391 | 24,927 | 50,286 | 37,053 | 45,007 |
| Taiwan........... | 10,240 | 18,219 | 17,101 | 19,411 | 32,185 |
| France........... | 21,632 | 25,593 | 29,169 | 27,670 | 31,183 |
| Singapore........ | 19,157 | 15,146 | 17,190 | 16,625 | 25,089 |
| Italy............ | 16,124 | 14,131 | 18,881 | 15,497 | 22,025 |
| Venezuela........ | 6,555 | 12,063 | 13,091 | 11,368 | 19,721 |
| Netherlands...... | 11,285 | 12,499 | 15,115 | 17,471 | 18,711 |
| Belgium.......... | 6,070 | 8,848 | 6,513 | 8,617 | 18,636 |
| Australia........ | 11,825 | 10,166 | 12,494 | 11,753 | 15,933 |
| All other........ | 160,216 | 154,931 | 137,194 | 168,601 | 215,701 |
| Total.......... | 638,109 | 680,275 | 728,205 | 793,712 | 1,025,680 |
| GSP Total 1/.. | 145,759 | 136,198 | 156,830 | 160,317 | 175,889 |
| GSP+4 1/...... | 215,992 | 218,033 | 237,654 | 262,554 | 331,228 |
| | Percent | | | | |
| Canada........... | 14.9 | 14.2 | 16.3 | 22.6 | 18.2 |
| Japan............ | 17.8 | 13.7 | 10.5 | 8.7 | 12.6 |
| Korea............ | 5.0 | 5.8 | 5.3 | 6.8 | 8.2 |
| United Kingdom... | 6.8 | 7.0 | 5.9 | 5.7 | 6.3 |
| West Germany..... | 6.2 | 7.5 | 9.0 | 6.8 | 6.3 |
| Mexico........... | 7.3 | 8.3 | 9.4 | 7.2 | 5.1 |
| China............ | .8 | 3.7 | 6.9 | 4.7 | 4.4 |
| Taiwan........... | 1.6 | 2.7 | 2.3 | 2.4 | 3.1 |
| France........... | 3.4 | 3.8 | 4.0 | 3.5 | 3.0 |
| Singapore........ | 3.0 | 2.2 | 2.4 | 2.1 | 2.4 |
| Italy............ | 2.5 | 2.1 | 2.6 | 2.0 | 2.1 |
| Venezuela........ | 1.0 | 1.8 | 1.8 | 1.4 | 1.9 |
| Netherlands...... | 1.8 | 1.8 | 2.1 | 2.2 | 1.8 |
| Belgium.......... | 1.0 | 1.3 | .9 | 1.1 | 1.8 |
| Australia........ | 1.9 | 1.5 | 1.7 | 1.5 | 1.6 |
| All other........ | 25.1 | 22.8 | 18.8 | 21.2 | 21.0 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 22.8 | 20.0 | 21.5 | 20.2 | 17.1 |
| GSP+4 1/...... | 33.8 | 32.1 | 32.6 | 33.1 | 32.3 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 8483.10.10

VEHICLE PARTS

Vehicle Parts[1]

## I. Introduction

Vehicle parts: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 Total | From country to be reinstated Source | Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 8483.10.10 | 3.1% | Yes | 140,071 | Mexico (R)[2] | 4,239 | [***] |
| | | | | Brazil (R)[2] | 2,440 | [***] |
| 8483.10.30 | 3.7% | Yes | 84,419 | Brazil (R)[2] | 4,393 | [***] |
| 8512.40.40 | 3.1% | Yes | 89,614 | Brazil | 26 | [***] |
| 8512.90.70 | 3.9% | Yes | 260 | Mexico | 0 | [***] |
| 8512.90.90 | 3.1% | Yes | 18,209 | Mexico | 53 | [***] |
| | | | | Brazil | 78 | [***] |
| 8708.10.00 | 3.1% | Yes | 405,021 | Mexico | 4,304 | [***] |
| | | | | Brazil | 1,054 | [***] |
| 8708.21.00 | 3.1% | Yes | 355,830 | Brazil | 9 | [***] |
| 8708.29.00 | 3.1% | Yes | 788,813 | Mexico | 24,784 | [***] |
| | | | | Brazil | 3,771 | [***] |
| 8708.31.50 | 3.1% | Yes | 83,760 | Mexico | 262 | [***] |
| | | | | Brazil | 8,105 | [***] |
| 8708.39.50 | 3.1% | Yes | 839,855 | Mexico | 43,969 | [***] |
| | | | | Brazil | 44,082 | [***] |
| 8708.40.10 | 3.1% | Yes | 131,299 | Mexico | 356 | [***] |
| | | | | Brazil | 5,826 | [***] |
| 8708.40.20 | 3.1% | Yes | 770,021 | Mexico | 818 | [***] |
| | | | | Brazil | 422 | [***] |
| 8708.40.50 | 3.1% | Yes | 32,530 | Mexico | 138 | [***] |
| | | | | Brazil | 6,059 | [***] |
| 8708.50.50 | 3.1% | Yes | 36,454 | Mexico | 1,321 | [***] |
| | | | | Brazil | 205 | [***] |
| 8708.50.80 | 3.1% | Yes | 47,750 | Mexico | 18 | [***] |
| | | | | Brazil | 1,582 | [***] |
| 8708.60.50 | 3.1% | Yes | 49,458 | Mexico | 5,355 | [***] |
| | | | | Brazil | 1,493 | [***] |
| 8708.60.80 | 3.1% | Yes | 84,920 | Mexico | 219 | [***] |
| | | | | Brazil | 21,024 | [***] |
| 8708.70.80 | 3.1% | Yes | 469,502 | Mexico | 12,719 | [***] |
| | | | | Brazil | 31,036 | [***] |
| 8708.80.50 | 3.1% | Yes | 168,943 | Mexico | 758 | [***] |
| | | | | Brazil | 8,462 | [***] |
| 8708.91.50 | 3.1% | Yes | 152,901 | Mexico | 33,161 | [***] |
| | | | | Brazil | 710 | [***] |
| 8708.93.50 | 3.1% | Yes | 101,197 | Mexico | 2,331 | [***] |
| | | | | Brazil | 6,400 | [***] |
| 8708.99.50 | 3.1% | Yes | 4,758,567 | Brazil | 40,272 | [***] |
| 8716.90.50 | 3.1% | Yes | 45,356 | Mexico | 6,033 | [***] |

[1] This digest includes the following HTS subheadings: 8483.10.10, 8483.10.30, 8512.40.40, 8512.90.70, 8512.90.90, 8708.10.00, 8708.21.00, 8708.29.00, 8708.31.50, 8708.39.50, 8708.40.10, 8708.40.20, 8708.40.50, 8708.50.50, 8708.50.80, 8708.60.50, 8708.60.80, 8708.70.80, 8708.80.50, 8708.91.50, 8708.93.50, 8708.99.50, and 8716.90.50.
[2] An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.

Description and uses.--Vehicle parts are all finished parts and accessories (excluding engines and parts, bodies and chassis, electrical power generating and transmitting devices, and lighting equipment), used in the assembly of automobiles, buses, trucks, and trailers.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | *2,900 | *2,950 | *2,925 | *3,000 | *3,025 | *1 |
| Employment (1,000 employees) | *382 | *385 | *377 | *388 | *402 | *1 |
| Shipments (million dollars) | *52,583 | *57,931 | *57,393 | *60,696 | *63,731 | *5 |
| Exports (million dollars) | 6,565 | 6,972 | 6,190 | 7,042 | 8,320 | 6 |
| Imports (million dollars) | 6,990 | 7,996 | 9,008 | 10,188 | 11,997 | 14 |
| Consumption (million dollars) | *53,008 | *58,955 | *60,211 | *63,842 | *67,408 | *6 |
| Import to consumption ratio (percent) | *13 | *14 | *15 | *16 | *18 | *8 |
| Capacity utilization (percent) | *79 | *77 | *76 | *75 | *76 | *-1 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.

Comment.--U.S. producers of vehicle parts are generally very competitive in the U.S. market with respect to both quality and service. Major foreign competitors of the U.S. vehicle parts industry include Canada, Japan, Mexico, and West Germany. Mexico's lower labor costs are a factor in that country's competitiveness in the U.S. market. Other major exporters of vehicle parts to the United States emphasize quality and timely delivery.

## III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 9,654,748 | 100 | - | *18 |
| Imports from GSP countries: | | | | |
| Total | 954,396 | 10 | 100 | *2 |
| Mexico | 699,457 | 7 | 73 | *1 |
| Brazil | 187,966 | 2 | 20 | *([2]) |

[1]Import-to-consumption ratios based on 1988 data.
[2]Less than 0.5 percent.

IV. Competitiveness profiles

Competitiveness indicators for Mexico[1]

Ranking as a U.S. import supplier, January-September 1989................. _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 __ 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................................................. 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_

[1]This advice applies only to the following HTS subheadings for which advice was requested for Mexico: 8483.10.10, 8512.90.70, 8512.90.90, 8708.10.00, 8708.29.00, 8708.31.50, 8708.39.50, 8708.40.10, 8708.40.20, 8708.40.50, 8708.50.50, 8708.50.80, 8708.60.50, 8708.60.80, 8708.70.80, 8708.80,50, 8708.91.50, 8708.93.50, 8716.90.50.

Competitiveness indicators for Brazil[1]

Ranking as a U.S. import supplier, January-September 1989................. _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 __ 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................................................. 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_

[1]This advice applies only to the following HTS subheadings for which advice was requested for Brazil: 8483.10.00, 8483.10.30, 8512.40.40, 8512.90.90, 8708.10.00, 8708.21.00, 8708.29.00, 8708.31.50, 8708.39.50, 8708.40.10, 8708.40.20, 8708.40.50, 8708.50.50, 8708.50.80, 8708.60.50, 8708.60.80, 8708.70.80, 8708.80.50, 8708.91.50, 8708.93.50, and 8708.99.50.

V. Position of interested parties

Support.—Rockwell International Corporation (RIC) and its wholly-owned subsidiary, the Fumigalli Division of Rockwell do Brazil, manufacture and import steel wheels (HTS item 8708.70.80) from Brazil. RIC supports the granting of GSP treatment to Brazilian automotive wheel producers when they export their wheels into the United States. RIC states that a tariff on automotive wheels would not benefit the U.S. wheel industry for the following reasons: imports of automotive wheels from Brazil will not increase because of Brazilian producers' capacity constraints, and U.S. purchasers of wheels are unresponsive to price fluctuations. In sum, RIC states that the existing tariff of 3.1 percent on Brazilian wheels imported to the United States is having a detrimental effect on the U.S. auto industry and on U.S. consumers, causing a net loss to the U.S. private sector. RIC maintains that eliminating this tariff would result in a net gain to the U.S. industry and its consumers. In addition, RIC manufactures axles and axle components (HTS item 8708.50.30) for medium and heavy-duty trucks. RIC supports the elimination of duties on these products from Brazil stating that the resulting savings would be passed on to U.S. truck manufacturers in the form of increased profit and increased competitiveness.

Home Depot U.S.A., Inc. is an Atlanta-based retailer in the do-it-yourself home improvement market. The items Home Depot includes in its submission, as it relates to this digest, are certain parts of trailers and other vehicles (HTS item 8716.90.50), not mechanically propelled. Home Depot submits that redesignation of these products to GSP eligibility vis-a-vis Mexico would have no adverse effect on the domestic industry producing these parts.

COFAP S.A. is a Brazilian manufacturer and exporter of shock absorbers (HTS item 8708.80.50). COFAP supports the redesignation of shock absorbers as eligible for GSP treatment. COFAP further states that redesignation will not result in a significant increase in imports, the domestic industry will not be adversely effected, and the consumer will derive certain benefits from such a decision.

Transmisiones Para Servicio Pesado, S.A. (TSP) is a Mexican-based company that has been exporting heavy-duty transmissions and parts (mainly gears) (HTS item 8708.40.10) to the United States since 1986 through the Dana Corporation's Toledo, Ohio headquarters. Primarily because of the low volume of these imports, TSP states that redesignation would have very little impact on U.S. industry. GSP treatment of these products would also make both TSP and Dana more competitive. TSP notes that Dana reexports these items to other countries after satisfying their U.S. customers.

Kelsey-Hayes de Mexico (KHM) manufactures and exports steel wheel rims (HTS item 8708.70.80) to the United States. KHM supports the redesignation of these products to GSP treatment indicating that both the United States and Mexico would benefit.

Grupo Industrial Ramirez (GIR) is a Mexican-based manufacturer of automotive rims (HTS item 8708.70.80). GIR supports the granting of duty-free status to imports of these automotive rims. GIR claims both the United States and Mexico would benefit.

The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty free.

Opposition.—The American Gear Manufacturers Association (AGMA) consists of 143 U.S. gear, gear product, and flexible coupling manufacturers, and 104 technical members which include 30 non-U.S. manufacturers (HTS items 8708.40.10, 8708.40.20, and 8708.40.50). AGMA opposes the redesignation of gear products to GSP status as they relate to Brazil and Mexico. AGMA maintains that such redesignation may negatively affect U.S. market share and the U.S. trade balance.

The Budd Company, a manufacturer of road wheels and parts (HTS items 8708.60.80 and 8708.70.80), opposes the proposed elimination of U.S. import duties under the GSP for these products. The Budd Company states that U.S. imports of wheels will increase sharply and the U.S. industry will be adversely affected if GSP eligibility is granted to these countries.

Monroe Auto Equipment Company (MAEC) primarily manufactures automotive suspension shock absorbers (HTS item 8708.80.50). MAEC opposes the elimination of all duties on these products imported from Brazil. MAEC believes that such redesignation will lead to injury to domestic producers.

Dana Corporation, an independent supplier, manufactures parts for the motor-vehicle industry, including axles (HTS items 8708.50.50, 8708.50.80, 8708.60.50, and 8708.60.80). Dana opposes the elimination of all duties on these products imported from Brazil. Dana holds that elimination of such duties would cause severe injury to the U.S. light axle industry of which Dana claims to be a representative. Dana Corporation states that GSP redesignation of these imports from Brazil would cause a loss of a [***] contract for its Axle Division. Dana further concludes that duty elimination of these products would adversely affect the U.S. industry, will result in a "dramatic" increase in import levels, and will create only minimal savings for the consumer.

[Probable economic effect advice deleted]

[Probable economic effect advice deleted.]

Table I.

Digest No.
84831010

Digest Title: Vehicle parts
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada.......... | 4,256,754 | 4,691,318 | 4,707,724 | 4,911,406 | 5,333,064 |
| Japan........... | 1,038,553 | 1,309,861 | 1,793,535 | 2,180,923 | 2,861,011 |
| West Germany..... | 350,839 | 444,245 | 578,952 | 804,596 | 958,594 |
| Mexico.......... | 395,112 | 411,504 | 475,513 | 550,680 | 813,215 |
| France.......... | 161,272 | 207,598 | 344,623 | 407,923 | 464,628 |
| United Kingdom... | 213,449 | 241,896 | 299,913 | 292,577 | 337,139 |
| Brazil.......... | 139,228 | 180,354 | 201,917 | 266,288 | 269,411 |
| Taiwan.......... | 105,751 | 122,647 | 167,613 | 197,284 | 227,900 |
| Spain........... | 66,695 | 68,457 | 83,331 | 104,933 | 147,977 |
| Italy........... | 66,250 | 76,879 | 96,301 | 120,803 | 132,409 |
| Korea........... | 20,034 | 34,213 | 43,799 | 58,409 | 79,413 |
| Sweden.......... | 27,904 | 29,838 | 40,935 | 40,825 | 47,643 |
| Belgium......... | 13,389 | 11,443 | 18,573 | 33,013 | 46,316 |
| Australia........ | 13,610 | 34,416 | 20,251 | 28,371 | 38,600 |
| Hungary......... | 39,587 | 28,298 | 17,092 | 32,808 | 32,819 |
| All other........ | 81,530 | 102,714 | 118,142 | 157,214 | 206,878 |
| Total......... | 6,989,957 | 7,995,680 | 9,008,214 | 10,188,052 | 11,997,018 |
| GSP Total 1/.. | 562,885 | 629,002 | 721,460 | 870,048 | 1,165,825 |
| GSP+4 1/...... | 705,945 | 806,012 | 947,393 | 1,140,932 | 1,495,829 |
| | Percent | | | | |
| Canada.......... | 60.9 | 58.7 | 52.3 | 48.2 | 44.5 |
| Japan........... | 14.9 | 16.4 | 19.9 | 21.4 | 23.8 |
| West Germany..... | 5.0 | 5.6 | 6.4 | 7.9 | 8.0 |
| Mexico.......... | 5.7 | 5.1 | 5.3 | 5.4 | 6.8 |
| France.......... | 2.3 | 2.6 | 3.8 | 4.0 | 3.9 |
| United Kingdom... | 3.1 | 3.0 | 3.3 | 2.9 | 2.8 |
| Brazil.......... | 2.0 | 2.3 | 2.2 | 2.6 | 2.2 |
| Taiwan.......... | 1.5 | 1.5 | 1.9 | 1.9 | 1.9 |
| Spain........... | 1.0 | .9 | .9 | 1.0 | 1.2 |
| Italy........... | .9 | 1.0 | 1.1 | 1.2 | 1.1 |
| Korea........... | .3 | .4 | .5 | .6 | .7 |
| Sweden.......... | .4 | .4 | .5 | .4 | .4 |
| Belgium......... | .2 | .1 | .2 | .3 | .4 |
| Australia........ | .2 | .4 | .2 | .3 | .3 |
| Hungary......... | .6 | .4 | .2 | .3 | .3 |
| All other........ | 1.2 | 1.3 | 1.3 | 1.5 | 1.7 |
| Total......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 8.1 | 7.9 | 8.0 | 8.5 | 9.7 |
| GSP+4 1/...... | 10.1 | 10.1 | 10.5 | 11.2 | 12.5 |

1/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
84831010

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

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada | 4,844,049 | 5,044,779 | 4,369,927 | 4,915,095 | 5,635,377 |
| Mexico | 541,614 | 776,811 | 636,542 | 776,296 | 1,035,808 |
| West Germany | 108,683 | 138,041 | 119,280 | 136,241 | 178,285 |
| Venezuela | 187,675 | 166,953 | 170,157 | 168,072 | 163,746 |
| Japan | 89,474 | 107,853 | 113,542 | 112,384 | 157,770 |
| United Kingdom | 104,885 | 98,225 | 100,471 | 105,368 | 134,296 |
| France | 44,060 | 33,982 | 29,088 | 52,216 | 118,903 |
| Australia | 93,327 | 95,911 | 69,903 | 81,660 | 117,061 |
| Brazil | 22,377 | 41,724 | 49,967 | 62,231 | 71,152 |
| Korea | 19,145 | 13,192 | 21,892 | 77,351 | 69,730 |
| Belgium | 34,942 | 33,967 | 56,445 | 49,705 | 69,155 |
| Saudi Arabia | 76,128 | 58,162 | 40,544 | 55,899 | 67,785 |
| Netherlands | 13,924 | 15,611 | 22,407 | 32,796 | 45,652 |
| Sweden | 37,774 | 38,366 | 40,132 | 41,886 | 40,615 |
| Italy | 9,733 | 13,129 | 14,598 | 26,946 | 26,151 |
| All other | 337,387 | 295,367 | 334,995 | 348,283 | 388,178 |
| Total | 6,565,178 | 6,972,073 | 6,189,889 | 7,042,429 | 8,319,663 |
| GSP Total 1/ | 938,630 | 1,160,145 | 1,069,149 | 1,224,289 | 1,476,096 |
| GSP+4 1/ | 978,761 | 1,195,332 | 1,122,582 | 1,334,412 | 1,593,051 |
| | Percent | | | | |
| Canada | 73.8 | 72.4 | 70.6 | 69.8 | 67.7 |
| Mexico | 8.2 | 11.1 | 10.3 | 11.0 | 12.5 |
| West Germany | 1.7 | 2.0 | 1.9 | 1.9 | 2.1 |
| Venezuela | 2.9 | 2.4 | 2.7 | 2.4 | 2.0 |
| Japan | 1.4 | 1.5 | 1.8 | 1.6 | 1.9 |
| United Kingdom | 1.6 | 1.4 | 1.6 | 1.5 | 1.6 |
| France | .7 | .5 | .5 | .7 | 1.4 |
| Australia | 1.4 | 1.4 | 1.1 | 1.2 | 1.4 |
| Brazil | .3 | .6 | .8 | .9 | .9 |
| Korea | .3 | .2 | .4 | 1.1 | .8 |
| Belgium | .5 | .5 | .9 | .7 | .8 |
| Saudi Arabia | 1.2 | .8 | .7 | .8 | .8 |
| Netherlands | .2 | .2 | .4 | .5 | .5 |
| Sweden | .6 | .6 | .6 | .6 | .5 |
| Italy | .1 | .2 | .2 | .4 | .3 |
| All other | 5.1 | 4.2 | 5.4 | 4.9 | 4.7 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/ | 14.3 | 16.6 | 17.3 | 17.4 | 17.7 |
| GSP+4 1/ | 14.9 | 17.1 | 18.1 | 18.9 | 19.1 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 8501.20.40

ELECTRIC MOTORS AND GENERATORS

# Electric Motors and Generators[1]

## I. Introduction

Electric motors and generators: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 Total | From country to be reinstated Source | Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 8501.20.40 | 5% | Yes | 28,366 | Mexico | 9,290 | [***] |
| 8501.20.50 | 5% | Yes | 1,654 | Mexico | 0 | [***] |
| 8501.31.40 | 5% | Yes | 67,311 | Mexico | 8,257 | [***] |
| 8501.31.50 | 5% | Yes | 1,404 | Mexico | 0 | [***] |
| 8501.31.80 | 3% | Yes | 3,516 | Mexico | ([1]) | [***] |
| 8501.32.60 | 3% | Yes | 4,743 | Mexico | 89 | [***] |
| 8501.33.60 | 3% | Yes | 665 | Mexico | 38 | [***] |
| 8501.34.60 | 3% | Yes | 5,645 | Mexico | 13 | [***] |
| 8501.40.50[2] | 5% | Yes | 7,229 | Mexico | 6,388 | [***] |
| 8501.51.40 | 5% | Yes | 6,803 | Mexico | 537 | [***] |
| 8501.51.50 | 5% | Yes | 550 | Mexico | 2 | [***] |
| 8501.61.00 | 3% | Yes | 6,545 | Mexico | 42 | [***] |
| 8501.62.00 | 3% | Yes | 4,568 | Mexico | 81 | [***] |
| 8501.63.00 | 3% | Yes | 2,791 | Mexico | 0 | [***] |
| 8501.64.00 | 3% | Yes | 31,926 | Mexico | 0 | [***] |
| 8502.11.00 | 3% | Yes | 11,825 | Mexico | 0 | [***] |
| 8502.12.00 | 3% | Yes | 43,137 | Mexico | 32 | [***] |
| 8502.13.00 | 3% | Yes | 58,910 | Mexico | 0 | [***] |
| 8502.20.00 | 3% | Yes | 58,488 | Mexico | 14 | [***] |
| 8502.30.00 | 3% | Yes | 136,950 | Mexico | 24 | [***] |
| 8502.40.00 | 3% | Yes | 12,750 | Mexico | 184 | [***] |
| 8503.00.60 | 3% | Yes | 219,252 | Mexico | 58,093 | [***] |
| 8504.40.00[2] | 3% | Yes | 525,751 | Mexico | 89,440 | [***] |
| 8504.50.00[2] | 3% | Yes | 121,647 | Mexico | 58,046 | [***] |
| 8504.90.00 | 3% | Yes | 94,681 | Mexico | 11,752 | [***] |

[1]Mexico did not appear among the top 15 U.S. import suppliers.
[2]Based on trade data for January-September 1989, it is estimated that Mexico may exceed the applicable competitive-need limit for this HTS subheading and may therefore become ineligible for GSP duty-free treatment.

Description and uses.—Electric motors are devices that convert electrical energy into mechanical energy. They are powered by either alternating (AC), or direct (DC) current, or by both in the case of universal motors. Motors are used in such consumer and industrial products as household appliances, fans, toys, machine tools, and material handling devices. An electric generator is essentially a motor operated in reverse whereby a mechanical force is employed to generate an electric current. Generators are used by electrical utilities, hospitals, and other industrial or private consumers to generate electrical energy for their own use, or for sale to other consumers. This digest also covers generator sets, which consist of a prime mover (turbine, internal combustion engine, etc.) and a generator on a common base; static converters (principally power supplies); other inductors; and parts of the above mentioned devices.

[1]This digest includes the following HTS subheadings: 8501.20.40, 8501.20.50, 8501.31.40, 8501.31.50, 8501.31.80, 8501.32.60, 8501.33.60, 8501.34.60, 8501.40.50, 8501.51.40, 8501.51.50, 8501.61.00, 8501.62.00, 8501.63.00, 8501.64.00, 8502.11.00, 8502.12.00, 8502.13.00, 8502.20.00, 8502.30.00, 8502.40.00, 8503.00.60, 8504.40.00, 8504.50.00, and 8504.90.00.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | **300 | **295 | **295 | **290 | **290 | **-1 |
| Employment (1,000 employees) | **52 | **49 | **49 | **50 | **50 | **-1 |
| Shipments (million dollars) | **4,030 | **3,950 | **4,000 | **4,170 | **4,300 | **2 |
| Exports (million dollars) | 966 | 864 | 816 | 910 | 1,288 | 7 |
| Imports (million dollars) | 1,230 | 1,447 | 1,580 | 1,913 | 2,590 | 20 |
| Consumption (million dollars) | **4,294 | **4,533 | **4,764 | **5,173 | **5,602 | **7 |
| Import to consumption ratio (percent) | **29 | **32 | **33 | **37 | **46 | **12 |
| Capacity utilization (percent) | **62 | **64 | **66 | **66 | **70 | **3 |

[1] Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice," p. 5.
[2] This figure represents the average annual rate of change during 1984-1988.

Comment.—U.S. industry concentration in most product lines covered by this digest is fairly high with several full-line producers accounting for the majority of shipments. The smaller firms in the industry have been forced, in many cases, to become producers of low-volume and highly specialized product lines in order to compete. Some of these firms with marginally profitable operations are expected to succumb to the competitive pressures of the U.S. market and leave the business, while others will likely become attractive takeover candidates to large U.S. and foreign enterprises.

In general, U.S. producers of electric motors and generators have more capital-intensive and highly automated production operations than their foreign counterparts. A number of U.S. companies have also established a significant base of operations along the Mexican border in order to shift certain highly labor-intensive production processes to this low-wage-rate area.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 1,457,106 | 100 | - | **46 |
| Imports from GSP countries: | | | | |
| Total | 312,323 | 21 | 100 | **9 |
| Mexico | 242,326 | 17 | 78 | **7 |
| Malaysia | 28,999 | 2 | 9 | **1 |

[1] Import-to-consumption ratios based on 1988 data.

IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 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 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

Support.--Spicer Industries, S.A., of Mexico, in its statement of December 14, 1989, indicated strong support for the reinstatement to GSP eligibility status of products imported under HS item 8501.61, .62, .63, and .64 from Mexico. As a producer of these products (AC generators) in Mexico, Spicer argued that its limited installed capacity was only sufficient to complement U.S. manufacturers' production and service niches in the U.S. market in which the U.S. industry was not already concentrated. In its statement, Spicer also cited the depressed Mexican market for these products and the low capacity utilization of the Mexican industry as indicative of the dire need of Mexico to regain GSP eligibility status.

General Electric Co. (GE) supports the redesignation of motor products covered by HS headings 8501, 8502, and 8503 and the additional redesignation to GSP eligibility status of HS item 8501.40.40. GE bases its position on the fact that many domestic motor manufacturers have plants in Mexico that allow them to compete more effectively against foreign products entering the U.S. market. GE thus argues that the redesignation of Mexico to duty-free eligibility status would enable U.S. producers to more effectively meet growing U.S. demand for these products. With respect to HS item 8501.40.40, GE indicates that they feel an omission was made in not including this item on the list of product categories under consideration.

Home Depot U.S.A., Inc., a home improvement retailer headquartered in Atlanta, GA, has requested that static converters classified under HS item 8504.40.00 be redesignated to duty-free GSP eligibility status with respect to Mexico. In its statement, the company argues that Mexico represents a relatively small percentage of total imports of these products such that Mexican imports would not adversely impact upon the U.S. industry producing these products.

The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty free.

[Probable economic effect advice deleted.]

Table I.

Digest No. 85012040

Digest Title: Electric motors and generators
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan | 254,745 | 291,300 | 385,708 | 475,651 | 678,317 |
| Mexico | 226,042 | 200,850 | 258,606 | 328,044 | 389,603 |
| Taiwan | 130,055 | 162,435 | 128,700 | 176,525 | 238,383 |
| Canada | 132,301 | 144,238 | 165,785 | 192,204 | 237,108 |
| Hong Kong | 155,134 | 100,414 | 123,234 | 158,453 | 171,830 |
| West Germany | 61,877 | 85,762 | 103,444 | 132,600 | 143,253 |
| Switzerland | 18,186 | 13,513 | 10,999 | 50,586 | 112,770 |
| United Kingdom | 31,914 | 53,311 | 68,895 | 67,004 | 110,933 |
| Singapore | 37,748 | 21,213 | 39,182 | 45,265 | 110,252 |
| France | 19,526 | 27,212 | 37,206 | 41,195 | 58,443 |
| Malaysia | 8,500 | 6,602 | 8,883 | 26,006 | 57,408 |
| Sweden | 20,068 | 73,028 | 30,715 | 38,827 | 56,506 |
| Korea | 11,529 | 14,533 | 22,087 | 36,629 | 44,595 |
| Brazil | 3,489 | 5,849 | 9,514 | 12,083 | 22,431 |
| Italy | 11,960 | 20,714 | 12,323 | 17,211 | 19,287 |
| All other | 107,093 | 226,154 | 174,822 | 114,584 | 138,856 |
| Total | 1,230,168 | 1,447,127 | 1,580,103 | 1,912,867 | 2,589,974 |
| GSP Total 1/ | 280,930 | 262,139 | 307,184 | 403,842 | 514,951 |
| GSP+4 1/ | 615,395 | 560,733 | 620,387 | 820,714 | 1,080,012 |
| | Percent | | | | |
| Japan | 20.7 | 20.1 | 24.4 | 24.9 | 26.2 |
| Mexico | 18.4 | 13.9 | 16.4 | 17.1 | 15.0 |
| Taiwan | 10.6 | 11.2 | 8.1 | 9.2 | 9.2 |
| Canada | 10.8 | 10.0 | 10.5 | 10.0 | 9.2 |
| Hong Kong | 12.6 | 6.9 | 7.8 | 8.3 | 6.6 |
| West Germany | 5.0 | 5.9 | 6.5 | 6.9 | 5.5 |
| Switzerland | 1.5 | .9 | .7 | 2.6 | 4.4 |
| United Kingdom | 2.6 | 3.7 | 4.4 | 3.5 | 4.3 |
| Singapore | 3.1 | 1.5 | 2.5 | 2.4 | 4.3 |
| France | 1.6 | 1.9 | 2.4 | 2.2 | 2.3 |
| Malaysia | .7 | .5 | .6 | 1.4 | 2.2 |
| Sweden | 1.6 | 5.0 | 1.9 | 2.0 | 2.2 |
| Korea | .9 | 1.0 | 1.4 | 1.9 | 1.7 |
| Brazil | .3 | .4 | .6 | .6 | .9 |
| Italy | 1.0 | 1.4 | .8 | .9 | .7 |
| All other | 8.7 | 15.6 | 11.1 | 6.0 | 5.4 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/ | 22.8 | 18.1 | 19.4 | 21.1 | 19.9 |
| GSP+4 1/ | 50.0 | 38.7 | 39.3 | 42.9 | 41.7 |

1/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No. 85012040

Digest Title: Electric motors and generators
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Mexico.......... | 150,258 | 154,767 | 160,725 | 187,787 | 301,471 |
| Canada.......... | 170,861 | 148,079 | 133,204 | 158,739 | 205,859 |
| West Germany..... | 34,419 | 35,619 | 36,136 | 41,193 | 57,063 |
| Brazil.......... | 4,234 | 4,329 | 5,572 | 5,410 | 52,489 |
| United Kingdom... | 34,700 | 34,895 | 36,557 | 40,824 | 51,145 |
| Japan........... | 52,806 | 32,817 | 27,501 | 21,992 | 49,355 |
| France.......... | 19,847 | 20,714 | 21,744 | 26,255 | 45,731 |
| Saudi Arabia..... | 50,906 | 40,370 | 26,497 | 23,278 | 39,034 |
| Venezuela........ | 17,820 | 15,637 | 25,566 | 20,719 | 32,426 |
| Singapore........ | 14,973 | 13,364 | 16,396 | 23,935 | 31,864 |
| Egypt........... | 37,325 | 13,468 | 14,863 | 30,906 | 30,136 |
| Korea........... | 38,596 | 24,701 | 19,452 | 20,395 | 27,335 |
| Netherlands...... | 14,764 | 11,861 | 9,429 | 16,003 | 25,237 |
| Taiwan.......... | 36,713 | 43,147 | 25,926 | 26,416 | 23,278 |
| Hong Kong........ | 8,928 | 11,441 | 14,655 | 17,984 | 20,046 |
| All other........ | 278,812 | 259,246 | 242,151 | 248,180 | 295,715 |
| Total.......... | 965,960 | 864,457 | 816,374 | 910,016 | 1,288,183 |
| GSP Total 1/.. | 343,443 | 298,886 | 320,435 | 382,736 | 583,429 |
| GSP+4 1/...... | 442,653 | 391,540 | 396,865 | 471,466 | 685,952 |
| | Percent | | | | |
| Mexico.......... | 15.6 | 17.9 | 19.7 | 20.6 | 23.4 |
| Canada.......... | 17.7 | 17.1 | 16.3 | 17.4 | 16.0 |
| West Germany..... | 3.6 | 4.1 | 4.4 | 4.5 | 4.4 |
| Brazil.......... | .4 | .5 | .7 | .6 | 4.1 |
| United Kingdom... | 3.6 | 4.0 | 4.5 | 4.5 | 4.0 |
| Japan........... | 5.5 | 3.8 | 3.4 | 2.4 | 3.8 |
| France.......... | 2.1 | 2.4 | 2.7 | 2.9 | 3.6 |
| Saudi Arabia..... | 5.3 | 4.7 | 3.2 | 2.6 | 3.0 |
| Venezuela........ | 1.8 | 1.8 | 3.1 | 2.3 | 2.5 |
| Singapore........ | 1.6 | 1.5 | 2.0 | 2.6 | 2.5 |
| Egypt........... | 3.9 | 1.6 | 1.8 | 3.4 | 2.3 |
| Korea........... | 4.0 | 2.9 | 2.4 | 2.2 | 2.1 |
| Netherlands...... | 1.5 | 1.4 | 1.2 | 1.8 | 2.0 |
| Taiwan.......... | 3.8 | 5.0 | 3.2 | 2.9 | 1.8 |
| Hong Kong........ | .9 | 1.3 | 1.8 | 2.0 | 1.6 |
| All other........ | 28.9 | 30.0 | 29.7 | 27.3 | 23.0 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 35.6 | 34.6 | 39.3 | 42.1 | 45.3 |
| GSP+4 1/...... | 45.8 | 45.3 | 48.6 | 51.8 | 53.2 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 8507.30.00

ELECTRICAL IGNITION EQUIPMENT AND STORAGE BATTERIES

# Electrical Ignition Equipment and Storage Batteries[1]

## I. Introduction

Electrical ignition equipment and storage batteries: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 8507.30.00 | 5.1% | Yes | 218,564 | Mexico | 52,813 | [***] |
| 8507.40.00 | 5.1% | Yes | 404 | Mexico | 29 | [***] |
| 8507.80.00 | 5.1% | Yes | 18,960 | Mexico | 416 | [***] |
| 8507.90.80 | 5.1% | Yes | 8,127 | Mexico | 338 | [***] |
| 8511.10.00 | 3.1% | Yes | 67,797 | Mexico | 2,661 | [***] |
| 8511.20.00 | 3.1% | Yes | 6,004 | Mexico | 303 | [***] |
| 8511.40.00 | 3.1% | Yes | 149,682 | Mexico | 3,922 | [***] |
| 8511.50.00 | 3.1% | Yes | 128,197 | Mexico | 9,211 | [***] |
| 8511.80.60 | 3.1% | Yes | 57,786 | Mexico | 1,161 | [***] |
| 8511.90.60 | 3.1% | Yes | 169,802 | Mexico | 30,661 | [***] |

Description and uses.—This digest covers certain electrical ignition equipment used on internal combustion engines, and also covers all types of storage batteries and parts, excluding lead-acid storage batteries and parts.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number)........................ | **105 | **105 | **105 | **96 | **89 | **-4 |
| Employment (1,000 employees).............. | **12 | **13 | **13 | **13 | **14 | **4 |
| Shipments (million dollars)............... | **3,165 | **3,297 | **3,313 | **3,525 | **3,634 | **4 |
| Exports (million dollars)................. | 328 | 334 | 330 | 432 | 420 | 6 |
| Imports (million dollars)................. | 405 | 480 | 694 | 873 | 1,033 | 26 |
| Consumption (million dollars)............. | **3,242 | **3,443 | **3,677 | **3,966 | **4,247 | **7 |
| Import to consumption ratio (percent)..... | **13 | **14 | **19 | **22 | **24 | **17 |
| Capacity utilization (percent)............ | **82 | **82 | **78 | **78 | **79 | **-1 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.

