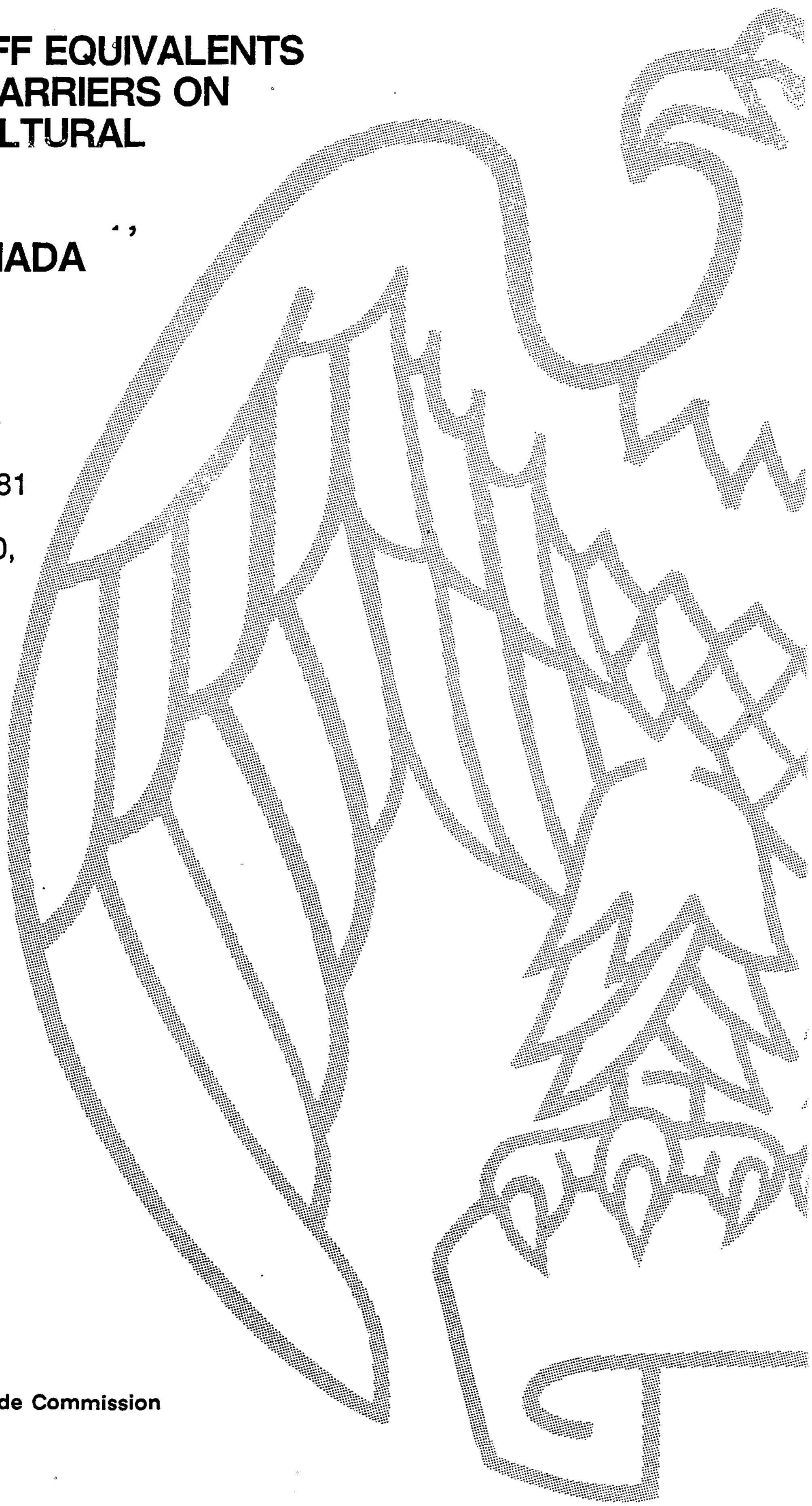
ESTIMATED TARIFF EQUIVALENTS OF NONTARIFF BARRIERS ON CERTAIN AGRICULTURAL IMPORTS IN THE EUROPEAN C[illegible], JAPAN, AND [illegible]NADA



Supplemental Report to the President on Investigation No. 332-281 Under Section 332(g) of the Tariff Act of 1930, as amended

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PREFACE

On March 26, 1990, the Commission received a request from the United States Trade Representative (USTR) for a supplemental report in connection with Investigation No. 332-281 for the purpose of calculating for 1986, 1987, and 1988 the tariff equivalents of the following:

(1) EC import restrictions on dairy products (butter, cheese, and nonfat dry milk), sugar, and wheat;

(2) Japanese import restrictions on dairy products (butter, cheese, and nonfat dry milk), sugar, and rice;

(3) Canadian import restrictions on dairy products (butter, cheese, and nonfat dry milk), eggs and poultry.

The requested report is a supplement to the Commission's earlier report on Investigation No. 332-281, Estimated Tariff Equivalents of U.S. Quotas on Agricultural Imports and Analysis of Competitive Conditions in U.S. and Foreign Markets for Sugar, Meat, Peanuts, Cotton, and Dairy Products, which was furnished to the USTR on February 28, 1990. Notice of that investigation was published in the Federal Register (54 FR 46134, November 1, 1989).

The USTR initially requested that the Commission furnish the supplemental report not later than April 30, 1990. In a revised letter received on April 11, 1990, the USTR requested that the Commission change the submission date to April 20, 1990.[1]

Notice of this supplemental investigation was given by posting copies of the Notice of Investigation at the Office of the Secretary, United States International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register (55 FR 13674, April 11, 1990).[2]

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[1] The USTR request of March 26, 1990, and the amended request of April 11, 1990, are reproduced in App. A.

[2] A copy of the Commission's Notice of Investigation is reproduced in App. B.

CONTENTS

EXECUTIVE SUMMARY

Introduction

As requested, this study provides the Commission's estimates of the tariff equivalents of certain foreign nontariff barriers in agricultural trade. These nontariff barriers include the following:

(1) European Community (EC) import restrictions on dairy products (butter, cheese, and nonfat dry milk), sugar, and wheat;

(2) Japanese import restrictions on dairy products (butter, cheese, and nonfat dry milk), sugar, and rice; and

(3) Canadian import restrictions on dairy products (butter, cheese, and nonfat dry milk), eggs and poultry.

METHOD USED TO ESTIMATE TARIFF EQUIVALENTS

Although there are several methods of varying sophistication by which to calculate tariff equivalents, data and time limitations made it necessary that this study rely on the price-gap method to estimate the tariff equivalents of the subject foreign trade barriers.[3] The price-gap method assumes the gap between the importing-country price and the (presumably lower) world price (adjusted for transportation costs) is caused by the restrictive effects of the trade barrier in the importing country. Using this price gap, a tariff can be estimated which would cause essentially the same trade distortion, but in a more transparent manner than the nontariff trade barrier. The specific tariff equivalent is equal to the absolute value of the price gap, and the _ad valorem_ tariff equivalent is equal to the price gap divided by the world price. As requested, separate estimates are provided for the years 1986, 1987, and 1988.

Table A summarizes the Commission's estimates of the tariff equivalents of the subject foreign nontariff trade barriers.

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[3] See ch. 1 of the original report on this investigation, _Estimated Tariff Equivalents of U.S. Quotas on Agricultural Imports and Analysis of Competitive Conditions in U.S. and Foreign Markets for Sugar, Meat, Peanuts, Cotton, and Dairy Products_ (USITC Publication 2276), for a detailed explanation of, and clarification of the caveats applying to, the price-gap method.

