

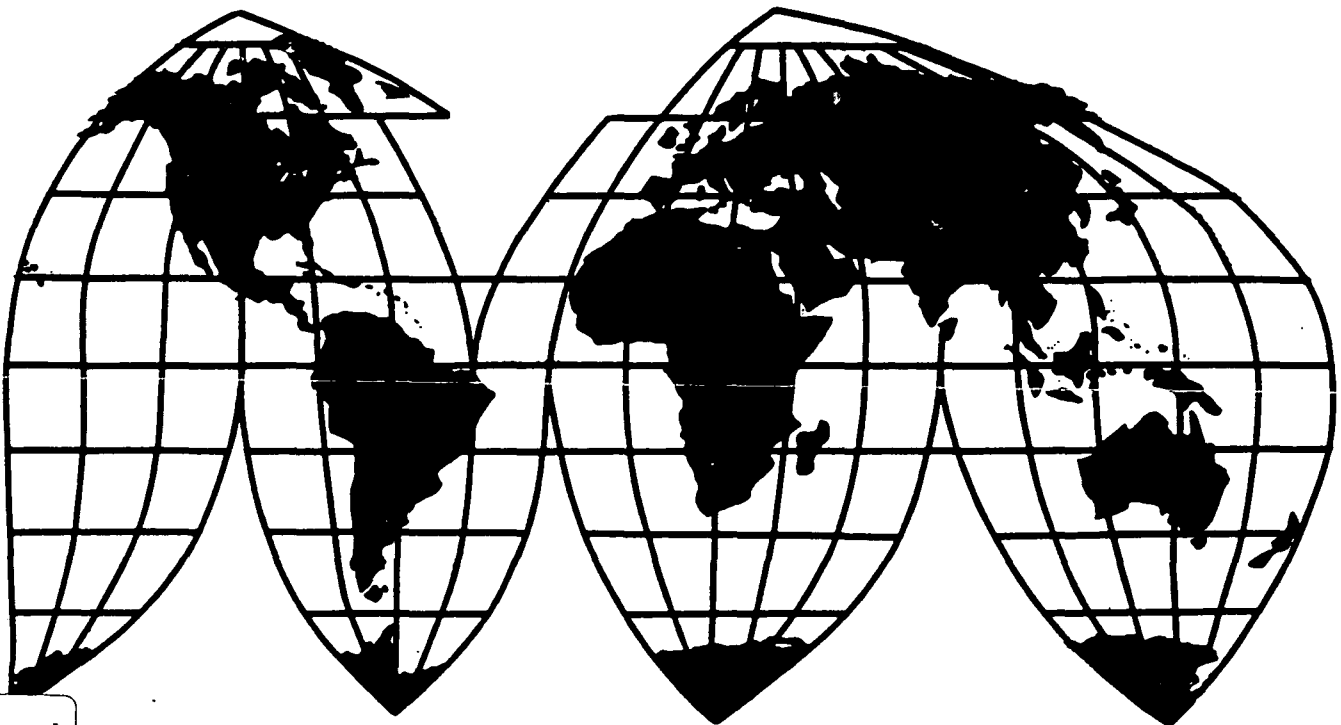
President's List of Articles Which May be Designated or Modified as Eligible Articles for Purposes of the U.S. Generalized System of Preferences

Report to the President on
Investigation Nos. TA-131-20, 503(a)-25, and 332-346

Publication 2725

February 1994

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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Note.--This report is a declassified
version of the confidential probable
effects advice report submitted to
the President on January 19, 1994.

INTRODUCTION

On October 18, 1993, in accordance with sections 131 and 503 of the Trade Act of 1974 and section 332(g) of the Tariff Act of 1930 and pursuant to the authority delegated to the United States Trade Representative (USTR) by the President through Executive Order 11846, as amended, the USTR requested advice (see appendix A) related to the U.S. Generalized System of Preferences (GSP) as follows:

- (1) provide advice, pursuant to sections 131(a) and 503(a) of the 1974 Act (19 U.S.C. 2151(b) and 2463(a)), with respect to each article listed in Part A of the attached Annex, as to the probable economic effect on U.S. industries producing like or directly competitive articles and on consumers of the elimination of U.S. import duties under the Generalized System of Preferences (GSP);
- (2) provide advice pursuant to section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g))--
 - (a) as to the probable economic effect on domestic industries producing like or directly competitive articles and on consumers of the removal of the article listed in Part B of the attached Annex from eligibility for duty-free treatment under the GSP;
 - (b) as to the probable economic effect on domestic industries producing like or directly competitive articles and on consumers of the removal of Venezuela from eligibility for duty-free status under the GSP with respect to HTS subheading 7308.90.90(pt), listed in Part C of the attached annex;
 - (c) and in accordance with section 504(c)(3)(a)(i) of the 1974 Act, as to whether any industry in the United States is likely to be adversely affected by:
 - (i) a waiver of the competitive need limits specified in section 504(c)(1) of the 1974 Act for countries specified with respect to the articles listed in Part D of the attached Annex and for Indonesia with respect to HTS subheading 8529.90.10;

(ii) a waiver of the competitive need limits specified in section 504(c) (1) of the 1974 Act for both Indonesia and Malaysia with respect to HTS subheading 8471.20.00 and HTS subheading 8471.91.00 and for both Malaysia and the Philippines with respect to HTS subheading 8525.20.50;

(iii) a waiver of the competitive need limits specified in section 504(c) (2) of the 1974 Act, but not a waiver of the competitive need limits specified in section 504(c) (1) of the 1974 Act, for Brazil with respect to the articles provided for in HTS subheading 8409.91.91(pt), for HTS subheading 8409.91.91, for which Brazil currently is subject to the reduced competitive need limits specified in section 504(c) (2) (B) of the 1974 Act.

(d) as to whether products like or directly competitive with the articles in Part A of the attached Annex were being produced in the United States on January 3, 1985 (section 504(d) (1) of the 1974 Act provides an exemption for articles for which no like or directly competitive article was being produced in the United States on January 3, 1985).

In providing its advice under (1), the Commission assumed, as requested by USTR, that the benefits of the GSP would not apply to imports that would be excluded from receiving such benefits by virtue of the competitive need limits specified in section 504(c) (1) of the Trade Act of 1974 (except as specified in the USTR letter with respect to articles from Indonesia included under HTS subheading 8529.90.10).

The Commission instituted the investigations on October 22, 1993, and indicated that it would seek to provide its advice not later than January 19, 1994, as requested by USTR.

The Commission notice of investigation and hearing is contained in appendix B.¹ A public hearing in connection with the investigation was

¹ The following Federal Register notices were issued by the Commission and the USTR related to investigations Nos. TA-131-20, 503(a)-25 and 332-346:

| <u>Date</u> | <u>Notice</u> | <u>Subject</u> |
|----------------|---------------|---|
| Sept. 24, 1993 | 58 F.R. 50060 | USTR notice of annual GSP review |
| Oct. 26, 1993 | 58 F.R. 57710 | Notice of ITC investigation and hearing |

held in the Commission hearing room, 500 E Street SW., Washington, DC 20436, on November 17, 1993. All interested parties were afforded an opportunity to appear by counsel or in person in order to present information and to be heard. A list of witnesses who requested to appear at the Commission hearing is contained in appendix C.

PRESENTATION OF PROBABLE ECONOMIC EFFECT ADVICE

In response to the USTR request for the Commission's advice on probable economic effects, the Commission determined that an appropriate format for such an analysis would be commodity digests, each digest dealing with the effect of tariff modifications on a specific HTS subheading or on a group of several closely related HTS subheadings. In the latter case, advice is given both for the group as a whole and for each individual subheading.

To provide an analogous basis for the Commission's analyses, each digest contains the following sections:

- I. Introduction
- II. U.S. market profile
- III. GSP import situation, 1992
- IV. Competitiveness profiles, GSP suppliers
- V. Position of interested parties
- VI. Summary of probable economic effects
- ... U.S. import/export tables

I. Introduction.--This section provides basic information on the item, including description and uses, rate of duty, and an indication of whether there was a like or directly competitive article produced in the United States on January 3, 1985.

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

III. GSP import situation, 1992.--This section provides 1992 U.S. import data, including the world total and certain GSP country-specific data. Individual GSP country data are provided for the top four GSP suppliers during 1992 as well as for any additional GSP country proposed for a "waiver."

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

provided on the level and significance of the country as a supplier, the elasticities of supply and demand for imports from the country,² and the price and quality of imports compared with U.S. and other foreign products.

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

VI. Summary of probable economic effects.--This section provides advice on the short-to-near-term (1 to 5 years, 1994-98) impact of the proposed GSP-eligibility modifications in three areas: (1) U.S. imports, (2) U.S. industry, and (3) U.S. consumers. The probable economic effect advice, to a degree, integrates and summarizes the data provided in sections I-V of the digests with particular emphasis on the price sensitivity of import supply and demand. Thus, for example, if the price elasticity of demand in the United States and the price elasticity of supply in the exporting beneficiary country are both relatively high, the elimination of even a moderate-level tariff suggests the possibility of large import increases from the beneficiary country. Appendix D provides a brief textual and graphic presentation of the types of trade shifts that can result from modification of GSP eligibility for the case in which the domestic product and imports from all countries are perfect substitutes. For the products in this report, it is not possible to measure such trade shifts precisely.

It should be noted that the probable economic effect advice with respect to changes in import levels is presented in terms of the degree to which GSP modifications will affect U.S. trade levels with the world. Consequently, although U.S. imports of a particular product from GSP beneficiaries may change significantly, if GSP beneficiaries supply a very small share of total U.S. imports of that product or if imports from beneficiaries readily substitute for imports from developed countries, the overall effect on U.S. imports could be minimal.

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

The digests contain a coded summary of the probable economic effect advice. The coding scheme is shown below:

FOR "ADDITION" AND "WAIVER" DIGESTS:

Level of total U.S. imports:

- Code A: Little or no increase.
- Code B: Moderate increase.
- Code C: Significant increase.
- Code N: No impact

Impact on the U.S. industry and employment:

- Code A: Little or negligible adverse impact.
- Code B: Significant adverse impact (significant proportion of workers unemployed, declines in output and profit levels, and departure of firms; effects on some segments of the industry may be substantial even though they are not industrywide).
- Code C: Substantial adverse impact (substantial unemployment, widespread idling of productive facilities, substantial declines in profit levels; effects felt by the entire industry).
- Code N: No impact.

Benefit derived by the U.S. consumer:³

- Code A: The bulk of duty savings is expected to be absorbed by the foreign suppliers. The price U.S. consumers pay is not expected to fall significantly.
- Code B: Duty savings are expected to benefit both the foreign suppliers and the domestic consumer.
- Code C: The bulk of duty savings is expected to benefit the U.S. consumer.
- Code N: No impact.

³ The "U.S. consumer" may be a firm or a person receiving an intermediate good for further processing or an end user receiving a final good.

FOR "REMOVAL" DIGESTS:

Level of total U.S. imports:

- Code X: Little or no decrease.
- Code Y: Moderate decrease.
- Code Z: Significant decrease.
- Code N: No impact.

Impact on the U.S. industry and employment:

- Code X: Little or negligible beneficial impact.
- Code Y: Significant beneficial impact (significant number of additional workers employed; increases in output; increases in profit levels; new firms; but beneficial impact not industrywide).
- Code Z: Substantial beneficial impact (substantial increase in employment; widespread increased production; substantial increases in profit levels; beneficial impact on the industry as a whole).
- Code N: No impact

Impact on the U.S. consumer:⁴

- Code X: The bulk of the duty increase is expected to be absorbed by the foreign suppliers.
- Code Y: The duty increase is expected to increase costs to both the foreign suppliers and the domestic consumer.
- Code Z: The bulk of the duty increase is expected to be passed on to the U.S. consumer.
- Code N: None

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

⁴ The "U.S. consumer" may be a firm or a person receiving an intermediate good for further processing or an end user receiving a final good.

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

The probable economic effect advice for U.S. imports and the domestic industry are estimates of what is expected in the future with the proposed change in GSP eligibility compared with what is expected without it. That is, the estimated effects are independent of and in addition to any changes that will otherwise occur. Although a number of factors, such as exchange rate changes, relative inflation rates, and relative rates of economic growth could have a significant effect on imports, these other factors are not within the scope of the USTR request.

PROBABLE ECONOMIC EFFECT DIGEST LOCATOR AND OVERVIEW

Note.--Report digests are listed on pages 13 to 15 in sequential order by Harmonized Tariff Schedule of the United States (HTS) subheading. In digests that contain more than one HTS subheading, the first subheading is used to determine the order. This listing provides the following information on the individual digests: a digest title, name of petitioner(s), probable economic effect codes, col. 1 rate of duty, existence of U.S. production on January 3, 1985, and the name of the assigned Commission trade analyst.

HTS subheadings requiring probable economic effect advice and listing of digests

| HTS sub-headings | Short title | Proposed action | Petitioners | Probable effects | Col. 1 rate of duty | U.S. production of like or directly competitive articles, Jan. 3, 1985 | Analyst |
|---|--|----------------------|--|------------------|----------------------|--|----------------|
| <u>0805.30.40</u> | Limes | Addition | Agropecuaria Kiubo C.A., Venezuela | *** | 2.2¢/kg | Yes | Dennis |
| <u>0806.20.10</u> | Raisins made from seedless grapes | Addition | Chilean Food and Agroindustrial Processors Federation, Chile | *** | 2.2¢/kg | Yes | Frankel |
| <u>2309.90.90(pt)</u> | Miscellaneous animal feeds | Addition | Chemical Works of Gedeon Richter Ltd., Hungary | *** | 3% | Yes | Pierre-Benoist |
| <u>2902.11.00</u> | Cyclohexane | Addition | Government of Venezuela | *** | 2¢/kg + 12.5% | Yes | Matusik |
| <u>2918.30.20(pt)</u> | Ketoprofen | Addition | Pliva D.D. Zagreb, Croatia | *** | 13.5% | Yes | Nesbitt |
| <u>2921.49.40(pt)</u> | Selegiline hydrochloride | Addition | Chinoim Pharmaceutical and Chemical Works Co., Ltd., Hungary | *** | 8.2% | Yes | Nesbitt |
| <u>2933.39.37(pt)</u> | Ethionamide | Addition | Chemical Works of Gedeon Richter, Ltd., Hungary | *** | 8.0% | Yes | Nesbitt |
| <u>2937.92.20(pt)</u> <u>2937.92.80(pt)</u> <u>2937.99.80(pt)</u> | Certain hormones | Addition | Chemical Works of Gedeon Richter, Ltd., Hungary | *** | 6.9% 8.7% 3.2% | Yes | Nesbitt |
| <u>4007.00.00</u> | Extruded rubber thread | Removal | North American Rubber Thread, Fall River, MA | *** | 4.2% | Yes | Misurelli |
| <u>4203.21.40</u> | Leather baseball and softball gloves and mitts | Waiver (Philippines) | Government of the Philippines | *** | 6% | Yes | Jones |

See footnotes at end of table.

HTS subheadings requiring probable economic effect advice and listing of digests

| HTS sub-headings | Short title | Proposed action | Petitioners | Probable effects | Col. 1 rate of duty | U.S. production of like or directly competitive articles, Jan. 3, 1985 | Analyst |
|-----------------------|--|--|--|-------------------|---------------------|--|-------------|
| <u>7113.19.21</u> | Gold rope necklaces and neck chains | Waiver (Israel) | Israel Jewelry Manufacturers Association, Israel | *** | 6.5% | Yes | Witherspoon |
| <u>7308.90.90(pt)</u> | Welded steel gratings | Removal ¹ (Venezuela) | IKG Industries, Clark, NJ | *** | 5.7% | Yes | Yost |
| <u>8402.20.00</u> | Super-heated water boilers | Waiver (Philippines) | Government of the Philippines | *** | 6.5% | Yes | Fravel |
| <u>8407.34.2080</u> | Certain spark-ignition engines for use in motor vehicles | Waiver (Brazil) | General Motors Corp., Detroit, MI | *** | 3.1% | Yes | Topolansky |
| <u>8409.91.91(pt)</u> | Aluminum cylinder heads for use in motor vehicles | Waiver ² (Brazil) | FMB Produtos Metalurgicos, Ltda, Brazil | *** | 3.1% | Yes | Topolansky |
| <u>8471.20.00</u> | Portable computers | Waiver (Malaysia, Indonesia, and both) | Apple Computer, Inc., Cupertino, CA | *** *** *** | 3.9% | Yes | Bringe |
| <u>8471.91.00</u> | Digital computers, complete and incomplete | Waiver (Malaysia, Indonesia, and both) | Apple Computer, Inc., Cupertino, CA | *** *** *** | 3.9% | Yes | Bringe |
| <u>8521.10.60</u> | Videocassette recorders | Waiver (Indonesia) | North American Phillips Corp., New York, NY; P.T. Kotobuki Electronics, Indonesia, P.T. Sanyo Jaya Components Indonesia, Indonesia; Sanyo Fisher (USA) Corp., Chatsworth, CA | *** | 3.9% | Yes | Puffert |
| <u>8525.20.20</u> | Low-power 49 MHz transceivers | Waiver (Philippines) | Government of the Philippines | *** | 2.4% | No | Kitzmilller |

See footnotes at end of table.

HTS subheadings requiring probable economic effect advice and listing of digests

| HTS sub-headings | Short title | Proposed action | Petitioners | Probable effects | Col. 1 rate of duty | U.S. production of like or directly competitive articles, Jan. 3, 1985 | Analyst |
|-----------------------|---|--|--|-------------------|---------------------|--|------------|
| <u>8525.20.50</u> | Cordless handset telephones | Waiver (Malaysia, Philippines, and both) | Thomson Consumer Electronics, Indianapolis, IN Government of the Philippines | *** *** *** | 6% | No | Hylton |
| <u>8527.31.40</u> | AC-powered radio/tape player combinations | Waiver (Malaysia) | North American Phillips Corp. New York, NY; Santronics (M) SDN, BHD, Malaysia; Sanyo Fisher (USA) Corp., Chatsworth, CA; Thompson Consumer Electronics, Indianapolis, IN | *** | 3.7% | No | Kitzmiller |
| <u>8527.32.00</u> | AC-powered clock radios | Waiver (Malaysia) | Thomson Consumer Electronics, Indianapolis, IN | *** | 6% | No | Kitzmiller |
| <u>8528.10.30</u> | Television receivers combined with video recorders or players | Waiver (Malaysia) | North American Phillips Corporation, New York, NY | *** | 3.9% | Yes | Puffert |
| <u>8529.90.10</u> | Television tuners | Addition ³ | North American Phillips Corporation, New York, NY | *** *** | 5% | No | Kitzmiller |
| <u>9106.90.80(pt)</u> | Certain timing apparatus | Addition | Seigil Enterprises, Inc. Sausalito, CA | *** | 23.4% | Yes | Luther |

¹ Advice is requested on the removal of duty-free status of this product from the designated country. While the Trade Policy Staff Committee (TPSC) review will focus on the designated country, the TPSC reserves the right to address removal of GSP status for countries other than those specified as well as the removal of GSP status for the entire article.

² Brazil is currently subject to a reduced competitive-need limit. Advice is requested on restoring the full competitive-need limit specified in section 504(c)(1) of the 1974 Trade Act.

³ Waiver of competitive-need limit for Indonesia is also requested.

Note.--The underlined HTS subheading is the digest number.

COMMODITY DIGESTS

DIGEST NO. 0805.30.40

LIMES

LIMES

I. Introduction

☒ Addition to GSP ☐ Removal from GSP

☐ Competitive-need-limit waiver

| HTS subheading | Short description | Col. 1 rate of duty (1/1/93) <u>Percent ad valorem</u> | U.S. production of like or directly competitive article on Jan. 3, 1985 |
|-------------------|----------------------|--|---|
| 0805.30.40 | Fresh or dried limes | 10.6% ¹ | Yes |

¹ This is the ad valorem equivalent of the col. 1 rate of duty provided in the Harmonized Tariff Schedule of the United States. The specific duty rate is 2.2¢ per kilogram.

Description and uses.--There are two distinct types of limes: Key or West Indian limes, and Persian seedless (Tahiti) limes, which are larger than Key limes. The Persian lime has replaced the Key lime as the predominant lime grown in the United States. Fresh limes are available in U.S. supermarkets on a year-round basis since limes can be harvested year-round. Limes are used as a condiment in such places as in bars and restaurants where they are served with alcoholic beverages, processed into deserts, such as sherbets and pies, or concentrated and frozen into lime concentrate. Dried limes are not believed to comprise a significant portion of U.S. consumption.

II. U.S. market profile

Profile of U.S. industry and market, 1989-92

| Item | 1989 | 1990 | 1991 | 1992 |
|---|------------------|------------------|------------------|------------------|
| Producers (number) | 980 | 975 | 970 | 940 |
| Employment (1,000 employees) | 5 | 5 | 5 | 3 |
| Shipments (1,000 dollars) | 25,884 | 30,859 | 25,999 | 9,561 |
| Exports (1,000 dollars) | 2,833 | 4,818 | 4,902 | 3,382 |
| Imports (1,000 dollars) | 5,498 | 8,510 | 13,143 | 18,565 |
| Consumption (1,000 dollars) | 28,549 | 34,551 | 34,240 | 24,744 |
| Import-to-consumption ratio (percent) | 19 | 25 | 38 | 75 |
| Capacity utilization (percent) | (¹) | (¹) | (¹) | (¹) |

¹Capacity utilization is unavailable. Capacity utilization is highly variable because of the seasonal fluctuations in lime production and so would not be meaningful.

Comment.--Most U.S. limes are grown in South Florida, with some additional production in California. According to the Florida Department of Agriculture, lime acreage in Florida fell 66 percent following the 1991 hurricane, and it will take about 3 years to recover the lost production. While lime imports grew steadily preceding the hurricane, they jumped dramatically from about 25 percent of consumption in 1990 to 75 percent of consumption in 1992, with most of that increase attributable to lost Florida production. Most U.S. imports are from Mexico. There is a Federal marketing order for fresh limes that allows handlers to recommend regulations on maturity, grade and size, juice content, containers, pack specification, and funds to promote lime consumption. These regulations also apply to imported limes.

III. GSP import situation, 1992

U.S. imports and share of U.S. consumption, 1992

| Item | Imports 1,000 dollars | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption |
|-------------------------------|-----------------------------|--------------------------------|------------------------------|-----------------------------------|
| Grand total. | 18,565 | 100 | - | 75 |
| Imports from GSP countries: | | | | |
| GSP total | 18,451 | 99 | 100 | 75 |
| Mexico ¹ | 17,647 | 95 | 96 | 71 |

¹ As of January 1, 1994, Mexico is no longer a GSP designated country. The duty rates specified under the North American Free Trade Agreement apply to imports from Mexico.

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

Comment.--About 99 percent of lime imports were supplied by GSP-eligible countries in 1992. Imports were equivalent to 75 percent of U.S. consumption in that year. Mexico was, by far, the most important supplier. However, lime imports from Mexico will be subject to the North American Free Trade Agreement (NAFTA) regulations beginning January 1, 1994 and will not be eligible for GSP-benefits. The tariff on limes will be phased out under the NAFTA over 10 years.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes x No ___
 What is the price elasticity of U.S. demand? High x Moderate ___ Low ___
 Can production in the country be easily expanded or contracted
 in the short term? Yes ___ No x
 Does the country have significant export markets besides the
 United States? Yes x No ___
 Could exports from the country be readily redistributed among
 its foreign export markets? Yes x No ___
 What is the price elasticity of import supply? High x Moderate ___ Low ___

Price level compared with--

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

Quality compared with--

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

Comment.--GSP-eligible imports of limes increased from \$5 million in 1989 to \$18 million in 1992, and accounted for over 99 percent of total imports during 1989-92. This period was marked by increasing quantity of consumption, restricted supply from U.S. producers, and declining prices. Virtually all of this increase was supplied by Mexico. Other GSP designated countries supplied less than five percent of total U.S. lime imports in 1992.

V. Position of interested parties

The Commission received no statement either in support of or in opposition to the proposed modification to the GSP considered in this digest.