Comment.—U.S. producers are primarily large firms with relatively advanced technological capabilities. Most U.S. producers manufacture products of high quality, and have the competitive advantage of close proximity to the U.S. market, which allows for low transportation costs, easy buyer-supplier interaction and service, and reliable delivery. Many U.S. producers also have excellent brand-name recognition and customer loyalty. U.S. producers face intense competition from producers in Japan, West Germany, and Mexico. These countries supply competitively-priced products of comparable quality.

[1]This digest includes the following HTS subheadings: 8507.30.00, 8507.40.00, 8507.80.00, 8507.90.80, 8511.10.00, 8511.20.00, 8511.40.00, 8511.80.60 and 8511.90.60.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 825,323 | 100 | - | **24 |
| Imports from GSP countries: | | | | |
| Total | 122,002 | 15 | 100 | **3 |
| Mexico | 101,515 | 12 | 83 | **3 |
| Israel | 5,810 | 1 | 5 | **([2]) |
| Dominican Republic | 4,546 | 1 | 4 | **([2]) |
| Brazil | 3,721 | ([2]) | 3 | **([2]) |

[1]Import-to-consumption ratios are based on 1988 data.
[2]Less than 0.5 percent.

## IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 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 ___ 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.—Digest products imported from Mexico are generally priced lower than U.S. produced digest products because of significantly lower production costs in Mexico. However, purchasers in the United States are often willing to buy more expensive digest products of equal quality in order to ensure certain nonprice advantages such as timely and reliable delivery, marketing a well-known brand, and conducting business with suppliers with a known reputation. Thus, a reduction in the price of Mexican-produced digest products will not make those products more competitive than the U.S.-produced digest products.

V. Position of interested parties

Support.--Spicer S.A. supports GSP treatment for spark plugs and parts for ignition systems (HTS items 8511.10.00 and 8511.90.60). The company manufactures these products in Mexico and exports them to the United States. The firm argues that its products do not compete with those of U.S. producers, and that granting GSP status to the products would greatly benefit the economy of Mexico.

Home Depot U.S.A., Inc. supports granting GSP status to Mexican imports of nickel-cadmium storage batteries (HTS item 8507.30.00). The company operates retail warehouse stores that sell a wide variety of building supplies and home improvement products. The company argues that imports of batteries from Mexico are so low that GSP treatment of the imports would not adversely affect U.S. producers.

The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty free.

Opposition.--Gates Corporation opposes GSP treatment for nickel-cadmium storage batteries and parts (HTS items 8507.30.00, 8507.80.00, and 8507.90.80) from Mexico. The company claims to be the largest U.S. producer of these batteries in the United States. The firm argues that GSP treatment for nickel-cadmium storage batteries from Mexico will benefit Sanyo Electric Co. of Japan, which produces nickel-cadmium storage batteries in Mexico, and sells the product in the United States.

East Penn Manufacturing Company manufactures storage batteries (HTS item 8507.80.00) and components and battery accessories (HTS 8507.90.80). East Penn opposes the granting of GSP treatment for these HTS items from Mexico and claims that such elimination of duties would [***].[1]

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[1]USITC staff telephone interview with Mr. Jim Sikora, V.P. of Marketing, East Penn Mfg. Co., Inc., Jan. 2, 1990.

[Probable economic effect advice deleted.]

Table I.

Digest No.
85073000

Digest Title: Electrical ignition equipment and storage batteries
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan............ | 164,801 | 215,022 | 324,470 | 409,711 | 544,036 |
| Mexico........... | 53,714 | 59,048 | 108,541 | 121,845 | 121,484 |
| West Germany..... | 71,260 | 78,411 | 103,485 | 113,795 | 120,183 |
| France........... | 10,967 | 14,189 | 19,732 | 34,638 | 34,991 |
| Canada........... | 24,500 | 23,754 | 28,542 | 29,250 | 34,763 |
| Hong Kong........ | 16,336 | 18,749 | 16,757 | 18,799 | 33,441 |
| Korea............ | 3,406 | 3,402 | 9,054 | 28,628 | 31,059 |
| United Kingdom... | 13,179 | 15,287 | 22,321 | 28,555 | 27,238 |
| Singapore........ | 7,968 | 9,012 | 7,027 | 23,436 | 23,485 |
| Taiwan........... | 5,935 | 11,135 | 17,989 | 23,852 | 22,002 |
| Israel........... | 3,309 | 3,855 | 5,091 | 5,984 | 10,614 |
| Italy............ | 3,500 | 4,101 | 5,800 | 6,520 | 5,882 |
| Brazil........... | 10,618 | 7,695 | 4,245 | 4,161 | 4,915 |
| Sweden........... | 2,959 | 4,017 | 4,428 | 2,520 | 3,112 |
| Dominican Rep.... | 1 | 1,360 | 4,085 | 6,359 | 2,928 |
| All other........ | 12,555 | 11,145 | 12,695 | 15,150 | 13,343 |
| Total.......... | 405,010 | 480,182 | 694,263 | 873,202 | 1,033,475 |
| GSP Total 2/.. | 76,953 | 79,254 | 126,212 | 140,253 | 145,515 |
| GSP+4 2/...... | 110,598 | 121,552 | 177,039 | 234,968 | 255,502 |
| | Percent | | | | |
| Japan............ | 40.7 | 44.8 | 46.7 | 46.9 | 52.6 |
| Mexico........... | 13.3 | 12.3 | 15.6 | 14.0 | 11.8 |
| West Germany..... | 17.6 | 16.3 | 14.9 | 13.0 | 11.6 |
| France........... | 2.7 | 3.0 | 2.8 | 4.0 | 3.4 |
| Canada........... | 6.0 | 4.9 | 4.1 | 3.3 | 3.4 |
| Hong Kong........ | 4.0 | 3.9 | 2.4 | 2.2 | 3.2 |
| Korea............ | .8 | .7 | 1.3 | 3.3 | 3.0 |
| United Kingdom... | 3.3 | 3.2 | 3.2 | 3.3 | 2.6 |
| Singapore........ | 2.0 | 1.9 | 1.0 | 2.7 | 2.3 |
| Taiwan........... | 1.5 | 2.3 | 2.6 | 2.7 | 2.1 |
| Israel........... | .8 | .8 | .7 | .7 | 1.0 |
| Italy............ | .9 | .9 | .8 | .7 | .6 |
| Brazil........... | 2.6 | 1.6 | .6 | .5 | .5 |
| Sweden........... | .7 | .8 | .6 | .3 | .3 |
| Dominican Rep.... | 1/ | .3 | .6 | .7 | .3 |
| All other........ | 3.1 | 2.3 | 1.8 | 1.7 | 1.3 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 19.0 | 16.5 | 18.2 | 16.1 | 14.1 |
| GSP+4 2/...... | 27.3 | 25.3 | 25.5 | 26.9 | 24.7 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
85073000

Digest Title: Electrical ignition equipment and storage batteries
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada........... | 180,671 | 197,299 | 164,255 | 195,562 | 185,036 |
| Mexico........... | 43,855 | 48,560 | 72,044 | 127,662 | 105,853 |
| United Kingdom... | 14,647 | 17,252 | 16,593 | 19,228 | 20,352 |
| Hong Kong........ | 939 | 2,544 | 5,675 | 10,723 | 10,771 |
| Australia........ | 4,207 | 3,529 | 4,824 | 4,775 | 9,073 |
| Japan............ | 3,311 | 1,991 | 3,718 | 5,564 | 7,144 |
| Taiwan........... | 1,633 | 1,780 | 2,979 | 4,875 | 6,554 |
| West Germany..... | 5,800 | 2,400 | 3,462 | 4,106 | 6,408 |
| Belgium.......... | 6,718 | 5,819 | 5,230 | 4,397 | 5,905 |
| Saudi Arabia..... | 6,986 | 7,829 | 5,104 | 2,832 | 5,263 |
| Singapore........ | 3,297 | 2,150 | 2,866 | 2,897 | 5,087 |
| Italy............ | 3,507 | 1,392 | 1,910 | 2,237 | 4,725 |
| Korea............ | 1,674 | 885 | 1,612 | 2,751 | 4,479 |
| Dominican Rep.... | 206 | 593 | 1,987 | 8,591 | 4,434 |
| Venezuela........ | 2,744 | 2,688 | 2,764 | 2,270 | 3,780 |
| All other........ | 47,549 | 37,335 | 35,037 | 33,807 | 35,099 |
| Total.......... | 327,744 | 334,048 | 330,060 | 432,277 | 419,963 |
| GSP Total 1/.. | 70,044 | 69,577 | 93,856 | 155,227 | 132,720 |
| GSP+4 1/...... | 77,587 | 76,936 | 106,988 | 176,474 | 159,611 |
| | Percent | | | | |
| Canada........... | 55.1 | 59.1 | 49.8 | 45.2 | 44.1 |
| Mexico........... | 13.4 | 14.5 | 21.8 | 29.5 | 25.2 |
| United Kingdom... | 4.5 | 5.2 | 5.0 | 4.4 | 4.8 |
| Hong Kong........ | .3 | .8 | 1.7 | 2.5 | 2.6 |
| Australia........ | 1.3 | 1.1 | 1.5 | 1.1 | 2.2 |
| Japan............ | 1.0 | .6 | 1.1 | 1.3 | 1.7 |
| Taiwan........... | .5 | .5 | .9 | 1.1 | 1.6 |
| West Germany..... | 1.8 | .7 | 1.0 | .9 | 1.5 |
| Belgium.......... | 2.0 | 1.7 | 1.6 | 1.0 | 1.4 |
| Saudi Arabia..... | 2.1 | 2.3 | 1.5 | .7 | 1.3 |
| Singapore........ | 1.0 | .6 | .9 | .7 | 1.2 |
| Italy............ | 1.1 | .4 | .6 | .5 | 1.1 |
| Korea............ | .5 | .3 | .5 | .6 | 1.1 |
| Dominican Rep.... | .1 | .2 | .6 | 2.0 | 1.1 |
| Venezuela........ | .8 | .8 | .8 | .5 | .9 |
| All other........ | 14.5 | 11.2 | 10.6 | 7.8 | 8.4 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 21.4 | 20.8 | 28.4 | 35.9 | 31.6 |
| GSP+4 1/...... | 23.7 | 23.0 | 32.4 | 40.8 | 38.0 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 8509.90.20

PARTS FOR CERTAIN DOMESTIC APPLIANCES

# Parts for Certain Domestic Appliances[1]

## I. Introduction

Parts for certain domestic appliances: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 8509.90.20[1] | 3.4% | Yes | 38,707 | Mexico | 22,289 | [***] |
| 8509.90.30 | 3.4% | Yes | 508 | Mexico | 325 | [***] |
| 8516.90.60 | 3.9% | Yes | 42,069 | Mexico | 13,172 | [***] |

[1]"Based on trade data for January-September 1989, it is estimated that Mexico may exceed the applicable competitive-need limit for this HTS subheading and may therefore become ineligible for GSP duty-free treatment."

Description and uses.--This digest covers parts of vacuum cleaners, floor polishers, and electrothermic domestic appliances such as hairdryers, flatirons, coffee makers, and toasters.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | **40 | **40 | **40 | **40 | **40 | - |
| Employment (1,000 employees) | **3 | **3 | **3 | **3 | **3 | - |
| Shipments (millions of dollars) | **257 | **260 | **262 | **265 | **266 | **1 |
| Exports (millions of dollars) | 85 | 73 | 71 | 97 | 156 | 16 |
| Imports (millions of dollars) | 53 | 56 | 66 | 80 | 85 | 13 |
| Consumption (millions of dollars) | **225 | **243 | **257 | **248 | **194 | **-4 |
| Import to consumption ratio (percent) | **24 | **23 | **26 | **32 | **44 | **16 |
| Capacity utilization (percent) | **71 | **72 | **80 | **80 | **80 | **3 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.

Comment.--Owing to their significant labor cost advantages, foreign suppliers of parts of certain domestic appliances have made significant inroads in the U.S. market in recent years, with imports growing from **24 percent of consumption to *44 percent. As a result, domestically based companies have shifted the highly labor-intensive portion of their production operations to Mexico in order to remain competitive.

Exports of parts to maquiladoras have increased, where the parts are assembled into end products, which are reentered under HTS 9802.00.80.

[1]This digest includes the following HTS subheadings: 8509.90.20, 8509.90.30, and 8516.90.60.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 81,284 | 100 | - | **44 |
| Imports from GSP countries: | | | | |
| Total | 36,167 | 44 | 100 | **21 |
| Mexico | 35,785 | 44 | 99 | **21 |
| India | 248 | ([2]) | ([2]) | **([2]) |

[1] Import-to-consumption ratios based on 1988 data.
[2] Less than 0.5 percent.

## IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 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 __ 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 | 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

Support.--Vitromatic, S.A. de C.V. of Monterrey, Mexico is a manufacturer of household appliances and parts thereof. Vitromatic contends that the restoration of these parts (HTS item 8516.90.60) to GSP eligibility would not adversely affect the U.S. industry producing like or directly competitive products. Since there is little information available on parts of appliances per se, Vitromatic discussed the domestic appliance industry in general. The majority of the appliances for which the parts discussed herein are used are GSP eligible from Mexico. According to Vitromatic, the U.S. home appliance industry has experienced a succession of record-setting shipments for household appliances in general since 1984. There was a slight decline in 1988, caused by the 7-percent drop in housing starts. However, the market for appliances relevant to this submission continues to expand. The lower demand for some new appliances during 1988 has tended to discourage imports and to encourage exports. The leading export markets for U.S. appliances are Canada, Taiwan, and Mexico. More importantly, the United States maintains a trade surplus with respect to the parts of electrothermic devices at issue here. Vitromatic contends that the U.S. domestic appliance industry is healthy and the future looks favorable, and that granting GSP eligibility to Mexico would not cause a surge in imports.

The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty free.

[Probable economic effect advice deleted.]

Table I.

Digest No.
85099020

Digest Title: Parts for certain domestic appliances
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Mexico........... | 20,583 | 19,829 | 25,816 | 36,846 | 39,970 |
| Canada........... | 4,324 | 3,692 | 4,599 | 7,742 | 7,259 |
| West Germany..... | 3,267 | 4,402 | 6,915 | 7,323 | 7,007 |
| Hong Kong........ | 5,589 | 6,523 | 8,336 | 7,257 | 6,926 |
| Taiwan........... | 9,675 | 11,841 | 10,934 | 7,952 | 6,751 |
| China............ | 58 | 2 | 598 | 1,385 | 2,682 |
| Switzerland...... | 655 | 791 | 1,103 | 1,489 | 2,642 |
| United Kingdom... | 1,203 | 2,149 | 1,487 | 1,886 | 2,187 |
| Japan............ | 3,849 | 2,353 | 2,077 | 1,949 | 1,901 |
| Korea............ | 314 | 943 | 777 | 1,054 | 1,711 |
| Sweden........... | 723 | 540 | 909 | 1,151 | 1,609 |
| Italy............ | 336 | 814 | 617 | 584 | 676 |
| Austria.......... | 181 | 247 | 94 | 283 | 566 |
| France........... | 219 | 142 | 128 | 415 | 421 |
| Singapore........ | 210 | 631 | 832 | 836 | 398 |
| All other........ | 1,619 | 1,157 | 1,250 | 1,883 | 1,876 |
| Total.......... | 52,807 | 56,056 | 66,470 | 80,036 | 84,583 |
| GSP Total 2/.. | 21,172 | 20,139 | 26,242 | 37,155 | 40,469 |
| GSP+4 2/...... | 36,960 | 40,076 | 47,121 | 54,255 | 56,255 |
| | Percent | | | | |
| Mexico........... | 39.0 | 35.4 | 38.8 | 46.0 | 47.3 |
| Canada........... | 8.2 | 6.6 | 6.9 | 9.7 | 8.6 |
| West Germany..... | 6.2 | 7.9 | 10.4 | 9.1 | 8.3 |
| Hong Kong........ | 10.6 | 11.6 | 12.5 | 9.1 | 8.2 |
| Taiwan........... | 18.3 | 21.1 | 16.4 | 9.9 | 8.0 |
| China............ | .1 | 1/ | .9 | 1.7 | 3.2 |
| Switzerland...... | 1.2 | 1.4 | 1.7 | 1.9 | 3.1 |
| United Kingdom... | 2.3 | 3.8 | 2.2 | 2.4 | 2.6 |
| Japan............ | 7.3 | 4.2 | 3.1 | 2.4 | 2.2 |
| Korea............ | .6 | 1.7 | 1.2 | 1.3 | 2.0 |
| Sweden........... | 1.4 | 1.0 | 1.4 | 1.4 | 1.9 |
| Italy............ | .6 | 1.5 | .9 | .7 | .8 |
| Austria.......... | .3 | .4 | .1 | .4 | .7 |
| France........... | .4 | .3 | .2 | .5 | .5 |
| Singapore........ | .4 | 1.1 | 1.3 | 1.0 | .5 |
| All other........ | 3.1 | 2.1 | 1.9 | 2.4 | 2.2 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 40.1 | 35.9 | 39.5 | 46.4 | 47.8 |
| GSP+4 2/...... | 70.0 | 71.5 | 70.9 | 67.8 | 66.5 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No. 85099020

Digest Title: Parts certain domestic appliances
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Mexico.......... | 8,867 | 9,657 | 6,912 | 9,160 | 42,241 |
| Canada.......... | 24,594 | 21,401 | 22,281 | 30,796 | 34,526 |
| United Kingdom... | 7,164 | 5,528 | 6,687 | 8,966 | 15,470 |
| West Germany..... | 11,748 | 8,287 | 6,861 | 13,666 | 12,594 |
| Singapore........ | 6,919 | 3,682 | 5,588 | 6,145 | 7,943 |
| Japan............ | 8,192 | 5,447 | 3,206 | 3,663 | 6,252 |
| Australia........ | 2,713 | 3,687 | 2,775 | 3,901 | 5,849 |
| Brazil........... | 1,432 | 2,733 | 3,922 | 5,133 | 4,407 |
| Rep So Africa.... | 1,631 | 1,124 | 1,182 | 2,308 | 3,691 |
| Norway........... | 92 | 108 | 193 | 699 | 2,838 |
| Korea............ | 324 | 620 | 327 | 783 | 2,434 |
| Hong Kong........ | 399 | 861 | 725 | 788 | 1,599 |
| China............ | 5 | 63 | 11 | 2 | 1,442 |
| New Zealand...... | 374 | 473 | 196 | 263 | 1,271 |
| Belgium.......... | 1,028 | 879 | 813 | 869 | 1,266 |
| All other........ | 9,910 | 8,219 | 9,181 | 9,580 | 11,989 |
| Total.......... | 85,391 | 72,767 | 70,861 | 96,723 | 155,811 |
| GSP Total 2/.. | 13,446 | 15,098 | 14,212 | 18,399 | 51,249 |
| GSP+4 2/...... | 21,881 | 20,913 | 21,239 | 26,680 | 64,103 |
| | Percent | | | | |
| Mexico.......... | 10.4 | 13.3 | 9.8 | 9.5 | 27.1 |
| Canada.......... | 28.8 | 29.4 | 31.4 | 31.8 | 22.2 |
| United Kingdom... | 8.4 | 7.6 | 9.4 | 9.3 | 9.9 |
| West Germany..... | 13.8 | 11.4 | 9.7 | 14.1 | 8.1 |
| Singapore........ | 8.1 | 5.1 | 7.9 | 6.4 | 5.1 |
| Japan............ | 9.6 | 7.5 | 4.5 | 3.8 | 4.0 |
| Australia........ | 3.2 | 5.1 | 3.9 | 4.0 | 3.8 |
| Brazil........... | 1.7 | 3.8 | 5.5 | 5.3 | 2.8 |
| Rep So Africa.... | 1.9 | 1.5 | 1.7 | 2.4 | 2.4 |
| Norway........... | .1 | .1 | .3 | .7 | 1.8 |
| Korea............ | .4 | .9 | .5 | .8 | 1.6 |
| Hong Kong........ | .5 | 1.2 | 1.0 | .8 | 1.0 |
| China............ | 1/ | .1 | 1/ | 1/ | .9 |
| New Zealand...... | .4 | .6 | .3 | .3 | .8 |
| Belgium.......... | 1.2 | 1.2 | 1.1 | .9 | .8 |
| All other........ | 11.6 | 11.3 | 13.0 | 9.9 | 7.7 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 15.7 | 20.7 | 20.1 | 19.0 | 32.9 |
| GSP+4 2/...... | 25.6 | 28.7 | 30.0 | 27.6 | 41.1 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 8519.91.00

RECORD AND TAPE PLAYERS

# Record and Tape Players[1]

## I. Introduction

Record and tape players: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 8519.91.00 | 3.7% | Yes | 140,964 | Mexico | 20,933 | [***] |
| | | | | Brazil | 0[1] | [***] |
| 8519.99.00 | 3.9% | Yes | 492,319 | Brazil | 0[1] | [***] |

[1]Turntables, record players, and certain other sound recording apparatus not incorporating a sound recording device, the product of Brazil, are subject to a 100-percent ad valorem duty pursuant to Presidential Proclamation 5885 of Oct. 20, 1988, Vol. 53, FR 41551. This analysis of reinstating Brazil to the GSP assumes that Brazil is also seeking to have the USTR suspend or terminate the 100-percent penalty duty imposed under the Presidential Proclamation cited above.

Description and uses.—This digest covers audio tape players and compact disc (CD) players. These devices are used in homes, offices, cars, and commercial establishments to reproduce music and voice messages stored on magnetic or optical media. Portable models of these devices are also widely available.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | *11 | *9 | *9 | *10 | *9 | *-5 |
| Employment (1,000 employees) | *1 | *1 | *1 | *1 | *1 | - |
| Shipments (million dollars) | *62 | *24 | *36 | *34 | *30 | *-17 |
| Exports (million dollars) | 35 | 27 | 32 | 32 | 52 | 10 |
| Imports (million dollars) | 191 | 214 | 601 | 616 | 695 | 38 |
| Consumption (million dollars) | *218 | *211 | *605 | *619 | *674 | *33 |
| Import to consumption ratio (percent) | *88 | *100 | *99 | *100 | *100 | *3 |
| Capacity utilization (percent) | *78 | *60 | *73 | *70 | *74 | *-1 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.

Comment.—The products included in this digest are no longer manufactured in high volume in the United States. Instead, U.S. demand for these devices is met by imports from Japan, Taiwan, Korea, and Singapore. Several Japanese producers of record and tape players have established production or assembly facilities in the United States in recent years.

[1]This digest includes the following HTS subheadings: 8519.91.00 and 8519.99.00.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 633,284 | 100 | - | *100 |
| Imports from GSP countries: | | | | |
| Total | 50,036 | 8 | 100 | *7 |
| Mexico | 20,933 | 3 | 42 | *3 |
| Thailand | 4,506 | 1 | 9 | *1 |
| Malaysia | 4,221 | 1 | 8 | *1 |
| Philippines | 639 | (2) | 1 | *(2) |

[1]Import-to-consumption ratios based on 1988 data.
[2]Less than 0.5 percent.

Comment.—Total U.S. imports of record and tape players entered under the GSP increased by 124 percent per year during 1984-88, rising from slightly more than half a million dollars to $13 million over the period. Korea, Taiwan, Singapore, and Hong Kong accounted for the bulk of these U.S. imports early in the period, with a combined 24 percent of total U.S. imports of record and tape players in 1984. However, these four nations were graduated from the GSP on January 1, 1989, because of their rapid industrialization. In the first nine months of 1989, these foreign suppliers combined accounted for only 17 percent of U.S. imports of record and tape players. At the same time, U.S. imports from Mexico rose from $35,000 in 1986, to $21 million in the first three quarters of 1989. U.S. imports from Brazil were valued at less than $100,000 for the entire five year period.

## IV. Competitiveness profiles

Competitiveness indicators for Brazil for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | ([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 _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 __ |

[1] Due to the 100-percent ad valorem duties imposed under Presidential Proclamation 5885, there were no U.S. imports of record and tape players from Brazil in the first nine months of 1989.

Competitiveness indicators for Mexico[1]

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 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 __ 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 __ |

[1] Profile applies only to the following HTS subheading for which advice is requested: 8519.91.00.

## V. Position of interested parties

Support.--The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty free.

[Probable economic effect advice deleted.]

[Probable economic effect advice deleted.]

Table I.

Digest No.
85199100

Digest Title: Record and tape players
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan............ | 124,265 | 130,164 | 509,859 | 493,899 | 554,486 |
| Taiwan........... | 15,613 | 17,269 | 14,379 | 31,139 | 25,251 |
| Korea............ | 15,112 | 10,399 | 11,733 | 14,608 | 25,197 |
| China............ | 560 | 185 | 180 | 7,942 | 24,321 |
| Singapore........ | 7,570 | 8,249 | 4,538 | 15,014 | 22,189 |
| Mexico........... | 0 | 1 | 35 | 0 | 11,142 |
| Belgium.......... | 11 | 375 | 11,754 | 15,246 | 9,407 |
| Canada........... | 8,184 | 8,713 | 8,008 | 7,297 | 7,340 |
| Hong Kong........ | 7,710 | 14,128 | 4,511 | 6,710 | 7,089 |
| Austria.......... | 376 | 69 | 686 | 1,664 | 2,451 |
| Denmark.......... | 7 | 5 | 32 | 988 | 1,634 |
| Netherlands...... | 0 | 180 | 3,995 | 3,504 | 1,083 |
| Malaysia......... | 0 | 2,784 | 195 | 609 | 973 |
| West Germany..... | 11,147 | 19,539 | 29,329 | 16,543 | 703 |
| Switzerland...... | 1 | 137 | 29 | 146 | 435 |
| All other........ | 629 | 1,693 | 1,438 | 999 | 1,545 |
| Total.......... | 191,184 | 213,889 | 600,700 | 616,308 | 695,246 |
| GSP Total 2/.. | 506 | 3,923 | 376 | 788 | 12,853 |
| GSP+4 2/...... | 46,510 | 53,967 | 35,537 | 68,258 | 92,579 |
| | Percent | | | | |
| Japan............ | 65.0 | 60.9 | 84.9 | 80.1 | 79.8 |
| Taiwan........... | 8.2 | 8.1 | 2.4 | 5.1 | 3.6 |
| Korea............ | 7.9 | 4.9 | 2.0 | 2.4 | 3.6 |
| China............ | .3 | .1 | 1/ | 1.3 | 3.5 |
| Singapore........ | 4.0 | 3.9 | .8 | 2.4 | 3.2 |
| Mexico........... | .0 | 1/ | 1/ | .0 | 1.6 |
| Belgium.......... | 1/ | .2 | 2.0 | 2.5 | 1.4 |
| Canada........... | 4.3 | 4.1 | 1.3 | 1.2 | 1.1 |
| Hong Kong........ | 4.0 | 6.6 | .8 | 1.1 | 1.0 |
| Austria.......... | .2 | 1/ | .1 | .3 | .4 |
| Denmark.......... | 1/ | 1/ | 1/ | .2 | .2 |
| Netherlands...... | .0 | [illegible] | .7 | .6 | .2 |
| Malaysia......... | .0 | 1.3 | 1/ | .1 | .1 |
| West Germany..... | 5.8 | 9.1 | 4.9 | 2.7 | .1 |
| Switzerland...... | 1/ | .1 | 1/ | 1/ | .1 |
| All other........ | .3 | .8 | .2 | .2 | .2 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | .3 | 1.8 | .1 | .1 | 1.8 |
| GSP+4 2/...... | 24.3 | 25.2 | 5.9 | 11.1 | 13.3 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
85199100

Digest Title: Record and tape players
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Mexico........... | 1,687 | 3,071 | 3,560 | 5,340 | 10,522 |
| Philippines...... | 12,386 | 7,261 | 11,469 | 6,062 | 8,289 |
| Japan............ | 1,292 | 951 | 1,491 | 1,720 | 5,943 |
| Canada........... | 3,627 | 2,461 | 2,324 | 2,714 | 4,729 |
| Netherlands...... | 252 | 254 | 383 | 673 | 1,920 |
| West Germany..... | 874 | 409 | 962 | 1,050 | 1,629 |
| United Kingdom... | 1,318 | 2,295 | 1,359 | 1,907 | 1,535 |
| Colombia......... | 268 | 135 | 615 | 850 | 1,499 |
| Hong Kong........ | 2,854 | 2,083 | 198 | 696 | 1,358 |
| Venezuela........ | 629 | 977 | 2,597 | 613 | 1,310 |
| Taiwan........... | 412 | 471 | 422 | 803 | 1,282 |
| Singapore........ | 1,885 | 1,170 | 230 | 353 | 1,214 |
| Panama........... | 463 | 8 | 43 | 222 | 943 |
| Spain............ | 511 | 65 | 93 | 167 | 842 |
| Korea............ | 447 | 449 | 1,163 | 563 | 821 |
| All other........ | 6,255 | 5,258 | 4,749 | 7,830 | 7,813 |
| Total.......... | 35,159 | 27,320 | 31,657 | 31,562 | 51,648 |
| GSP Total 2/.. | 19,092 | 14,035 | 20,969 | 18,180 | 26,494 |
| GSP+4 2/...... | 24,690 | 18,209 | 22,981 | 20,594 | 31,168 |
| | Percent | | | | |
| Mexico........... | 4.8 | 11.2 | 11.2 | 16.9 | 20.4 |
| Philippines...... | 35.2 | 26.6 | 36.2 | 19.2 | 16.0 |
| Japan............ | 3.7 | 3.5 | 4.7 | 5.4 | 11.5 |
| Canada........... | 10.3 | 9.0 | 7.3 | 8.6 | 9.2 |
| Netherlands...... | .7 | .9 | 1.2 | 2.1 | 3.7 |
| West Germany..... | 2.5 | 1.5 | 3.0 | 3.3 | 3.2 |
| United Kingdom... | 3.7 | 8.4 | 4.3 | 6.0 | 3.0 |
| Colombia......... | .8 | .5 | 1.9 | 2.7 | 2.9 |
| Hong Kong........ | 8.1 | 7.6 | .6 | 2.2 | 2.6 |
| Venezuela........ | 1.8 | 3.6 | 8.2 | 1.9 | 2.5 |
| Taiwan........... | 1.2 | 1.7 | 1.3 | 2.5 | 2.5 |
| Singapore........ | 5.4 | 4.3 | .7 | 1.1 | 2.4 |
| Panama........... | 1.3 | 1/ | .1 | .7 | 1.8 |
| Spain............ | 1.5 | .2 | .3 | .5 | 1.6 |
| Korea............ | 1.3 | 1.6 | 3.7 | 1.8 | 1.6 |
| All other........ | 17.8 | 19.2 | 15.0 | 24.8 | 15.1 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 54.3 | 51.4 | 66.2 | 57.6 | 51.3 |
| GSP+4 2/...... | 70.2 | 66.7 | 72.6 | 65.2 | 60.3 |

1/ Less than $500 or less than 0.1 percent
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 8523.12.00

UNRECORDED MEDIA

# Unrecorded Media[1]

## I. Introduction

Unrecorded media: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 8523.12.00 | 4.2% | Yes | 149,890 | Mexico (R)[1] | 1,603 | [***] |
| 8523.13.00 | 4.2% | Yes | 506,995 | Mexico (R)[1] | 724 | [***] |
| 8523.90.00 | 4.2% | Yes | 48,307 | Mexico (R)[1] | 1,244 | [***] |

[1]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.

Description and uses.--This digest covers the media that are used to store audio and video signals for consumer electronic entertainment devices, and tape and disc products, which store data and software for computers. The primary items included in this digest are magnetic tapes with a width of over 4 millimeters, and nonmagnetic media such as blank optical discs used for creating compact discs.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number)........................ | *12 | *14 | *15 | *14 | *14 | *4 |
| Employment (1,000 employees).............. | *5 | *6 | *7 | *7 | *8 | *12 |
| Shipments (million dollars)............... | *1,289 | *1,669 | *1,907 | *1,629 | *1,514 | *4 |
| Exports (million dollars)................. | 278 | 290 | 343 | 415 | 573 | 20 |
| Imports (million dollars)................. | 514 | 834 | 1,139 | 930 | 827 | 13 |
| Consumption (million dollars)............. | *1,525 | *2,213 | *2,703 | *2,144 | *1,768 | *4 |
| Import to consumption ratio (percent)..... | *34 | *38 | *42 | *43 | *47 | *8 |
| Capacity utilization (percent)............ | *70 | *76 | *73 | *70 | *68 | *-1 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.

Comment.--A wide variety of unrecorded media are manufactured by hundreds of firms worldwide because certain key patents relating to production technology have been widely licensed. These license agreements have contributed to the growth of the industry and brought about product standardization in chemical content, product formats, and packaging sizes. Within a given product category, however, marketing of unrecorded media items is a high volume, commodity business. Producers in Japan have gained a dominant position in the global recording media market because Japanese producers are either owned by, or closely allied with, the major consumer electronics hardware manufacturers. These Japanese producers are able to stimulate sales of their unrecorded media products by introducing new varieties of hardware for consumers.

[1]This digest includes the following HTS subheadings: 8523.12.00, 8523.13.00, and 8523.90.00.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 705,193 | 100 | - | *47 |
| Imports from GSP countries: | | | | |
| Total | 7,400 | 1 | 100 | *1 |
| Mexico | 3,571 | ([2]) | 48 | *([2]) |
| Thailand | 2,994 | ([2]) | 40 | *([2]) |
| Turkey | 260 | ([2]) | 4 | *([2]) |

[1]Import-to-consumption ratios based on 1988 data.
[2]Less than 0.5 percent.

Comment.—Total U.S. imports of unrecorded media entered under the GSP increased by 66 percent per year from 1984 through 1987, rising from $6 million to $28 million. In 1988, however, U.S. imports of these products under the GSP declined to $24 million as Mexico and Korea lost their GSP eligibility after suppliers in these countries surpassed the competitive-need limit for this product category. Total U.S. imports from Mexico rose from $5 million to $23 million during 1984-88.

IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989................ | 11 |
| 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 __ |

V. Position of interested parties

Support.--The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty free.

[Probable economic effect advice deleted.]

Table I.