Table A. Estimated tariff equivalents of certain foreign nontariff barriers on agricultural imports

Importing country/region and item	Ad valorem 1986	Ad valorem 1987	Ad valorem 1988	Specific 1986	Specific 1987	Specific 1988
	percent			cents/kilogram		
European Community:						
Dairy products:						
Butter	212	65	166	214	64	222
Cheddar cheese	275	95	182	302	105	301
Nonfat dry milk	471	115	179	330	116	292
Sugar	188	222	170	25	33	38
Wheat	96	100	76	8	9	10
Japan:						
Dairy products:						
Butter	595	648	507	601	635	679
Nonfat dry milk	344	250	144	241	253	234
Sugar	542	542	360	72	80	81
Rice	733	620	700	160	183	204
Canada						
Dairy products:						
Butter	270	308	223	273	302	299
Cheddar cheese	295	317	218	325	349	360
Nonfat dry milk	189	113	44	132	114	72
Eggs and poultry:						
Eggs1/	13	36	35	9	21	22
Chicken	15	29	12	19	32	16
Turkey	28	58	25	46	77	35

1/ Specific rates are in cents per dozen.
NOTE: See text and tables in the following chapters covering the respective commodities for detailed explanations of the estimation of these tariff equivalents, and for important qualifications and caveats applicable to them. Due to information constraints, not all of the estimated tariff equivalents are calculated on the same internal-price basis. In particular, in some cases the internal price in the importing country is based on an import-competing basis, while in other cases the internal price is based on farm target price or an equivalent. Note also the differences in the methods used to calculate transportation costs.

CHAPTER 1. EUROPEAN COMMUNITY

Introduction

Producers of most agricultural products in the EC are supported by the EC's Common Agricultural Policy. The objective of that policy is to obtain desired commodity prices through supply management practices. The means used to achieve desired price levels include variable levies on imports, adjusted periodically to keep the prices of imported products at or above the threshold (or minimum) prices.

EC support prices are derived from the "target" price. Generally, the EC determines the target price--the price the EC believes that producers should receive--according to the standard price of the particular commodity at the location of largest surplus. A "threshold price" is then determined by adding to the target price a storage levy and the transportation cost from the area of greatest surplus to the area of greatest deficit. Processors or other middlemen pay the storage levy. The difference between the world price (the "free market" price of imports or exports) and the threshold price is the basis for the variable import levy. This levy ensures that the price of imports from third countries meets the threshold price, which then becomes the minimum price at which imports may be sold. The threshold price is frequently high enough to completely discourage imports (as in the case of sugar).

A third price level is the "intervention price," which is generally somewhat less than the target price, although it may vary by region. When the intervention price is reached, quantities offered by producers are purchased by Member State government agencies.

Therefore, for almost all of the subject commodities (except cheese, discussed below), there is a choice of prices to use as the internal EC price, from which the world price is subtracted to obtain a price gap. Different EC prices will, of course, produce different gaps. The threshold price typically is the highest price, followed first by the target price and then by the intervention price; in years of surplus, the market price is usually the lowest price, being slightly below the intervention price.[1]

The appropriate choice of EC price depends on what is being measured. If the objective is to evaluate the effect of the EC import barrier on the

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[1] At any one time, the market price falls short of the intervention price by as much as 4 to 6 percent because the payment for an intervention purchase is often delayed by several months. Therefore, it is conceivable that an EC producer could be indifferent between selling to the EC (and waiting for payment) at the intervention price or selling (and receiving payment immediately) at a somewhat lower current market price. USDA, FAS, personal communication, April 1990.

internal price of imports, the threshold price is the relevant EC price to balance against the world price. If instead the objective is to evaluate the effects on the EC producer price, the intervention price is appropriate. In this study, the Commission used the intervention price, which in all cases yielded somewhat lower tariff equivalents than would have been the case had the threshold price been used.

An exception is cheese, for which there is no intervention price. There are generally no EC purchases of cheese (except for two relatively minor types of Italian cheese, which the EC maintains an intervention price for because the Italian dairy sector produces relatively little butter or nonfat dry milk); however, a variable levy is in effect for cheese, so the threshold price was used in this study to calculate the tariff equivalent of that import barrier.

Dairy products

Description of trade barriers

The EC common agricultural policy for dairy products covers fresh, concentrated, and powdered milk and cream; butter, cheese and curd; certain preparations of lactose; and certain types of forage (feed). In addition to paying the import levy described above, an importer of milk or milk products into the EC must acquire an import license. This license is issued by the intervention authority in each Member State upon receipt of an application and a security payment; licenses are valid for only 2 months after the end of the month of issue.

Estimated tariff equivalents

World prices and transportation costs for the selected dairy products are those used in the Commission's earlier report on U.S. nontariff barriers. For EC prices, as noted, intervention prices were used for butter and nonfat dry milk, and the threshold price was used for Cheddar cheese. These prices, denominated in ECUs, were converted into U.S. dollars by multiplying the ECU prices in the 1986/87, 1987/88, and 1988/89 seasons by 1.084, 1.125696, and 1.137282, respectively, to adjust for the difference between the agricultural (green) and central ECU rates. The resulting figures were then converted to dollars at the average central exchange rates for May of 1986, 1987, and 1988: 1 ECU = $0.964, $1.16241, and $1.22834, respectively. The EC prices, green/central conversion rates, and ECU/dollar exchange rates were all provided by the Office of Agricultural Affairs of the U.S. Mission to the EC.

Table 1-1.
Tariff equivalents of the EC's nontariff barriers on dairy products, 1986-88

	World price[1]	Transportation cost[2]	Adjusted world price	Internal EC price[3]	Tariff equivalent Specific	Tariff equivalent Ad valorem
	(A)	(B)	(C=A+B)	(D)	(D-C)	((D-C)÷A)
	cents per kilogram					-percent-
Butter:						
1986..	101	25	126	340	214	212
1987..	98	28	126	190	64	65
1988..	134	30	164	386	222	166
Cheddar cheese:						
1986..	110	25	135	437	302	275
1987..	110	28	138	243	105	95
1988..	165	30	195	496	301	182
Nonfat dry milk:						
1986..	70	10	80	410	330	471
1987..	101	10	111	227	116	115
1988..	163	10	173	465	292	179

[1] F.o.b. foreign port. Source: USDA, FAS, World Dairy Situation.
[2] Average freight and handling charges between U.S. eastern ports and Northern European ports. Source: USDA, FAS, Dairy, Livestock, and Poultry Division.
[3] EC intervention prices for butter and nonfat dry milk, EC threshold prices for Cheddar cheese. Source: Office of Agricultural Affairs, U.S. Mission to the European Community, Brussels.

Source: U.S. International Trade Commission staff estimates, except as noted.

Sugar

Description of trade barriers[2]

Producers of beet and cane sugar in the European Community are protected by the sugar provisions of the Common Agricultural Policy. These provisions, originally implemented in 1968, took their present form in 1974. They include incentives to increase production through the application of variable levies on imports and assistance on exports as supplements to domestic support prices and production quotas. At the same time, a protocol to the Lomé Convention was adopted that allowed a specified amount of sugar imports from overseas territories, India, and certain African, Caribbean, and Pacific countries.

Currently, production of sugar in the EC is managed through a three-tier system of production controls, levies, and other support. Production under category "A" receives the highest level of support, but is subject to quotas set on the basis of historical production levels and the production level needed to meet current domestic consumption. Each national government is responsible for distributing its quota among producers, who are in turn responsible for paying the levy, which is two percent of the intervention price.

Production under category "B" benefits from somewhat lower levels of support and is subject to a supplemental quota that is a yearly fixed percentage of the "A" sugar. In addition, category "B" sugar is subject to a 40-percent levy. Originally, "B" sugar was intended to allow for greater flexibility when meeting internal EC demand at the intervention price was difficult, and for export after demand had been met. However, there are no legal restrictions on the amount of "B" sugar that may be sold in the EC.