VI. Summary of probable economic effects--Addition

★ ★ ★ ★ ★ ★ ★

Table 1.
Digest title: Limes
U.S. imports for consumption, principal sources, 1989-92, January-September 1992-93

| Source | 1989 | 1990 | 1991 | 1992 | January-September | |
|-----------------------|-------|-------|--------|--------|-------------------|--------|
| | | | | | 1992 | 1993 |
| Value (1,000 dollars) | | | | | | |
| Mexico..... | 4,729 | 7,768 | 12,336 | 17,647 | 12,236 | 23,902 |
| Bahamas..... | 152 | 106 | 320 | 241 | 170 | 244 |
| El Salvador..... | 0 | 183 | 65 | 145 | 82 | 234 |
| Venezuela..... | 9 | 73 | 89 | 127 | 105 | 538 |
| Nicaragua..... | 0 | 0 | 90 | 111 | 106 | 97 |
| Colombia..... | 0 | 0 | 15 | 92 | 0 | 169 |
| Honduras..... | 71 | 123 | 125 | 83 | 36 | 102 |
| Costa Rica..... | 28 | 170 | 30 | 56 | 18 | 17 |
| Guatemala..... | 0 | 7 | 1 | 32 | 22 | 41 |
| Ecuador..... | 455 | 43 | 50 | 13 | 11 | 29 |
| Oman..... | 0 | 0 | 0 | 6 | 6 | 0 |
| Belize..... | 0 | 0 | 0 | 5 | 0 | 29 |
| Dominican Rep.... | 0 | 6 | 6 | 4 | 4 | 0 |
| Singapore..... | 9 | 23 | 9 | 2 | 0 | 0 |
| Haiti..... | 44 | 0 | 0 | 0 | 0 | 0 |
| All other..... | 1 | 8 | 7 | 0 | 0 | 62 |
| Total..... | 5,498 | 8,510 | 13,143 | 18,565 | 12,796 | 25,463 |
| GSP Total..... | 5,490 | 8,487 | 13,044 | 18,451 | 12,690 | 25,304 |
| Percent | | | | | | |
| Mexico..... | 86.0 | 91.3 | 93.9 | 95.1 | 95.6 | 93.9 |
| Bahamas..... | 2.8 | 1.2 | 2.4 | 1.3 | 1.3 | 1.0 |
| El Salvador..... | .0 | 2.1 | .5 | .8 | .6 | .9 |
| Venezuela..... | .2 | .9 | .7 | .7 | .8 | 2.1 |
| Nicaragua..... | .0 | .0 | .7 | .6 | .8 | .4 |
| Colombia..... | .0 | .0 | .1 | .5 | .0 | .7 |
| Honduras..... | 1.3 | 1.4 | 1.0 | .4 | .3 | .4 |
| Costa Rica..... | .5 | 2.0 | .2 | .3 | .1 | .1 |
| Guatemala..... | .0 | .1 | 1/ | .2 | .2 | .2 |
| Ecuador..... | 8.3 | .5 | .4 | .1 | .1 | .1 |
| Oman..... | .0 | .0 | .0 | 1/ | 1/ | .0 |
| Belize..... | .0 | .0 | .0 | 1/ | .0 | .1 |
| Dominican Rep.... | .0 | .1 | 1/ | 1/ | 1/ | .0 |
| Singapore..... | .2 | .3 | .1 | 1/ | .0 | .0 |
| Haiti..... | .8 | .0 | .0 | .0 | .0 | .0 |
| All other..... | 1/ | .1 | .1 | .0 | .0 | .2 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total..... | 99.8 | 99.7 | 99.2 | 99.4 | 99.2 | 99.4 |

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1989 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-93 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

Table 2.
Digest title: Lines
U.S. exports of domestic merchandise, by principal markets, 1989-92, January-September 1992-93

| Market | 1989 | 1990 | 1991 | 1992 | January-September | |
|-----------------------|-------|-------|-------|-------|-------------------|-------|
| | | | | | 1992 | 1993 |
| Value (1,000 dollars) | | | | | | |
| Canada..... | 867 | 4,415 | 4,429 | 2,957 | 2,371 | 1,946 |
| Netherlands..... | 125 | 14 | 152 | 152 | 134 | 0 |
| United Kingdom... | 297 | 49 | 108 | 69 | 62 | 0 |
| France..... | 418 | 66 | 33 | 64 | 64 | 0 |
| Japan..... | 62 | 132 | 38 | 47 | 47 | 0 |
| Germany..... | 28 | 16 | 49 | 44 | 44 | 0 |
| Switzerland..... | 64 | 14 | 33 | 21 | 21 | 0 |
| Mexico..... | 24 | 0 | 4 | 17 | 17 | 0 |
| Guadeloupe..... | 0 | 12 | 0 | 12 | 0 | 12 |
| Costa Rica..... | 0 | 0 | 0 | 0 | 0 | 0 |
| Panama..... | 0 | 0 | 0 | 0 | 0 | 0 |
| Bermuda..... | 0 | 0 | 0 | 0 | 0 | 0 |
| Dominican Rep.... | 0 | 0 | 0 | 0 | 0 | 0 |
| St Chris-Nevis... | 0 | 0 | 0 | 0 | 0 | 0 |
| Barbados..... | 0 | 0 | 0 | 0 | 0 | 0 |
| All other..... | 947 | 99 | 56 | 0 | 0 | 4 |
| Total..... | 2,833 | 4,818 | 4,902 | 3,382 | 2,760 | 1,963 |
| GSP Total..... | 24 | 0 | 4 | 17 | 17 | 0 |
| Percent | | | | | | |
| Canada..... | 30.6 | 91.6 | 90.4 | 87.4 | 85.9 | 99.2 |
| Netherlands..... | 4.4 | .3 | 3.1 | 4.5 | 4.9 | .0 |
| United Kingdom... | 10.5 | 1.0 | 2.2 | 2.0 | 2.3 | .0 |
| France..... | 14.7 | 1.4 | .7 | 1.9 | 2.3 | .0 |
| Japan..... | 2.2 | 2.7 | .8 | 1.4 | 1.7 | .0 |
| Germany..... | 1.0 | .3 | 1.0 | 1.3 | 1.6 | .0 |
| Switzerland..... | 2.3 | .3 | .7 | .6 | .8 | .0 |
| Mexico..... | .9 | .0 | .1 | .5 | .6 | .0 |
| Guadeloupe..... | .0 | .3 | .0 | .3 | .0 | .6 |
| Costa Rica..... | .0 | .0 | .0 | .0 | .0 | .0 |
| Panama..... | .0 | .0 | .0 | .0 | .0 | .0 |
| Bermuda..... | .0 | .0 | .0 | .0 | .0 | .0 |
| Dominican Rep.... | .0 | .0 | .0 | .0 | .0 | .0 |
| St Chris-Nevis... | .0 | .0 | .0 | .0 | .0 | .0 |
| Barbados..... | .0 | .0 | .0 | .0 | .0 | .0 |
| All other..... | 33.4 | 2.0 | 1.1 | .0 | .0 | .2 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total..... | .9 | .0 | .1 | .5 | .6 | .0 |

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1989 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-93 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

DIGEST NO. 0806.20.10

RAISINS MADE FROM SEEDLESS GRAPES

RAISINS MADE FROM SEEDLESS GRAPES

I. Introduction

☒ Addition to GSP ☐ Removal from GSP

☐ Competitive-need-limit waiver

| HTS subheading(s) | Short description | Col. 1 rate of duty (1/1/93) Percent ad valorem | U.S. production of like or directly competitive article on Jan. 3, 1985 |
|----------------------|-----------------------------------|--|---|
| 0806.20.10 | Raisins made from seedless grapes | 2.5% ¹ | Yes |

¹ This is the percent ad valorem equivalent of the duty rate provided in the Harmonized Tariff Schedule of the United States. The specific rate of duty is 2.2 cents per kilogram.

Description and uses.--Raisins are dried grapes that vary in size and range in color from white or yellow to nearly black. Only a few varieties of grapes in the United States are used extensively for making raisins. These varieties include Thompson Seedless, Muscats, Sultanas, and Zante Currant. Raisins are used extensively for "eating out-of-hand" and in baked goods, confectionery, breakfast cereals, and in many other food preparations.

II. U.S. market profile

Profile of U.S. industry and market, 1989-92

| Item | 1989 | 1990 | 1991 | 1992 |
|---------------------------------------|------------------|------------------|------------------|------------------|
| Producers (number) ¹ | *5,500 | *5,500 | *5,500 | *5,500 |
| Employment (1,000 employees) | (²) | (²) | (²) | (²) |
| Shipments (1,000 dollars) | 507,252 | 553,650 | 568,817 | 569,027 |
| Exports (1,000 dollars) | 148,510 | 174,416 | 180,093 | 178,749 |
| Imports (1,000 dollars) | 9,811 | 8,592 | 9,995 | 5,668 |
| Consumption (1,000 dollars) | 368,553 | 387,826 | 398,719 | 395,946 |
| Import-to-consumption ratio (percent) | 3 | 2 | 3 | 1 |
| Capacity utilization (percent) | (³) | (³) | (³) | (³) |

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

² Not available.

³ Data are not meaningful in this agricultural industry.

Comment.--In the United States, nearly all of the producers of raisins are located in the San Joaquin Valley of California. In 1992, raisins were produced by approximately 5,500 growers of grapes for drying. Eighteen commercial processors, including a grower cooperative, finished the dried grapes into marketable raisins. The U.S. raisin industry has been effective in increasing demand for raisins in both the United States and in export markets. However, many of these new end users are sensitive to the price of raisins relative to substitute products, thus limiting the ability of sellers of U.S. raisins to raise their prices. As a result of quality considerations, U.S. raisins compete more against substitutes such as dates, figs, almonds, walnuts, and other dried fruit rather than against imported raisins.

During 1989-92, imports were 3 percent or less of domestic consumption. At present, imports tend to be priced at a 20- to 30-percent discount to U.S. product, indicating that quality rather than price is the main limiting factor for imports from the GSP eligible countries. Many end-users are wary of using imported raisins, fearing that the risk of a customer discontinuing use of the product that contains the inferior raisin outweighs the savings offered by the imported product.

III. GSP import situation, 1992

U.S. imports and share of U.S. consumption, 1992

| Item | Imports 1,000 dollars | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption |
|-------------------------------|-----------------------------|--------------------------------|------------------------------|-----------------------------------|
| Grand total | 5,668 | 100 | - | 1 |
| Imports from GSP countries: | | | | |
| GSP total | 5,620 | 99 | 100 | 1 |
| Mexico ¹ | 2,774 | 49 | 49 | 1 |
| Chile | 1,834 | 32 | 33 | (2) |
| Turkey | 909 | 16 | 16 | (2) |
| Argentina | 101 | 2 | 2 | (2) |

¹ As of January 1, 1994, Mexico is no longer a GSP designated country. The duty rates specified under the North American Free-Trade Agreement apply to imports from Mexico.

² Less than 0.5 percent.

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

Comment.--Some U.S. imports of raisins covered in this digest are subject to special duty treatment. Upon the implementation of the North American Free Trade Agreement (NAFTA), the U.S. import tariff on Mexican raisins will be eliminated immediately. Imports from countries designated as beneficiary countries for purposes of the Andean Trade Preference Act are eligible for duty-free treatment. In addition, imports from countries designated as beneficiary countries for purposes of the Caribbean Basin Economic Recovery Act and imports from Israel under the United States-Israel Free-Trade Area Implementation Act of 1985 are eligible for duty-free treatment, though the United States has not imported raisins covered in this digest from either of these two sources for the period 1989-92.

U.S. imports of raisins are also subject to certain size and grade requirements similar to domestic shipments under the federal marketing order for raisins (7 CFR Ch. IX Part 989) and section 8e of the Agricultural Marketing Agreement Act of 1937, as amended. This requirement may act as a deterrent to imports of the product in this digest.

In 1992, Mexico was the leading supplier of the products in this digest, accounting for 49 percent of total imports. Chile was the second leading supplier in 1992, accounting for 32 percent of total imports. Chile was the leading supplier in both 1990 and 1991.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Chile for all digest products

Ranking as a U.S. import supplier, 1992. 2

Price elasticity:

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

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

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

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

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

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

Price level compared with--

U.S. products. Above ☐ Equivalent ☐ Below ☒

Other foreign products Above ☒ Equivalent ☐ Below ☐

Quality compared with--

U.S. products. Above ☐ Equivalent ☐ Below ☒

Other foreign products Above ☒ Equivalent ☐ Below ☐

Comment.--Imports of raisins made from seedless grapes from Chile are a minor factor in the U.S. raisin market, supplying less than one half of one percent of total U.S. domestic consumption in 1992. Over 80 percent of Chilean raisin production is for export. Latin American markets accounted for 60 percent of Chilean exports in 1992. Over recent years, Chile's improving export quality and subsequently higher prices have encouraged a shift away from Latin markets to the more industrialized markets willing to pay a higher price. Chilean exports to the United States accounted for 8 percent of total Chilean exports of raisins in 1992.

Raisin production in Chile is a by-product of the fresh table grape business. In Chile, table grapes are not grown intentionally for raisin production; rather raisin production and exports occur only because some table grapes are not accepted for export as fresh table grapes. As a result, some of the raisin production is based upon varieties not extensively used for raisin production in the United States, such as the Flame Seedless, Superior, and Perlette. In addition, the Chilean wine industry also competes for grapes that might otherwise supply the raisin market.

Some of the largest exporters have purchased U.S. machinery and technology for drying tunnels, cleaning, classification, and packaging. There are an estimated 30 fruit dehydration plants in the country, with an installed capacity of over 126,000 metric tons, greatly exceeding the 22,000 metric tons produced in 1992. The drawback of this highly mechanized method is the higher costs relative to sun dried raisins.

In general, Chilean raisin quality is improving. The main problem with Chilean raisin exports is the difficulty meeting U.S. import regulations. Recently, roughly 30 percent of Chile's raisin exports to the United States have failed to comply with quality standards, largely because of the presence of microscopic foreign substances. Rejected raisins must be destroyed or shipped to other countries.

Although Chile at present is not a major supplier of raisins to the United States or to the world market, the country could easily become a major marketer within 2 to 5 years, given a collapse of the market for fresh grapes. The country has a favorable climate for the production of grapes and the drying of the grapes for raisin production. In addition, much of the Chilean grape acreage is planted with the Thompson Seedless variety, which is the principal raisin grape grown in the United States. Nonetheless, there is little reason to believe that a collapse of the fresh grape market is imminent.

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes ☐ No ☒
 What is the price elasticity of U.S. demand? High ☐ Moderate ☒ Low ☐
 Can production in the country be easily expanded or contracted
 in the short term? Yes ☐ No ☒
 Does the country have significant export markets besides the
 United States? Yes ☒ No ☐
 Could exports from the country be readily redistributed among
 its foreign export markets? Yes ☒ No ☐
 What is the price elasticity of import supply? High ☐ Moderate ☒ Low ☐

Price level compared with--

U.S. products. Above ☐ Equivalent ☐ Below ☒
 Other foreign products Above ☒ Equivalent ☐ Below ☐

Quality compared with--

U.S. products. Above ☐ Equivalent ☐ Below ☒
 Other foreign products Above ☒ Equivalent ☐ Below ☐

Comment.--In addition to Chile, Turkey is also a GSP eligible country. Though Turkey is a major world producer and exporter, most Turkish export sales are to the European Union and other European countries. In addition, Turkey produces a Sultana variety raisin that is more suited to baking uses than the Thompson Seedless variety grown in the United States. Thus, the substitutability of raisins from the United States and Turkey is limited. Therefore, it is not expected that there would be a major shift to U.S. markets if GSP treatment for raisins made from seedless grapes were granted.

V. Position of interested parties

The Commission received no statement either in support of or in opposition to the proposed modification to the GSP considered in this digest.

VI. Summary of probable economic effects--Addition

★ ★ ★ ★ ★ ★ ★

Table 1.
Digest title: Raisins made from seedless grapes
U.S. imports for consumption, principal sources, 1989-92, January-September 1992-93

| Source | 1989 | 1990 | 1991 | 1992 | January-September | |
|-----------------------|-------|-------|-------|-------|-------------------|-------|
| | | | | | 1992 | 1993 |
| Value (1,000 dollars) | | | | | | |
| Mexico..... | 4,871 | 2,352 | 2,860 | 2,774 | 1,660 | 2,089 |
| Chile..... | 2,739 | 4,992 | 6,877 | 1,834 | 1,721 | 1,808 |
| Turkey..... | 1,073 | 898 | 47 | 909 | 469 | 1,340 |
| Argentina..... | 66 | 152 | 171 | 101 | 101 | 50 |
| China..... | 0 | 0 | 0 | 21 | 21 | 0 |
| Canada..... | 1 | 0 | 4 | 19 | 19 | 47 |
| Australia..... | 0 | 1 | 0 | 8 | 8 | 0 |
| Pakistan..... | 2 | 12 | 3 | 3 | 1 | 0 |
| Peru..... | 0 | 12 | 0 | 0 | 0 | 0 |
| Brazil..... | 0 | 0 | 29 | 0 | 0 | 0 |
| United Kingdom... | 108 | 0 | 0 | 0 | 0 | 0 |
| Belgium..... | 20 | 0 | 0 | 0 | 0 | 0 |
| Germany..... | 5 | 0 | 0 | 0 | 0 | 0 |
| Hungary..... | 28 | 0 | 0 | 0 | 0 | 0 |
| Switzerland..... | 48 | 21 | 0 | 0 | 0 | 0 |
| All other..... | 850 | 152 | 4 | 0 | 0 | 47 |
| Total..... | 9,811 | 8,592 | 9,995 | 5,668 | 3,999 | 5,382 |
| GSP Total..... | 8,779 | 8,418 | 9,987 | 5,620 | 3,952 | 5,333 |
| Percent | | | | | | |
| Mexico..... | 49.6 | 27.4 | 28.6 | 48.9 | 41.5 | 38.8 |
| Chile..... | 27.9 | 58.1 | 68.8 | 32.4 | 43.0 | 33.6 |
| Turkey..... | 10.9 | 10.4 | .5 | 16.0 | 11.7 | 24.9 |
| Argentina..... | .7 | 1.8 | 1.7 | 1.8 | 2.5 | .9 |
| China..... | .0 | .0 | .0 | .4 | .5 | .0 |
| Canada..... | 1/ | .0 | 1/ | .3 | .5 | .9 |
| Australia..... | .0 | 1/ | .0 | .1 | .2 | .0 |
| Pakistan..... | 1/ | .1 | 1/ | .1 | 1/ | .0 |
| Peru..... | .0 | .1 | .0 | .0 | .0 | .0 |
| Brazil..... | .0 | .0 | .3 | .0 | .0 | .0 |
| United Kingdom... | 1.1 | .0 | .0 | .0 | .0 | .0 |
| Belgium..... | .2 | .0 | .0 | .0 | .0 | .0 |
| Germany..... | 1/ | .0 | .0 | .0 | .0 | .0 |
| Hungary..... | .3 | .0 | .0 | .0 | .0 | .0 |
| Switzerland..... | .5 | .2 | .0 | .0 | .0 | .0 |
| All other..... | 8.7 | 1.8 | 1/ | .0 | .0 | .9 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total..... | 89.5 | 98.0 | 99.9 | 99.2 | 98.8 | 99.1 |

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1989 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-93 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

Table 2.
Digest title: Raisins made from seedless grapes
U.S. exports of domestic merchandise, by principal markets, 1989-92, January-September 1992-93

| Market | 1989 | 1990 | 1991 | 1992 | January-September | |
|-----------------------|---------|---------|---------|---------|-------------------|---------|
| | | | | | 1992 | 1993 |
| Value (1,000 dollars) | | | | | | |
| United Kingdom... | 30,039 | 32,593 | 39,844 | 39,203 | 31,119 | 28,023 |
| Japan..... | 33,635 | 29,252 | 30,066 | 31,066 | 26,203 | 27,143 |
| Canada..... | 11,584 | 22,904 | 23,115 | 21,879 | 16,374 | 16,193 |
| Germany..... | 12,478 | 17,757 | 17,856 | 16,144 | 12,169 | 12,701 |
| Denmark..... | 7,587 | 8,978 | 8,279 | 8,711 | 5,890 | 6,160 |
| Sweden..... | 9,186 | 10,546 | 9,921 | 7,930 | 5,820 | 6,206 |
| Netherlands..... | 5,350 | 7,137 | 7,924 | 6,993 | 4,991 | 4,873 |
| Norway..... | 4,692 | 5,007 | 4,171 | 4,653 | 3,231 | 2,679 |
| Hong Kong..... | 1,354 | 1,567 | 2,403 | 4,561 | 2,738 | 2,786 |
| Belgium..... | 3,211 | 3,267 | 4,122 | 4,547 | 3,203 | 4,069 |
| Finland..... | 4,670 | 3,349 | 4,480 | 4,371 | 3,702 | 2,832 |
| Korea..... | 4,467 | 5,678 | 4,632 | 3,906 | 2,657 | 2,970 |
| Taiwan..... | 4,597 | 3,862 | 3,603 | 3,905 | 2,651 | 3,124 |
| Singapore..... | 2,263 | 2,589 | 2,835 | 2,847 | 1,846 | 2,257 |
| Malaysia..... | 1,586 | 2,133 | 1,947 | 2,842 | 1,705 | 2,973 |
| All other..... | 11,790 | 17,798 | 14,896 | 15,191 | 8,786 | 8,424 |
| Total..... | 148,510 | 174,416 | 180,093 | 178,749 | 133,084 | 133,412 |
| GSP Total..... | 6,341 | 10,869 | 8,344 | 10,359 | 5,680 | 6,704 |
| Percent | | | | | | |
| United Kingdom... | 20.2 | 18.7 | 22.1 | 21.9 | 23.4 | 21.0 |
| Japan..... | 22.6 | 16.8 | 16.7 | 17.4 | 19.7 | 20.3 |
| Canada..... | 7.8 | 13.1 | 12.8 | 12.2 | 12.3 | 12.1 |
| Germany..... | 8.4 | 10.2 | 9.9 | 9.0 | 9.1 | 9.5 |
| Denmark..... | 5.1 | 5.1 | 4.6 | 4.9 | 4.4 | 4.6 |
| Sweden..... | 6.2 | 6.0 | 5.5 | 4.4 | 4.4 | 4.7 |
| Netherlands..... | 3.6 | 4.1 | 4.4 | 3.9 | 3.8 | 3.7 |
| Norway..... | 3.2 | 2.9 | 2.3 | 2.6 | 2.4 | 2.0 |
| Hong Kong..... | .9 | .9 | 1.3 | 2.6 | 2.1 | 2.1 |
| Belgium..... | 2.2 | 1.9 | 2.3 | 2.5 | 2.4 | 3.1 |
| Finland..... | 3.1 | 1.9 | 2.5 | 2.4 | 2.8 | 2.1 |
| Korea..... | 3.0 | 3.3 | 2.6 | 2.2 | 2.0 | 2.2 |
| Taiwan..... | 3.1 | 2.2 | 2.0 | 2.2 | 2.0 | 2.3 |
| Singapore..... | 1.5 | 1.5 | 1.6 | 1.6 | 1.4 | 1.7 |
| Malaysia..... | 1.1 | 1.2 | 1.1 | 1.6 | 1.3 | 2.2 |
| All other..... | 7.9 | 10.2 | 8.3 | 8.5 | 6.6 | 6.3 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total..... | 4.3 | 6.2 | 4.6 | 5.8 | 4.3 | 5.0 |

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1989 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-93 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

DIGEST NO. 2309.90.90(pt)

MISCELLANEOUS ANIMAL FEEDS

MISCELLANEOUS ANIMAL FEEDS

I. Introduction

☒ Addition to GSP ☐ Removal from GSP

☐ Competitive-need-limit waiver

| HTS subheading | Short description | Col. 1 rate of duty (1/1/93) Percent ad valorem | U.S. production of like or directly competitive article on Jan. 3, 1985 |
|-------------------|----------------------------|--|---|
| 2309.90.90(pt) | Miscellaneous animal feeds | 3% | Yes |

Description and uses.--The digest product consists of vitamin B-12 preparations in the form of animal feed premixes or mixed animal feeds. The product generally contains vitamin B-12 and up to 12 other vitamins plus minerals, and it is marketed either as a premix which is added to feed or as a prepared feed. Vitamin B-12 by itself is not included in this digest. A premix is a product that makes it possible to distribute nutrients that are measured in grams and micrograms uniformly in feed rations measured in tons. Vitamin B-12 is used as growth factor for hogs, dogs, and poultry.

