Broom Corn Brooms

Investigation No. NAFTA 302-1 (Provisional Relief Phase)

Publication 2963 **May 1996**

U.S. International Trade Commission

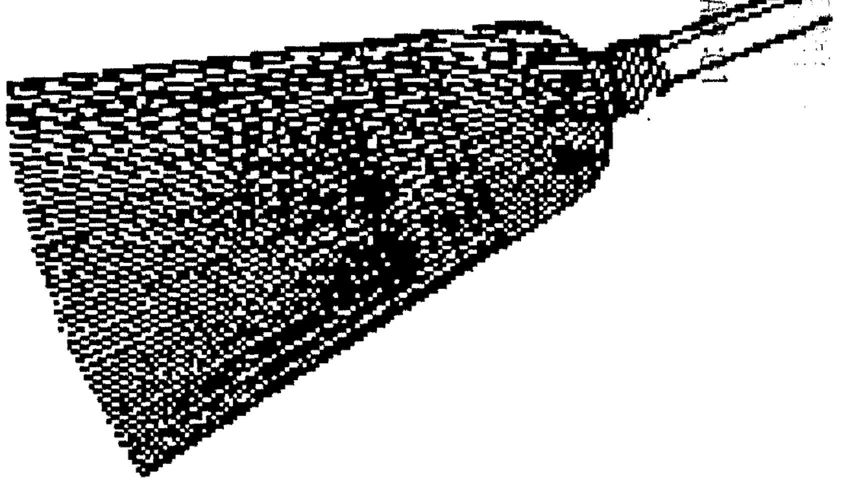

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TABLE OF CONTENTS

CONTENTS

CONTENTS

Page

Figures--Continued

Tables.

CONTENTS

Page

Tables--Continued

Note.--Certain confidential business information may not be disclosed and is noted in the text and tables by asterisks (***).

GLOSSARY OF ABBREVIATIONS
(In order of appearance in this report)

Name/agency/phrase	Abbreviation
Harmonized Tariff Schedule of the United States	HTS
North American Free Trade Agreement	NAFTA
Federal Register	F.R.
U.S. International Trade Commission	Commission
Canadian Free Trade Agreement	CFTA
Caribbean Basin Economic Recovery Act	CBERA
Andean Trade Preference Act	ATPA
Generalized System of Preferences	GSP
National Broom Company	National Broom
Newton Broom Company	Newton Broom
Quinn Broom Works	Quinn Broom
The Libman Company	Libman
O'Cedar/Vining Broom Company	O'Cedar/Vining
Hamburg Broom Works	Hamburg Broom
Crystal Lake Manufacturing	Crystal Lake
Zephyr Manufacturing Company	Zephyr
***	***
***	***
***	***
Production and related workers	PRWs

PART I

DETERMINATION AND VIEWS OF THE COMMISSION

UNITED STATES INTERNATIONAL TRADE COMMISSION

Report to the President on
Investigation No. NAFTA-302-1 (Provisional Relief Phase)

BROOM CORN BROOMS[1]

Determinations

On the basis of the statute and available information developed to date in the subject investigation--

Chairman Watson and Commissioner Crawford make a negative determination with respect to whether--

(1) there is clear evidence that, as a result of the reduction or elimination of a duty provided for under the NAFTA, broom corn brooms from Mexico are being imported into the United States in such increased quantities (in absolute terms) and under such conditions so that imports of the article, alone, constitute a substantial cause of serious injury or a threat of serious injury to the domestic industry producing an article that is like, or directly competitive with, the imported article; and

(2) delay in taking action would cause damage to that industry that would be difficult to repair.

Commissioner Rohr determines--

(1) there is clear evidence that, as a result of the reduction or elimination of a duty provided for under the NAFTA, broom corn brooms from Mexico are being imported into the United States in such increased quantities (in absolute terms) and under such conditions so that imports of the article, alone, constitute a substantial cause of a threat of serious injury to the domestic industry producing an article that is like, or directly competitive with, the imported article; but

(2) delay in taking action would not cause damage to that industry that would be difficult to repair.

Vice Chairman Nuzum and Commissioners Newquist and Bragg determine--

(1) there is clear evidence that, as a result of the reduction or elimination of a duty provided for under the NAFTA, broom corn brooms from Mexico are being imported into the United States in such increased quantities (in absolute terms) and under such conditions so that imports of the article, alone, constitute a substantial cause of a threat of serious injury (Vice Chairman Nuzum, Commissioners Newquist and Bragg) to the domestic industry producing an article that is like, or directly competitive with, the imported article; and

(2) delay in taking action would cause damage to that industry that would be difficult to repair.

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[1] Broom corn brooms are provided for in subheadings 9603.10.05, 9603.10.15, 9603.35, 9603.10.40, 9603.10.50, and 9603.10.60 of the Harmonized Tariff Schedule of the United States (HTS).

Background

Following receipt of a petition filed on March 4, 1996, on behalf of the U.S. Cornbroom Task Force and its individual members, the Commission instituted investigation No. NAFTA-302-1 to determine whether, as a result of the reduction or elimination of a duty provided for under the NAFTA, broom corn brooms from Mexico are being imported into the United States in such increased quantities (in absolute terms) and under such conditions so that imports of the article, alone, constitute a substantial cause of serious injury, or a threat of serious injury, to the domestic industry producing an article that is like or directly competitive with the imported article. In addition, the petitioner asserted that critical circumstances exist and requested, pursuant to section 302(a)(2) of the NAFTA Implementation Act (19 U.S.C. § 3352(a)(2)), that provisional relief be provided.

Notice of the institution of the Commission's investigation was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of March 18, 1996 (61 F.R. 11061).

VIEWS OF CHAIRMAN PETER S. WATSON AND COMMISSIONER CAROL T. CRAWFORD

On the basis of the statute and the available information in this investigation, we have made a negative critical circumstances finding. Under the law, when critical circumstances are alleged, the Commission continues its investigation regardless of whether the critical circumstances finding is in the affirmative or the negative. We will revisit most of the issues before us in the provisional relief phase of the investigation when we make our injury determination in early July at the end of the injury phase of the investigation, and will make that determination on the basis of the information available to us at that time. Accordingly, we request that the parties continue to address the issues that are relevant to the Commission's injury determination at the Commission's hearing on May 30 and in their briefs and other submissions.

Statutory framework

The Commission is conducting this investigation, No. NAFTA-302-1, *Broom Corn Brooms,* under section 302(b) of the NAFTA Implementation Act (19 U.S.C. 3352(b)) jointly with Commission investigation No. TA-201-65, *Broom Corn Brooms*, under section 202 of the Trade Act of 1974. Investigation No. NAFTA-302-1 concerns imports of broom corn brooms from Mexico. The section 202 investigation, No. TA-201-65, is concerned with imports of such brooms from all sources, including Mexico. The U.S. Cornbroom Task Force requested both investigations. In their petition requesting an investigation under section 302 of the NAFTA Implementation Act, the Task Force asserted that critical circumstances exist and requested that provisional relief be provided pending completion of the Commission's investigation. They did not request provisional relief in their petition under section 202.

In order to find that critical circumstances exist and that an industry is eligible for provisional relief in an investigation conducted under section 302(b) of the NAFTA Imple-mentation Act, the Commission must make two determinations, both in the affirmative--[1]

that on the basis of available information--

(1) there is clear evidence that, as a result of the reduction or elimination of a duty provided for under the NAFTA, a Mexican (or Canadian) article is being imported into the United States in such increased quantities (in absolute terms) and under such conditions so that imports of the article, alone, constitute a substantial cause of serious injury or a threat of serious injury to the domestic industry producing an article that is like, or directly competitive with, the imported article; and

(2) delay in taking action would cause damage to that industry that would be difficult to repair.

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[1] Section 302(c) of the NAFTA Implementation Act makes applicable the provisional relief provisions in section 202(d) of the Trade Act of 1974. The appropriate injury standard to be applied in determining whether critical circumstances exist is the injury standard in section 302(b) of the NAFTA Implementation Act.

Serious injury or threat of serious injury

The first determination[2] requires that the Commission find that there is "clear evidence" that all four of the following criteria are satisfied--

(1) imports of the subject Mexican article are in increased quantities (in absolute terms);

(2) the increase is as a result of the reduction or elimination of a duty under the NAFTA;

(3) the domestic industry producing an article that is like or directly competitive with the imported article is seriously injured or threatened with serious injury; and

(4) as a result of the reduction or elimination of a duty under the NAFTA, the article is being imported in such increased quantities and under such conditions so that imports of the article, alone, constitute a substantial cause of serious injury or threat of serious injury to the domestic industry.

After examining the information available at this stage of the investigation, Chairman Watson does not find clear evidence that the increase in imports of broom corn brooms from Mexico is as a result of the reduction or elimination of a duty under the NAFTA, or that such imports contitute a substantial cause of serious injury or threat of serious injury to the domestic industry producing an article that is like or directly competitive with the imported Mexican broom corn brooms.

In establishing whether increased imports are as a result of the reduction or elimination of a duty, Chairman Watson finds that it is appropriate that he compare import levels in the several years before the NAFTA entered into force with import levels in the period after NAFTA entered into force. It is also appropriate to seek to identify and examine the factors other than the reduction or elimination of a duty that may have affected import levels.

U.S. duties on imports of broom corn brooms from Mexico were either reduced or eliminated on January 1, 1994, the date on which the NAFTA entered into force.[3] U.S. imports of broom corn brooms were 157,605 dozen in 1991, 104,067 dozen in 1992, and 123,528 dozen in 1993, and 195,770 dozen in 1994 and 388,286 dozen in 1995.[4] Imports in 1994, while higher than those in the 3 prior years, were not markedly higher than 1991 imports. When compared to total imports (i.e., imports from all sources, including Mexico), Mexican imports in fact accounted for a *smaller* share (44.0 percent) of total imports in 1994 than in 1991 (when they accounted for 52.6 percent of total imports).[5]

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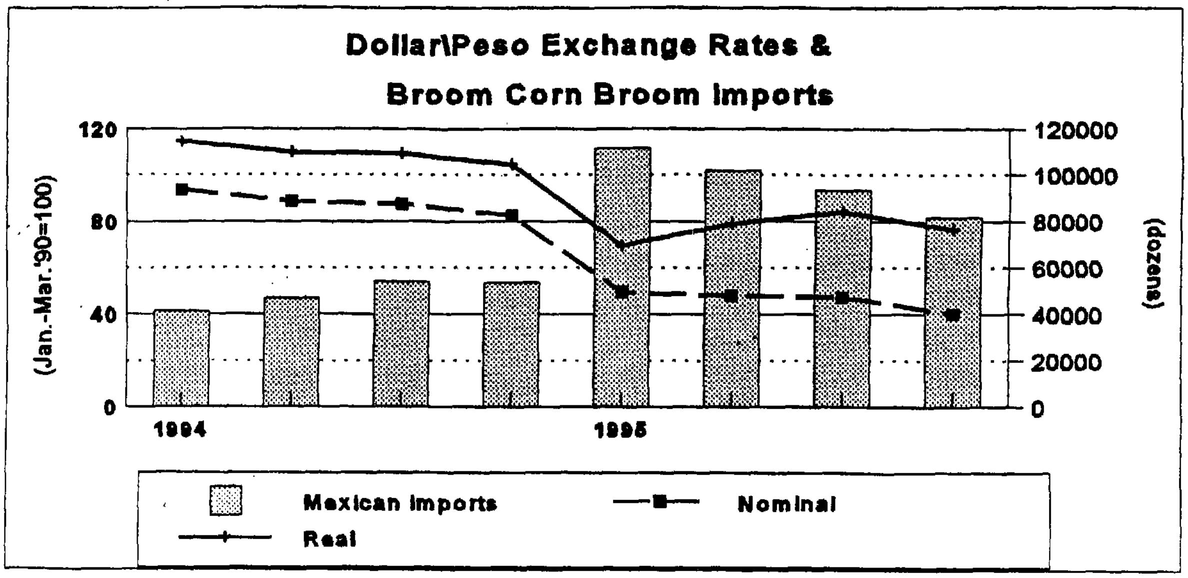
[2] Commissioner Crawford makes her negative finding on critical circumstances on the basis of having determined that the second test is not met, that is, she has determined that delay in taking action would not cause damage to the industry that would be difficult to repair. Her views in support of this determination are set forth below. She does not make a formal determination regarding serious injury at this stage. However, she does not disagree with the analysis here with respect to the important impact of exchange rates on imports from Mexico.

[3] Report, pp. II-6 and II-7.

[4] Report, p. II-11.

[5] Derived from data presented in the report, p. II-11.

The most significant increases in imports of broom corn brooms from Mexico occurred in 1995. The devaluation of the Mexican peso in mid-December 1994 makes it unclear whether the significant increase in imports in 1995 was due to the reduction or elimination of duties under NAFTA, or was due to the devaluation itself. The peso depreciated by 38 percent to the U.S. dollar between December 20, 1994 and its lowest point in January 1995.[6] Imports from Mexico averaged 16,314 dozen per month during 1994, ranging from a low of 9631 dozen in April to a high of 24,672 dozen in August and ending at 14,684 dozen in December.[7] However, imports surged to 39,851 dozen in January 1995, which turned out to be the highest monthly level in all of 1995, and averaged 32,357 dozen during 1995.[8] During the latter half of 1995, import trends actually shifted direction and trended downward, ending at 22,633 dozen in December, the lowest monthly level in 1995.[9] The relationship between import levels and exchange rates is illustrated in the graph below.



Source: International Monetary Fund, *International Financial Statistics*, March 1996 and official statistics of the U.S. Department of Commerce.

At this point in the investigation available information indicates that the domestic industry producing an article like or directly competitive with the imported broom corn brooms from Mexico consists of the domestic facilities producing brooms, including plastic and other brooms.[10] The available information indicates that the majority of domestic broom corn brooms are produced by firms that also produce other

[6] Report, p. II-26.

[7] Official statistics, U.S. Department of Commerce.

[8] Id.

[9] Id.

[10] Commissioner Crawford agrees with this discussion regarding the definition of the domestic industry.

types of brooms, sometimes in the same facility and on the same equipment.[11] The various types of brooms are sold through the same marketing channels, are generally advertised and displayed together by retailers, and are substitutable.[12] The statute indicates that the Commission must examine the domestic industry as a whole.[13] Thus, the Commission may not consider individual producers in considering the questions of injury and the consequences of delay in taking action.[14] The available information does not support a finding that there is clear evidence that the domestic industry is experiencing serious injury or a threat of serious injury due to the Mexican imports.

Delay would not cause damage that would be difficult to repair

In order to find that critical circumstances exist and that an industry is eligible for provisional relief in an investigation conducted under section 302(b) of the NAFTA Implementation Act, the Commission is required to make both an affirmative injury determination *and* a determination that a "delay in taking action under this chapter would cause damage to that industry that would be difficult to repair."[15]

Even assuming arguendo that the serious injury criterion is met, Commissioner Crawford does not find that a 3 month delay in taking action under section 302 would cause damage to the domestic industry that would be difficult to repair and as such makes a negative determination in this critical circumstances investigation.

Commissioner Crawford finds there is no indication of near-term changes in market conditions suggesting that a delay in taking action would cause damage that is difficult to repair. It has been more than 27 months since duties were reduced or eliminated on broom corn broom imports from Mexico under NAFTA. Market supply and demand conditions have had ample time to react to this change. In fact, there is evidence that the condition of the industry actually improved somewhat in the first year after the reduction in or elimination of duties under NAFTA became effective.[16] Moreover, the available information indicates that the bulk of the domestic industry also produces and sells other cleaning supply products and therefore does not rely on broom corn or plastic brooms as its sole source of revenue. Although there are some smaller producers that produce broom corn brooms exclusively, the Commission must consider the domestic industry as a whole. Thus, the domestic industry has access to the financial resources of its affiliated operations. While 1995 has seen increased imports and worsening conditions,[17] the main cause appears to be the rapid

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[11] Report, p. II-8; and petitioner's brief, pp. 31-32.

[12] Report, pp. II-5, II-9.

[13] "The term 'domestic industry' means, with respect to an article, the producers as a whole of the like or directly competitive article." Section 202(c)(6)(A)(i). Incorporated by reference under section 302(c) of the NAFTA Implementation Act.

[14] There is some question regarding the differences in financial performance of the broom corn broom and plastic broom operations. Chairman Watson and Commissioner Crawford ask the parties to address this issue more closely in the context of the definition of the domestic industry.

[15] Chairman Watson makes his negative determination on critical circumstances for the reasons discussed above. He does not, however, disagree with the analysis here.

[16] See Tables B-1 and B-2, CR at B-1 and B-2. While the data on plastic broom production is very limited at this stage, Table B-2 is suggestive of the condition of this segment of the broom industry.

[17] See Tables B-1 and B-2, CR at B-1 and B-2. The data on other brooms suggests an improvement in 1995.

depreciation of the Mexican peso relative to the dollar during 1995. She notes that the peso has been relatively steady against the dollar in recent months and there is no convincing evidence that this will change in the near future.

For the reasons stated above, Commissioner Crawford determines that a delay in taking action would not cause damage to the domestic industry that would be difficult to repair and therefore she makes a negative critical circumstances finding.