"A" and "B" sugar may be sold to the government at intervention prices and receive export subsidies. Category "C" sugar is sugar produced in excess of the "A" and "B" quotas, and may not be sold within the EC. Exports of "C" sugar do not receive export subsidies.

Imports of sugar are subject to a variable levy. The threshold price for sugar, which is the basis for the variable import levy, is set by adding to the target price a six-percent storage levy (paid by EC sugar producers) and the cost of transportation between the area of greatest surplus and the area of greatest deficit. The threshold price is almost always high enough to completely discourage sugar imports. The intervention price for sugar (the price at which the Government will remove supplies from the market) is typically 95 percent of the target price.

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[2]Material for this synopsis of the EC sugar program was gathered from the USDA's United States Sugar Policy: An Analysis and the European Communities' A Common Agricultural Policy for the 1990s.

Sugar beet farmers are guaranteed by the EC to receive a minimum price from processors. This minimum price is the intervention price less processing and delivery and less up to 60 percent of the levies paid by producers.

"C" sugar, as mentioned, receives no direct help from the EC sugar program. The support for "A" and "B" sugar is financed through the quota levies, which in turn pay the export subsidies. Export subsidies are paid for refined sugar and sugar containing products. The vast majority of EC sugar exports are destined for countries in the Middle East and Africa.

Estimated tariff equivalents

World price data were obtained from USDA, Sugar and Sweeteners: Situation and Outlook Report, Economic Research Service, September 1989. Freight and handling charges were provided by USDA, Economic Research Service, Commodity Economics Division. For the internal EC price, the EC intervention price was used; price data were obtained from the Office of Agricultural Affairs, U.S. Mission to the European Community, Brussels. The original data (expressed in ECUs per metric ton) were converted to dollars per kilogram using annual average exchange rates published in the International Monetary Fund's International Financial Statistics.

Table 1-2.
Tariff equivalents of the EC's nontariff barriers on sugar, 1986-88

	World price[1]	Transportation cost[2]	Adjusted world price	Internal EC price[3]	Tariff equivalent Specific	Tariff equivalent Ad valorem
	(A)	(B)	(C=A+B)	(D)	(D-C)	((D-C)÷A)
	cents per kilogram					percent
1986....	13.34	3.09	16.43	41.51	25.08	188
1987....	14.79	3.71	18.50	51.39	32.89	222
1988....	22.44	3.53	25.97	64.02	38.05	170

[1] The world price is the annual average contract No. 11 price--i.e., f.o.b. stowed Caribbean port (including Brazil) bulk (spot price).
[2] In the absence of data on transport costs between likely exporters and the EC, the average charge per kilogram of shipping raw sugar between Caribbean countries and the U.S. customs district of New York City is used as a proxy for the estimated transport cost. This estimate, provided by the USDA, includes freight, stevedoring, weighing, interest, insurance, and miscellaneous charges. To the extent that this proxy underrepresents actual transport costs to the EC, the estimated tariff equivalents are overstated.
[3] The internal EC price used here is the "intervention price", which is the price to which the market price of domestic product can fall before the EC will intervene and purchase supplies from the market. Source: U.S. Mission to the EC. The price for, e.g., 1986 is the 1985/86 intervention price (in ECUs) adjusted by the end-of-period (1985) dollar:ECU exchange rate as published in the International Monetary Fund's International Financial Statistics. Original data were for "white" sugar. U.S. processing costs of 6.6¢/kg (3¢/1b.) were used as a proxy for EC processing costs, and subtracted from the original data to obtain an estimated internal price for raw sugar. U.S. processing costs were based on staff estimates and confirmed by industry sources.

Source: U.S. International Trade Commission staff estimates, except as noted.

Wheat

Description of trade barriers

The EC wheat program supports a high internal price to farmers through the use of intervention purchases, import restrictions, and export subsidies. The EC maintains a target price that can be considered a designated average market price.[3] The target price is fixed for the traditional area of greatest wheat deficit, at Duisburg, West Germany. The market is manipulated to maintain the target price at that location, with adjustments for transportation costs to that area from different areas of the Community.[4]

Intervention prices are the minimum support prices at the farm level. Intervention prices are set in the range of 23-30 percent below the target price. Official intervention agencies can begin support purchases when the market price falls to the intervention price.[5]

Official support purchases by EC intervention agencies have taken excess production of wheat off the internal market, thus maintaining the target price. Intervention purchases also have generated large stocks. The EC often sells its surplus production on the world market at a loss. Exporters receive export restitutions that refund value-added taxes paid and compensate them for losses on sales in the world market.[6] Export restitutions are the largest single EC budget expenditure for grain.[7]

Variable levies and threshold prices protect the internal price support system from being eroded by lower-priced imports. The threshold price is set at a level so that any wheat imported at that price would enter the EC market at the target price level, once transport costs are included. The threshold price equals the target price plus costs of transportation, handling, and delivery to Duisburg.[8] Any wheat that is imported at a price below the threshold price is assessed a variable levy that equals the difference between the price at the frontier and the threshold price.

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[3] Joy L. Harwood and Kenneth W. Bailey, The World Wheat Market--Government Intervention and Multilateral Policy Reform, USDA, ERS, AGES-9007, Jan. 1990, p. 22.

[4] Dennis Swann, The Economics of the Common Market, 6th ed. (London: Penguin Books), 1988, p. 208.

[5] Ibid.

[6] Swann, p. 220.

[7] Harwood, p. 23.

[8] Harwood, p. 22.

Estimated tariff equivalents

Argentina's export prices are used for a representative world price of wheat because Argentina is a low-cost producer and does not subsidize its exports.

Transportation costs were estimated by the staff of the USDA's Economic Research Service (ERS), using charters reported in New York and London for 1988. The data captured approximately one-fourth of total tonnage shipped between U.S. ports (Gulf and East Coast) and London/Rotterdam. The estimate has a fairly large standard deviation since all U.S. ports of origin are grouped together and freight rates fluctuate throughout the year. The internal EC price used is the intervention price for wheat.

Table 1-3.
Tariff equivalents of the EC's nontariff barriers on wheat, 1986-88

	World price[1] (A)	Transportation cost[2] (B)	Adjusted world price (C=A+B)	Internal EC price[3] (D)	Tariff equivalent: Specific (D-C)	Tariff equivalent: Ad valorem ((D-C)÷A)
	cents per kilogram					-percent-
1986....	8.8	1.37	10.17	18.58	8.41	96
1987....	8.9	1.37	10.27	19.21	8.94	100
1988....	12.5	1.37	13.87	23.39	9.52	76

[1] Argentina export price. Source: USDA, ERS.
[2] Heavy grain from all U.S. ports to the Continent and UK. Source: USDA, ERS.
[3] The internal EC price used here is the "intervention price", which is the price to which the market price of domestic product can fall before the EC will intervene and purchase supplies from the market. Source: U.S. Mission to the EC. The price for, e.g., 1986 is the 1985/86 intervention price (in ECUs) adjusted by the end-of-period (1985) dollar:ECU exchange rate as published in the International Monetary Fund's International Financial Statistics.

Source: U.S. International Trade Commission staff estimates, except as noted.