Digest No. 85231200

Digest Title: Unrecorded media
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan | 416,963 | 621,297 | 735,630 | 589,650 | 459,373 |
| Korea | 22,931 | 79,843 | 141,956 | 104,856 | 152,115 |
| Hong Kong | 10,826 | 30,126 | 103,504 | 83,958 | 87,345 |
| West Germany | 33,289 | 29,979 | 51,269 | 53,076 | 55,059 |
| Mexico | 4,571 | 13,109 | 22,800 | 24,827 | 23,079 |
| Italy | 1,058 | 226 | 2,987 | 16,280 | 14,107 |
| Taiwan | 1,674 | 6,829 | 24,797 | 18,896 | 8,526 |
| France | 814 | 7,586 | 3,204 | 12,610 | 8,363 |
| United Kingdom | 5,350 | 10,639 | 12,465 | 10,750 | 5,564 |
| Singapore | 4,383 | 3,037 | 3,425 | 4,557 | 4,051 |
| Canada | 1,573 | 691 | 752 | 1,867 | 2,980 |
| China | 15 | 51 | 87 | 286 | 2,050 |
| Ireland | 367 | 6,013 | 13,047 | 3,063 | 1,348 |
| Australia | 485 | 38 | 109 | 784 | 946 |
| Netherlands | 7,404 | 22,745 | 17,906 | 649 | 474 |
| All other | 2,454 | 1,949 | 4,950 | 3,480 | 1,570 |
| Total | 514,158 | 834,159 | 1,138,890 | 929,589 | 826,953 |
| GSP Total 2/ | 6,423 | 13,824 | 26,782 | 27,695 | 24,186 |
| GSP+4 2/ | 46,237 | 133,659 | 300,465 | 239,962 | 276,224 |
| | Percent | | | | |
| Japan | 81.1 | 74.5 | 64.6 | 63.4 | 55.6 |
| Korea | 4.5 | 9.6 | 12.5 | 11.3 | 18.4 |
| Hong Kong | 2.1 | 3.6 | 9.1 | 9.0 | 10.6 |
| West Germany | 6.5 | 3.6 | 4.5 | 5.7 | 6.7 |
| Mexico | .9 | 1.6 | 2.0 | 2.7 | 2.8 |
| Italy | .2 | 1/ | .3 | 1.8 | 1.7 |
| Taiwan | .3 | .8 | 2.2 | 2.0 | 1.0 |
| France | .2 | .9 | .3 | 1.4 | 1.0 |
| United Kingdom | 1.0 | 1.3 | 1.1 | 1.2 | .7 |
| Singapore | .9 | .4 | .3 | .5 | .5 |
| Canada | .3 | .1 | .1 | .2 | .4 |
| China | 1/ | 1/ | 1/ | 1/ | .2 |
| Ireland | .1 | .7 | 1.1 | .3 | .2 |
| Australia | .1 | 1/ | 1/ | .1 | .1 |
| Netherlands | 1.4 | 2.7 | 1.6 | .1 | .1 |
| All other | .5 | .2 | .4 | .4 | .2 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/ | 1.2 | 1.7 | 2.4 | 3.0 | 2.9 |
| GSP+4 2/ | 9.0 | 16.0 | 26.4 | 25.8 | 33.4 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
85231200

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

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| United Kingdom... | 35,578 | 30,449 | 34,702 | 50,213 | 72,205 |
| Canada.......... | 51,013 | 50,325 | 55,827 | 57,274 | 66,983 |
| West Germany..... | 15,722 | 19,485 | 13,764 | 20,875 | 57,604 |
| Netherlands...... | 36,075 | 41,396 | 48,268 | 44,993 | 57,135 |
| Mexico.......... | 21,651 | 28,053 | 40,995 | 55,017 | 55,266 |
| Japan........... | 22,180 | 27,119 | 35,476 | 38,116 | 51,237 |
| Australia........ | 12,783 | 10,911 | 14,396 | 14,976 | 25,059 |
| Singapore........ | 4,831 | 4,797 | 3,645 | 12,363 | 23,814 |
| France.......... | 6,536 | 6,720 | 10,870 | 15,535 | 21,331 |
| Taiwan.......... | 4,181 | 3,194 | 5,955 | 11,101 | 17,359 |
| Italy........... | 1,739 | 4,753 | 4,577 | 9,368 | 16,366 |
| Hong Kong........ | 11,400 | 13,363 | 11,026 | 12,799 | 12,651 |
| Korea........... | 2,713 | 2,918 | 3,774 | 3,896 | 7,087 |
| Venezuela........ | 3,131 | 3,475 | 3,245 | 3,942 | 5,980 |
| Belgium.......... | 6,544 | 6,861 | 5,076 | 8,827 | 5,965 |
| All other........ | 41,779 | 36,044 | 51,809 | 55,287 | 76,984 |
| Total.......... | 277,858 | 289,864 | 343,404 | 414,583 | 573,026 |
| GSP Total 1/.. | 45,403 | 49,877 | 80,111 | 93,101 | 96,416 |
| GSP+4 1/...... | 68,529 | 74,150 | 104,511 | 133,261 | 157,327 |
| | Percent | | | | |
| United Kingdom... | 12.8 | 10.5 | 10.1 | 12.1 | 12.6 |
| Canada.......... | 18.4 | 17.4 | 16.3 | 13.8 | 11.7 |
| West Germany..... | 5.7 | 6.7 | 4.0 | 5.0 | 10.1 |
| Netherlands...... | 13.0 | 14.3 | 14.1 | 10.9 | 10.0 |
| Mexico.......... | 7.8 | 9.7 | 11.9 | 13.3 | 9.6 |
| Japan........... | 8.0 | 9.4 | 10.3 | 9.2 | 8.9 |
| Australia........ | 4.6 | 3.8 | 4.2 | 3.6 | 4.4 |
| Singapore........ | 1.7 | 1.7 | 1.1 | 3.0 | 4.2 |
| France.......... | 2.4 | 2.3 | 3.2 | 3.7 | 3.7 |
| Taiwan.......... | 1.5 | 1.1 | 1.7 | 2.7 | 3.0 |
| Italy........... | .6 | 1.6 | 1.3 | 2.3 | 2.9 |
| Hong Kong........ | 4.1 | 4.6 | 3.2 | 3.1 | 2.2 |
| Korea........... | 1.0 | 1.0 | 1.1 | .9 | 1.2 |
| Venezuela........ | 1.1 | 1.2 | .9 | 1.0 | 1.0 |
| Belgium.......... | 2.4 | 2.4 | 1.5 | 2.1 | 1.0 |
| All other........ | 15.0 | 12.4 | 15.1 | 13.3 | 13.4 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 16.3 | 17.2 | 23.3 | 22.5 | 16.8 |
| GSP+4 1/...... | 24.7 | 25.6 | 30.4 | 32.1 | 27.5 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 8527.11.11

RADIO APPARATUS

# Radio Apparatus[1]

## I. Introduction

Radio apparatus: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 Total | From country to be reinstated Source | Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 8527.11.11 | 3.7% | No | 471,928 | Brazil | ([1]) | [***] |
| | | | | Mexico | 2 | [***] |
| 8527.31.40 | 3.7% | No | 347,672 | Brazil (R)[2] | 3 | [***] |
| | | | | Mexico | 18,946 | [***] |

[1]Less than $500.
[2]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.

Description and uses.—Radio apparatus is defined as radiobroadcast receivers combined with tape players, capable of operating on batteries or on household current. This definition excludes those combinations intended for installation in an automobile, and includes apparatus capable of receiving radiotelephony or radiotelegraphy. Most of this apparatus is used by consumers for entertainment purposes.

## II. U.S. market profile[1]

Profile of U.S. industry and market, 1984-88[2]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[3] |
|---|---|---|---|---|---|---|
| Producers (number) | | | | | | |
| Employment (1,000 employees) | | | | | | |
| Shipments (million dollars) | | | | | | |
| Exports[4] (million dollars) | 3 | 5 | 6 | 10 | 17 | 54 |
| Imports (million dollars) | 436 | 654 | 774 | 1,028 | 1,170 | 30 |
| Consumption (million dollars) | 433 | 649 | 768 | 1,018 | 1,153 | 28 |
| Import to consumption ratio (percent) | 100 | 100 | 100 | 100 | 100 | - |
| Capacity utilization (percent) | | | | | | |

[1]There is no U.S. production of the articles in this digest.
[2]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[3]This figure represents the average annual rate of change during 1984-1988.
[4]The staff of the U.S. International Trade Commission estimates these to be re-exports of imports.

Comment.—U.S. firms ceased production of these articles in the early 1970s due to pressure from imports, mainly those from Japan.

[1]This digest includes the following HTS subheadings: 8527.11.11 and 8527.31.40.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 819,600 | 100 | - | 100 |
| Imports from GSP countries: | | | | |
| Total | 137,795 | 17 | 100 | 10 |
| Malaysia | 98,046 | 12 | 71 | 8 |
| Mexico | 18,948 | 2 | 14 | ([2]) |
| Philippines | 9,289 | 1 | 7 | ([2]) |
| Thailand | 6,218 | 1 | 5 | ([2]) |

[1]Import-to-consumption ratios based on 1988 data.
[2]Less than 0.5 percent.

IV. Competitiveness profiles[1]

Competitiveness indicators for Brazil for all digest products

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Ranking as a U.S. import supplier, January-September 1989................ 25

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 __
- Other foreign products....................................... Above __ Equivalent X Below __

Quality compared with—

- U.S. products................................................ Above __ Equivalent __ 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, January-September 1989................ 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 __ 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................................................ Above __ Equivalent __ Below __
- Other foreign products....................................... Above __ Equivalent X Below __

Quality compared with—

- U.S. products................................................ Above __ Equivalent __ Below __
- Other foreign products....................................... Above __ Equivalent X Below __

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[1]There is no U.S. production of the items in this digest.

## V. Position of interested parties

Support.--The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty free.

[Probable economic effect advice deleted.]

[Probable economic effect advice deleted.]

Digest No.
85271111

Table I.

Digest Title: Radio apparatus
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Taiwan........... | 146,824 | 227,462 | 264,033 | 353,762 | 295,405 |
| Japan............ | 174,628 | 263,178 | 309,210 | 282,131 | 280,343 |
| Korea............ | 40,117 | 72,549 | 104,150 | 151,487 | 185,291 |
| Singapore........ | 19,613 | 37,992 | 38,526 | 114,573 | 162,590 |
| China............ | 539 | 764 | 4,686 | 43,212 | 95,519 |
| Malaysia......... | 301 | 27 | 9,301 | 27,126 | 90,402 |
| Hong Kong........ | 24,072 | 23,107 | 21,320 | 38,193 | 30,904 |
| Philippines...... | 1,923 | 1,090 | 128 | 5,130 | 9,466 |
| Mexico........... | 2 | 344 | 57 | 3 | 5,638 |
| Macao............ | 0 | 160 | 1,665 | 3,687 | 3,208 |
| Canada........... | 1,315 | 1,488 | 350 | 1,253 | 1,645 |
| Indonesia........ | 0 | 0 | 163 | 0 | 1,344 |
| Switzerland...... | 1,306 | 2,669 | 1,555 | 2,299 | 1,317 |
| West Germany..... | 4,436 | 1,339 | 1,646 | 1,410 | 1,266 |
| Thailand......... | 0 | 29 | 0 | 78 | 1,034 |
| All other........ | 20,850 | 21,994 | 16,994 | 3,440 | 4,364 |
| Total.......... | 435,925 | 654,192 | 773,784 | 1,027,783 | 1,169,736 |
| GSP Total 2/.. | 17,527 | 18,493 | 23,933 | 36,367 | 112,267 |
| GSP+4 2/...... | 248,153 | 379,603 | 451,962 | 694,382 | 786,458 |
| | Percent | | | | |
| Taiwan........... | 33.7 | 34.8 | 34.1 | 34.4 | 25.3 |
| Japan............ | 40.1 | 40.2 | 40.0 | 27.5 | 24.0 |
| Korea............ | 9.2 | 11.1 | 13.5 | 14.7 | 15.8 |
| Singapore........ | 4.5 | 5.8 | 5.0 | 11.1 | 13.9 |
| China............ | .1 | .1 | .6 | 4.2 | 8.2 |
| Malaysia......... | .1 | 1/ | 1.2 | 2.6 | 7.7 |
| Hong Kong........ | 5.5 | 3.5 | 2.8 | 3.7 | 2.6 |
| Philippines...... | .4 | .2 | 1/ | .5 | .8 |
| Mexico........... | 1/ | .1 | 1/ | 1/ | .5 |
| Macao............ | .0 | 1/ | .2 | .4 | .3 |
| Canada........... | .3 | .2 | 1/ | .1 | .1 |
| Indonesia........ | .0 | .0 | 1/ | .0 | .1 |
| Switzerland...... | .3 | .4 | .2 | .2 | .1 |
| West Germany..... | 1.0 | .2 | .2 | .1 | .1 |
| Thailand......... | .0 | 1/ | .0 | 1/ | .1 |
| All other........ | 4.8 | 3.4 | 2.2 | .3 | .4 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 4.0 | 2.8 | 3.1 | 3.5 | 9.6 |
| GSP+4 2/...... | 56.9 | 58.0 | 58.4 | 67.6 | 67.2 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
85271111

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

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Mexico........... | 527 | 1,538 | 1,227 | 3,328 | 9,896 |
| Canada........... | 135 | 315 | 735 | 778 | 775 |
| Belize........... | 139 | 103 | 105 | 416 | 737 |
| Venezuela........ | 53 | 345 | 329 | 575 | 681 |
| United Kingdom... | 93 | 30 | 98 | 475 | 453 |
| Dominican Rep.... | 10 | 26 | 407 | 608 | 415 |
| Japan............ | 76 | 125 | 461 | 184 | 370 |
| Netherlands...... | 11 | 14 | 44 | 150 | 264 |
| Guatemala........ | 68 | 81 | 103 | 246 | 262 |
| West Germany..... | 42 | 17 | 19 | 126 | 259 |
| Panama........... | 44 | 72 | 71 | 234 | 248 |
| Brazil........... | 316 | 153 | 270 | 396 | 238 |
| Bermuda.......... | 10 | 7 | 1 | 8 | 232 |
| Hong Kong........ | 46 | 41 | 88 | 83 | 218 |
| Taiwan........... | 1 | 14 | 100 | 168 | 191 |
| All other........ | 1,275 | 1,647 | 1,679 | 2,099 | 1,834 |
| Total.......... | 2,846 | 4,526 | 5,738 | 9,874 | 17,073 |
| GSP Total 2/.. | 2,268 | 3,630 | 3,763 | 7,450 | 13,926 |
| GSP+4 2/...... | 2,329 | 3,698 | 3,962 | 7,743 | 14,430 |
| | Percent | | | | |
| Mexico........... | 18.5 | 34.0 | 21.4 | 33.7 | 58.0 |
| Canada........... | 4.8 | 6.9 | 12.8 | 7.9 | 4.5 |
| Belize........... | 4.9 | 2.3 | 1.8 | 4.2 | 4.3 |
| Venezuela........ | 1.9 | 7.6 | 5.7 | 5.8 | 4.0 |
| United Kingdom... | 3.3 | .7 | 1.7 | 4.8 | 2.7 |
| Dominican Rep.... | .4 | .6 | 7.1 | 6.2 | 2.4 |
| Japan............ | 2.7 | 2.8 | 8.0 | 1.9 | 2.2 |
| Netherlands...... | .4 | .3 | .8 | 1.5 | 1.5 |
| Guatemala........ | 2.4 | 1.8 | 1.8 | 2.5 | 1.5 |
| West Germany..... | 1.5 | .4 | .3 | 1.3 | 1.5 |
| Panama........... | 1.6 | 1.6 | 1.2 | 2.4 | 1.5 |
| Brazil........... | 11.1 | 3.4 | 4.7 | 4.0 | 1.4 |
| Bermuda.......... | .4 | .1 | 1/ | .1 | 1.4 |
| Hong Kong........ | 1.6 | .9 | 1.5 | .8 | 1.3 |
| Taiwan........... | 1/ | .3 | 1.7 | 1.7 | 1.1 |
| All other........ | 44.8 | 36.4 | 29.3 | 21.3 | 10.7 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 79.7 | 80.2 | 65.6 | 75.4 | 81.6 |
| GSP+4 2/...... | 81.9 | 81.7 | 69.0 | 78.4 | 84.5 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 8534.00.00

PRINTED CIRCUIT BOARDS

# Printed Circuit Boards

## I. Introduction

Printed circuit boards: Harmonized Tariff Schedule subheading; U.S. col. 1 rate of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 8534.00.00 | 5.3% | Yes | 727,025[1] | Mexico | 30,468 | [***] |

[1]Data prior to 1989 do not include semiconductor substrates. Since the adoption of the Harmonized Tariff Schedule (HTS) in 1989, the U.S. Customs Service has classified semiconductor substrates as printed circuit boards. Semiconductor substrates account for approximately 20 percent of the value of U.S. imports classified as printed circuit boards in item 8534.00.00 of the HTS from January-September 1989.

Description and uses.--A printed circuit board (PCB) is an insulating board with etched wiring pathways that is used to mount and interconnect electronic components. PCB's upon which components have been affixed are principally employed in a wide variety of products, such as computers, telecommunications equipment, aerospace and automotive instrumentation, and appliances.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | 355 | 390 | 389 | 367 | *381 | *2 |
| Employment (1,000 employees) | *50 | *49 | *47 | 59 | *61 | *6 |
| Shipments (million dollars) | 3,585 | 3,490 | 3,376 | 4,207 | *4,900 | *9 |
| Exports (million dollars) | 277 | 307 | 402 | 550 | 745 | 28 |
| Imports (million dollars) | 258 | 283 | 372 | 516 | 655 | 27 |
| Consumption (million dollars) | 3,565 | 3,466 | 3,346 | 4,172 | *4,810 | *8 |
| Import to consumption ratio (percent) | 7 | 8 | 11 | 12 | *14 | *18 |
| Capacity utilization (percent) | *73 | *60 | *60 | *66 | *66 | *-2 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.

Comment.--The United States is the world's largest producer and consumer of PCBs. The need for close liaisons between producers and consumers of high-end PCBs provides many U.S. producers of these products with a competitive advantage over foreign producers. However, in Mexico the manufacture of commodity-type low level PCBs is usually less costly than in the United States because Mexico has lower labor costs and environmental protection standards.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 727,025[2] | 100 | - | *14 |
| Imports from GSP countries: | | | | |
| Total | 45,594 | 6 | 100 | *([3]) |
| Mexico | 30,468 | 4 | 67 | *([3]) |
| Israel | 4,599 | 1 | 10 | *([3]) |
| Barbados | 3,518 | 1 | 8 | *([3]) |
| Dominican Republic | 3,247 | ([2]) | 7 | *([3]) |

[1]Import-to-consumption ratios based on 1988 data.
[2]Data prior to 1989 does not include semiconductor substrates. Since the adoption of the Harmonized Tariff Schedule (HTS) in 1989, the U.S. Customs Service has classified semiconductor substrates as printed circuit boards. Semiconductor substrates account for approximately 20 percent of the value of U.S. imports classified as PCBs in item 8534.00.00 of the HTS from January-September 1989.
[3]Less than 0.5 percent.

IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, January-September 1989................ 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 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

Support.--The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty free.

[Probable economic effect advice deleted.]

Digest No.
85340000

Table I.

Digest Title: Printed circuit boards
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan............ | 78,861 | 70,772 | 114,482 | 158,123 | 195,411 |
| Taiwan........... | 30,894 | 37,986 | 46,264 | 84,444 | 120,844 |
| Hong Kong........ | 33,412 | 31,737 | 31,862 | 59,125 | 85,664 |
| Canada........... | 30,929 | 36,074 | 37,825 | 47,192 | 67,222 |
| Singapore........ | 10,982 | 15,266 | 18,036 | 35,569 | 46,536 |
| West Germany..... | 23,432 | 30,647 | 34,739 | 46,432 | 35,007 |
| Korea............ | 4,107 | 4,377 | 13,697 | 15,106 | 24,506 |
| United Kingdom... | 7,079 | 12,631 | 17,794 | 17,171 | 15,736 |
| Mexico........... | 9,158 | 9,184 | 13,892 | 14,375 | 15,575 |
| Italy............ | 1,818 | 1,748 | 2,394 | 3,513 | 6,498 |
| Israel........... | 829 | 1,778 | 2,064 | 2,351 | 6,476 |
| Barbados......... | 139 | 190 | 654 | 82 | 5,483 |
| Switzerland...... | 2,522 | 3,072 | 4,175 | 4,926 | 3,574 |
| Dominican Rep.... | 2 | 9 | 834 | 2,011 | 3,394 |
| Ireland.......... | 2,515 | 1,388 | 3,388 | 1,485 | 3,135 |
| All other........ | 20,950 | 26,358 | 30,203 | 23,751 | 19,927 |
| Total.......... | 257,627 | 283,219 | 372,305 | 515,657 | 654,986 |
| GSP Total 2/.. | 19,197 | 20,068 | 23,909 | 25,204 | 37,099 |
| GSP+4 2/...... | 98,591 | 109,434 | 133,769 | 219,449 | 314,648 |
| | Percent | | | | |
| Japan............ | 30.6 | 25.0 | 30.7 | 30.7 | 29.8 |
| Taiwan........... | 12.0 | 13.4 | 12.4 | 16.4 | 18.4 |
| Hong Kong........ | 13.0 | 11.2 | 8.6 | 11.5 | 13.1 |
| Canada........... | 12.0 | 12.7 | 10.2 | 9.2 | 10.3 |
| Singapore........ | 4.3 | 5.4 | 4.8 | 6.9 | 7.1 |
| West Germany..... | 9.1 | 10.8 | 9.3 | 9.0 | 5.3 |
| Korea............ | 1.6 | 1.5 | 3.7 | 2.9 | 3.7 |
| United Kingdom... | 2.7 | 4.5 | 4.8 | 3.3 | 2.4 |
| Mexico........... | 3.6 | 3.2 | 3.7 | 2.8 | 2.4 |
| Italy............ | .7 | .6 | .6 | .7 | 1.0 |
| Israel........... | .3 | .6 | .6 | .5 | 1.0 |
| Barbados......... | .1 | .1 | .2 | 1/ | .8 |
| Switzerland...... | 1.0 | 1.1 | 1.1 | 1.0 | .5 |
| Dominican Rep.... | 1/ | 1/ | .2 | .4 | .5 |
| Ireland.......... | 1.0 | .5 | .9 | .3 | .5 |
| All other........ | 8.1 | 9.3 | 8.1 | 4.6 | 3.0 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 7.5 | 7.1 | 6.4 | 4.9 | 5.7 |
| GSP+4 2/...... | 38.3 | 38.6 | 35.9 | 42.6 | 48.0 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
85340000

Digest Title: Printed circuit boards
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| United Kingdom... | 31,116 | 33,719 | 57,986 | 106,351 | 135,014 |
| Canada........... | 32,590 | 34,297 | 51,156 | 78,234 | 119,805 |
| Mexico........... | 62,197 | 66,564 | 69,273 | 78,498 | 94,762 |
| Singapore........ | 32,624 | 30,964 | 41,771 | 53,831 | 63,290 |
| West Germany..... | 11,305 | 15,971 | 22,000 | 48,687 | 60,687 |
| Ireland.......... | 8,347 | 23,250 | 32,465 | 37,635 | 41,980 |
| Japan............ | 10,816 | 11,995 | 22,394 | 27,589 | 38,723 |
| France........... | 6,899 | 10,479 | 13,077 | 15,453 | 26,019 |
| Taiwan........... | 5,592 | 4,683 | 7,927 | 9,573 | 20,528 |
| Australia........ | 6,834 | 7,776 | 7,331 | 12,651 | 19,368 |
| Netherlands...... | 12,776 | 9,828 | 12,431 | 15,116 | 17,910 |
| Italy............ | 3,191 | 2,455 | 6,032 | 7,826 | 15,800 |
| Hong Kong........ | 9,446 | 6,851 | 6,191 | 8,812 | 13,946 |
| Korea............ | 3,278 | 7,340 | 11,523 | 5,868 | 12,518 |
| Switzerland...... | 1,326 | 1,419 | 3,941 | 5,550 | 6,782 |
| All other........ | 38,997 | 39,838 | 36,312 | 38,779 | 58,100 |
| Total.......... | 277,335 | 307,428 | 401,809 | 550,453 | 745,231 |
| GSP Total 1/.. | 77,168 | 83,325 | 85,685 | 91,679 | 115,159 |
| GSP+4 1/...... | 128,108 | 133,162 | 153,096 | 169,762 | 225,441 |
| | Percent | | | | |
| United Kingdom... | 11.2 | 11.0 | 14.4 | 19.3 | 18.1 |
| Canada........... | 11.8 | 11.2 | 12.7 | 14.2 | 16.1 |
| Mexico........... | 22.4 | 21.7 | 17.2 | 14.3 | 12.7 |
| Singapore........ | 11.8 | 10.1 | 10.4 | 9.8 | 8.5 |
| West Germany..... | 4.1 | 5.2 | 5.5 | 8.8 | 8.1 |
| Ireland.......... | 3.0 | 7.6 | 8.1 | 6.8 | 5.6 |
| Japan............ | 3.9 | 3.9 | 5.6 | 5.0 | 5.2 |
| France........... | 2.5 | 3.4 | 3.3 | 2.8 | 3.5 |
| Taiwan........... | 2.0 | 1.5 | 2.0 | 1.7 | 2.8 |
| Australia........ | 2.5 | 2.5 | 1.8 | 2.3 | 2.6 |
| Netherlands...... | 4.6 | 3.2 | 3.1 | 2.7 | 2.4 |
| Italy............ | 1.2 | .8 | 1.5 | 1.4 | 2.1 |
| Hong Kong........ | 3.4 | 2.2 | 1.5 | 1.6 | 1.9 |
| Korea............ | 1.2 | 2.4 | 2.9 | 1.1 | 1.7 |
| Switzerland...... | .5 | .5 | 1.0 | 1.0 | .9 |
| All other........ | 14.1 | 13.0 | 9.0 | 7.0 | 7.8 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 27.8 | 27.1 | 21.3 | 16.7 | 15.5 |
| GSP+4 1/...... | 46.2 | 43.3 | 38.1 | 30.8 | 30.3 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 8535.10.00

HIGH VOLTAGE SWITCHGEAR

# High Voltage Switchgear[1]

## I. Introduction

High voltage switchgear: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 8535.10.00 | 5.3% | Yes | 5,737 | Mexico | 1,137 | [***] |
| 8535.21.00 | 5.3% | Yes | 3,875 | Mexico | 265 | [***] |
| 8535.29.00 | 5.3% | Yes | 23,723 | Mexico | 25 | [***] |
| 8535.30.00 | 5.3% | Yes | 26,530 | Mexico | 838 | [***] |
| 8535.40.00[1] | 5.3% | Yes | 21,732 | Mexico | 9,524 | [***] |
| 8535.90.00 | 5.3% | Yes | 195,665 | Mexico | 21,475 | [***] |
| 8537.20.00 | 5.3% | Yes | 36,892 | Mexico | 6,763 | [***] |

[1]Based on trade data for January-September 1989, it is estimated that Mexico may exceed the applicable competitive need limit for this HTS subheading and may therefore become ineligible for GSP duty-free treatment.

Description and uses.--High voltage switchgear principally includes circuit relays, connectors, fuses, terminals rated at over 1,000 volts or more, as well as enclosures and parts for these devices. High voltage switchgear is necessary in the construction of all equipment used for distributing high voltage electrical power.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | **290 | **283 | **279 | **266 | **278 | **-1 |
| Employment (1,000 employees) | **32 | **31 | **33 | **32 | **33 | **1 |
| Shipments (million dollars) | **3,674 | **3,574 | **3,556 | **3,410 | **3,542 | **-1 |
| Exports (million dollars) | 508 | 459 | 459 | 521 | 676 | 8 |
| Imports (million dollars) | 213 | 242 | 285 | 367 | 480 | 23 |
| Consumption (million dollars) | **3,378 | **3,358 | **3,382 | **3,256 | **3,346 | **([3]) |
| Import to consumption ratio (percent) | **6 | **7 | **8 | **11 | **14 | **24 |
| Capacity utilization (percent) | **71 | **64 | **68 | **65 | **70 | **([3]) |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice,", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.
[3]Less than 0.5 percent.

Comment.--The United States is the world's largest producer and consumer of high voltage switchgear. Large vertically integrated firms account for over two-thirds of U.S. production. The majority of U.S. imports from Mexico of this equipment are manufactured in free trade zones by U.S. and Japanese firms that are attracted to Mexico's low wage rates.

[1]This digest includes the following HTS subheadings: 8535.10.00, 8535.21.00, 8535.29.00, 8535.30.00, 8535.40.00, 8535.90.00, and 8537.20.00.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent[1] of U.S. consumption |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 314 | 100 | - | **14 |
| Imports from GSP countries: | | | | |
| Total | 51 | 16 | 100 | **3 |
| Mexico | 40 | 13 | 79 | **2 |
| Dominican Republic | 5 | 2 | 11 | **([2]) |
| Israel | 1 | ([2]) | 2 | **([2]) |
| India | 1 | ([2]) | 2 | **([2]) |

[1] Import-to-consumption ratios based on 1988 data.
[2] Less than 0.5 percent.

IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 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 __ 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 | Above __ Equivalent __ Below X[1] |
| Other foreign products | Above __ Equivalent X Below __ |
| Quality compared with-- | |
| U.S. products | Above __ Equivalent X Below __ |
| Other foreign products | Above __ Equivalent X Below __ |

[1]Imports of high voltage switchgear from Mexico are mainly manufactured by U.S. firms which have rationalized a share of their production in plants along the Mexican border. Mexico is especially attractive to these firms for short production runs, fill-in product lines, and other labor-intensive manufacturing. This type of manufacturing is less costly in Mexico than in the United States because Mexico has lower labor rates. However, U.S. quality standards are used in producing these products in Mexico to provide equivalent warranties for similar products manufactured in the United States.

V. Position of interested parties

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty free.

[Probable economic effect advice deleted.]

Table I.

Digest No.
85351000

Digest Title: High voltage switchgear
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan............ | 54,017 | 67,857 | 70,601 | 109,234 | 137,227 |
| Mexico........... | 30,465 | 31,619 | 38,016 | 45,511 | 80,185 |
| Canada........... | 28,062 | 34,184 | 33,812 | 37,154 | 45,881 |
| West Germany..... | 17,466 | 22,817 | 33,203 | 35,066 | 41,328 |
| Taiwan........... | 10,447 | 11,611 | 18,032 | 26,191 | 28,795 |
| Switzerland...... | 18,184 | 14,347 | 16,199 | 21,746 | 25,379 |
| France........... | 6,858 | 8,026 | 10,259 | 11,531 | 19,332 |
| United Kingdom... | 9,792 | 11,749 | 13,969 | 11,932 | 18,128 |
| Hong Kong........ | 4,691 | 4,733 | 6,222 | 8,523 | 12,701 |
| Korea............ | 2,713 | 3,431 | 6,761 | 7,963 | 10,229 |
| Sweden........... | 4,779 | 8,415 | 5,832 | 8,726 | 9,771 |
| Singapore........ | 2,610 | 3,740 | 4,323 | 8,893 | 9,569 |
| Haiti............ | 2,899 | 6,084 | 6,492 | 7,414 | 8,745 |
| Dominican Rep.... | 377 | 543 | 1,109 | 4,576 | 5,801 |
| Italy............ | 3,080 | 2,511 | 3,096 | 3,025 | 3,977 |
| All other........ | 19,151 | 10,764 | 17,505 | 19,710 | 22,439 |
| Total.......... | 215,591 | 242,429 | 285,429 | 367,195 | 479,485 |
| GSP Total 1/.. | 47,341 | 42,747 | 51,233 | 65,954 | 103,810 |
| GSP+4 1/...... | 67,802 | 66,261 | 86,571 | 117,524 | 165,104 |
| | Percent | | | | |
| Japan............ | 25.1 | 28.0 | 24.7 | 29.7 | 28.6 |
| Mexico........... | 14.1 | 13.0 | 13.3 | 12.4 | 16.7 |
| Canada........... | 13.0 | 14.1 | 11.8 | 10.1 | 9.6 |
| West Germany..... | 8.1 | 9.4 | 11.6 | 9.5 | 8.6 |
| Taiwan........... | 4.8 | 4.8 | 6.3 | 7.1 | 6.0 |
| Switzerland...... | 8.4 | 5.9 | 5.7 | 5.9 | 5.3 |
| France........... | 3.2 | 3.3 | 3.6 | 3.1 | 4.0 |
| United Kingdom... | 4.5 | 4.8 | 4.9 | 3.2 | 3.8 |
| Hong Kong........ | 2.2 | 2.0 | 2.2 | 2.3 | 2.6 |
| Korea............ | 1.3 | 1.4 | 2.4 | 2.2 | 2.1 |
| Sweden........... | 2.2 | 3.5 | 2.0 | 2.4 | 2.0 |
| Singapore........ | 1.2 | 1.5 | 1.5 | 2.4 | 2.0 |
| Haiti............ | 1.3 | 2.5 | 2.3 | 2.0 | 1.8 |
| Dominican Rep.... | .2 | .2 | .4 | 1.2 | 1.2 |
| Italy............ | 1.4 | 1.0 | 1.1 | .8 | .8 |
| All other........ | 8.9 | 4.4 | 6.1 | 5.4 | 4.7 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 22.0 | 17.6 | 17.9 | 18.0 | 21.7 |
| GSP+4 1/...... | 31.4 | 27.3 | 30.3 | 32.0 | 34.4 |

1/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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: High voltage switchgear
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Mexico | 65,179 | 72,764 | 70,501 | 73,703 | 121,016 |
| Canada | 87,461 | 77,672 | 77,962 | 90,922 | 100,663 |
| United Kingdom | 39,582 | 32,872 | 35,408 | 48,285 | 56,783 |
| Japan | 44,382 | 37,963 | 36,316 | 37,352 | 50,845 |
| Israel | 33,946 | 26,699 | 12,536 | 20,654 | 34,250 |
| France | 16,899 | 15,229 | 16,994 | 21,316 | 30,494 |
| Germany, West | 25,842 | 23,862 | 22,290 | 23,429 | 30,484 |
| Italy | 9,778 | 9,016 | 11,202 | 14,540 | 25,079 |
| Hong Kong | 11,475 | 7,445 | 10,518 | 18,416 | 23,935 |
| Korea | 12,569 | 10,841 | 13,655 | 16,664 | 22,203 |
| Singapore | 11,559 | 7,065 | 10,718 | 15,129 | 20,246 |
| Taiwan | 13,851 | 11,512 | 16,399 | 16,515 | 18,653 |
| Netherlands | 12,061 | 12,192 | 15,067 | 14,486 | 14,829 |
| Brazil | 8,437 | 7,862 | 4,977 | 7,349 | 11,717 |
| Venezuela | 7,156 | 5,399 | 7,714 | 9,302 | 8,387 |
| All other | 108,116 | 100,160 | 96,749 | 92,963 | 106,156 |
| Total | 508,293 | 458,553 | 459,005 | 521,026 | 675,741 |
| GSP Total[1] | 149,772 | 128,045 | 150,675 | 216,677 | 155,766 |
| GSP+4[1] | 187,667 | 157,843 | 191,247 | 268,272 | 220,557 |
| | Percent | | | | |
| Mexico | 12.8 | 15.9 | 15.4 | 14.1 | 17.9 |
| Canada | 17.2 | 16.9 | 17.0 | 17.5 | 14.9 |
| United Kingdom | 7.8 | 7.2 | 7.7 | 9.3 | 8.4 |
| Japan | 8.7 | 8.3 | 7.9 | 7.2 | 7.5 |
| Israel | 6.7 | 5.8 | 2.7 | 4.0 | 5.1 |
| France | 3.3 | 3.3 | 3.7 | 4.1 | 4.5 |
| Germany, West | 5.1 | 5.2 | 4.9 | 4.5 | 4.5 |
| Italy | 1.9 | 2.0 | 2.4 | 2.8 | 3.7 |
| Hong Kong | 2.3 | 1.6 | 2.3 | 3.5 | 3.5 |
| Korea | 2.5 | 2.4 | 3.0 | 3.2 | 3.3 |
| Singapore | 2.3 | 1.5 | 2.3 | 2.9 | 3.0 |
| Taiwan | 2.7 | 2.5 | 3.6 | 3.2 | 2.8 |
| Netherlands | 2.4 | 2.7 | 3.3 | 2.8 | 2.2 |
| Brazil | 1.7 | 1.7 | 1.1 | 1.4 | 1.7 |
| Venezuela | 1.4 | 1.2 | 1.7 | 1.8 | 1.2 |
| All other | 21.3 | 21.8 | 21.1 | 17.8 | 15.7 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total[1] | 29.5 | 27.9 | 32.8 | 41.6 | 23.1 |
| GSP+4[1] | 40.8 | 38.0 | 41.1 | 51.9 | 33.9 |

[1]This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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

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

DIGEST NO. 8536.10.00

LOW VOLTAGE SWITCHGEAR

# Low Voltage Switchgear[1]

## I. Introduction

Low voltage switchgear: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 Total | From country to be reinstated Source | Value | Probable effects on U.S. imports/production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 8536.10.00 | 5.3% | Yes | 26,079 | Mexico | 11,337 | [***] |
| 8536.20.00 | 5.3% | Yes | 75,569 | Mexico | 13,247 | [***] |
| 8536.30.00 | 5.3% | Yes | 37,217 | Mexico | 7,758 | [***] |
| 8536.41.00 | 5.3% | Yes | 158,031 | Mexico | 36,162 | [***] |
| 8536.49.00 | 5.3% | Yes | 112,728 | Mexico | 12,967 | [***] |
| 8536.61.00[1] | 5.3% | Yes | 25,855 | Mexico | 12,611 | [***] |
| 8536.69.00[1] | 5.3% | Yes | 264,359 | Mexico | 80,468 | [***] |
| 8537.10.00 | 5.3% | Yes | 223,005 | Mexico | 21,164 | [***] |
| 8538.10.00 | 5.3% | Yes | 11,669 | Mexico | 996 | [***] |
| 8538.90.00[1] | 5.3% | Yes | 358,642 | Mexico | 71,420 | [***] |

[1]Based on trade data for January-September 1989, it is estimated that Mexico may exceed the applicable competitive-need limit for this HTS subheading and may therefore become ineligible for GSP duty-free treatment.