REPORT TO THE PRESIDENT: VIEWS ON PROVISIONAL RELIEF

Broom Corn Brooms, Inv. No. NAFTA-302-1
(Provisional Relief)

Vice Chairman Janet A. Nuzum, Commissioner David B. Rohr, Commissioner Don E. Newquist, and Commissioner Lynn M. Bragg

On the basis of the available information in this investigation, we determine that there is clear evidence that, as a result of the reduction or elimination of a duty provided for under the NAFTA, broom corn brooms from Mexico are being imported into the United States in such increased quantities, in absolute terms, and under such conditions, so that imports of the article from Mexico constitute a substantial cause of threat of serious injury to the domestic industry producing an article that is like or directly competitive with the imported article. Furthermore, Vice-Chairman Nuzum, Commissioner Newquist and Commissioner Bragg find that a delay in taking action in the form of provisional relief would cause damage to the domestic broom corn broom industry that would be difficult to repair.[1] We recommend that the President grant provisional relief in the form of a tariff-rate quota on imports of Mexican broom corn broom equal to the tariff-rate quota currently imposed on all other imports of broom corn brooms under column 1 of the Harmonized Tariff Schedule of United States.[2]

I. INTRODUCTION

This investigation is being conducted under section 302(b) of the North American Free Trade Agreement (NAFTA) Implementation Act (19 U.S.C. 3352(b)), the NAFTA bilateral safeguard provision. It is the first investigation under this provision. The investigation is being conducted jointly with Commission investigation, No. TA-201-65 which is proceeding under section 202(b) of the Trade Act of 1974, the global safeguard provision. The petitioner is the same in both investigations. In its petition under the NAFTA Implementation Act, petitioner alleged that critical circumstances exist and asked for relief pending completion of the Commission investigation and consideration by the President.[3] Section 302(c) of the NAFTA Implementation Act makes applicable to NAFTA bilateral safeguard investigations the provisional relief provisions in section 202(d) of the Trade Act of 1974 and certain other provisions in section 202. Hence, many of the references in these views are to section 202 and its legislative history, and to Commission determinations made under section 202.

When critical circumstances in a NAFTA safeguard proceeding are alleged by a petitioner, the Commission must make two determinations, both in the affirmative, in order to determine whether the petitioning industry is eligible for provisional relief:

(1) there is clear evidence that, as a result of the reduction or elimination of a duty provided for under the NAFTA, a Mexican article is being imported into the United States in such increased quantities (in absolute terms) and under such conditions so

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[1] See Separate Views of Commissioner David B. Rohr on whether absent provisional relief damage to the domestic industry would be difficult to repair.

[2] See Additional Views of Commissioner Newquist concerning whether the President may, within his statutory discretion, treat the Commission's three-to-three vote on provisional relief as an affirmative determination.

[3] Petitioner did not allege critical circumstances in the petition filed under section 202 of the Trade Act.

In each tariff item under which broom corn brooms from Mexico are imported there was a significant reduction in the applicable tariff with the implementation of NAFTA.[6] In particular, under the most significant tariff item in terms of volume, 9306.10.60, for brooms valued at over 96 cents, the tariff was reduced from a flat 32 percent to a tariff rate quota under which the first 100 thousand dozen brooms would be entered free of duty, with a 22.4 percent rate of duty assessed on the quantity of brooms entering above that amount. As a result, in 1994, over 80 percent of Mexican broom corn brooms entered the U.S. free of duty.

The Commission's data demonstrate the effect the tariff reduction had on imports of broom corn brooms from Mexico. In 1994, the first year the tariff reduction became effective, imports from Mexico jumped to 196 thousand dozen, an increase of 72 thousand dozen or 58 percent over 1993 levels. In 1995, imports again increased from 196 thousand dozen to 388 thousand dozen, an increase of 192 thousand dozen or 98 percent over 1994 levels. Thus, from 1993-95, the volume of imports tripled.

The data here clearly show that there was a significant increase in imports coinciding with the reduction in the tariffs on the subject Mexican brooms. While the increase in Mexican imports in 1994 and 1995 may be attributed in part to other factors, such as the devaluation of the peso in late 1994, there is no information in this investigation that demonstrates, by clear evidence or otherwise, that the increase in imports from Mexico is accounted for by reasons wholly unrelated to the tariff reduction. We therefore find that increased imports are related to the elimination or reduction of tariffs on broom corn brooms from Mexico under the NAFTA Implementation Act.

V. INCREASED IMPORTS AS A RESULT OF THE NAFTA TARIFF REDUCTION ARE CAUSING OR THREATENING TO CAUSE SERIOUS INJURY TO THE DOMESTIC INDUSTRY

A. Domestic Industry Producing The Like Product

Under section 302(b) of the NAFTA Implementation Act, the Commission is required to determine whether increased imports of a NAFTA article are a substantial cause of serious injury or the threat thereof "to the domestic industry producing an article that is like, or directly competitive with, the imported article."[7] [8]

Section 302 of the NAFTA Implementation Act makes applicable to section 302(b) determinations the definition of domestic industry and factors to be considered that are set out in section 202 of the Trade Act.

The term "like or directly competitive" is defined in the legislative history of the original 1974 Act. Therein, Congress stated:

> The words "like" and "directly competitive", as used previously and in this bill are not to be regarded as synonymous or explanatory of each other, but rather to

[6] Report at Table 1.

[7] Vice Chairman Nuzum and Commissioner Bragg analyze simultaneously the questions of serious injury or threat of serious injury and of substantial cause. Commissioner Rohr and Commissioner Newquist analyze these issues separately; that is, they first determine whether the domestic industry is seriously injured or threatened with serious injury and, if answered affirmatively, then determine whether the subject imports are a substantial cause of that injury or threat.

[8] Commissioner Newquist notes that, in his view, particularly for purposes of a provisional phase of a safeguard investigation, if there is domestic production of a "like" article, the domestic producers of which are alleging serious injury or threat, and no producers of articles that are "directly competitive" but not "like" are alleging such injury, it is generally not necessary to consider such other "directly competitive" articles.

distinguish between "like" articles and articles which, although not "like," are nevertheless "directly competitive." In such context, "like" articles are those which are substantially identical in inherent or intrinsic characteristics (i.e., materials from which made, appearance, quality, texture, etc.), and "directly competitive" articles are those which, although not substantially identical in their inherent or intrinsic characteristics, are substantially equivalent for commercial purposes, that is, are adapted to the same uses and are essentially interchangeable therefor.[9]

For purposes of this critical circumstances proceeding, we find that the like product consists of broom corn brooms and that the domestic industry consists of all domestic producers of broom corn brooms.

In defining the "like or directly competitive" product in section 201 cases, the Commission has considered production facilities, manufacturing process and employees, product characteristics and uses, marketing and distribution channels, and price.

Petitioner asserted that the Commission should find that the domestic industry producing the like product consists of the facilities producing broom corn brooms.[10] Mexican producers (hereinafter "importers"), argued that the Commission should find that the domestic industry producing the like product to consist of the facilities producing brooms, including plastic brooms.[11] They cited the questionnaire responses of several producers and importers who stated that plastic brooms are direct substitutes for broom corn brooms as support for including producers of plastic brooms in the domestic industry.[12]

Information obtained by the Commission shows that there is significant domestic production of broom corn brooms that is "like" the imported brooms.[13] Domestic and imported corn brooms are made of the same materials (virtually all of the broom corn used in domestic and imported broom corn brooms is grown in Mexico),[14] and the imported and domestic products are generally regarded as interchangeable.[15] Broom corn brooms are also produced using a unique material (broom corn) that distinguishes them, in term of performance and physical characteristics, from other brooms which are made primarily from plastic or other synthetic fibers.[16]

Our decision in this phase of the investigation not to include producers of other brooms in the definition of the domestic industry is based on the unique, labor intensive production process

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[9] H.R. Rep. No. 571, 93rd Cong., 1st Sess. 45 (1973); S. Rep. No. 1298, 93rd Cong., 2d Sess., at 121-122 (1974). As this language indicates, "like" means substantially identical, and "directly competitive" means commercially competitive.

Section 202(c)(6)(A)(i) defines the term domestic industry to mean:

> with respect to an article, the domestic producers as a whole of the like or directly competitive article or those producers whose collective production of the like or directly competitive article constitutes a major proportion of the total domestic production of such article.

Section 202(c)(6)(A)(i). The language "or those producers whose collective production of the like or directly competitive article constitutes *a major proportion* of the total. . ." (emphasis added) codifies the expectation that the Commission, as a practical matter, will not always obtain 100 percent participation in its fact gathering process.

[10] Petitioner's brief at 29-35.

[11] Importers' brief at 2.

[12] Importers' brief at 1-2.

[13] Report at II-8-II-9.

[14] Report at II-4.

[15] Report at I-29.

[16] Report at II-5-II-6.

for broom corn brooms in which specialized equipment and skilled craftsmanship are required in both the wiring and stitching of the finished product.[17] This process differs significantly from the capital intensive, highly automated manufacturing process used to produce plastic brooms.[18] Moreover, several large producers that produce both broom corn brooms and plastic brooms, generally produce broom corn brooms and plastic brooms on separate production lines, on different equipment, and with different workers. These firms that produce both broom corn brooms and plastic brooms were able to supply with the Commission with separate financial, employment, production, and other data for their respective broom lines, further indicating that the firms producing both types of broom recognize broom corn brooms and plastic brooms as distinct products. While broom corn brooms and plastic brooms tend to be sold through the same marketing channels,[19] they are labeled as corn brooms and plastic brooms and are often purchased by customers for different historical uses. Finally, we also note that the relatively stable market shares between broom corn brooms and other brooms, at an approximate ratio of 40 percent broom corn brooms and 60 percent other brooms, provides an important indication that end users draw a clear distinction between the two products.[20]

We do not make any distinctions among the three types of broom corn brooms: whisk, upright, and push brooms. All three types of Mexican broom corn brooms are imported into this country. The same raw materials and production processes are used in manufacturing all three types. Although the end uses for the three broom types differ, all are distributed through the same marketing channels. We find the like article to include whisk, push and upright broom corn brooms.

For all of these reasons, and for the purposes of this provisional relief phase of this investigation, we conclude that the domestic industry should be defined as all producers of broom corn brooms in the United States.[21]

B. Domestic Industry Is Vulnerable To Serious Injury

As noted above, section 302(c)(2) of the NAFTA Implementation Act makes applicable to section 302 determinations the factors and definitions set out in section 202(c) of the Trade Act. Section 202(c)(6) was amended by the Uruguay Round Agreements Act to include definitions of the terms "serious injury" and "threat".[22] "Serious injury" is defined as "a significant overall impairment in the position of a domestic industry".[23] Threat of serious injury is defined as "serious injury that is clearly imminent".[24]

The statute also sets forth economic factors that the Commission is to consider in determining whether serious injury or threat exists.[25] The statute further provides that the term

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[17] Report at II-4-II-5.

[18] Report at II-4-II-5.

[19] Report at II-9 and petitioner's brief at 34-35.

[20] Report at II-8. Evidence on the issue of producer and customer perceptions at this stage of the investigation is still somewhat incomplete; we intend to collect more information on this issue as the injury phase of the investigation proceeds.

[21] We note, however, that other factors traditionally relevant to the Commission's like or directly competitive product determination are inconclusive. Vice Chairman Nuzum intends to revisit the definition of the domestic industry after obtaining more information on the degree of competition between plastic and broom corn brooms.

[22] The wording of these definitions closely parallels that of definitions of these terms in Article 4 of the WTO Agreement on Safeguards and Article 805 of the NAFTA.

[23] Section 202(c)(6)(B).

[24] Section 202(c)(6)(D).

[25] Section 202(c)(1) provides that the Commission is to consider "all economic factors which it considers relevant, including (but not limited to)" the following--

(continued...)

"significant idling of productive facilities" includes the closing of plants or the underutilization of production capacity.[26] Also, the Commission is not to regard the presence or absence of any of the factors that it is required to evaluate as being "necessarily dispositive".[27]

The petition in this investigation identified more than 100 domestic producers of broom corn brooms. A relatively small number of nationally oriented firms are estimated to account for more than 80 percent of total U.S. production. In addition to a few regional producers, there are many small producers serving local craft and specialty markets.

In the provisional relief phase of this investigation, the Commission received data from a limited number of domestic producers. Seventeen firms accounting for an estimated nearly 90 percent of the industry provided capacity, production and shipment data. Only nine firms, however, accounting for less than half of reported domestic production in 1995, provided complete or otherwise usable financial data.

Our assessment of the evidence gathered in this provisional phase of the investigation leads us to conclude that the statutory criteria for threat of serious injury have been met.[28] [29]

1. Significant idling of productive facilities

There is clear evidence of idle production. Overall domestic broom corn broom production declined by 10 percent in 1995, and capacity utilization declined from *** percent in 1993 to ***

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[25](...continued)

(A) with respect to serious injury--

(i) the significant idling of productive facilities in the domestic industry,

(ii) the inability of a significant number of firms to carry out domestic production operations at a reasonable level of profit, and

(iii) significant unemployment or underemployment within the domestic industry;

(B) with respect to threat of serious injury--

(i) a decline in sales or market share, a higher and growing inventory (whether maintained by domestic producers, importers, wholesalers, or retailers), and a downward trend in production, profits, wages, productivity, or employment (or increasing underemployment) in the domestic industry,

(ii) the extent to which firms in the domestic industry are unable to generate adequate capital to finance the modernization of their domestic plants and equipment, or are unable to maintain existing levels of expenditures for research and development,

(iii) the extent to which the United States market is the focal point for the diversion of exports of the article concerned by reason of restraints on exports of such article to, or on imports of such article into, third country markets.

[26] Section 202(c)(6)(B).

[27] Section 202(c)(3).

[28] Commissioner Rohr notes that, in his view, inconsistencies in the data and missing data, particularly financial data, preclude him from finding that there is clear evidence that the domestic industry is currently experiencing serious injury but do not preclude a finding that the domestic industry is vulnerable to a threat of such injury.

[29] Commissioner Newquist determines on the basis of the information available at this stage of the investigation that the domestic industry producing broom corn brooms is threatened with serious injury.

percent in 1995. One domestic producer reported that it halted its broom corn broom production in late 1995, while two others reported reductions in their weekly production rates.[30]

U.S. capacity to produce broom corn brooms declined by 3.6 percent during 1991-93. In comparison, capacity declined by about double that rate (6.6 percent) during 1993-95, reaching a period low in 1995. Capacity utilization increased from 1991-93, but consistently declined in the two years after the tariff reductions. In addition to reduced capacity and declining capacity utilization, there is also information of plant closures late in 1995.

2. Inability of a Significant Number of Firms to Carry Out Domestic Operations at a Reasonable Level of Profit

A majority of individual firms providing financial data for 1994 and 1995 operated at a loss during both those years.[31] Based on producers providing data for the entire period 1991-95, operating income results improved from 1991 to 1993, and deteriorated from 1993 to 1995.[32] [33]

3. Unemployment or Underemployment in the Industry

The average number of production and related workers producing broom corn brooms rose slightly overall during 1991-93. However, that number dropped in both 1994 and 1995. Thirteen percent of workers employed in the industry prior to the tariff reductions were not so employed two years later. And, the average for 1995 understates current unemployment or underemployment because of the reported cessation or reduction of production by several firms late in 1995. Reported hours worked declined at an even steeper rate than did the number of workers during 1993-95. Wages paid also declined during this period.[34]

4. Other Relevant Factors

U.S. producers' shipments by volume rose just slightly from 1991 to 1993, and then dropped in both 1994 and 1995 (by fully 10.1 percent). The value of shipments fell less steeply as unit value rose somewhat.

C. Substantial Cause Of Threat Of Serious Injury

The final injury factor that must be met is that the imports which have increased as a result of the NAFTA tariff reduction or elimination are a substantial cause of serious injury or threat of serious injury to the domestic industry. The statute defines "substantial cause" as a "cause which is

[30] Report at II-11.

[31] However, as a general statement, the smaller firms tended to experience losses while the larger firms remained profitable. As a result the aggregate operating income of all responding producers was positive in both 1994 and 1995.

[32] Vice Chairman Nuzum notes that the aggregate trend for producers providing data just for the period 1993-95 presents a different financial picture. This fact underscores her concern regarding the relatively low coverage of financial data in this phase of the investigation.

[33] Commissioner Rohr notes that financial performance of the industry looks very different when looking at 1994 and 1995 data for the firms reporting data for those two years.

[34] Commissioner Rohr notes, however, that hourly wages and productivity were stable or increased during the period of investigation, including the period between 1993-95.

important and not less than any other cause.[35] Thus, the increase in volume of imports must be an important cause that is at least equal to any other cause.

The statute states that the Commission's causation analysis should include an examination of an increase in imports (in absolute terms) and a decline in the proportion of the domestic market supplied by domestic producers.[36] The Commission also is to "examine factors other than imports which may be a cause of serious injury, or threat of serious injury" and to consider the condition of the industry over the course of the relevant business cycle.[37]

In this investigation, we determine that clear evidence exists that the industry in the United States producing broom corn brooms is threatened with serious injury. In reaching this affirmative threat determination, we have considered all of the statutory factors.

Broom corn brooms from Mexico appear to be essentially interchangeable with domestic broom corn brooms. Purchasers tend to purchase whichever broom corn broom is less expensive.

U.S. producers' production quantity decreased steadily from 1993 to 1995, declining by 16.0 percent from *** dozen brooms in 1993 to *** dozen in 1995. Moreover, capacity utilization declined by 8.3 percentage points, and domestic producers' total shipments declined by 11.8 percent by quantity, and 7.9 percent by value, between 1993 and 1995.[38]

U.S. apparent consumption of broom corn brooms increased modestly overall during 1991-95. Consumption rose 3.5 percent from 1991 to 1993, then rose by an additional 5.7 percent from 1993 to 1995. In comparison, imports from Mexico actually declined by 21.6 percent from 1991 to 1993, and then jumped more than 200 percent during 1993-95. In view of these increases, Mexican import volumes did not merely respond to changes in U.S. market demand.

Within a modestly growing market, U.S. producers lost market share to the imports from Mexico. U.S. market share (by value) was essentially stable during 1991-93 at ***, *** and *** percent respectively. In 1994, however, that share fell to *** percent, and it reached a period low of *** percent in 1995. The approximate 10 market share points lost by the domestic industry went overwhelmingly to the imports from Mexico. Mexican import share declined during 1991-93, going from *** percent to *** percent. Mexican broom corn brooms then captured *** percent of U.S. apparent consumption in 1994, and that share expanded to *** percent. Thus in the two years following the NAFTA tariff reduction, imports from Mexico almost tripled their market share.