CHAPTER 2. JAPAN

Dairy products

The objectives of the Japanese dairy program are to achieve self-sufficiency in the dairy sector and to maintain the living standards of farm households at levels broadly comparable with those of non-farm households. To achieve these objectives, the Japanese government has employed measures such as stabilization indicative prices (a price support program), stock management and import controls (tariffs and quotas) on dairy products, and deficiency payments to producers of milk, except for milk used to produce cheese. The deficiency payments for milk are financed from profits from state trading in dairy products and levies on imported beef.[1]

Japan maintains a 25 percent tariff on skim milk powder (nonfat dry milk)[2], 30 percent on condensed milk, and 35 percent on butter. On April 1, 1988, the Japanese tariff on chocolate block was reduced from 25 percent to 10 percent. At the same time, a tariff quota system was imposed on chocolate crumb (a product composed of skim milk powder, cocoa, and sugar).[3] Prior to the tariff reduction on chocolate block, imports of chocolate crumb were subject to a 25-percent duty. Since then, annual imports have been free of duty (up to 16,200 metric tons (mt)) provided that 1 mt of domestically produced skim milk powder is mixed with every 2.5 mt of imported chocolate crumb in the manufacture of chocolate. Because of the high cost of the domestic skim milk powder, Japanese sources estimate that domestic chocolate manufacturers will experience total costs about 30 percent higher under the current arrangements than those existing under the previous arrangements.

Under the stabilization indicative price program, the Livestock Industry Promotion Corporation sets a target price (the stabilization indicative price) for various processed dairy products. When market prices fall to or below 90 percent of the target price, the LIPC withdraws supplies from the market at 90 percent of the target price; when market prices rise to or above 104 percent of the target price, the LIPC releases supplies onto the market.[4]

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[1] Australian Bureau of Agricultural and Resource Economics (ABARE), Japanese Agricultural Policies, A Time of Change, Policy Monograph No. 3 (1988), pp. 137 et seq.

[2] Skim milk powder destined for the school lunch program or for animal feed is exempt from tariff in an effort to reduce government expenditures on the school lunch program and to contain feed costs in the livestock industry.

[3] Some Japanese interests are concerned that imports of mixtures containing dairy products are being imported to circumvent Japanese import restrictions on the dairy products themselves. Michiyo Nakamoto, "Japanese rice traders break their own rules," Financial Times, Mar. 16, 1990, p. 8.

[4] ABARE, op. cit.

Of the products covered in this report, only butter and nonfat dry milk are supported through the Japanese stabilization indicative prices. Therefore, although the USTR requested estimated tariff equivalents for Japanese import restrictions on dairy products, including cheese, such estimates are provided only for butter and nonfat dry milk.

Estimated tariff equivalents

World price data were obtained from U.S. Department of Agriculture, World Dairy Situation, Economic Research Service. The estimated shipping costs (freight and handling) between the United States and northern Europe are used as a proxy for costs of transport between Japan and likely suppliers (e.g., New Zealand). It should be noted that, to the extent that this proxy underrepresents the true transport costs, the estimated tariff equivalents are overstated. Internal prices are the so-called stabilization indicative prices used to support the prices of processed dairy products by the Japanese Government; such price supports in turn allow processors to pay higher-than-otherwise prices for milk. The stabilization indicative prices reported by the Livestock Industry Promotion Corporation (Japan), Monthly Report (various issues); cited in ABARE, Japanese Agricultural Policies, op. cit.

Table 2-1.
Tariff equivalents of Japan's nontariff barriers on dairy products, 1986-88

	World price[1]	Transportation cost[2]	Adjusted world price	Internal Japanese price[3]	Tariff equivalent Specific	Tariff equivalent Ad valorem
	(A)	(B)	(C=A+B)	(D)	(D-C)	((D-C)÷A)
	cents per kilogram					percent
Butter:						
1986....	101	25	126	727	601	595
1987....	98	28	126	761	635	648
1988....	134	30	164	843	679	507
Nonfat dry milk:						
1986....	70	10	80	321	241	344
1987....	101	10	111	364	253	250
1988....	163	10	173	407	234	144

[1] Source: USDA, FAS, World Dairy Situation.
[2] The estimated shipping costs (freight and handling) between the United States and northern Europe are used as a proxy for costs of transport between Japan and likely suppliers (e.g., New Zealand). To the extent that this proxy underrepresents the true transport costs, the estimated tariff equivalents are overstated.
[3] Stabilization indicative prices. Source: Livestock Industry Promotion Corporation (Japan), Monthly Report (various issues); cited in ABARE, Japanese Agricultural Policies, op. cit.

Source: U.S. International Trade Commission staff estimates, except as noted.

Sugar

Description of trade barriers[5]

Japan, the world's second largest sugar importer, maintains a complex sweetener support program. As part of that program, the Government maintains a monopoly over the marketing of both domestic and imported sugar. The program's objectives are to stabilize domestic sugar prices, protect the domestic sugar industry, and provide income support for cane and beet growers.

The Sugar Price Stabilization Law dates back to October 1, 1965. The law is implemented by the Japanese Raw Silk and Sugar Price Stabilization Corporation (hereinafter "the Corporation"), a quasi-governmental agency, which administers a system of subsidies on domestic sugar production, high tariffs, variable levies, rebates, and surcharges on imported sugar.

The Government pays cane and beet farmers direct subsidies to encourage production. Additionally, each crop year the Government sets a minimum price to be paid by cane millers and beet processors to the farmers. If the processors meet the minimum price, the Corporation guarantees to buy sugar from the processors at prices covering all costs. The sugar purchased by the Corporation is then sold to the millers at prices that are low enough to allow competition with imported raw sugar. The difference between the Corporation's purchase price and the sell-back price essentially constitutes a direct payment. These payments are financed through government budget allocations and an Adjustment Fund, which is financed through the surcharges on imported sugar.

Raw sugar imports are subject to import duties, excise taxes, and variable charges and rebates. All sugar imports are purchased by the Corporation at the average import price, regardless of the importer's actual purchase price. The Corporation sells the sugar back to the importers after the addition of the surcharges and levies or the deduction of the rebates.

The charges and rebates depend on the interaction of five variables: a maximum stabilization price, a minimum stabilization price, a target price, a level of self-sufficiency, and an average import price. If the average import price falls below the minimum stabilization price, the levy assessed is the difference between the two prices. In addition, a surcharge is added to the amount of the difference between the minimum stabilization price and the target price multiplied by the determined level of self-sufficiency in sweeteners. If the average import price is above the minimum stabilization price but remains below the target price, the Corporation only adds a

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[5]Material for this synopsis of Japanese trade barriers was gathered from ABARE, op. cit., and United States Sugar Policy: An Analysis by the U.S. Department of Commerce.

surcharge in the amount of self-sufficiency multiplied by the difference between the target price and the average import price. When the average import price lies between the target price and the maximum stabilization price, there are no additional charges. In the case where the average import price is higher than the maximum stabilization price, a refund of the difference between the average import price and the maximum stabilization price is given from the Price Stabilization Fund. The Fund receives its capital from the levy.

There exists an additional surcharge on imported sugar, which is determined as a flat rate in the Corporation's resale price. This surcharge acts to protect the profitability of refiners, and is only imposed on imports in excess of the quantity that the Ministry of Agriculture, Forestry, and Fisheries allocates to refiners. The surcharge is added whenever the Japanese consumer price of refined sugar is lower than the theoretical market price. The theoretical market price is a benchmark government price determined by adding the refined sugar equivalent of the Corporation resale price of imported raw sugar, the import duty, standard refining cost, and the excise tax.

Refined sugar imports are subject to a higher duty than raw. The overall higher world price and shipping costs together with the higher duty have resulted in negligible Japanese refined imports.

The four largest exporters to Japan in 1988--Australia, Thailand, South Africa, and Cuba--accounted for 63 percent of consumption. Australian exports alone were 24 percent of consumption followed by Thailand with 16 percent, South Africa with 13 percent, and Cuba with 10 percent.

Estimated tariff equivalents

Japanese and world price data were obtained from U.S. Department of Agriculture, Sugar and Sweetener: Situation and Outlook Report, Economic Research Service, September 1989. Freight and handling charges were provided by the U.S. Department of Agriculture, Economic Research Service, Commodity Economics Division. Protected internal price data were derived from the Centrifugal Sugar Annual Report of the USDA's Foreign Agricultural Service in Tokyo. The original data (expressed in yen per kilogram) were converted to dollars per kilogram using annual average exchange rates published in the International Monetary Fund's International Financial Statistics.