Description and uses.--Low voltage switchgear covered in this digest principally includes circuit relays, connectors, fuses, terminals rated at 1,000 volts or less, as well as enclosures and parts for these devices. Low voltage switchgear is necessary in the construction of all low voltage electronic and electrical equipment.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | **916 | **902 | **891 | **867 | **851 | **-2 |
| Employment (1,000 employees) | **88 | **87 | **90 | **86 | **83 | **-1 |
| Shipments (million dollars) | **8,930 | **8,649 | **8,734 | **8,680 | **8,370 | **-2 |
| Exports (million dollars) | 999 | 902 | 962 | 1,086 | 1,414 | 10 |
| Imports (million dollars) | 921 | 909 | 1,048 | 1,348 | 1,733 | 18 |
| Consumption (million dollars) | **8,853 | **8,656 | **8,820 | **8,942 | **8,689 | **([3]) |
| Import to consumption ratio (percent) | **10 | **11 | **12 | **15 | **20 | **18 |
| Capacity utilization (percent) | **67 | **61 | **65 | **64 | **62 | **-2 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.
[3]Less than 0.5 percent.

[1]This digest includes the following HTS subheadings: 8536.10.00, 8536.20.00, 8536.30.00, 8536.41.00, 8536.49.00, 8536.61.00, 8536.69.00, 8537.10.00, 8538.10.00, and 8538.90.00.

Comment.—The United States is the world's largest producer and consumer of low voltage switchgear. Large vertically integrated firms account for over two-thirds of U.S. production. The majority of U.S. imports from Mexico are manufactured in free trade zones by U.S. and Japanese firms that are attracted by Mexico's low wage rates.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 1,293 | 100 | - | **20 |
| Imports from GSP countries: | | | | |
| Total | 459 | 35 | 100 | **5 |
| Mexico | 268 | 21 | 58 | **4 |
| Dominican Republic | 26 | 2 | 6 | **([2]) |
| Brazil | 25 | 2 | 6 | **([2]) |
| Malaysia | 14 | 1 | 3 | **([2]) |

[1] Import-to-consumption ratios based on 1988 data.
[2] Less than 0.5 percent.

## IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 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 X Moderate __ Low __ |
| Price level compared with-- | |
| U.S. products | Above __ Equivalent __ Below X[1] |
| Other foreign products | Above __ Equivalent X Below __ |
| Quality compared with-- | |
| U.S. products | Above __ Equivalent X Below __ |
| Other foreign products | Above __ Equivalent X Below __ |

[1] Imports of low voltage switchgear from Mexico are mainly manufactured by U.S. firms, which have rationalized a share of their production in plants along the Mexican border. Mexico is especially attractive to these firms for short production runs, fill-in product lines, and other labor-intensive manufacturing. This type of manufacturing is less costly in Mexico than in the United States because Mexico has lower labor rates. However, U.S. quality standards are used in producing these products in Mexico in order to provide equivalent warranties for similar products manufactured in the United States.

V. Position of interested parties

Support.--The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty free.

[Probable economic effect advice deleted.]

Table I.

Digest No.
85361000

Digest Title: Low voltage switchgear
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan............ | 208,217 | 206,938 | 221,503 | 318,917 | 436,935 |
| Mexico........... | 165,164 | 183,955 | 202,977 | 242,061 | 337,810 |
| Canada........... | 115,615 | 121,386 | 129,501 | 153,581 | 188,582 |
| West Germany..... | 80,681 | 78,960 | 106,646 | 119,777 | 140,335 |
| Taiwan........... | 59,724 | 53,391 | 75,148 | 109,538 | 130,397 |
| Switzerland...... | 46,459 | 39,749 | 49,323 | 62,530 | 68,623 |
| United Kingdom... | 30,366 | 39,143 | 40,440 | 36,416 | 50,357 |
| Korea............ | 10,128 | 10,973 | 16,956 | 36,063 | 50,256 |
| France........... | 27,629 | 31,172 | 37,025 | 39,602 | 50,227 |
| Dominican Rep.... | 5,944 | 4,423 | 9,456 | 28,516 | 43,037 |
| Singapore........ | 26,758 | 13,279 | 15,733 | 33,295 | 38,493 |
| Hong Kong........ | 20,752 | 11,078 | 16,575 | 22,815 | 28,359 |
| Brazil........... | 19,325 | 17,316 | 21,266 | 27,306 | 27,914 |
| Italy............ | 8,321 | 9,772 | 13,025 | 16,718 | 24,343 |
| Haiti............ | 21,296 | 26,515 | 22,709 | 20,358 | 18,222 |
| All other........ | 74,675 | 61,375 | 69,820 | 80,822 | 99,050 |
| Total.......... | 921,054 | 909,426 | 1,048,104 | 1,348,315 | 1,732,940 |
| GSP Total 1/.. | 244,623 | 251,960 | 272,820 | 343,705 | 458,795 |
| GSP+4 1/...... | 361,986 | 340,681 | 397,232 | 545,416 | 706,300 |
| | Percent | | | | |
| Japan............ | 22.6 | 22.8 | 21.1 | 23.7 | 25.2 |
| Mexico........... | 17.9 | 20.2 | 19.4 | 18.0 | 19.5 |
| Canada........... | 12.6 | 13.3 | 12.4 | 11.4 | 10.9 |
| West Germany..... | 8.8 | 8.7 | 10.2 | 8.9 | 8.1 |
| Taiwan........... | 6.5 | 5.9 | 7.2 | 8.1 | 7.5 |
| Switzerland...... | 5.0 | 4.4 | 4.7 | 4.6 | 4.0 |
| United Kingdom... | 3.3 | 4.3 | 3.9 | 2.7 | 2.9 |
| Korea............ | 1.1 | 1.2 | 1.6 | 2.7 | 2.9 |
| France........... | 3.0 | 3.4 | 3.5 | 2.9 | 2.9 |
| Dominican Rep.... | .6 | .5 | .9 | 2.1 | 2.5 |
| Singapore........ | 2.9 | 1.5 | 1.5 | 2.5 | 2.2 |
| Hong Kong........ | 2.3 | 1.2 | 1.6 | 1.7 | 1.6 |
| Brazil........... | 2.1 | 1.9 | 2.0 | 2.0 | 1.6 |
| Italy............ | .9 | 1.1 | 1.2 | 1.2 | 1.4 |
| Haiti............ | 2.3 | 2.9 | 2.2 | 1.5 | 1.1 |
| All other........ | 8.1 | 6.7 | 6.7 | 6.0 | 5.7 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 26.6 | 27.7 | 26.0 | 25.5 | 26.5 |
| GSP+4 1/...... | 39.3 | 37.5 | 37.9 | 40.5 | 40.8 |

1/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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: Low voltage switchgear
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Mexico | 139,344 | 146,928 | 163,668 | 274,296 | 201,733 |
| Canada | 159,080 | 155,369 | 163,821 | 204,193 | 229,549 |
| United Kingdom | 85,782 | 82,236 | 79,711 | 96,607 | 115,587 |
| Japan | 62,919 | 58,210 | 62,767 | 68,166 | 87,314 |
| Italy | 21,803 | 22,996 | 25,125 | 35,425 | 62,037 |
| West Germany | 61,318 | 56,668 | 59,100 | 59,600 | 60,976 |
| France | 26,378 | 23,933 | 26,575 | 34,318 | 56,353 |
| South Korea | 36,930 | 24,103 | 26,438 | 33,885 | 50,537 |
| Taiwan | 28,654 | 25,039 | 35,749 | 43,900 | 44,489 |
| Hong Kong | 19,320 | 11,835 | 18,674 | 32,354 | 41,489 |
| Singapore | 27,087 | 18,817 | 25,541 | 35,834 | 39,470 |
| Dominican Republic | 5,518 | 4,906 | 5,358 | 9,785 | 37,763 |
| Netherlands | 21,199 | 20,183 | 22,585 | 20,348 | 23,529 |
| Venezuela | 8,179 | 11,352 | 10,141 | 17,675 | 20,322 |
| Brazil | 12,835 | 10,862 | 9,986 | 10,442 | 19,497 |
| All other | 282,173 | 228,886 | 227,054 | 214,482 | 250,401 |
| Total | 998,518 | 902,326 | 961,779 | 1,085,682 | 1,413,609 |
| GSP total[1] | 293,417 | 268,125 | 271,293 | 291,464 | 449,652 |
| GSP+4[1] | 405,408 | 347,919 | 377,695 | 437,437 | 625,637 |
| | Percent | | | | |
| Mexico | 14.0 | 16.3 | 17.0 | 15.5 | 19.4 |
| Canada | 15.9 | 17.2 | 17.0 | 18.8 | 16.2 |
| United Kingdom | 8.6 | 9.1 | 8.3 | 8.9 | 8.2 |
| Japan | 6.3 | 6.5 | 6.5 | 6.3 | 6.2 |
| Italy | 2.2 | 2.5 | 2.6 | 3.3 | 4.4 |
| West Germany | 6.1 | 6.3 | 6.1 | 5.5 | 4.3 |
| France | 2.6 | 2.7 | 2.8 | 3.2 | 4.0 |
| South Korea | 3.7 | 2.7 | 2.7 | 3.1 | 3.6 |
| Taiwan | 2.9 | 2.8 | 3.7 | 4.0 | 3.1 |
| Hong Kong | 1.9 | 1.3 | 1.9 | 3.0 | 2.9 |
| Singapore | 2.7 | 2.1 | 2.7 | 3.3 | 2.8 |
| Dominican Republic | 0.6 | 0.5 | 0.6 | 0.9 | 2.7 |
| Netherlands | 2.1 | 2.2 | 2.3 | 1.9 | 1.7 |
| Venezuela | 0.8 | 1.3 | 1.1 | 1.6 | 1.4 |
| Brazil | 1.3 | 1.2 | 1.0 | 1.0 | 1.4 |
| All other | 28.3 | 25.4 | 23.6 | 19.8 | 17.7 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP total[1] | 29.4 | 29.7 | 28.2 | 26.8 | 31.8 |
| GSP+4[1] | 40.6 | 38.6 | 39.3 | 40.3 | 44.3 |

[1]This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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

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

DIGEST NO. 8539.10.00

ELECTRIC LAMPS (BULBS)

# Electric Lamps (Bulbs)

## I. Introduction

Electric lamps (bulbs): Harmonized Tariff Schedule subheading; U.S. col. 1 rate of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 8539.10.00 | 3.1% | Yes | 19,675 | Mexico | 8,370 | [***] |

Description and uses.--The lamps included in this digest are incandescent, sealed-beam lamps. The lamps are projector-type lamps with molded glass reflectors, silvered inside the lamp cavity, and with a molded control-lens cover. The reflector and lens are sealed together to form a lamp with an internal reflector that has a highly accurate beam control. These lamps are commonly used in automobiles, locomotives, airplanes, and other vehicles for long-distance illumination.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | 5 | 5 | 5 | 5 | 5 | - |
| Employment (1,000 employees) | *2 | *2 | *2 | *2 | *2 | - |
| Shipments (1,000 dollars) | 324,000 | 337,000 | 299,000 | 334,000 | 310,000 | -1 |
| Exports (1,000 dollars) | 37,268 | 34,521 | 38,945 | 43,055 | 51,889 | 9 |
| Imports (1,000 dollars) | 10,628 | 9,746 | 17,085 | 21,166 | 42,704 | 42 |
| Consumption (1,000 dollars) | 297,360 | 312,225 | 277,140 | 312,111 | 300,815 | ([3]) |
| Import to consumption ratio (percent) | 4 | 3 | 6 | 7 | 14 | 37 |
| Capacity utilization (percent) | **78 | **82 | **75 | **80 | **78 | - |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.
[3]Less than 0.5 percent.

Comment.--U.S. producers of these products utilize a highly automated production process. The industry is dominated by 3 large multinational firms that produce a wide range of lighting products. These producers have consolidated their operations in recent years and invested in more efficient equipment in order to achieve greater production economies of scale. Despite the fact that the production of these lamps is relatively capital intensive, an increasing amount of U.S. production was shifted to Mexico during the period in order to take advantage of the relatively low wage rates in that country.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 19,675 | 100 | - | 14 |
| Imports from GSP countries: | | | | |
| Total | 8,435 | 43 | 100 | 5 |
| Mexico | 8,370 | 43 | 99 | 5 |
| Brazil | 64 | ([2]) | 1 | ([2]) |

[1]Import-to-consumption ratios based on 1988 data.
[2]Less than 0.5 percent.

## IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, January-September 1989................ 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 __ 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................................................ 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

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty free.

[Probable economic effect advice deleted.]

Table I.

Digest No.
85391000

Digest Title: Electric lamps (bulbs)
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Mexico.......... | 3,190 | 5,323 | 7,359 | 10,652 | 15,754 |
| West Germany..... | 925 | 1,272 | 4,558 | 3,087 | 11,417 |
| Korea............ | 140 | 162 | 22 | 1,974 | 5,330 |
| Japan............ | 888 | 1,178 | 1,709 | 1,970 | 3,810 |
| Canada........... | 4,869 | 326 | 1,019 | 1,773 | 3,670 |
| France........... | 230 | 85 | 242 | 391 | 953 |
| United Kingdom... | 90 | 662 | 620 | 407 | 534 |
| Hong Kong........ | 9 | 53 | 102 | 510 | 496 |
| Taiwan........... | 181 | 558 | 761 | 208 | 368 |
| Sweden........... | 37 | 63 | 15 | 10 | 105 |
| Netherlands...... | 8 | 16 | 315 | 16 | 75 |
| Brazil........... | 22 | 15 | 51 | 98 | 74 |
| Italy............ | 29 | 10 | 302 | 43 | 33 |
| Belgium.......... | 3 | 2 | 2 | 9 | 25 |
| Thailand......... | 0 | 0 | 0 | 1 | 21 |
| All other........ | 7 | 21 | 8 | 15 | 40 |
| Total.......... | 10,628 | 9,746 | 17,085 | 21,166 | 42,704 |
| GSP Total 2/.. | 3,215 | 5,349 | 7,409 | 10,763 | 15,849 |
| GSP+4 2/...... | 3,544 | 6,126 | 8,299 | 13,456 | 22,043 |
| | Percent | | | | |
| Mexico.......... | 30.0 | 54.6 | 43.1 | 50.3 | 36.9 |
| West Germany..... | 8.7 | 13.1 | 26.7 | 14.6 | 26.7 |
| Korea............ | 1.3 | 1.7 | .1 | 9.3 | 12.5 |
| Japan............ | 8.4 | 12.1 | 10.0 | 9.3 | 8.9 |
| Canada........... | 45.8 | 3.3 | 6.0 | 8.4 | 8.6 |
| France........... | 2.2 | .9 | 1.4 | 1.8 | 2.2 |
| United Kingdom... | .8 | 6.8 | 3.6 | 1.9 | 1.2 |
| Hong Kong........ | .1 | .5 | .6 | 2.4 | 1.2 |
| Taiwan........... | 1.7 | 5.7 | 4.5 | 1.0 | .9 |
| Sweden........... | .3 | .6 | .1 | 1/ | .2 |
| Netherlands...... | .1 | .2 | 1.8 | .1 | .2 |
| Brazil........... | .2 | .2 | .3 | .5 | .2 |
| Italy............ | .3 | .1 | 1.8 | .2 | .1 |
| Belgium.......... | 1/ | 1/ | 1/ | 1/ | .1 |
| Thailand......... | .0 | .0 | .0 | 1/ | .1 |
| All other........ | .1 | .2 | 1/ | .1 | .1 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 30.2 | 54.9 | 43.4 | 50.9 | 37.1 |
| GSP+4 2/...... | 33.3 | 62.9 | 48.6 | 63.6 | 51.6 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
85391000

Digest Title: Electric lamps (bulbs)
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada.......... | 9,122 | 10,196 | 11,267 | 10,896 | 15,637 |
| Mexico.......... | 5,498 | 5,367 | 3,913 | 4,970 | 5,425 |
| Japan........... | 4,176 | 3,202 | 2,951 | 3,545 | 4,794 |
| Australia........ | 1,645 | 943 | 2,123 | 1,544 | 2,743 |
| United Kingdom... | 2,576 | 1,787 | 2,144 | 2,728 | 2,551 |
| Venezuela........ | 2,128 | 1,284 | 727 | 2,186 | 2,376 |
| France.......... | 2,256 | 2,680 | 2,769 | 1,853 | 2,171 |
| Spain........... | 854 | 773 | 1,059 | 1,215 | 1,354 |
| Rep So Africa.... | 698 | 580 | 763 | 1,209 | 1,294 |
| Singapore........ | 135 | 335 | 201 | 516 | 1,050 |
| Taiwan.......... | 383 | 382 | 492 | 634 | 1,018 |
| Saudi Arabia..... | 244 | 247 | 305 | 635 | 970 |
| Korea........... | 281 | 777 | 1,083 | 563 | 927 |
| West Germany..... | 1,803 | 1,172 | 2,272 | 1,898 | 867 |
| Belgium.......... | 265 | 307 | 231 | 962 | 836 |
| All other........ | 5,202 | 4,488 | 6,648 | 7,702 | 7,878 |
| Total.......... | 37,268 | 34,521 | 38,945 | 43,055 | 51,889 |
| GSP Total 1/.. | 10,755 | 9,020 | 8,341 | 11,505 | 12,314 |
| GSP+4 1/...... | 11,639 | 10,883 | 10,369 | 13,858 | 16,107 |
| | Percent | | | | |
| Canada.......... | 24.5 | 29.5 | 28.9 | 25.3 | 30.1 |
| Mexico.......... | 14.8 | 15.5 | 10.0 | 11.5 | 10.5 |
| Japan........... | 11.2 | 9.3 | 7.6 | 8.2 | 9.2 |
| Australia........ | 4.4 | 2.7 | 5.5 | 3.6 | 5.3 |
| United Kingdom... | 6.9 | 5.2 | 5.5 | 6.3 | 4.9 |
| Venezuela........ | 5.7 | 3.7 | 1.9 | 5.1 | 4.6 |
| France.......... | 6.1 | 7.8 | 7.1 | 4.3 | 4.2 |
| Spain........... | 2.3 | 2.2 | 2.7 | 2.8 | 2.6 |
| Rep So Africa.... | 1.9 | 1.7 | 2.0 | 2.8 | 2.5 |
| Singapore........ | .4 | 1.0 | .5 | 1.2 | 2.0 |
| Taiwan.......... | 1.0 | 1.1 | 1.3 | 1.5 | 2.0 |
| Saudi Arabia..... | .7 | .7 | .8 | 1.5 | 1.9 |
| Korea........... | .8 | 2.3 | 2.8 | 1.3 | 1.8 |
| West Germany..... | 4.8 | 3.4 | 5.8 | 4.4 | 1.7 |
| Belgium.......... | .7 | .9 | .6 | 2.2 | 1.6 |
| All other........ | 14.0 | 13.0 | 17.1 | 17.9 | 15.2 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 28.9 | 26.1 | 21.4 | 26.7 | 23.7 |
| GSP+4 1/...... | 31.2 | 31.5 | 26.6 | 32.2 | 31.0 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 8543.10.00

MISCELLANEOUS ELECTRICAL MACHINES
AND PARTS

# Miscellaneous Electrical Machines and Parts[1]

## I. Introduction

Miscellaneous electrical machines and parts: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 Total | From country to be reinstated Source | Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 8543.10.00 | 3.9% | Yes | 2,344 | Mexico | 0 | [***] |
| 8543.20.00 | 3.9% | Yes | 19,791 | Mexico (R)[1] | 79 | [***] |
| 8543.30.00 | 3.9% | Yes | 16,272 | Mexico (R)[1] | 0 | [***] |
| 8543.80.90[2] | 3.9% | Yes | 402,786 | Mexico (R)[1] | 31,876 | [***] |
| 8543.90.80 | 3.9% | Yes | 67,459 | Mexico (R)[1] | 7,755 | [***] |
| 8548.00.00 | 3.9% | Yes | 122,662 | Mexico (R)[1] | 15,905 | [***] |

[1]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.
[2]Based on trade data for January-September 1989, it is estimated that Mexico may exceed the applicable competitive-need limit for this HTS subheading and may therefore become ineligible for GSP duty-free treatment.

Description and uses.--This digest covers particle accelerators, signal generators, machines and apparatus for electroplating, electrolysis, or electrophoresis, and other electrical machines and apparatus having individual functions, such as amplifiers, special effects pedals for musical instruments, capacitor/resistor banks, and electric fence controllers and parts. All of these devices operate on an electric current, and are designed to perform a specified task or function.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | *5,250 | *5,000 | *5,200 | *5,300 | *5,500 | *1 |
| Employment (1,000 employees) | *96 | *96 | *92 | *96 | *98 | *1 |
| Shipments (million dollars) | *9,300 | *9,250 | *9,620 | *10,300 | *11,000 | *4 |
| Exports (million dollars) | 407 | 404 | 422 | 484 | 649 | 12 |
| Imports (million dollars) | 712 | 760 | 957 | 1,111 | 1,198 | 14 |
| Consumption (million dollars) | *9,604 | *9,606 | *10,155 | *10,927 | *11,549 | *5 |
| Import to consumption ratio (percent) | *7 | *8 | *9 | *10 | *10 | *9 |
| Capacity utilization (percent) | *78 | *75 | *80 | *79 | *80 | *1 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.

Comment.--U.S. production of miscellaneous electrical machines and parts increased steadily during 1984-88, as did U.S. exports and imports of these products. Although some of the articles included in this digest are standard commodity products, the articles which constitute the largest dollar value in terms of U.S. production and international trade in this product area are large, custom built pieces of machinery and equipment. Manufacturing and marketing these articles successfully in the United States require both engineering design expertise and the ability to service and maintain this heavy equipment. Because of these factors, U.S. firms remain the dominant suppliers of miscellaneous electrical machines and parts to the U.S. market.

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[1]This digest includes the following HTS subheadings: 8543.10.00, 8543.20.00, 8543.30.00, 8543.80.90, 8543.90.80, and 8548.00.00.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 631,315 | 100 | - | *10 |
| Imports from GSP countries: | | | | |
| Total | 90,056 | 14 | 100 | *1 |
| Mexico | 55,615 | 9 | 62 | *([2]) |
| Israel[3] | 23,803 | 4 | 26 | *([2]) |
| Malaysia | 1,760 | ([2]) | 2 | *([2]) |

[1]Import-to-consumption ratios based on 1988 data.
[2]Less than 0.5 percent.
[3]Although imports from Israel are eligible for duty-free entry under the United States-Israel Free Trade Area Implementation Act of 1985, imports of $24 million from Israel were entered duty free under the GSP in 1988.

Comment.--Total U.S. imports of miscellaneous electrical machines and parts entered under the GSP increased by 12 percent per year during 1984-88, rising from $69 million to $107 million. U.S. imports from Mexico increased at an average annual rate of 18 percent during this period, rising from $40 million to $78 million. Despite the increase in U.S. imports of miscellaneous electrical machines and parts from Mexico, producers located in the Far East remain the dominant suppliers to the U.S. market. Japan, Taiwan, Hong Kong, and Korea are four of the top five foreign suppliers to the U.S. market. Together these four countries accounted for 56 percent of total U.S. imports in 1988. Mexico supplied 6.5 percent of total U.S. imports of miscellaneous electrical machines and parts in 1988.

## IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 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 ___ 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 ___ |

V. Position of interested parties

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty free.

[Probable economic effect advice delted.]

Table I.

Digest No.
85431000

Digest Title: Miscellaneous electrical machines and parts
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan............ | 141,422 | 186,760 | 254,387 | 278,470 | 279,718 |
| Taiwan........... | 75,009 | 74,056 | 113,788 | 166,695 | 175,806 |
| Hong Kong........ | 94,843 | 100,939 | 104,487 | 119,809 | 116,697 |
| West Germany..... | 45,640 | 60,544 | 73,942 | 80,839 | 96,581 |
| Korea............ | 44,963 | 40,557 | 82,136 | 83,834 | 93,224 |
| Canada........... | 96,117 | 62,119 | 66,095 | 86,828 | 86,168 |
| Mexico........... | 39,568 | 39,709 | 53,805 | 76,566 | 77,992 |
| United Kingdom... | 28,607 | 40,590 | 51,733 | 64,594 | 72,600 |
| China............ | 506 | 2,670 | 3,883 | 23,516 | 52,516 |
| Singapore........ | 55,281 | 45,771 | 32,621 | 25,737 | 34,582 |
| Israel........... | 21,515 | 35,561 | 46,362 | 21,417 | 23,685 |
| Philippines...... | 13,154 | 14,252 | 15,401 | 11,713 | 14,900 |
| Switzerland...... | 4,295 | 3,545 | 7,334 | 10,389 | 9,596 |
| Netherlands...... | 5,226 | 8,607 | 8,792 | 11,478 | 8,871 |
| France........... | 4,684 | 6,278 | 8,981 | 9,696 | 8,313 |
| All other........ | 40,758 | 37,845 | 33,502 | 39,273 | 46,747 |
| Total.......... | 711,588 | 759,803 | 957,250 | 1,110,854 | 1,197,997 |
| GSP Total 1/.. | 90,526 | 108,355 | 127,473 | 123,460 | 130,666 |
| GSP+4 1/...... | 360,623 | 369,679 | 460,505 | 519,534 | 550,975 |
| | Percent | | | | |
| Japan............ | 19.9 | 24.6 | 26.6 | 25.1 | 23.3 |
| Taiwan........... | 10.5 | 9.7 | 11.9 | 15.0 | 14.7 |
| Hong Kong........ | 13.3 | 13.3 | 10.9 | 10.8 | 9.7 |
| West Germany..... | 6.4 | 8.0 | 7.7 | 7.3 | 8.1 |
| Korea............ | 6.3 | 5.3 | 8.6 | 7.5 | 7.8 |
| Canada........... | 13.5 | 8.2 | 6.9 | 7.8 | 7.2 |
| Mexico........... | 5.6 | 5.2 | 5.6 | 6.9 | 6.5 |
| United Kingdom... | 4.0 | 5.3 | 5.4 | 5.8 | 6.1 |
| China............ | .1 | .4 | .4 | 2.1 | 4.4 |
| Singapore........ | 7.8 | 6.0 | 3.4 | 2.3 | 2.9 |
| Israel........... | 3.0 | 4.7 | 4.8 | 1.9 | 2.0 |
| Philippines...... | 1.8 | 1.9 | 1.6 | 1.1 | 1.2 |
| Switzerland...... | .6 | .5 | .8 | .9 | .8 |
| Netherlands...... | .7 | 1.1 | .9 | 1.0 | .7 |
| France........... | .7 | .8 | .9 | .9 | .7 |
| All other........ | 5.7 | 5.0 | 3.5 | 3.5 | 3.9 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 12.7 | 14.3 | 13.3 | 11.1 | 10.9 |
| GSP+4 1/...... | 50.7 | 48.7 | 48.1 | 46.8 | 46.0 |

1/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
85431000

Digest Title: Miscellaneous electrical machines and parts
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada........... | 60,971 | 52,136 | 43,161 | 58,495 | 86,091 |
| Japan............ | 43,102 | 49,768 | 55,091 | 58,120 | 85,738 |
| Mexico........... | 16,459 | 20,384 | 20,585 | 30,658 | 61,241 |
| United Kingdom... | 46,724 | 48,822 | 43,871 | 44,694 | 48,615 |
| West Germany..... | 46,362 | 42,367 | 42,650 | 48,106 | 47,958 |
| Korea............ | 8,826 | 12,862 | 14,473 | 22,198 | 31,052 |
| Taiwan........... | 12,490 | 10,694 | 14,673 | 17,705 | 28,915 |
| Italy............ | 9,589 | 10,478 | 11,432 | 16,259 | 24,288 |
| France........... | 19,986 | 21,715 | 19,239 | 20,500 | 22,965 |
| Hong Kong........ | 8,850 | 7,625 | 5,746 | 13,122 | 18,593 |
| China............ | 7,818 | 12,747 | 17,580 | 10,453 | 13,619 |
| Singapore........ | 8,550 | 7,984 | 9,163 | 9,628 | 13,375 |
| Australia........ | 7,723 | 8,100 | 8,751 | 7,736 | 13,012 |
| Israel........... | 9,248 | 9,449 | 10,222 | 11,033 | 12,084 |
| Philippines...... | 929 | 1,284 | 3,076 | 9,329 | 10,083 |
| All other........ | 99,661 | 87,111 | 102,273 | 106,047 | 131,239 |
| Total.......... | 407,286 | 403,527 | 421,985 | 484,083 | 648,868 |
| GSP Total 1/.. | 62,633 | 62,776 | 71,509 | 93,794 | 145,483 |
| GSP+4 1/...... | 101,349 | 101,941 | 115,563 | 156,445 | 237,419 |
| | Percent | | | | |
| Canada........... | 15.0 | 12.9 | 10.2 | 12.1 | 13.3 |
| Japan............ | 10.6 | 12.3 | 13.1 | 12.0 | 13.2 |
| Mexico........... | 4.0 | 5.1 | 4.9 | 6.3 | 9.4 |
| United Kingdom... | 11.5 | 12.1 | 10.4 | 9.2 | 7.5 |
| West Germany..... | 11.4 | 10.5 | 10.1 | 9.9 | 7.4 |
| Korea............ | 2.2 | 3.2 | 3.4 | 4.6 | 4.8 |
| Taiwan........... | 3.1 | 2.7 | 3.5 | 3.7 | 4.5 |
| Italy............ | 2.4 | 2.6 | 2.7 | 3.4 | 3.7 |
| France........... | 4.9 | 5.4 | 4.6 | 4.2 | 3.5 |
| Hong Kong........ | 2.2 | 1.9 | 1.4 | 2.7 | 2.9 |
| China............ | 1.9 | 3.2 | 4.2 | 2.2 | 2.1 |
| Singapore........ | 2.1 | 2.0 | 2.2 | 2.0 | 2.1 |
| Australia........ | 1.9 | 2.0 | 2.1 | 1.6 | 2.0 |
| Israel........... | 2.3 | 2.3 | 2.4 | 2.3 | 1.9 |
| Philippines...... | .2 | .3 | .7 | 1.9 | 1.6 |
| All other........ | 24.5 | 21.6 | 24.2 | 21.9 | 20.2 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 15.4 | 15.6 | 16.9 | 19.4 | 22.4 |
| GSP+4 1/...... | 24.9 | 25.3 | 27.4 | 32.3 | 36.6 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 8544.20.00

ELECTRICAL CONDUCTORS

# Electrical Conductors[1]

## I. Introduction

Electrical conductors: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 Total | From country to be reinstated Source | Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 8544.20.00 | 5.3% | Yes | 76,575 | Mexico | 3,289 | [***] |
| 8544.41.00 | 5.3% | Yes | 106,750 | Mexico | 27,101 | [***] |
| 8544.51.40 | 5.3% | Yes | 15,958 | Mexico | 3,285 | [***] |
| 8544.60.20 | 5.3% | Yes | 8,319 | Mexico | 611 | [***] |

Description and uses.—The electrical conductors that are covered by this digest include: coaxial wire and cable; conductors not specifically provided for (nspf), with fittings, rated for electrical voltages not exceeding 80 volts (V); modular telephone cords with connectors rated between 81V and 1,000V; and conductors nspf, fitted with connectors, and rated for voltages exceeding 1,000V. All of the above referenced conductors have been insulated with dielectric materials (e.g., rubber, thermoplastics, etc.) and, in some cases, shielded in order to permit the safe and (or) undistorted transmission of electrical currents or low-voltage communications signals.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | **100 | **100 | **95 | **95 | **90 | **-2 |
| Employment (1,000 employees | **13 | **12 | **13 | **13 | **13 | - |
| Shipments (million dollars) | **1,570 | **1,470 | **1,575 | **1,705 | **1,710 | **2 |
| Exports (million dollars) | 63 | 63 | 66 | 93 | 132 | 20 |
| Imports (million dollars) | 335 | 109 | 136 | 176 | 219 | -8 |
| Consumption (million dollars) | **1,842 | **1,516 | **1,645 | **1,788 | **1,797 | **-1 |
| Import to consumption ratio (percent) | **18 | **7 | **8 | **10 | **12 | **-8 |
| Capacity utilization (percent) | **77 | **70 | **73 | **76 | **77 | - |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.

Comment.--In the past several years, the U.S. industry producing these products has experienced a significant number of mergers and consolidation of capacity. The remaining producers are leaner and somewhat more competitive as a result. At the same time, however, foreign producers were involved in a number of joint ventures with U.S. companies, many of which sought to benefit from foreign cable technology, particularly from Japan and Europe. This foreign investment in U.S. companies is expected to continue into the 1990's. U.S. production of electrical wire and cable is generally a highly automated process. This is a relatively mature product market, in which technological innovation is centered on the development of improved insulation (dielectrics) and production processes.

[1]This digest includes the following HTS subheadings: 8544.20.00, 8544.41.00, 8544.51.40, 8544.60.20.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 207,602 | 100 | - | **12 |
| Imports from GSP countries: | | | | |
| Total | 61,137 | 29 | 100 | **4 |
| Mexico | 34,286 | 17 | 56 | **3 |
| Brazil | 7,970 | 4 | 13 | **1 |
| Thailand | 6,577 | 3 | 11 | **([2]) |
| Haiti | 5,807 | 3 | 9 | **([2]) |

[1]Import-to-consumption ratios based on 1988 data.
[2]Less than 0.5 percent.

IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, January-September 1989................ 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 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

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty free.

[Probable economic effect advice deleted.]

Table I.