II. U.S. market profile

Profile of U.S. industry and market, 1989-92

| Item | 1989 | 1990 | 1991 | 1992 |
|---------------------------------------|------|------|------|------|
| Producers (number) ¹ | *14 | *14 | *14 | *14 |
| Employment (1,000 employees) | (2) | (2) | (2) | (2) |
| Shipments (1,000 dollars) | (2) | (2) | (2) | (2) |
| Exports (1,000 dollars) | (2) | (2) | (2) | (2) |
| Imports (1,000 dollars) | (2) | (2) | (2) | (2) |
| Consumption (1,000 dollars) | (2) | (2) | (2) | (2) |
| Import-to-consumption ratio (percent) | (2) | (2) | (2) | (2) |
| Capacity utilization (percent) | (2) | (2) | (2) | (2) |

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

² Not available.

Comment.--Vitamin B-12 for veterinary use as an ingredient in preparations in the form of animal feed premixes or mixed animal feeds is not manufactured in the United States. Industry information is not collected by either the government or industry associations.¹ The number of producers is estimated from suppliers of vitamin B-12 listed in industry literature.

¹ Conversation between USITC analyst and the American Feed Industry Association, Oct. 18, 1993, after AFIA conversation with Hoffman-La Roche.

III. GSP import situation, 1992

U.S. imports and share of U.S. consumption, 1992

| Item | Imports 1,000 dollars | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption |
|-----------------------------|-----------------------------|--------------------------------|------------------------------|-----------------------------------|
| Grand total | (¹) | 100 | - | - |
| Imports from GSP countries: | | | | |
| GSP total | (¹) | (¹) | (¹) | (¹) |

¹ Not available.

Comment.--Data for this part of subheading 2309.90.90 are not available. However, we believe that trade in vitamin B-12 premixes and prepared animal feeds is minimal.

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

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

Comment.--Trade data are not available. However, we believe that imports of these products represent a very small percentage of subheading 2309.90.90.

V. Position of interested parties

The Commission received no statement either in support of or in opposition to the proposed modification to the GSP considered in this digest.

VI. Summary of probable economic effects--Addition

★ ★ ★ ★ ★ ★ ★

DIGEST NO. 2902.11.00

CYCLOHEXANE

CYCLOHEXANE

I. Introduction

☒ Addition to GSP ☐ Removal from GSP

☐ Competitive-need-limit waiver

| HTS subheading | Short description | Col. 1 rate of duty (1/1/93) Percent ad valorem | U.S. production of like or directly competitive article on Jan. 3, 1985? |
|-------------------|-------------------|--|--|
| 2902.11.00 | Cyclohexane | 18.0% ¹ | Yes |

¹ This is the ad valorem equivalent of the col. 1 rate provided in the Harmonized Tariff Schedule of the United States. The compound duty rate is 2¢/kg + 15%.

Description and uses.--Cyclohexane is a cyclic organic chemical produced principally by the addition of the element hydrogen to benzene in the presence of an appropriate catalyst. Cyclohexane is considered to be a commodity chemical, that is a homogeneous chemical produced in very large quantities. Cyclohexane is considered to be a fungible product. The bulk chemical is shipped principally by land and water as a liquid at ambient temperatures in tanks or drums.

The major use for cyclohexane is in the production of two other commodity chemicals, adipic acid and caprolactam, which are in turn converted into nylon 66 and nylon 6 plastic resins respectively. Approximately 85 percent of all cyclohexane consumed annually is used to manufacture nylon resins. The remainder is used as a raw material in the production of pesticides, as a solvent, a varnish remover, and as a component in certain solid fuels.

II. U.S. market profile

Profile of U.S. industry and market, 1989-92

| Item | 1989 | 1990 | 1991 | 1992 |
|---|------------------|------------------|------------------|------------------|
| Producers (number) | 7 | 8 | 8 | 5 |
| Employment (1,000 employees) | (¹) | (¹) | (¹) | (¹) |
| Production (Million dollars) | 485 | 558 | 440 | 2*420 |
| Exports (Million dollars) | 92 | 96 | 91 | 46 |
| Imports (Million dollars) | 13 | 21 | 6 | 6 |
| Consumption (Million dollars) | 406 | 483 | 355 | 2*380 |
| Import-to-consumption ratio (percent) | 3 | 4 | 2 | 2 |
| Capacity utilization (percent) ² | *74 | *77 | *71 | *84 |

¹ Not available.

² Data estimated by the staff of the U.S. International Trade Commission.

Comment.--Domestic production of cyclohexane increased from \$485 million in 1989, to \$558 million in 1990, before decreasing to *\$420 million in 1992. As a commodity chemical used primarily to manufacture other chemicals for items consumed by the textile, construction, and automobile industries, sales of cyclohexane are directly influenced by the status of the nation's overall economy. Consequently, production, as well as consumption, declined during 1990-92 following a similar trend in the U.S. economy. However, three producers left the market over 1991-92, which resulted in an increase in capacity utilization over this period from *71 percent to *84 percent.

II. U.S. market profile--Continued

DuPont Chemicals ceased production in 1991, and Texaco Chemical Co. and Sun Co. began phasing out production in 1992 citing outdated technology and environmental costs as the principal reasons. Cyclohexane exhibits a high price-sensitivity of demand, and consumers could readily switch to imported cyclohexane should prices from these sources warrant such action.

III. GSP import situation, 1992

U.S. imports and share of U.S. consumption, 1992

| Item | Imports Million dollars | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption ¹ |
|-----------------------------|-------------------------------|--------------------------------|------------------------------|--|
| Grand total | 6 | 100 | - | *2 |
| Imports from GSP countries: | | | | |
| GSP total | 5 | 98 | 100 | *2 |
| Argentina | 5 | 98 | 100 | *2 |

¹ Data estimated by the staff of the U.S. International Trade Commission.

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

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Argentina for all digest products

Ranking as a U.S. import supplier, 1992. 1

Price elasticity:

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

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

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

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

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

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

Price level compared with--

 U.S. products. Above Equivalent x Below

 Other foreign products Above Equivalent x Below

Quality compared with--

 U.S. products. Above Equivalent x Below

 Other foreign products Above Equivalent x Below

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for Venezuela for all digest products

Ranking as a U.S. import supplier, 1992. (1)

Price elasticity:

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

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

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

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

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

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

Price level compared with--

U.S. products. Above ☐ Equivalent ☒ Below ☐

Other foreign products Above ☐ Equivalent ☒ Below ☐

Quality compared with--

U.S. products. Above ☐ Equivalent ☒ Below ☐

Other foreign products Above ☐ Equivalent ☒ Below ☐

¹ There were no imports of cyclohexane from Venezuela over 1989-92.

Comment.--According to the petitioner, AROCA, the firm was just recently formed in Venezuela in May 1993. The joint venture equity is held equally by Petroquimica de Venezuela, a state-owned company, Citgo Refining Co., a U.S. multinational firm, and Monomeros Colombo Venezolanos, a Colombian firm. Production is expected to begin in 1996 with the United States as the principal market. The annual production capacity of the plant will be 110 million kilograms of cyclohexane or approximately 10 percent of U.S. production capacity in 1992.

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

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

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

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

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

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

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

Price level compared with--

U.S. products. Above ☐ Equivalent ☒ Below ☐

Other foreign products Above ☐ Equivalent ☒ Below ☐

Quality compared with--

U.S. products. Above ☐ Equivalent ☒ Below ☐

Other foreign products Above ☐ Equivalent ☒ Below ☐

V. Position of interested parties

Support---In a letter to the Commission, Mr. S.A. Hamdan, Director-Global Sourcing, Du Pont Materials, Logistics and Services group, E.I. Du Pont de Nemours and Company, Inc., a U.S. multinational chemical producer, stated that the firm supports for the petition made by the Government of Venezuela to add cyclohexane to the list of articles eligible for duty-free entry under the GSP. Mr. Hamdan remarked that with the recent reduction in U.S. cyclohexane production capacity, U.S. nylon producers are faced with a raw material supply problem. Elimination of the duty on imports of this chemical from GSP countries will maintain the viability and competitiveness of U.S.-based nylon producers.

VI. Summary of probable economic effects--Addition

* * * * *

Table 1.
Digest title: Cyclohexane
U.S. imports for consumption, principal sources, 1989-92, January-September 1992-93

| Source | 1989 | 1990 | 1991 | 1992 | January-September | |
|-----------------------|--------|--------|-------|-------|-------------------|-------|
| | | | | | 1992 | 1993 |
| Value (1,000 dollars) | | | | | | |
| Argentina..... | 9,133 | 6,494 | 6,255 | 5,374 | 4,356 | 3,120 |
| Canada..... | 29 | 34 | 83 | 123 | 108 | 34 |
| Japan..... | 1,576 | 1,717 | 1 | 6 | 3 | 0 |
| Bahamas..... | 0 | 6 | 0 | 0 | 0 | 0 |
| United Kingdom... | 0 | 2,662 | 0 | 0 | 0 | 0 |
| Netherlands..... | 0 | 7,501 | 0 | 0 | 0 | 0 |
| Belgium..... | 9 | 0 | 0 | 0 | 0 | 0 |
| France..... | 1,379 | 0 | 0 | 0 | 0 | 0 |
| Germany..... | 993 | 1,839 | 16 | 0 | 0 | 0 |
| Poland..... | 0 | 0 | 34 | 0 | 0 | 0 |
| Soviet Union..... | 0 | 563 | 0 | 0 | 0 | 0 |
| Total..... | 13,119 | 20,816 | 6,389 | 5,503 | 4,467 | 3,153 |
| GSP Total..... | 9,133 | 6,500 | 6,289 | 5,374 | 4,356 | 3,120 |
| Percent | | | | | | |
| Argentina..... | 69.6 | 31.2 | 97.9 | 97.7 | 97.5 | 98.9 |
| Canada..... | .2 | .2 | 1.3 | 2.2 | 2.4 | 1.1 |
| Japan..... | 12.0 | 8.2 | 1/ | .1 | .1 | .0 |
| Bahamas..... | .0 | 1/ | .0 | .0 | .0 | .0 |
| United Kingdom... | .0 | 12.8 | .0 | .0 | .0 | .0 |
| Netherlands..... | .0 | 36.0 | .0 | .0 | .0 | .0 |
| Belgium..... | .1 | .0 | .0 | .0 | .0 | .0 |
| France..... | 10.5 | .0 | .0 | .0 | .0 | .0 |
| Germany..... | 7.6 | 8.8 | .2 | .0 | .0 | .0 |
| Poland..... | .0 | .0 | .5 | .0 | .0 | .0 |
| Soviet Union..... | .0 | 2.7 | .0 | .0 | .0 | .0 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total..... | 69.6 | 31.2 | 98.4 | 97.7 | 97.5 | 98.9 |

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1989 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-93 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

Table 2.
Digest title: Cyclohexane
U.S. exports of domestic merchandise, by principal markets, 1989-92, January-September 1992-93

| Market | 1989 | 1990 | 1991 | 1992 | January-September | |
|-----------------------|--------|--------|--------|--------|-------------------|--------|
| | | | | | 1992 | 1993 |
| Value (1,000 dollars) | | | | | | |
| Canada..... | 34,681 | 43,362 | 41,797 | 37,880 | 30,861 | 19,798 |
| Netherlands..... | 34,356 | 46,741 | 47,682 | 5,284 | 3,349 | 2,166 |
| Colombia..... | 0 | 0 | 461 | 1,247 | 1,247 | 0 |
| Taiwan..... | 0 | 0 | 0 | 961 | 961 | 117 |
| United Kingdom... | 3 | 3 | 0 | 108 | 108 | 0 |
| Australia..... | 0 | 0 | 92 | 58 | 58 | 26 |
| Germany..... | 72 | 206 | 56 | 37 | 23 | 57 |
| Venezuela..... | 403 | 15 | 0 | 37 | 37 | 0 |
| France..... | 14 | 0 | 0 | 35 | 35 | 3 |
| Mexico..... | 11,204 | 106 | 170 | 24 | 24 | 38 |
| Argentina..... | 0 | 0 | 0 | 19 | 19 | 0 |
| Norway..... | 5 | 0 | 0 | 17 | 17 | 0 |
| Belgium..... | 3,971 | 1,951 | 93 | 17 | 17 | 43 |
| Switzerland..... | 0 | 0 | 0 | 12 | 8 | 0 |
| El Salvador..... | 0 | 0 | 0 | 0 | 0 | 0 |
| All other..... | 7,462 | 3,264 | 907 | 0 | 0 | 22 |
| Total..... | 92,170 | 95,648 | 91,258 | 45,736 | 36,763 | 22,270 |
| GSP Total..... | 11,663 | 132 | 1,197 | 1,327 | 1,327 | 60 |
| Percent | | | | | | |
| Canada..... | 37.6 | 45.3 | 45.8 | 82.8 | 83.9 | 88.9 |
| Netherlands..... | 37.3 | 48.9 | 52.2 | 11.6 | 9.1 | 9.7 |
| Colombia..... | .0 | .0 | .5 | 2.7 | 3.4 | .0 |
| Taiwan..... | .0 | .0 | .0 | 2.1 | 2.6 | .5 |
| United Kingdom... | 1/ | 1/ | .0 | .2 | .3 | .0 |
| Australia..... | .0 | .0 | .1 | .1 | .2 | .1 |
| Germany..... | .1 | .2 | .1 | .1 | .1 | .3 |
| Venezuela..... | .4 | 1/ | .0 | .1 | .1 | .0 |
| France..... | 1/ | .0 | .0 | .1 | .1 | 1/ |
| Mexico..... | 12.2 | .1 | .2 | .1 | .1 | .2 |
| Argentina..... | .0 | .0 | .0 | 1/ | .1 | .0 |
| Norway..... | 1/ | .0 | .0 | 1/ | 1/ | .0 |
| Belgium..... | 4.3 | 2.0 | .1 | 1/ | 1/ | .2 |
| Switzerland..... | .0 | .0 | .0 | 1/ | 1/ | .0 |
| El Salvador..... | .0 | .0 | .0 | .0 | .0 | .0 |
| All other..... | 8.1 | 3.4 | 1.0 | .0 | .0 | .1 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total..... | 12.7 | .1 | 1.3 | 2.9 | 3.6 | .3 |

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1989 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-93 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

DIGEST NO. 2918.30.20(pt)

KETOPROFEN

KETOPROFEN

I. Introduction

X Addition to GSP ___ Removal from GSP

___ Competitive-need-limit waiver

| HTS subheading | Short description | Col. 1 rate of duty (1/1/93) Percent ad valorem | U.S. production of like or directly competitive article on Jan. 3, 1985 |
|-------------------|---|--|---|
| 2918.30.20(pt) | Aromatic carboxylic acids with aldehyde or ketone function without other oxygen function and certain derivatives as described in additional U.S. note 3 to section VI | 13.5% | Yes |

Description and uses.--Ketoprofen is the active ingredient in a dosage-form non-steroidal anti-inflammatory agent (NSAIA) with analgesic effect. Ketoprofen has similar pharmacological actions to those of ibuprofen, naproxen, and aspirin. It is used primarily in the symptomatic treatment of acute and chronic rheumatoid arthritis, for relief of mild to moderate pain, and for the management of primary dysmenorrhea.² This digest specifically addresses the bulk form of the product (that is, before being formulated into dosage form).

II. U.S. market profile

Profile of U.S. industry and market, 1989-92¹

| Item | 1989 | 1990 | 1991 | 1992 |
|---|------------------|------------------|------------------|------------------|
| Producers (number) | 1 | 1 | 1 | 1 |
| Employment (1,000 employees) | (²) | (²) | (²) | (²) |
| Shipments (1,000 dollars) | *** | *** | *** | *** |
| Exports (1,000 dollars) | *0 | *0 | *0 | *0 |
| Imports (1,000 dollars) | *** | *** | *** | *** |
| Consumption (1,000 dollars) | *** | *** | *** | *** |
| Import-to-consumption ratio (percent) | *** | *** | *** | *** |
| Capacity utilization (percent) | *** | *** | *** | *** |

¹ Data are estimated by the staff of the U.S. International Trade Commission.

² Not available.

Comment.--According to Commission records and industry sources, bulk ketoprofen is produced in the United States by Wyckoff Chemical Co. Wyeth-Ayerst Laboratories, a division of American Home Products, markets ketoprofen domestically in dosage form under the brandname ORUDIS. Wyeth-Ayerst was the sole domestic firm marketing ketoprofen until the product's U.S. patent, held by Rhone-Poulenc, expired in 1992. Since that time, two other firms, Biocraft Laboratories and Lederle Laboratories received Food and Drug Administration approval to market generic formulations of the product.

² American Hospital Formulary Service, AHFS Drug Information '93, p. 1170.

III. GSP import situation, 1992

U.S. imports and share of U.S. consumption, 1992¹

| Item | Imports 1,000 dollars | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption |
|-----------------------------|-----------------------------|--------------------------------|------------------------------|-----------------------------------|
| Total | *** | *100 | - | *** |
| Imports from GSP countries: | | | | |
| Total | *(2) | *(2) | *100 | *(2) |
| Croatia | *(2) | *(2) | *100 | *(2) |

¹ Data estimated by the staff of the U.S. International Trade Commission.

² Negligible or nil.

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

Comment.--Industry sources believe that France was the primary source of U.S. imports of ketoprofen during 1990-92. Only Rhone-Poulenc (the U.S. patent holder) and any designated licensees could export the product to the United States while the U.S. patent was in effect. Once the patent expired, however, other countries could enter the market. According to information provided to the Office of the United States Trade Representative by Pliva, the petitioner and the sole Croatian producer of ketoprofen, the company did not export ketoprofen during 1990-92. Although no data are readily available about the level of imports of ketoprofen from other GSP-eligible countries after the patent expired in 1992, it is probable that any imports of the product from these countries would have been negligible, primarily intended for testing purposes as part of the FDA approval process for generic formulations. The first generic formulation of ketoprofen was approved in late 1992.

Pliva will export solely to the United States and does not plan to export to other countries in the near future. The company's exports of ketoprofen to the United States in 1993 are expected to be valued at ***. Wyeth-Ayerst imports ketoprofen in bulk form from France. Biocraft is said to obtain ketoprofen in bulk form from the former Yugoslavia. Pliva has stated that it believes that ketoprofen will be available from at least two other countries in the future.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Croatia for all digest products

Ranking as a U.S. import supplier, 1992. NA

Price elasticity:

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

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

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

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

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

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

Price level compared with--

 U.S. products. Above ☐ Equivalent ☒ Below ☐

 Other foreign products Above ☐ Equivalent ☒ Below ☐

Quality compared with--

 U.S. products. Above ☐ Equivalent ☒ Below ☐

 Other foreign products Above ☐ Equivalent ☒ Below ☐

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

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

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

Can production in the country be easily expanded or contracted

in the short term? Yes ☒ No ☐

Does the country have significant export markets besides the

United States? Yes ☐ No ☒

Could exports from the country be readily redistributed among

its foreign export markets? Yes ☐ No ☒

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

Price level compared with--

U.S. products. Above ☐ Equivalent ☒ Below ☐

Other foreign products Above ☐ Equivalent ☒ Below ☐

Quality compared with--

U.S. products. Above ☐ Equivalent ☒ Below ☐

Other foreign products Above ☐ Equivalent ☒ Below ☐

V. Position of interested parties

Opposition.--Wyckoff Chemical Co., Inc., a domestic manufacturer of bulk chemicals, opposes the granting of GSP eligibility for this product. Wyckoff manufactures ketoprofen in the United States and had "significant" sales of the product during 1992. The company expects that there will be substantial growth in the U.S. market for ketoprofen as "new customers and new uses are approved by the Food and Drug Administration over the next several years." Wyckoff states that elimination of the duty on ketoprofen would significantly reduce its sales of ketoprofen, potentially resulting in the loss of about 10 to 15 jobs.

VI. Summary of probable economic effects--Addition

* * * * *

DIGEST NO. 2921.49.40(pt)

SELEGILINE HYDROCHLORIDE

SELEGILINE HYDROCHLORIDE

I. Introduction

X Addition to GSP ___ Removal from GSP

___ Competitive-need-limit waiver

| HTS subheading | Short description | Col. 1 rate of duty (1/1/93) Percent ad valorem | U.S. production of like or directly competitive article on Jan. 3, 1985 |
|-------------------|---|--|---|
| 2921.49.40(pt) | Certain aromatic monoamine drugs other than antidepressants, tranquilizers and other therapeutic agents | 8.2% | Yes |

Description and uses.--Selegiline hydrochloride is the active ingredient in a dosage form product generally administered in conjunction with levodopa/carbidopa in the treatment of Parkinson's disease. Several of the symptoms associated with Parkinson's disease result from a deficiency of dopamine. Although levodopa and carbidopa offset the loss of dopamine, their effect diminishes over time. Selegiline hydrochloride enhances the effect of levodopa/carbidopa, resulting in an increase in the level of dopamine. This digest specifically addresses the bulk form of the product (that is, before being formulated into dosage form).

II. U.S. market profile

Profile of U.S. industry and market, 1989-92¹

| Item | 1989 | 1990 | 1991 | 1992 |
|---|------------------|------------------|------------------|------------------|
| Producers (number). | 0 | 0 | 2 ² | 2 ² |
| Employment (1,000 employees). | 0 | 0 | (³) | (³) |
| Shipments (1,000 dollars) | 0 | 0 | (³) | (³) |
| Exports (1,000 dollars) | 0 | 0 | 0 | 0 |
| Imports (1,000 dollars) | (⁴) | (⁴) | (⁴) | (⁴) |
| Consumption (1,000 dollars) | (⁵) | (⁵) | (⁶) | (⁶) |
| Import-to-consumption ratio (percent) | 100 | 100 | (³) | (³) |
| Capacity utilization (percent). | 0 | 0 | (⁶) | (⁶) |

¹ Data in this table are estimated by the staff of the U.S. International Trade Commission.

² ***.

³ Not available.

⁴ According to a representative of Somerset, most of the selegiline hydrochloride imported during 1989-92 was in dosage form. Quantities of bulk selegiline hydrochloride imported during 1990-91 were larger than in other years because product was needed temporarily for chemical testing purposes as part of the FDA approval process. The petitioner states that it exported *** worth of product to the United States in 1992 and *** worth in 1993.

⁵ ***.

⁶ ***.

II. U.S. market profile--Continued

Comment.--***.^{3, 4}

III. GSP import situation, 1992

U.S. imports and share of U.S. consumption, 1992¹

| Item | Imports 1,000 dollars | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption |
|-----------------------------|-----------------------------|--------------------------------|------------------------------|-----------------------------------|
| Total | *** | 100 | - | - |
| Imports from GSP countries: | | | | |
| Total | *** | 100 | 100 | *** |
| Hungary | *** | 100 | 100 | *** |

¹ Data are estimated by the staff of the U.S. International Trade Commission.

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

Comment.--According to industry sources, Hungary is currently the sole source for U.S. imports of selegiline hydrochloride. Eventually, after the period of market exclusivity ends, Czechoslovakia and Italy might be possible sources. According to information provided by the petitioner, Chinoin Pharmaceutical and Chemical Works Co., Ltd. (Chinoin), has been exporting selegiline hydrochloride to the United States "for several years," primarily in dosage form.⁵ The company states that, in 1993, it exported selegiline hydrochloride to Finland (57 percent of total exports of the product), to the United States (41 percent), and to Argentina (2 percent). During 1992-93, Chinoin's exports of selegiline hydrochloride to the United States increased in value by about 2,800 percent. The company estimates that it could increase its production of selegiline hydrochloride by 10 percent if GSP is granted.

³ Somerset, the sponsor, was granted market exclusivity for this product. Selegiline hydrochloride's designated use as an orphan drug is as an "adjuvant to levodopa and carbidopa treatment of idiopathic Parkinson's Disease (paralysis agitans), postencephalitic Parkinsonism, and symptomatic Parkinsonism." U.S. Pharmacopeial Convention (USP) Inc., "Approved Drug Products and Legal Requirements," vol. 3, USP Dispensing Information, 1992, p. 1/364.

⁴ The Orphan Drug Act (ODA), enacted in 1983, is intended to promote development of new drugs for rare diseases or conditions (i.e., those affecting fewer than 200,000 persons in the United States; or affecting more than 200,000 persons, but for which the drug sponsor has no reasonable expectation of recovering development costs through U.S. sales). The ODA provides technical assistance and economic incentives to pharmaceutical manufacturers to develop and market such drug products. If the FDA agrees that a drug meets the statutory definition for a designated orphan drug, the sponsor is entitled to a tax credit (and certain other assistance) for the cost of clinical trials. Upon the date of new drug approval or biological licensure, another sponsor's application for marketing the same drug for the same orphan use may not be approved for a period of 7 years. In order to maintain exclusivity, the sponsor must ensure an adequate supply of the drug. U.S. International Trade Commission, Global Competitiveness of U.S. Advanced-Technology Manufacturing Industries: Pharmaceuticals, USITC Publication 2437, Sept. 1991.