Net sales among reporting domestic producers declined significantly in both quantity and value from 1993, the last full year period prior to the implementation of NAFTA, to 1995, the most recent period for which data were collected. Net sales declined 16.1 percent by quantity and 2.5 percent by value between 1993 and 1995.[39]

All price comparisons between Mexican and U.S. broom corn brooms showed consistent underselling by the imports. The smallest margin of underselling was still as high as 13.8 percent, and margins ranged as high as 41.6 percent. There is a clear pattern of increasing margins of underselling over time.

Operating income declined by 191 percent from *** in 1993 to a negative *** in 1995.[40] Finally, the number of production workers, and hours worked in the domestic industry declined significantly by 13.0 percent and 17.4 percent, respectively, between 1993 and 1995.[41]

We also note that a significant number of domestic producers reported that they have been unable to generate adequate capital to finance the modernization of their domestic plants and

[35] 19 U.S.C. 2252(c)(6)(C)
[36] Id. 2252(c)(1)(C).
[37] Id. 2252(c)(2).
[38] Report at II-12.
[39] Report at II-13-II-14.
[40] Report at II-13.
[41] Report at II-11-II-12.

equipment since January 1, 1993. Specific examples include increased difficulty in acquiring bank financing, cancellation of investment projects, and rejection of investment proposals.[42]

Our affirmative threat determination is further supported by the fact that Mexican exports to the United States as a share of total shipments increased significantly from *** percent in 1993 to *** percent in 1995. Conversely, the share of shipments to the Mexican home market, and to third country markets relative to total shipments decreased from *** percent to *** percent, and from *** percent to *** percent, respectively between 1993 and 1995. It is clear that Mexican exporters shifted their focus to the U.S. market between 1993 and 1995.

Based on available information, it appears that the lower prices of Mexican broom corn brooms allowed these products to enter the U.S. market in increased volumes and thereby displace U.S. producers domestic shipments. U.S. producers apparently maintained prices on the broom corn brooms they continued to sell. The loss of U.S. market share is reflected in declining U.S. production, shipments, revenues, profits, and employment. Declining capacity and recent plant closures suggest that adverse effects on the domestic industry will continue and indeed worsen in 1996.

Respondents have suggested that the devaluation of the Mexican peso in late 1994/early 1995 was a greater cause of increased imports and any serious injury inflicted. It is likely that the significant devaluation of the peso did contribute to increased imports in 1995. However the fact remains that imports began to rise immediately following the tariff reductions, and did not wait until 1995. Increased underselling and loss of domestic producers' market share were clearly evident in 1994, well in advance of the devaluation.

Based on all of the foregoing, we find clear evidence that the increased imports from Mexico are a substantial cause of threat of serious injury to the domestic industry producing broom corn brooms.

VI. CRITICAL CIRCUMSTANCES[43]

In order to make an affirmative determination on provisional relief the Commission must find that a "delay in taking action would cause damage to the industry that would be difficult to repair.[44] This language was added as an amendment to the critical circumstances provision of the 1974 Trade Act as part of the Uruguay Round Agreements Act.[45]

There is no evidence that the volume of subject imports entering the United States will either stabilize or decline. The only evidence currently before us establishes that the import volumes have continued to increase in 1996.[46] A comparison of import volumes for January and February

[42] Report at App. C, C-3.

[43] Commissioner Rohr does not join the remainder of these views. See Separate Views of Commissioner David B. Rohr on whether absent provisional relief damage to the domestic industry would be difficult to repair.

[44] 19 U.S.C. 2252 (d)(2)(A)(ii).

[45] Only limited guidance may be gleaned from the Commission's sole determination to date on critical circumstances because that analysis was based on different statutory language, and therefore a somewhat different standard than the present statutory requirement. Extruded Rubber Thread, Inv. No. TA-201-63, USITC Pub. No. 2563 (December 1992). The then-applicable statutory language provided that critical circumstances exist if the Commission determined that, "a delay... in taking action would cause harm that would significantly impair the effectiveness of such action. Pub. L. No. 100-418, 102 Stat. 1227 (1988). In the Extruded Rubber Thread investigation the Commission did not find that critical circumstances existed to warrant provisional relief. The Commission based its negative determination on the stabilization of import levels, increases in prices for the subject imports due to the elimination of GSP preference, and the issuance of antidumping and countervailing duty orders by the Department of Commerce.

[46] Official statistics of the U.S. Department of Commerce.

of 1996 to import volumes, recoup lost ground, for the same period in 1995 shows a twenty percent increase. Similarly, evidence does not suggest that the domestic producers will increase their sales volumes and ultimately reduce their vulnerability absent some change in current market conditions.

We are especially persuaded that provisional relief is warranted by the fact that five of the domestic producers that operated at a loss in 1995 are small-to-medium size companies. Unlike the *** large national producers, these smaller companies generally produce only broom corn brooms. Losses suffered by these small-to-medium size producers are much more difficult to recoup than for those national producers who can more readily absorb their losses and/or reallocate their resources toward other parts of a range of products.[47]

If no relief is provided to the domestic industry at this point in the investigation, by operation of law, relief will not be available for at least three months, and perhaps as long as four months. We conclude, based on the information presently available regarding the condition of the domestic industry, that a delay in taking action would cause damage difficult to repair.

VII. REMEDY RECOMMENDATION[48]

The statute directs that if the Commission makes an affirmative determination on critical circumstances, it shall find and recommend to the President the amount of import relief that is necessary to prevent the injury found. The nature of the relief that the President is authorized to provide is either suspension of further duty reductions, or the lesser of pre-NAFTA and current MFN duty rates.[49]

The threat of serious injury that we have found to exist in this provisional relief investigation manifests itself in the displacement of U.S. producers shipments by increased imports from Mexico. The imports have successfully displaced the U.S. product through increased underselling, to which the tariff reductions contributed in at least substantial part. We therefore conclude that an increase in tariff rates on broom corn brooms from Mexico would render the current levels of underselling more difficult for Mexican producers, and is an appropriate remedy for the threat of injury found.

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[47] Vice Chairman Nuzum also notes that the producers that reported significant reductions in production and employment in late 1995 are not among the largest producers.

[48] See Additional Views of Commissioner Newquist concerning whether the President may, within his statutory discretion, treat the Commission's three-to-three vote on provisional relief as an affirmative determination.

[49] Section 304(c)(2) of the NAFTA Implementation Act limits the provisional import relief available to:

> (A) the suspension of any further reduction provided for under the United States Schedule to Annex 302.2 of the Agreement in the duty imposed on such article;
>
> (B) an increase in the rate of duty imposed on such article to a level that does not exceed the lesser of -
>
> > (i) the column 1 general rate of duty imposed under the HTS on like articles at the time the import relief is provided, or
> >
> > (ii) the column 1 general rate of duty imposed under the HTS on like articles on the day before the date on which the Agreement enters into force.

Another remedy option is provided in the event that the duty is imposed on a seasonable basis, which is not, however, the case for broom corn brooms.

The President is not authorized to provide relief in the form of a return to pre-NAFTA rates for this particular product. The available remedy is limited to the lesser of pre-NAFTA and current MFN rates of duty. Because current MFN rates are less than the pre-NAFTA rate, the maximum remedy that the President can provide is the imposition of current MFN duty rates on broom corn brooms from Mexico. The available information suggests that the impact of this remedy may be modest, but we find it appropriate to recommend this maximum allowable relief to provide whatever benefit we can to the domestic industry.

We do not find that suspending further reductions as provided for under the Agreement will provide effective relief to the domestic industry. No further reductions are scheduled to occur for four years. The imposition of a remedy of this nature during 1996 would have, therefore, no effect at all.

We therefore recommend that the President grant provisional relief in the form of a tariff-rate quota on imports of Mexican broom corn brooms equal to the tariff-rate quota currently imposed on all other imports of broom corn brooms under column 1 of the HTS.[50] [51]

[50] This is the same relief requested by the Petitioner in its petition.

[51] Vice Chairman Nuzum notes that as this investigation continues, she will seek expanded information on various remedy options and effects. She anticipates that any final recommendation on remedy will be based on a more developed record and, hopefully, contain a substantially higher degree of confidence.

Views of Commissioner David B. Rohr
on
Damage to the Industry That Would be Difficult to Repair

The final determination that the Commission must make in a critical circumstances proceeding under section 302 of the NAFTA Implementation Act is whether, having determined that increased imports due to a NAFTA tariff reduction are a substantial cause of serious injury or threat thereof to a domestic industry, a delay in taking action would cause damage the domestic industry that would be difficult to repair. I find that the current record does not support such a finding. That is why, despite my determination that increased imports from Mexico due to the NAFTA tariff reduction are a substantial cause of threat of serious injury, I make a negative overall determination in this critical circumstances proceeding and do not recommend that the President impose provisional relief against the Mexican imports.

In making this determination, I begin my analysis with two basic factual starting points. First, my initial determination under the substantive 302 standard, reported to the President above, is that the domestic industry is not currently experiencing serious injury, but rather that it is threatened with such injury. To affirmatively find that, absent relief, there would be damage to the domestic industry, I would have to find that, during the remaining period of the investigation, that threat would ripen into serious injury, and further, that the nature of that injury would be difficult to repair by action at the end of the investigation.

The second factual starting point for my analysis is that provisional relief, if recommended by the Commission and granted by the President, is applicable only during the pendency of final action in the overall proceeding involving broom corn brooms. In actual terms, given the time for Presidential consideration of the Commission's recommendation, this means, at most, between early June and early September. Therefore, I would have to find that the damage that would be difficult to repair would be remedied by provisional relief, which would occur during the June to September period.

Starting with these two fundamental points, that the industry is threatened but not clearly experiencing serious injury, and that the period at issue in this determination is the next three or, at most, four months, I cannot find that absent relief the industry would experience damage that would be difficult to repair. As discussed in my joint views with Vice-Chairman Nuzum and Commissioners Newquist and Bragg, many of the indicators of the industry's performance declined in 1994 and 1995. The declines, however, were not uniform or industry wide, even in 1995, the last period for which we have data, and even given the lack of complete coverage of the industry by our data.

Particularly in terms of the financial performance of the industry, the data show that a number of firms improved their profitability in 1995, and, based on all the data gathered to date, the industry as a whole improved its operating income margins from 1994 to 1995. Further, inventories were declining in absolute terms and remained basically stable as a percentage of shipments. In terms of employment, hourly wages increased throughout the period and productivity did not decline even in 1995. Additionally, while the prices of Mexican brooms were generally declining, U.S. prices remained relatively stable or actually increased somewhat in the most recent time periods. Finally, there is nothing in the record to suggest such seasonality in the purchases, or contracts for the purchase, of broom corn brooms that would increase the significance of the upcoming 3 to 4 months.

Many of these improvements may be temporary, rather than reflect longer term trends, but they are the data currently available to me for purposes of this determination. When combined with a lack of any more recent data from the domestic industry, which would indicate that these factors are merely temporary aberrations or statistical anomalies, I cannot disregard them and conclude that, in the absence of provisional relief, the condition of the industry would deteriorate so rapidly that damage that would be difficult to repair is likely to occur over the next three to four months when provisional relief could be in effect.

I cannot therefore conclude, based on the available information on record at this time, that there would be damage to the domestic industry that would be difficult to repair. I therefore do not make a recommendation for relief.

ADDITIONAL VIEWS OF COMMISSIONER NEWQUIST

I set forth these additional views solely for the purpose of assessing whether Congressional intent, in its entirety, has been served by the provisional phase of this investigation. Specifically, unlike my colleagues, I believe a very compelling argument may be made that it is within the President's statutory discretion to accept the Commission's three-to-three vote on provisional relief as an affirmative determination.

It is not my intent to offer a legal conclusion -- I am not a lawyer. Nor is it my intent to offer conclusive legislative interpretation -- I am not a legislative historian. It is my intent, however, to offer my view that the Commission's three-to-three vote should not necessarily be construed as a relief-preclusive negative determination -- and I am a Commissioner and administrator of the relevant statute.

I. CASE OF FIRST IMPRESSION

As noted in my joint views with Vice-Chairman Nuzum, Commissioner Rohr and Commissioner Bragg, this is the first investigation conducted by the Commission pursuant to the safeguard provision of the NAFTA Implementation Act (19 U.S.C. §§ 3351 et seq.). The NAFTA safeguard provision parallels or specifically adopts and incorporates by reference much of the "global" safeguard statute (19 U.S.C. §§ 2251 et seq.).[1] The Commission has, of course, conducted several global safeguard investigations.

In their petition, Petitioners alleged "critical circumstances," i.e., the "provisional relief" at issue in this phase of the investigation.[2] The critical circumstances provision too has a counterpart in, and is largely derived from, the global safeguard statute. Although the Commission has conducted numerous global safeguard investigations, it has not conducted a critical circumstances phase of such an investigation since the procedural elements of the critical circumstances provision were substantially amended by Congress in 1994.[3] In fact, since the critical circumstances provision was first enacted in 1988 (see discussion below), the Commission has never recommended such relief.

Thus, this is the Commission's first exposure to many of the issues presented in this provisional relief phase of the investigation.

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[1] Because the NAFTA safeguard statute adopts and incorporated by reference most of the global safeguard statue, most citations herein are to the latter, i.e., 19 U.S.C. 2251, et seq.

[2] Under the present statutory framework, the Commission must make a determination on the question of provisional relief within 60 days of the filing of the petition. 19 U.S.C. § 2252(d)(2)(A). The "full" investigation on injury and remedy must be completed within 120 days thereafter. 19 U.S.C. § 2252(b)(2)(A).

[3] The Commission did conduct an investigation in 1995 under the perishability provision in the safeguard statute (19 U.S.C. § 2252(d)(1)(A)). See Fresh Winter Tomatoes, Inv. No. TA-201-64 (Provisional Relief Phase), USITC Pub. No. 2881 (April 1995). Although the perishability provision is somewhat related to the provisional relief at issue here, there are some distinctions. More importantly, there, the Commission made a unanimous negative determination concerning provisional relief on the basis of perishability.

The Commission has conducted only one other provisional relief investigation, Extruded Rubber Thread, Inv. No. TA-210-63, USITC Pub. No. 2563 (December 1992). That investigation was conducted on the 1988 framework, discussed infra.

II. A COMMISSION MAJORITY

At the public meeting regarding this phase of the investigation, four Commissioners (Vice-Chairman Nuzum, Commissioner Rohr, Commissioner Bragg, and myself) announced that each of us determined that the domestic industry was either seriously injured or threatened with serious injury as indicated above. Three of the four of us further concluded that delay in taking action would cause damage to that industry that would be difficult to repair -- i.e., critical circumstances or provisional relief.[4]

After tallying the votes of the six Commissioners, the Commission's Secretary stated that:

> "in the absence of a special statutory provision, a majority of a quorum is required to make an affirmative determination. Since the vote is three [to] three in this case, the Commission has made a negative critical circumstances determination.[5]"

Although I do not question the Commission's Secretary's interpretation of the Commission's vote, I am concerned that the result obtained here is not consistent with Congressional intent.

My doubt about whether Congressional intent was served results from a review of the legislative history concerning both the Commission's operating statute and the global safeguard statute. I set forth below the relevant legislative "events," which, I suggest, trace the expression of what Congress intended in this investigation.

A. Genesis Of The Safeguard Provision

On the basis of trade agreement negotiating authority contained in the Tariff Act of 1930, the President, in the 1940s, issued three Executive Orders setting forth procedures and criteria for "escape clause" relief.[6] These Executive Orders governed from 1947-51 and, in fact, served as the model for the original safeguard article in the first General Agreement on Tariffs and Trade in 1947.[7] In 1951, the concept of escape clause relief as provided for by Executive Order, was codified by Congress in the Trade Agreements Expansion Act.[8]

B. An Equally Divided Commission: First Congressional Pronouncement (1953)

Just two years after enacting the escape clause, Congress saw fit, ostensibly in view of the Commission's even-numbered composition, to explain the import of an evenly divided Commission in escape clause investigations. Congress thus provided that--

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[4] Transcript of Commission Meeting (April 29, 1996).

[5] Id.

[6] Comm. on Ways and Means, "Overview and Compilation of U.S. Trade Statutes," WMCP 104-6, 104th Cong., 1st Sess. 96 (1995).

"Escape clause" is the predecessor term for "safeguard provision"; we use these terms interchangeably; the terms "provisional relief" and "critical circumstances" are generally synonymous, though not entirely interchangeable.

[7] Id.

[8] Id., 65 Stat. 73 (1953).

> "Whenever, in any case calling for findings of the Commission in connection with any authority conferred upon the President by law to make changes in import restrictions [i.e., escape clause], a majority of the Commissioners voting are unable to agree upon findings or recommendations, the findings (and recommendations, if any) unanimously agreed upon by one-half of the number of commissioners voting may be considered by the President as the findings and recommendations of the Commission . . .[9]"

Although the escape clause statute in 1953 did not provide for provisional or "critical circumstances" relief, at least with regard to the escape clause itself, Congress' intent was clear: the President could accept a three-to-three determination (and recommendation, if any) of the Commission as an affirmative determination .

C. Revision and Further Revision Of The Escape Clause (1962 and 1974)

In 1962, Congress enacted the Trade Expansion Act.[10] The Act "heightened" the substantive causation standard for the escape clause, as well as provided for "trade adjustment assistance" for dislocated workers. The Act did not, however, amend or otherwise effect the equally-divided Commission provision.

A dozen years later, Congress enacted the Trade Act of 1974.[11] While amending the escape clause provision in substantive respects, many of these amendments were related primarily to making trade adjustment assistance more accessible.