Table 2-2.
Tariff equivalents of Japan's nontariff barriers on sugar, 1986-88

	World price[1]	Transportation cost[2]	Adjusted world price	Internal Japanese price[3]	Tariff equivalent Specific	Tariff equivalent Ad valorem
	(A)	(B)	(C=A+B)	(D)	(D-C)	((D-C)÷A)
	cents per kilogram					percent
1986....	13.34	3.09	16.43	88.73	72.30	541.98
1987....	14.79	3.71	18.50	98.61	80.11	541.65
1988....	22.44	3.53	25.97	106.65	80.68	359.54

[1] The world price is the annual average contract No. 11 price--i.e., f.o.b. stowed Caribbean port (including Brazil) bulk (spot price).
[2] The average charge per kilogram of shipping raw sugar between Caribbean countries and the U.S. customs district of New York City was used as a proxy for the cost of transport from likely suppliers to the Japanese market. These estimates, provided by the U.S. Department of Agriculture, include freight, stevedoring, weighing, interest, insurance, and miscellaneous charges. To the extent that this proxy underestimates actual transport costs, the estimated tariff equivalent will be overstated.
[3] The internal Japanese price used here is the Sugar Price Stabilization Agency's resale price to refiners.

Source: U.S. International Trade Commission staff estimates, except as noted.

Rice

Description of trade barriers

Rice imports into Japan are prohibited, except for small quantities imported to make a special liquor.[6] Imported rice constitutes less than 0.2 percent of Japanese consumption. In 1989, an estimated 17,300 tons of milled rice were imported into Japan, while apparent consumption of rice totaled about 9.4 million tons.[7]

Border measures and state trading are the main mechanisms used in Japanese rice policy. Rice imports are completely controlled by the government, and all rice marketed domestically must be through official channels. Only authorized firms that hold licenses can import rice and all imports are sold to the goverment.[8] The Japanese Food Agency, a quasi-government body, purchases and sells all government-marketed rice in Japan.[9] Rice can also be marketed through cooperative associations that are monitored closely by the government. All wholesalers and retailers in the official marketing channels must be licensed by the government. The Japanese government sells brown rice to wholesalers at a resale price that is usually below the price paid to farmers.

Estimated tariff equivalents

The Japanese resale price is used to represent the internal price level. This is the price at which the government sells brown rice to millers, so it can be considered the effective wholesale price.

Medium-grain rice from California is the same style of rice as that consumed in Japan. Because the U.S. market for rice is relatively free of import restrictions, the U.S. price was used as a representative world price. An annual average price for U.S. bagged, milled rice was obtained from USDA's Economic Research Service (ERS). Because brown rice has not completed all stages of processing, the price of U.S. milled rice is not strictly comparable with the internal price for brown rice in Japan. To facilitate a comparison, the USDA prices for U.S. milled rice were reduced by $2 per hundredweight to subtract bagging costs, and further reduced to 90% of the milled price to obtain a brown rice price. The milled-to-brown price conversion ratios were obtained from an official of the Farmers Rice Cooperative in Sacramento, California.

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[6] U.S. Department of Agriculture, Foreign Agriculture Service, Report from American Embassy, Tokyo, Feb. 6, 1990.

[7] Ibid.

[8] Joy L. Harwood and Kenneth W. Bailey, "The World Wheat Market--Government Intervention and Multilateral Policy Reform," USDA, ERS, AGES-9007, Jan. 1990, p. 54.

[9] ABARE, Japanese Agricultural Policies, op. cit., pp. 104-109.

Estimated transportation costs between the United States and Japan were provided by the staff of ERS. The estimates have fairly large standard deviations since all U.S. ports of origin are grouped together and freight rates fluctuate throughout the year.

Table 2-3.
Tariff equivalents of Japan's nontariff barriers on rice, 1986-88

	World price[1]	Transportation cost[2]	Adjusted world price	Protected internal price[3]	Tariff equivalent	
					Specific	Ad valorem
	(A)	(B)	(C=A+B)	(D)	(D-C)	((D-C)÷A)
	cents per kilogram					-percent-
1986....	21.82	2.17	23.99	183.95	159.96	733
1987....	29.46	2.17	31.63	214.33	182.70	620
1988....	29.17	2.17	31.34	235.66	204.32	700

[1] California medium-grain milled rice. Source: USDA, ERS.
[2] Estimated cost of shipping heavy grains from the United States to Japan, 1988 average. Source: USDA, ERS.
[3] Japanese government resale price, brown rice. Source: USDA, FAS, Report No. JA0009, from the American Embassy in Tokyo, Feb. 6, 1990.

Source: U.S. International Trade Commission staff estimates, except as noted.

CHAPTER 3. CANADA

Dairy products

Description of trade barriers

The dairy policy of Canada is one of national self-sufficiency, so the domestic market is primarily supplied by Canadian milk production. Canada's comprehensive milk supply management system is governed by a federal-provincial agreement, the National Milk Marketing Plan. In order to achieve self-sufficiency and at the same time avoid costly surplus production, the Canadian Milk Supply Management Committee sets a national milk production target, or a Market Sharing Quota. The National Milk Marketing Plan allocates the national quota among the provinces and contains provisions for the proportional distribution of any increase or decrease in the amount of the quota among them. Each province allocates a respective share of its national quota to its producers according to the individual policy of the province.

In order to prevent the national dairy policy from being undermined by imports, the Canadian government has established import controls on milk and dairy products. These controls (import quotas) are administered by the Department of External Affairs under the provisions of the Export and Import Permits Act. The import quotas are as follows:

Products	Import quotas (in pounds)
Buttermilk powder	2,000,000
Condensed milk	20,000
Cheese	45,000,000
Ice cream	764,000
Yogurt	732,000

Under the provisions of the Export and Import Permits Act, other dairy products are not permitted entry into Canada. Under the recently concluded Canada-U.S. Free Trade Agreement, Canada retained its supply management system for milk and its existing import controls on milk and dairy products.

Estimated tariff equivalents

World prices and transportation costs for the selected dairy products are those used in ch. 6 of the Commission's report on tariff equivalents of U.S. agricultural import quotas. Canadian prices are reported in Dairy Market Review and Dairy Market Report, both published by Agriculture Canada, and in Dairy Review, published by Statistics Canada. These prices were converted into U.S. dollar prices using annual average exchange rates published in the International Monetary Fund's International Financial Statistics.

Table 3-1.
Tariff equivalent of Canada's nontariff barriers on dairy products, 1986-88

	World price[1]	Transportation cost[2]	Adjusted world price	Internal Canadian price[3]	Tariff equivalent	
					Specific	Ad valorem
	(A)	(B)	(C=A+B)	(D)	(D-C)	((D-C)÷A)
	cents per kilogram					percent
Butter:						
1986..	101	25	126	399	273	270
1987..	98	28	126	428	302	308
1988..	134	30	164	463	299	223
Cheddar cheese:						
1986..	110	25	135	460	325	295
1987..	110	28	138	487	349	317
1988..	165	30	195	555	360	218
Nonfat dry milk:						
1986..	70	10	80	212	132	189
1987..	101	10	111	225	114	113
1988..	163	10	173	245	72	44

[1] F.o.b. foreign port. Source: USDA, FAS, World Dairy Situation.
[2] Transportation costs are the estimated shipping costs (freight and handling) between the United States and northern Europe based on the assumption that Canada could import milk products from northern Europe. Source: USDA, FAS, Dairy, Livestock and Poultry Division. If the imported milk products came from alternative suppliers (e.g., New Zealand), the transportation cost estimates would only approximate the actual costs that would be incurred. While we understand that transportation costs do not rise substantially as the distance shipped increases, to the extent that transportation costs from New Zealand would be higher than those shown, the estimated tariff equivalents are overstated.
[3] Wholesale prices in Canada as reported in Dairy Market Review and Dairy Market Report, both published by Agriculture Canada, and in Dairy Review, published by Statistics Canada. The butter price is for prints, 454 grams, Canada First Grade, f.o.b. Montreal. The Cheddar cheese price is for mild Cheddar, f.o.b. Montreal, 18-19 kg. The nonfat dry milk price is for spray process, 25 kg bags, Canada First Grade, f.o.b. Montreal. These prices were converted into U.S. dollar prices using annual average exchange rates published by the International Monetary Fund.