⁵ Dosage form product would not be classified under HTS subheading 2921.49.40.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Hungary for all digest products

Ranking as a U.S. import supplier, 1992. 1

Price elasticity:

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

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

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

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

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

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

Price level compared with--

U.S. products. Above ☒ Equivalent ☐ Below ☐

Other foreign products¹ Above ☐ Equivalent ☐ Below ☐

Quality compared with--

U.S. products. Above ☐ Equivalent ☒ Below ☐

Other foreign products¹ Above ☐ Equivalent ☐ Below ☐

1 ***.

Comment.--***.

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

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

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

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

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

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

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

Price level compared with--

U.S. products. Above ☒ Equivalent ☐ Below ☐

Other foreign products¹ Above ☐ Equivalent ☐ Below ☐

Quality compared with--

U.S. products. Above ☐ Equivalent ☒ Below ☐

Other foreign products¹ Above ☐ Equivalent ☐ Below ☐

1 ***.

V. Position of interested parties

Opposition.--Wyckoff Chemical Co., Inc., a domestic manufacturer of the bulk chemicals, opposes the granting of GSP eligibility for this product. Wyckoff manufactures selegiline hydrochloride in the United States and had "significant" sales of the product during 1992. The company expects that there will be substantial growth in the U.S. market for selegiline hydrochloride as "new customers and new users are approved by the Food and Drug Administration over the next several years." Wyckoff states that elimination of the duty on selegiline hydrochloride would significantly reduce its sales of the product, potentially resulting in the loss of about 10 to 15 jobs.

VI. Summary of probable economic effects--Addition

* * * * *

DIGEST NO. 2933.39.37(pt)

ETHIONAMIDE

ETHIONAMIDE

I. Introduction

X Addition to GSP ___ Removal from GSP

___ Competitive-need-limit waiver

| HTS subheading | Short description | Col. 1 rate of duty (1/1/93) | U.S. production of like or directly competitive article on Jan. 3, 1985 |
|-------------------|--|---------------------------------|---|
| | | <u>Percent ad valorem</u> | |
| 2933.39.37(pt) | Certain nucleic acid drugs containing an unfused pyridine ring other than antidepressants, tranquilizers, and other psychotherapeutic agents | 8% | Yes |

Description and uses.--Ethionamide is the active ingredient in a synthetic antituberculosis product. It is generally used in conjunction with at least one other antituberculosis agent in the treatment of clinical tuberculosis.⁶ Primary antituberculous agents, or those products used most frequently in the treatment of tuberculosis, include isoniazid, ethambutol, rifampin, pyrazinamide, and streptomycin.⁷ Ethionamide has also been used in conjunction with other antituberculosis or anti-infective products in the treatment of certain mycobacterial diseases, including a form of leprosy.⁸ This digest specifically addresses the bulk form of the product (i.e., prior to being formulated into dosage form).

⁶ American Hospital Formulary, AHFS Drug Information '93, pp. 353-354.

⁷ Other antitubercular agents available commercially in the United States include aminosalicic acid, capreomycin, cycloserine, ethionamide, and kanamycin. According to the AHFS Drug Information '93, these products are more toxic and less effective than the primary antituberculosis agents and are, in many cases, used when a primary antituberculosis agent is contraindicated or less effective because of bacterial resistance.

⁸ Ibid. The product has not yet been approved for this use in the United States by the Food and Drug Administration (FDA). Mycobacterial diseases are those diseases that are caused by organisms of the genus Mycobacterium, a family of bacteria found in soil and dairy products and as parasites in man and other animals. (W. B. Saunders Company, Dorland's Pocket Medical Dictionary, 22nd Edition, 1977, p. 448.)

II. U.S. market profile

Profile of U.S. industry and market, 1989-92^{1 2}

| Item | 1989 | 1990 | 1991 | 1992 |
|---|------------------|------------------|------------------|------------------|
| Producers (number) | | | | |
| Employment (1,000 employees) | | | | |
| Shipments (1,000 dollars) | | | | |
| Exports (1,000 dollars) | | | | |
| Imports (1,000 dollars) | *** | *** | *** | *** |
| Consumption (1,000 dollars) | *** | *** | *** | *** |
| Import-to-consumption ratio (percent) | *100 | *100 | 100 | 100 |
| Capacity utilization (percent) | (³) | (³) | (³) | (³) |

¹ There was no U.S. production of ethionamide during 1989-92.

² Data in this table are estimated by the staff of the U.S. International Trade Commission.

³ Not available.

Comment.--Wyeth-Ayerst Laboratories Inc. markets ethionamide in the United States in dosage form under the brandname TRECATOR-SC. According to Commission records and industry sources, there is no U.S. production of this chemical in bulk form.

III. GSP import situation, 1992

U.S. imports and share of U.S. consumption, 1992¹

| Item | Imports 1,000 dollars | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption |
|-----------------------------|-----------------------------|--------------------------------|------------------------------|-----------------------------------|
| Total | *** | 100 | - | 100 |
| Imports from GSP countries: | | | | |
| Total | *** | *** | 100 | *** |
| Hungary | *** | *** | *** | *** |

¹ Data are estimated by the staff of the U.S. International Trade Commission.

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

Comment.--According to industry sources, all U.S. imports of ethionamide are obtained from Hungary. According to information provided by the petitioner, ***.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Hungary for all digest products

Ranking as a U.S. import supplier, 1992. 1

Price elasticity:

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

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

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

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

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

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

Price level compared with--

U.S. products. Above ☐ Equivalent ☒ Below ☐

Other foreign products Above ☐ Equivalent ☒ Below ☐

Quality compared with--

U.S. products. Above ☐ Equivalent ☒ Below ☐

Other foreign products Above ☐ Equivalent ☒ Below ☐

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

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

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

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

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

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

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

Price level compared with--

U.S. products. Above ☐ Equivalent ☒ Below ☐

Other foreign products Above ☐ Equivalent ☒ Below ☐

Quality compared with--

U.S. products. Above ☐ Equivalent ☒ Below ☐

Other foreign products Above ☐ Equivalent ☒ Below ☐

V. Position of interested parties

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

VI. Summary of probable economic effects--Addition

* * * * *

DIGEST NO. 2937.92.20(pt)

CERTAIN HORMONES

CERTAIN HORMONES⁹

I. Introduction

X Addition to GSP ___ Removal from GSP

___ Competitive-need-limit waiver

| HTS subheading | Short description | Col. 1 rate of duty (1/1/93) <u>Percent ad valorem</u> | U.S. production of like or directly competitive article on Jan. 3, 1985 |
|-------------------|---|--|---|
| 2937.92.20(pt) | Estradiol benzoate; and estradiol cypionate | 6.9% | Yes |
| 2937.92.80(pt) | Certain synthetic estrogens and progestins | 8.7% | Yes |
| 2937.99.80(pt) | Certain hormones other than insulin, estrogens, and progestins | 3.2% | Yes |

Description and uses.--The pharmaceuticals included in this digest, estradiol, estradiol benzoate and trenbolone acetate, are hormones in bulk form that are formulated into dosage form products used in humans and animals. Estradiol is a naturally occurring steroidal estrogen. In humans, it is primarily indicated for use: (1) in women, in the management of vasomotor symptoms associated with menopause; (2) in women or men, in the palliative treatment of advanced, inoperable, metastatic carcinoma of the breast; and (3) in men, in the palliative treatment of advanced, inoperable carcinoma of the prostate.¹⁰ Estradiol benzoate, also an estrogen, is an esterified form of estradiol. Although not approved by the Food and Drug Administration (FDA) for use in humans in the United States, it is approved for veterinary use and is commercially available in the United States as a combination dosage form product, that is combined with an anabolic.

Trenbolone acetate is a veterinary anabolic product approved by the FDA for use as a growth promoter in cattle. It is a second generation growth hormone, which, because of smaller dosage levels as compared to other growth promoters, reportedly presents a reduced risk of residual hormone in the meat. It is currently marketed in the United States by Hoechst-Roussel Agri-Vet Co. as a formulated product under the brandname FINAPLIX and as a formulated combination product (with estradiol) under the brandname REVELOR. The FDA is reportedly evaluating an application for another formulation of trenbolone acetate that, once approved, would be marketed domestically by Syntex Corporation. Approval is expected sometime during 1994. This digest specifically addresses the bulk form of the hormones (that is, before being formulated into dosage form).

⁹ This digest includes the following HTS subheadings: 2937.92.20(pt), 2937.92.80(pt), and 2937.99.80(pt).

¹⁰ American Hospital Formulary Service, AHFS Drug Information '93, p. 1942.

II. U.S. market profile

Profile of U.S. industry and market, 1989-92^{1 2}

| Item | 1989 | 1990 | 1991 | 1992 |
|---|------------------|------------------|------------------|------------------|
| Producers (number) | | | | |
| Employment (1,000 employees) | | | | |
| Shipments (1,000 dollars) | | | | |
| Exports (1,000 dollars) | 0 | 0 | 0 | 0 |
| Imports (1,000 dollars) | *** | *** | *** | *** |
| Consumption (1,000 dollars) | *** | *** | *** | *** |
| Import-to-consumption ratio (percent) | *100 | *100 | 100 | *100 |
| Capacity utilization (percent) | (³) | (³) | (³) | (³) |

¹ There is no known U.S. production in recent years of the hormones covered in this digest.

² Data in this table are estimated by the staff of the U.S. International Trade Commission.

³ Not available.

Comment.--Mead Johnson & Co., a subsidiary of Bristol-Myers Squibb, and Ciba Pharmaceutical Co., a division of Ciba-Geigy Corp., market estradiol in the United States under the brandnames ESTRACE and ESTRADERM, respectively. There is no known domestic production of estradiol, estradiol benzoate, or trenbolone acetate. ***.

III. GSP import situation, 1992

U.S. imports and share of U.S. consumption, 1992¹

| Item | Imports 1,000 dollars | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption |
|-----------------------------|-----------------------------|--------------------------------|------------------------------|-----------------------------------|
| Total | *** | *100 | - | *100 |
| Imports from GSP countries: | | | | |
| Total | *** | *** | *100 | *** |
| Hungary | *** | *** | *100 | *** |

¹ Data in this table are estimated by the staff of the U.S. International Trade Commission.

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

Comment.--Hungary and Holland are the primary sources of U.S. imports of estradiol and estradiol benzoate. Most, if not all, of the imports of trenbolone acetate during 1992 and prior years have reportedly been sourced from France. According to information provided by the petitioner, ***.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Hungary for all digest products

Ranking as a U.S. import supplier, 1992. NA

Price elasticity:

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

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

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

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

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

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

Price level compared with--

U.S. products. Above ☐ Equivalent ☒ Below ☐

Other foreign products Above ☐ Equivalent ☒ Below ☐

Quality compared with--

U.S. products. Above ☐ Equivalent ☒ Below ☐

Other foreign products Above ☐ Equivalent ☒ Below ☐

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

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

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

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

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

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

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

Price level compared with--

U.S. products. Above ☐ Equivalent ☒ Below ☐

Other foreign products Above ☐ Equivalent ☒ Below ☐

Quality compared with--

U.S. products. Above ☐ Equivalent ☒ Below ☐

Other foreign products Above ☐ Equivalent ☒ Below ☐

V. Position of interested parties

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

VI. Summary of probable economic effects--Addition

* * * * *

DIGEST NO. 4007.00.00

EXTRUDED RUBBER THREAD

EXTRUDED RUBBER THREAD¹¹

I. Introduction

___ Addition to GSP X Removal from GSP

___ Competitive-need-limit waiver

| HTS subheading | Short description | Col. 1 rate of duty (1/1/93) | U.S. production of like or directly competitive article on Jan. 3, 1985? |
|-------------------------|------------------------|---------------------------------|--|
| | | <u>Percent ad valorem</u> | |
| ¹ 4007.00.00 | Extruded rubber thread | 4.2% | Yes |

¹Malaysia has been proclaimed by the President as noneligible for GSP treatment for articles included under HTS subheading 4007.00.00.

Description and uses.--Extruded rubber thread is a vulcanized monofilament elastic fiber of any cross-sectional shape or gauge that is produced by a low-pressure extrusion of compounded natural rubber latex. Rubber thread is typically manufactured in sizes ranging in diameter from 0.007 inch (140 gauge) to 0.056 inch (18 gauge). Additionally, rubber thread can be characterized by type--talc'd, talcless, fine gauge, heat-resistant, and food-grade.¹²

The textile industry is the major consuming industry of extruded rubber thread; typical uses include underwear waistbands, women's foundation garments, outer-wear, sock tops, belting, suspenders, and elastic fabric. Nontextile uses include meat netting, toys (eg. Koosh ball), and elastic power cords (bungee cords and tie-downs).

¹¹ The petitioner, North American Rubber Thread Co., Inc., filed an antidumping petition (investigation No. 731-TA-527 (final)) and a countervailing duty petition (303-TA-22 (preliminary)) with the Commission on August 29, 1991. Another petition was filed on June 18, 1992 under section 202 of the Trade Act of 1974 (investigation No. TA-201-63).

¹² There is another type of rubber thread product called cut rubber thread. It is similar to extruded rubber thread in that it can be made from natural rubber but is also made of synthetic elastomers. It also differs from the product of this petition in that it is made from sheets of rubber and not from natural rubber latex. Furthermore, the physical characteristics of the extruded and square cut products are sufficiently different so that each product has found applications in generally separate markets.

Vulcanized rubber cord, covered in HTS subheading 4007.00.00, constitutes multiple strands of either the extruded rubber thread or the rectangular (square cut) rubber thread. The petitioner estimates that basically all imports under HTS 4007.00.00 are extruded, round rubber thread.

II. U.S. market profile

Profile of U.S. industry and market, 1989-92

| Item | 1989 | 1990 | 1991 | 1992 |
|---------------------------------------|--------|--------|--------|--------|
| Producers (number) | 3 | 3 | 2 | 2 |
| Employment | 205 | 190 | *** | 1*** |
| Shipments (1,000 dollars) | 47,905 | 30,534 | *** | *** |
| Exports (1,000 dollars) | 3,603 | 6,428 | 4,698 | 5,778 |
| Imports (1,000 dollars) | 4,019 | 9,156 | 16,477 | 20,541 |
| Consumption (1,000 dollars) | 51,924 | 39,690 | *** | *** |
| Import-to-consumption ratio (percent) | 8 | 23 | *** | *** |
| Capacity utilization (percent) | 71 | 58 | *** | 1*** |

¹ Data estimated by the staff of the U.S. International Trade Commission.

Note.--Data on imports and exports are estimated from official statistics of the U.S. Department of Commerce, the only source of such data available for the complete time period under consideration in this investigation. These data differ from those collected through questionnaires in USITC investigation Nos. 731-TA-527 and TA-201-63, which cover different time periods. Nevertheless the directional trend in imports is similar and Malaysia is the principal import supplier in all cases.

Comment.--The extruded rubber thread industry began in the United States at least 60 years ago and is now a mature industry. Industry sources report that, for the last 20 years, consumption of this product has grown at about 1 percent annually, and is now estimated at *** million pounds annually.

Extruded rubber thread is currently produced in the United States by North American Rubber Thread Co. and Globe Manufacturing Co., both of Fall River, MA. A third producer, Qualitex, Inc., Johnston, RI, ceased production and exited the rubber thread industry in October 1990 with the sale of ***. The cause of the closure of Qualitex has been debated among those in the industry during the course of investigation Nos. 731-TA-527 and TA-201-63. Although Qualitex was a U.S. producer, the company was ***. The two main reasons cited for Qualitex's closure are that it was forced out of the business by low-priced imports, and that the ***.

North American Rubber Thread Co. is the *** producers with capacity of *** pounds in 1992. The company produces talced, talcless, heat-resistant, and specialty (special colored Koosh ball and large diameter) extruded rubber threads.

Globe Manufacturing Co. is the *** U.S. producer of rubber thread and produces all types of thread except food grade. Although Globe originally started as an extruded rubber thread producer, it now ***.

The large-volume purchasers of extruded rubber thread typically purchase the lowest-priced rubber thread available. However, small and specialty purchasers tend to have long-standing relationships with their rubber thread suppliers.

During 1989-92, total imports of extruded rubber thread increased from \$4.0 million to \$20.5 million, or by over 400 percent. Malaysia accounted for the majority of imports during the period, \$940,000 in 1989 and rising to \$18 million in 1992.

III. GSP import situation, 1992

U.S. imports and share of U.S. consumption, 1992

| Item | Imports 1,000 dollars | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption |
|---------------------------------|-----------------------------|--------------------------------|------------------------------|-----------------------------------|
| Grand total | 20,541 | 100 | - | *** |
| Imports from GSP countries: | | | | |
| GSP total | 19,586 | 95 | 100 | *** |
| Malaysia ¹ | 17,970 | 87 | 92 | *** |
| Brazil | 738 | 4 | 4 | *** |
| Thailand | 353 | 2 | 2 | *** |
| Israel ² | 350 | 2 | 2 | *** |
| Indonesia | 66 | (³) | (³) | *** |

¹ Only 30 percent (\$5,790 thousand) of Malaysian imports in 1992 were eligible for GSP duty-free treatment because Malaysian's extruded rubber thread was removed from GSP eligibility on March 12, 1992 (57 F.R. 9041, Mar.16, 1992).

² Although imports of extruded rubber thread from Israel are eligible for duty-free entry under the GSP, imports of this item during 1992 from Israel entered duty free under the provisions of the United States-Israel Free Trade Area Implementation Act of 1985.

³ Less than 0.05 percent.

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

Comment.--The majority of U.S. imports of extruded rubber thread in 1992 were supplied by Malaysia (87 percent) followed by Brazil and Thailand with 4 and 2 percent (GSP eligible imports), respectively. Imports from Thailand fluctuated greatly during the period; overall, imports decreased over the period, falling from \$720 million in 1989 to \$353 million in 1992. Imports from Indonesia were nonexistent before 1992 when imports amounted to \$66 million.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Malaysia for all digest products

Ranking as a U.S. import supplier, 1992. 1

Price elasticity:

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

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

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

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

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

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

Price level compared with--

 U.S. products Above Equivalent Below X

 Other foreign products Above Equivalent Below X

Quality compared with--

 U.S. products Above Equivalent X Below

 Other foreign products Above Equivalent X Below

IV. Competitiveness profiles, GSP suppliers--Continued

Comment.--Extruded rubber thread from Malaysia is now subject to additional duties totaling 24.2 percent ad valorem as a result of the outcome of investigation No. 731-TA-527 (57 F.R. 46150, Oct. 7, 1992).

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1992. 2

Price elasticity:

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

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

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

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

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

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

Price level compared with--

U.S. products. Above Equivalent Below X

Other foreign products Above Equivalent Below X

Quality compared with--

U.S. products. Above Equivalent X Below

Other foreign products Above Equivalent X Below

Comment.--Brazil is a net importer of extruded rubber thread and has limited export markets at this time. ***.

Competitiveness indicators for Thailand for all digest products

Ranking as a U.S. import supplier, 1992. 4

Price elasticity:

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

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

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

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

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

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

Price level compared with--

U.S. products. Above Equivalent Below X

Other foreign products Above Equivalent X Below

Quality compared with--

U.S. products. Above Equivalent X Below

Other foreign products Above Equivalent X Below

Comment.--Thailand is included in this report because it was specifically requested in the petition. Although Thailand's price level is below the price level of U.S.-produced extruded rubber thread, the quality is equivalent. In the written submission to the Commission, the petitioner has claimed that this country is *** extruded rubber thread. At the hearing, the petitioner added that North American has been forced back into selling just niche threads; the company now produces 1,500 different items of thread. These niche or specialty threads may not be directly competitive with the high-volume imported thread.

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for Indonesia for all digest products

Ranking as a U.S. import supplier, 1992. 9

Price elasticity:

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

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

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

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

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

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

Price level compared with--

U.S. products. Above Equivalent Below X

Other foreign products Above Equivalent X Below

Quality compared with--

U.S. products. Above Equivalent X Below

Other foreign products Above Equivalent X Below

Comment.--Indonesia is a net importer of extruded rubber thread and has limited export markets at this time. Indonesia is included in this report because it was specifically requested in the petition. Although Indonesia's price level is below the price level of U.S.-produced extruded rubber thread, the quality is equal. In the written submission to the Commission, the petitioner has claimed that this country is *** extruded rubber thread. At the hearing, the petitioner added that North American has been forced back into selling just niche threads; the company now produces 1,500 different items of thread. These niche or specialty threads may not be directly competitive with the high-volume imported thread.

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

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

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

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

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

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

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

Price level compared with--

U.S. products. Above Equivalent Below X

Other foreign products Above Equivalent X Below

Quality compared with--

U.S. products. Above Equivalent X Below

Other foreign products Above Equivalent X Below

V. Position of interested parties

Petitioner: North American Rubber Thread, a U.S. producer of extruded rubber thread.

In written submissions to the Commission and also during the testimony of Mr. John Friar, President of North American, at the hearing on Nov. 17, 1993, North American stated that it was petitioning removal of extruded rubber thread from GSP duty-free status and, at a minimum, GSP duty-free status removal from Thailand and Indonesia. Petitioner claims that Thai and Indonesian

V. Position of interested parties--Continued

rubber thread imports injure U.S. producers. Petitioner added that Thai and Indonesian extruded rubber thread had not been a factor in the U.S. marketplace before the fall of 1992, but since that time, imports from these countries have skyrocketed, capturing 16 percent of the U.S. market.

Opposition: Posthearing submission by Mr. Thomas F. St.Maxens of St.Maxens & Company on behalf of the Government of Thailand.

The opposition argues that the circumstances surrounding the removal of Malaysia as a GSP eligible country and those that pertain to Thailand are substantially different. These include 1) Malaysia dominated U.S. imports of extruded rubber thread, 2) imports of Malaysian extruded rubber thread benefited from unfair trade practices, and 3) U.S. production of extruded rubber thread is not threatened by GSP status.