D. An Equally Divided Commission: Refinement Of The Provision (1976)

Apparently in response to the operation of Commission escape clause investigations under the 1962 and 1974 Acts, Congress, in 1976, amended the "equally divided Commission provision" largely for the purpose of clarifying the effect of an equally divided Commission on the issue of remedy. In so doing, Congress additionally conformed the prefatory language in the provision to the amended escape clause language itself; thus providing that--

> "In a proceeding in which the Commission is required to determine (A) under section 201 of the Trade Act of 1974, whether increased imports of an article are a substantial cause of serious injury, or threat thereof, as described in subsection (b)(1) of that section (hereinafter referred to as "serious injury") . . .[12]"

As will be explored further below, this amendment is significant in two respects: first, like the original pronouncement above, it followed substantive revision (there, enactment) of the escape clause itself by two years; second, the addition of the reference to subsection (b)(1) was not a limitation of the applicability of the "equally divided" provision to escape clause investigations. To

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[9] Pub. L. No. 83-215 (1953), reprinted in 1953 U.S.C.C.A.N. 520.
[10] Pub. L. No. 87-794, 76 Stat. 872 (1962).
[11] Pub. L. No. 93-618, 88 Stat. 1978 (1974).
[12] Pub. L. No. 94-455, 90 Stat. 1762 (1976).

The procedural amendments were added to existing "procedural section" (d). Importantly though, Congress retained discussion of critical circumstances in subsection (b)(2), and that discussion again referenced the substantive injury determination of subsection (b)(1).[16]

Thus, as required by the GATT Uruguay Round, Congress amended the "when" for a provisional relief determination; it did not, however, effectively alter the "how." As such, as it was seemingly Congress' intent that the "equally divided Commission provision" apply to critical circumstances in the 1988 Act, the 1994 amendments did nothing, expressly or implicitly, to signal a departure from this intent.

G. The Commission's Critical Circumstances Determinations (1988-94)

As indicated at the outset, since 1988, the Commission has never squarely addressed the critical circumstances issue presented here. In it appears that critical circumstances have been alleged in only one investigation, Extruded Rubber Thread.[17] There, three of the four of us finding serious injury or threat of serious injury in this investigation (Vice-Chairman Nuzum, Commissioner Rohr, and myself),[18] determined that increasing imports were a substantial cause of serious injury to the domestic industry producing the like product, but that critical circumstances did not exist.

Last year, the Commission investigated imports of Fresh Winter Tomatoes, Inv. No. 201-64 (Provisional Relief Phase).[19] There, however, by virtue of the seasonality of the product, among other things, all Commissioners participating found that the perishability provision was not satisfied.

H. Whether There Is A Commission Majority

In light of the legislative history discussed above, in my view, the answer to the question of whether the President may accept a three-to-three provisional relief determination of the Commission as an affirmative recommendation is more likely answered in the affirmative than in the negative.

I think it uncontroverted that, since 1953, Congress has intended for the equally divided rule to apply to escape clause investigations. I think it equally clear that Congress intended for the rule to apply after the 1962 and 1974 amendments to the escape clause provision. Further, nothing in the 1988 Act, wherein provisional relief was first provided, nor in the 1994 Uruguay Round Amendments Act, substantially altered the substantive provisions of escape clause/safeguard determinations. To the contrary, in the 1988 Act, a critical circumstances determination was made simultaneously with the injury determination.

In this regard, I find it instructive that in the only critical circumstances investigation conducted by the Commission under that scheme, the three Commissioners making an affirmative injury determination also proceeded to make a negative critical circumstances determination. That is, nothing then suggested that four Commissioners had to make an affirmative injury determination in order for the question of critical circumstances to be "ripe." Notably, Congress seemingly did

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[16] Section (b)(2) provides in relevant part that " . . . the Commission shall make the [serious injury] determination under paragraph [(b)](1) within 120 days (180 days if the petition alleges that critical circumstances exist) . . . " 19 U.S.C. § 2252(b)(2)(A).

[17] Inv. No. TA-201-63, USITC Pub. No. 2563, (December 1992). That investigation was conducted under the 1988 scheme, i.e., critical circumstances determination simultaneously with the injury determination.

[18] Commissioner Bragg was not then a Commissioner.

[19] See gen'l note 3, supra.

in order for the question of critical circumstances to be "ripe." Notably, Congress seemingly did not interpret the three Commissioner's action of voting on critical circumstances as contrary to its intent: Congress did not amend or otherwise clarify the equally divided rule in light of the Extruded Rubber Thread determination. Past Congressional practice certainly indicates that Congress has spoken on the rule when it deemed such pronouncement necessary, i.e., the rule's enactment two years after the escape clause was codified in 1951, and subsequent amendment of the equally divided provision in 1976, two years after the escape clause was amended in 1974.

Further, as discussed above, the 1994 amendments to the safeguard provision affected only procedural, not substantive, issues. Thus, Congress' silent acquiescence to the Commission's administration of the substantive portion of the provision in Extruded Rubber Thread was left intact in 1994.. Additionally, if in fact, Congress did find the Commission's action in Extruded Rubber Thread erroneous, the 1994 Act was a most opportune time to remedy the Commission's error; Congress indicated no such error.

Finally, with regard to the vote in this investigation, I would further note that irrespective of the three-to-three issue, four Commissioners (Vice Chairman Nuzum, Commissioner Rohr, Commissioner Bragg, and myself) found that the domestic industry was seriously injured or threatened with serious injury. Where, as here, six Commissioners participated, four, of course, is a mathematical majority. Thereafter, three of those four Commissioners, another mathematical majority, made an affirmative provisional relief determination. Thus, in my view, a rather compelling argument can be made that an absolute, rather than a statutory, majority, answered affirmatively the requisite questions posed by this phase of the investigation.

In sum, in my view, the equally divided Commission rule, as well as the arguable absolute three-out-of-four majority vote, at a minimum, permits the President within his statutory discretion to accept the Commission's determination provisional relief as an affirmative determination.

PART II

INFORMATION OBTAINED IN THE INVESTIGATIONS

INTRODUCTION

These investigations result from petitions filed on behalf of the U.S. Cornbroom Task Force and its individual members, Washington, DC, alleging that broom corn brooms are being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing an article like or directly competitive with the imported article.[1] Additionally, the petitioner has alleged that, as a result of the reduction or elimination of a duty provided for under the NAFTA, a Mexican article[2] is being imported into the United States in such increased quantities (in absolute terms) and under such conditions so that imports of the article, alone, constitute a substantial cause of serious injury, or a threat of serious injury, to the domestic industry producing an article like or directly competitive with the imported article. Further, the petitioner has alleged the existence of critical circumstances and has requested that, pursuant to section 302(d) of the NAFTA Implementation Act, provisional relief be provided in order to avoid circumstances in which a delay in taking action would cause such harm that it would significantly impair the effectiveness of final import relief. Information relating to the schedule of the investigations is provided below.

Date	*Action*
March 4, 1996	Petitions filed with the Commission; institution of invs. No. TA-201-65 and NAFTA-302-1 (61 FR 11061, Mar. 18, 1996)[3]
April 12	Briefs of parties on provisional relief submitted
April 29	Vote on provisional relief
May 3	Commission's findings and recommendations on provisional relief transmitted to the President
May 30	Hearing on injury
July 2	Suggested date for vote on injury
July 11	Hearing on remedy (if necessary)
July 26	Suggested date for vote on remedy (if necessary)
August 1, 1996	Commission's findings and recommendations due to the President

PREVIOUS AND RELATED INVESTIGATIONS

In accordance with Executive Order 11377 of October 23, 1967, the Commission was directed to provide annual reports of its judgment as to the estimated domestic consumption of broom corn brooms. These reports to the President were provided on an annual basis (including a biennial judgment concerning "other brooms considered to be competitive with corn brooms") through the 1986 calendar year when they

[1] For purposes of these investigations, broom corn brooms are brooms made wholly or in part of broom corn (including broom heads), as covered by subheadings 9603.10.05, 9603.10.15, 9603.10.35, 9603.10.40, 9603.10.50, and 9603.10.60 of the HTS.

[2] Id.

[3] A copy of the cited *Federal Register* notice is presented in appendix A.

were discontinued when the President revoked the Executive Order.[4] From 1979 on , the Commission conducted the annual reviews under the aegis of investigation No. 332-97 (Certain Brooms: U.S. Producers' Shipments, Imports for Consumption, Exports, and Apparent Consumption, Calendar Year . . .).[5] Prior to 1979, the reports were transmitted to the President via letter.

THE PRODUCT

In these investigations, petitioners and respondents are at odds as to the appropriate domestic product that is "like" or "directly competitive with" broom corn brooms. Petitioners contend that the only product the Commission should examine is broom corn brooms, while respondents contend that the "like" and "directly competitive" product should include plastic brooms as well.[6]

Description, End Uses, and Production Process

Broom corn brooms are cleaning tools of stiff fiber, made from broom corn, textile products, handles composed of wood or other materials, wire, and steel products and packaged in corrugated cardboard and plastic packaging. There are three primary types of brooms; upright, push, and whisk. Upright brooms generally have a length ranging from 50 inches to 60 inches and are intended for use in sweeping and cleaning surfaces by an individual from an upright position. Push brooms are mounted or set in a head, usually of wood, with the handles offset at an angle. These brooms are used for cleaning large areas, such as school or hospital hallways. Whisk brooms are generally smaller, ranging up to 12 inches in length. Whisk brooms are primarily used for smaller cleanups or hard-to-reach surface areas.

Virtually all of the broom corn used in the production of brooms is harvested by hand. Due to the labor intensive nature of the harvesting process and the lower wage rates in Mexico, virtually all of the broom corn used by U.S. producers is imported from Mexico. The actual production of broom corn brooms is also very labor intensive, requiring skilled craftsmen in both the winding and stitching of the product. The manufacture of the sweeping portion of the broom is achieved primarily through two processes. The most commonly used process is the "nailed machine-made" process in which the broom fibers, after being cut, are sewn together, generally by machine. A metal or plastic band (11 to 12 inches long) is then wrapped around the blunt end of the broom corn fiber bundle. In an automated process, a wooden handle in compressed into the completed broom corn fiber bundle and nails are shot through, attaching the broom head and handle. The second process of manufacture for broom corn brooms is the "wire-wound cornbroom." This method involves the hand-winding of tufts of broom corn by individual workers. These workers require years of experience to become proficient.[7] The "wire-wound cornbroom"

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[4] 52 FR 34617, Sept. 14, 1987.

[5] USITC Publication Nos. 878, 967, 1049, 1140, 1232, 1373, 1518, 1675, and 1835.

[6] Data with regard to plastic brooms were collected in Commission questionnaires in the "other" broom category. While "other" brooms can include the small amount of brooms made of vegetable fiber other than broom corn, the six producers who provided data in that category advise that all of their data concerns plastic brooms. Plastic broom producers tend to be the larger, nationally oriented producers of brooms and other cleaning products owing to the capital intensive nature of plastic broom production.

[7] ***.

manufacturing process, which makes up only a small percent of the broom corn brooms made,[8] is essentially considered a cottage industry. Unlike handles for plastic brooms, broom corn broom handles are not detachable.

There have been few major technological changes in the manufacture of broom corn brooms in recent years. A broom corn seed variety has been developed at the University of Illinois that will grow broom corn suitable for mechanical harvesting, thereby making that process less expensive than the present "by-hand" method of harvesting broom corn. Efforts are continuing to develop a new variety that will yield broom corn with pale green or wheat-colored bristles because the current purple color of the new broom corn variety is considered a potential drawback to public acceptance.

Like or Directly Competitive Product Issues

In addition to broom corn, brooms may also be made from plastic and other synthetic fibers and other vegetable materials.[9] The more capital intensive, highly automated manufacturing process to make plastic brooms differs greatly from the processes used for broom corn brooms, with the brooms being manufactured on a "staple- set" fiber machine. The "staple-set" fiber machine process is almost totally automated. A camshaft provides a pattern to drill and fill holes with nine-inch fibers (usually of polypropylene) in a wooden or plastic block that will become the head of the broom. Each hole in the block allows for 15 to 16 strands of synthetic fiber. The strands are picked, inserted, bent, and stapled to the block. The completed plastic broom head will consist of about 75 to 100 strands of synthetic fiber. Handles for plastic brooms are usually of wood and are fastened by means of a screw into the finished broom head.

Natural fibers for brooms were challenged by technological advances that led to the development of synthetic fibers in the first half of the twentieth century. For the broom industry, synthetic fibers provided (1) availability, (2) resistance to deterioration, (3) versatility in size and color, (4) a lighter-weight product, (5) greater resistance to abrasion, and (6) consistency with which the delivered product adhered to specifications.

Substitute Products

Upright brooms made from plastic or synthetic fibers are the most acknowledged substitute for broom corn brooms. In their questionnaire responses, a majority of producers and importers listed plastic or polypropylene brooms as alternatives to broom corn brooms.[10] Brooms made of plastic heads and bristles have been readily available since the 1970's, with continuing changes in design, and provide

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[8] ***.

[9] The vegetable fibers most widely used are those known as "tampico" hemp, obtained from plants of a cactus family which grows in Mexico. "Bassine" and "palmyra" are tough, strong, long-wearing fibers obtained from palm trees which grow in Ceylon and India. African "bass," obtained from the feather-leaf palm found in Central Africa, is adapted for use in street and barn brooms; "bahia," a tapered fiber which grows in northern Brazil, has very long-lasting wearing qualities. "Palmetto," the only natural plant fiber produced commercially in the United States, comes from the palmetto tree of Florida and is valued for its extreme elasticity, durability, and water-resistant qualities.

[10] Importers*** and *** reported that plastic brooms have contributed to declining demand for broom corn brooms.

similar functional characteristics as broom corn brooms.[11] However, petitioners assert that the properties of plastic brooms fall short in simulating the sweeping and handling characteristics of broom corn brooms, limiting their substitutability.[12] Plastic brooms tend to build static electricity, have a limited absorbency ability and a sometimes adverse reaction to high temperatures, and may be less acceptable to consumers who prefer brooms made of biodegradable material. Conversely, plastic brooms are considered more durable and offer a variety of designs. Despite such differences, plastic and broom corn brooms are considered highly substitutable in the market place.

Also, a number of manual and motorized products may perform the basic task of moving dirt, debris, and dust for which broom corn brooms are intended. These substitute products include sweepers, vacuums, and blowers. With the exception of non-motorized sweepers, such alternative products provide more versatile applications and are priced considerably higher than broom corn brooms. Sweepers are typically designed for cleaning carpets and provide an inexpensive alternative to vacuums and other motorized cleaning products.

U.S. Tariff Treatment

Tariff-rate quotas were established by legislation (Public Law 89-241) in 1965 covering selected broom corn brooms[13] and are still in effect. The below-quota category allows 61,655 dozen whisk brooms and 121,478 dozen other brooms (upright, push, etc.) to enter at a column 1 duty rate of 8 percent *ad valorem*. After the tariff-rate quota is reached in a given calendar year, the rates of duty are 9.2 cents each for whisk brooms valued not over 96 cents each, and 24.8 percent *ad valorem* for whisk brooms valued over 96 cents each. Over-quota duty rates for other broom corn brooms are 32 cents each for those not over 96 cents each and 32 percent *ad valorem* for those brooms over 96 cents each.

All brooms are eligible for duty-free entry if imported from beneficiary countries under the CBERA, if imported under the free-trade agreement with Israel,[14] or if imported under the ATPA.

Most brooms imported into the United States from Mexico meeting the NAFTA rules-of-origin requirements became free of duty on January 1, 1994. The rate of duty on certain brooms under subheading 9603.10.60 (other brooms, wholly or in part of broom corn exceeding 100,000 dozen per year) were reduced on January 1, 1994 to 22.4 percent. In the year 2000, they will be reduced to 16 percent; in 2005, they will enter free. Qualifying imports from Canada received a duty rate of 5 percent *ad valorem* in 1993, 4 percent in 1994, 3 percent in 1995, and 2 percent in 1996.[15]

Under the implementing legislation for NAFTA, the Administration is required to monitor U.S. imports of broom corn brooms from Mexico. The Statement of Administrative Action of the NAFTA Implementation Act states:

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[11] Petitioner's brief, Apr. 12, 1996, p. 27.

[12] Id., pp. 27-28.

[13] Brooms valued at not over 96 cents (HTS subheadings 9603.10.05, 9603.10.15, 9603.10.40, and 9603.10.50).

[14] United States-Israel Free Trade Area Implementation Act.

[15] Staged tariff reductions for the over-tariff-rate-quota broom corn brooms were accelerated pursuant to the CFTA.

"If the elimination of tariffs under the Agreement results in increased imports of Mexican brooms and causes or threatens to cause serious injury to U.S. producers of such brooms, the Executive Branch is required to take action consistent with the Agreement and U.S. law to rectify the situation. Moreover, the Executive Branch is required to consult with the Congress concerning any developments with respect to imports of Mexican brooms to ensure the continuing health and survival of the U.S. broom corn broom industry."

The tariff treatment of broom corn brooms is presented in table 1.

Table 1
Broom corn brooms: 1996 U.S. tariff treatment for brooms made, wholly or in part, of broom corn

HTS No.	Column 1	Mexico	Canada
Whisk brooms:			
9603.10.05 (valued not over 96 cents)[1]	8%	Free	1.6%[3]
9603.10.15 (valued not over 96 cents)[2]	9.2 cents	Free	2.4 cents[3]
9603.10.35 (valued over 96 cents)	24.8%	Free	6.4%[3]
Other brooms:			
9603.10.40 (valued not over 96 cents)[1]	8%	Free	1.6%
9603.10.50 (valued not over 96 cents)[2]	32 cents	Free	6.4 cents[3]
9603.10.60 (valued over 96 cents)	32%	Free/ 22.4% over 100,000 dozen	6.4%[3]

[1] Under quota.

[2] Over quota.

[3] Whisk brooms and other brooms in part of broom corn from Canada are subject to a duty rate of 2%.