Source: U.S. International Trade Commission staff estimates, except as noted.

Eggs and poultry

Description of trade barrier

Canadian imports of poultry and eggs are limited by global quotas set by various marketing agencies. These agencies, which include the Canadian Egg Marketing Agency (CEMA), the Canadian Chicken Marketing Agency (CCMA), the Canadian Turkey Marketing Agency (CTMA), and the Canadian Broiler Hatching Egg Marketing Agency (CBHEMA), were established under the Farm Product Marketing Agencies Act of 1972. In general, these agencies are responsible for maintaining commodity prices by controlling the supply of the respective commodities in the domestic market. Supplies are controlled principally through the use of production and import quotas. The agencies set target production goals and establish global import quotas based on a percentage of the previous year's actual or the current year's target production. Supplemental import quotas may be issued depending on market conditions. Table 3-2 provides data on Canadian global import quotas for poultry and eggs during 1986-88.

The Canadian global import quotas for poultry and eggs were liberalized as a result of the United States-Canada Free Trade Agreement. Article 706 of the agreement provides that the global import quota for chicken and chicken products for any given year shall be no less than 7.5 percent of the previous year's domestic production of chicken in Canada; the global import quota for turkey and turkey products for any given year shall be no less than 3.5 percent of that year's Canadian domestic turkey production quota; and the global import quotas for eggs and egg products for any given year shall be no less than the following percentages of the previous year's Canadian domestic shell egg production--1.647 percent for shell eggs; 0.714 percent for frozen, liquid and further processed eggs; and 0.627 percent for powdered eggs.

Estimated tariff equivalents

Tariff equivalents are estimated for the following poultry and egg items: whole broilers, whole tom turkeys, and shell eggs. These are the principal products produced and traded in each Canadian quota category (chicken and chicken products; turkey and turkey products; and eggs and egg products) in both the United States and Canada. The world price for each item is taken to be the U.S. price for three reasons: (1) the United States is the world's largest producer and consumer of poultry and egg products[1]; (2) the market is relatively free of import restrictions; and (3) exports, although supported by the USDA's Export Enhancement Program, account for a relatively small share of U.S. production of these products (typically less than 5 percent) and therefore probably have little effect on domestic prices.

[1]Excluding the nonmarket economies of China and the Soviet Union.

Chicken prices are calculated by using a 12-city U.S. average for broilers, on a ready-to-cook basis; turkey prices are calculated by using the wholesale price in the East for young toms (14-22 pounds); egg prices are calculated by using the U.S. average wholesale price for grade A large shell eggs. All data are from the U.S. Department of Agriculture. The world price was then converted from U.S. cents per pound to U.S. cents per kilogram, except for shell eggs, which remain in cents per dozen.

Transportation costs are estimated from domestic trucking rates. Virtually all trade in poultry and eggs between the United States and Canada is carried out with refrigerated trucks. Estimated transportation rates for chicken and turkey were based on a recent paper that provides average rates for various shipping distances.[2] Estimated transportation rates for shell eggs were obtained from U.S. industry sources.[3] In estimating mileage, the point of origin was considered to be Northwest Arkansas for broilers; Greensboro, North Carolina for turkeys; and Atlanta, Georgia for shell eggs. These areas represent probable points of origin for U.S. exports to Canada. The destination in Canada was taken to be Toronto, the most populous Canadian market.

With respect to the stages of production and marketing, the internal Canadian prices were matched as closely as possible to the U.S. prices. For chicken, prices are weighted average processor prices for chicken under 2 kilograms, Canada grade A, eviscerated, in the Toronto market. Turkey prices are weighted average processor prices for heavy toms (8 kilograms and over), Canada grade A, in the Toronto market. Egg prices are average wholesale prices for grade A large shell eggs in the Toronto market.[4] The Canadian prices were converted to U.S. currency using exchange rates published in the International Monetary Fund's International Financial Statistics.

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[2]J.B. Ward and D.E. Farris, "Estimating Truck Rates for Refrigerated Food Products," paper presented at 30th Annual Conference of the Food Distribution Research Society, November 5-8, 1989, Albuquerque, N.M.

[3]Telephone conversation with an official of U.S. Egg Marketers, April 5, 1990.

[4]Data are from the 1986-88 annual issues of Poultry Market Review, Agriculture Canada, Agriculture Development Branch, Commodity Production and Marketing Directorate, Livestock Development Division, Poultry Section. Ottawa.

Table 3-2.
Poultry and eggs: Canadian global import quotas, 1986-88
(In kilograms, except as noted)

Item	1986	1987	1988
Chicken[1]	29,743,056	30,729,848	32,618,000
Turkey[2]	2,059,640	2,222,625	2,288,000
Shell eggs[3] (doz.)	3,293,138	3,068,955	2,900,000
Liquid and frozen egg products[4]	1,224,512	1,084,095	1,037,000
Egg powder[5]	453,660	422,776	404,000
Hatching eggs	[6]	[6]	[6]

[1] Based on 6.3 percent of the official quantity of production during the previous year.
[2] Based on 2 percent of the previous year's target production as set by the Canadian Turkey Marketing Agency.
[3] Based on .675 percent of the previoius year's production.
[4] Based on 0.415 percent of the previous year's shell egg production.
[5] Based on 0.615 percent of the previous year's shell egg production.
[6] Quotas not in effect.

Table 3-3.
Tariff equivalent of Canada's nontariff barriers on poultry and eggs, 1986-88

Item and year	World price[1]	Transportation cost[2]	Adjusted world price	Protected internal price[3]	Tariff equivalent Specific	Tariff equivalent Ad valorem
	(A)	(B)	(C=A+B)	(D)	(D-C)	((D-C)÷A)
	--cents per kilogram--					-percent-
Chicken:						
1986..	132.74	5.18	137.92	157.32	19.40	14.62
1987..	111.73	5.91	117.64	150.13	32.48	29.07
1988..	131.42	5.31	136.72	152.28	15.56	11.84
Turkey:						
1986..	167.33	4.23	171.56	217.85	46.29	27.66
1987..	132.76	4.82	137.59	214.68	77.10	58.07
1988..	140.90	4.33	145.22	180.71	35.49	25.19
	--cents per dozen--					
Eggs:						
1986..	71.29	3.70	74.99	83.92	8.92	12.52
1987..	57.52	4.22	61.74	82.69	20.95	36.42
1988..	63.90	3.79	67.69	89.96	22.27	34.85

[1] U.S. prices are as follows: chicken--12-city composite wholesale broiler price, ready-to-cook basis; turkey--wholesale price in the East for young tom turkeys (14-22 pounds); eggs--U.S. average wholesale price, grade A large shell eggs. Data from U.S. Egg and Poultry Statistical Series, 1960-87, U.S. Department of Agriculture, Economic Research Service, Statistical Bulletin 775, April 1989; Livestock and Poultry Situation and Outlook Report, February 1990, U.S. Department of Agriculture, Economic Research Service; and unpublished data of the Economic Research Service.
[2] J.B. Ward and D.E. Farris, "Estimating Truck Rates for Refrigerated Food Products," paper presented at 30th Annual Conference of the Food Distribution Research Society, November 5-8, 1989, Albuquerque, NM; telephone conversation with an official of U.S. Egg Marketers, April 5, 1990.
[3] Canadian prices are as follows: chicken--weighted average processor prices for chicken under 2 kilograms, Canada grade A, eviscerated, in the Toronto market; turkey--weighted average processor prices for heavy toms (8 kilograms and over), Canada grade A, in the Toronto market; eggs--average wholesale prices for grade A large shell eggs in the Toronto market. Canadian price data are from published reports of Agriculture Canada.