VI. Summary of probable economic effects--Removal

* * * * *

Table 1.
Digest title: Extruded rubber thread
U.S. imports for consumption, principal sources, 1989-92, January-September 1992-93

| Source | 1989 | 1990 | 1991 | 1992 | January-September | |
|-----------------------|-------|-------|--------|--------|-------------------|-------|
| | | | | | 1992 | 1993 |
| Value (1,000 dollars) | | | | | | |
| Malaysia..... | 940 | 4,813 | 12,490 | 17,970 | 15,577 | 4,496 |
| Brazil..... | 648 | 905 | 983 | 738 | 512 | 569 |
| Taiwan..... | 213 | 201 | 271 | 457 | 385 | 231 |
| Thailand..... | 720 | 168 | 33 | 353 | 215 | 894 |
| Israel..... | 23 | 338 | 368 | 350 | 235 | 30 |
| China..... | 0 | 14 | 271 | 175 | 175 | 58 |
| Japan..... | 630 | 778 | 424 | 157 | 157 | 1 |
| United Kingdom... | 0 | 14 | 17 | 76 | 76 | 4 |
| Indonesia..... | 0 | 0 | 0 | 66 | 0 | 1,868 |
| Mexico..... | 156 | 472 | 190 | 63 | 57 | 0 |
| Italy..... | 206 | 831 | 1,196 | 27 | 27 | 2 |
| Colombia..... | 0 | 0 | 21 | 26 | 26 | 0 |
| Montserrat..... | 0 | 0 | 0 | 19 | 19 | 0 |
| Germany..... | 0 | 4 | 35 | 18 | 18 | 9 |
| Canada..... | 25 | 37 | 96 | 15 | 13 | 110 |
| All other..... | 458 | 581 | 81 | 31 | 22 | 124 |
| Total..... | 4,019 | 9,156 | 16,477 | 20,541 | 17,513 | 8,395 |
| GSP Total..... | 2,678 | 7,018 | 14,085 | 19,586 | 16,641 | 7,894 |
| Percent | | | | | | |
| Malaysia..... | 23.4 | 52.6 | 75.8 | 87.5 | 88.9 | 53.6 |
| Brazil..... | 16.1 | 9.9 | 6.0 | 3.6 | 2.9 | 6.8 |
| Taiwan..... | 5.3 | 2.2 | 1.6 | 2.2 | 2.2 | 2.7 |
| Thailand..... | 17.9 | 1.8 | .2 | 1.7 | 1.2 | 10.6 |
| Israel..... | .6 | 3.7 | 2.2 | 1.7 | 1.3 | .4 |
| China..... | .0 | .2 | 1.6 | .9 | 1.0 | .7 |
| Japan..... | 15.7 | 8.5 | 2.6 | .8 | .9 | 1/ |
| United Kingdom... | .0 | .2 | .1 | .4 | .4 | 1/ |
| Indonesia..... | .0 | .0 | .0 | .3 | .0 | 22.3 |
| Mexico..... | 3.9 | 5.2 | 1.2 | .3 | .3 | .0 |
| Italy..... | 5.1 | 9.1 | 7.3 | .1 | .2 | 1/ |
| Colombia..... | .0 | .0 | .1 | .1 | .1 | .0 |
| Montserrat..... | .0 | .0 | .0 | .1 | .1 | .0 |
| Germany..... | .0 | 1/ | .2 | .1 | .1 | .1 |
| Canada..... | .6 | .4 | .6 | .1 | .1 | 1.3 |
| All other..... | 11.4 | 6.3 | .5 | .1 | .1 | 1.5 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total..... | 66.6 | 76.7 | 85.5 | 95.3 | 95.0 | 94.0 |

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1989 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-93 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

Table 2.
Digest title: Extruded rubber thread
U.S. exports of domestic merchandise, by principal markets, 1989-92, January-September 1992-93

| Market | 1989 | 1990 | 1991 | 1992 | January-September | |
|-----------------------|-------|-------|-------|-------|-------------------|-------|
| | | | | | 1992 | 1993 |
| Value (1,000 dollars) | | | | | | |
| Canada..... | 1,303 | 2,665 | 1,573 | 1,543 | 1,095 | 1,487 |
| Hong Kong..... | 21 | 201 | 225 | 676 | 450 | 560 |
| United Kingdom... | 176 | 163 | 339 | 556 | 415 | 257 |
| Japan..... | 245 | 500 | 609 | 553 | 478 | 194 |
| Singapore..... | 47 | 46 | 92 | 545 | 473 | 320 |
| Argentina..... | 0 | 0 | 0 | 377 | 161 | 98 |
| Luxembourg..... | 0 | 306 | 3 | 171 | 171 | 55 |
| Mexico..... | 508 | 542 | 280 | 149 | 110 | 218 |
| Switzerland..... | 0 | 0 | 32 | 111 | 111 | 40 |
| Australia..... | 27 | 372 | 277 | 97 | 75 | 102 |
| Germany..... | 45 | 83 | 11 | 83 | 56 | 145 |
| Belgium..... | 0 | 0 | 246 | 74 | 74 | 0 |
| Costa Rica..... | 4 | 11 | 11 | 66 | 66 | 0 |
| Ireland..... | 12 | 31 | 175 | 65 | 60 | 0 |
| El Salvador..... | 16 | 0 | 0 | 53 | 6 | 131 |
| All other..... | 1,199 | 1,508 | 828 | 659 | 492 | 1,170 |
| Total..... | 3,603 | 6,428 | 4,698 | 5,778 | 4,293 | 4,776 |
| GSP Total..... | 1,530 | 1,638 | 675 | 1,061 | 648 | 1,165 |
| Percent | | | | | | |
| Canada..... | 36.2 | 41.5 | 33.5 | 26.7 | 25.5 | 31.1 |
| Hong Kong..... | .6 | 3.1 | 4.8 | 11.7 | 10.5 | 11.7 |
| United Kingdom... | 4.9 | 2.5 | 7.2 | 9.6 | 9.7 | 5.4 |
| Japan..... | 6.8 | 7.8 | 13.0 | 9.6 | 11.1 | 4.1 |
| Singapore..... | 1.3 | .7 | 1.9 | 9.4 | 11.0 | 6.7 |
| Argentina..... | .0 | .0 | .0 | 6.5 | 3.7 | 2.0 |
| Luxembourg..... | .0 | 4.8 | .1 | 3.0 | 4.0 | 1.2 |
| Mexico..... | 14.1 | 8.4 | 6.0 | 2.6 | 2.6 | 4.6 |
| Switzerland..... | .0 | .0 | .7 | 1.9 | 2.6 | .8 |
| Australia..... | .7 | 5.8 | 5.9 | 1.7 | 1.8 | 2.1 |
| Germany..... | 1.3 | 1.3 | .2 | 1.4 | 1.3 | 3.0 |
| Belgium..... | .0 | .0 | 5.2 | 1.3 | 1.7 | .0 |
| Costa Rica..... | .1 | .2 | .2 | 1.1 | 1.5 | .0 |
| Ireland..... | .3 | .5 | 3.7 | 1.1 | 1.4 | .0 |
| El Salvador..... | .5 | .0 | .0 | .9 | .1 | 2.7 |
| All other..... | 33.3 | 23.5 | 17.6 | 11.4 | 11.4 | 24.5 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total..... | 42.5 | 25.5 | 14.4 | 18.4 | 15.1 | 24.4 |

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1989 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-93 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

DIGEST NO. 4203.21.40

LEATHER BASEBALL AND SOFTBALL GLOVES AND MITTS

LEATHER BASEBALL AND SOFTBALL GLOVES AND MITTS

I. Introduction

___ Addition to GSP ___ Removal from GSP

X Competitive-need-limit waiver Philippines¹³

| HTS subheading(s) | Short description | Col. 1 rate of duty (1/1/93) Percent ad valorem | U.S. production of like or directly competitive article on on Jan. 3, 1985? |
|----------------------|---|--|---|
| 4203.21.40 | Leather baseball and softball gloves and mitts | 6% | Yes |

Description and uses.--This digest covers leather baseball and softball gloves and mitts. It does not include such gloves made of vinyl classified as plastic products under HTS subheading 3926.20.20 or leather batting gloves classified under HTS subheading 4203.21.20. The leather gloves covered here account for virtually all of the U.S. market for baseball and softball gloves. The vinyl baseball and softball gloves and mitts are used primarily by children and account for only 1 percent of the U.S. market.

II. U.S. market profile

Profile of U.S. industry and market, 1989-92

| Item | 1989 | 1990 | 1991 | 1992 |
|--|------------------|------------------|------------------|------------------|
| Producers (number) ¹ | *** | *** | *** | *** |
| Employment (1,000 employees) ¹ | (²) | (²) | (²) | (²) |
| Shipments (1,000 dollars) ¹ | *** | *** | *** | *** |
| Exports (1,000 dollars) | (³) | (³) | (³) | (³) |
| Imports (1,000 dollars) | 53,418 | 62,220 | 80,998 | 85,928 |
| Consumption (1,000 dollars) ¹ | *** | *** | *** | *** |
| Import-to-consumption ratio (percent) ¹ | *** | *** | *** | *** |
| Capacity utilization (percent) | (⁴) | (⁴) | (⁴) | (⁴) |

¹ Data are estimated by the staff of the U.S. International Trade Commission.

² Estimated at less than 500 employees. The USITC staff estimated that, for 1991, about *** workers produced leather baseball and softball gloves domestically.

³ Data are not available, but U.S. exports of these gloves are believed to be negligible.

⁴ Data are not available.

Comment.--Imports supply all but a small part of the U.S. market for baseball and softball gloves and mitts, with total sales volume averaging slightly more than 6 million gloves a year during 1991-92. About 35 firms, including 3 domestic producers, supply the market. Several large U.S. producers of brand-name sporting goods dominate the market, importing virtually all of their gloves in a wide range of prices and quality. Because the production of baseball and softball gloves is highly labor intensive, the imports come almost entirely from low-labor-cost countries mainly in Asia.

¹³ The Government of the Philippines requested the waiver of the competitive-need limit in the expectation that the nation will exceed the limit in the near future. During the first half of 1993, the Philippines accounted for 46 percent of the total value of imports of leather baseball and softball gloves.

II. U.S. market profile--Continued

The largest of the three U.S. producers of baseball and softball gloves is ***. This firm employs about *** to *** persons in the domestic production of high-end gloves. ***. The other two U.S. glove producers are small firms that make all of their baseball and softball gloves domestically. ***. The gloves produced domestically are, for the most part, high-end gloves that sell at retail for \$150 to \$250 each, primarily to professional ballplayers, college and some high school players, and adult ball teams. ***.

Most of the U.S. market for leather baseball and softball gloves is highly competitive in terms of price. In the high end of the market, which accounts for only a small share, product quality and brand loyalty are as important as price, if not more so. Trade sources report that changes in demand for baseball and softball gloves generally follow changes in the level of economic activity and, as such, demand has been relatively sluggish in recent years.

III. GSP import situation, 1992

U.S. imports and share of U.S. consumption, 1992

| Item | Imports 1,000 dollars | Percent of total Imports | Percent of GSP imports | Percent of U.S. consumption ¹ |
|-------------------------------|-----------------------------|--------------------------------|------------------------------|--|
| Grand total | 85,928 | 100 | - | *** |
| Imports from GSP countries: | | | | |
| GSP total | 49,336 | 57 | 100 | *** |
| Philippines | 35,655 | 41 | 72 | *** |
| Indonesia | 6,868 | 8 | 14 | *** |
| Thailand | 5,161 | 6 | 10 | *** |
| Mexico ² | 1,116 | 1 | 2 | *** |

¹ Data are estimated by staff of the U.S. International Trade Commission.

² As of January 1, 1994, Mexico is no longer a GSP designated country. The duty rates specified under the North American Free Trade Agreement apply to imports from Mexico.

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

Comment.--A significant shift in trade has occurred in the digest products since 1989, when the major suppliers--Korea and Taiwan--lost their GSP status. Korea and Taiwan together supplied 80 percent of the total import value in 1988, the year before they lost their GSP status, but only 30 percent in 1992. The loss of GSP eligibility, along with the escalating labor costs and strong currencies, encouraged producers in Korea and Taiwan to move production of baseball and softball gloves to GSP-eligible countries, primarily to the Philippines, now the largest source by far, as shown above. Trade sources reported that U.S. suppliers are considering China, which is ineligible for the GSP, as an alternate source to the Philippines. Trade sources claimed that China can be competitive in the labor-intensive production and that its extremely low labor costs would offset the 6-percent duty. Under the North American Free Trade Agreement (NAFTA), imports under this subheading will become duty free immediately.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for the Philippines for all digest products

Ranking as a U.S. import supplier, 1992. 1

Price elasticity:

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

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

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

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

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

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

Price level compared with--

U.S. products. Above Equivalent Below X

Other foreign products Above X Equivalent Below

Quality compared with--

U.S. products. Above Equivalent Below X

Other foreign products Above X Equivalent Below

Comment.--The Philippines surpassed Korea in 1992 to become the largest supplier of leather baseball and softball gloves to the U.S. market. Five firms currently produce these gloves in the Philippines, and some of them are owned by Korean, Taiwanese, and Japanese companies. Production costs in the Philippines are slightly higher than those in most other supplying nations, particularly Indonesia and Thailand. However, productivity is reportedly higher in the Philippines, which has also an established infrastructure for the distribution of raw materials used to manufacture the gloves. The price and reported quality of the gloves from the Philippines currently are higher than those from other GSP-eligible countries and from China. Trade sources emphasized that the GSP duty-free treatment enables the Philippines to be competitive with the other GSP suppliers and with the manufacturers that still produce comparable gloves in Korea.

V. Position of interested parties

The Commission received no statement either in support of or in opposition to the proposed modification to the GSP considered in this digest.

VI. Summary of probable economic effects--Competitive-need-limit waiver (the Philippines)

* * * * *

Table 1.
Digest title: Leather baseball and softball gloves and mitts
U.S. imports for consumption, principal sources, 1989-92, January-September 1992-93

| Source | 1989 | 1990 | 1991 | 1992 | January-September | |
|-----------------------|--------|--------|--------|--------|-------------------|--------|
| | | | | | 1992 | 1993 |
| Value (1,000 dollars) | | | | | | |
| Philippines..... | 10,756 | 16,347 | 27,142 | 35,655 | 21,969 | 26,951 |
| Korea..... | 22,547 | 27,347 | 29,028 | 21,368 | 15,416 | 11,211 |
| Indonesia..... | 77 | 915 | 4,493 | 6,868 | 4,141 | 4,326 |
| Taiwan..... | 11,500 | 6,231 | 6,801 | 5,940 | 4,121 | 3,409 |
| Thailand..... | 1,270 | 3,078 | 4,917 | 5,161 | 2,591 | 4,119 |
| China..... | 1,934 | 2,703 | 2,531 | 4,648 | 2,537 | 3,920 |
| Japan..... | 5,139 | 5,284 | 5,662 | 4,447 | 2,935 | 3,891 |
| Mexico..... | 17 | 80 | 47 | 1,116 | 842 | 233 |
| India..... | 4 | 15 | 9 | 255 | 255 | 3 |
| Hong Kong..... | 114 | 115 | 196 | 188 | 11 | 216 |
| Sri Lanka..... | 0 | 13 | 0 | 123 | 123 | 0 |
| Pakistan..... | 14 | 63 | 134 | 81 | 73 | 32 |
| Venezuela..... | 0 | 0 | 0 | 71 | 0 | 0 |
| Kenya..... | 0 | 0 | 0 | 4 | 4 | 0 |
| Malaysia..... | 0 | 0 | 0 | 2 | 2 | 0 |
| All other..... | 45 | 29 | 37 | 1 | 1 | 8 |
| Total..... | 53,418 | 62,220 | 80,998 | 85,928 | 55,022 | 58,319 |
| GSP Total..... | 12,138 | 20,511 | 36,775 | 49,336 | 30,000 | 35,664 |
| Percent | | | | | | |
| Philippines..... | 20.1 | 26.3 | 33.5 | 41.5 | 39.9 | 46.2 |
| Korea..... | 42.2 | 44.0 | 35.8 | 24.9 | 28.0 | 19.2 |
| Indonesia..... | .1 | 1.5 | 5.5 | 8.0 | 7.5 | 7.4 |
| Taiwan..... | 21.5 | 10.0 | 8.4 | 6.9 | 7.5 | 5.8 |
| Thailand..... | 2.4 | 4.9 | 6.1 | 6.0 | 4.7 | 7.1 |
| China..... | 3.6 | 4.3 | 3.1 | 5.4 | 4.6 | 6.7 |
| Japan..... | 9.6 | 8.5 | 7.0 | 5.2 | 5.3 | 6.7 |
| Mexico..... | 1/ | .1 | .1 | 1.3 | 1.5 | .4 |
| India..... | 1/ | 1/ | 1/ | .3 | .5 | 1/ |
| Hong Kong..... | .2 | .2 | .2 | .2 | 1/ | .4 |
| Sri Lanka..... | .0 | 1/ | .0 | .1 | .2 | .0 |
| Pakistan..... | 1/ | .1 | .2 | .1 | .1 | .1 |
| Venezuela..... | .0 | .0 | .0 | .1 | .0 | .0 |
| Kenya..... | .0 | .0 | .0 | 1/ | 1/ | .0 |
| Malaysia..... | .0 | .0 | .0 | 1/ | 1/ | .0 |
| All other..... | .1 | 1/ | 1/ | 1/ | 1/ | 1/ |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total..... | 22.7 | 33.0 | 45.4 | 57.4 | 54.5 | 61.2 |

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1989 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-93 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

DIGEST NO. 7113.19.21
GOLD ROPE NECKLACES AND NECK CHAINS

GOLD ROPE NECKLACES AND NECK CHAINS

I. Introduction

☐ Addition to GSP ☐ Removal from GSP

☒ Competitive-need-limit waiver Israel

| HTS subheading | Short description | Col. 1 rate of duty (1/1/93) <u>Percent ad valorem</u> | U.S. production of like or directly competitive article on Jan. 3, 1985? |
|-------------------|-------------------------------------|--|--|
| 7113.19.21 | Gold rope necklaces and neck chains | 6.5% | Yes |

Description and uses.--The jewelry products covered in this digest include gold necklaces and neck chains that have been cast to resemble ropes. These products may also be of precious metal other than silver, such as platinum, other metals of the platinum group (e.g., iridium, osmium, or rhodium), or precious metal alloys that have been clad or plated with gold. Gold rope necklaces and neck chains appear to be made of individual strands; that illusion gives the products a lighter, more detailed look than chains and necklaces with flat or herringbone-type links.

II. U.S. market profile

Profile of U.S. industry and market, 1989-92

| Item | 1989 | 1990 | 1991 | 1992 |
|---|---------|---------|---------|---------|
| Producers (number). | 45 | 42 | 40 | 40 |
| Employment (1,000 employees). | 3 | 3 | 2 | 2 |
| Shipments (1,000 dollars) | 93,000 | 95,900 | 98,800 | 101,900 |
| Exports (1,000 dollars) | 9,544 | 6,641 | 7,484 | 9,865 |
| Imports (1,000 dollars) | 66,824 | 49,688 | 49,097 | 74,132 |
| Consumption (1,000 dollars) | 150,280 | 138,947 | 140,413 | 166,167 |
| Import-to-consumption ratio (percent) | 44 | 36 | 35 | 45 |
| Capacity utilization (percent). | 63 | 63 | 65 | 65 |

Comment.--The U.S. market for all jewelry, including gold rope necklaces and neck chains, has remained the world's largest since the 1970s. Demand for precious jewelry is based on its value as articles of personal adornment, in part, and on its value as a store of wealth. Precious jewelry historically retains its value while money or other assets do not, thus creating speculative demand during periods of economic uncertainty. Demand for jewelry is expected to remain stable because more women continue to enter the work force and purchase items for themselves, and because jewelry still remains a favorite gift item. Domestic manufacturers, the majority of which are smaller firms with 20 or fewer employees, are somewhat specialized and usually purchase raw materials, parts, and services from suppliers, such as chain manufacturers, stampers, casters, and findings (standardized parts used in manufacture or repair) manufacturers. Domestic producers, located principally in the Northeast, rely on a concentration of trained jewelry workers and parts suppliers and tend toward more traditional casting and production methods than some major foreign suppliers. U.S. producers of the subject products maintain a competitive advantage over most imports of precious metal jewelry (other than from Italy) in the styling, overall availability of product, shorter delivery time, and in historical supplier relationships.

III. GSP import situation, 1992

U.S. imports and share of U.S. consumption, 1992

| Item | Imports 1,000 dollars | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption |
|------------------------------|-----------------------------|--------------------------------|------------------------------|-----------------------------------|
| Grand total | 74,132 | 100 | - | 45 |
| Imports from GSP countries: | | | | |
| GSP total | 68,970 | 93 | 100 | 42 |
| Peru | 24,350 | 33 | 35 | 15 |
| Israel | 19,307 | 26 | 28 | 12 |
| Dominican Republic | 14,712 | 20 | 21 | 9 |
| Chile | 4,426 | 6 | 6 | 3 |

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

Comment.--In an effort to reduce production costs, some U.S. producers have established assembly facilities in Latin America. Jewelry parts are sent to Peru and the Dominican Republic for manual assembly into gold rope necklaces and chains. U.S. producers use these facilities to assemble the more complicated necklaces whereas they keep the automated assembly of necklaces with simpler construction in the United States. Imports from the U.S.-owned/contracted assembly plants in Peru and the Dominican Republic accounted for over half of total U.S. imports in 1992.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Israel for all digest products

Ranking as a U.S. import supplier, 1992. 2

Price elasticity:

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

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

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

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

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

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

Price level compared with--

 U.S. products Above Equivalent X Below

 Other foreign products Above Equivalent X Below

Quality compared with--

 U.S. products Above Equivalent Below X

 Other foreign products Above Equivalent X Below

Comment.--U.S. imports of these products from Israel consist primarily of hand-made necklaces and machine-made chain. Israeli production of these products is generally focused on high-quality, basic-designed chain, and on lighter weight products, as compared with domestically made products. Design and labor costs may subsequently be kept at lower levels than those in the United States and some other major suppliers do. Israeli suppliers have sought to compete in specialty type products where domestic production is limited and to provide better and more timely service on its products than some other foreign suppliers. U.S. imports of gold chain from Israel will be subject to a reduced competitive-need limit of 25 percent in 1994. Israel supplied a potentially disqualifying 26 percent of total U.S. imports in 1992, but only 16 percent in January-September 1993. If the proportion for the first nine months of 1993 holds for the full year, the need for a waiver of the competitive-need limit will be moot. Under the U.S.-Israel FTA, imports of gold chain from Israel will be free of duty as of January 1, 1995, and Israeli suppliers will no longer need GSP to gain duty-free access to the U.S. market.

V. Position of interested parties

The petitioner, the Israel Jewelry Manufacturers Association (IJMA), indicated that a waiver of the competitive need-limit was being sought in order to retain duty-free status for imports of gold necklaces and chains. The IJMA asserted that although gold chain would become duty free in 1995 under the U.S.-Israel FTA, it was possible that Israel could exceed the reduced competitive need limit (25 percent) in 1993 and thus lose GSP eligibility in 1994. The IJMA contended that imposition of the MFN rate of 6.5 percent during 1994 would hurt the competitive position of Israeli gold chain in the U.S. market vis-a-vis gold chain assembled in the Dominican Republic and Peru.