THE U.S. MARKET

U.S. Producers

The U.S. Cornbroom Task Force, the petitioner in this proceeding, is comprised of 10 firms: National Broom, Stockton CA; Chickasaw Broom,[16] Memphis, TN; Newton Broom, Newton, IL; Quinn Broom, Greenup, IL; Libman, Arcola, IL; O'Cedar/Vining, Springfield, OH; Hamburg Broom,[17] Hamburg, PA; Crystal Lake, Autaugaville, AL; Zephyr, Sedalia, MO; and, the National Industries for the Blind (now operating as Signature Works), Hazelhurst, MS. Of those companies, ***, ***, and *** market a full range of cleaning supply products (broom corn brooms, plastic brooms, mops, cleaning brushes, etc.) on a national basis. The others market their products on a regional basis and do not produce brooms other than

[16] ***.

[17] ***.

broom corn brooms. Other large, nonpetitioner, producers, ***, ***, [18] and ***,[19] also produce a full range of cleaning supply products and market them on a national basis. Together, the larger, nationally oriented producers account for more than 80 percent of U.S. producers' shipments.

Although the petition identified just over 100 producers, including members of the U.S. Cornbroom Task Force, the other large national producers mentioned in the preceding paragraph, and a number who market regionally, many of those identified produce in very limited amounts for local, craft, and specialty markets.[20] To date, 16 of the 106 producers receiving Commission questionnaires[21] have advised that they did not produce broom corn brooms during 1991-95.

U.S. Importers

During the period of investigation, five countries accounted for the major portion of broom corn brooms entering the U.S. market. Imports of broom corn brooms from Mexico came primarily through importers located in Texas. *** and ***[22] are located in ***, *** in ***, *** in ***, and *** in ***.[23] Imports of Honduran and Colombian product came almost exclusively through Miami, FL (*** and ***, respectively) and imports of Panamanian and Hungarian product were brought into the United States primarily by ***. In addition to these importers, three U.S. producers, ***, ***, and ***, brought product into the United States during the period of investigation. The primary sources for imports of plastic brooms are Brazil and Italy.

Apparent U.S. Consumption

As seen in table 2, with the exception of 1992, apparent consumption of broom corn brooms remained between *** and *** million dozen brooms during 1991-95, with 1995 consumption 9.4 percent above the 1991 level.[24] Over the same period the U.S. portion of consumption dropped from *** percent of the market to *** percent, while the import share rose from *** percent in 1991 to *** percent in 1995. Imports from Mexico accounted for most of that increase as the Mexican share of the market rose from *** percent in 1991 to *** percent in 1995.

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18 ***.

19 ***.

20 Producers in this latter group account for most of those who have not yet responded to the Commission's producer questionnaire.

21 The Commission mailed questionnaires to all known producers of broom corn, plastic, and other types of brooms.

22 ***.

23 ***.

24 As part of its broom corn broom reports done under Executive Order 11377, the Commission was directed, on a biennial basis, to present information concerning brooms considered competitive with broom corn brooms. Based on those reports, broom corn brooms accounted for 60 percent of total broom consumption during calendar years 1978 and 1980, 55 percent during calendar year 1982, and 50 percent during calendar year 1984. After discussion with industry participants, both producers and importers, staff estimates that the present product mix is 40 percent broom corn brooms and 60 percent other brooms, with total consumption estimated at 4.0 million dozen per year. Industry participants believe those ratios have essentially been at the same levels since the early 1990s with only slight changes from year-to-year.

Table 2
Broom corn brooms: U.S. producers' shipments, U.S. imports, by sources, and apparent U.S. consumption, 1991-95

(dozens)

Item	1991	1992	1993	1994	1995
U.S. producers' shipments	***	***	***	***	***
U.S. imports from:					
Mexico	157,605	104,067	123,528	195,770	388,286
Panama	43,714	38,952	51,611	107,921	62,306
Honduras	30,174	71,289	70,927	66,817	45,914
Colombia	0	4,465	10,439	13,544	24,981
Hungary	28,920	26,880	43,980	34,208	9,000
All other	39,278	7,771	36,667	26,236	16,222
Total	299,692	253,423	337,151	444,496	546,709
Apparent consumption	***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires and official statistics of Commerce.

Channels of Distribution

U.S. producers and importers of broom corn brooms sell the majority of their product to distributors, mass merchandisers, club/warehouse chains, hardware stores, grocery outlets, and other retailers. Distributors sell broom corn broom products to smaller grocery, hardware, and general merchandise retailers. According to questionnaire responses, over 85 percent of U.S. producers' reported broom corn broom shipments during 1995 were to distributors, mass merchandisers, and other retail outlets. Remaining shipments were sales directly to end users, such as school districts and janitorial service companies.

THE QUESTION OF INCREASED IMPORTS

Commerce statistics for imports of broom corn brooms during the period 1991 through 1995 are presented in table 3. Five countries, Mexico, Panama, Honduras, Colombia, and Hungary, accounted for 85 to 90 percent of imports each year during 1991-95. Imports from Mexico led the way each year during the period. Periodic data show that, after a drop during 1992, total imports from all countries increased from 1993 to 1995, both in terms of quantity and value. Imports from Mexico drove the aggregate trends while other countries experienced more fluctuations over the period. Of the five primary importing countries, only Mexico and Colombia showed increases in the quantity and value of imports from 1994 to 1995. The increases in imports from Mexico during 1995 more than offset the decline in imports experienced by Panama, Honduras, and Hungary.

Unit values of imports from Mexico fluctuated from 1991 to 1995, down by 13.1 percent overall during the period examined. Unit values for Panamanian, Honduran, and Colombian[25] imports showed overall increases of 49.6, 97.9, and 48.4 percent, respectively, over the same period, while the unit value of Hungarian imports dropped by 14.5 percent. Unit values for all imports rose by 18.6 percent over the period of investigation.

Except in 1992, imports of broom corn brooms as a share of U.S. production steadily increased from 1991 to 1995, with imports from Mexico driving the upward trend. By 1995, the level of imports from Mexico represented *** percent of estimated U.S. production, with total imports representing *** percent of U.S. production.

THE QUESTION OF SERIOUS INJURY[26]

U.S. Production, Capacity, and Capacity Utilization

Data on U.S. broom corn broom production, capacity, and capacity utilization, as reported by U.S. producers in response to Commission questionnaires, are presented in table 4. Seventeen firms, accounting for nearly 90 percent of estimated 1995 production provided usable trade data. ***.[27]

U.S. Producers' Shipments

Data reflecting U.S. producers' shipments of broom corn brooms are presented in table 5 and data on shipments by broom type are presented in table 6. Although U.S. shipments, on a quantity basis, dropped 10.8 percent from 1991 to 1995, unit values increased by 10.4 percent over the same period. Upright brooms accounted for more than 80 percent of shipments from 1991 to 1995, followed by whisk brooms, push brooms, and other broom corn brooms.

U.S. Producers' Inventories

U.S. producers' inventory data are presented in table 7. The ratio of end-of-period inventories to production and U.S. shipments remained relatively stable from 1991 to 1995. A number of producers reported that they tend to produce to order rather than maintaining much in the way of inventories.

U.S. Employment, Wages, and Productivity

Data with regard to U.S. employment, wages, and productivity are presented in table 8. From 1991 to 1995, producers experienced a decline in the number of production workers and hours worked, while wages paid, hourly wages, productivity, and unit labor costs increased. ***.

[25] 1992 to 1995 for Colombian imports.

[26] Summary data on broom corn brooms and "other" brooms are presented in appendix B.

[27] ***.

Table 4
Broom corn brooms: U.S. production, capacity, and capacity utilization, 1991-95

* * * * * * *

Table 5
Broom corn brooms: U.S. producers' shipments, 1991-95

* * * * * * *

Table 6
Broom corn brooms: Producers' U.S. shipments, by types, 1991-95

* * * * * * *

Table 7
Broom corn brooms: U.S. producers' end-of-period inventories, 1991-95

* * * * * * *

Table 8
Average number of production and related workers producing broom corn brooms, hours worked, wages paid to such employees, and hourly wages, productivity, and unit production costs, 1991-95

* * * * * * *

Financial Experience of Domestic Producers

Introduction

Nine producers representing approximately *** percent of 1995 U.S. production of broom corn brooms provided usable financial information on their operations producing broom corn brooms.[28]

Operations on Broom Corn Brooms

Income-and-loss data for the U.S. producers on their broom corn broom operations are presented in table 9. Net sales, operating income, and the ratio of operating income to net sales as a percent, by firms, are presented in table 10. All responding producers did not provide the major components of cost of goods sold and two of the producers did not provide quantities sold. However, the available data on the major components of cost of goods sold indicate that raw materials accounted for approximately $3.00 of the increase in cost of goods sold of approximately $5.00 per dozen from 1991 to 1995, while direct labor and other factory costs increased approximately $1.00 each during the five-year period. The increase in the average sales value of less than $8.00 per dozen from 1991 to 1995 was further offset by an increase in selling, general, and administrative expenses of over $2.00 per dozen. The reporting producers incurred operating losses as a percent of sales of less than *** in 1991 and 1995 and realized operating income margins of less than *** in 1992, 1993, and 1994. Five firms reported operating losses in 1991, 4 in 1992 and 1993, and 6 in 1994 and 1995.

Table 9
Income-and-loss experience of U.S. producers on their operations producing broom corn brooms, fiscal years
1991-95

* * * * * * *

Table 10
Income-and-loss experience of U.S. producers on their operations producing broom corn brooms, by firms, fiscal years 1991-95

* * * * * * *

[28] ***.

Variance Analysis

The variance analysis, table 11, for 7 of the 9 U.S. producers of broom corn brooms, provides an assessment of changes in profitability as related to changes in pricing, cost, and volume. The information for the variance analysis is derived from table 12. There were no export sales or intercompany transfers. Subject to the effects of changes in product mix during the period of investigation, the variance analysis provides a reasonable indication of the changes in pricing, costs, and volume on profitability.

Table 11
Variance for broom corn brooms, fiscal years 1991-95

* * * * * * *

Table 12
Income-and-loss for firms included in the variance analysis for broom corn brooms, fiscal years 1991-95

* * * * * * *

Investment in Productive Facilities, Capital Expenditures, and Research and Development Expenses

The U.S. producers' value of property, plant, and equipment are presented in table 13. Capital expenditures and research and development expenses are presented in table 14.

Table 13
Value of fixed assets of U.S. producers of broom corn brooms, as of fiscal years ending 1991-95[1]

* * * * * * *

Table 14
Capital expenditures and research and development expenses of U.S. producers of broom corn brooms, fiscal years 1991-95

* * * * * * *

Capital and Investment

The Commission requested U.S. producers to describe any actual or potential negative effects of imports of broom corn brooms from any country on their firms' growth, investment, and ability to raise capital or development and production efforts (including efforts to develop a derivative or more advanced version of the product). Their responses are shown in appendix C.

THE QUESTION OF THREAT OF SERIOUS INJURY[29]

The Industry in Mexico

To date, two producers, *** and ***, both of ***,[30] have provided information with regard to their broom corn broom operations. Those data appear in table 15. Together, the two companies estimate that their production accounted for *** percent of total Mexican production in 1995. For 1995, their reported exports to the United States were equivalent to *** percent[31] of official import numbers as reported by Commerce. In the case of both companies, ***. During 1991-93, ***.

Table 15
Data for Mexican producers of broom corn brooms, 1991-95 and projected 1996-97

* * * * * * *

U.S. Importers' Inventories

Inventories held by importers responding to Commission questionnaires are presented in table 16. The low levels of inventories to total imports reflects the shipments-based-on-purchase orders nature of this industry. 1993 inventories were primarily of ***.

Table 16
Broom corn brooms: U.S. importers' reported yearend inventories, 1991-95

* * * * * * *

[29] State Department cables were sent requesting information on the broom corn broom industries in Colombia, Panama, Honduras, and Hungary. To date, no usable information has been received relative to the industries in those countries.

[30] *** percent of total Mexican production. *REPORTA*, June 1993, pp. 18-20.

[31] In their questionnaire responses, the two companies estimated that they, collectively, accounted for ***.

THE QUESTION OF THE CAUSAL RELATIONSHIP BETWEEN THE ALLEGED SERIOUS INJURY AND IMPORTS

Market Penetration of Imports

As seen in table 17, imports from Mexico increased their share of the U.S. market from *** percent in 1991 to *** percent in 1995, nearly doubling from 1994 to 1995. Imports from the four other primary sources of broom corn brooms upped their market share from *** percent in 1991 to *** percent in 1994; however, their share of the market dropped to *** percent in 1995.

Table 17
Broom corn brooms: Apparent U.S. consumption and market shares, 1991-95

* * * * * * *

Prices and Related Data

Transportation factors

Transportation charges (excluding inland U.S. costs) for broom corn brooms imported from Colombia, Honduras, Hungary, Mexico, and Panama are estimated to be 6.7, 4.5, 12.4, 3.6, and 12.8 percent, respectively. These estimates are derived from official import data (under HTS subheadings 9603.10.0500, 9603.10.1500, 9603.10.3500, 9603.10.4000, 9603.10.5000, and 9603.10.6000) and represent the transportation and other charges on imports valued on a c.i.f. basis compared to customs value.

According to U.S. producers, inland U.S. transportation costs ranged from *** to *** percent of the total delivered cost for broom corn brooms. Responding importers estimated a range of *** to *** percent of total delivered costs, with *** percent most frequently cited.

Exchange Rates

Quarterly data reported by the International Monetary Fund indicate that the nominal value of the Colombian peso depreciated steadily from January-March 1991 through October-December 1995, ending the period down 41.1 percent. Conversely, the real value of the Colombian peso appreciated 17.4 percent during the same period (figure 1).[32]

The nominal value of the Honduran lempiras depreciated 48.8 percent according to the International Monetary Fund during 1991-95 (figure 2). When adjusted for movements in producer price indices in the two countries, the real value of the Honduran lempiras appreciated by 7.3 percent between January-March 1991 and July-September 1995.[33] [34]

Quarterly data reported by the International Monetary Fund indicate that the nominal value of the Mexican peso depreciated 17.6 percent in relation to the U.S. dollar during the period January-March 1991 through October-December 1994 (figure 3).[35] Following the currency devaluation in December 1994, the peso depreciated 9.3 percent during 1995.[36] Overall, the nominal value of the peso depreciated 59.6 percent during the period examined. During 1991-94, the real value of the peso appreciated 9.4 percent; it thereafter depreciated 32.8 percent. Overall, the real value of the Mexican peso depreciated 23.4 percent during the period examined.

Quarterly data reported by the International Monetary Fund indicate that the real value of the Panamanian balboas depreciated 3.8 percent between January-March 1991 and January-March 1995 (figure 4).[37] [38]

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[32] International Monetary Fund, *International Financial Statistics*, Mar. 1996, pp. 172-175.

[33] Data for the consumer price index for Oct.-Dec. 1995 were unavailable.

[34] International Monetary Fund, *International Financial Statistics*, Mar. 1996, pp. 286-289.

[35] Id., pp. 394-397.

[36] In December 1994, facing dwindling foreign currency reserves and a weakening peso, the Government of Mexico widened the peso's trading range by 15.2 percent. Subsequent speculative pressure in international currency markets forced the Mexican Government to freely float its currency. The peso depreciated from 3.5 pesos to the U.S. dollar on December 20, 1994, to 5.7 pesos to the dollar (38 percent) at its lowest point in January 1995. (*The Year In Trade 1994*, USITC Publication 2894, July 1995, p. 86.)

[37] The Panamanian balboas is pegged to the U.S. dollar, therefore nominal exchange rates are not discussed.

[38] Data for the consumer price index for Apr.-Dec. 1995 were unavailable.

Quarterly data reported by the International Monetary Fund indicate that the nominal value of the Hungarian forint depreciated steadily between 1991 and 1995, ending the period down 48.4 percent. When adjusted for movements in consumer price indices in both countries, the real value of the Hungarian forint depreciated 36.8 percent during January-March 1991 through July-September 1995 (figure 5).[39] [40]

Pricing Practices

Eleven of 14 responding U.S. producers reported using set price lists for sales of their broom corn brooms. Three producers reported determining prices through a bid process or negotiations with customers. *** of *** importers reported using set price lists; the remaining importers negotiate prices transaction by transaction. Several U.S. producers reported offering volume discounts and promotional and advertising allowances to their broom corn broom customers in the form of credits or cash rebates. *** reported volume rebates of 2 to 3 percent, advertising allowances of 2 percent, and other promotional allowances of 2 to 5 percent of net sales. Two importers, *** and ***, reported offering promotional discounts on purchases of their imported broom corn brooms. *** also offers volume discounts and pick-up allowances. *** responding importers indicated offering no discounts.