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

Source: U.S. International Trade Commission staff estimates, except as noted.

APPENDIX A

LETTERS OF REQUEST FROM THE
UNITED STATES TRADE REPRESENTATIVE

RECEIVED
MAR 26 1990
OFFICE OF THE SECRETARY
U.S. INTL. TRADE COMMISSION

THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C. 20506

Re 332-281

The Honorable Anne Brunsdale
Chairman
U.S. International Trade Commission
500 E Street, SW
Washington, D.C. 20436

Dear Madam Chairman:

My staff has reviewed the Commission's recent report on Investigation No. 332-281, entitled "Estimated Tariff Equivalents of U.S. Quotas on Agricultural Imports and Analysis of Competitive Conditions in U.S. and Foreign Markets for Sugar, Meat, Peanuts, Cotton and Dairy Products," which was instituted pursuant to my request of September 20, 1989, under authority delegated by the President. The comprehensive nature of the report is greatly appreciated, and the information which it provides will be very useful.

After considering the contents of the report, however, we have decided that additional information is needed to give a more complete picture of the U.S. negotiating proposal on tariffication. Accordingly, I request that the Commission continue with this investigation and provide a supplemental report containing tariff equivalents for some foreign nontariff barriers that exist in agricultural trade. Specifically, using the same basic methodology employed for developing U.S. tariff equivalents, the Commission is requested to calculate for 1986, 1987, and 1988 the tariff equivalents of:

(1) European Community import restrictions on dairy products, sugar and wheat;

(2) Japanese import restrictions on dairy products, sugar and rice; and

(3) Canadian import restrictions on dairy products, eggs and poultry.

To expedite this work, dairy products can be limited to butter, cheese and nonfat dry milk.

I would appreciate receiving this supplemental report at the earliest possible date, but not later than April 30, 1990, to be of maximum use to us in the Uruguay Round negotiations.

Sincerely,

Carla A. Hills

90 MAR 26 A10:08
RECEIVED

THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C. 20506

APR 11 1990

The Honorable Anne Brunsdale
Chairman
U.S. International Trade Commission
500 E Street, S.W.
Washington D.C. 20436

Dear ~~Madam Chairman~~: Anne:

On March 22, I wrote to you requesting the Commission to undertake the calculation of tariff equivalents for selected commodities in selected countries as a supplement to Investigation No. 332-281 under Section 332 (g) of the Tariff Act of 1930, as amended. I asked that the report be sent to me at the earliest possible date but no later than April 30 to be of maximum use to us in the Uruguay Round negotiations. I would be immensely grateful if the report could be expedited and delivered to me not later than April 20 instead.

The reason for my request is two-fold. First, we want to present the results of the study to the GATT Agriculture Negotiating Group (ANG) which will hold their next meeting on May 2 in Geneva. In order for the tariffication report to be given serious consideration by the ANG, it will need to be circulated a few days in advance of that meeting. Secondly, we want to make the information in the report available domestically before we present it in Geneva. In order to have these events occur in the correct sequence, an April 20 report date is crucial. I hope that this will not be too great a burden. Be assured that your tariffication work will play an important role in these negotiations.

~~Sincerely,~~

Carla

Carla A. Hills

APPENDIX B

FEDERAL REGISTER NOTICE OF THE INVESTIGATION

Street SW., Washington, DC 20436. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-252-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-252-1000.

SUPPLEMENTARY INFORMATION:

Background.—This investigation is being instituted in response to a petition filed on April 4, 1990, by Woodings-Verona Tool Works, Inc., Verona, PA.

Participation in the investigation.—Persons wishing to participate in this investigation as parties must file an entry of appearance with the Secretary of the Commission, as provided in § 201.11 of the Commission's rules (19 CFR 201.11), not later than seven (7) days after publication of this notice in the **Federal Register**. Any entry of appearance filed after this date will be referred to the Chairman, who will determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

Public service list.—Pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)), the Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to this investigation upon the expiration of the period for filing entries of appearance. In accordance with §§ 201.16(c) and 207.3 of the rules (19 CFR 201.16(c) and 207.3), each public document filed by a party to the investigation must be served on all other parties to the investigation (as identified by the public service list), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service.

Limited disclosure of business proprietary information under a protective order and business proprietary information service list.—Pursuant to § 207.7(a) of the Commission's rules (19 CFR 207.7(a)), the Secretary will make available business proprietary information gathered in this preliminary investigation to authorized applicants under a protective order, provided that the application be made not later than seven (7) days after the publication of this notice in the **Federal Register**. A separate service list will be maintained by the Secretary for those parties authorized to receive business proprietary information under a protective order. The Secretary will not accept any submission by parties containing business proprietary information without a certificate of service indicating that it has been served on all the parties that are authorized to receive such information under a protective order.

Conference.—The Director of Operations of the Commission has scheduled a conference in connection with this investigation for 9:30 a.m. on April 25, 1990, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact Woodley Timberlake (202-252-1188) not later than April 23, 1990, to arrange for their appearance. Parties in support of the imposition of antidumping duties in this investigation and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

Written submissions.—Any person may submit to the Commission on or before April 30, 1990, a written brief containing information and arguments pertinent to the subject matter of the investigation, as provided in section 207.15 of the Commission's rules (19 CFR 207.15). A signed original and fourteen (14) copies of each submission must be filed with the Secretary to the Commission in accordance with § 201.8 of the rules (19 CFR 201.8). All written submissions except for business proprietary data will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

Any information for which business proprietary treatment is desired must be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Business Proprietary Information." Business proprietary submissions and requests for business proprietary treatment must conform with the requirements of §§ 201.6 and 207.7 of the Commission's rules (19 CFR 201.6 and 207.7).

Parties which obtain disclosure of business proprietary information pursuant to § 207.7(a) of the Commission's rules (19 CFR 207.7(a)) may comment on such information in their brief, and may also file additional written comments on such information no later than May 3, 1990. Such additional comments must be limited to comments on business proprietary information received in or after the written briefs.

Authority: This investigation is being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.12 of the Commission's rules (19 CFR 207.12).

By order of the Commission.

Issued: April 6, 1990.

Kenneth R. Mason,

Secretary.

[FR Doc. 90-8412 Filed 4-10-90; 8:45 am]

BILLING CODE 7020-02-M

[Investigation No. 332-281]

Supplemental Report on Estimated Tariff Equivalents of Nontariff Barriers on Certain Agricultural Imports in the European Community, Japan, and Canada

AGENCY: United States International Trade Commission.

ACTION: Supplemental report: request for written comments.

SUMMARY: On March 26, 1990, the Commission received a request from the United States Trade Representative (USTR) for a supplemental report in connection with investigation No. 332-281 for the purpose of calculating for 1986, 1987, and 1988 the tariff equivalents of:

(1) EC import restrictions on dairy products (butter, cheese, and nonfat dry milk), sugar and wheat;

(2) Japanese import restrictions on dairy products (butter, cheese, and nonfat dry milk), sugar and rice; and

(3) Canadian import restrictions on dairy products (butter, cheese, and nonfat dry milk), eggs and poultry.