VI. Summary of probable economic effects-- competitive-need-limit waiver (Israel)

* * * * *

Table 1.
Digest title: Gold rope necklaces and neck chains
U.S. imports for consumption, principal sources, 1989-92, January-September 1992-93

| Source | 1989 | 1990 | 1991 | 1992 | January-September | |
|-----------------------|--------|--------|--------|--------|-------------------|--------|
| | | | | | 1992 | 1993 |
| Value (1,000 dollars) | | | | | | |
| Peru..... | 24,945 | 14,638 | 12,449 | 24,350 | 16,514 | 15,242 |
| Israel..... | 80 | 7,104 | 11,523 | 19,307 | 13,933 | 7,856 |
| Dominican Rep.... | 377 | 10,131 | 10,155 | 14,712 | 10,221 | 13,918 |
| Chile..... | 31 | 806 | 4,064 | 4,426 | 2,888 | 2,347 |
| Italy..... | 13,877 | 2,678 | 4,321 | 3,892 | 3,071 | 2,365 |
| Mexico..... | 5,905 | 6,179 | 2,692 | 1,353 | 1,106 | 614 |
| Ecuador..... | 46 | 159 | 31 | 1,321 | 874 | 898 |
| Malaysia..... | 0 | 59 | 972 | 1,310 | 999 | 845 |
| Nicaragua..... | 0 | 0 | 0 | 1,111 | 591 | 628 |
| Thailand..... | 2,388 | 1,638 | 1,557 | 645 | 301 | 408 |
| Zimbabwe..... | 0 | 0 | 0 | 598 | 257 | 943 |
| India..... | 12 | 276 | 350 | 400 | 358 | 822 |
| Malta & Gozo..... | 2,786 | 732 | 296 | 251 | 251 | 835 |
| Costa Rica..... | 5,456 | 2,164 | 2 | 120 | 120 | 0 |
| Yugoslavia..... | 1,819 | 715 | 284 | 78 | 78 | 0 |
| All other..... | 9,101 | 2,408 | 401 | 258 | 245 | 137 |
| Total..... | 66,824 | 49,688 | 49,097 | 74,132 | 51,807 | 47,857 |
| GSP Total..... | 51,210 | 46,856 | 44,569 | 68,970 | 47,998 | 44,776 |
| Percent | | | | | | |
| Peru..... | 37.3 | 29.5 | 25.4 | 32.8 | 31.9 | 31.8 |
| Israel..... | .1 | 14.3 | 23.5 | 26.0 | 26.9 | 16.4 |
| Dominican Rep.... | .6 | 20.4 | 20.7 | 19.8 | 19.7 | 29.1 |
| Chile..... | 1/ | 1.6 | 8.3 | 6.0 | 5.6 | 4.9 |
| Italy..... | 20.8 | 5.4 | 8.8 | 5.3 | 5.9 | 4.9 |
| Mexico..... | 8.8 | 12.4 | 5.5 | 1.8 | 2.1 | 1.3 |
| Ecuador..... | .1 | .3 | .1 | 1.8 | 1.7 | 1.9 |
| Malaysia..... | .0 | .1 | 2.0 | 1.8 | 1.9 | 1.8 |
| Nicaragua..... | .0 | .0 | .0 | 1.5 | 1.1 | 1.3 |
| Thailand..... | 3.6 | 3.3 | 3.2 | .9 | .6 | .9 |
| Zimbabwe..... | .0 | .0 | .0 | .8 | .5 | 2.0 |
| India..... | 1/ | .6 | .7 | .5 | .7 | 1.7 |
| Malta & Gozo..... | 4.2 | 1.5 | .6 | .3 | .5 | 1.7 |
| Costa Rica..... | 8.2 | 4.4 | 1/ | .2 | .2 | .0 |
| Yugoslavia..... | 2.7 | 1.4 | .6 | .1 | .2 | .0 |
| All other..... | 13.6 | 4.8 | .8 | .3 | .5 | .3 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total..... | 76.6 | 94.3 | 90.8 | 93.0 | 92.6 | 93.6 |

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1989 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-93 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

Table 2.
Digest title: Gold rope necklaces and neck chains
U.S. exports of domestic merchandise, by principal markets, 1989-92, January-September 1992-93

| Market | 1989 | 1990 | 1991 | 1992 | January-September | |
|-----------------------|-------|-------|-------|-------|-------------------|-------|
| | | | | | 1992 | 1993 |
| Value (1,000 dollars) | | | | | | |
| Thailand..... | 41 | 56 | 539 | 1,778 | 1,244 | 1,325 |
| Canada..... | 605 | 447 | 632 | 1,097 | 567 | 1,036 |
| Japan..... | 2,619 | 1,665 | 856 | 1,001 | 584 | 483 |
| Switzerland..... | 1,593 | 724 | 704 | 899 | 643 | 743 |
| Bolivia..... | 573 | 628 | 1,006 | 727 | 622 | 149 |
| Mexico..... | 230 | 678 | 718 | 541 | 424 | 307 |
| United Kingdom... | 363 | 281 | 300 | 502 | 354 | 281 |
| Panama..... | 9 | 9 | 208 | 486 | 465 | 29 |
| Germany..... | 179 | 142 | 322 | 443 | 286 | 290 |
| Hong Kong..... | 1,379 | 466 | 441 | 308 | 266 | 242 |
| Dominican Rep.... | 84 | 33 | 68 | 247 | 183 | 158 |
| Korea..... | 19 | 68 | 66 | 190 | 132 | 106 |
| Italy..... | 158 | 57 | 82 | 186 | 82 | 405 |
| Netherlands Ant.. | 47 | 130 | 69 | 173 | 106 | 108 |
| France..... | 262 | 228 | 120 | 146 | 142 | 29 |
| All other..... | 1,384 | 1,027 | 1,354 | 1,139 | 821 | 818 |
| Total..... | 9,544 | 6,641 | 7,484 | 9,865 | 6,922 | 6,508 |
| GSP Total..... | 2,064 | 2,301 | 3,418 | 4,696 | 3,551 | 2,595 |
| Percent | | | | | | |
| Thailand..... | .4 | .9 | 7.2 | 18.0 | 18.0 | 20.4 |
| Canada..... | 6.3 | 6.7 | 8.4 | 11.1 | 8.2 | 15.9 |
| Japan..... | 27.4 | 25.1 | 11.4 | 10.1 | 8.4 | 7.4 |
| Switzerland..... | 16.7 | 10.9 | 9.4 | 9.1 | 9.3 | 11.4 |
| Bolivia..... | 6.0 | 9.5 | 13.4 | 7.4 | 9.0 | 2.3 |
| Mexico..... | 2.4 | 10.2 | 9.6 | 5.5 | 6.1 | 4.7 |
| United Kingdom... | 3.8 | 4.2 | 4.0 | 5.1 | 5.1 | 4.3 |
| Panama..... | .1 | .1 | 2.8 | 4.9 | 6.7 | .4 |
| Germany..... | 1.9 | 2.1 | 4.3 | 4.5 | 4.1 | 4.5 |
| Hong Kong..... | 14.5 | 7.0 | 5.9 | 3.1 | 3.8 | 3.7 |
| Dominican Rep.... | .9 | .5 | .9 | 2.5 | 2.6 | 2.4 |
| Korea..... | .2 | 1.0 | .9 | 1.9 | 1.9 | 1.6 |
| Italy..... | 1.7 | .9 | 1.1 | 1.9 | 1.2 | 6.2 |
| Netherlands Ant.. | .5 | 2.0 | .9 | 1.8 | 1.5 | 1.7 |
| France..... | 2.7 | 3.4 | 1.6 | 1.5 | 2.1 | .5 |
| All other..... | 14.5 | 15.5 | 18.1 | 11.5 | 11.9 | 12.6 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total..... | 21.6 | 34.6 | 45.7 | 47.6 | 51.3 | 39.9 |

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1989 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-93 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

DIGEST NO. 7308.90.90(pt)

WELDED STEEL GRATINGS

WELDED STEEL GRATINGS

I. Introduction

___ Addition to GSP X Removal from GSP Venezuela

___ Competitive-need-limit waiver

| HTS subheading | Short description | Col. 1 rate of duty (1/1/93) Percent ad valorem | U.S. production of like or directly competitive article on Jan. 3, 1985? |
|-----------------------------|-----------------------|--|--|
| 7308.90.90(pt) ¹ | Welded steel gratings | 5.7% | Yes |

¹ Imports of welded steel gratings are classified under HTS subheading 7308.90.9090, which contains also other products that are not subject to the GSP request.

Description and uses.--Welded steel grating is an open grid metal-bar assembly comprised of bearing bars welded under pressure to cross bars running perpendicular. Grating is used as a flooring or walkway product where strength, combined with light and air circulation, is desirable. Gratings are produced either in rectangular galvanized panels (generally 3 by 20 feet), for distributors, fabricators, and consumers, or in fabricated forms specified by customers.

II. U.S. market profile

Profile of U.S. industry and market, 1989-92

| Item | 1989 | 1990 | 1991 | 1992 |
|---|----------|----------|----------|----------|
| Producers (number) | 6 | 6 | 6 | 6 |
| Employment (1,000 employees) | 1 | 1 | 1 | 1 |
| Shipments (1,000 dollars) ¹ | *135,000 | *153,000 | *140,000 | *128,000 |
| Exports (1,000 dollars) ² | (2) | (2) | (2) | (2) |
| Imports (1,000 dollars) ² | (2) | (2) | (2) | (2) |
| Consumption (1,000 dollars) | (2) | (2) | (2) | (2) |
| Import-to-consumption ratio (percent) | (3) | (3) | (3) | (3) |
| Capacity utilization (percent) ¹ | *55 | *60 | *55 | *55 |

¹ Data are estimated by the staff of the U.S. International Trade Commission.

² Data are not available. Trade data for HTS subheading 7308.90.9090 include products other than welded steel gratings. However, imports of welded steel gratings are believed to account for less than 5 percent of consumption. Other estimates provided by domestic and foreign industry sources range from *** of apparent domestic consumption. However these latter estimates are based on trade data for the entire HTS subheading or on incomplete trade data (such as excluding trade with Mexico and Canada).

³ Not applicable.

Comment.--Digest products are price-sensitive commodities in standard sizes, with little differentiation among suppliers. Shipments, mostly for flooring (catwalks, walkways) in industrial facilities (including oil refiners, petrochemical producers, metal producers, and utilities), are divided evenly among distributors and fabricators. Demand depends upon the level of industrial construction. Although welded steel gratings represent a small portion of total facility cost, price represents the key determinant in purchasing decisions. Price competition in the industry is influenced by a number of factors, the most important of which are wage costs, input and coating costs (for flat-rolled carbon steel and bars and zinc, respectively), and compliance with government

II. U.S. market profile--Continued

regulations on zinc use and waste disposal. Equipment and production techniques differ only slightly among producers, but this does not give a competitive edge to any of the producers, according to industry executives.

The U.S. industry, comprising six companies operating 14 U.S. facilities, possesses a competitive advantage over foreign producers largely because its proximity to customers reduces transportation costs and increases timeliness of delivery. This advantage may compensate partially for lower foreign costs in inputs and government compliance.

III. GSP import situation, 1992

U.S. imports and share of U.S. consumption, 1992

| Item | Imports 1,000 dollars | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption |
|----------------------------------|-----------------------------|--------------------------------|------------------------------|-----------------------------------|
| Grand total | (¹) | 100 | - | (¹) |
| Imports from GSP countries: | | | | |
| GSP total | (¹) | (¹) | 100 | (¹) |
| Venezuela ² | 115 | (²) | (²) | (³) |

¹ Data are not available. However, imports are believed to account for less than 5 percent of consumption. Total 1992 imports reached \$46 million under HTS subheading 7308.90.9090. Imports from GSP countries totaled \$2 million under this subheading. This subheading includes welded steel gratings as well as other fabricated steel products not included in the digest.

² Industry experts indicate that imports under HTS subheading 7308.90.9090 from Venezuela are of welded steel gratings, the product subject to the petition. Sources disagree with respect to the value of digest products imported from other GSP-beneficiaries, but agree that the amount is small.

³ Less than 0.5 percent

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

Comment.--Imports from GSP-beneficiary countries consist of stock panels (as opposed to fabricated grillwork) and flow through the same channels of distribution (distributors and to fabricators) as the domestic product.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Venezuela for all digest products

Ranking as a U.S. import supplier, 1992. 22¹

Price elasticity:

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

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

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

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

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

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

Price level compared with--

U.S. products. Above Equivalent Below X

Other foreign products Above Equivalent X Below

Quality compared with--

U.S. products. Above Equivalent X Below

Other foreign products Above Equivalent X Below

¹ Based on trade data for 7308.90.9090, which include products other than welded steel gratings.

Comment.--There are five producers of welded steel gratings in Venezuela. The largest is Acero Grill, which accounts for all exports of this product from Venezuela to the United States. In operation since 1975, Acero Grill describes itself as one of the healthiest and most dynamic industrial groups in the metal industry in Venezuela, producing gratings to the highest international technical standards.

Imported and domestic welded steel gratings are relatively homogeneous. As a relatively recent entrant to the U.S. market, Acero Grill's prices are reportedly lower than those of the U.S. industry designed to entice new consumers. The U.S. industry possesses a competitive advantage in delivery timeliness, which partially offsets foreign price advantage.

The fabrication of welded steel gratings provides relatively little value-added to the cost of the inputs (carbon steel hot-rolled plate, sheet, and bars), which have been considered import sensitive products.¹⁴

V. Position of interested parties

Petitioner.--The petitioner, IKG Industries, a division of Harsco Corp., is a private company operating four facilities in Ohio, Tennessee, Texas, and California (as well as two in Mexico and one in Canada) that produce welded steel, aluminum, and fiberglass gratings. IKG describes itself as the largest single producer of digest products in the United States. Petitioner's position is that the domestic industry, including its own facilities, is being harmed by growing imports of less-than-fair-value (dumped) and low-priced fungible commodity-grade welded steel gratings from Venezuela into the United States, and into the regional Houston market.¹⁵ Petitioner's posthearing submission states that there are no imports of the subject welded steel gratings from countries other than Canada and Venezuela; imports of welded steel gratings from Venezuela accounted for 25 percent of total imports of welded steel gratings during January-August 1993); and that imports of welded steel gratings from Venezuela, which had increased 400 percent from 1991 to 1992, rose by

¹⁴ Imports of steel mill products, including the inputs for welded steel gratings, are not generally eligible for GSP treatment, in part because most were subject to numerous Title VII cases brought by the domestic steel industry, and quantitative restraints under the system of Voluntary Restraint Agreements (VRA).

¹⁵ Petitioner alleges that the U.S. industry is particularly vulnerable because of declining production, shipments, sales, unit prices, and profitability, low capacity utilization, and recent cost increases. Apparently one U.S. producer, ***.

V. Position of interested parties--Continued

another 300 percent during the period January-August 1993, compared with 1992. Petitioner contends that imports from Venezuela grew to 1 percent of apparent domestic consumption during January-August 1993.

Petitioner further contends that the Venezuelan producer is fully competitive with the international and U.S. industries and utilizes the same processes and technology; that welded steel gratings should be considered an import-sensitive steel article, not eligible for GSP-treatment; and that the Venezuelan producer benefits from numerous export subsidies and possesses enough market power to set prices on home-market sales which confers an unfair competitive advantage.

Opposition--Acero Grill C.A., the major producer and nearly-sole exporter of welded steel gratings from Venezuela,¹⁶ filed a posthearing written statement through its U.S. counsel opposing the petition to remove GSP benefits from imports of welded steel gratings from Venezuela. Acero Grill argues that it exported to the United States for the first time in 1992 and that it is not competitive internationally (that, its export performance is weak; it produces on a smaller scale than does the petitioner; and it possesses less sophisticated manufacturing equipment). Acero Grill further argues that U.S. imports from Venezuela are de minimis, accounting for ***, and that some welded steel gratings were re-exported to ***.

Acero Grill proffers that any declining performance by the U.S. industry is due to factors other than imports from Venezuela: it states that welded steel gratings are not import sensitive; U.S. industry shipments experienced their greatest decline during a period in which there were no imports from Venezuela; and Acero Grill's access to the U.S. market is limited by the fact that ***. Acero Grill argues that increased substitution of alternative types of gratings (gratings of aluminum and fiberglass, for example) has affected the U.S. market for welded steel gratings, and it points to the U.S. industry's export performance as one example of the industry's undiminished competitiveness. Acero Grill also argues that there exists no regional Houston industry: the ***.

Acero Grill states that it neither engages in unfair trade nor benefits from subsidies. Its submission attaches a letter of support from the Venezuelan Institute for Foreign Trade saying that Venezuela's subsidy programs were eliminated several years ago and explaining Venezuela's economic liberalization program.

¹⁶ According to Acero Grill's posthearing submission, "the Venezuelan welded steel grating industry consists of two small producers and three larger ones." Acero Grill accounts for approximately *** of the Venezuelan market; only Acero Grill has exported these products to the United States, although one other producer in Venezuela exported these products to countries in the Caribbean.

VI. Summary of probable economic effects--removal-(Venezuela)

★ ★ ★ ★ ★ ★ ★

DIGEST NO. 8402.20.00
SUPER-HEATED WATER BOILERS

SUPER-HEATED WATER BOILERS

I. Introduction

___ Addition to GSP ___ Removal from GSP

X Competitive-need-limit waiver Philippines

| HTS subheading(s) | Short description | Col. 1 rate of duty (1/1/93) Percent ad valorem | U.S. production of like or directly competitive article on Jan. 3, 1985? |
|-------------------------|----------------------------|--|--|
| 8402.20.00 ¹ | Super-heated water boilers | 6.5% | Yes |

¹The Philippines has been proclaimed by the President as noneligible for GSP treatment for articles included under HTS subheading 8402.20.00.

Description and uses.--The subject products are super-heated water boilers. In these boilers, pressure is raised so that the water can be heated to a temperature far in excess of the normal vaporization point (about 356 degrees Fahrenheit, or 180 degrees Celsius). This type of boiler is typically fueled by natural gas, coal, or electricity. The water in the boiler is heated in a system of water tubes that are surrounded by the hot flue gases generated in the boiler's combustion chamber. The steam is then recycled through a set of tubes at the top of the boiler that are heated by the hot flue gases to further reduce the amount of moisture in the steam. Since the water in the boiler is constantly under pressure, the water is circulated in a closed circuit beginning and ending in the boiler. The output heat from the boiler is transferred from the water tubes through heat exchangers attached to the boiler. Super-heated water boilers are generally located away from the buildings receiving the heat. These boilers are an integral part of electric power plants and are also used to provide heat to industrial buildings, such as motor vehicle body paint-drying tunnels, or to large groups of commercial buildings.

II. U.S. market profile

Profile of U.S. industry and market, 1989-92

| Item | 1989 | 1990 | 1991 | 1992 |
|--|-----------|-----------|-----------|-----------|
| Producers (number) ¹ | **14 | **14 | **14 | **14 |
| Employment (thousands) ¹ | **4 | **4 | **4 | **4 |
| Shipments (1,000 dollars) ¹ | **600,000 | **570,000 | **540,000 | **580,000 |
| Exports (1,000 dollars) | 1,485 | 3,396 | 2,807 | 2,868 |
| Imports (1,000 dollars) | 2,385 | 4,221 | 1,751 | 14,407 |
| Consumption (1,000 dollars) ¹ | **600,900 | **570,825 | **538,944 | **591,539 |
| Import-to-consumption ratio (percent) ¹ | **(2) | **1 | **(2) | **2 |
| Capacity utilization (percent) ¹ | **80 | **75 | **70 | **75 |

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

² Less than 0.5 percent.

II. U.S. market profile

Comment.--There are about fourteen U.S. producers of super-heated water boilers. The major U.S. producers of these boilers include Babcock & Wilcox Co., ABB Combustion Engineering, Foster Wheeler Energy Corp., and Riley Stoker Corp.¹⁷ The sole producer of super-heated water boilers in the Philippines is Babcock-Hitachi (Philippines), Inc., a wholly owned subsidiary of Hitachi Ltd. of Japan.¹⁸ Super-heated water boilers are produced on a custom-built basis and require a significant amount of engineering design to meet the customers' needs. The leadtime on producing these boilers is about 12 to 18 months. The principal factors in the purchase decision are price, including life cycle costs, technical competence of the manufacturer, service, and timely delivery. The competitive strengths of the U.S. industry are technological and engineering competence and proximity to customers. During 1992, the independent power production/cogeneration segment of the U.S. market for super-heated water boilers accounted for about 40 percent of the total market, industrial process applications accounted for another 40 percent, and public utilities accounted for the remaining 20 percent.¹⁹ During 1992 and January-September 1993, the U.S. market for super-heated water boilers was depressed by a lack of demand. Competition has depressed pricing levels, and U.S. producers have responded by reducing costs during a time of slow sales. On November 1, 1993, Babcock & Wilcox's Power Generation Group laid off 250 persons out of 1,360 total employees in response to slow sales. Historically, there has been little foreign competition. The principal foreign suppliers are Colombia, the Philippines, Canada (where Babcock and Wilcox Co. has a subsidiary that produces boilers), and Germany.

III. GSP import situation, 1992

U.S. imports and share of U.S. consumption, 1992

| Item | Imports 1,000 dollars | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption ¹ |
|------------------------------------|-----------------------------|--------------------------------|------------------------------|--|
| Grand total | 14,407 | 100 | - | **2 |
| Imports from GSP countries: | | | | |
| GSP total ² | 13,986 | 97 | 100 | **2 |
| Philippines ² | 13,986 | 97 | 100 | **2 |

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

² The Philippines became ineligible for GSP benefits under this HTS subheading in July 1993.

Comment.--Babcock-Hitachi (Philippines), Inc., is the sole producer of super-heated water boilers in the Philippines. The Philippines was the only GSP designated country supplier and the major supplier to the United States in 1992. During January-September 1993, there were no imports from the Philippines. However, super-heated boilers were imported duty-free under the GSP from Colombia in 1989, 1990, and 1993.

¹⁷ Russell Mosher, Executive Director, American Boiler Manufacturers' Association, telephone interview with USITC staff, Dec. 12, 1993.

¹⁸ Babcock & Wilcox Co. is not affiliated in any way with Babcock-Hitachi (Philippines) Inc. At one time, Babcock & Wilcox had a number of joint ventures overseas, but these were sold by 1960 to foreign investors. The Babcock name was transferred to these entities. Foreign subsidiaries of Babcock & Wilcox Co. have Babcock & Wilcox in the name, according to an official of Babcock & Wilcox, telephone interview with USITC staff, Dec. 1, 1993.

¹⁹ Russell Mosher, Executive Director, American Boiler Manufacturers' Association, telephone interview with USITC staff, Dec. 12, 1993.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for the Philippines for all digest products

Ranking as a U.S. import supplier, 1992. 1

Price elasticity:

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

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

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

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

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

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

Price level compared with--

U.S. products. Above ☐ Equivalent ☒ Below ☐

Other foreign products Above ☐ Equivalent ☒ Below ☐

Quality compared with--

U.S. products. Above ☐ Equivalent ☒ Below ☐

Other foreign products Above ☐ Equivalent ☒ Below ☐

Comment.--The Philippines was the only GSP supplier and the major supplier to the United States in 1992. During January-September 1993, Colombia was the only GSP supplier. U.S. consumers generally prefer to purchase from a domestic supplier because of the high reputation of U.S. producers, their high level of technological and engineering competence, and their prompt delivery. Proximity to the U.S. consumer is a major factor, given the significant level of engineering input by the customer. However, imports have generally been supplied as part of subcontracts for turnkey power plants. Once a design is agreed upon by the end user and the boiler producer, it is difficult to change suppliers because of the scheduling delays and the complexity of the massive transfer of technical data to the new supplier. The price and quality of super-heated boilers produced in the United States and of those imported from Canada, Germany, Colombia, and the Philippines are approximately the same.

V. Position of interested parties

The Commission received no statement either in support of or in opposition to the proposed modification to the GSP considered in this digest.

VI. Summary of probable economic effects--competitive-need-limit waiver (Philippines)

* * * * *

Table 1.
Digest title: Super-heated water boilers
U.S. imports for consumption, principal sources, 1989-92, January-September 1992-93

| Source | 1989 | 1990 | 1991 | 1992 | January-September | |
|-----------------------|-------|-------|-------|--------|-------------------|-------|
| | | | | | 1992 | 1993 |
| Value (1,000 dollars) | | | | | | |
| Philippines..... | 0 | 0 | 0 | 13,986 | 13,986 | 0 |
| Canada..... | 371 | 0 | 22 | 378 | 0 | 3 |
| Denmark..... | 0 | 103 | 28 | 31 | 18 | 7 |
| Taiwan..... | 0 | 0 | 0 | 11 | 0 | 0 |
| Colombia..... | 2,011 | 4,033 | 0 | 0 | 0 | 7,614 |
| United Kingdom... | 2 | 0 | 0 | 0 | 0 | 0 |
| Belgium..... | 0 | 85 | 0 | 0 | 0 | 0 |
| Germany..... | 0 | 0 | 1,698 | 0 | 0 | 0 |
| Italy..... | 0 | 0 | 2 | 0 | 0 | 0 |
| Australia..... | 0 | 0 | 0 | 0 | 0 | 12 |
| Total..... | 2,385 | 4,221 | 1,751 | 14,407 | 14,005 | 7,636 |
| GSP Total..... | 2,011 | 4,033 | 0 | 13,986 | 13,986 | 7,614 |
| Percent | | | | | | |
| Philippines..... | .0 | .0 | .0 | 97.1 | 99.9 | .0 |
| Canada..... | 15.6 | .0 | 1.3 | 2.6 | .0 | 1/ |
| Denmark..... | .0 | 2.4 | 1.6 | .2 | .1 | .1 |
| Taiwan..... | .0 | .0 | .0 | .1 | .0 | .0 |
| Colombia..... | 84.3 | 95.5 | .0 | .0 | .0 | 99.7 |
| United Kingdom... | .1 | .0 | .0 | .0 | .0 | .0 |
| Belgium..... | .0 | 2.0 | .0 | .0 | .0 | .0 |
| Germany..... | .0 | .0 | 97.0 | .0 | .0 | .0 |
| Italy..... | .0 | .0 | .1 | .0 | .0 | .0 |
| Australia..... | .0 | .0 | .0 | .0 | .0 | .2 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total..... | 84.3 | 95.5 | .0 | 97.1 | 99.9 | 99.7 |

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1989 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-93 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

Table 2.
Digest title: Super-heated water boilers
U.S. exports of domestic merchandise, by principal markets, 1989-92, January-September 1992-93

| Market | 1989 | 1990 | 1991 | 1992 | January-September | |
|-----------------------|-------|-------|-------|-------|-------------------|-------|
| | | | | | 1992 | 1993 |
| Value (1,000 dollars) | | | | | | |
| Mexico..... | 345 | 152 | 153 | 664 | 636 | 970 |
| Korea..... | 74 | 0 | 55 | 433 | 352 | 73 |
| Colombia..... | 0 | 0 | 8 | 383 | 383 | 24 |
| Canada..... | 510 | 1,987 | 177 | 341 | 304 | 289 |
| Guatemala..... | 0 | 100 | 498 | 249 | 209 | 72 |
| Kuwait..... | 0 | 0 | 0 | 229 | 10 | 0 |
| Netherlands..... | 6 | 40 | 0 | 71 | 71 | 0 |
| Australia..... | 249 | 22 | 52 | 55 | 0 | 0 |
| Brazil..... | 0 | 7 | 0 | 52 | 0 | 0 |
| Peru..... | 17 | 0 | 5 | 51 | 51 | 0 |
| United Kingdom... | 8 | 111 | 22 | 45 | 45 | 312 |
| Singapore..... | 33 | 30 | 0 | 41 | 9 | 0 |
| Indonesia..... | 0 | 58 | 0 | 32 | 32 | 0 |
| El Salvador..... | 0 | 9 | 45 | 30 | 30 | 30 |
| Germany..... | 24 | 0 | 0 | 28 | 28 | 41 |
| All other..... | 218 | 880 | 1,792 | 163 | 125 | 7,052 |
| Total..... | 1,485 | 3,396 | 2,807 | 2,868 | 2,284 | 8,862 |
| GSP Total..... | 455 | 721 | 1,725 | 1,588 | 1,440 | 1,399 |
| Percent | | | | | | |
| Mexico..... | 23.2 | 4.5 | 5.4 | 23.1 | 27.9 | 10.9 |
| Korea..... | 5.0 | .0 | 2.0 | 15.1 | 15.4 | .8 |
| Colombia..... | .0 | .0 | .3 | 13.4 | 16.8 | .3 |
| Canada..... | 34.4 | 58.5 | 6.3 | 11.9 | 13.3 | 3.3 |
| Guatemala..... | .0 | 2.9 | 17.7 | 8.7 | 9.2 | .8 |
| Kuwait..... | .0 | .0 | .0 | 8.0 | .4 | .0 |
| Netherlands..... | .4 | 1.2 | .0 | 2.5 | 3.1 | .0 |
| Australia..... | 16.8 | .6 | 1.9 | 1.9 | .0 | .0 |
| Brazil..... | .0 | .2 | .0 | 1.8 | .0 | .0 |
| Peru..... | 1.1 | .0 | .2 | 1.8 | 2.2 | .0 |
| United Kingdom... | .5 | 3.3 | .8 | 1.6 | 2.0 | 3.5 |
| Singapore..... | 2.2 | .9 | .0 | 1.4 | .4 | .0 |
| Indonesia..... | .0 | 1.7 | .0 | 1.1 | 1.4 | .0 |
| El Salvador..... | .0 | .3 | 1.6 | 1.0 | 1.3 | .3 |
| Germany..... | 1.6 | .0 | .0 | 1.0 | 1.2 | .5 |
| All other..... | 14.7 | 25.9 | 63.8 | 5.7 | 5.5 | 79.6 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total..... | 30.6 | 21.2 | 61.5 | 55.4 | 63.0 | 15.8 |

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1989 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-93 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

DIGEST NO. 8407.34.2080

CERTAIN SPARK-IGNITION ENGINES FOR USE IN MOTOR VEHICLES

CERTAIN SPARK-IGNITION ENGINES FOR USE IN MOTOR VEHICLES

I. Introduction

☐ Addition to GSP ☐ Removal from GSP

☒ Competitive-need-limit waiver Brazil

| HTS subheading | Short description | Col. 1 rate of duty (1/1/93) <u>Percent ad valorem</u> | U.S. production of like or directly competitive article on Jan. 3, 1985? |
|---------------------------|---|--|--|
| 8407.34.2080 ¹ | Certain spark-ignition engines for use in motor vehicles are gasoline-type reciprocating piston engines with a cylinder capacity of more than 1,000 cubic centimeters | 3.1% | Yes |

¹ Mexico has been proclaimed by the President as noneligible for GSP treatment for articles included under HTS subheading 8407.34.20.