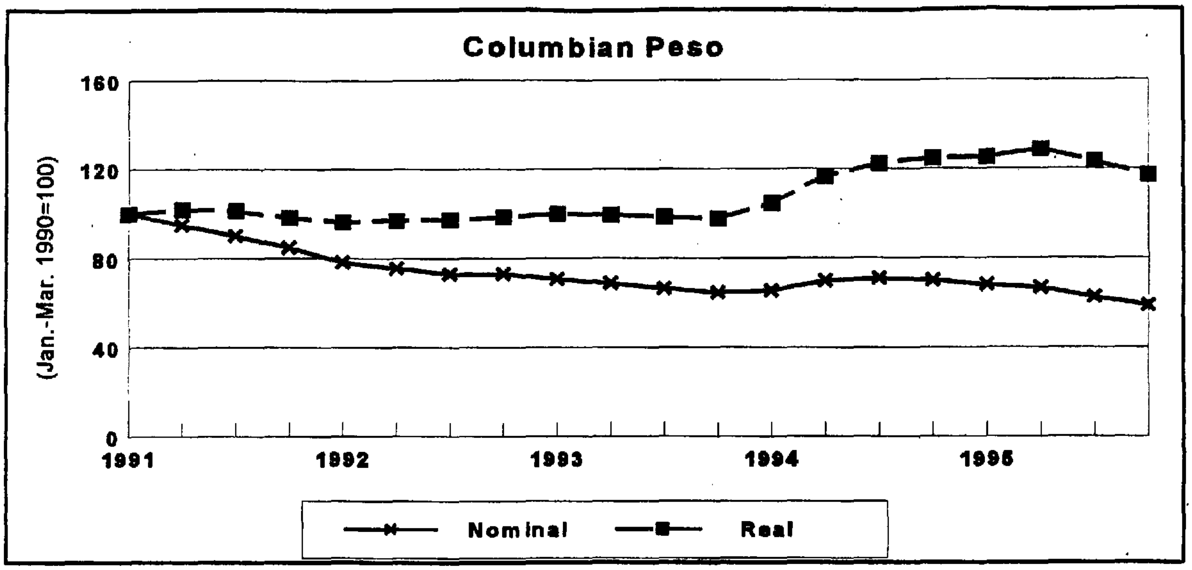
According to questionnaire responses, net 30 days were typical sales terms for U.S. producers and importers, and prices were quoted on both a delivered and f.o.b. basis depending on quantity shipped.[41] Nine of 11 producers reported that the majority of their broom corn broom sales were on a contract basis, while 5 of 6 importers reported selling predominantly on a spot basis. Sales contracts offered by U.S. producers are annual contracts with fixed price and no minimum purchase requirements.

[39] International Monetary Fund, *International Financial Statistics*, Mar. 1996, pp. 290-291.

[40] Data for the consumer price index for Oct.-Dec. 1995 were unavailable.

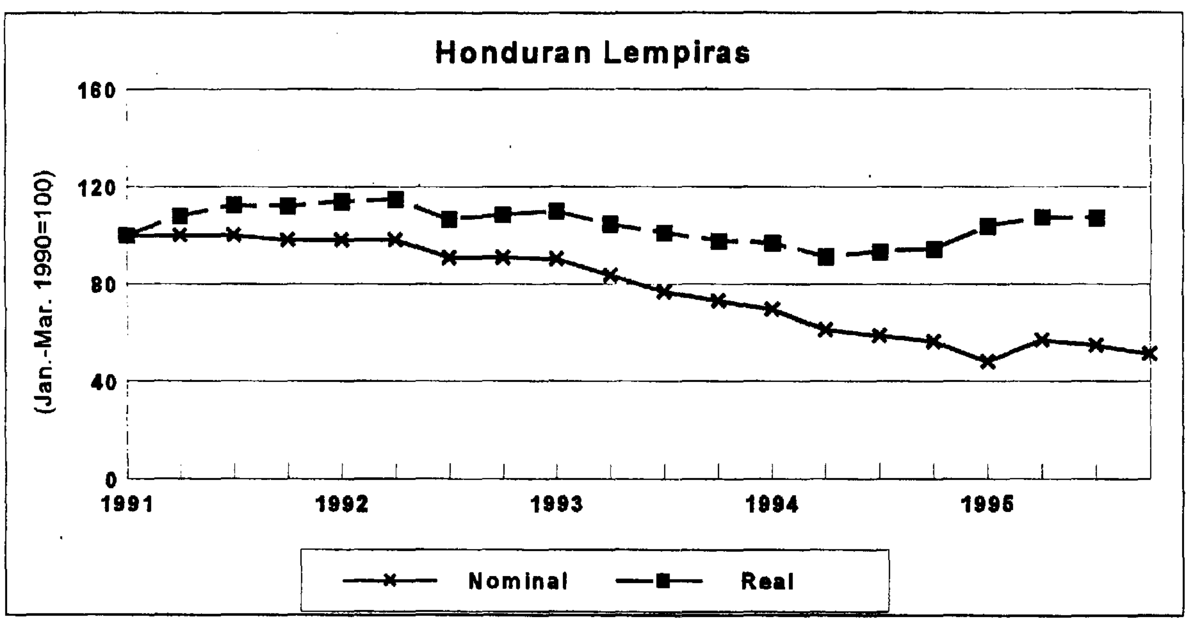
[41] ***.

Figure 1
Exchange rates: Indices of nominal and real exchange rates between the U.S. dollar and Colombian peso, by quarters, Jan. 1991-Dec. 1995



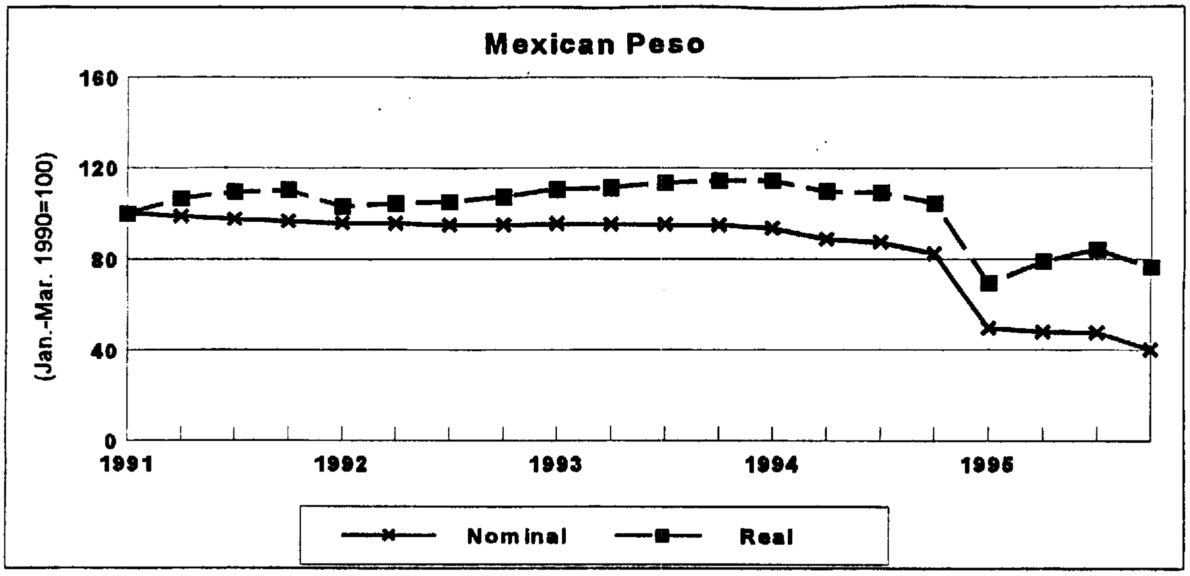
Source: International Monetary Fund, *International Financial Statistics*, Mar. 1996.

Figure 2
Exchange rates: Indices of nominal and real exchange rates between the U.S. dollar and Honduran lempiras, by quarters, Jan. 1991-Dec. 1995



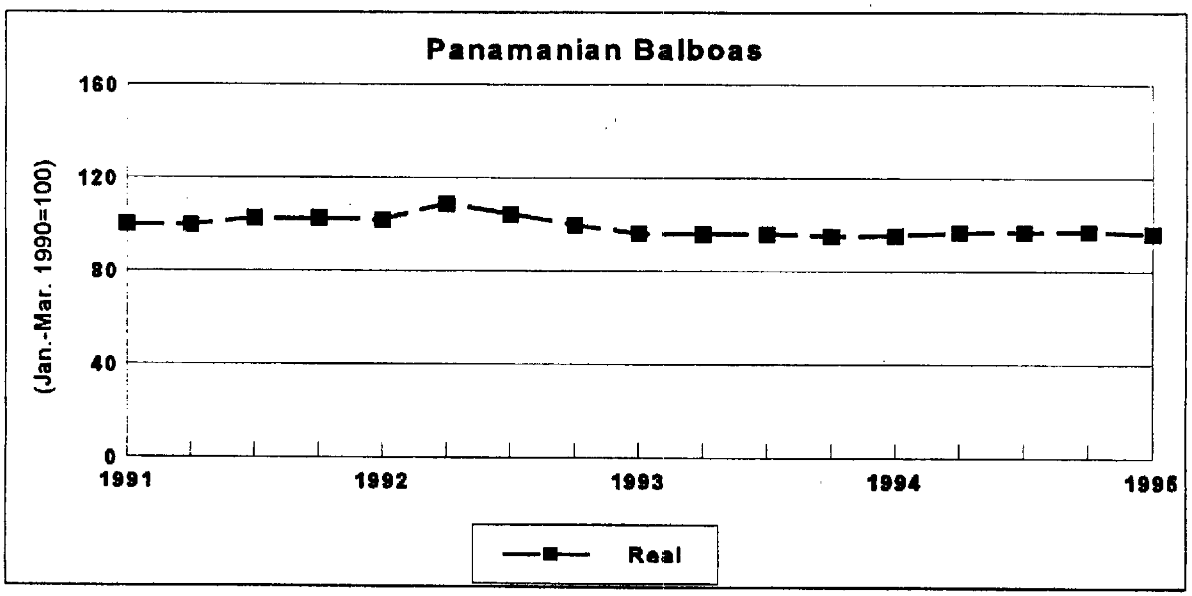
Source: International Monetary Fund, *International Financial Statistics*, Mar. 1996.

Figure 3
Exchange rates: Indices of nominal and real exchange rates between the U.S. dollar and Mexican peso, by quarters, Jan. 1991-Dec. 1995



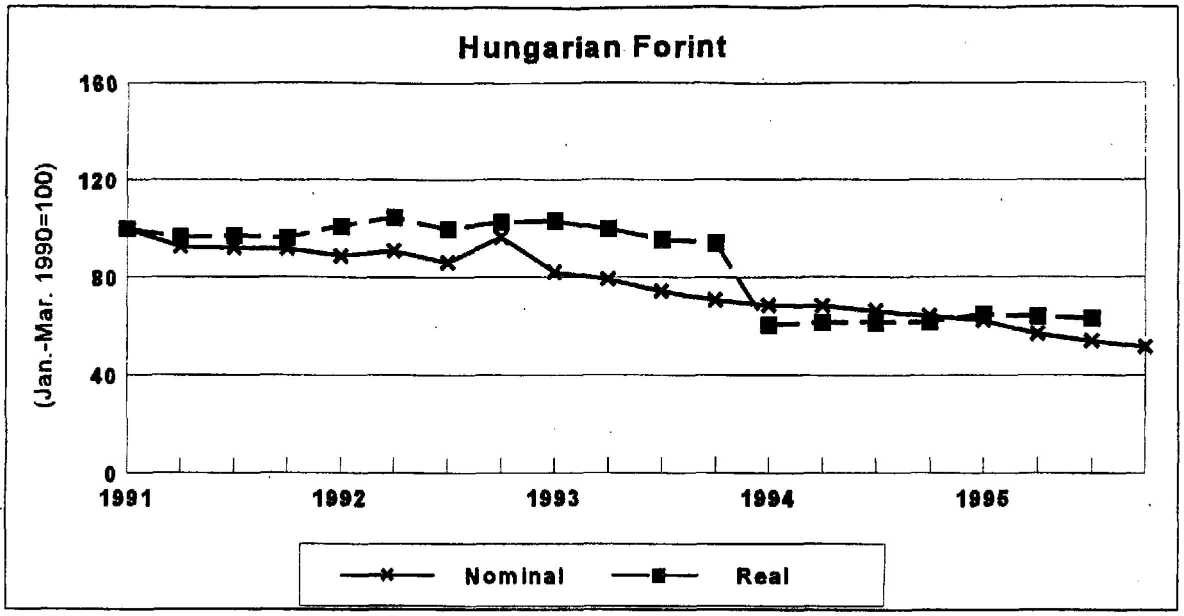
Source: International Monetary Fund, *International Financial Statistics*, Mar. 1996.

Figure 4
Exchange rates: Index of real exchange rates between the U.S. dollar and Panamanian balboas, by quarters, Jan. 1991-Dec. 1995



Source: International Monetary Fund, *International Financial Statistics*, Mar. 1996.

Figure 5
Exchange rates: Indices of nominal and real exchange rates between the U.S. dollar and Hungarian forint, by quarters, Jan. 1991-Dec. 1995



Source: International Monetary Fund, *International Financial Statistics*, Mar. 1996

Price Data

The Commission requested U.S. producers and importers to report the total quantity shipped and the total net f.o.b. value shipped in each quarter for the specified broom corn broom products sold to all unrelated U.S. customers during 1991-95. The products for which pricing data were requested are as follows:

Product 1: Broom corn brooms, consisting wholly or partly of broom corn, 16-18 pounds per dozen ("lightweight"), handles attached or unattached.

Product 2: Broom corn brooms, consisting wholly or partly of broom corn, 20-25 pounds per dozen ("house/parlor"), handles attached or unattached.

Product 3: Broom corn brooms, consisting wholly or partly of broom corn, 26-36 pounds per dozen ("heavy duty", "janitor/warehouse"), handles attached or unattached.

Five domestic producers and three importers provided useable pricing data for sales of the requested products in the U.S. market, although not necessarily for all products or all quarters over the period examined.[42] Pricing data weighted by total quantity sold are presented in tables 18-20 and figures 6-8.

U.S. Producers' and Importers' Prices

U.S. producers' weighted-average prices for products 1-3 fluctuated unevenly during the period examined. Prices for product 1 increased 11.5 percent, from *** to *** per dozen during January 1992-December 1995. During January 1991-December 1993, prior to NAFTA, prices for product 1 increased 7.5 percent, from *** to *** per dozen, on fluctuating volumes sold. During the remainder of the period examined, prices for product 1 fluctuated, decreasing 1.7 percent on decreasing volumes. U.S. producers' prices for product 2 declined from *** to *** per dozen, or 2.1 percent during the period examined. Prior to NAFTA, prices for product 2 declined 5.8 percent on increasing volumes. Prices during the subsequent eight quarters of the period examined fluctuated, ending the period slightly higher (2.9 percent) as volumes declined 39.5 percent. Product 3 prices fluctuated unevenly, ranging between *** and *** per dozen during the period examined. Prices during January 1991-December 1993 declined 3.4 percent, from *** to *** per dozen, on fluctuating volumes. Prices during the first two years of NAFTA increased 6.3 percent, from *** to *** per dozen, on declining volumes.

U.S. importers' weighted-average prices for products 1-3 from Mexico trended downward during the period examined. Prices for product 1 declined 12.2 percent, from *** to *** per dozen during the period examined.[43] Importers' prices for product 2 from Mexico were reported for 9 of the 20 quarters of the period, and ranged from *** to *** per dozen. No prices for imports from Mexico were reported for January-December 1991, July 1992-December 1993, and April-June 1994. Prices for product 3 imported from Mexico were reported only for October 1993-December 1995. These prices trended downward from *** to *** per dozen during October 1993-March 1995, then increased to *** per dozen during October-December 1995. Overall, prices declined 3.1 percent.

Price Comparisons

Tables 18 through 20 show margins of underselling during January 1991-December 1995 for the specified U.S.-produced broom corn brooms and imports from Mexico. Price comparisons can be made for domestic and Mexican broom corn brooms in 39 of the 60 possible comparisons for products 1-3. In all 39 comparisons the Mexican product was priced below the domestic broom corn broom product. Margins of underselling ranged from 13.8 to 41.6 percent. Margins of underselling for product 1 ranged from 24.2 to 41.6 percent. Underselling margins ranged from 13.8 to 34.1 percent for product 2 and from 21.8 to 35.0 percent for product 3.

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[42] Importers' reported prices for the specified broom corn broom products were for Mexican products only. Price data reported for sales of imports from other than Mexico were incomplete or unusable.

[43] *** reported prices for product 1 during January 1991-June 1993 and October 1993-June 1994. These prices were unchanged at *** per dozen.

Table 18
Product 1:[1] Weighted-average net f.o.b. prices and quantities for sales to unrelated U.S. customers reported by U.S. producers and importers, and margins of under/(over)selling, by quarters, Jan. 1991-Dec. 1995

Period	U.S. product Net f.o.b. price	 Quantity	Mexican product Net f.o.b. price	 Quantity	Margin
	Per dozen	*Dozen*	*Per dozen*	*Dozen*	*Percent*
1991:					
January-March.....	***	***	***	***	24.2
April-June........	***	***	***	***	24.3
July-September....	***	***	***	***	25.5
October-December..	***	***	***	***	26.7
1992:					
January-March.....	***	***	***	***	27.1
April-June........	***	***	***	***	28.2
July-September....	***	***	***	***	28.7
October-December..	***	***	***	***	28.4
1993:					
January-March.....	***	***	***	***	27.8
April-June........	***	***	***	***	28.7
July-September....	***	***	***	***	31.2
October-December..	***	***	***	***	29.4
1994:					
January-March.....	***	***	***	***	33.2
April-June........	***	***	***	***	33.1
July-September....	***	***	***	***	36.7
October-December..	***	***	***	***	41.6
1995:					
January-March.....	***	***	***	***	37.7
April-June........	***	***	***	***	38.1
July-September....	***	***	***	***	41.3
October-December..	***	***	***	***	40.3

[1] Broom corn brooms, consisting wholly or partly of broom corn, 16-18 pounds per dozen ("lightweight"), handles attached or unattached.

Source: Compiled from data submitted in response to Commission questionnaires.