Digest No.
85442000

Digest Title: Electrical conductors
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Mexico........... | 131,104 | 29,698 | 42,951 | 55,078 | 57,707 |
| Taiwan........... | 59,945 | 21,007 | 32,501 | 42,021 | 53,000 |
| Japan............ | 48,547 | 15,097 | 18,771 | 24,405 | 29,330 |
| Canada........... | 35,745 | 13,117 | 12,973 | 16,556 | 24,142 |
| Brazil........... | 3,465 | 6,902 | 5,590 | 6,391 | 9,535 |
| West Germany..... | 6,673 | 2,390 | 3,428 | 4,615 | 6,184 |
| Korea............ | 5,427 | 2,345 | 2,546 | 3,516 | 5,279 |
| Peru............. | 0 | 0 | 48 | 115 | 4,791 |
| Hong Kong........ | 5,886 | 1,736 | 1,966 | 3,074 | 4,125 |
| Thailand......... | 6,269 | 848 | 2,072 | 4,906 | 3,929 |
| Netherlands...... | 2,576 | 919 | 643 | 504 | 3,432 |
| China............ | 126 | 6 | 331 | 1,862 | 2,746 |
| Singapore........ | 1,683 | 998 | 1,210 | 1,530 | 2,630 |
| Ireland.......... | 1,342 | 3,577 | 2,472 | 2,393 | 2,610 |
| United Kingdom... | 5,618 | 3,297 | 1,091 | 1,367 | 2,106 |
| All other........ | 20,319 | 6,810 | 7,068 | 7,419 | 7,724 |
| Total.......... | 334,728 | 108,747 | 135,662 | 175,752 | 219,269 |
| GSP Total 2/.. | 149,464 | 40,396 | 54,061 | 69,618 | 77,935 |
| GSP+4 2/...... | 222,405 | 66,481 | 92,284 | 119,760 | 142,968 |
| | Percent | | | | |
| Mexico........... | 39.2 | 27.3 | 31.7 | 31.3 | 26.3 |
| Taiwan........... | 17.9 | 19.3 | 24.0 | 23.9 | 24.2 |
| Japan............ | 14.5 | 13.9 | 13.8 | 13.9 | 13.4 |
| Canada........... | 10.7 | 12.1 | 9.6 | 9.4 | 11.0 |
| Brazil........... | 1.0 | 6.3 | 4.1 | 3.6 | 4.3 |
| West Germany..... | 2.0 | 2.2 | 2.5 | 2.6 | 2.8 |
| Korea............ | 1.6 | 2.2 | 1.9 | 2.0 | 2.4 |
| Peru............. | .0 | .0 | 1/ | .1 | 2.2 |
| Hong Kong........ | 1.8 | 1.6 | 1.4 | 1.7 | 1.9 |
| Thailand......... | 1.9 | .8 | 1.5 | 2.8 | 1.8 |
| Netherlands...... | .8 | .8 | .5 | .3 | 1.6 |
| China............ | 1/ | 1/ | .2 | 1.1 | 1.3 |
| Singapore........ | .5 | .9 | .9 | .9 | 1.2 |
| Ireland.......... | .4 | 3.3 | 1.8 | 1.4 | 1.2 |
| United Kingdom... | 1.7 | 3.0 | .8 | .8 | 1.0 |
| All other........ | 6.1 | 6.3 | 5.2 | 4.2 | 3.5 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 44.7 | 37.1 | 39.8 | 39.6 | 35.5 |
| GSP+4 2/...... | 66.4 | 61.1 | 68.0 | 68.1 | 65.2 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
85442000

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

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Mexico.......... | 10,201 | 8,753 | 9,259 | 24,041 | 40,002 |
| Canada.......... | 11,947 | 12,591 | 13,402 | 17,761 | 21,813 |
| United Kingdom... | 7,583 | 6,963 | 7,281 | 9,179 | 13,223 |
| France.......... | 2,926 | 5,311 | 5,244 | 8,586 | 8,685 |
| West Germany..... | 3,227 | 4,183 | 4,804 | 5,985 | 6,021 |
| Japan........... | 2,317 | 3,248 | 3,180 | 3,270 | 4,363 |
| Australia........ | 1,701 | 1,787 | 1,725 | 1,904 | 2,761 |
| Singapore........ | 1,537 | 907 | 970 | 1,705 | 2,645 |
| Spain........... | 153 | 311 | 416 | 500 | 2,260 |
| Korea........... | 1,280 | 1,633 | 2,075 | 1,898 | 2,057 |
| Hong Kong........ | 486 | 422 | 391 | 737 | 1,987 |
| Netherlands...... | 915 | 1,299 | 1,971 | 1,121 | 1,814 |
| Taiwan.......... | 810 | 690 | 711 | 942 | 1,615 |
| Italy........... | 523 | 520 | 724 | 952 | 1,505 |
| Saudi Arabia..... | 2,610 | 1,906 | 1,383 | 951 | 1,448 |
| All other........ | 14,544 | 12,603 | 12,244 | 13,369 | 19,725 |
| Total......... | 62,760 | 63,127 | 65,779 | 92,902 | 131,923 |
| GSP Total 1/.. | 20,638 | 15,665 | 16,499 | 32,692 | 51,824 |
| GSP+4 1/...... | 24,750 | 19,316 | 20,646 | 37,975 | 60,127 |
| | Percent | | | | |
| Mexico.......... | 16.3 | 13.9 | 14.1 | 25.9 | 30.3 |
| Canada.......... | 19.0 | 19.9 | 20.4 | 19.1 | 16.5 |
| United Kingdom... | 12.1 | 11.0 | 11.1 | 9.9 | 10.0 |
| France.......... | 4.7 | 8.4 | 8.0 | 9.2 | 6.6 |
| West Germany..... | 5.1 | 6.6 | 7.3 | 6.4 | 4.6 |
| Japan........... | 3.7 | 5.1 | 4.8 | 3.5 | 3.3 |
| Australia........ | 2.7 | 2.8 | 2.6 | 2.0 | 2.1 |
| Singapore........ | 2.4 | 1.4 | 1.5 | 1.8 | 2.0 |
| Spain........... | .2 | .5 | .6 | .5 | 1.7 |
| Korea........... | 2.0 | 2.6 | 3.2 | 2.0 | 1.6 |
| Hong Kong........ | .8 | .7 | .6 | .8 | 1.5 |
| Netherlands...... | 1.5 | 2.1 | 3.0 | 1.2 | 1.4 |
| Taiwan.......... | 1.3 | 1.1 | 1.1 | 1.0 | 1.2 |
| Italy........... | .8 | .8 | 1.1 | 1.0 | 1.1 |
| Saudi Arabia..... | 4.2 | 3.0 | 2.1 | 1.0 | 1.1 |
| All other........ | 23.2 | 20.0 | 18.6 | 14.4 | 15.0 |
| Total......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 32.9 | 24.8 | 25.1 | 35.2 | 39.3 |
| GSP+4 1/...... | 39.4 | 30.6 | 31.4 | 40.9 | 45.6 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 8547.90.00

OTHER INSULATING FITTINGS AND
ELECTRICAL CONDUIT

# Other Insulating Fittings and Electrical Conduit

## I. Introduction

Other insulating fittings and electrical conduit: Harmonized Tariff Schedule subheading; U.S. col. 1 rate of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 8547.90.00 | 5.8% | Yes | 5,504 | Brazil | (1) | [***] |

[1]During January-September 1989, U.S. imports from Mexico amounted to less than $7,000.

Description and uses.—The electrical conduit included in this digest consists of metallic tubes and fittings, which are prepared and lined or coated in any manner that makes them suitable for use as enclosures for electrical wire and cable. As such, they are specifically designed to protect electrical wiring systems from damage. Such pipes and tubes are generally produced in diameter sizes of from approximately 1/4 inch to 6 inches and in lengths of from 10 to 20 feet.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number)........................ | *100 | *100 | *90 | *90 | *85 | *-4 |
| Employment (1,000 employees)............. | **6 | **6 | **6 | **6 | **6 | - |
| Shipments (million dollars)............... | **945 | **980 | **965 | **1,085 | **1,140 | **5 |
| Exports (million dollars)................. | 51 | 51 | 33 | 36 | 45 | -3 |
| Imports (million dollars)................. | 23 | 19 | 18 | 11 | 10 | -19 |
| Consumption (million dollars)............ | **917 | **948 | **950 | **1,060 | **1,105 | **5 |
| Import to consumption ratio (percent)..... | **3 | **2 | **2 | **1 | **1 | **-24 |
| Capacity utilization (percent)............ | **70 | **75 | **70 | **75 | **75 | **2 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.

Comment.—The U.S. market for these products is generally concentrated around centers of industrial and commercial building activity. In most product categories, U.S. production is reasonably concentrated, with three to five U.S. producers accounting for a significant portion of domestic output. The standards and specifications for most of these products are established by Underwriters Laboratory, which attempts to monitor both U.S. and foreign production operations to insure compliance with its guidelines.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 5,504 | 100 | - | **1 |
| Imports from GSP countries: | | | | |
| Total | 209 | 4 | 100 | **([2]) |
| India | 151 | 3 | 72 | **([2]) |
| Israel | 29 | 1 | 14 | **([2]) |
| Costa Rica | 15 | ([2]) | 1 | **([2]) |
| Argentina | 8 | ([2]) | 1 | **([2]) |

[1]Import-to-consumption ratios based on 1988 data.
[2]Less than 0.5 percent.

## IV. Competitiveness profiles

Competitiveness indicators for Brazil for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | (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 __ 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 | 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 __ |

[1] Brazil did not rank among the top 15 U.S. suppliers, the last of which recorded only $7,000 in imports during the period.

V. Position of interested parties

No statements were received either in support of or in opposition to the proposed modifications to the GSP considered in this digest.

[Probable economic effect advice deleted.]

Table I.

Digest No.
85479000

Digest Title: Other insulating fittings and electrical conduit
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Korea | 1,873 | 3,416 | 12,613 | 4,513 | 3,146 |
| Costa Rica | 0 | 8,333 | 87 | 286 | 3,050 |
| France | 3,201 | 2,280 | 1,632 | 2,422 | 1,590 |
| Canada | 13,086 | 153 | 468 | 465 | 712 |
| Taiwan | 142 | 240 | 668 | 1,195 | 653 |
| United Kingdom | 908 | 151 | 182 | 170 | 182 |
| Israel | 312 | 8 | 62 | 86 | 158 |
| India | 13 | 1/ | 0 | 88 | 137 |
| West Germany | 808 | 303 | 250 | 148 | 106 |
| Switzerland | 259 | 428 | 144 | 83 | 102 |
| Japan | 309 | 205 | 203 | 144 | 77 |
| Mexico | 529 | 899 | 1,385 | 696 | 44 |
| China | 147 | 100 | 0 | 72 | 32 |
| Netherlands | 62 | 4 | 21 | 58 | 19 |
| Thailand | 0 | 0 | 1/ | 0 | 16 |
| All other | 905 | 2,038 | 566 | 904 | 68 |
| Total | 22,552 | 18,559 | 18,282 | 11,331 | 10,094 |
| GSP Total 2/ | 916 | 11,010 | 1,771 | 1,163 | 3,412 |
| GSP+4 2/ | 3,068 | 14,812 | 15,068 | 6,914 | 7,223 |
| | Percent | | | | |
| Korea | 8.3 | 18.4 | 69.0 | 39.8 | 31.2 |
| Costa Rica | .0 | 44.9 | .5 | 2.5 | 30.2 |
| France | 14.2 | 12.3 | 8.9 | 21.4 | 15.8 |
| Canada | 58.0 | .8 | 2.6 | 4.1 | 7.1 |
| Taiwan | .6 | 1.3 | 3.7 | 10.5 | 6.5 |
| United Kingdom | 4.0 | .8 | 1.0 | 1.5 | 1.8 |
| Israel | 1.4 | 1/ | .3 | .8 | 1.6 |
| India | .1 | 1/ | .0 | .8 | 1.4 |
| West Germany | 3.6 | 1.6 | 1.4 | 1.3 | 1.0 |
| Switzerland | 1.1 | 2.3 | .8 | .7 | 1.0 |
| Japan | 1.4 | 1.1 | 1.1 | 1.3 | .8 |
| Mexico | 2.3 | 4.8 | 7.6 | 6.1 | .4 |
| China | .7 | .5 | .0 | .6 | .3 |
| Netherlands | .3 | 1/ | .1 | .5 | .2 |
| Thailand | .0 | .0 | 1/ | .0 | .2 |
| All other | 4.0 | 11.0 | 3.1 | 8.0 | .7 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/ | 4.1 | 59.3 | 9.7 | 10.3 | 33.8 |
| GSP+4 2/ | 13.6 | 79.8 | 82.4 | 61.0 | 71.6 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
85479000

Digest Title: Other insulating fittings and electrical conduit
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada........... | 10,790 | 14,428 | 11,814 | 15,362 | 18,568 |
| Mexico........... | 6,568 | 8,880 | 6,472 | 5,542 | 7,155 |
| Saudi Arabia..... | 12,239 | 5,343 | 2,275 | 1,503 | 4,340 |
| United Kingdom... | 1,225 | 1,065 | 955 | 1,201 | 1,944 |
| Japan............ | 1,565 | 2,123 | 2,572 | 1,151 | 1,562 |
| Singapore........ | 1,238 | 1,055 | 594 | 326 | 1,026 |
| Korea............ | 3,177 | 900 | 341 | 856 | 934 |
| West Germany..... | 1,355 | 978 | 563 | 661 | 908 |
| Italy............ | 441 | 595 | 449 | 943 | 736 |
| Venezuela........ | 563 | 1,152 | 881 | 254 | 731 |
| Thailand......... | 393 | 320 | 428 | 59 | 612 |
| Egypt............ | 2,162 | 374 | 165 | 334 | 457 |
| Trin & Tobago.... | 680 | 405 | 168 | 136 | 446 |
| Netherlands...... | 348 | 506 | 324 | 173 | 418 |
| Philippines...... | 347 | 408 | 402 | 284 | 393 |
| All other........ | 7,655 | 11,993 | 5,048 | 7,218 | 5,004 |
| Total.......... | 50,746 | 50,525 | 33,451 | 36,003 | 45,233 |
| GSP Total 1/.. | 15,336 | 20,351 | 11,619 | 11,492 | 12,657 |
| GSP+4 1/...... | 20,101 | 22,798 | 12,917 | 13,567 | 15,145 |
| | Percent | | | | |
| Canada........... | 21.3 | 28.6 | 35.3 | 42.7 | 41.0 |
| Mexico........... | 12.9 | 17.6 | 19.3 | 15.4 | 15.8 |
| Saudi Arabia..... | 24.1 | 10.6 | 6.8 | 4.2 | 9.6 |
| United Kingdom... | 2.4 | 2.1 | 2.9 | 3.3 | 4.3 |
| Japan............ | 3.1 | 4.2 | 7.7 | 3.2 | 3.5 |
| Singapore........ | 2.4 | 2.1 | 1.8 | .9 | 2.3 |
| Korea............ | 6.3 | 1.8 | 1.0 | 2.4 | 2.1 |
| West Germany..... | 2.7 | 1.9 | 1.7 | 1.8 | 2.0 |
| Italy............ | .9 | 1.2 | 1.3 | 2.6 | 1.6 |
| Venezuela........ | 1.1 | 2.3 | 2.6 | .7 | 1.6 |
| Thailand......... | .8 | .6 | 1.3 | .2 | 1.4 |
| Egypt............ | 4.3 | .7 | .5 | .9 | 1.0 |
| Trin & Tobago.... | 1.3 | .8 | .5 | .4 | 1.0 |
| Netherlands...... | .7 | 1.0 | 1.0 | .5 | .9 |
| Philippines...... | .7 | .8 | 1.2 | .8 | .9 |
| All other........ | 15.1 | 23.7 | 15.1 | 20.0 | 11.1 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 30.2 | 40.3 | 34.7 | 31.9 | 28.0 |
| GSP+4 1/...... | 39.6 | 45.1 | 38.6 | 37.7 | 33.5 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 9008.90.40

PARTS AND ACCESSORIES OF IMAGE PROJECTORS

Digest No.
9008.90.40

Parts and Accessories of Image Projectors

## I. Introduction

Parts and accessories of image projectors: Harmonized Tariff Schedule subheading; U.S. col. 1 rate of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 9008.90.40 | 3.9% | Yes | 4,478 | Mexico | 0 | [ *** ] |

Description and uses.—This digest includes parts and accessories of non-cinematographic image projectors. The basket category represented by the single HTS subheading covered may encompass any parts or accessories of slide projectors, overhead projectors, filmstrip projectors, and microform projectors. In addition, parts of photocopying equipment are included. This equipment is generally used in office and institutional settings.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | **25-30 | **25-30 | **25-30 | **25-30 | **25-30 | - |
| Employment (1,000 employees) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) | ([3]) |
| Shipments (1,000 dollars) | **9,035 | **6,920 | **9,255 | **10,580 | **13,960 | **12 |
| Exports (1,000 dollars) | 3,866 | 3,044 | 3,979 | 4,549 | 5,863 | 11 |
| Imports (1,000 dollars) | 10,593 | 14,095 | 29,045 | 16,987 | 13,969 | 7 |
| Consumption (1,000 dollars) | **15,762 | **17,971 | **34,321 | **23,018 | **22,066 | **9 |
| Import to consumption ratio (percent) | **67 | **78 | **85 | **74 | **63 | **-2 |
| Capacity utilization (percent) | 77 | 71 | 71 | 71 | 73 | -1 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.
[3]Not available.

Comment.—There is no "parts-and-accessories-for-image-projectors" industry per se in the United States. Domestic producers of image projectors either supply their own parts, or work closely with contract suppliers in the United States and around the world, utilizing the "global factory" concept. These component suppliers are selected on the basis of the unique skills they offer which the machine producers do not have. They furnish a wide array of products, ranging from piece parts to sub-assemblies.

## III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 4,478 | 100 | - | **63 |
| Imports from GSP countries: | | | | |
| Total | 6 | ([2]) | 100 | **([2]) |
| Israel[3] | 6 | ([2]) | 100 | **([2]) |
| Mexico | 0 | 0 | 0 | **([2]) |

[1]Import-to-consumption ratios are based on 1988 data.
[2]Less than .01 percent.
[3]These imports entered duty free but it is not known whether they came in under provisions of the GSP or the United States-Israel Free-Trade Area Implementation Act of 1985.

## IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, January-September 1989................ ([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?....................... ___
  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?...................... ___
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 ___

[1]There were no U.S. imports of digest products from Mexico for the January-September 1989 period.

## V. Position of interested parties

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty-free.

[Probable economic effect advice deleted.]

Table I.

Digest No.
90089040

Digest Title: Parts and accessories of image projectors
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan............ | 8,947 | 11,834 | 24,645 | 13,109 | 10,794 |
| West Germany..... | 443 | 421 | 808 | 724 | 631 |
| Netherlands...... | 199 | 636 | 1,233 | 1,142 | 611 |
| United Kingdom... | 206 | 252 | 504 | 557 | 430 |
| Korea............ | 52 | 73 | 400 | 259 | 382 |
| France........... | 6 | 112 | 207 | 251 | 350 |
| Canada........... | 495 | 413 | 395 | 484 | 275 |
| Mexico........... | 52 | 56 | 76 | 52 | 86 |
| Hong Kong........ | 28 | 22 | 56 | 59 | 81 |
| China............ | 0 | 1 | 1 | 2 | 80 |
| Italy............ | 38 | 32 | 135 | 48 | 47 |
| Taiwan........... | 23 | 43 | 117 | 53 | 41 |
| Belgium.......... | 19 | 12 | 56 | 58 | 30 |
| Denmark.......... | 17 | 26 | 36 | 24 | 27 |
| Austria.......... | 14 | 2 | 8 | 6 | 25 |
| All other........ | 55 | 160 | 368 | 159 | 79 |
| Total.......... | 10,593 | 14,095 | 29,045 | 16,987 | 13,969 |
| GSP Total 2/.. | 58 | 135 | 205 | 86 | 116 |
| GSP+4 2/...... | 171 | 280 | 786 | 460 | 624 |
| | Percent | | | | |
| Japan............ | 84.5 | 84.0 | 84.9 | 77.2 | 77.3 |
| West Germany..... | 4.2 | 3.0 | 2.8 | 4.3 | 4.5 |
| Netherlands...... | 1.9 | 4.5 | 4.2 | 6.7 | 4.4 |
| United Kingdom... | 1.9 | 1.8 | 1.7 | 3.3 | 3.1 |
| Korea............ | .5 | .5 | 1.4 | 1.5 | 2.7 |
| France........... | .1 | .8 | .7 | 1.5 | 2.5 |
| Canada........... | 4.7 | 2.9 | 1.4 | 2.8 | 2.0 |
| Mexico........... | .5 | .4 | .3 | .3 | .6 |
| Hong Kong........ | .3 | .2 | .2 | .3 | .6 |
| China............ | .0 | 1/ | 1/ | 1/ | .6 |
| Italy............ | .4 | .2 | .5 | .3 | .3 |
| Taiwan........... | .2 | .3 | .4 | .3 | .3 |
| Belgium.......... | .2 | .1 | .2 | .3 | .2 |
| Denmark.......... | .2 | .2 | .1 | .1 | .2 |
| Austria.......... | .1 | 1/ | 1/ | 1/ | .2 |
| All other........ | .5 | 1.1 | 1.3 | .9 | .6 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | .5 | 1.0 | .7 | .5 | .8 |
| GSP+4 2/...... | 1.6 | 2.0 | 2.7 | 2.7 | 4.5 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
90089040

Digest Title: Parts and accessories of image projectors
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan............ | 373 | 284 | 403 | 542 | 652 |
| Canada........... | 448 | 498 | 777 | 597 | 637 |
| United Kingdom... | 536 | 351 | 389 | 537 | 613 |
| West Germany..... | 408 | 281 | 553 | 523 | 578 |
| China............ | 42 | 41 | 67 | 23 | 419 |
| France........... | 106 | 86 | 215 | 324 | 280 |
| Mexico........... | 161 | 146 | 87 | 91 | 233 |
| New Zealand...... | 12 | 28 | 27 | 157 | 224 |
| Italy............ | 43 | 36 | 61 | 66 | 206 |
| Korea............ | 16 | 25 | 25 | 67 | 130 |
| Netherlands...... | 232 | 35 | 82 | 175 | 123 |
| Hong Kong........ | 106 | 230 | 70 | 97 | 114 |
| Saudi Arabia..... | 106 | 51 | 12 | 4 | 95 |
| Australia........ | 102 | 132 | 135 | 158 | 93 |
| Singapore........ | 34 | 17 | 32 | 115 | 84 |
| All other........ | 1,161 | 803 | 1,045 | 1,074 | 1,383 |
| Total.......... | 3,886 | 3,044 | 3,979 | 4,549 | 5,863 |
| GSP Total 1/.. | 713 | 605 | 758 | 511 | 828 |
| GSP+4 1/...... | 883 | 909 | 903 | 830 | 1,197 |
| | Percent | | | | |
| Japan............ | 9.6 | 9.3 | 10.1 | 11.9 | 11.1 |
| Canada........... | 11.5 | 16.4 | 19.5 | 13.1 | 10.9 |
| United Kingdom... | 13.8 | 11.5 | 9.8 | 11.8 | 10.4 |
| West Germany..... | 10.5 | 9.2 | 13.9 | 11.5 | 9.9 |
| China............ | 1.1 | 1.3 | 1.7 | .5 | 7.1 |
| France........... | 2.7 | 2.8 | 5.4 | 7.1 | 4.8 |
| Mexico........... | 4.1 | 4.8 | 2.2 | 2.0 | 4.0 |
| New Zealand...... | .3 | .9 | .7 | 3.4 | 3.8 |
| Italy............ | 1.1 | 1.2 | 1.5 | 1.4 | 3.5 |
| Korea............ | .4 | .8 | .6 | 1.5 | 2.2 |
| Netherlands...... | 6.0 | 1.1 | 2.1 | 3.8 | 2.1 |
| Hong Kong........ | 2.7 | 7.6 | 1.8 | 2.1 | 1.9 |
| Saudi Arabia..... | 2.7 | 1.7 | .3 | .1 | 1.6 |
| Australia........ | 2.6 | 4.3 | 3.4 | 3.5 | 1.6 |
| Singapore........ | .9 | .5 | .8 | 2.5 | 1.4 |
| All other........ | 29.9 | 26.4 | 26.3 | 23.6 | 23.6 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 18.3 | 19.9 | 19.1 | 11.2 | 14.1 |
| GSP+4 1/...... | 22.7 | 29.9 | 22.7 | 18.3 | 20.4 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 9009.90.00

PARTS OF ELECTROSTATIC COPIERS

# Parts of Electrostatic Copiers

## I. Introduction

Parts of electrostatic copiers: Harmonized Tariff Schedule subheading; U.S. col. 1 rate of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 9009.90.00 | 3.9% | Yes | 757,539 | Mexico | 1,272 | [***] |

Description and uses.--This digest covers parts of electrostatic copiers. Electrostatic copiers are a common type of copier manufactured for business and government use.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | **40 | **40 | **40 | **40 | **40 | - |
| Employment (1,000 employees) | **8 | **8 | **8 | **7 | **7 | **-3 |
| Shipments (million dollars) | **1,343 | **1,370 | **1,379 | **1,542 | **1,697 | **6 |
| Exports (million dollars) | 345 | 250 | 273 | 282 | 315 | **-2 |
| Imports (million dollars) | 259 | 320 | 545 | 717 | 963 | 39 |
| Consumption (million dollars) | **1,257 | **1,440 | **1,651 | **1,977 | **2,345 | **17 |
| Import to consumption ratio (percent) | **27 | **22 | **31 | **36 | **41 | **11 |
| Capacity utilization (percent) | **71 | **71 | **71 | **73 | **75 | **1 |

[1] Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Effect Advice", p. 5.
[2] This figure represents the average annual rate of change during 1984-1988.

Comment.--The U.S. industry producing electrostatic copiers, frequently called plain paper copiers, is highly concentrated with only a few firms accounting for the bulk of the value of U.S. shipments. While the U.S. firms produce some of the parts, the parts for electrostatic copiers are not totally vertically integrated. As a result, parts and subassemblies are manufactured by countless third party suppliers and importers who meet specific standards required by the firms.

While there are countless suppliers located around the world, the majority of parts are imported from Japan. U.S. imports from Japan grew from $191 million in 1984 to $655 million in 1988.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 757,539 | 100 | - | **41 |
| Imports from GSP countries: | | | | |
| Total | 8,329 | 7 | 100 | **([2]) |
| Brazil | 6,923 | 1 | 83 | **([2]) |
| Mexico | 1,272 | ([2]) | 15 | **([2]) |

[1]Import-to-consumption ratios based on 1988 data.
[2]Less than 0.5 percent.

IV. Competitiveness profiles

Competitiveness indicators for Mexico for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 15 |
| 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 __ 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 __ |

V. Position of interested parties

Support.--The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty free.

[Probable economic effect advice deleted.]

Table I.

Digest No.
90099000

Digest Title: Parts of electrostatic copiers
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan............ | 191,414 | 245,877 | 402,740 | 512,222 | 655,965 |
| Canada........... | 20,492 | 20,354 | 48,716 | 83,754 | 119,170 |
| Netherlands...... | 11,095 | 15,611 | 30,993 | 46,676 | 44,724 |
| France........... | 1,574 | 2,913 | 6,610 | 16,347 | 38,197 |
| United Kingdom... | 7,273 | 9,980 | 12,579 | 17,029 | 31,423 |
| West Germany..... | 8,087 | 7,826 | 13,530 | 19,307 | 30,978 |
| Korea............ | 7,877 | 5,152 | 7,148 | 9,008 | 14,543 |
| Brazil........... | 19 | 78 | 176 | 1,049 | 6,178 |
| Taiwan........... | 1,983 | 1,984 | 3,776 | 1,984 | 6,120 |
| Belgium.......... | 743 | 563 | 1,402 | 1,466 | 3,188 |
| Mexico........... | 3,424 | 3,004 | 6,193 | 2,271 | 3,005 |
| Singapore........ | 154 | 255 | 2,464 | 869 | 2,340 |
| Sweden........... | 279 | 766 | 493 | 1,745 | 1,647 |
| China............ | 0 | 24 | 50 | 78 | 1,366 |
| Hong Kong........ | 1,266 | 1,410 | 2,605 | 697 | 931 |
| All other........ | 3,255 | 3,807 | 5,546 | 2,889 | 3,064 |
| Total.......... | 258,935 | 319,604 | 545,021 | 717,385 | 962,839 |
| GSP Total.... | 3,765 | 3,858 | 7,098 | 3,977 | 9,634 |
| GSP+4........ | 15,045 | 12,659 | 23,091 | 16,530 | 33,568 |
| | Percent | | | | |
| Japan............ | 73.9 | 76.9 | 73.9 | 71.4 | 68.1 |
| Canada........... | 7.9 | 6.4 | 8.9 | 11.7 | 12.4 |
| Netherlands...... | 4.3 | 4.9 | 5.7 | 6.5 | 4.6 |
| France........... | .6 | .9 | 1.2 | 2.3 | 4.0 |
| United Kingdom... | 2.8 | 3.1 | 2.3 | 2.4 | 3.3 |
| West Germany..... | 3.1 | 2.4 | 2.5 | 2.7 | 3.2 |
| Korea............ | 3.0 | 1.6 | 1.3 | 1.3 | 1.5 |
| Brazil........... | 1/ | 1/ | 1/ | .1 | .6 |
| Taiwan........... | .8 | .6 | .7 | .3 | .6 |
| Belgium.......... | .3 | .2 | .3 | .2 | .3 |
| Mexico........... | 1.3 | .9 | 1.1 | .3 | .3 |
| Singapore........ | .1 | .1 | .5 | .1 | .2 |
| Sweden........... | .1 | .2 | .1 | .2 | .2 |
| China............ | .0 | 1/ | 1/ | 1/ | .1 |
| Hong Kong........ | .5 | .4 | .5 | .1 | .1 |
| All other........ | 1.3 | 1.2 | 1.0 | .4 | .3 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total.... | 1.5 | 1.2 | 1.3 | .6 | 1.0 |
| GSP+4........ | 5.8 | 4.0 | 4.2 | 2.3 | 3.5 |

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 No.
90099000

Digest Title: Parts of electrostatic copiers
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| West Germany..... | 47,589 | 48,494 | 49,829 | 62,652 | 63,251 |
| Canada........... | 53,133 | 44,973 | 53,867 | 59,342 | 61,881 |
| Netherlands...... | 124,892 | 31,222 | 29,672 | 46,245 | 56,414 |
| France........... | 24,387 | 29,152 | 38,204 | 27,060 | 31,128 |
| Mexico........... | 15,529 | 17,547 | 14,303 | 14,380 | 26,555 |
| United Kingdom... | 33,188 | 20,189 | 20,044 | 21,861 | 19,703 |
| Japan............ | 8,123 | 16,619 | 19,543 | 15,127 | 15,665 |
| Brazil........... | 7,798 | 6,456 | 5,384 | 7,029 | 8,799 |
| Singapore........ | 953 | 3,465 | 4,479 | 791 | 4,348 |
| Venezuela........ | 1,019 | 2,613 | 4,142 | 2,659 | 2,894 |
| Korea............ | 477 | 2,745 | 2,187 | 1,423 | 2,630 |
| Australia........ | 3,319 | 3,060 | 2,765 | 1,353 | 2,112 |
| Argentina........ | 1,867 | 1,950 | 2,395 | 1,954 | 1,902 |
| Hong Kong........ | 823 | 1,053 | 523 | 1,027 | 1,530 |
| Sweden........... | 1,473 | 2,393 | 8,505 | 1,865 | 1,320 |
| All other........ | 20,265 | 18,063 | 17,631 | 16,921 | 14,878 |
| Total.......... | 344,835 | 249,993 | 273,472 | 281,688 | 315,012 |
| GSP Total.... | 35,070 | 38,921 | 34,929 | 35,356 | 47,702 |
| GSP+4........ | 37,839 | 47,401 | 42,920 | 39,023 | 57,050 |
| | Percent | | | | |
| West Germany..... | 13.8 | 19.4 | 18.2 | 22.2 | 20.1 |
| Canada........... | 15.4 | 18.0 | 19.7 | 21.1 | 19.6 |
| Netherlands...... | 36.2 | 12.5 | 10.9 | 16.4 | 17.9 |
| France........... | 7.1 | 11.7 | 14.0 | 9.6 | 9.9 |
| Mexico........... | 4.5 | 7.0 | 5.2 | 5.1 | 8.4 |
| United Kingdom... | 9.6 | 8.1 | 7.3 | 7.8 | 6.3 |
| Japan............ | 2.4 | 6.6 | 7.1 | 5.4 | 5.0 |
| Brazil........... | 2.3 | 2.6 | 2.0 | 2.5 | 2.8 |
| Singapore........ | .3 | 1.4 | 1.6 | .3 | 1.4 |
| Venezuela........ | .3 | 1.0 | 1.5 | .9 | .9 |
| Korea............ | .1 | 1.1 | .8 | .5 | .8 |
| Australia........ | 1.0 | 1.2 | 1.0 | .5 | .7 |
| Argentina........ | .5 | .8 | .9 | .7 | .6 |
| Hong Kong........ | .2 | .4 | .2 | .4 | .5 |
| Sweden........... | .4 | 1.0 | 3.1 | .7 | .4 |
| All other........ | 5.9 | 7.2 | 6.4 | 6.0 | 4.7 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total.... | 10.2 | 15.6 | 12.8 | 12.6 | 15.1 |
| GSP+4........ | 11.0 | 19.0 | 15.7 | 13.9 | 18.1 |

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. 9013.20.00

CERTAIN LASERS

# Certain Lasers

## I. Introduction

Certain lasers: Harmonized Tariff Schedule subheading; U.S. col. 1 rate of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 9013.20.00 | 3.9 | Yes | 18,817 | Mexico | 20 | [ *** ] |

Description and uses.—This digest covers all lasers except semiconductor lasers. A laser is a device that produces an intense beam of light which is generally far more directional, powerful, and coherent than that from any other light sources. Lasers are used in a variety of scientific, medical, industrial, and military applications including microsurgery, spectroscopy, information storage and retrieval, video disk recording, automatic scanning, sensing, printing, weaponry, and materials processing, cutting, and welding. The products covered in this digest include only the laser component used in laser systems and not the systems themselves.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number)........................ | *18 | *19 | *21 | *20 | *18 | - |
| Employment (thousand employees)........... | **2 | **2 | **2 | **2 | **2 | - |
| Shipments (million dollars)............... | *105 | **104 | **110 | **115 | **125 | **4 |
| Exports (million dollars)................. | 18 | 17 | 17 | 22 | 30 | 14 |
| Imports (million dollars)................. | **15 | **15 | **16 | **19 | **25 | **14 |
| Consumption (million dollars)............. | **102 | *102 | **109 | **112 | **120 | **4 |
| Import to consumption ratio (percent)..... | **19 | **19 | **15 | **17 | **21 | **3 |
| Capacity utilization (percent)............ | **80 | **80 | **80 | **80 | **80 | - |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.

Comment.—Compared to larger, more integrated competitors in the EC and Japan, U.S. firms constitute a more fragmented industry. Although the two larger U.S. firms have somewhat vertically integrated operations, the remaining firms primarily supply laser components to larger military and industrial systems producers. In the past several years, very low profit margins have led some smaller U.S. producers to exit the market. Other firms have been acquired by larger companies, including West German and Japanese firms. The successful U.S. firms have found niches to serve in the U.S. and important foreign markets. U.S. imports of lasers are supplied primarily by West Germany, Canada, Japan, and the United Kingdom. Several U.S. firms have established assembly facilities in developing countries such as Malaysia and Mexico to take advantage of lower wage costs and preferential duty treatment under HTS subheading 9802.00.80 upon entry of the assembled goods into the United States. However, such offshore activity is still insignificant in relationship to overall trade. There are no major differences in the prices and quality of lasers supplied by U.S. firms or their major foreign competitors in the U.S. market. There are also no significant difference in the marketing methods or service policies of these firms.

## III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 18,817 | 100 | - | **21 |
| Imports from GSP countries: | | | | |
| Total | 277 | 1 | 100 | **([2]) |
| Israel [3] | 218 | 1 | 79 | **([2]) |
| Malaysia | 39 | ([2]) | 14 | ([2]) |
| Mexico | 20 | ([2]) | 7 | ([2]) |

[1] Import-to-consumption ratios are based on 1988 data.
[2] Less than 0.5 percent.
[3] Although imports of lasers from Israel are eligible for duty-free entry under GSP, imports of this item during January-September 1989 from Israel entered duty-free under the provision of the United States Free Trade Area Implementation Act of 1985.

## IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, January-September 1989................. 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 __

## V. Position of interested parties

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty-free.

[Probable economic effect advice deleted.]

Table I.

Certain lasers
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | | | Value (1,000 dollars) | | |
| West Germany | 6,946 | 7,191 | 7,200 | 8,740 | 11,500 |
| Canada | 3,322 | 3,213 | 3,680 | 4,180 | 5,750 |
| Japan | 2.265 | 2,448 | 2,240 | 2,660 | 3,500 |
| United Kingdom | 1,359 | 1,224 | 1,600 | 1,900 | 2,250 |
| Australia | 604 | 612 | 480 | 760 | 1,000 |
| Israel | 151 | 153 | 320 | 190 | 250 |
| Switzerland | 121 | 138 | 114 | 152 | 200 |
| Netherlands | 91 | 77 | 110 | 114 | 150 |
| Sweden | 60 | 61 | 80 | 76 | 100 |
| France | 33 | 33 | 48 | 59 | 53 |
| Malaysia | 31 | 32 | 34 | 55 | 51 |
| Mexico | 29 | 31 | 30 | 36 | 50 |
| Taiwan | 28 | 30 | 18 | 21 | 49 |
| Italy | 27 | 28 | 17 | 20 | 47 |
| China | 18 | 15 | 15 | 19 | 26 |
| All other | 15 | 14 | 15 | 18 | 24 |
| Total | 15,100 | 15,300 | 16,000 | 19,000 | 25,000 |
| GSP Total[1] | 211 | 216 | 384 | 281 | 351 |
| GSP+4[1] | 248 | 256 | 408 | 307 | 403 |
| | | | Percent | | |
| West Germany | 46.0 | 47.0 | 45.0 | 46.0 | 46.0 |
| Canada | 22.0 | 21.0 | 23.0 | 22.0 | 23.0 |
| Japan | 15.0 | 16.0 | 14.0 | 14.0 | 14.0 |
| United Kingdom | 9.0 | 8.0 | 10.0 | 10.0 | 9.0 |
| Australia | 4.0 | 4.0 | 3.0 | 4.0 | 4.0 |
| Israel | 1.0 | 1.0 | 2.0 | 1.0 | 1.0 |
| Switzerland | 0.8 | 0.9 | 0.7 | 0.8 | 0.8 |
| Netherlands | 0.6 | 0.5 | 0.7 | 0.6 | 0.6 |
| Sweden | 0.4 | 0.4 | 0.5 | 0.4 | 0.4 |
| France | 0.2 | 0.2 | 0.3 | 0.3 | 0.2 |
| Malaysia | 0.2 | 0.2 | 0.2 | 0.3 | 0.2 |
| Mexico | 0.2 | 0.2 | 0.2 | 0.3 | 0.2 |
| Taiwan | 0.2 | 0.2 | 0.1 | 0.1 | 0.2 |
| Italy | 0.2 | 0.2 | 0.1 | 0.1 | 0.2 |
| China | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| All other | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total[1] | 1.4 | 1.4 | 2.4 | 1.5 | 1.4 |
| GSP+4[1] | 1.6 | 1.7 | 2.6 | 1.6 | 1.6 |

[1]This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
90132000

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

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada........... | 3,377 | 2,772 | 2,439 | 3,439 | 5,065 |
| Mexico........... | 982 | 1,211 | 1,152 | 1,775 | 3,781 |
| Japan............ | 1,546 | 1,864 | 2,208 | 2,303 | 3,080 |
| United Kingdom... | 1,792 | 1,806 | 1,710 | 1,833 | 1,950 |
| West Germany..... | 1,920 | 1,536 | 1,496 | 1,764 | 1,888 |
| Korea............ | 383 | 637 | 676 | 1,185 | 1,705 |
| Taiwan........... | 563 | 472 | 592 | 890 | 1,690 |
| Hong Kong........ | 412 | 313 | 275 | 727 | 1,069 |
| France........... | 856 | 891 | 768 | 854 | 920 |
| Italy............ | 349 | 361 | 421 | 588 | 901 |
| Singapore........ | 414 | 412 | 499 | 491 | 795 |
| Israel........... | 543 | 410 | 458 | 592 | 687 |
| Australia........ | 357 | 294 | 276 | 318 | 500 |
| Netherlands...... | 354 | 403 | 340 | 424 | 402 |
| Saudi Arabia..... | 679 | 509 | 347 | 323 | 385 |
| All other........ | 3,571 | 3,083 | 3,415 | 4,191 | 5,355 |
| Total.......... | 18,100 | 16,974 | 17,072 | 21,697 | 30,175 |
| GSP Total 1/.. | 3,144 | 2,977 | 3,128 | 4,481 | 7,526 |
| GSP+4 1/...... | 4,916 | 4,811 | 5,171 | 7,773 | 12,785 |
| | Percent | | | | |
| Canada........... | 18.7 | 16.3 | 14.3 | 15.9 | 16.8 |
| Mexico........... | 5.4 | 7.1 | 6.7 | 8.2 | 12.5 |
| Japan............ | 8.5 | 11.0 | 12.9 | 10.6 | 10.2 |
| United Kingdom... | 9.9 | 10.6 | 10.0 | 8.4 | 6.5 |
| West Germany..... | 10.6 | 9.0 | 8.8 | 8.1 | 6.3 |
| Korea............ | 2.1 | 3.8 | 4.0 | 5.5 | 5.7 |
| Taiwan........... | 3.1 | 2.8 | 3.5 | 4.1 | 5.6 |
| Hong Kong........ | 2.3 | 1.8 | 1.6 | 3.3 | 3.5 |
| France........... | 4.7 | 5.2 | 4.5 | 3.9 | 3.1 |
| Italy............ | 1.9 | 2.1 | 2.5 | 2.7 | 3.0 |
| Singapore........ | 2.3 | 2.4 | 2.9 | 2.3 | 2.6 |
| Israel........... | 3.0 | 2.4 | 2.7 | 2.7 | 2.3 |
| Australia........ | 2.0 | 1.7 | 1.6 | 1.5 | 1.7 |
| Netherlands...... | 2.0 | 2.4 | 2.0 | 2.0 | 1.3 |
| Saudi Arabia..... | 3.8 | 3.0 | 2.0 | 1.5 | 1.3 |
| All other........ | 19.7 | 18.2 | 20.0 | 19.3 | 17.7 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 17.4 | 17.5 | 18.3 | 20.7 | 24.9 |
| GSP+4 1/...... | 27.2 | 28.3 | 30.3 | 35.8 | 42.4 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 9018.39.00

CERTAIN MEDICAL GOODS

# Certain Medical Goods[1]

## I. Introduction

Certain Medical Goods: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 1, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 9018.39.00 | 4.2 | Yes | 69,463 | Mexico | 17,378 | [ *** ] |
| 9021.90.80 | 3.9 | Yes | 3,656 | Mexico | 915 | [ *** ] |

Description and uses.—This digest covers catheters, bougies, drains, sondes, cannulae and similar articles; prosthetic articles not specifically provided for; and parts and accessories thereof. Catheters, bougies, drains, sondes, and cannulae are typically used for transferring various fluids into and out of bodily cavities. Prosthetic articles are appliances which are worn or carried or implanted in the body, to compensate for a defect or disability. All prosthetic articles except artificial teeth and dental fittings, hearing aids, and pacemakers are covered in this digest.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | **140 | **140 | **140 | **137 | **138 | **([3]) |
| Employment (thousand employees) | **11 | **11 | **11 | **11 | **11 | **([3]) |
| Shipments (million dollars) | **800 | **850 | **1,050 | **1,200 | **1,400 | **15 |
| Exports (million dollars) | 214 | 232 | 308 | 380 | 483 | 23 |
| Imports (million dollars) | 30 | 41 | 55 | 75 | 95 | 34 |
| Consumption (million dollars) | **615 | **659 | **796 | **894 | **1,012 | **13 |
| Import to consumption ratio (percent) | **5 | **6 | **7 | **8 | **9 | **15 |
| Capacity utilization (percent) | **75 | *76 | *76 | *77 | **78 | **1 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.
[3]Less than 0.5 percent.

Comment.—The U.S. medical goods industry is relatively strong domestically and internationally. However, increasing price competition in the U.S. market during the past 5 years has led to some consolidation and exit from the industry of less competitive producers. [ *** ]. The larger firms have established assembly operations in developing countries such as Mexico, Malaysia, and Singapore to take advantage of lower wage costs there. After assembly, the products enter the United States at reduced duty rates under HTS subheading 9802.00.80. Such operations have enabled U.S. firms to withstand competition from major foreign suppliers of similar quality products from Japan and the EC.

[1]This digest includes the following HTS subheadings: 9018.39.00 and 9021.90.80.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 73,119 | 100 | - | **9 |
| Imports from GSP countries: | | | | |
| Total | 27,898 | 38 | 100 | **4 |
| Mexico | 18,293 | 25 | 66 | **2 |
| Malaysia | 4,941 | 7 | 18 | **1 |
| Thailand | 1,900 | 3 | 7 | **([2]) |
| Israel [3] | 1,325 | 2 | 5 | **([2]) |

[1]Import-to-consumption ratios based on 1988 data.
[2]Less than 0.5 percent.
[3]Although imports of the medical goods covered in this digest from Israel are eligible for duty-free entry under the GSP, imports of these items in January-September 1989 from Israel entered duty-free under the provisions of the United States Free Trade Area Implementation Act of 1985.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, January-September 1989................ 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 __ 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.--Because much of the production of medical equipment in Mexico uses U.S.-made components and involves relatively labor intensive operations, these products generally are less expensive than similar products produced in the United States. As a result of this cost advantage, an increasing number of U.S. medical device producers have established operations in Mexico to produce such goods.

V. Position of interested parties

Support.--The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty-free.

[Probable economic effect advice deleted.]

Table I.

Digest No. 90183900

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

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Mexico........... | 15,672 | 20,434 | 20,291 | 27,506 | 24,991 |
| Ireland.......... | 1,477 | 7,078 | 10,307 | 14,636 | 12,470 |
| Japan............ | 2,786 | 5,458 | 8,412 | 8,249 | 11,969 |
| Dominican Rep.... | 1/ | 0 | 0 | 1,154 | 10,861 |
| Malaysia......... | 529 | 1,145 | 2,747 | 3,955 | 6,054 |
| Italy............ | 296 | 107 | 1,089 | 1,924 | 4,906 |
| West Germany..... | 2,375 | 1,758 | 2,477 | 2,763 | 4,715 |
| France........... | 792 | 765 | 1,147 | 955 | 3,771 |
| United Kingdom... | 1,844 | 1,768 | 2,460 | 3,453 | 2,931 |
| Israel........... | 0 | 0 | 1,242 | 2,166 | 2,343 |
| Denmark.......... | 2,182 | 981 | 1,030 | 1,406 | 1,695 |
| Costa Rica....... | 0 | 0 | 0 | 0 | 1,461 |
| Canada........... | 1,218 | 538 | 838 | 1,801 | 1,451 |
| Netherlands...... | 8 | 61 | 362 | 3,020 | 1,094 |
| Singapore........ | 29 | 165 | 9 | 33 | 1,094 |
| All other........ | 727 | 854 | 2,205 | 1,772 | 3,379 |
| Total.......... | 29,936 | 41,115 | 54,616 | 74,793 | 95,184 |
| GSP Total 2/.. | 16,217 | 21,641 | 24,321 | 34,868 | 45,750 |
| GSP+4 2/...... | 16,349 | 21,900 | 24,433 | 35,155 | 47,382 |
| | Percent | | | | |
| Mexico........... | 52.4 | 49.7 | 37.2 | 36.8 | 26.3 |
| Ireland.......... | 4.9 | 17.2 | 18.9 | 19.6 | 13.1 |
| Japan............ | 9.3 | 13.3 | 15.4 | 11.0 | 12.6 |
| Dominican Rep.... | 1/ | .0 | .0 | 1.5 | 11.4 |
| Malaysia......... | 1.8 | 2.8 | 5.0 | 5.3 | 6.4 |
| Italy............ | 1.0 | .3 | 2.0 | 2.6 | 5.2 |
| West Germany..... | 7.9 | 4.3 | 4.5 | 3.7 | 5.0 |
| France........... | 2.6 | 1.9 | 2.1 | 1.3 | 4.0 |
| United Kingdom... | 6.2 | 4.3 | 4.5 | 4.6 | 3.1 |
| Israel........... | .0 | .0 | 2.3 | 2.9 | 2.5 |
| Denmark.......... | 7.3 | 2.4 | 1.9 | 1.9 | 1.8 |
| Costa Rica....... | .0 | .0 | .0 | .0 | 1.5 |
| Canada........... | 4.1 | 1.3 | 1.5 | 2.4 | 1.5 |
| Netherlands...... | 1/ | .1 | .7 | 4.0 | 1.1 |
| Singapore........ | .1 | .4 | 1/ | 1/ | 1.1 |
| All other........ | 2.4 | 2.1 | 4.0 | 2.4 | 3.5 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 54.2 | 52.6 | 44.5 | 46.6 | 48.1 |
| GSP+4 2/...... | 54.6 | 53.3 | 44.7 | 47.0 | 49.8 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
90183900

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

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan............ | 31,033 | 37,066 | 47,540 | 59,855 | 72,364 |
| Canada........... | 30,430 | 31,836 | 36,273 | 54,201 | 54,955 |
| Mexico........... | 7,434 | 11,810 | 29,458 | 36,222 | 40,434 |
| West Germany..... | 14,801 | 15,766 | 21,142 | 24,244 | 36,127 |
| France........... | 8,593 | 11,250 | 15,804 | 23,027 | 35,481 |
| Netherlands...... | 12,898 | 16,267 | 25,204 | 28,434 | 30,982 |
| Ireland.......... | 12,321 | 10,659 | 15,748 | 19,540 | 29,987 |
| United Kingdom... | 15,753 | 16,356 | 21,285 | 24,594 | 28,715 |
| Italy............ | 4,509 | 5,802 | 9,233 | 13,349 | 18,497 |
| Australia........ | 10,972 | 10,606 | 11,164 | 12,251 | 13,713 |
| Belgium.......... | 7,598 | 8,576 | 12,209 | 11,980 | 13,579 |
| Hong Kong........ | 2,852 | 3,275 | 4,182 | 5,299 | 9,065 |
| Venezuela........ | 2,882 | 2,993 | 3,947 | 5,963 | 8,944 |
| Spain............ | 2,468 | 2,389 | 2,884 | 4,355 | 8,166 |
| Dominican Rep.... | 103 | 275 | 217 | 1,503 | 7,148 |
| All other........ | 49,810 | 47,040 | 51,951 | 55,523 | 74,725 |
| Total.......... | 214,458 | 231,965 | 308,241 | 380,339 | 482,880 |
| GSP Total 2/.. | 27,441 | 34,049 | 54,148 | 66,408 | 86,561 |
| GSP+4 2/...... | 36,115 | 43,045 | 65,168 | 80,020 | 107,198 |
| | Percent | | | | |
| Japan............ | 14.5 | 16.0 | 15.4 | 15.7 | 15.0 |
| Canada........... | 14.2 | 13.7 | 11.8 | 14.3 | 11.4 |
| Mexico........... | 3.5 | 5.1 | 9.6 | 9.5 | 8.4 |
| West Germany..... | 6.9 | 6.8 | 6.9 | 6.4 | 7.5 |
| France........... | 4.0 | 4.8 | 5.1 | 6.1 | 7.3 |
| Netherlands...... | 6.0 | 7.0 | 8.2 | 7.5 | 6.4 |
| Ireland.......... | 5.7 | 4.6 | 5.1 | 5.1 | 6.2 |
| United Kingdom... | 7.3 | 7.1 | 6.9 | 6.5 | 5.9 |
| Italy............ | 2.1 | 2.5 | 3.0 | 3.5 | 3.8 |
| Australia........ | 5.1 | 4.6 | 3.6 | 3.2 | 2.8 |
| Belgium.......... | 3.5 | 3.7 | 4.0 | 3.1 | 2.8 |
| Hong Kong........ | 1.3 | 1.4 | 1.4 | 1.4 | 1.9 |
| Venezuela........ | 1.3 | 1.3 | 1.3 | 1.6 | 1.9 |
| Spain............ | 1.2 | 1.0 | .9 | 1.1 | 1.7 |
| Dominican Rep.... | 1/ | .1 | .1 | .4 | 1.5 |
| All other........ | 23.2 | 20.3 | 16.9 | 14.6 | 15.5 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 12.8 | 14.7 | 17.6 | 17.5 | 17.9 |
| GSP+4 2/...... | 16.8 | 18.6 | 21.1 | 21.0 | 22.2 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 9025.11.20

LIQUID-FILLED CLINICAL THERMOMETERS

Digest No.
9025.11.20

Liquid-filled Clinical Thermometers

## I. Introduction

Liquid-filled clinical thermometers: Harmonized Tariff Schedule subheading; U.S. col. 1 rate of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 9025.11.20[1] | 17% | Yes | 4,098 | Brazil (R)[2] | 1,160 | [ *** ] |

[1]Based on trade data for January-September 1989, it is estimated that Brazil may exceed the applicable competitive need limit for this HTS subheading and may therefore become ineligible for GSP duty-free treatment.
[2]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.

Description and uses.—A liquid-filled clinical thermometer, also known as a mercury-in-glass clinical thermometer, is a device for measuring body temperature. Such thermometer consists essentially of a glass bulb, mercury, and a decal or silk screen scale on the glass stem tubing. Approximately two-third of these thermometers are purchased by medical institutions and the remainder are purchased at retail for household use.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number)................ | 4 | 4 | 3 | 3 | 2 | -11 |
| Employment (1,000 employees)...... | **615 | **540 | **515 | [ *** ] | [ *** ] | [ *** ] |
| Shipments (1,000 dollars)......... | **16,900 | **15,200 | **12,900 | [ *** ] | [ **** ] | [ *** ] |
| Exports (1,000 dollars)........... | 256 | 233 | 238 | 247 | 302 | 4 |
| Imports (1,000 dollars)........... | 1,549 | 2,715 | 4,966 | 5,789 | 6,999 | 46 |
| Consumption (1,000 dollars)....... | **18,193 | **17,682 | **17,628 | [ *** ] | [ *** ] | [ *** ] |
| Import to consumption ratio (percent)....................... | **9 | **15 | **28 | [ *** ] | [ *** ] | [ *** ] |
| Capacity utilization (percent).... | **85 | **86 | **88 | [ *** ] | [ *** ] | [ *** ] |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.

Comment.—Of the remaining two U.S. manufacturers of liquid-filled clinical thermometers, [

***

]. Although the production process is highly labor intensive, the U.S. producers and the foreign manufacturers in Brazil and in India utilize the most advanced production processes available. [

***

]. The liquid-filled clinical thermometers made in Brazil are manufactured by a [ *** ], and those produced in India are imported by the [ ***

*** ]. It is believed that [ *** ]. It is believed that the U.S. distributors of the imported thermometers have a marked price advantage over those produced in the United States, primarily because of lower production costs in the two foreign countries, and also have a notable distribution advantage, since both distributors are also major producers and distributors of a large variety of medical products in the United States.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 4,098 | 100 | - | [ *** ] |
| Imports from GSP countries: | | | | |
| Total | 3,848 | 94 | 100 | [ *** ] |
| Brazil | 1,160 | 28 | 30 | [ *** ] |
| India | 2,456 | 60 | 64 | [ *** ] |
| Colombia | 237 | 6 | 6 | [ *** ] |

[1]Imports-to-consumption ratios are based on 1988 data.

Comment.—Brazil has been found sufficiently competitive with respect to clinical thermometers and is subject to reduced competitive need limits. As a result, Brazil lost GSP eligibility for the product on July 1 1987. However, in spite of having lost GSP eligibility, U.S. imports of liquid-filled thermometers from Brazil increased 144 percent, to 2.8 million in 1988, when compared with 1987. Brazil is expected to remain a large supplier of liquid-filled clinical thermometers in 1989.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, January-September 1989................ 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 X Moderate ___ Low __
Price level compared with—
U.S. products.................................................. [ *** ]
Other foreign products......................................... [ *** ]
Quality compared with—
U.S. products.................................................. [ *** ]
Other foreign products......................................... [ *** ]

Comment.—The price level of the liquid-filled clinical thermometers imported from Brazil is higher than those imported from India [ *** ].

V. Position of interested parties

Opposition.—Florida Medical Industries, Inc. is [ *** ] clinical thermometers, and strongly opposes the redesignation of Brazil to GSP eligibility, because coupled with continuing eligibility of Indian thermometers, redesignation would cause irreparable harm to the U.S. industry producing like or directly competitive articles. They stated that over 95 percent of their revenue is derived from sale of clinical thermometers; should the company be critically injured as a result of increased imports of thermometers, they have no other product to sustain its existence.

[Probable economic effect advice deleted.]

Table I.

Digest No.
90251120

Digest Title: Liquid-filled clinical thermometers
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| India............ | 353 | 1,741 | 2,915 | 4,205 | 3,407 |
| Brazil........... | 1,003 | 821 | 1,498 | 1,127 | 2,755 |
| Taiwan........... | 18 | 15 | 28 | 38 | 289 |
| Korea............ | 0 | 0 | 27 | 0 | 148 |
| Japan............ | 94 | 86 | 264 | 317 | 136 |
| Colombia......... | 40 | 2 | 134 | 59 | 111 |
| Hong Kong........ | 25 | 0 | 34 | 17 | 71 |
| Canada........... | 5 | 0 | 0 | 2 | 55 |
| China............ | 0 | 0 | 2 | 3 | 19 |
| Poland........... | 4 | 2 | 0 | 0 | 3 |
| United Kingdom... | 2 | 0 | 10 | 4 | 2 |
| West Germany..... | 1/ | 1 | 0 | 0 | 1 |
| Panama........... | 0 | 0 | 0 | 4 | 0 |
| Sweden........... | 1 | 0 | 0 | 0 | 0 |
| Finland.......... | 2 | 0 | 0 | 0 | 0 |
| All other........ | 3 | 46 | 54 | 12 | 0 |
| Total.......... | 1,549 | 2,715 | 4,966 | 5,789 | 6,999 |
| GSP Total 2/.. | 1,395 | 2,563 | 4,547 | 5,396 | 6,274 |
| GSP+4 2/...... | 1,438 | 2,579 | 4,636 | 5,452 | 6,782 |
| | Percent | | | | |
| India............ | 22.8 | 64.1 | 58.7 | 72.6 | 48.7 |
| Brazil........... | 64.8 | 30.2 | 30.2 | 19.5 | 39.4 |
| Taiwan........... | 1.2 | .6 | .6 | .7 | 4.1 |
| Korea............ | .0 | .0 | .5 | .0 | 2.1 |
| Japan............ | 6.1 | 3.2 | 5.3 | 5.5 | 1.9 |
| Colombia......... | 2.6 | .1 | 2.7 | 1.0 | 1.6 |
| Hong Kong........ | 1.6 | .0 | .7 | .3 | 1.0 |
| Canada........... | .3 | .0 | .0 | 1/ | .8 |
| China............ | .0 | .0 | 1/ | 1/ | .3 |
| Poland........... | .3 | .1 | .0 | .0 | 1/ |
| United Kingdom... | .1 | .0 | .2 | .1 | 1/ |
| West Germany..... | 1/ | .1 | .0 | .0 | 1/ |
| Panama........... | .0 | .0 | .0 | .1 | .0 |
| Sweden........... | 1/ | .0 | .0 | .0 | .0 |
| Finland.......... | .1 | .0 | .0 | .0 | .0 |
| All other........ | .2 | 1.7 | 1.1 | .2 | .0 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 90.1 | 94.4 | 91.6 | 93.2 | 89.6 |
| GSP+4 2/...... | 92.9 | 95.0 | 93.4 | 94.2 | 96.9 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
90251120

Digest Title: Liquid-filled clinical thermometers
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada........... | 86 | 81 | 65 | 81 | 69 |
| United Kingdom... | 21 | 26 | 28 | 24 | 32 |
| Mexico........... | 27 | 21 | 16 | 7 | 27 |
| Japan............ | 14 | 13 | 11 | 12 | 23 |
| Taiwan........... | 3 | 2 | 4 | 5 | 12 |
| West Germany..... | 6 | 6 | 7 | 9 | 11 |
| Belgium.......... | 2 | 1 | 5 | 8 | 10 |
| France........... | 4 | 5 | 8 | 9 | 10 |
| Brazil........... | 3 | 2 | 3 | 7 | 8 |
| Korea............ | 9 | 4 | 4 | 6 | 8 |
| Italy............ | 6 | 9 | 6 | 9 | 7 |
| Switzerland...... | 3 | 2 | 1 | 4 | 7 |
| Australia........ | 7 | 4 | 6 | 5 | 7 |
| India............ | 3 | 4 | 5 | 3 | 7 |
| Spain............ | 2 | 1 | 3 | 3 | 6 |
| All other........ | 61 | 50 | 65 | 55 | 57 |
| Total.......... | 256 | 233 | 238 | 247 | 302 |
| GSP Total 1/.. | 56 | 45 | 50 | 38 | 62 |
| GSP+4 1/...... | 73 | 55 | 63 | 54 | 87 |
| | Percent | | | | |
| Canada........... | 33.8 | 34.7 | 27.3 | 32.6 | 22.8 |
| United Kingdom... | 8.1 | 11.3 | 11.6 | 9.9 | 10.8 |
| Mexico........... | 10.5 | 9.0 | 6.9 | 2.7 | 8.9 |
| Japan............ | 5.5 | 5.7 | 4.8 | 4.8 | 7.8 |
| Taiwan........... | 1.0 | 1.0 | 1.8 | 2.1 | 3.8 |
| West Germany..... | 2.4 | 2.6 | 2.9 | 3.5 | 3.6 |
| Belgium.......... | .6 | .4 | 2.0 | 3.4 | 3.4 |
| France........... | 1.6 | 2.0 | 3.3 | 3.8 | 3.2 |
| Brazil........... | 1.1 | 1.0 | 1.4 | 2.7 | 2.8 |
| Korea............ | 3.5 | 1.7 | 1.8 | 2.3 | 2.6 |
| Italy............ | 2.3 | 3.8 | 2.4 | 3.6 | 2.5 |
| Switzerland...... | 1.0 | .9 | .6 | 1.7 | 2.4 |
| Australia........ | 2.6 | 1.9 | 2.6 | 2.1 | 2.3 |
| India............ | 1.2 | 1.7 | 2.1 | 1.3 | 2.2 |
| Spain............ | .8 | .6 | 1.4 | 1.0 | 2.1 |
| All other........ | 24.0 | 21.7 | 27.4 | 22.3 | 18.8 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 22.1 | 19.2 | 21.0 | 15.5 | 20.7 |
| GSP+4 1/...... | 28.5 | 23.5 | 26.5 | 21.8 | 28.7 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 9025.19.00

THERMOMETERS, OTHER THAN LIQUID-FILLED

Digest No.
9025.19.00

## Thermometers, Other Than Liquid-Filled

### I. Introduction

Thermometers, other than liquid-filled: Harmonized Tariff Schedule subheading; U.S. col. 1 rate of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 9025.19.00 | 5% | Yes | 27,272 | Mexico | 4,346 | [ *** ] |

Description and uses.—Thermometers are temperature measuring instruments of a variety of sizes, temperature ranges, accuracies and sensitivities, and with distinct and separate applications. The thermometers covered in this digest are electrical and nonelectrical thermometers, and are, in part, digital clinical thermometers, bi-metallic thermometers, resistance thermometers, and thermocouple thermometers. Thermometers are widely used in the health care community, for scientific and industrial purposes, as well as in homes.

### II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | **50 | **50 | **49 | **48 | **48 | **-1 |
| Employment (1,000 employees) | **1.6 | **1.6 | **1.7 | **1.7 | **1.7 | **2 |
| Shipments (1,000 dollars) | **110,000 | **120,000 | **135,000 | **140,000 | **150,000 | **8 |
| Exports (1,000 dollars) | 8,205 | 8,538 | 8,261 | 8,386 | 10,837 | 7 |
| Imports (1,000 dollars) | 27,102 | 31,841 | 44,790 | 41,910 | 36,498 | 8 |
| Consumption (1,000 dollars) | **128,897 | **143,303 | **171,529 | **173,524 | **175,661 | **8 |
| Import to consumption ratio (percent) | **21 | **22 | **26 | **24 | **21 | - |
| Capacity utilization (percent) | **72 | **72 | **72 | **73 | **73 | **([3]) |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.
[3]Less than 0.5 percent.

Comment.—U.S. producers of the subject thermometers (thermometers) generally specialize in one or more types of thermometers designed for a particular end use. U.S. manufacturers producing digital clinical thermometers generally only specialize in such thermometers. U.S. producers manufacturing thermometers for use in environmental or process control systems, for the most part, also produce other instruments that make up the whole system or systems. Other producers may specialize in producing thermometers for the home or for scientific end uses. Depending on the end use, all thermometers must meet specific performance standards. However, thermometers intended for use in environmental and process control systems must meet specific design, performance, quality, accuracy, and end use criteria. Many of the other thermometers are made to order and conform to U.S manufacturers' specifications. The majority of the thermometers require after sale service and, because domestic suppliers generally provide such service, U.S.-based producers are preferred by many end users. It is believed that a significant percentage of U.S. imports consist of related party transactions. Most of these imports are made up of highly labor intensive products. The overall growth in the U.S. economy during 1984-88 raised the demand for thermometers. As a result, during 1984-89, U.S. shipments of thermometers increased by **36 percent, to **$150 million, and

U.S. consumption rose by **36 percent, to **$176 million. U.S. imports grew by 35 percent, to $44 million, and U.S. exports increased by 32 percent, to $11 million.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 27,272 | 100 | - | **21 |
| Imports from GSP countries: | | | | |
| Total | 4,437 | 12 | 100 | **3 |
| Mexico | 4,346 | 12 | 98 | **2 |
| Dominica | 81 | (2) | 2 | **(2) |

[1]Import-to-consumption ratios are based on 1988 data.
[2]Less than 0.5 percent.

Comment.—Mexico has been denied GSP redesignation. As the above data indicates, Mexico appears to be the only GSP country capable of manufacturing significant quantities of the types of thermometers needed by U.S. producers and distributors.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, January-September 1989................ 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 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.—It is believed that the bulk of U.S. imports of thermometers are related party transactions. Because of lower labor costs, U.S. manufacturers and distributors of scientific instruments source these products from Mexico and, at a much lower scale, from other GSP countries.

V. Position of interested parties

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty-free.

Digest No.
9025.19.00

[Probable economic effect advice deleted.]

Table I.

Digest No.
90251900

Digest Title: Thermometer, other than liquid-filled
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Mexico | 5,950 | 4,472 | 4,768 | 4,403 | 5,535 |
| Japan | 6,108 | 8,471 | 13,426 | 9,690 | 5,342 |
| Canada | 6,452 | 7,299 | 10,529 | 9,124 | 4,176 |
| Taiwan | 631 | 1,515 | 2,530 | 3,487 | 3,848 |
| Hong Kong | 2,089 | 2,295 | 2,902 | 2,063 | 3,246 |
| Korea | 893 | 812 | 1,191 | 3,620 | 3,016 |
| United Kingdom | 1,098 | 1,473 | 2,161 | 2,264 | 2,818 |
| West Germany | 1,538 | 1,839 | 2,348 | 2,327 | 2,411 |
| Israel | 337 | 579 | 782 | 917 | 1,662 |
| China | 1/ | 17 | 29 | 624 | 1,288 |
| France | 256 | 523 | 619 | 705 | 883 |
| Italy | 536 | 511 | 605 | 782 | 642 |
| Sweden | 92 | 230 | 114 | 323 | 582 |
| Switzerland | 457 | 1,149 | 1,143 | 708 | 350 |
| Finland | 11 | 5 | 137 | 153 | 275 |
| All other | 653 | 651 | 1,505 | 718 | 425 |
| Total | 27,102 | 31,841 | 44,790 | 41,910 | 36,498 |
| GSP Total 2/ | 6,301 | 5,080 | 5,613 | 5,381 | 7,230 |
| GSP+4 2/ | 10,233 | 9,825 | 12,398 | 14,563 | 17,345 |
| | Percent | | | | |
| Mexico | 22.0 | 14.0 | 10.6 | 10.5 | 15.2 |
| Japan | 22.5 | 26.6 | 30.0 | 23.1 | 14.6 |
| Canada | 23.8 | 22.9 | 23.5 | 21.8 | 11.4 |
| Taiwan | 2.3 | 4.8 | 5.6 | 8.3 | 10.5 |
| Hong Kong | 7.7 | 7.2 | 6.5 | 4.9 | 8.9 |
| Korea | 3.3 | 2.6 | 2.7 | 8.6 | 8.3 |
| United Kingdom | 4.1 | 4.6 | 4.8 | 5.4 | 7.7 |
| West Germany | 5.7 | 5.8 | 5.2 | 5.6 | 6.6 |
| Israel | 1.2 | 1.8 | 1.7 | 2.2 | 4.6 |
| China | 1/ | .1 | .1 | 1.5 | 3.5 |
| France | .9 | 1.6 | 1.4 | 1.7 | 2.4 |
| Italy | 2.0 | 1.6 | 1.4 | 1.9 | 1.8 |
| Sweden | .3 | .7 | .3 | .8 | 1.6 |
| Switzerland | 1.7 | 3.6 | 2.6 | 1.7 | 1.0 |
| Finland | 1/ | 1/ | .3 | .4 | .8 |
| All other | 2.4 | 2.0 | 3.4 | 1.7 | 1.2 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/ | 23.2 | 16.0 | 12.5 | 12.8 | 19.8 |
| GSP+4 2/ | 37.8 | 30.9 | 27.7 | 34.7 | 47.5 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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.
90251900

Table II.