Description and uses.--The subject products are spark-ignition reciprocating internal combustion piston engines used for the propulsion of vehicles classified in chapter 87 of the Harmonized Tariff Schedule of the United States (HTS). These engines are used in road tractors for semitrailers (HTS subheading 8701.20); in public-transport type passenger motor vehicles (HTS heading 8702); in motor cars and other motor vehicles principally designed for the transport of persons (HTS heading 8703); and in motor vehicles designed for the transport of goods (HTS heading 8704).

II. U.S. market profile

Profile of U.S. industry and market, 1989-92

| Item | 1989 | 1990 | 1991 | 1992 |
|--|---------|---------|---------|---------|
| Producers (number) ¹ | *25 | *25 | *25 | *25 |
| Employment (1,000 employees) ¹ | **38 | **38 | **38 | **38 |
| Shipments (million dollars) | *15,206 | *14,259 | *15,041 | *15,250 |
| Exports (million dollars) | 639 | 1,338 | 1,681 | 2,009 |
| Imports (million dollars) | 1,482 | 2,245 | 1,899 | 1,925 |
| Consumption (million dollars) ¹ | *16,049 | *15,166 | *15,259 | *15,166 |
| Import-to-consumption ratio (percent) ¹ | *9 | *15 | *12 | *13 |
| Capacity utilization (percent) ¹ | *72 | *71 | *69 | *71 |

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

Comment.--U.S. production of engines is largely captive, dominated by the engine divisions of the U.S. Big Three automakers (General Motors (GM), Ford, and Chrysler). U.S. consumers of motor vehicles purchase products based on quality and price; brand loyalty is less of a factor in purchasing decisions. Competitive strengths of U.S. producers include proximity to the U.S. consumer and quality products. Major foreign competitors of U.S. engine producers are located in Canada, Japan, Mexico, and the European Union.

III. GSP import situation, 1992

U.S. imports and share of U.S. consumption, 1992

| Item | Imports 1,000 dollars | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption ¹ |
|-------------------------------|-----------------------------|--------------------------------|------------------------------|--|
| Grand total | 1,924,688 | 100 | - | *13 |
| Imports from GSP countries: | | | | |
| GSP total | 401,695 | 21 | 100 | *3 |
| Mexico ² | 364,076 | 19 | 91 | *2 |
| Brazil | 37,581 | 2 | 9 | *(3) |

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

² Mexico is not eligible for GSP treatment for articles included under HTS subheading 8407.34.20 in 1993. As of January 1, 1994, Mexico is no longer a GSP designated country. The duty rates specified under the North American Free Trade Agreement apply to imports from Mexico.

³ Less than 0.5 percent.

Comment.--***. In 1992, U.S. imports of the Brazilian-made engines amounted to only 2 percent of the total U.S. imports and less than 1 percent of the total U.S. consumption of the engines classified under HTS subheading 8407.34.2080. Mexico accounted for 91 percent of U.S. imports from GSP designated countries during 1992; however, the subject engines imported from Mexico are no longer eligible for duty-free treatment under the GSP. Under the North American Free Trade Agreement (NAFTA), imports of these products from Mexico will enter the United States duty-free. Canada is the largest foreign supplier of these engines, accounting for 47 percent of total U.S. imports during 1992. Over 90 percent of U.S. imports of engines from Canada in 1992 entered the United States free of duty under the Automotive Products Trade Act of 1965 or at substantially reduced duty rates under the U.S.-Canada Free-Trade Agreement.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1992. 5

Price elasticity:

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

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

Can production in the country be easily expanded or contracted

in the short term? Yes X No

Does the country have significant export markets besides the

United States? Yes X No

Could exports from the country be readily redistributed among

its foreign export markets? Yes X No

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

Price level compared with--

U.S. products. Above Equivalent Below X

Other foreign products Above Equivalent Below X

Quality compared with--

U.S. products. Above Equivalent X Below

Other foreign products Above Equivalent X Below

Comment.--***.

IV. Competitiveness profiles, GSP suppliers--Continued

The quality of the engines imported from Brazil is comparable with that of similar U.S.-made and other foreign-sourced engines.

V. Position of interested parties

Petitioner.--General Motors Corp. (GM) requested a waiver of the competitive-need limit to reinstate GSP privileges for engines classified under HTS subheading 8407.34.20. Petitioner stated that reinstating GSP privileges for the subject engines imported from Brazil would provide GM tariff savings that would contribute to the improved competitive position of finished vehicles produced by GM. In addition, petitioner claimed that the waiver could in turn promote continued progress by the Brazilian Government in lowering tariff barriers to the Brazilian market.

VI. Summary of probable economic effects--Competitive-need-limit waiver (Brazil)

* * * * *

Table 1.

Digest title: Certain spark-ignition engines for use in motor vehicles

U.S. imports for consumption, principal sources, 1989-92, January-September 1992-93

| Source | 1989 | 1990 | 1991 | 1992 | January-September | |
|-----------------------|-----------|-----------|-----------|-----------|-------------------|-----------|
| | | | | | 1992 | 1993 |
| Value (1,000 dollars) | | | | | | |
| Canada..... | 691,885 | 1,222,309 | 856,407 | 918,821 | 662,997 | 850,381 |
| Germany..... | 286,845 | 542,860 | 567,194 | 380,921 | 284,105 | 206,676 |
| Mexico..... | 330,336 | 307,038 | 328,339 | 364,076 | 276,642 | 194,935 |
| Japan..... | 160,292 | 158,970 | 85,792 | 220,902 | 161,223 | 244,086 |
| Brazil..... | 4,796 | 1,094 | 31,581 | 37,581 | 34,880 | 55,515 |
| United Kingdom... | 6,094 | 4,813 | 1,921 | 1,124 | 616 | 1,183 |
| France..... | 920 | 4,856 | 1,243 | 307 | 162 | 15 |
| Korea..... | 328 | 270 | 503 | 282 | 173 | 304 |
| Spain..... | 112 | 611 | 144 | 223 | 223 | 1,021 |
| Sweden..... | 153 | 235 | 215 | 181 | 118 | 255 |
| Australia..... | 52 | 59 | 53 | 174 | 174 | 46 |
| Russia..... | 0 | 0 | 0 | 29 | 29 | 0 |
| Thailand..... | 0 | 8 | 0 | 23 | 23 | 0 |
| Italy..... | 53 | 133 | 108 | 18 | 6 | 3 |
| Niger..... | 0 | 0 | 0 | 14 | 14 | 0 |
| All other..... | 23 | 1,391 | 25,236 | 14 | 4 | 1,774 |
| Total..... | 1,481,888 | 2,244,647 | 1,898,734 | 1,924,688 | 1,421,389 | 1,556,194 |
| GSP Total..... | 335,141 | 308,488 | 359,939 | 401,695 | 311,559 | 250,450 |
| Percent | | | | | | |
| Canada..... | 46.7 | 54.5 | 45.1 | 47.7 | 46.6 | 54.6 |
| Germany..... | 19.4 | 24.2 | 29.9 | 19.8 | 20.0 | 13.3 |
| Mexico..... | 22.3 | 13.7 | 17.3 | 18.9 | 19.5 | 12.5 |
| Japan..... | 10.8 | 7.1 | 4.5 | 11.5 | 11.3 | 15.7 |
| Brazil..... | .3 | 1/ | 1.7 | 2.0 | 2.5 | 3.6 |
| United Kingdom... | .4 | .2 | .1 | .1 | 1/ | .1 |
| France..... | .1 | .2 | .1 | 1/ | 1/ | 1/ |
| Korea..... | 1/ | 1/ | 1/ | 1/ | 1/ | 1/ |
| Spain..... | 1/ | 1/ | 1/ | 1/ | 1/ | .1 |
| Sweden..... | 1/ | 1/ | 1/ | 1/ | 1/ | 1/ |
| Australia..... | 1/ | 1/ | 1/ | 1/ | 1/ | 1/ |
| Russia..... | .0 | .0 | .0 | 1/ | 1/ | .0 |
| Thailand..... | .0 | 1/ | .0 | 1/ | 1/ | .0 |
| Italy..... | 1/ | 1/ | 1/ | 1/ | 1/ | 1/ |
| Niger..... | .0 | .0 | .0 | 1/ | 1/ | .0 |
| All other..... | 1/ | .1 | 1.3 | 1/ | 1/ | .1 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total..... | 22.6 | 13.7 | 19.0 | 20.9 | 21.9 | 16.1 |

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1989 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-93 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

Table 2.
Digest title: Certain spark-ignition engines for use in motor vehicles
U.S. exports of domestic merchandise, by principal markets, 1989-92, January-September 1992-93

| Market | 1989 | 1990 | 1991 | 1992 | January-September | |
|-----------------------|---------|-----------|-----------|-----------|-------------------|-----------|
| | | | | | 1992 | 1993 |
| Value (1,000 dollars) | | | | | | |
| Canada..... | 542,406 | 1,232,466 | 1,509,007 | 1,628,372 | 1,225,129 | 1,435,530 |
| Mexico..... | 712 | 20,038 | 110,558 | 290,398 | 215,953 | 217,294 |
| Belgium..... | 52,283 | 63,119 | 52,623 | 41,186 | 34,513 | 223 |
| Japan..... | 743 | 156 | 48 | 38,179 | 18,627 | 47,092 |
| Germany..... | 917 | 232 | 2,284 | 2,485 | 2,423 | 228 |
| Korea..... | 12 | 5 | 523 | 2,172 | 1,966 | 1,954 |
| Saudi Arabia..... | 1,521 | 1,626 | 2,310 | 2,166 | 1,901 | 2,214 |
| Netherlands..... | 143 | 239 | 149 | 1,047 | 1,015 | 216 |
| Kuwait..... | 719 | 629 | 199 | 777 | 616 | 140 |
| United Kingdom... | 35,521 | 18,604 | 1,170 | 402 | 303 | 855 |
| United Arab Em... | 362 | 252 | 385 | 330 | 283 | 402 |
| Italy..... | 253 | 192 | 562 | 253 | 185 | 6 |
| Qatar..... | 217 | 130 | 257 | 215 | 215 | 368 |
| Venezuela..... | 1,765 | 128 | 373 | 163 | 94 | 478 |
| Australia..... | 153 | 25 | 47 | 107 | 18 | 1,416 |
| All other..... | 1,768 | 532 | 538 | 528 | 404 | 720 |
| Total..... | 639,495 | 1,338,371 | 1,681,032 | 2,008,780 | 1,503,645 | 1,709,136 |
| GSP Total..... | 2,704 | 20,302 | 111,099 | 290,899 | 216,288 | 217,918 |
| Percent | | | | | | |
| Canada..... | 84.8 | 92.1 | 89.8 | 81.1 | 81.5 | 84.0 |
| Mexico..... | .1 | 1.5 | 6.6 | 14.5 | 14.4 | 12.7 |
| Belgium..... | 8.2 | 4.7 | 3.1 | 2.1 | 2.3 | 1/ |
| Japan..... | .1 | 1/ | 1/ | 1.9 | 1.2 | 2.8 |
| Germany..... | .1 | 1/ | .1 | .1 | .2 | 1/ |
| Korea..... | 1/ | 1/ | 1/ | .1 | .1 | .1 |
| Saudi Arabia..... | .2 | .1 | .1 | .1 | .1 | .1 |
| Netherlands..... | 1/ | 1/ | 1/ | .1 | .1 | 1/ |
| Kuwait..... | .1 | 1/ | 1/ | 1/ | 1/ | 1/ |
| United Kingdom... | 5.6 | 1.4 | .1 | 1/ | 1/ | .1 |
| United Arab Em... | .1 | 1/ | 1/ | 1/ | 1/ | 1/ |
| Italy..... | 1/ | 1/ | 1/ | 1/ | 1/ | 1/ |
| Qatar..... | 1/ | 1/ | 1/ | 1/ | 1/ | 1/ |
| Venezuela..... | .3 | 1/ | 1/ | 1/ | 1/ | 1/ |
| Australia..... | 1/ | 1/ | 1/ | 1/ | 1/ | .1 |
| All other..... | .3 | 1/ | 1/ | 1/ | 1/ | 1/ |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total..... | .4 | 1.5 | 6.6 | 14.5 | 14.4 | 12.8 |

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1989 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-93 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

DIGEST NO. 8409.91.91(pt)

ALUMINUM CYLINDER HEADS FOR USE IN MOTOR VEHICLES

ALUMINUM CYLINDER HEADS FOR USE IN MOTOR VEHICLES

I. Introduction

☐ Addition to GSP ☐ Removal from GSP

☒ Competitive-need-limit waiver Brazil²⁰

| HTS subheading | Short description | Col. 1 rate of duty (1/1/93) <u>Percent ad valorem</u> | U.S. production of like or directly competitive article on Jan. 3, 1985? |
|-------------------------|---|--|--|
| 8409.91.91 ¹ | An aluminum cylinder head is a detachable portion of the motor-vehicle engine that is securely fastened to the cylinder block | 3.1% | Yes |

¹ Brazil and Mexico are currently ineligible for GSP treatment for articles included under HTS subheading 8409.91.91.

Description and uses.--The subject products are cylinder heads made of aluminum alloy that are typically assembled into spark-ignition reciprocating internal combustion piston engines used for the propulsion of vehicles classified in chapter 87 of the Harmonized Tariff Schedule of the United States (HTS). These cylinder heads are fastened to the cylinder block that contains all or a significant portion of the combustion chamber.

II. U.S. market profile

Profile of U.S. industry and market, 1989-92¹

| Item | 1989 | 1990 | 1991 | 1992 |
|--|------|------|------|------|
| Producers (number). | *6 | *7 | *7 | *8 |
| Employment (1,000 employees). | *2 | *3 | *3 | *4 |
| Shipments (million dollars). | *328 | *350 | *341 | *384 |
| Exports (million dollars). | *82 | *87 | *85 | *96 |
| Imports (million dollars). | *101 | *95 | *86 | *101 |
| Consumption (million dollars). | *347 | *358 | *342 | *389 |
| Import-to-consumption ratio (percent). | *29 | *27 | *25 | *26 |
| Capacity utilization (percent). | *72 | *71 | *69 | *71 |

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

Comment.--U.S. producers of aluminum cylinder heads have established a global reputation for manufacturing quality products. U.S. production of aluminum cylinder heads includes a few large independent producers, such as the Eagle-Pitcher Auto Group's Ross Aluminum Foundries Division, the Aluminum Co. of America's Alcoa Automotive Products Division, and Kaiser Aluminum. The most important U.S. consumers of aluminum cylinder heads are the U.S. Big Three automakers (General Motors (GM), Ford, and Chrysler). These automakers purchase their products based on quality and

²⁰ USTR requests advice on the waiver of the reduced competitive need limit specified in section 504(c)(2) of the 1974 Trade Act, but not the higher competitive need limit specified in section 504(c)(1) of the 1974 Trade Act.

II. U.S. market profile--Continued

price considerations; brand loyalty is less of a factor in their purchasing decisions. Competitive strengths of U.S. producers include proximity to the U.S. consumer, as well as the modern manufacturing methods used by the U.S. industry. Major foreign competitors for U.S. aluminum cylinder head producers are located in Japan, Canada, Mexico, and the European Union.

III. GSP import situation, 1992

U.S. imports and share of U.S. consumption, 1992¹

| Item | Imports 1,000 dollars | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption |
|-------------------------------|-----------------------------|--------------------------------|------------------------------|-----------------------------------|
| Grand total | 100,803 | 100 | - | *26 |
| Imports from GSP countries: | | | | |
| GSP total | *12,929 | 13 | 100 | *3 |
| Mexico ² | *9,889 | 10 | 76 | *3 |
| Brazil ² | *2,167 | 2 | 17 | *(1) |

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

² Mexico and Brazil are no longer eligible for GSP treatment for articles included under HTS subheading 8409.91.91. As of January 1, 1994, Mexico is no longer a GSP designated country. The duty rates specified under the North American Free Trade Agreement apply to imports from Mexico.

Comment.--***. Mexico accounted for 76 percent of U.S. imports from GSP beneficiary countries during 1992; however, the subject cylinder heads imported from Mexico are no longer eligible for duty-free treatment under the GSP. Under the North American Free Trade Agreement (NAFTA), a 2.4 percent U.S. import duty on these Mexican products will be phased out over five years. Japan is the largest foreign supplier of motor-vehicle engine parts, accounting for 41 percent of total U.S. imports of these products during 1992. Over 90 percent of U.S. imports of aluminum cylinder heads from Canada, the second largest source of these products, entered the United States free of duty in 1992 under the Automotive Products Trade Act of 1965, or at substantially reduced duty rates under the U.S.-Canada Free-Trade Agreement.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Brazil for all digest products

Ranking as a U.S. import supplier, 1992. 5

Price elasticity:

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

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

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

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

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

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

Price level compared with--

 U.S. products. Above Equivalent Below X

 Other foreign products Above Equivalent Below X

Quality compared with--

 U.S. products. Above Equivalent X Below

 Other foreign products Above Equivalent X Below

IV. Competitiveness profiles, GSP suppliers--Continued

Comment.--Brazil was the fifth largest source of U.S. imports of the product discussed in this digest during 1992. U.S. industry sources indicate that Brazilian producers of aluminum cylinder heads hold a cost advantage regarding the production of similar products in the United States. The Brazilian-sourced cylinder heads also tend to have a price advantage over comparable engine parts imported from Japan, Canada, and Germany and are price competitive with Mexican-made cylinder heads. The quality of these parts imported from Brazil is comparable to similar type U.S.-made and other foreign-sourced parts.

V. Position of interested parties

Petitioner.--FMP Productos Metalurgicos Ltda requested a waiver of the competitive-need limit to reinstate GSP privileges for aluminum cylinder heads classified under HTS subheading 8409.91.91(pt) and imported from Brazil. Petitioner states that the special duty rate will enable FMP Productos Metalurgicos Ltda to compete successfully in the U.S. market by providing a lower price to its present and future customers.