Table 19

Product 2:[1] Weighted-average net f.o.b. prices and quantities for sales to unrelated U.S. customers reported by U.S. producers and importers, and margins of under/(over)selling, by quarters, Jan. 1991-Dec. 1995

Period	U.S. product		Mexican product		
	Net f.o.b. price	Quantity	Net f.o.b. price	Quantity	Margin
	Per dozen	*Dozen*	*Per dozen*	*Dozen*	*Percent*
1991:					
January-March.....	***	***	(2)	(2)	(3)
April-June........	***	***	(2)	(2)	(3)
July-September....	***	***	(2)	(2)	(3)
October-December..	***	***	(2)	(2)	(3)
1992:					
January-March.....	***	***	***	***	13.8
April-June........	***	***	***	***	19.5
July-September....	***	***	(2)	(2)	(3)
October-December..	***	***	(2)	(2)	(3)
1993:					
January-March.....	***	***	(2)	(2)	(3)
April-June........	***	***	(2)	(2)	(3)
July-September....	***	***	(2)	(2)	(3)
October-December..	***	***	(2)	(2)	(3)
1994:					
January-March.....	***	***	***	***	16.4
April-June........	***	***	(2)	(2)	(3)
July-September....	***	***	***	***	33.7
October-December..	***	***	***	***	33.3
1995:					
January-March.....	***	***	***	***	30.8
April-June........	***	***	***	***	31.3
July-September....	***	***	***	***	29.3
October-December..	***	***	***	***	34.1

[1] Broom corn brooms, consisting wholly or partly of broom corn, 20-25 pounds per dozen ("house/parlor"), handles attached or unattached.

[2] Data not reported.

[3] Margins not calculated.

Source: Compiled from data submitted in response to Commission questionnaires.

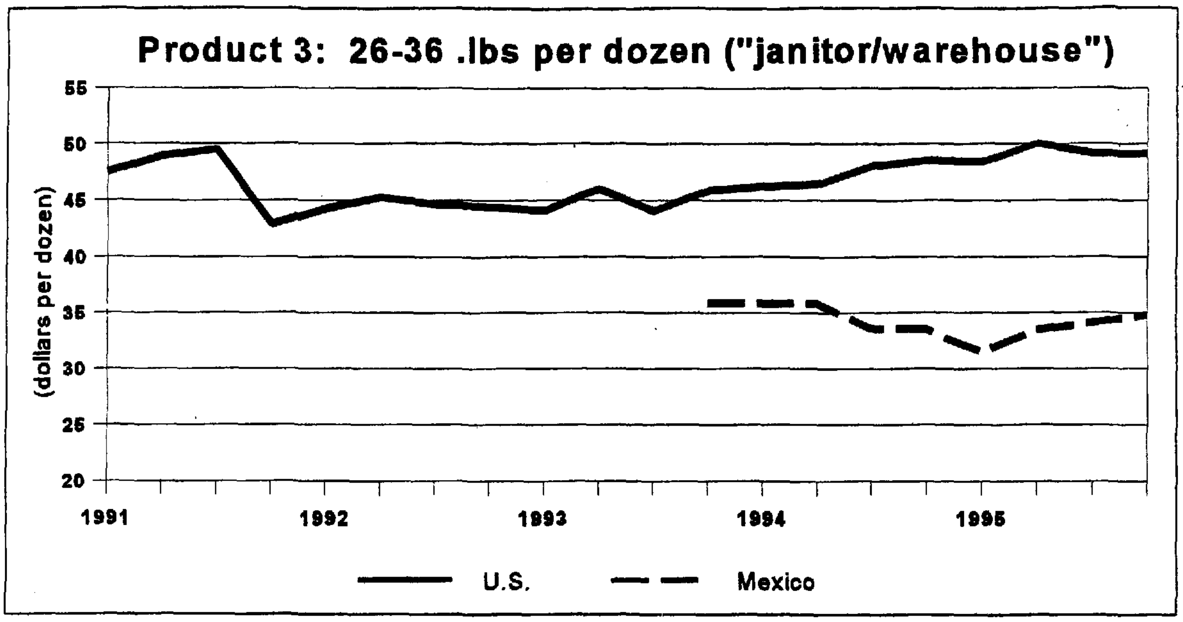
Table 20
Product 3:[1] Weighted-average net f.o.b. prices and quantities for sales to unrelated U.S. customers reported by U.S. producers and importers, and margins of under/(over)selling, by quarters, Jan. 1991-Dec. 1995

Period	U.S. product Net f.o.b. price	 Quantity	Mexican product Net f.o.b. price	 Quantity	Margin
	Per dozen	*Dozen*	*Per dozen*	*Dozen*	*Percent*
1991:					
January-March.....	***	***	(2)	(2)	(3)
April-June........	***	***	(2)	(2)	(3)
July-September....	***	***	(2)	(2)	(3)
October-December..	***	***	(2)	(2)	(3)
1992:					
January-March.....	***	***	(2)	(2)	(3)
April-June........	***	***	(2)	(2)	(3)
July-September....	***	***	(2)	(2)	(3)
October-December..	***	***	(2)	(2)	(3)
1993:					
January-March.....	***	***	(2)	(2)	(3)
April-June........	***	***	(2)	(2)	(3)
July-September....	***	***	(2)	(2)	(3)
October-December..	***	***	***	***	21.8
1994:					
January-March.....	***	***	***	***	22.4
April-June........	***	***	***	***	22.7
July-September....	***	***	***	***	30.2
October-December..	***	***	***	***	30.9
1995:					
January-March.....	***	***	***	***	35.0
April-June........	***	***	***	***	33.2
July-September....	***	***	***	***	30.7
October-December..	***	***	***	***	29.2

[1] Broom corn brooms, consisting wholly or partly of broom corn, 26-36 pounds per dozen ("heavy duty", "janitor/warehouse"), handles attached or unattached.
[2] Data not reported.
[3] Margins not calculated.

Source: Compiled from data submitted in response to Commission questionnaires.

Figure 8
Product 3: Weighted-average net f.o.b. prices for sales to unrelated U.S. customers reported by U.S. producers and importers, by quarters, Jan. 1991-Dec. 1995



Source: Table 20.

CONSIDERATION OF PROVISIONAL RELIEF

Petitioner's Proposed Relief

In these investigations, petitioner requests provisional import relief under section 302 of the NAFTA Implementation Act from Mexican imports by applying the normal column 1 rate of duty or MFN rate.[44] U.S. tariff levels for most broom imports prior to NAFTA were 8 percent or $0.32 per broom for imports valued less than $0.96 per broom, and 32 percent *ad valorem* for brooms valued at more than $0.96 per broom. On January 1, 1994, tariffs on most broom imports from Mexico that meet the NAFTA rules of origin were reduced to zero. The rate of duty on certain brooms under HTS subheading 9603.10.60 (other brooms, wholly or in part of broom corn exceeding 100,000 dozen per year) were reduced to 22.4 percent.[45] The effects of requested provisional relief, if granted, are discussed in appendix D. The following is a discussion of the elasticities employed in analyzing the effects of requested provisional relief and the relevant information concerning such elasticity estimates.

U.S. Supply

Domestic Production

Based on the available information, U.S. broom corn broom producers are likely to respond to changes in demand with relatively large changes in shipments and production in the U.S. market and smaller changes in the price of U.S.-produced broom corn brooms. Factors contributing to the responsiveness of supply are discussed below.

Capacity in the U.S. industry

The existence of increasing levels of unused capacity in the U.S. broom corn broom industry during the period examined increases the degree to which U.S. producers may respond to increases in demand with changes in production. U.S. broom corn broom producers' total annual capacity peaked at *** dozen in 1991, then declined 9.9 percent to *** dozen in 1995 (table 4). U.S. producers' capacity utilization levels ranged from*** to *** percent over the period.[46] Since 1993, U.S. producers' capacity utilization rates have declined over 8 percentage points. In their brief on provisional relief, petitioners point to numerous domestic producers which have idled production recently and specifically cite five firms that have shuttered broom corn broom production operations.[47] The level of unused capacity for U.S. broom corn broom producers (*** percent in 1995) suggests they may respond to increases in demand through production changes.

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[44] Petition, p. 15.

[45] See section entitled "U.S. Tariff Treatment".

[46] Overall U.S. industrial production capacity utilization rates were near full capacity in 1995. U.S. capacity utilization rates during 1995 were 83.9 percent for total industry and 83.0 percent for manufacturing, equaling a 15-year high set in 1989. ("Economic Report of the President", Feb. 1996, table B-5, p. 337.)

[47] Petitioner's brief on provisional relief, p. 11 and exh. 3.

Production alternatives

Production alternatives are limited for U.S. broom corn broom producers. Domestic broom corn brooms are produced either through automated machinery (nailed machine-made) or a combination of skilled labor and specialized machinery.[48] Both production approaches employ equipment, machinery, and skilled labor that are dedicated to broom corn broom production.[49] Equipment and machinery employed in domestic plastic broom production is generally not interchangeable with that for the subject product. Labor skills utilized in broom corn broom manufacturing are also unique to the product. The necessary skills required to assemble and construct broom corn brooms take several years to acquire and are generally not transferrable to any other product.[50] With dedicated production facilities and workers for corn brooms, production alternatives are quite limited for U.S. producers.

Inventory levels

The modest level of existing inventories of broom corn brooms decreases the degree to which U.S. producers can respond to changes in demand with changes in shipments. End-of- period inventories declined 9.2 percent during 1991-95. As a percent of total broom corn broom production, inventories ranged from
*** to *** percent during the period examined.

Demand Considerations

Demand for the subject product and brooms in general is largely insulated from changes in the overall economy since they are typically necessities of relatively low cost. The main factor contributing to the price sensitivity of overall demand for broom corn brooms is the availability of substitute products. Alternative products for consumers of broom corn brooms are other types of brooms, including plastic brooms, and motorized cleaning products such as vacuums and blowers. Nearly all responding importers and 8 of 13 U.S. producers indicated that other brooms, particularly plastic, may substitute for broom corn brooms in their intended applications. *** importers reported that demand for broom corn brooms has suffered at the expense of plastic brooms. Typically, plastic and broom corn brooms are priced similarly, increasing their interchangeability in the market place. No questionnaire responses cited vacuums, blowers, or other motorized cleaning products as possible substitutes for broom corn brooms. These products are often priced considerably higher than broom corn brooms, reflecting sophisticated product technology, design, and durable nature. For example, upright vacuums are intended to clean a variety of covered or uncovered indoor surfaces. Blowers, however, rely on independent power and are used predominantly in outdoor applications where portability is important.

[48] See section entitled "Description, End Uses and Production Process."
[49] Petitioner's brief on provisional relief, pp. 31-32.
[50] Petition, p. 4.

Substitutability Issues

Producers and importers were requested to provide information regarding the differences in non-price factors between the domestic products and subject imports. Questionnaire responses were nearly unanimous in indicating the interchangeability of U.S.-produced and imported broom corn brooms, whether from Mexico or other foreign producers. Only two firms provided information to the contrary, stating that imports from Mexico are perceived to be of lesser quality, and that the broom corn used by countries other than Mexico is less acceptable in the U.S. market.

The average lead time between a customer's order and delivery for U.S. producers was 3 days to 5 weeks; for responding importers, average lead times for broom corn broom imports ranged from 1 to 9 weeks. Sales terms for U.S.-produced broom corn brooms and the subject imports are similar at net 30 days. However, contract sales are more prevalent for U.S.-produced broom corn brooms than for imports. Both U.S. producers and importers offer promotional or volume discounts, but discount practices appear more prevalent among U.S. producers than importers.

Elasticity Estimates

The domestic supply elasticity for broom corn brooms measures the sensitivity of the quantity supplied by the domestic producers to a change in the U.S. market price of broom corn brooms. On the basis of information relating to capacity utilization, ratio of inventories to production, and the flexibility of production facilities and equipment in shifting between broom corn brooms and other products, an elasticity in the range of 5 to 10 is estimated.

The U.S. demand elasticity for broom corn brooms measures the sensitivity of the quantity demanded by domestic consumers to changes in U.S. market prices for broom corn brooms. The available information developed in these investigations supports a relatively inelastic demand elasticity, in the range of 0.5 to 1.0.[51]

The substitution elasticity is a measure of the degree to which domestically produced and imported broom corn brooms are substitutable for the product's intended end uses. The information relating to interchageability, delivery lead times, and discount practices between domestic and imported broom corn brooms supports a substitution elasticity in the range of 3 to 5.

[51] For the purposes of the simulation model used to estimate the effects of requested provisional relief in app. D, staff's demand elasticity estimate includes non-broom corn brooms. The demand elasticity for broom corn brooms alone would be higher. App. D estimates are still based on a domestic industry of brooms corn brooms alone, however.

APPENDIX A

FEDERAL REGISTER NOTICES

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. TA-201-65 and NAFTA-302-1]

Broom Corn Brooms

AGENCY: International Trade Commission.

ACTION: Institution and scheduling of an investigation under section 202 of the Trade Act of 1974 (19 U.S.C. § 2252) (the Trade Act) and an investigation under section 302 of the North American Free Trade Agreement (NAFTA) Implementation Act (19 U.S.C. § 3352).

SUMMARY: Following receipt of petitions filed on March 4, 1996, on behalf of the U.S. Cornbroom Task Force and its individual members, Washington, DC, (petitioner) the United States International Trade Commission instituted investigation No. TA-201-65 under section 202(b) of the Trade Act, to determine whether an article[1] is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing an article like or directly competitive with the imported article; and investigation No. NAFTA-302-1 under section 302(b) of the NAFTA Implementation Act, to determine whether, as a result of the reduction or elimination of a duty provided for under the NAFTA, a Mexican article[2] is being imported into the United States in such increased quantities (in absolute terms) and under such conditions so that imports of the article, alone, constitute a substantial cause of serious injury, or a threat of serious injury, to the domestic industry producing an article like or directly competitive with the imported article.

Further, the petitioner, in its petition filed under section 302 of the NAFTA Implementation Act alleged that critical circumstances exist and requested, pursuant to section 302(a)(2) of that Act (19 U.S.C. § 3352(a)(2)), that provisional relief be provided pending completion of the full investigation and consideration by the President. Accordingly, if the Commission makes an affirmative injury determination under section 302(b) of that Act, it will also determine whether delay in taking action would cause damage to the industry that would be difficult to repair. If the second Commission determination is also in the affirmative, the Commission will find the amount or extent of provisional relief that is necessary to prevent or remedy the serious injury and forward its recommendation to the President.

For further information concerning the conduct of these investigations, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 206, subparts A, B, and D (19 CFR part 206).

EFFECTIVE DATE: March 4, 1996.

FOR FURTHER INFORMATION CONTACT: Jim McClure (202-205-3191), Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its Internet server (http://www.usitc.gov or ftp:// usitc.gov).

SUPPLEMENTARY INFORMATION:

Participation in the investigations and service list.—Persons wishing to participate in the investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, not later than seven (7) days after publication of this notice in the Federal Register. The Secretary will prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance.

Limited disclosure of confidential business information (CBI) under an administrative protective order (APO) and CBI service list.—The Commission intends to conduct these investigations jointly and maintain one information docket in these investigations. Except as provided below, the Secretary, pursuant to section 206.17(a) of the Commission's rules, will make CBI available to authorized applicants under the APO issued in the investigations, provided that the application is made not later than seven (7) days after the publication of this notice in the Federal Register. Authorized applicants may have access to such information notwithstanding any prior action taken in connection with the phase of these investigations regarding provisional relief. A separate service list will be maintained by the Secretary for those parties authorized to receive CBI under the APO.

Hearings on injury and remedy.—The Commission has scheduled separate hearings in connection with the injury and remedy phases of these investigations. The hearing on injury will be held beginning at 9:30 a.m. on May 30, 1996, at the U.S. International Trade Commission Building. In the event that the Commission makes an affirmative injury determination or is equally divided on the question of injury in these investigations, a hearing on the question of remedy will be held beginning at 9:30 a.m. on July 11, 1996. Requests to appear at the hearings on injury and remedy should be filed in writing with the Secretary to the Commission on or before May 16, 1996 and July 3, 1996, respectively.

With regard to the hearings on injury and remedy, all persons desiring to appear at the hearings and make oral presentations should attend prehearing conferences to be held at 9:30 a.m. on May 21, 1996, and July 8, 1996, respectively, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the hearing are governed by sections 201.6(b)(2) and 201.13(f) of the Commission's rules.

Written submissions.—Inasmuch as the petitioner has alleged the existence of critical circumstances and has requested provisional relief, the Commission will, on April 8, 1996, release statistical data it has collected to that point in the investigations to enable parties to prepare briefs with respect to that issue. The deadline for briefs on provisional relief is April 12, 1996. The deadline for filing prehearing briefs on injury is May 23, 1996, and that for filing prehearing briefs on remedy, including any commitments pursuant to 19 U.S.C. § 2252(a)(6)(B), is July 8, 1996. The deadline for filing posthearing briefs on injury is June 6, 1996, and that for filing posthearing briefs on remedy is July 16, 1996.

In addition, any person who has not entered an appearance as a party to the investigations may submit a written statement of information pertinent to the consideration of provisional relief on or before April 12, 1996, pertinent to the consideration of injury on or before June 6, 1996, and pertinent to the consideration of remedy on or before July 16, 1996. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain CBI must also conform with the requirements of section 201.6 of the rules.

In accordance with section 201.16(c) of the rules, each document filed by a party to the investigations must be served on all other parties to the investigations (as identified by the service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

[1] Broom corn brooms provided for in subheadings 9603.10.05, 9603.10.15, 9603.10.35, 9603.10.40, 9603.10.50, and 9603.10.60 of the Harmonized Tariff Schedule of the United States (HTS).

[2] *Id.*

Authority: These investigations are being conducted under the authority of section 202 of the Trade Act of 1974 and section 302 of the North American Free Trade Implementation Act. This notice is published pursuant to section 206.3 of the Commission's rules.