Digest Title: Thermometer, other than liquid-filled
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada.......... | 2,588 | 2,452 | 1,947 | 2,130 | 1,973 |
| Mexico.......... | 654 | 635 | 518 | 371 | 1,386 |
| West Germany..... | 463 | 829 | 729 | 1,028 | 1,326 |
| Japan........... | 514 | 667 | 499 | 535 | 887 |
| United Kingdom... | 697 | 841 | 823 | 749 | 804 |
| Taiwan.......... | 70 | 109 | 107 | 225 | 343 |
| France.......... | 212 | 160 | 276 | 298 | 340 |
| Korea........... | 233 | 178 | 187 | 252 | 267 |
| Italy........... | 201 | 244 | 142 | 264 | 255 |
| Australia........ | 182 | 143 | 189 | 205 | 240 |
| Spain........... | 79 | 68 | 98 | 113 | 230 |
| Belgium......... | 40 | 24 | 124 | 173 | 218 |
| Switzerland...... | 66 | 63 | 60 | 146 | 211 |
| Brazil.......... | 91 | 92 | 136 | 157 | 202 |
| India........... | 105 | 101 | 125 | 88 | 190 |
| All other........ | 2,010 | 1,932 | 2,300 | 1,654 | 1,965 |
| Total......... | 8,205 | 8,538 | 8,261 | 8,386 | 10,837 |
| GSP Total 1/.. | 1,512 | 1,442 | 1,591 | 1,247 | 2,411 |
| GSP+4 1/...... | 1,968 | 1,906 | 2,134 | 1,871 | 3,169 |
| | Percent | | | | |
| Canada.......... | 31.5 | 28.7 | 23.6 | 25.4 | 18.2 |
| Mexico.......... | 8.0 | 7.4 | 6.3 | 4.4 | 12.8 |
| West Germany..... | 5.6 | 9.7 | 8.8 | 12.3 | 12.2 |
| Japan........... | 6.3 | 7.8 | 6.0 | 6.4 | 8.2 |
| United Kingdom... | 8.5 | 9.8 | 10.0 | 8.9 | 7.4 |
| Taiwan.......... | .9 | 1.3 | 1.3 | 2.7 | 3.2 |
| France.......... | 2.6 | 1.9 | 3.3 | 3.5 | 3.1 |
| Korea........... | 2.8 | 2.1 | 2.3 | 3.0 | 2.5 |
| Italy........... | 2.4 | 2.9 | 1.7 | 3.1 | 2.4 |
| Australia........ | 2.2 | 1.7 | 2.3 | 2.4 | 2.2 |
| Spain........... | 1.0 | .8 | 1.2 | 1.3 | 2.1 |
| Belgium......... | .5 | .3 | 1.5 | 2.1 | 2.0 |
| Switzerland...... | .8 | .7 | .7 | 1.7 | 1.9 |
| Brazil.......... | 1.1 | 1.1 | 1.6 | 1.9 | 1.9 |
| India........... | 1.3 | 1.2 | 1.5 | 1.0 | 1.8 |
| All other........ | 24.5 | 22.6 | 27.8 | 19.7 | 18.1 |
| Total......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 18.4 | 16.9 | 19.3 | 14.9 | 22.2 |
| GSP+4 1/...... | 24.0 | 22.3 | 25.8 | 22.3 | 29.2 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 9028.90.00

PART AND ACCESSORIES OF GAS, LIQUID, AND ELECTRICITY SUPPLY AND PRODUCTION METERS

# Part and Accessories of Gas, Liquid and Electricity Supply and Production Meters

## I. Introduction

Parts and accessories of gas, liquid, and electricity supply and production meters: Harmonized Tariff Schedule subheading; U.S. col. 1 rate of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 9028.90.00 | 9% | Yes | 11,931 | Mexico | 5,309 | [ *** ] |

Description and uses.—This digest articles include parts and accessories used in gas, liquid, and electricity supply and production meter. Assembled meters measure, total, and register the quantity of gas, liquid, or electricity produced, supplied, or consumed over a given period of time. The largest users and purchasers of parts and accessories are the manufacturers of gas, liquid and electricity meters. The U.S. industry producing the gas, liquid, and electricity meters also produces the bulk of the parts and accessories of these meters.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | **36 | **35 | **33 | **32 | **31 | **-5 |
| Employment (1,000 employees) | *1.6 | *1.6 | **1.6 | **1.7 | **1.7 | **2 |
| Shipments (1,000 dollars) | **124,000 | **134,000 | **143,000 | **164,000 | **172,000 | **9 |
| Exports (1,000 dollars) | 37,492 | 37,616 | 41,416 | 41,416 | 42,886 | 3 |
| Imports (1,000 dollars) | 9,780 | 11,119 | 12,257 | 11,929 | 11,501 | 4 |
| Consumption (1,000 dollars) | **96,288 | **107,503 | **114,028 | **134,513 | **140,615 | 10 |
| Import to consumption ratio (percent) | **10 | **10 | **11 | **9 | **8 | **-5 |
| Capacity utilization (percent) | **80 | **82 | **83 | **85 | *86 | **2 |

[1] Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice," p. 5.
[2] This figure represents the average annual rate of change during 1984-1988.

Comment.—The primary markets for assembled meters are the electricity, gas, and water public utilities which install meters in residences, factories, and public buildings to measure consumption of their products. Other major markets are oil refineries, gas and oil storage and distribution facilities, and pipeline operators. Consequently, the market for parts and accessories depends on the demand for gas, liquid and electricity meters. Overall growth in new construction during 1984-88 raised the demand for meters. As a result, U.S. shipments of parts and accessories for gas, liquid, and electricity meters increased **39 percent, to **$172 million, and U.S. consumption grew by **46 percent, to **$141 million. U.S. exports grew by 14 percent, to $43 million, with Canada accounting for 25 percent of total exports in 1988, Mexico for 17 percent, and Taiwan for 15 percent. U.S. imports increased by 18 percent, to $12 million, but the ratio of imports to consumption declined from 10 percent in 1984 to 8 percent in 1988. It is believed that related party transactions accounted for a significant portion of total imports. The bulk of the imported parts and accessories are highly labor intensive products. The primary reason for the relatively small import penetration is attributable to the fact that gas, liquid, and electricity meters are required to perform the metering function with high degree of accuracy and function properly over many years with a minimum of calibration and maintenance. Because of these requirements, as well as the specialty aspect of the meter components, the leading U.S. manufacturers of meters produce the bulk of their own parts and accessories. The U.S. firms producing most of total annual output of meters and parts and components are either large diversified publicly held corporations, or are affiliates or subsidiaries of such enterprises.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 11,931 | 100 | - | **8 |
| Imports from GSP countries: | | | | |
| Total | 7,352 | 62 | 100 | **5 |
| Mexico | 5,309 | 44 | 72 | **4 |
| Israel | 852 | 7 | 12 | **1 |
| Costa Rica | 639 | 5 | 9 | *([2]) |
| Yugoslavia | 184 | 2 | 3 | *([2]) |

[1] Import-to-consumption ratios are based on 1988 data.
[2] Less than 0.5 percent.

Comment.—As the above data indicate, Mexico appears to be the only GSP country capable of manufacturing significant quantities of the types of parts and accessories for meters needed by U.S. producers of gas, liquid and electricity meters.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989................. | 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 __ 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.................................................. | 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.—It is believed that the bulk of U.S. imports of parts and accessories for gas, liquid, and electricity meters from Mexico are related party transactions, a result of production sharing operations utilizing U.S. components. Because of lower labor costs U.S. manufacturers of gas, liquid, and electricity meters source the parts and accessories for meters from Mexico.

V. Position of interested parties

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either a small share, or a very low value, of total U.S. imports; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty-free.

[Probable economic effect advice deleted.]

Digest No. 90289000

Table I.

Digest Title: Parts and accessories of gas, liquid and electricity supply and production meters

U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Mexico | 6,085 | 6,122 | 7,208 | 6,123 | 6,546 |
| Canada | 662 | 854 | 497 | 630 | 1,612 |
| Israel | 822 | 1,269 | 1,385 | 1,247 | 831 |
| United Kingdom | 722 | 620 | 903 | 759 | 817 |
| West Germany | 892 | 775 | 1,006 | 1,507 | 721 |
| Brazil | 54 | 72 | 60 | 304 | 545 |
| Taiwan | 0 | 99 | 297 | 305 | 138 |
| Netherlands | 10 | 13 | 25 | 105 | 109 |
| Korea | 44 | 247 | 449 | 520 | 54 |
| Yugoslavia | 0 | 0 | 0 | 0 | 34 |
| Finland | 0 | 0 | 0 | 0 | 32 |
| Australia | 0 | 0 | 0 | 13 | 16 |
| Italy | 0 | 174 | 0 | 0 | 14 |
| Sweden | 8 | 4 | 0 | 13 | 13 |
| Denmark | 1 | 0 | 5 | 2 | 11 |
| All other | 480 | 871 | 422 | 401 | 7 |
| Total | 9,780 | 11,119 | 12,257 | 11,929 | 11,501 |
| GSP Total 2/ | 6,966 | 7,462 | 8,673 | 7,674 | 7,955 |
| GSP+4 2/ | 7,010 | 7,809 | 9,432 | 8,521 | 8,148 |
| | Percent | | | | |
| Mexico | 62.2 | 55.1 | 58.8 | 51.3 | 56.9 |
| Canada | 6.8 | 7.7 | 4.1 | 5.3 | 14.0 |
| Israel | 8.4 | 11.4 | 11.3 | 10.5 | 7.2 |
| United Kingdom | 7.4 | 5.6 | 7.4 | 6.4 | 7.1 |
| West Germany | 9.1 | 7.0 | 8.2 | 12.6 | 6.3 |
| Brazil | .5 | .6 | .5 | 2.6 | 4.7 |
| Taiwan | .0 | .9 | 2.4 | 2.6 | 1.2 |
| Netherlands | .1 | .1 | .2 | .9 | .9 |
| Korea | .4 | 2.2 | 3.7 | 4.4 | .5 |
| Yugoslavia | .0 | .0 | .0 | .0 | .3 |
| Finland | .0 | .0 | .0 | .0 | .3 |
| Australia | .0 | .0 | .0 | .1 | .1 |
| Italy | .0 | 1.6 | .0 | .0 | .1 |
| Sweden | .1 | 1/ | .0 | .1 | .1 |
| Denmark | 1/ | .0 | 1/ | 1/ | .1 |
| All other | 4.9 | 7.8 | 3.4 | 3.4 | .1 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/ | 71.2 | 67.1 | 70.8 | 64.3 | 69.2 |
| GSP+4 2/ | 71.7 | 70.2 | 77.0 | 71.4 | 70.8 |

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

2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 90289000

Table II.

Digest Title: Parts and accessories of gas, liquid and electricity supply and production meters

U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada........... | 5,916 | 8,433 | 8,260 | 12,050 | 10,806 |
| Mexico........... | 8,463 | 7,887 | 8,832 | 10,217 | 7,321 |
| Taiwan........... | 5,865 | 6,760 | 5,022 | 3,877 | 6,372 |
| Brazil........... | 2,474 | 1,246 | 2,681 | 2,679 | 2,701 |
| United Kingdom... | 2,057 | 1,516 | 2,588 | 1,535 | 1,999 |
| Philippines...... | 740 | 1,927 | 1,878 | 1,677 | 1,605 |
| Australia........ | 1,387 | 1,076 | 1,031 | 960 | 1,378 |
| Algeria.......... | 16 | 724 | 16 | 42 | 1,206 |
| France........... | 305 | 752 | 862 | 420 | 801 |
| Pakistan......... | 76 | 531 | 268 | 937 | 773 |
| Argentina........ | 680 | 409 | 253 | 193 | 571 |
| Korea............ | 143 | 298 | 548 | 209 | 563 |
| Netherlands...... | 137 | 472 | 470 | 332 | 497 |
| Netherlands Ant.. | 0 | 0 | 0 | 0 | 414 |
| Japan............ | 432 | 704 | 236 | 402 | 408 |
| All other........ | 8,802 | 4,881 | 8,283 | 5,887 | 5,472 |
| Total.......... | 37,492 | 37,616 | 41,229 | 41,416 | 42,886 |
| GSP Total 2/.. | 16,229 | 13,804 | 19,884 | 19,471 | 16,593 |
| GSP+4 2/...... | 22,507 | 20,979 | 25,654 | 23,749 | 23,804 |
| | Percent | | | | |
| Canada........... | 15.8 | 22.4 | 20.0 | 29.1 | 25.2 |
| Mexico........... | 22.6 | 21.0 | 21.4 | 24.7 | 17.1 |
| Taiwan........... | 15.6 | 18.0 | 12.2 | 9.4 | 14.9 |
| Brazil........... | 6.6 | 3.3 | 6.5 | 6.5 | 6.3 |
| United Kingdom... | 5.5 | 4.0 | 6.3 | 3.7 | 4.7 |
| Philippines...... | 2.0 | 5.1 | 4.6 | 4.0 | 3.7 |
| Australia........ | 3.7 | 2.9 | 2.5 | 2.3 | 3.2 |
| Algeria.......... | 1/ | 1.9 | 1/ | .1 | 2.8 |
| France........... | .8 | 2.0 | 2.1 | 1.0 | 1.9 |
| Pakistan......... | .2 | 1.4 | .7 | 2.3 | 1.8 |
| Argentina........ | 1.8 | 1.1 | .6 | .5 | 1.3 |
| Korea............ | .4 | .8 | 1.3 | .5 | 1.3 |
| Netherlands...... | .4 | 1.3 | 1.1 | .8 | 1.2 |
| Netherlands Ant.. | .0 | .0 | .0 | .0 | 1.0 |
| Japan............ | 1.2 | 1.9 | .6 | 1.0 | 1.0 |
| All other........ | 23.5 | 13.0 | 20.1 | 14.2 | 12.8 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 43.3 | 36.7 | 48.2 | 47.0 | 38.7 |
| GSP+4 2/...... | 60.0 | 55.8 | 62.2 | 57.3 | 55.5 |

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

2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 9113.10.00

WATCH BANDS OF PRECIOUS METAL OR CLAD WITH PRECIOUS METAL

# Watch Bands of Precious Metal or Clad with Precious Metal

## I. Introduction

Watch bands of precious metal or clad with precious metal: Harmonized Tariff Schedule subheading; U.S. col. 1 rate of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 9113.10.00 | 6.5% | Yes | 1,679 | Thailand | ([1]) | [ *** ] |

[1]Less than $500.

Description and uses.—Articles covered by this digest include watch bands of precious metal or clad with precious metal. Watch straps, bands, or bracelets are used to fasten the watch to the wearer's wrist. They may be attached either permanently or otherwise to the watch head. Bands included in this digest are generally solid metal or linked and are typically of gold alloy.

The term "metal clad with precious metal" means material made of base metal upon one or more surface of which there is affixed, by soldering, brazing, or welding, or similar mechanical means, a covering of precious metal. The term precious metal means gold, silver, or platinum, or an alloy of these metals containing 2 percent or more by weight of the precious metal. Typically, watch bands are marked as "gold plated," "rolled gold plated," or "gold filled" when the gold constitutes at least 1/20th of the weight of the entire article. Watch bands plated with precious metal by electrochemical or similar means are not included in this digest.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | *4 | *3 | *3 | *3 | *3 | *-6 |
| Employment (employees) | *95 | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Shipments (1,000 dollars) | **1,200 | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Exports (1,000 dollars)[3] | **250 | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Imports (1,000 dollars)[4] | **2,000 | **2,100 | **2,400 | **2,400 | **2,700 | **8 |
| Consumption (1,000 dollars) | **2,950 | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Import to consumption ratio (percent) | **68 | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Capacity utilization (percent) | *37 | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.
[3]Export data prior to January 1, 1989 are unavailable for digest articles at this level of detail. Data shown are estimated by the staff of the U.S. International Trade Commission.
[4]Import data prior to January 1, 1989 are unavailable for digest articles at this level of detail. Data shown are estimated by the staff of the U.S. International Trade Commission.

Comment.--There are 3 domestic manufacturers of watch bands of precious metal or clad with precious metal. [ *** ] of these manufacturers produce limited quantities of custom-designed bands. These producers generally make gold one-piece, or link-type, bracelets. These manufacturers are generally small and their production and sales of digest products is limited. The market for this type of watch band is small and often overlaps with the high-value watch and jewelry markets. Digest products are often custom-designed for domestic watch case manufacturers and assemblers.

European manufacturers dominate the market with over 90 percent of the import market. Switzerland and Italy led in terms of total digest imports during the first three quarters of 1989, supplying 43 percent and 41 percent, respectively. Imports from Hong Kong followed, with less than 5 percent of total imports during the same period.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 1,679 | 100 | - | [ *** ] |
| Imports from GSP countries: | | | | |
| Total | 53 | 3 | 100 | (2) |
| Israel | 50 | 3 | 94 | (2) |
| Peru | 3 | (3) | 6 | (2) |
| Thailand | (4) | (3) | (3) | (2) |

[1] Import-to-consumption ratios are based on 1988 data.
[2] Trade data for 1988 are not available at this level of detail.
[3] Less than 0.5 percent.
[4] Less than $500.

Comment.--Imports from GSP-eligible countries of digest products totaled $53,000 during the first three quarters of 1989. Israel, where there is an established gold jewelry industry, shipped to the United States mostly under GSP provisions goods valued at $50,000, or 94 percent of the imports from GSP countries during the period. Peru shipped digest goods valued at $3,000 over the period. Although Thailand shipped virtually no digest products during the period, the watch band industry there is growing. Most of these are lower-value watch bands of metal. Hong Kong, which accounted for 5 percent of digest products, considers Thailand to be a promising location for overseas expansion of their watch and band industry. Labor costs in Thailand are relatively low, and the stability of their political system has attracted Swiss, Hong Kong, and Japanese manufacturers. GSP eligibility for digest products is expected to spur investment in this sector.

Watch bands of precious metal or clad with precious metal made up less than 1 percent of total imports in the basket category in which they had been classified in the Tariff Schedule of the United States Annotated (TSUSA) and were not accurately allocated from that tariff item. All watch bands are currently eligible for GSP treatment, except those of precious metal or clad with precious metal from Thailand and those of textile material. Watch bands presented to Customs with their watches, whether or not attached, are classified under the appropriate watch subheading in HTS Chapter 91.

Based on partial-year 1989 trade data, Thailand is not expected to exceed the competitive-need limit for digest products in 1989.

## IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Thailand for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989................. | ([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 _X_ Moderate ___ Low __ |
| Price level compared with— | |
| U.S. products.................................................. | [ *** ] |
| Other foreign products......................................... | [ *** ] |
| Quality compared with— | |
| U.S. products.................................................. | [ *** ] |
| Other foreign products......................................... | [ *** ] |

[1] Imports of products covered by this digest from Thailand amounted to less than $500 during the first three quarters of 1989.

Comment.—Thailand lost GSP eligibility for digest products in 1987 when imports of precious metal jewelry, except gold necklaces, (TSUS item numbers 740.14, and 740.15), exceeded the Competitive-Need Limit (CNL). This broad TSUS category included precious metal watch bands. Thailand was denied redesignation on July 1, 1989 for the narrower product coverage of HTS subheading 9113.10.00.

Demand elasticity for digest products is moderate because consumer purchase decisions for these high-value articles are based significantly on non-price criteria. Thailand could expand their production of digest products by reallocating production capacity from other gold jewelry articles to the production of gold watch bands.

## V. Position of interested parties

No statements were received either in support of or in opposition to the proposed modifications to the GSP considered in this digest.

[Probable economic effect advice deleted.]

DIGEST NO. 9303.30.40

CERTAIN RIFLES

Digest No.
9303.30.40

# Certain Rifles

## I. Introduction

Certain rifles: Harmonized Tariff Schedule subheading; U.S. col. 1 rate of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 9303.30.40 | 14% | Yes | 194 | Brazil (R)[1] | 0 | [ *** ] |

[1]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.

Description and uses.—This digest covers nonmilitary rifles except shotguns and muzzle loading rifles, valued over $25 but not over $50 each. Rifles are shoulder-held firearms which discharge bullets through a rifled barrel. Rifles include bolt action, lever action, pump action, and autoloading models and may be either rimfire or centerfire. These rifles are used for hunting, target-shooting, and other sporting purpose.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number)........................ | *10 | *8 | *7 | *6 | *5 | -11 |
| Employment (1,000 employees).............. | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Shipments (1,000 dollars)................. | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Exports (1,000 dollars)................... | 5,628 | 4,604 | 4,159 | 4,992 | 5,605 | ([3]) |
| Imports (1,000 dollars)................... | 1,695 | 1,992 | 3,740 | 1,491 | 1,767 | 1 |
| Consumption (1,000 dollars)............... | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Import to consumption ratio (percent)...... | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Capacity utilization (percent)............ | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice," p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.
[3]Less than 0.5 percent.

Comment.—Imports of rifles with a customs value of $25-$50 are usually sold with a retail price between $50 and $100. [ *** ] of sporting rifles in this low-end segment of the market. Producers must achieve significant economies of scale to make a profit selling rifles with a retail price under $100.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 194 | 100 | - | [ *** ] |
| Imports from GSP countries: | | | | |
| Total | 155 | 80 | 100 | [ *** ] |
| Phillipines | 155 | 80 | 100 | [ *** ] |
| Brazil[2] | 0 | 0 | 0 | [ *** ] |

[1]Import-to-consumption ratios based on 1988 data.
[2]Data shown in table I are based on a universal allocation of data for imports of a much larger category of rifles during 1984-88 under the TSUS. This allocation may not reflect actual import levels of rifles covered by this digest. It is estimated that there were no imports of these rifles from Brazil in 1988.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Brazil for Certain rifles

Ranking as a U.S. import supplier, January-September 1989................. (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 X Moderate ___ Low _
Price level compared with--
U.S. products.................................................. [ *** ]
Other foreign products.......................................... [ *** ]
Quality compared with--
U.S. products.................................................. [ *** ]
Other foreign products.......................................... [ *** ]

[1]There were no imports from Brazil during January-September 1989.

Comment.--Although there were no imports from Brazil in January-September 1989, Brazil is known to be a major world producer of rifles and other weapons. It is believed that Brazil could direct a portion of its production of rifles to the under $100 market if profit incentives dictated.

V. Position of interested parties

No statements were received either in support of or in opposition to the proposed modifications to the GSP considered in this digest.

[Probable economic effect advice deleted.]

Table I.

Digest No. 93033040

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

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| China............ | 181 | 0 | 141 | 308 | 862 |
| Philippines...... | 840 | 305 | 394 | 408 | 342 |
| Spain............ | 1 | 0 | 1,474 | 0 | 156 |
| Brazil........... | 409 | 614 | 952 | 250 | 105 |
| Italy............ | 49 | 11 | 464 | 195 | 99 |
| France........... | 0 | 127 | 58 | 17 | 97 |
| Canada........... | 181 | 14 | 0 | 0 | 91 |
| United Kingdom... | 18 | 549 | 59 | 119 | 11 |
| Austria.......... | 0 | 0 | 0 | 0 | 5 |
| Mexico........... | 1 | 1 | 0 | 4 | 0 |
| Argentina........ | 2 | 0 | 0 | 0 | 0 |
| Sweden........... | 0 | 34 | 0 | 2 | 0 |
| Belgium.......... | 1/ | 28 | 0 | 0 | 0 |
| West Germany..... | 13 | 309 | 19 | 0 | 0 |
| Soviet Union..... | 0 | 0 | 0 | 0 | 0 |
| All other........ | 1 | 0 | 179 | 188 | 0 |
| Total.......... | 1,695 | 1,992 | 3,740 | 1,491 | 1,767 |
| GSP Total 2/.. | 1,251 | 920 | 1,525 | 746 | 447 |
| GSP+4 2/...... | 1,251 | 920 | 1,525 | 850 | 447 |
| | Percent | | | | |
| China............ | 10.7 | .0 | 3.8 | 20.7 | 48.8 |
| Philippines...... | 49.5 | 15.3 | 10.5 | 27.3 | 19.3 |
| Spain............ | .1 | .0 | 39.4 | .0 | 8.8 |
| Brazil........... | 24.1 | 30.8 | 25.4 | 16.8 | 6.0 |
| Italy............ | 2.9 | .6 | 12.4 | 13.1 | 5.6 |
| France........... | .0 | 6.4 | 1.6 | 1.2 | 5.5 |
| Canada........... | 10.7 | .7 | .0 | .0 | 5.2 |
| United Kingdom... | 1.1 | 27.6 | 1.6 | 8.0 | .6 |
| Austria.......... | .0 | .0 | .0 | .0 | .3 |
| Mexico........... | 1/ | .1 | .0 | .3 | .0 |
| Argentina........ | .1 | .0 | .0 | .0 | .0 |
| Sweden........... | .0 | 1.7 | .0 | .1 | .0 |
| Belgium.......... | 1/ | 1.4 | .0 | .0 | .0 |
| West Germany..... | .7 | 15.5 | .5 | .0 | .0 |
| Soviet Union..... | .0 | .0 | .0 | .0 | .0 |
| All other........ | 1/ | .0 | 4.8 | 12.6 | .0 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 73.8 | 46.2 | 40.8 | 50.0 | 25.3 |
| GSP+4 2/...... | 73.8 | 46.2 | 40.8 | 57.0 | 25.3 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No.
93033040

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

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada........... | 2,525 | 2,608 | 2,132 | 2,235 | 2,400 |
| France........... | 207 | 31 | 313 | 853 | 1,046 |
| West Germany..... | 1,487 | 872 | 424 | 447 | 555 |
| Australia........ | 617 | 489 | 384 | 119 | 298 |
| Switzerland...... | 7 | 16 | 12 | 204 | 163 |
| Spain............ | 0 | 0 | 0 | 91 | 112 |
| Belgium.......... | 25 | 4 | 27 | 295 | 110 |
| United Kingdom... | 48 | 8 | 71 | 58 | 106 |
| Norway........... | 11 | 1 | 7 | 70 | 103 |
| New Zealand...... | 104 | 72 | 29 | 125 | 90 |
| Pakistan......... | 1 | 0 | 4 | 2 | 75 |
| Qatar............ | 0 | 0 | 0 | 0 | 67 |
| Sweden........... | 102 | 6 | 1 | 2 | 55 |
| Denmark.......... | 4 | 12 | 0 | 30 | 43 |
| Italy............ | 21 | 0 | 24 | 114 | 41 |
| All other........ | 469 | 484 | 730 | 347 | 341 |
| Total.......... | 5,628 | 4,604 | 4,159 | 4,992 | 5,605 |
| GSP Total 2/.. | 347 | 374 | 621 | 199 | 308 |
| GSP+4 2/...... | 354 | 374 | 643 | 199 | 314 |
| | Percent | | | | |
| Canada........... | 44.9 | 56.7 | 51.3 | 44.8 | 42.8 |
| France........... | 3.7 | .7 | 7.5 | 17.1 | 18.7 |
| West Germany..... | 26.4 | 18.9 | 10.2 | 9.0 | 9.9 |
| Australia........ | 11.0 | 10.6 | 9.2 | 2.4 | 5.3 |
| Switzerland...... | .1 | .4 | .3 | 4.1 | 2.9 |
| Spain............ | .0 | .0 | .0 | 1.8 | 2.0 |
| Belgium.......... | .4 | .1 | .7 | 5.9 | 2.0 |
| United Kingdom... | .9 | .2 | 1.7 | 1.2 | 1.9 |
| Norway........... | .2 | 1/ | .2 | 1.4 | 1.8 |
| New Zealand...... | 1.8 | 1.6 | .7 | 2.5 | 1.6 |
| Pakistan......... | 1/ | .0 | .1 | 1/ | 1.3 |
| Qatar............ | .0 | .0 | .0 | .0 | 1.2 |
| Sweden........... | 1.8 | .1 | 1/ | 1/ | 1.0 |
| Denmark.......... | .1 | .3 | .0 | .6 | .8 |
| Italy............ | .4 | .0 | .6 | 2.3 | .7 |
| All other........ | 8.3 | 10.5 | 17.6 | 6.9 | 6.1 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 6.2 | 8.1 | 14.9 | 4.0 | 5.5 |
| GSP+4 2/...... | 6.3 | 8.1 | 15.5 | 4.0 | 5.6 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 9401.40.00

CERTAIN FURNITURE AND PARTS

# Certain Furniture and Parts[1]

## I. Introduction

Certain furniture and parts: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989 Total | From country to be reinstated Source | Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 9401.40.00 | 3.2 | Yes | 14,159 | Thailand (R)[1] | 73 | [ *** ] |
| 9401.61.60 | 2.5 | Yes | 129,953 | Thailand (R)[1] | 1,379 | [ *** ] |
| 9401.69.80 | 2.5 | Yes | 25,768 | Thailand (R)[1] | 2,332 | [ *** ] |
| 9401.90.10[2] | 3.1 | Yes | 472,723 | Mexico | 79,709 | [ *** ] |
| 9403.30.80 | 2.5 | Yes | 104,406 | Thailand (R)[1] | 283 | [ *** ] |
| 9403.40.60 | 3.1 | Yes | 2,552 | Mexico | 0 | [ *** ] |
| 9403.40.90 | 2.5 | Yes | 99,643 | Thailand (R)[1] | 5,508 | [ *** ] |
| 9403.50.60 | 3.1 | Yes | 151 | Mexico | 20 | [ *** ] |
| 9403.50.90 | 2.5 | Yes | 195,571 | Thailand (R)[1] | 656 | [ *** ] |
| 9403.60.80 | 2.5 | Yes | 723,367 | Thailand (R)[1] | 24,070 | [ *** ] |
| 9403.90.10 | 3.1 | Yes | 44,704 | Mexico | 4,596 | [ *** ] |

[1]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.
[2]Based on trade data for January-September 1989, it is estimated that Mexico may exceed the applicable competitive need limit for this HTS subheading and may therefore become ineligible for GSP duty-free treatment.

Description and uses.—The products contained in this digest include certain types of furniture and parts designed for motor vehicles, such as parts of seats, and wood furniture designed for kitchen and bedroom use (for recreational vehicles, truck cabs, etc). The digest also includes certain types of wood chairs, other wood furniture, and dual purpose seats (e.g. sofa beds). These products are designed for use in either households, offices, or institutions.

[1]This digest includes the following HTS subheadings: 9401.40.00, 9401.61.60, 9401.69.80, 9401.90.10, 9403.30.80, 9403.40.60, 9403.40.90, 9403.50.60, 9403.50.90, 9403.60.80, and 9403.90.10.

II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number)...................... | **6,000 | **6,000 | **6,000 | **6,000 | **6,000 | - |
| Employment (thousand employees).......... | **255 | **245 | **243 | **252 | **254 | **(3) |
| Shipments (million dollars)............. | **15,946 | **16,402 | **17,089 | **18,034 | **19,053 | **5 |
| Exports (million dollars)............... | 208 | 185 | 175 | 193 | 261 | 6 |
| Imports (million dollars)............... | 1,041 | 1,420 | 1,786 | 1,992 | 2,059 | 19 |
| Consumption (million dollars)............ | **16,779 | **17,637 | **18,700 | **19,833 | **20,851 | **6 |
| Import to consumption ratio (percent).... | **7 | **9 | **12 | **12 | **12 | **14 |
| Capacity utilization (percent)........... | *80 | *79 | *80 | *80 | *80 | - |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice," p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.
[3]Less than -0.5 percent.

Comment.—This digest covers items produced by two unrelated industries—motor-vehicle parts and wood furniture. Over the past five to ten years, the U.S. furniture industry has faced increasing pressure from imports from the Pacific Rim nations and Mexico. A growing number of these foreign manufacturers have established showrooms at the major regional U.S. furniture markets. In addition, many large U.S. manufacturers import certain types or styles of furniture from these countries to supplement their U.S.-produced lines. The quality of wood furniture exported from these countries has improved steadily over the past five years. In addition, foreign manufacturers have expanded their product lines to include furniture retailed at mid-range price points. Foreign producers take advantage of lower labor costs to produce relatively labor-intensive products such as chairs and furniture with intricate carving. In addition, foreign producers from these countries generally face fewer environmental regulations concerning the production and application of finishes (varnish, paint, etc.) and the control of wood dust. During the past two years, California communities have implemented stricter air pollution standards; a number of furniture manufacturers have reacted to the new regulations by shifting some or all of their operations to Mexico, rather than attempting to meet the new standards.

Motor vehicle furniture is not only manufactured by the major motor-vehicle producers, but also by components suppliers. Many of the U.S. manufacturers of motor-vehicle furniture and parts produce these products entirely in the United States. However, a number of U.S. producers use some foreign-produced components. In addition, over the past five years, an increasing number of companies have begun to assemble motor-vehicle furniture and parts in Mexico and Canada using U.S.-made components; after assembly, the products enter the United States at reduced duty obligations under HTS subheading 9802.00.80 (duty is not applied toward the value of the U.S.-made components). Products imported from Canada may also enter duty-free as a result of the Automotive Products Trade Act of 1965.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 1,813,000 | 100 | - | **12 |
| Imports from GSP countries: | | | | |
| Total | 280,549 | 15 | 100 | **1 |
| Mexico | 162,130 | 9 | 58 | **1 |
| Thailand | 34,323 | 2 | 12 | **([2]) |
| Yugoslavia | 24,362 | 1 | 9 | **([2]) |
| Brazil | 16,100 | 1 | 6 | **([2]) |

[1] Import-to-consumption ratios based on 1988 data.
[2] Less than 0.5 percent.

Comment.—Imports of parts of motor vehicle seats (subheading 9401.90.10) from Mexico amounted to $79.7 million in January-September 1989 and accounted for 49 percent of total U.S. imports of digest products from Mexico in 1989.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Thailand[1]

Ranking as a U.S. import supplier, January-September 1989................. 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 __ Below X

Quality compared with—
- U.S. products............................................. Above __ Equivalent __ Below X
- Other foreign products.................................... Above __ Equivalent __ Below X

[1] Profile applies only to the following HTS subheadings, for which advice is requested: 9401.90.10, 9403.40.60, 9403.50.60, and 9403.90.10.

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for Mexico[1]

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 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 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 ___ |

[1]Profile applies only to the following HTS subheadings, for which advice is requested: 9401.90.10, 9403.40.60, 9403.50.60, and 9403.90.10.

Comment.—Because much of the production of motor vehicle furniture taking place in Mexico utilizes U.S.-made components and involves relatively labor intensive operations, these products generally are less expensive than similar products produced in the United States. As a result of this cost advantage, an increasing number of U.S. motor vehicle and motor vehicle parts producers are establishing operations in Mexico to produce motor vehicle furniture and parts.

## V. Position of interested parties

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty-free.

[Probable economic effect advice deleted.]

Digest No.
9401.40.00

[Probable economic effect advice deleted.]

Digest No.
94014000

Table I.