The requested report is a supplement to the Commission's earlier to the Commission's earlier report on investigation No. 332-281, *Estimated Tariff Equivalents of U.S. Quotas on Agricultural Imports and Analysis of Competitive Conditions in U.S. and Foreign Markets for Sugar, Meat, Peanuts, Cotton, and Dairy Products*, which was furnished to the USTR on February 28, 1990. Notice of the institution of that investigation was published in the **Federal Register** (54 FR 46134, November 1, 1989).

The USTR requested that the Commission furnish the supplemental report not later than April 30, 1990.

EFFECTIVE DATE: April 3, 1990.

FOR FURTHER INFORMATION CONTACT: Roger Corey (202-252-1327) or David Ingersoll (202-252-1309), Agriculture Division, Office of Industries, U.S. International Trade Commission. Hearing-impaired persons can obtain information on this study by contacting our TDD terminal on (202) 252-1810.

Written Submission: Interested persons may submit written statements concerning the investigation. To be assured of consideration, written statements (original plus 14 copies) must be received by the close of business (5:15 p.m.) on April 13, 1990. Commercial or financial information that a submitter desires the Commission to treat as confidential must be submitted on separate sheets of paper, each clearly marked "Confidential Business Information" at the top. All submissions requesting confidental treatment must conform to the requirements of section 201.6 of the Commission's *Rules of Practice and Procedure* (19 CFR 201.6). All written submissions, except for confidential business information, will be made available for inspection by interested persons. All submissions should be addressed to the Secretary at the Commission's office in Washington, DC.

By order of the Commission.

Kenneth R. Mason,

Secretary.

Issued: April 3, 1990.

[FR Doc. 90-8370 Filed 4-10-90; 8:45 am]

BILLING CODE 7020-02-M

[TA-503(a)-20 and 332-290]

President's List of Articles Which May be Designated or Modified as Eligible Articles for Purposes of the U.S. Generalized System of Preferences

AGENCY: United States International Trade Commission.

ACTION: Change of filing deadline for written submissions.

SUMMARY: The deadline for filing written submissions in investigation No. TA-503(a)-20 and 332-290 is changed from the close of business on April 16, 1990 to the close of business on April 26, 1990.

The filing deadlines of April 11, 1990 for prehearing briefs and April 26, 1990 for posthearing briefs remain unchanged.

The initial notice of institution of investigation and scheduling of hearing for investigation No. TA-503(a)-20 and 332-290 was publish in the Federal Register of March 28, 1990 (55 FR 11449).

EFFECTIVE DATES: March 30, 1990.

FOR FURTHER INFORMATION CONTACT: Mr. Lee Cook (202-252-1471) in the Commission's Office of Industries. For information on legal aspects of the investigation contact Mr. William Gearhart of the Commission's Office of the General Counsel at (202) 252-1091.

Hearing-impaired individuals are advised that information on this matter can be obtained by contacting our TDD terminal on (202) 252-1810

By order of the Commission.

Issued: April 4, 1990.

Kenneth R. Mason,

Secretary.

[FR Doc. 90-8367 Filed 4-10-90; 8:45 am]

BILLING CODE 7020-02-M

[Investigation No. 332-282]

Review of Mexico's Recent Trade and Investment Liberalization Measures Phase II; Prospects for Future U.S.—Mexican Trade Relations

AGENCY: United States International Trade Commission.

ACTION: Notice of Location of Off-Site Hearing.

EFFECTIVE DATE: February 6, 1990.

FOR FURTHER INFORMATION CONTACT: Constance A. Hamilton (202-252-1263), Trade Reports Division, Office of Economics, U.S. Intenational Trade Commission, Washington, DC 20436.

Background:

Phase II of investigation no. 332-282 will provide a summary of the views of recognized authorities (for example, government officials, scholars, private sector businessmen, and others) on possibilities for the future direction of the U.S.-Mexican bilateral relationship. Such possibilities might include a free trade area, an enhanced dispute settlement mechanism, sectoral approaches, and other options for enhanced bilateral relations.

Public Hearing:

A public hearing in connection with phase II of this investigation will be held on May 8, 1990 beginning at 9:30 a.m., at the Doubletree Hotel located at Randolph Park, 445 South Alverson Way, Tucson, Arizona 85711. All persons have the right to appear by counsel or in person, to present information, and to be heard. Requests to appear at the public hearing should be filed with the Secretary, United States International Trade Commission, 500 E Street, SW, Washington, DC. 20436, no later than noon, April 30, 1990. The deadline for filing prehearing briefs (original and 14 copies) is April 30, 1990. Post hearing briefs are due on May 22, 1990.

Written Submissions:

Interested persons are invited to submit written statements concerning the matters to be addressed in the phase II report. Commerical or financial information that a party desires the Commission to treat as confidential must be submitted on separate sheets of paper, each clearly marked "Confidential Business Information" at the top. All submissions requesting confidential treatment must conform with the requirements of section 201.6 of the Commission's *Rules of Practice and Procedure* (19 CFR 201.6). All written submissions, except for confidential business information, will be made available for inspection to interested persons by the Office of the Secretary to the Commission. To be assured of consideration by the Commission, written statements relating to the Commission's report should be submitted at the earliest possible date and should be received no late than July 16, 1990. All submissions should be addressed to the Secretary to the Commission at the Commission's office in Washington, D.C.

By order of the Commission.

Issued: April 4, 1990.

Kenneth R. Mason,

Secretary.

[FR Doc. 90-8368 Filed 4-10-90; 8:45 am]

BILLING CODE 7020-02-M

[Investigation No. 731-TA-456 (Preliminary)]

Phototypesetting and Imagesetting Machines and Subassemblies Thereof From the Federal Republic of Germany

AGENCY: United States International Trade Commission.

ACTION: Revised schedule for the subject investigation.

EFFECTIVE DATE: April 3, 1990.

FOR FURTHER INFORMATION CONTACT: Olympia DeRosa Hand (202-252-1132), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-252-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-252-1000.

SUPPLEMENTARY INFORMATION: On March 20, 1990, the Commission instituted the subject investigation and established a schedule for its conduct (55 FR 1148, March 28, 1990). Subsequently, counsel for the respondent requested a postponement of the date of the conference. The Commission, therefore, is revising its schedule in the investigation to conform with the respondent's request.

The Commission's new schedule for the investigation is as follows: parties

APPENDIX C

SUMMARIES OF WRITTEN SUBMISSIONS BY INTERESTED PARTIES

The Rice Millers' Association and The Rice Council for Market Development

The Rice Millers' Association (RMA) and The Rice Council for Market Development state their support for any effort--including tariffication--to liberalize the Japanese rice market. However, The Rice Council and RMA find problems with the use of the price-gap method in a market which has virtually absolute barriers and with trying to solve what they state is a "political issue" through economic means.

According to RMA and The Rice Council, the price gap method assumes that there was some type of import penetration for the reference years used in calculation. However, for the years used in the calculation, RMA and The Rice Council state that there was not any penetration. One suggestion that the RMA and The Rice Council put forward was that a more accurate measure of protection level than the "price gap method" might be based on the maintenance of Japanese farmer income. The RMA and The Rice Council worry that the single price used for rice in the price-gap method does not reflect the different varieties of rice and the Japanese preference for japonica, of which the United States and Australia are the world's leading producers. Finally, the calculation of the world reference price is questioned because of the thinness of the world market.

The RMA and The Rice Council find that the use of tariffication does not take into account that the gap between Japanese domestic rice prices and the world prices stems from policies beyond that of import bans. Even with low tariffs, the RMA and The Rice Council fear that structural impediments in the Japanese marketing system for rice will restrict imports.

National Association of Wheat Growers

The National Association of Wheat Growers supports the conversion of the EC import levy to a tariff and the eventual reduction of the tariff. The Association states its willingness to give up the Export Enhancement Program when the EC does away with its export restitutions. On the tariffication method, the "price-gap method" in particular, the Association did not comment.