Issued: March 12, 1996.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 96-6351 Filed 3-15-96; 8:45 am]

BILLING CODE 7020-02-P

APPENDIX B

SUMMARY DATA

Table B-1
Broom corn brooms: Summary data concerning the U.S. market, 1991-95

(Quantity=dozens, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per dozen; period changes=percent, except where noted)

Item	Reported data 1991	1992	1993	1994	1995	Period changes 1991-95	1991-92	1992-93	1993-94	1994-95
U.S. consumption quantity:										
Amount						9.4	-4.9	8.8	6.2	-0.4
Producers' share (1)						-14.5	2.4	-4.3	-5.7	-6.9
Share of imports from (1)–										
Mexico						14.3	-3.5	0.7	4.3	12.8
All other sources						0.2	1.1	3.6	1.4	-5.9
Total imports						14.5	-2.4	4.3	5.7	[illegible]
U.S. consumption value:										
Amount						9.4	2.9	5.0	3.9	-2.6
Producers' share (1)						-9.1	1.1	-2.2	-4.4	-3.6
Share of imports from (1)–										
Mexico						6.2	-2.1	0.1	3.0	5.2
All other sources						2.9	1.0	2.1	1.4	-1.5
Total imports						9.1	-1.1	2.2	4.4	3.6
U.S. imports from–										
Mexico:										
Quantity						146.4	-34.0	18.7	58.5	98.3
Value						114.0	-30.6	8.4	72.8	64.5
Unit value						-13.2	5.2	-8.7	9.0	-17.1
All other sources:										
Quantity						11.5	5.1	43.0	16.4	-36.3
Value						121.3	37.7	61.3	29.3	-23.0
Unit value	*	*	*	*	*	98.5	31.0	12.7	11.1	21.0
Total imports:										
Quantity						82.4	-15.4	33.0	31.8	23.0
Value						116.2	-9.5	33.2	48.1	21.1
Unit value						18.5	7.0	0.1	12.3	-1.5
U.S. producers' reported:										
Average capacity quantity						-9.9	-1.3	-2.3	-5.3	-1.4
Production quantity						-14.5	-0.7	2.5	-6.0	-10.6
Capacity utilization (1)						-3.4	1.9	3.0	-1.6	-6.7
U.S. shipments:										
Quantity						-10.8	-2.0	3.1	-1.8	-10.1
Value	*	*	*	*	*	-1.6	4.2	2.5	-1.2	-6.7
Unit value						10.4	6.3	-0.6	0.6	3.8
Export shipments:										
Quantity						-100.0	0.0	0.0	-100.0	(2)
Value						-100.0	5.0	14.3	-100.0	(2)
Unit value						-100.0	5.0	14.3	-100.0	(2)
Ending inventory quantity						-9.2	-4.0	14.8	-11.0	-7.4
Inventories to total shipments (1)						0.1	-0.1	0.5	-0.5	0.1
Production workers						-12.5	-2.2	2.8	-3.6	-9.7
Hours worked (1,000s)						-15.5	3.1	-0.7	-3.0	-14.9
Wages paid ($1,000)						2.9	3.3	3.8	0.6	-4.7
Hourly wages						21.7	0.3	4.5	3.7	12.0
Productivity (dozens per hour)						3.9	1.3	2.3	-5.4	5.9
Unit labor costs						17.1	-1.0	—2.2	9.6	5.7
Net sales:										
Quantity						-4.4	7.5	5.9	-2.0	-14.4
Value						16.2	10.3	8.0	8.2	-9.9
Unit value						23.5	4.3	2.1	10.5	5.0
Cost of goods sold (COGS)						13.7	8.1	7.4	7.5	-8.9
Gross profit or (loss)						27.1	19.9	10.7	10.8	-13.6
SG&A expenses						23.0	7.4	14.4	6.1	-4.1
Operating income or (loss)						20.5	(3)	-45.8	199.1	(3)
Capital expenditures						716.7	0.0	450.0	-28.4	107.5
Unit COGS						19.9	2.2	1.0	9.6	6.0
Unit SG&A expenses						35.7	1.2	10.3	8.6	12.0
Unit operating income or (loss)						57.5	(3)	-38.5	120.5	(3)
COGS/sales (1)						-1.7	-1.6	-0.5	-0.5	0.9
Operating income or (loss)/ sales (1)						0.3	2.1	-0.6	0.9	-2.1

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Not applicable.
(3) Not meaningful.

Source: Compiled from data based on staff estimates and official statistics of the U.S. Department of Commerce; producers' reported data compiled from data submitted in response to Commission questionnaires.

Table B-2
Other brooms: Summary data concerning the U.S. market, 1991-95

(Quantity=dozens, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per dozen; period changes=percent, except as noted)

Item	Reported data 1991	1992	1993	1994	1995	Period changes 1991-95	1991-92	1992-93	1993-94	1994-95
U.S. producers' reported:										
Average capacity quantity						96.6	2.1	1.9	8.5	74.1
Production quantity						33.5	-2.4	5.6	16.0	11.6
Capacity utilization (1)........						-19.4	-1.5	4.7	6.7	-29.3
U.S. shipments:										
Quantity						34.6	-3.0	6.0	15.3	13.5
Value						51.5	4.2	1.0	22.0	17.9
Unit value						12.3	7.8	-4.4	5.2	3.5
Export shipments:										
Quantity						0.0	0.0	0.0	0.0	0.0
Value						0.0	0.0	0.0	0.0	0.0
Unit value		* *	* *	* *	* *	(2)	(2)	(2)	(2)	(2)
Ending inventory quantity						-21.7	2.2	-1.7	20.8	-35.5
Inventories to total shipments (1)						-1.5	0.2	-0.3	0.2	-1.6
Production workers						18.9	2.7	-5.3	19.4	2.3
Hours worked (1,000s)						19.4	1.0	-3.0	16.7	4.5
Wages paid ($1,000)						33.9	3.6	0.4	20.7	6.6
Hourly wages						12.2	2.6	3.5	3.5	2.1
Productivity (dozens per hour) ..						22.7	-1.3	11.4	1.6	9.8
Unit labor costs						-8.6	3.9	-7.1	1.8	-7.0
Net sales:										
Quantity						83.0	14.4	9.8	12.0	30.1
Value						158.1	17.9	15.0	13.6	67.7
Unit value		* *	* *	* *	* *	41.0	3.0	4.7	1.4	28.9
Cost of goods sold (COGS)....						113.2	16.8	9.2	24.4	34.3
Gross profit or (loss)						203.3	19.0	20.7	3.9	103.2
SG&A expenses						139.7	22.9	17.3	2.0	63.1
Operating income or (loss)						300.9	13.2	26.2	6.9	162.4
Capital expenditures						514.8	-42.1	5.8	79.7	458.7
Unit COGS						16.5	2.1	-0.5	11.1	3.2
Unit SG&A expenses						31.0	7.4	6.9	-9.0	25.4
Unit operating income or (loss) .						119.0	-1.1	15.0	-4.5	101.7
COGS/sales (1)						-8.7	-0.4	-2.5	4.5	-10.3
Operating income or (loss)/ sales (1)						10.9	-0.8	1.9	-1.2	11.1

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Not applicable.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

APPENDIX C

EFFECTS OF IMPORTS ON PRODUCERS' EXISTING DEVELOPMENT AND PRODUCTION EFFORTS, GROWTH, INVESTMENT, AND ABILITY TO RAISE CAPITAL

Response of U.S. producers to the following questions:

1. Since January 1, 1993, has your firm experienced any actual negative effects on its return on investment or its growth, investment, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or the scale of capital investments as a result of imports of broom corn brooms from any country?

* * * * * * * *

2. Does your firm anticipate any negative impact of imports of broom corn brooms from any country?

* * * * * * * *

APPENDIX D

EFFECTS OF REQUESTED PROVISIONAL RELIEF

REQUEST FOR PROVISIONAL RELIEF

Petitioner's Proposed Relief

In these investigations, petitioner requests provisional import relief under section 302 of the NAFTA Implementation Act from Mexican imports by applying the normal column 1 rate of duty or MFN rate.[1] In accordance with the NAFTA Implementation Act, the relief recommended by the Commission cannot exceed the lesser of the current MFN rate or the rate in effect immediately before the NAFTA entered into force.[2] In this instance, the current MFN rates are less than the pre-NAFTA tariff levels.[3] The predicted effects of requested provisional relief are relative to 1995, the last full year for which data were available. U.S. tariff levels for most broom imports prior to NAFTA were 8 percent or $0.32 per broom for imports valued less than $0.96 per broom, and 32 percent *ad valorem* for brooms valued at more than $0.96 per broom. Upright brooms valued over $0.96 per broom were subject to a 32 percent duty. On January 1, 1994, tariffs on most broom imports from Mexico that meet the NAFTA rules of origin were reduced to zero (table D-1).[4]

Table D-1
Broom corn brooms: U.S. MFN and NAFTA[1] 1996 tariff treatment for brooms made, wholly or in part, of broom corn

HTS 9603.10	1996 MFN	1995 MFN	1995 NAFTA[1]
Whisk brooms:			
Valued not over 96 cents up to 61,655 dozen ..	8%	8%	Free
Valued not over 96 cents over 61,655 dozen ...	9.2 cents	10.6 cents	Free
Valued over 96 cents	24.8%	28.4%	Free
Other brooms:			
Valued not over 96 cents up to 121,478 dozen .	8%	8%	Free
Valued not over 96 cents over 121,478 dozen ..	32 cents	32 cents	Free
Valued over 96 cents up to 100,000 dozen	32%	32%	Free
Valued over 96 cents over 100,000 dozen	32%	32%	22.4%

[1] Mexico only.

Effects Of Relief

The predicted effects on the U.S. market of applying a normal column 1 rate of duties for broom corn brooms from Mexico are shown in table D-2.[5] All quantities, values, and percentage changes

[1] Petition, p. 15.
[2] Section 304(c)(2) of the NAFTA Implementation Act.
[3] The 1993 tariff rate of 32 percent for whisk brooms valued over 45 cents was amended to reflect a 1994 tariff-rate-quota of 8 percent for the first 61,655 dozen, and 12 cents thereafter.
[4] See section entitled "U.S. Tariff Treatment."
[5] The category "other brooms" includes broom corn brooms imports from countries other than Mexico and U.S. shipments of non-broom corn brooms.

reported are relative to 1995, the last full year for which data are available. Depending on the combination of supply, substitution, and demand elasticities used, it is expected that prices for the domestic product will increase by between 0.1 and 0.3 percent over 1995 levels, domestic sales volume will increase between 1.0 and 2.6 percent, and revenues will increase by between 1.1 and 2.8 percent. Employment in the industry is expected to increase by between *** and *** workers, and domestic capacity utilization will increase from a level of *** percent in 1995, to between *** and *** percent with the imposition of the duties on Mexican broom corn brooms.

It is also possible to measure the effects of higher priced broom corn brooms on the general welfare of broom corn broom producers and purchasers in the United States. As mentioned previously, depending on the elasticity estimates used, the overall benefits to producers will increase in a range from *** to ***, and the overall cost to purchasers of broom corn brooms will increase by between *** to ***.[6]

Price, quantity, revenue percentage changes were also estimated for imports from Mexico for whisk brooms valued not over $0.96 (imports #1), whisk brooms valued over $0.96 (imports #2), other brooms valued not over $0.96 (imports #3), and other brooms valued over $0.96 (imports #4). The estimated effects for all Mexican imports were a decrease in quantity sold by between 27.7 and 42.5 percent, and a decrease in revenue by between 15.8 and 30.2 percent. Depending on the combination of supply, substitution, and demand elasticities used, it is expected that prices for imports #1 will increase by between 4.0 and 6.0 percent over 1995 levels, domestic sales volume will decrease between 11.9 and 20.2 percent, and revenues will decrease by between 7.5 and 16.0 percent. Percentage changes in price, quantity, and revenue for imports #2 are estimated to increase between 13.3 and 20.9 percent for price, and decrease between 36.1 and 54.9 percent, and between 25.3 and 46.8 percent for quantity and revenues, respectively. For imports #3, it is estimated that prices will increase between 15.2 and 24.1 percent, while quantity and revenue are estimated to decrease by between 40.0 and 59.7 percent and between 28.4 and 51.3 percent, respectively. Finally, percentage changes in price, quantity, and revenue for imports #4 are estimated to increase between 4.5 and 6.8 percent for price, and decrease between 13.0 and 22.0 percent, and between 8.2 and 17.4 percent for quantity and revenues, respectively.

[6] Consumer and producer surplus were used in this instance to measure the loss to purchasers and gain to domestic producers, respectively. These are estimates of the income changes that are welfare-equivalent to the estimated prices changes.

Table D-2
Estimated effects of requested provisional relief

SCENARIOS	#1	#2	#3	#4	#5	#6	#7	#8
SUBSTITUTION ELASTICITY	3	3	3	3	5	5	5	5
DEMAND ELASTICITY	-0.5	-0.5	-1	-1	-0.5	-0.5	-1	-1
SUPPLY ELASTICITIES								
domestic	5	10	5	10	5	10	5	10
imports #1	5	10	5	10	5	10	5	10
imports #2	5	10	5	10	5	10	5	10
imports #3	5	10	5	10	5	10	5	10
imports #4	5	10	5	10	5	10	5	10
other brooms	5	10	5	10	5	10	5	10
PERCENTAGE PRICE CHANGES:	#1	#2	#3	#4	#5	#6	#7	#8
domestic	0.2%	0.1%	0.1%	0.1%	0.3%	0.2%	0.2%	0.2%
imports #1	5.0%	6.0%	4.9%	6.0%	4.1%	5.3%	4.0%	5.3%
imports #2	16.8%	20.9%	16.8%	20.9%	13.4%	18.0%	13.3%	18.0%
imports #3	19.3%	24.1%	19.2%	24.1%	15.3%	20.7%	15.2%	20.7%
imports #4	5.6%	6.8%	5.5%	6.7%	4.6%	5.9%	4.5%	5.9%
other brooms	0.2%	0.1%	0.1%	0.1%	0.3%	0.2%	0.2%	0.2%
PERCENTAGE QUANTITY CHANGES:	#1	#2	#3	#4	#5	#6	#7	#8
domestic	***	***	***	***	***	***	***	***
imports #1	-11.9%	-14.4%	-12.2%	-14.7%	-15.4%	-19.9%	-15.7%	-20.2%
imports #2	-36.1%	-42.3%	-36.3%	-42.5%	-44.9%	-54.7%	-45.0%	-54.9%
imports #3	-40.0%	-46.6%	-40.2%	-46.8%	-49.3%	-59.5%	-49.5%	-59.7%
imports #4	-13.0%	-15.6%	-13.3%	-16.0%	-17.1%	-21.7%	-17.3%	-22.0%
other brooms	1.2%	1.6%	0.9%	1.3%	1.6%	2.4%	1.3%	2.1%
(total Mexican imports)	-27.7%	-32.5%	-28.0%	-32.8%	-34.6%	-42.3%	-34.8%	-42.5%
PERCENTAGE REVENUE CHANGES:	#1	#2	#3	#4	#5	#6	#7	#8
domestic	***	***	***	***	***	***	***	***
imports #1	-7.5%	-9.2%	-7.9%	-9.6%	-12.0%	-15.7%	-12.3%	-16.0%
imports #2	-25.3%	-30.2%	-25.6%	-30.5%	-37.5%	-46.6%	-37.7%	-46.8%
imports #3	-28.4%	-33.7%	-28.7%	-34.0%	-41.5%	-51.2%	-41.8%	-51.3%
imports #4	-8.2%	-9.9%	-8.6%	-10.3%	-13.3%	-17.0%	-13.5%	-17.4%
other brooms	1.4%	1.7%	1.1%	1.4%	1.9%	2.6%	1.6%	2.3%
(total Mexican imports)	-15.8%	-18.9%	-16.1%	-19.3%	-23.9%	-29.9%	-24.2%	-30.2%
ESTIMATED QUANTITIES:	#1	#2	#3	#4	#5	#6	#7	#8
domestic	***	***	***	***	***	***	***	***
imports #1	118,767	115,426	118,386	114,992	114,003	107,933	113,658	107,543
imports #2	10,402	9,388	10,369	9,352	8,972	7,365	8,945	7,338
imports #3	1,518,997	1,351,119	1,514,127	1,346,042	1,282,957	1,024,135	1,279,068	1,020,436
imports #4	1,720,080	1,669,514	1,714,096	1,661,755	1,640,616	1,548,680	1,636,282	1,542,627
[redacted]	9,199,596	9,237,329	9,174,210	9,204,960	9,233,550	9,310,893	9,213,121	9,281,647
ESTIMATED VALUES:								
domestic	***	***	***	***	***	***	***	***
imports #1	$69,372	$68,102	$69,114	$67,826	$66,029	$63,240	$65,795	$62,994

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imports #2	$12,199	$11,398	$12,153	$11,352	$10,212	$8,726	$10,176	$8,692
imports #3	$1,800,832	$1,666,479	$1,794,144	$1,659,732	$1,470,077	$1,228,371	$1,464,873	$1,223,577
imports #4	$3,754,478	$3,685,480	$3,739,376	$3,667,049	$3,546,480	$3,392,204	$3,535,472	$3,377,893
other brooms	$3,754,478	$3,685,480	$3,739,376	$3,667,049	$3,546,480	$3,392,204	$3,535,472	$3,377,893
employment gain	4	5	3	4	6	8	5	7
capacity utilization	61.6%	61.8%	61.4%	61.6%	61.9%	62.4%	61.8%	62.2%
	#1	#2	#3	#4	#5	#6	#7	#8
TOTAL U.S. CONSUMER SURPLUS LOSS:	***	***	***	***	***	***	***	***
domestic products	***	***	***	***	***	***	***	***
imports #1	$3,501	$4,193	$3,458	$4,164	$2,823	$3,572	$2,782	$3,546
imports #2	$2,251	$2,698	$2,240	$2,689	$1,695	$2,138	$1,686	$2,131
imports #3	$388,144	$464,952	$386,455	$463,645	$289,843	$365,386	$288,433	$364,385
imports #4	$213,259	$255,537	$210,716	$253,568	$170,577	$216,861	$168,562	$215,289
other brooms	$57,115	$36,538	$41,610	$27,770	$83,476	$57,732	$67,595	$48,769
TOTAL U.S. PRODUCER SURPLUS GAIN:	***	***	***	***	***	***	***	***

continued--