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

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Canada | 302,424 | 368,689 | 418,965 | 439,976 | 493,505 |
| Taiwan | 170,003 | 256,537 | 401,528 | 508,569 | 443,142 |
| Mexico | 69,336 | 104,740 | 152,543 | 193,505 | 283,546 |
| Italy | 47,336 | 86,247 | 128,692 | 137,931 | 134,990 |
| Denmark | 136,471 | 156,236 | 145,622 | 129,057 | 107,004 |
| Japan | 37,195 | 65,359 | 81,484 | 76,739 | 84,544 |
| West Germany | 42,259 | 71,174 | 98,658 | 88,004 | 78,280 |
| United Kingdom | 42,456 | 49,857 | 46,544 | 52,706 | 46,378 |
| Thailand | 2,224 | 5,110 | 10,373 | 24,437 | 43,965 |
| Singapore | 21,004 | 28,252 | 30,718 | 34,234 | 41,493 |
| Korea | 15,977 | 18,959 | 33,239 | 39,536 | 40,766 |
| Yugoslavia | 29,803 | 39,344 | 39,533 | 47,867 | 40,220 |
| Sweden | 12,634 | 18,823 | 24,171 | 27,235 | 27,532 |
| France | 15,418 | 19,664 | 20,991 | 20,236 | 25,358 |
| Brazil | 8,419 | 16,025 | 17,164 | 16,513 | 16,068 |
| All other | 88,054 | 114,809 | 135,695 | 155,399 | 152,371 |
| Total | 1,041,015 | 1,419,826 | 1,785,918 | 1,991,943 | 2,059,162 |
| GSP Total 1/ | 124,023 | 188,462 | 247,668 | 319,739 | 428,438 |
| GSP+4 1/ | 341,431 | 503,960 | 725,165 | 918,183 | 968,222 |
| | Percent | | | | |
| Canada | 29.1 | 26.0 | 23.5 | 22.1 | 24.0 |
| Taiwan | 16.3 | 18.1 | 22.5 | 25.5 | 21.5 |
| Mexico | 6.7 | 7.4 | 8.5 | 9.7 | 13.8 |
| Italy | 4.5 | 6.1 | 7.2 | 6.9 | 6.6 |
| Denmark | 13.1 | 11.0 | 8.2 | 6.5 | 5.2 |
| Japan | 3.6 | 4.6 | 4.6 | 3.9 | 4.1 |
| West Germany | 4.1 | 5.0 | 5.5 | 4.4 | 3.8 |
| United Kingdom | 4.1 | 3.5 | 2.6 | 2.6 | 2.3 |
| Thailand | .2 | .4 | .6 | 1.2 | 2.1 |
| Singapore | 2.0 | 2.0 | 1.7 | 1.7 | 2.0 |
| Korea | 1.5 | 1.3 | 1.9 | 2.0 | 2.0 |
| Yugoslavia | 2.9 | 2.8 | 2.2 | 2.4 | 2.0 |
| Sweden | 1.2 | 1.3 | 1.4 | 1.4 | 1.3 |
| France | 1.5 | 1.4 | 1.2 | 1.0 | 1.2 |
| Brazil | .8 | 1.1 | 1.0 | .8 | .8 |
| All other | 8.5 | 8.1 | 7.6 | 7.8 | 7.4 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/ | 11.9 | 13.3 | 13.9 | 16.1 | 20.8 |
| GSP+4 1/ | 32.8 | 35.5 | 40.6 | 46.1 | 47.0 |

1/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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 No. 94014000

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

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Mexico | 29,157 | 32,535 | 35,115 | 31,023 | 61,350 |
| Canada | 55,394 | 46,806 | 46,071 | 52,454 | 57,279 |
| Japan | 4,818 | 4,807 | 7,255 | 12,394 | 20,928 |
| United Kingdom | 9,232 | 9,886 | 12,481 | 15,968 | 17,268 |
| Saudi Arabia | 42,686 | 25,687 | 10,367 | 10,612 | 15,482 |
| West Germany | 5,057 | 6,673 | 4,816 | 7,645 | 11,902 |
| Bahamas | 9,387 | 6,684 | 8,487 | 8,014 | 8,506 |
| France | 2,076 | 3,311 | 3,954 | 5,516 | 5,906 |
| Australia | 4,176 | 5,727 | 3,556 | 2,607 | 5,776 |
| Netherlands | 1,925 | 1,927 | 2,705 | 2,414 | 4,254 |
| Bermuda | 4,559 | 3,220 | 2,668 | 2,439 | 3,761 |
| Cayman Is | 1,850 | 2,155 | 2,066 | 2,266 | 3,208 |
| Hong Kong | 4,130 | 3,533 | 3,130 | 2,307 | 2,808 |
| Aruba | 2,136 | 1,328 | 2,421 | 2,558 | 2,618 |
| Italy | 1,371 | 1,542 | 1,704 | 1,895 | 2,392 |
| All other | 30,494 | 29,364 | 28,642 | 32,740 | 37,520 |
| Total | 208,448 | 185,185 | 175,437 | 192,851 | 260,958 |
| GSP Total 1/ | 61,447 | 59,994 | 63,906 | 61,258 | 97,994 |
| GSP+4 1/ | 69,528 | 66,695 | 71,887 | 69,746 | 106,335 |
| | Percent | | | | |
| Mexico | 14.0 | 17.6 | 20.0 | 16.1 | 23.5 |
| Canada | 26.6 | 25.3 | 26.3 | 27.2 | 21.9 |
| Japan | 2.3 | 2.6 | 4.1 | 6.4 | 8.0 |
| United Kingdom | 4.4 | 5.3 | 7.1 | 8.3 | 6.6 |
| Saudi Arabia | 20.5 | 13.9 | 5.9 | 5.5 | 5.9 |
| West Germany | 2.4 | 3.6 | 2.7 | 4.0 | 4.6 |
| Bahamas | 4.5 | 3.6 | 4.8 | 4.2 | 3.3 |
| France | 1.0 | 1.8 | 2.3 | 2.9 | 2.3 |
| Australia | 2.0 | 3.1 | 2.0 | 1.4 | 2.2 |
| Netherlands | .9 | 1.0 | 1.5 | 1.3 | 1.6 |
| Bermuda | 2.2 | 1.7 | 1.5 | 1.3 | 1.4 |
| Cayman Is | .9 | 1.2 | 1.2 | 1.2 | 1.2 |
| Hong Kong | 2.0 | 1.9 | 1.8 | 1.2 | 1.1 |
| Aruba | 1.0 | .7 | 1.4 | 1.3 | 1.0 |
| Italy | .7 | .8 | 1.0 | 1.0 | .9 |
| All other | 14.6 | 15.9 | 16.3 | 17.0 | 14.4 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/ | 29.5 | 32.4 | 36.4 | 31.8 | 37.6 |
| GSP+4 1/ | 33.4 | 36.0 | 41.0 | 36.2 | 40.7 |

1/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 9405.10.80

CERTAIN LAMPS AND LIGHTING FITTINGS

HTS item No.
9405.10.80

## Certain Lamps and Lighting Fittings[1]

### I. Introduction

Certain lamps and lighting fittings: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 9405.10.80 | 3.9% | Yes | 48,631 | Mexico(R)[1] | 4,827 | [ *** ] |
| 9405.20.80 | 3.9% | Yes | 39,859 | Mexico(R)[1] | 841 | [ *** ] |
| 9405.40.80 | 3.9% | Yes | 63,274 | Mexico(R)[1] | 4,079 | [ *** ] |
| 9405.91.20 | 14% | Yes | 22,895 | Mexico | 6,847 | [ *** ] |

[1]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.

Description and uses.—The products covered in this digest are (1) non-metal electrical ceiling or wall lighting fittings; (2) non-metal electric table, desk, bedside, or floorstanding lamps; (3) other non-metal lamps and lighting fittings; and (4) globes and shades of glass which are coverings for light bulbs in lamps and lighting fittings. These items are used in residential, commercial, industrial, and institutional environments for general illumination of areas, task lighting directed to particular areas to perform specific tasks, and accent or decorative lighting.

### II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number) | **120 | **115 | **115 | **110 | **110 | **-2 |
| Employment (thousand employees) | **13 | **13 | **13 | **13 | **13 | - |
| Shipments (million dollars) | **1,120 | **1,240 | **1,380 | **1,410 | **1,430 | **6 |
| Exports (million dollars) | 34 | 37 | 41 | 42 | 43 | 6 |
| Imports (million dollars) | 140 | 155 | 172 | 176 | 179 | 6 |
| Consumption (million dollars) | **1,226 | **1,358 | **1,511 | **1,544 | **1,566 | **6 |
| Import to consumption ratio (percent) | **11 | **11 | **11 | **11 | **11 | - |
| Capacity utilization (percent) | **70 | **70 | **70 | **70 | **70 | - |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explantation see Volume I, "Presentation of Probable Economic Effect Advice," p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.

Comment.—U.S. lighting manufacturers are widely dispersed throughout the United States. Manufacturing locations are usually selected based on the local availability and cost of labor and the level of business taxes. The U.S. industry is comprised both of many large and small establishments. The organizational structures of U.S. manufacturers vary according to a company's product line and management discretion. Large manufacturers that handle wide product lines of relatively high-quality products tend to be vertically integrated, whereas smaller firms that

[1]This digest includes the following HTS subheadings: 9405.10.80, 9405.20.80, 9405.40.80, and 9405.91.20.

frequently specialize in a narrower range of low-end and low-priced items are often horizontally integrated. As in some other industries, numerous mergers and acquisitions in recent years have resulted in a consolidation of the U.S. lighting industry. Consolidation has enabled some companies to offer wider product lines and higher volume production and therefore has enhanced their price competitiveness. 2

Until recently, U.S. lighting fitting manufacturers faced little competition from foreign manufacturers in the domestic market. High shipping costs limited import penetration and many U.S. distributors remained loyal to domestic manufacturers even after certain imports gained a price advantage. In addition, for many years, Underwriters Laboratory (UL) labels (i.e., labels that indicate that the specific safety code requirements for electrical devices established by the Underwriters Laboratory have been met thus ensuring the products against electrical hazards) could only be provided to U.S. manufacturers, which gave domestic products a significant competitive edge over imports.

However, U.S. imports of lighting fittings have been rising since 1984. The Underwriters Laboratory now grants its labels to U.S. imports as well as domestically manufactured lighting fittings. Consequently, increasing numbers of inexpensive, small, and lightweight fittings from East Asian suppliers such as Taiwan have entered the U.S. market. Most, if not all, of these imports are sold in the low-end, mass production sector of the U.S. lighting market, in which price is a major competitive factor.

## III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 174,659 | 100 | - | **11 |
| Imports from GSP countries: | | | | |
| Total | 21,784 | 12 | 100 | **3 |
| Mexico | 16,593 | 10 | 76 | **1 |

[1]Import-to-consumption ratios based on 1988 data.

Comment.--U.S. imports from Mexico of the products in this digest have declined fairly steadily from a share of 24.2 percent in 1984 to just under 10 percent in 1989. There were no other significant GSP suppliers of digest imports in 1989. Taiwan, which lost GSP eligibility on January 1, 1989, is by far the largest supplier of U.S. imports of both non-metal lighting fittings and globes and shades of glass.

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IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

| | |
|---|---|
| Ranking as a U.S. import supplier, January-September 1989 | 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 __ Low X |
| 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 __ |

Comment.—Mexico's share of U.S. imports of globes and shades of glass and of non-metal lighting fittings declined substantially during 1984-88, from 24 percent to 16. U.S. industry experts attribute this dip to increasing competition from inexpensive, comparable lighting fittings from East Asian countries, especially Taiwan.

Industry experts state that Mexico's relatively high packaging costs contribute to its inability to sell its lighting fittings at prices competitive with those from Taiwan and other East Asian suppliers. The boxes produced in Mexico and used for the packaging of glass lighting fittings reportedly cost twice as much as those made in the United States, and are of poorer quality. The average unit value for U.S. imports from Mexico of non-metal lamps and lighting fittings (i.e., HTS subheadings 9405.10.80, 9405.20.80, and 9405.40.80) was $11.05 during January-August 1989 compared with an average unit value of $5.70 for U.S. imports from all other sources (including Taiwan). Although average unit values are not available for U.S. imports of globes and shades of glass, industry experts claim that Mexico's globes and shades are priced higher than imports from Taiwan, its major competitor.

Production capacity in Mexico cannot be easily expanded in the short term for the following reasons: (1) six months to one year of training are required to master the production of hand blown glass used in globes and shades; and (2) Mexican labor unions reportedly constrain production capacity.

V. Position of interested parties

Support.—Vitrocrisa Cristaleria, S.A. de C.V. of Monterrey, Mexico, a producer of globes and shades, Crisa Corporation of Laredo, Texas, an importer of globes and shades from Mexico, Philip Goldin Associates, Inc. of Baldwin, New York, a wholesale distributor of globes and shades, and Home Depot U.S.A., Inc. of Atlanta, Georgia, an importer and retailer of home improvement products including globes and shades of glass, support redesignation of globes and shades from Mexico to GSP eligibility. These companies claim that redesignation of these items from Mexico to GSP eligibility would not harm the U.S. globes and shades industry for the following reasons: (1) the U.S. globes and shades industry today is prosperous and healthy; (2) at maximum capacity, U.S. producers could supply only about 40 percent of domestic demand for glass globes and shades because of other production demands; (3) the value of total U.S. imports has decreased since 1986, as performance by U.S. producers has improved; (4) Mexican products tend to serve the low to middle levels of the lighting market in contrast to the globes and shades of glass produced in the United States, most of which are more expensive, quality-oriented larger items that are targeted to a higher end of the market; and (5) the Mexican industry has not been able to compete with the prices of other imports, especially those from Taiwan, partly because of high overland transportation costs to the United States.

The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either a small share or a very low value compared with total U.S. imports;

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(2) the U.S. producing competitive products are developed and would not be "threatened" by these imports from Mexico: and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty-free.

Opposition.--Lancaster Glass Corporation of Lancaster, Ohio, Libby Glass, Inc. of Toledo, Ohio, GTE Products Corporation of Central Falls, Rhode Island, Southwestern Glass Company, Inc. of Van Buren and Ft. Smith, Arkansas, and the Phoenix Glass Division of Anchor Hocking Glass Company of Monaca, Pennsylvania, which manufacture glass globes and shades, oppose redesignation of these items from Mexico to GSP eligibility for the following reasons: (1) the U.S. glassware industry has been suffering from rising imports, stagnant consumption, and plant closings; (2) Vitrocrisa's contention that the U.S. globe and shade industry favors more expensive, quality-oriented, larger items is inaccurate because companies such as GTE still concentrate on small-sized, high-volume globes and shades; (3) Mexican products already account for almost 90 percent of the globes and shades imported into the United States from GSP-eligible countries and Mexico is the second leading exporter of globes and shades to the United States; (4) Mexican manufacturers already undercut some U.S. manufacturers' prices by as much as 50 percent and redesignating Mexican globes and shades as eligible for GSP would further reduce the Mexican price of these items by 14 percent making it virtually impossible for U.S. companies such as Southwestern and Lancaster Glass Corporation to compete against Mexican globes and shades; (5) GSP redesignation would exacerbate already declining plant capacity and employment in the industry; (6) granting GSP eligibility would enable Mexican producers to monopolize even more of the import market to the detriment of producers from other developing countries who truly need GSP benefits to compete effectively in the United States; (7) Mexican glassware producers have a price competitive advantage because of the low labor costs which averaged $1.39/hour (including benefits) in 1987 compared with $15.26 in the United States (labor costs account for about 60 percent of the cost of U.S. production); (8) U.S. manufacturers have higher natural gas and environmental protection costs; and (9) sales lost to Mexican imports as a result of redesignation to GSP eligibility would have a "ripple" effect, harming not only the U.S. glass industry, but related industries such as those involved in the production of paperboard containers and boxes.

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[Probable economic effect advice deleted.]

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Table I

Certain lamps and lighting fittings
U.S. imports for consumption, principal sources, 1984-88[1]

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Taiwan | 36,344 | 50,245 | 66,149 | 58,685 | 48,906 |
| Mexico | 33,796 | 29,956 | 23,741 | 10,316 | 11,427 |
| Japan | 11,572 | 15,466 | 19,019 | 21,885 | 23,309 |
| Korea | 7,502 | 8,338 | 9,856 | 10,167 | 14,443 |
| Hong Kong | 7,318 | 8,506 | 8,940 | 9,411 | 9,628 |
| West Germany | 5,539 | 6,985 | 7,447 | 8,326 | 9,581 |
| France | 5,049 | 6,350 | 7,224 | 7,593 | 7,667 |
| Canada | 9,413 | 6,644 | 6,171 | 7,139 | 6,870 |
| United Kingdom | 3,215 | 3,559 | 4,326 | 5,071 | 5,990 |
| China | 476 | 927 | 1,051 | 2,767 | 4,307 |
| Singapore | 5,225 | 4,287 | 3,039 | 2,395 | 3,212 |
| Haiti | 168 | 379 | 732 | 1,532 | 2,145 |
| Israel | 2,041 | 3,336 | 4,345 | 1,972 | 2,140 |
| Spain | 547 | 1,097 | 1,944 | 3,297 | 1,705 |
| Philippines | 1,265 | 1,320 | 1,381 | 1,020 | 1,442 |
| All other | 10,401 | 7,689 | 6,465 | 8,506 | 8,404 |
| Total | 139,868 | 155,084 | 171,831 | 175,942 | 178,844 |
| GSP Total[2] | 42,270 | 38,225 | 31,994 | 32,989 | 40,444 |
| GSP+4[2] | 98,662 | 109,601 | 119,977 | 113,647 | 113,886 |
| | Percent | | | | |
| Taiwan | 26.0 | 32.4 | 38.5 | 33.4 | 27.3 |
| Mexico | 24.2 | 19.3 | 13.8 | 14.9 | 16.3 |
| Japan | 8.3 | 10.0 | 11.1 | 12.4 | 13.0 |
| Korea | 5.4 | 5.4 | 5.7 | 5.8 | 8.1 |
| Hong Kong | 5.2 | 5.5 | 5.2 | 5.3 | 5.4 |
| West Germany | 4.0 | 4.5 | 4.3 | 4.7 | 5.4 |
| France | 3.6 | 4.1 | 4.2 | 4.3 | 4.3 |
| Canada | 6.7 | 4.3 | 3.6 | 4.1 | 3.8 |
| United Kingdom | 2.3 | 2.3 | 2.5 | 2.9 | 3.3 |
| China | 0.3 | 0.6 | 0.6 | 1.6 | 2.4 |
| Singapore | 3.7 | 2.8 | 1.8 | 1.4 | 1.8 |
| Haiti | 0.1 | 0.2 | 0.4 | 0.9 | 1.2 |
| Israel | 1.5 | 2.2 | 2.5 | 1.1 | 1.2 |
| Spain | 0.4 | 0.7 | 1.1 | 1.9 | 1.0 |
| Philippines | 0.9 | 0.9 | 0.8 | 0.6 | 0.8 |
| All other | 7.4 | 5.0 | 3.8 | 4.8 | 4.7 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total[2] | 30.2 | 24.6 | 18.6 | 18.7 | 21.1 |
| GSP+4[2] | 70.5 | 70.7 | 69.8 | 64.6 | 63.7 |

[1]Data are estimated by the staff of the U.S. International Trade Commission.
[2]This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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

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Table II

Certain lamps and lighting fittings
U.S. exports of domestic merchandise, by principal markets, 1984-88[1]

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | | | Value (1,000 dollars) | | |
| Canada | 10,013 | 10,862 | 13,165 | 13,113 | 12,956 |
| Korea | 1,781 | 707 | 911 | 1,819 | 2,960 |
| Netherlands | 2,688 | 4,278 | 4,430 | 3,934 | 2,832 |
| United Kingdom | 1,277 | 1,748 | 2,318 | 2,411 | 2,831 |
| Saudi Arabia | 5,544 | 3,720 | 2,111 | 1,734 | 2,488 |
| Mexico | 806 | 1,860 | 2,111 | 1,904 | 2,145 |
| Japan | 941 | 930 | 1,697 | 1,523 | 1,416 |
| Australia | 605 | 707 | 580 | 1,269 | 1,373 |
| West Germany | 907 | 1,785 | 2,050 | 2,200 | 987 |
| Taiwan | 370 | 744 | 911 | 550 | 815 |
| Belgium | 67 | 260 | 455 | 381 | 772 |
| Bahamas | 370 | 372 | 498 | 677 | 729 |
| Venezuela | 370 | 409 | 497 | 761 | 644 |
| Jamaica | 403 | 186 | 290 | 296 | 602 |
| Philippines | 134 | 112 | 580 | 169 | 601 |
| All other | 7,325 | 8,593 | 8,735 | 9,518 | 8,752 |
| Total | 33,600 | 37,200 | 41,400 | 42,300 | 42,900 |
| GSP Total[2] | 5,544 | 7,254 | 8,321 | 8,798 | 8,537 |
| GSP+4[2] | 8,400 | 18,923 | 10,971 | 11,929 | 13,213 |
| | | | Percent | | |
| Canada | 29.8 | 29.2 | 31.8 | 31.0 | 30.2 |
| Korea | 5.3 | 1.9 | 2.2 | 4.3 | 6.9 |
| Netherlands | 8.0 | 11.5 | 10.7 | 9.3 | 6.6 |
| United Kingdom | 3.8 | 4.7 | 5.6 | 5.7 | 6.6 |
| Saudi Arabia | 16.5 | 10.0 | 5.1 | 4.1 | 5.8 |
| Mexico | 2.4 | 5.0 | 5.1 | 4.5 | 5.0 |
| Japan | 2.8 | 2.5 | 4.1 | 3.6 | 3.3 |
| Australia | 1.8 | 1.9 | 1.4 | 3.0 | 3.2 |
| West Germany | 2.7 | 4.8 | 5.0 | 5.2 | 2.3 |
| Taiwan | 1.1 | 2.0 | 2.2 | 1.3 | 1.9 |
| Belgium | .2 | .7 | 1.1 | .9 | 1.8 |
| Bahamas | 1.1 | 1.0 | 1.2 | 1.6 | 1.7 |
| Venezuela | 1.1 | 1.1 | 1.2 | 1.8 | 1.5 |
| Jamaica | 1.2 | .5 | .7 | .7 | 1.4 |
| Philippines | .4 | .3 | 1.4 | .4 | 1.4 |
| All other | 21.8 | 23.1 | 21.1 | 22.5 | 1.4 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total[2] | 16.5 | 19.5 | 20.1 | 20.8 | 19.9 |
| GSP+4[2] | 25.0 | 26.1 | 26.5 | 28.2 | 30.8 |

[1]Data are estimated by the staff of the U.S. International Trade Commission.
[2]This data includes exports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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

DIGEST NO. 9504.20.60

BILLIARD TABLES; FAIRGROUND AMUSEMENTS AND TRAVELING CIRCUSES

Digest No.
9504.20.60

Billiard Tables; Fairground Amusements And Traveling Circuses[1]

## I. Introduction

Billiard tables; fairground amusements and traveling circuses: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; countries to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | From country to be reinstated: Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 9504.20.60[1] | 5% | Yes | 4,242 | Brazil (R)[2] | 1,844 | [ *** ] |
| 9508.00.00 | 4% | Yes | 22,744 | Brazil (R)[2] | 125 | [ *** ] |
| | | | | Mexico | 58 | [ *** ] |

[1]Based on trade data for January-September 1989, it is estimated that Brazil may exceed the applicable competitive need limit for this HTS subheading and may therfore become ineligible for GSP duty-free treatment.
[2]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.

Description and uses.—Billiard tables are usually made of wood. The slate playing surface is covered with felt. There are two distinct markets for billiard tables: coin-operated and non-coin operated. Fairground amusements are mechanical devices used to generate excitement and entertainment such as ferris wheels, merry-go-rounds, boat swings, shooting galeries, and other amusement rides. Equipment carried by traveling circuses and traveling theaters are also covered in this digest.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number)......................... | *80 | *80 | *84 | *83 | *95 | *4 |
| Employment (1,000 employees).............. | *4 | *5 | *6 | *7 | *8 | *19 |
| Shipments (1,000 dollars)................. | *78,000 | *76,000 | *75,000 | *73,000 | *71,000 | *-2 |
| Exports (1,000 dollars)................... | 6,463 | 9,780 | 9,466 | 12,306 | 39,087 | *57 |
| Imports (1,000 dollars)................... | 13,479 | 16,269 | 19,373 | 24,881 | 26,745 | *19 |
| Consumption (1,000 dollars)............... | *85,016 | *82,489 | *84,907 | *85,575 | *58,658 | *-7 |
| Import to consumption ratio (percent)...... | *16 | *20 | *23 | *29 | *46 | *30 |
| Capacity utilization (percent)............ | *75 | *75 | *80 | *80 | *80 | *2 |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice," p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.

[1]This digest includes the following HTS subheadings: 9504.20.60 and 9508.00.00

Comment.—Billiard tables account for about 60 percent of the value of U.S. producers' shipments of billiard equipment. In 1988, approximately 20 producers supplied billiard tables. Producers of billard tables purchase other billiard equipment, such as cues, balls, and racks, from both foreign and U.S. suppliers to market with the tables.

## III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 26,986 | 100 | - | *46 |
| Imports from GSP countries: | | | | |
| Total | 2,136 | 8 | 100 | *3 |
| Brazil | 1,969 | 7 | 92 | *2 |
| Mexico | 59 | ([2]) | 3 | *([2]) |

[1]Import-to-consumption ratios based on 1988 data.
[2]Less than 0.5 percent.

## IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Brazil[1] for certain digest products

Ranking as a U.S. import supplier, January-September 1989 ................ 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 X Moderate ___ Low _
Price level compared with—
U.S. products ........ Above ___ Equivalent ___ Below X
Other foreign products ........ Above X Equivalent ___ Below _
Quality compared with—
U.S. products ........ Above ___ Equivalent ___ Below X
Other foreign products ........ Above X Equivalent ___ Below _

[1]Profile applies only to the following subheading for which advice is requested: 9504.20.60.

Comments.—The billard tables from Brazil are of good quality. They compete directly with U.S.-made tables.

IV. Competitiveness profiles, GSP suppliers—Continued

Competitiveness indicators for Brazil[1] for certain digest products

Ranking as a U.S. import supplier, January-September 1989................. _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 ___ 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.................................................... 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_

[1]Profile applies only to the following HTS subheading for which advice is requested: 9508.00.00.

Competitiveness indicators for Mexico[1] for certain digest products

Ranking as a U.S. import supplier, January-September 1989................. _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 ___ 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_

[1]Profile applies only to the following HTS subheading for which advice is requested: 9508.00.00.

V. Position of interested parties

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states, in general: (1) these imports from Mexico represent either a small share or a very low value compared with total U.S. imports; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty-free.

[Probable economic effect advice deleted.]

[Probable economic effect advice deleted.]

Table I.

Digest No.
95042060

Digest Title: Billiard tables; fairground amusements and traveling circuses
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan............ | 2,173 | 2,545 | 3,251 | 4,734 | 7,066 |
| Canada........... | 3,205 | 3,775 | 3,433 | 2,985 | 3,681 |
| West Germany..... | 2,267 | 2,431 | 3,552 | 3,238 | 3,441 |
| Taiwan........... | 422 | 1,485 | 1,858 | 5,031 | 3,183 |
| United Kingdom... | 1,244 | 1,366 | 1,442 | 1,990 | 2,059 |
| Brazil........... | 65 | 556 | 903 | 1,427 | 1,508 |
| Italy............ | 612 | 713 | 868 | 746 | 1,135 |
| Switzerland...... | 698 | 785 | 1,061 | 1,093 | 813 |
| Netherlands...... | 272 | 438 | 568 | 801 | 599 |
| France........... | 391 | 291 | 384 | 500 | 490 |
| Sweden........... | 343 | 288 | 335 | 545 | 419 |
| China............ | 30 | 54 | 71 | 114 | 287 |
| Hong Kong........ | 163 | 424 | 299 | 213 | 283 |
| Israel........... | 88 | 122 | 68 | 97 | 278 |
| Denmark.......... | 207 | 168 | 443 | 204 | 246 |
| All other........ | 1,299 | 829 | 836 | 1,162 | 1,257 |
| Total.......... | 13,479 | 16,269 | 19,373 | 24,881 | 26,745 |
| GSP Total 1/.. | 723 | 851 | 1,151 | 1,854 | 2,246 |
| GSP+4 1/...... | 1,679 | 2,951 | 3,544 | 7,334 | 5,931 |
| | Percent | | | | |
| Japan............ | 16.1 | 15.6 | 16.8 | 19.0 | 26.4 |
| Canada........... | 23.8 | 23.2 | 17.7 | 12.0 | 13.8 |
| West Germany..... | 16.8 | 14.9 | 18.3 | 13.0 | 12.9 |
| Taiwan........... | 3.1 | 9.1 | 9.6 | 20.2 | 11.9 |
| United Kingdom... | 9.2 | 8.4 | 7.4 | 8.0 | 7.7 |
| Brazil........... | .5 | 3.4 | 4.7 | 5.7 | 5.6 |
| Italy............ | 4.5 | 4.4 | 4.5 | 3.0 | 4.2 |
| Switzerland...... | 5.2 | 4.8 | 5.5 | 4.4 | 3.0 |
| Netherlands...... | 2.0 | 2.7 | 2.9 | 3.2 | 2.2 |
| France........... | 2.9 | 1.8 | 2.0 | 2.0 | 1.8 |
| Sweden........... | 2.5 | 1.8 | 1.7 | 2.2 | 1.6 |
| China............ | .2 | .3 | .4 | .5 | 1.1 |
| Hong Kong........ | 1.2 | 2.6 | 1.5 | .9 | 1.1 |
| Israel........... | .7 | .7 | .3 | .4 | 1.0 |
| Denmark.......... | 1.5 | 1.0 | 2.3 | .8 | .9 |
| All other........ | 9.6 | 5.1 | 4.3 | 4.7 | 4.7 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 1/.. | 5.4 | 5.2 | 5.9 | 7.5 | 8.4 |
| GSP+4 1/...... | 12.5 | 18.1 | 18.3 | 29.5 | 22.2 |

1/ This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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.
95042060

Table II.

Digest Title: Billiard tables; fairground amusements and traveling circuses
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Korea........... | 200 | 625 | 3 | 240 | 20,927 |
| Japan........... | 634 | 323 | 431 | 3,944 | 5,477 |
| Canada.......... | 1,908 | 4,322 | 4,845 | 1,925 | 3,803 |
| West Germany..... | 100 | 167 | 227 | 944 | 1,326 |
| Netherlands...... | 46 | 173 | 364 | 170 | 1,206 |
| Jamaica.......... | 1 | 0 | 1/ | 745 | 936 |
| United Kingdom... | 430 | 256 | 154 | 680 | 814 |
| Italy........... | 42 | 29 | 197 | 185 | 562 |
| Taiwan.......... | 12 | 39 | 12 | 103 | 428 |
| Bahamas.......... | 116 | 1,112 | 577 | 489 | 422 |
| France.......... | 1/ | 5 | 10 | 257 | 325 |
| Turkey.......... | 1/ | 1 | 1/ | 1/ | 312 |
| Switzerland...... | 7 | 10 | 125 | 40 | 309 |
| Mexico.......... | 6 | 703 | 198 | 99 | 282 |
| Singapore........ | 8 | 52 | 21 | 87 | 217 |
| All other........ | 2,952 | 1,960 | 2,303 | 2,397 | 1,740 |
| Total.......... | 6,463 | 9,780 | 9,466 | 12,306 | 39,087 |
| GSP Total 2/.. | 1,896 | 2,311 | 1,842 | 1,904 | 2,798 |
| GSP+4 2/...... | 2,246 | 3,180 | 1,951 | 2,368 | 24,411 |
| | Percent | | | | |
| Korea........... | 3.1 | 6.4 | 1/ | 2.0 | 53.5 |
| Japan........... | 9.8 | 3.3 | 4.6 | 32.0 | 14.0 |
| Canada.......... | 29.5 | 44.2 | 51.2 | 15.6 | 9.7 |
| West Germany..... | 1.5 | 1.7 | 2.4 | 7.7 | 3.4 |
| Netherlands...... | .7 | 1.8 | 3.8 | 1.4 | 3.1 |
| Jamaica.......... | 1/ | .0 | 1/ | 6.1 | 2.4 |
| United Kingdom... | 6.7 | 2.6 | 1.6 | 5.5 | 2.1 |
| Italy........... | .7 | .3 | 2.1 | 1.5 | 1.4 |
| Taiwan.......... | .2 | .4 | .1 | .8 | 1.1 |
| Bahamas.......... | 1.8 | 11.4 | 6.1 | 4.0 | 1.1 |
| France.......... | 1/ | .1 | .1 | 2.1 | .8 |
| Turkey.......... | 1/ | 1/ | 1/ | 1/ | .8 |
| Switzerland...... | .1 | .1 | 1.3 | .3 | .8 |
| Mexico.......... | .1 | 7.2 | 2.1 | .8 | .7 |
| Singapore........ | .1 | .5 | .2 | .7 | .6 |
| All other........ | 45.7 | 20.0 | 24.3 | 19.5 | 4.5 |
| Total.......... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total 2/.. | 29.3 | 23.6 | 19.5 | 15.5 | 7.2 |
| GSP+4 2/...... | 34.7 | 32.5 | 20.6 | 19.2 | 62.5 |

1/ Less than $500 or less than 0.1 percent.
2/ This data includes exports to Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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. 9613.80.20

ELECTRICAL LIGHTERS

Digest No.
9613.80.20

# Electrical Lighters[1]

## I. Introduction

Electrical lighters: Harmonized Tariff Schedule subheadings; U.S. col. 1 rates of duty as of Jan. 1, 1990; country to be reinstated to GSP; U.S. production status as of Jan. 3, 1985; U.S. imports, January-September 1989; and probable effects on U.S. imports and production

| HTS subheading | Col. 1 rate of duty (1/1/90) | Article produced in the United States on Jan. 3, 1985? | U.S. imports, January-September 1989: Total | From country to be reinstated: Source | Value | Probable effects on U.S. imports/ production |
|---|---|---|---|---|---|---|
| | Percent ad valorem | | 1,000 dollars | | 1,000 dollars | |
| 9613.80.20 | 3.9% | Yes | 2,147 | Mexico (R)[1] | 0 | [ *** ] |
| 9613.90.40 | 3.9% | Yes | 445 | Mexico (R)[1] | 0 | [ *** ] |

[1]An "(R)" following a country name indicates that the country in question has been determined to be "sufficiently competitive" and is therefore subject to a reduced competitive-need limit.

Description and uses.—The products covered in this digest include electrical lighters and parts of electrical lighters. These lighters are primarily used by smokers to light cigarettes, cigars and pipes. Lighters are usually made of metal, imitation leather, plastics, ceramics, porcelain, or other materials. Electrical lighters may be battery powered, or non-battery, quartz-piezo powered devices, which generate a split-second spark to ignite the lighter fuel (usually butane gas). Unlike mechanical lighters, electrical lighters require no flint or sparkwheel.

## II. U.S. market profile

Profile of U.S. industry and market, 1984-88[1]

| Item | 1984 | 1985 | 1986 | 1987 | 1988 | Percentage change, 1988 over 1984[2] |
|---|---|---|---|---|---|---|
| Producers (number)....................... | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Employment (thousand employees).......... | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Shipments (million dollars).............. | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Exports (million dollars)................ | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Imports (million dollars)................ | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Consumption (million dollars)............ | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Import to consumption ratio (percent).... | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Capacity utilization (percent)........... | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |

[1]Trade data for 1984-88 may not be directly comparable to HS trade data for 1989. For a more detailed explanation see Volume I, "Presentation of Probable Economic Effect Advice", p. 5.
[2]This figure represents the average annual rate of change during 1984-1988.
[3]Less than 500.

Comment.—There are [ *** ] U.S. producers of electrical lighters. The major products of these companies are mechanical non-electrical lighters and other consumer products. [ *** ].

[1]This digest includes the following HTS subheadings: 9613.80.20 and 9613.90.40.

Such manufacturers, as well as other U.S. wholesale suppliers of electrical lighters, rely principally on imports of finished articles from Japan, Taiwan, Korea, and to a lesser extent from the EC for their sales in the U.S. market.

III. GSP import situation, January-September 1989

U.S. imports and share of U.S. consumption, January-September 1989

| Item | Imports | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption[1] |
|---|---|---|---|---|
| | 1,000 dollars | | | |
| Total | 2,592 | 100 | - | [ *** ] |
| Imports from GSP countries: Total | 0 | 0 | 100 | [ *** ] |

[1]Import-to-consumption ratios are based on 1988 data.

Comment.—Although developing countries such as [ *** ] U.S. imports of electrical lighters during the first 9 months of 1989.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Mexico for all digest products

Ranking as a U.S. import supplier, January-September 1989................ ([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 __

[1]Mexico supplied no U.S. imports of digest articles during January-September 1989.

V. Position of interested parties

Support.—The Government of Mexico (GOM) supports all petitions where the action requested would provide additional GSP benefits for Mexican products. The GOM states that, in general: (1) these imports from Mexico represent either "a small share, or a very low value of total U.S. imports"; (2) the U.S. industries producing competitive products are developed and would not be "threatened" by these imports from Mexico; and, (3) duty-free treatment is needed in order for Mexico to be competitive with other imports, especially products from other countries which are already entering the United States duty-free.

[Probable economic effect advice deleted.]

Digest No.
9613.80.20

Table I

Certain electrical lighters
U.S. imports for consumption, principal sources, 1984-88

| Source | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Taiwan | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Korea | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| France | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| West Germany | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| United Kingdom | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Italy | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Canada | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Hong Kong | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Belgium | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Poland | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Total | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| GSP Total[1] | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| GSP+4[1] | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| | Percent | | | | |
| Japan | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Taiwan | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Korea | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| France | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| West Germany | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| United Kingdom | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Italy | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Canada | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Hong Kong | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Belgium | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Poland | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Total | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| GSP Total[1] | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| GSP+4[1] | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |

[1]This data includes imports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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

Source: Estimated by the staff of the U.S. International Trade Commission.

Digest No.
9613.80.20

Table II

Certain electrical lighters
U.S. exports of domestic merchandise, by principal markets, 1984-88

| Market | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|
| | Value (1,000 dollars) | | | | |
| Japan | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Canada | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Mexico | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Saudi Arabia | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| United Kingdom | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| West Germany | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| France | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Singapore | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Spain | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Hong Kong | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Korea | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Netherlands | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Switzerland | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Italy | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Sweden | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| All other | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Total | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| GSP Total[2] | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| GSP+4[2] | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| | Percent | | | | |
| Japan | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Canada | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Mexico | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Saudi Arabia | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| United Kingdom | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| West Germany | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| France | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Singapore | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Spain | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Hong Kong | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Korea | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Netherlands | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Switzerland | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Italy | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Sweden | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| All other | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| Total | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| GSP Total[2] | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |
| GSP+4[2] | [ *** ] | [ *** ] | [ *** ] | [ *** ] | [ *** ] |

[1]Less than $500 or less than 0.05 percent.
[2]This data includes exports from Chile, Panama, and Paraguay. However, imports from these countries are currently ineligible for GSP duty free treatment.

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

Source: Estimated by the staff of the U.S. International Trade Commission.