VI. Summary of probable economic effects--Competitive-need-limit waiver (Brazil)

* * * * *

Table 1.
Digest title: Aluminum cylinder heads for use in motor vehicles
U.S. imports for consumption, principal sources, 1989-92, January-September 1992-93

| Source | 1989 | 1990 | 1991 | 1992 | January-September | |
|-----------------------|---------|--------|--------|---------|-------------------|--------|
| | | | | | 1992 | 1993 |
| Value (1,000 dollars) | | | | | | |
| Japan..... | 26,919 | 29,300 | 29,262 | 41,154 | 29,310 | 35,359 |
| Canada..... | 40,305 | 37,413 | 33,337 | 36,308 | 27,901 | 28,673 |
| Mexico..... | 6,118 | 6,119 | 7,488 | 9,889 | 7,574 | 7,498 |
| Germany..... | 8,402 | 5,733 | 4,618 | 4,194 | 3,137 | 3,092 |
| Brazil..... | 5,142 | 3,571 | 3,585 | 2,167 | 1,905 | 1,991 |
| United Kingdom... | 2,952 | 2,185 | 1,456 | 1,900 | 1,286 | 1,527 |
| Taiwan..... | 1,347 | 1,220 | 1,037 | 1,056 | 825 | 844 |
| France..... | 2,060 | 1,150 | 948 | 1,035 | 868 | 442 |
| Italy..... | 1,158 | 2,399 | 2,101 | 683 | 394 | 1,665 |
| Argentina..... | 276 | 417 | 299 | 491 | 336 | 385 |
| Spain..... | 515 | 260 | 287 | 352 | 250 | 299 |
| Korea..... | 348 | 291 | 344 | 307 | 230 | 336 |
| Israel..... | 248 | 298 | 347 | 291 | 216 | 162 |
| China..... | 45 | 132 | 178 | 184 | 117 | 142 |
| Sweden..... | 165 | 164 | 194 | 180 | 135 | 144 |
| All other..... | 5,422 | 4,201 | 868 | 615 | 430 | 399 |
| Total..... | 101,423 | 94,851 | 86,352 | 100,803 | 74,915 | 82,958 |
| GSP Total..... | 11,839 | 10,459 | 11,799 | 12,929 | 10,103 | 10,095 |
| Percent | | | | | | |
| Japan..... | 26.5 | 30.9 | 33.9 | 40.8 | 39.1 | 42.6 |
| Canada..... | 39.7 | 39.4 | 38.6 | 36.0 | 37.2 | 34.6 |
| Mexico..... | 6.0 | 6.5 | 8.7 | 9.8 | 10.1 | 9.0 |
| Germany..... | 8.3 | 6.0 | 5.3 | 4.2 | 4.2 | 3.7 |
| Brazil..... | 5.1 | 3.8 | 4.2 | 2.1 | 2.5 | 2.4 |
| United Kingdom... | 2.9 | 2.3 | 1.7 | 1.9 | 1.7 | 1.8 |
| Taiwan..... | 1.3 | 1.3 | 1.2 | 1.0 | 1.1 | 1.0 |
| France..... | 2.0 | 1.2 | 1.1 | 1.0 | 1.2 | .5 |
| Italy..... | 1.1 | 2.5 | 2.4 | .7 | .5 | 2.0 |
| Argentina..... | .3 | .4 | .3 | .5 | .4 | .5 |
| Spain..... | .5 | .3 | .3 | .3 | .3 | .4 |
| Korea..... | .3 | .3 | .4 | .3 | .3 | .4 |
| Israel..... | .2 | .3 | .4 | .3 | .3 | .2 |
| China..... | 1/ | .1 | .2 | .2 | .2 | .2 |
| Sweden..... | .2 | .2 | .2 | .2 | .2 | .2 |
| All other..... | 5.3 | 4.4 | 1.0 | .6 | .6 | .5 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total..... | 11.7 | 11.0 | 13.7 | 12.8 | 13.5 | 12.2 |

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1989 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-93 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

Table 2.
Digest title: Aluminum cylinder heads for use in motor vehicles
U.S. exports of domestic merchandise, by principal markets, 1989-92, January-September 1992-93

| Market | 1989 | 1990 | 1991 | 1992 | January-September | |
|-----------------------|--------|--------|--------|--------|-------------------|--------|
| | | | | | 1992 | 1993 |
| Value (1,000 dollars) | | | | | | |
| Canada..... | 39,500 | 49,761 | 49,421 | 51,570 | 37,947 | 49,115 |
| Mexico..... | 18,399 | 10,061 | 6,040 | 8,314 | 6,447 | 4,979 |
| Brazil..... | 211 | 358 | 2,073 | 6,517 | 4,595 | 7,217 |
| Venezuela..... | 2,175 | 3,295 | 4,623 | 4,772 | 3,746 | 3,254 |
| Australia..... | 1,814 | 1,216 | 1,855 | 3,457 | 2,703 | 6,824 |
| Germany..... | 2,496 | 4,445 | 3,752 | 2,737 | 2,436 | 772 |
| Saudi Arabia..... | 2,051 | 1,858 | 1,788 | 2,509 | 1,907 | 2,021 |
| United Kingdom... | 1,174 | 1,233 | 1,446 | 2,009 | 1,460 | 1,270 |
| Colombia..... | 1,858 | 1,628 | 1,623 | 1,705 | 1,101 | 2,219 |
| Japan..... | 1,896 | 1,862 | 1,213 | 1,480 | 1,117 | 1,782 |
| Italy..... | 482 | 329 | 397 | 863 | 669 | 621 |
| France..... | 887 | 741 | 363 | 807 | 560 | 1,336 |
| Turkey..... | 172 | 696 | 826 | 803 | 680 | 377 |
| Chile..... | 356 | 400 | 432 | 721 | 512 | 360 |
| Ecuador..... | 517 | 518 | 660 | 515 | 426 | 391 |
| All other..... | 8,055 | 9,045 | 8,849 | 7,237 | 5,440 | 5,562 |
| Total..... | 82,043 | 87,446 | 85,362 | 96,016 | 71,746 | 88,102 |
| GSP Total..... | 27,186 | 20,882 | 20,232 | 26,590 | 19,925 | 21,308 |
| Percent | | | | | | |
| Canada..... | 48.1 | 56.9 | 57.9 | 53.7 | 52.9 | 55.7 |
| Mexico..... | 22.4 | 11.5 | 7.1 | 8.7 | 9.0 | 5.7 |
| Brazil..... | .3 | .4 | 2.4 | 6.8 | 6.4 | 8.2 |
| Venezuela..... | 2.7 | 3.8 | 5.4 | 5.0 | 5.2 | 3.7 |
| Australia..... | 2.2 | 1.4 | 2.2 | 3.6 | 3.8 | 7.7 |
| Germany..... | 3.0 | 5.1 | 4.4 | 2.9 | 3.4 | .9 |
| Saudi Arabia..... | 2.5 | 2.1 | 2.1 | 2.6 | 2.7 | 2.3 |
| United Kingdom... | 1.4 | 1.4 | 1.7 | 2.1 | 2.0 | 1.4 |
| Colombia..... | 2.3 | 1.9 | 1.9 | 1.8 | 1.5 | 2.5 |
| Japan..... | 2.3 | 2.1 | 1.4 | 1.5 | 1.6 | 2.0 |
| Italy..... | .6 | .4 | .5 | .9 | .9 | .7 |
| France..... | 1.1 | .8 | .4 | .8 | .8 | 1.5 |
| Turkey..... | .2 | .8 | 1.0 | .8 | .9 | .4 |
| Chile..... | .4 | .5 | .5 | .8 | .7 | .4 |
| Ecuador..... | .6 | .6 | .8 | .5 | .6 | .4 |
| All other..... | 9.8 | 10.3 | 10.4 | 7.5 | 7.6 | 6.3 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total..... | 33.1 | 23.9 | 23.7 | 27.7 | 27.8 | 24.2 |

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1989 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-93 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

DIGEST NO. 8471.20.00

PORTABLE COMPUTERS

PORTABLE COMPUTERS

I. Introduction

☐ Addition to GSP ☐ Removal from GSP

☒ Competitive-need-limit waiver Malaysia and Indonesia

| HTS subheading(s) | Short description | Col. 1 rate of duty (1/1/93) <u>Percent ad valorem</u> | U.S. production of like or directly competitive article on Jan. 3, 1985 |
|----------------------|--|--|---|
| 8471.20.00 | Digital computers containing in the same housing at least a CPU and an input/output unit | 3.9% | Yes |

Description and uses.--This subheading includes laptop and notebook computers incorporating both a central processing unit (microprocessor) and input/output unit (display monitor). Certain desktop computers with a built-in monitor may also be classified in this subheading. Computers in this subheading are used widely in commercial, home, and educational data processing applications.

II. U.S. market profile

Profile of U.S. industry and market, 1989-92

| Item | 1989 | 1990 | 1991 | 1992 |
|---|-----------|-----------|-----------|-----------|
| Producers (number) | 80 | 85 | 98 | 110 |
| Employment (1,000 employees) | 17 | 22 | 28 | 36 |
| Shipments (1,000 dollars) | 4,770,000 | 5,710,000 | 6,640,000 | 8,150,000 |
| Exports (1,000 dollars) | 2,445,497 | 2,195,524 | 1,929,812 | 1,949,076 |
| Imports (1,000 dollars) | 481,029 | 394,342 | 687,059 | 1,403,606 |
| Consumption (1,000 dollars) | 2,805,532 | 3,908,818 | 5,397,247 | 7,604,530 |
| Import-to-consumption ratio (percent) | 17 | 10 | 13 | 18 |
| Capacity utilization (percent) | 85 | 82 | 86 | 88 |

Comment.--U.S. producers of portable computers are among the most competitive in the world, competing primarily on the basis of price and marketing skill. Intense price competition and declining profit margins have forced manufacturers to trim overhead and materials costs by streamlining the PC production process. U.S. firms have also shifted to direct mail and "superstore" distribution channels.

III. GSP import situation, 1992

U.S. imports and share of U.S. consumption, 1992

| Item | Imports 1,000 dollars | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption |
|---------------------------------|-----------------------------|--------------------------------|------------------------------|-----------------------------------|
| Grand total | 1,403,606 | 100 | - | 18 |
| Imports from GSP countries: | | | | |
| GSP total | 12,181 | 1 | 100 | (1) |
| Mexico ² | 8,742 | 1 | 72 | (1) |
| Malaysia ³ | 1,623 | (1) | 13 | (1) |
| Israel | 630 | (1) | 5 | (1) |
| Thailand | 460 | (1) | 4 | (1) |
| Indonesia | 0 | (1) | 0 | (1) |

¹ Less than 0.5 percent.

² As of January 1, 1994, Mexico is no longer a GSP designated country. The duty rates specified under the North American Free Trade Agreement apply to imports from Mexico.

³ Although imports of portable computers from Israel are eligible for duty free entry under the GSP, imports of this item during 1992 from Israel entered duty-free under the provisions of the United States-Israel Free-Trade Area Implementation Act of 1985.

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

Comment.--Under the North American Free Trade Agreement (NAFTA), imports from Mexico under this subheading are imported duty-free.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Malaysia for all digest products

Ranking as a U.S. import supplier, 1992. 13

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes X No ___
 What is the price elasticity of U.S. demand? High X Moderate ___ Low ___
 Can production in the country be easily expanded or contracted
 in the short term? Yes X No ___
 Does the country have significant export markets besides the
 United States? Yes X No ___
 Could exports from the country be readily redistributed among
 its foreign export markets? Yes X No ___
 What is the price elasticity of import supply? High X Moderate ___ Low ___

Price level compared with--

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

Quality compared with--

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

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for Indonesia for all digest products

Ranking as a U.S. import supplier, 1992. N.A.

Price elasticity:

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

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

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

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

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

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

Price level compared with--

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

Other foreign products Above ☐ Equivalent ☐ Below ☐

Quality compared with--

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

Other foreign products Above ☐ Equivalent ☐ Below ☐

Comment.--Currently there is no known production of portable computers in Indonesia. U.S. imports of this item from Indonesia in 1992 were zero.

V. Position of interested parties

Petitioner.--The petitioner is Apple Computer, Inc. In a written submission, the petitioner states its intention to supplement existing supplies of notebook computers by relying more heavily on Malaysian and Indonesian production. In addition to low labor costs and close proximity to Asian markets in both Malaysia and Indonesia, the petitioner maintains that duty-free access to the U.S. market will improve the company's competitive position worldwide. The petitioner states that cost reductions associated with lower duties will benefit workers in related production facilities in California and Colorado.

VI. Summary of probable economic effects--Need-limit waiver (Malaysia)

* * * * *

VI. Summary of probable economic effects--Need-limit waiver (Indonesia)

★ ★ ★ ★ ★ ★ ★

VI. Summary of probable economic effects--Need-limit waiver (both Malaysia and Indonesia)

* * * * *

Table 1.
Digest title: Portable computers
U.S. imports for consumption, principal sources, 1989-92, January-September 1992-93

| Source | 1989 | 1990 | 1991 | 1992 | January-September | |
|-----------------------|---------|---------|---------|-----------|-------------------|-----------|
| | | | | | 1992 | 1993 |
| Value (1,000 dollars) | | | | | | |
| Japan..... | 140,498 | 94,134 | 101,855 | 468,494 | 265,520 | 839,060 |
| Taiwan..... | 71,932 | 93,558 | 258,296 | 342,201 | 248,070 | 289,427 |
| Singapore..... | 705 | 50,290 | 64,409 | 143,965 | 78,286 | 256,136 |
| Ireland..... | 6,466 | 7,182 | 35,674 | 104,845 | 104,178 | 1,856 |
| Canada..... | 21,146 | 11,543 | 7,484 | 95,606 | 67,394 | 165,328 |
| Hong Kong..... | 23,613 | 13,867 | 48,322 | 88,138 | 64,314 | 25,678 |
| Korea..... | 73,377 | 57,410 | 95,221 | 71,868 | 52,687 | 44,236 |
| United Kingdom... | 16,834 | 10,767 | 32,781 | 36,919 | 30,951 | 39,029 |
| Germany..... | 26,020 | 16,474 | 17,285 | 23,574 | 20,670 | 6,308 |
| Mexico..... | 672 | 545 | 1,010 | 8,742 | 5,853 | 21,647 |
| Italy..... | 18,604 | 11,775 | 7,531 | 7,387 | 2,985 | 7,485 |
| France..... | 33,841 | 8,729 | 6,662 | 3,435 | 2,850 | 4,160 |
| Malaysia..... | 7 | 31 | 19 | 1,623 | 1,397 | 988 |
| Switzerland..... | 960 | 768 | 534 | 1,355 | 1,324 | 700 |
| Sweden..... | 3,048 | 3,248 | 2,444 | 846 | 444 | 66 |
| All other..... | 43,308 | 14,020 | 7,531 | 4,610 | 3,631 | 10,044 |
| Total..... | 481,029 | 394,342 | 687,059 | 1,403,606 | 950,552 | 1,712,148 |
| GSP Total..... | 31,698 | 8,842 | 1,668 | 12,181 | 8,723 | 24,628 |
| Percent | | | | | | |
| Japan..... | 29.2 | 23.9 | 14.8 | 33.4 | 27.9 | 49.0 |
| Taiwan..... | 15.0 | 23.7 | 37.6 | 24.4 | 26.1 | 16.9 |
| Singapore..... | .1 | 12.8 | 9.4 | 10.3 | 8.2 | 15.0 |
| Ireland..... | 1.3 | 1.8 | 5.2 | 7.5 | 11.0 | .1 |
| Canada..... | 4.4 | 2.9 | 1.1 | 6.8 | 7.1 | 9.7 |
| Hong Kong..... | 4.9 | 3.5 | 7.0 | 6.3 | 6.8 | 1.5 |
| Korea..... | 15.3 | 14.6 | 13.9 | 5.1 | 5.5 | 2.6 |
| United Kingdom... | 3.5 | 2.7 | 4.8 | 2.6 | 3.3 | 2.3 |
| Germany..... | 5.4 | 4.2 | 2.5 | 1.7 | 2.2 | .4 |
| Mexico..... | .1 | .1 | .1 | .6 | .6 | 1.3 |
| Italy..... | 3.9 | 3.0 | 1.1 | .5 | .3 | .4 |
| France..... | 7.0 | 2.2 | 1.0 | .2 | .3 | .2 |
| Malaysia..... | 1/ | 1/ | 1/ | .1 | .1 | .1 |
| Switzerland..... | .2 | .2 | .1 | .1 | .1 | 1/ |
| Sweden..... | .6 | .8 | .4 | .1 | 1/ | 1/ |
| All other..... | 9.0 | 3.6 | 1.1 | .3 | .4 | .6 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total..... | 6.6 | 2.2 | .2 | .9 | .9 | 1.4 |

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1989 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-93 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

Table 2.

Digest title: Portable computers

U.S. exports of domestic merchandise, by principal markets, 1989-92, January-September 1992-93

Digest No.
84712000

| Market | 1989 | 1990 | 1991 | 1992 | January-September | |
|-----------------------|-----------|-----------|-----------|-----------|-------------------|-----------|
| | | | | | 1992 | 1993 |
| Value (1,000 dollars) | | | | | | |
| United Kingdom... | 368,951 | 342,328 | 266,757 | 226,926 | 179,389 | 112,124 |
| Canada..... | 198,904 | 167,040 | 169,680 | 205,000 | 142,018 | 141,230 |
| Germany..... | 266,167 | 250,425 | 202,209 | 177,777 | 130,452 | 84,685 |
| Japan..... | 407,303 | 247,232 | 170,023 | 165,591 | 125,937 | 142,880 |
| France..... | 209,645 | 204,420 | 135,276 | 110,484 | 88,538 | 46,569 |
| Singapore..... | 45,013 | 64,567 | 82,746 | 108,192 | 68,833 | 45,369 |
| Netherlands..... | 76,625 | 92,860 | 109,384 | 87,133 | 55,954 | 97,274 |
| Mexico..... | 23,430 | 32,943 | 49,642 | 83,133 | 56,313 | 54,840 |
| Australia..... | 110,924 | 95,102 | 76,035 | 75,816 | 55,579 | 36,012 |
| Saudi Arabia..... | 8,024 | 8,581 | 25,289 | 65,427 | 55,933 | 16,552 |
| Italy..... | 68,660 | 81,979 | 72,071 | 59,385 | 46,452 | 24,002 |
| Hong Kong..... | 39,844 | 30,211 | 52,489 | 44,400 | 29,810 | 37,326 |
| Taiwan..... | 43,738 | 44,892 | 37,552 | 40,611 | 31,306 | 22,521 |
| Korea..... | 73,016 | 59,543 | 49,373 | 39,137 | 28,218 | 35,258 |
| Switzerland..... | 60,485 | 64,471 | 47,414 | 38,296 | 28,828 | 20,933 |
| All other..... | 444,770 | 408,930 | 383,872 | 421,770 | 299,585 | 322,374 |
| Total..... | 2,445,497 | 2,195,524 | 1,929,812 | 1,949,076 | 1,423,144 | 1,239,949 |
| GSP Total..... | 171,477 | 166,505 | 215,934 | 285,848 | 190,049 | 238,171 |
| Percent | | | | | | |
| United Kingdom... | 15.1 | 15.6 | 13.8 | 11.6 | 12.6 | 9.0 |
| Canada..... | 8.1 | 7.6 | 8.8 | 10.5 | 10.0 | 11.4 |
| Germany..... | 10.9 | 11.4 | 10.5 | 9.1 | 9.2 | 6.8 |
| Japan..... | 16.7 | 11.3 | 8.8 | 8.5 | 8.8 | 11.5 |
| France..... | 8.6 | 9.3 | 7.0 | 5.7 | 6.2 | 3.8 |
| Singapore..... | 1.8 | 2.9 | 4.3 | 5.6 | 4.8 | 3.7 |
| Netherlands..... | 3.1 | 4.2 | 5.7 | 4.5 | 3.9 | 7.8 |
| Mexico..... | 1.0 | 1.5 | 2.6 | 4.3 | 4.0 | 4.4 |
| Australia..... | 4.5 | 4.3 | 3.9 | 3.9 | 3.9 | 2.9 |
| Saudi Arabia..... | .3 | .4 | 1.3 | 3.4 | 3.9 | 1.3 |
| Italy..... | 2.8 | 3.7 | 3.7 | 3.0 | 3.3 | 1.9 |
| Hong Kong..... | 1.6 | 1.4 | 2.7 | 2.3 | 2.1 | 3.0 |
| Taiwan..... | 1.8 | 2.0 | 1.9 | 2.1 | 2.2 | 1.8 |
| Korea..... | 3.0 | 2.7 | 2.6 | 2.0 | 2.0 | 2.8 |
| Switzerland..... | 2.5 | 2.9 | 2.5 | 2.0 | 2.0 | 1.7 |
| All other..... | 18.2 | 18.6 | 19.9 | 21.6 | 21.1 | 26.0 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total..... | 7.0 | 7.6 | 11.2 | 14.7 | 13.4 | 19.2 |

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1989 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-93 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

DIGEST NO. 8471.91.00

DIGITAL COMPUTERS, COMPLETE AND INCOMPLETE

DIGITAL COMPUTERS, COMPLETE AND INCOMPLETE

I. Introduction

☐ Addition to GSP ☐ Removal from GSP

☒ Competitive-need-limit waiver Malaysia, Indonesia

| HTS subheading(s) | Short description | Col. 1 rate of duty (1/1/93) <u>Percent ad valorem</u> | U.S. production of like or directly competitive article on Jan. 3, 1985 |
|----------------------|---|--|---|
| 8471.91.00 | Digital processing units, in the same housing with one or more of the following: storage units, input units, or output units. | 3.9% | Yes |

Description and uses.-- These products are computers, ranging from personal computers (PCs) to supercomputers, including certain subassemblies of these products that are considered "incomplete" computers by U.S. Customs officials. Computers are used in the workplace and homes to keep databases, create graphics, and to perform calculations, word processing, and many other data-intensive tasks.

II. U.S. market profile

Profile of U.S. industry and market, 1989-92

| Item | 1989 | 1990 | 1991 | 1992 |
|--|--------|--------|--------|--------|
| Producers (number). | 187 | 166 | 176 | 180 |
| Employment (1,000 employees). | 120 | 80 | 111 | 105 |
| Shipments (million dollars). | 20,307 | 19,920 | 18,236 | 18,223 |
| Exports (million dollars). | 4,373 | 5,104 | 5,406 | 5,645 |
| Imports (million dollars). | 2,327 | 2,144 | 3,297 | 3,184 |
| Consumption (million dollars). | 18,261 | 16,960 | 16,127 | 15,762 |
| Import-to-consumption ratio (percent). | 13 | 13 | 20 | 20 |
| Capacity utilization (percent). | 71 | 69 | 66 | 70 |

Comment.--U.S. companies continue to lead the computer industry. Firms are currently shifting focus to the growing workstation and PC or to software and services markets. Consumers are less loyal to particular brands of PCs than they are to larger, more expensive machines. Although U.S. firms lead the PC industry, most labor-intensive, low-skilled production is done offshore, mainly in East Asian nations. Prior removal of GSP status from certain East Asian countries has not affected trade flows with the United States substantially. However, Malaysia and Indonesia do not appear to be near any competitive-need limits, and, if the petitioner does not increase production substantially, a waiver would have a minimal effect.

III. GSP import situation, 1992

U.S. imports and share of U.S. consumption, 1992

| Item | Imports 1,000 dollars | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption |
|-------------------------------|-----------------------------|--------------------------------|------------------------------|-----------------------------------|
| Grand total | 3,184,183 | 100 | - | 20 |
| Imports from GSP countries: | | | | |
| GSP total | 146,240 | 5 | 100 | 1 |
| Mexico ¹ | 110,938 | 3 | 76 | 1 |
| Malaysia | 10,188 | (²) | 7 | (²) |
| Israel ³ | 9,613 | (²) | 7 | (²) |
| Thailand | 8,175 | (²) | 6 | (²) |
| Indonesia | 12 | (²) | (²) | (²) |

¹ As of January 1, 1994, Mexico is no longer a GSP designated country. The duty rates specified under the North American Free Trade Agreement apply to imports from Mexico.

² Less than 0.5 percent

³ Although imports of 8471.91 from Israel are eligible for duty-free entry under the GSP, imports of this item during 1992 from Israel entered duty free under the provisions of the United States Free-Trade Area Implementation Act of 1985.

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

Comment.--Under the North American Free Trade Agreement (NAFTA), imports from Mexico under this subheading are imported duty-free.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Malaysia for all digest products

Ranking as a U.S. import supplier, 1992. 14

Price elasticity:

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

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

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

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

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

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

Price level compared with--

U.S. products. Above Equivalent Below X

Other foreign products Above Equivalent X Below

Quality compared with--

U.S. products. Above Equivalent Below X

Other foreign products Above Equivalent X Below

Comment.-- Computer production in Malaysia centers around low-end computers, namely PCs. This type of computer tends to have greater price elasticity and more uniform quality than more powerful computers do.

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for Indonesia for all digest products

Ranking as a U.S. import supplier, 1992. NA

Price elasticity:

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

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

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

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

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

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

Price level compared with--

U.S. products. Above Equivalent Below X

Other foreign products Above Equivalent Below X

Quality compared with--

U.S. products. Above Equivalent Below X

Other foreign products Above Equivalent Below X

Comment.--Indonesia's production of computers in 1992 was very small, and many U.S. imports may have been computer subassemblies, not finished computers. Because production levels are presently low, it appears that quality has not yet reached global quality levels.

V. Position of interested parties

Petitioner.--In a written submission, the petitioner, Apple Computer, Inc., states that the competitive-need-limit waiver would improve Apple Computer's worldwide competitiveness and directly benefit Apple employees in California and Colorado engaged in related manufacturing and assembly operations. The petitioner states that the cost savings from sourcing PCs and components in Malaysia and Indonesia would help fund its research and development operations, 90 percent of which occurs in the United States.

VI. Summary of probable economic effects--competitive-need-limit waiver (Malaysia)

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VI. Summary of probable economic effects--competitive-need-limit waiver (Indonesia)

* * * * *

VI. Summary of probable economic effects--competitive-need-limit waiver (Malaysia and Indonesia)

* * * * *

Table 1.
Digest title: Digital computers, complete and incomplete
U.S. imports for consumption, principal sources, 1989-92, January-September 1992-93

| Source | 1989 | 1990 | 1991 | 1992 | January-September | |
|-----------------------|-----------|-----------|-----------|-----------|-------------------|-----------|
| | | | | | 1992 | 1993 |
| Value (1,000 dollars) | | | | | | |
| Singapore..... | 377,871 | 405,028 | 693,171 | 642,798 | 457,666 | 581,918 |
| Japan..... | 257,892 | 238,644 | 467,465 | 639,883 | 443,410 | 342,646 |
| Taiwan..... | 452,471 | 510,123 | 674,577 | 578,373 | 447,802 | 143,212 |
| Canada..... | 119,332 | 179,886 | 409,873 | 395,208 | 302,237 | 336,926 |
| United Kingdom... | 103,354 | 87,721 | 172,431 | 320,382 | 246,805 | 234,266 |
| Ireland..... | 17,658 | 51,916 | 123,684 | 115,903 | 70,140 | 96,103 |
| Mexico..... | 196,355 | 151,257 | 135,417 | 110,938 | 76,093 | 27,924 |
| France..... | 17,316 | 26,365 | 42,206 | 81,451 | 55,284 | 51,332 |
| Korea..... | 413,719 | 210,332 | 259,080 | 74,472 | 61,284 | 157,941 |
| Hong Kong..... | 207,218 | 155,822 | 180,530 | 71,152 | 52,811 | 52,246 |
| Germany..... | 45,437 | 50,756 | 59,309 | 44,810 | 29,159 | 36,811 |
| China..... | 2,489 | 2,079 | 10,657 | 33,524 | 20,430 | 24,423 |
| Sweden..... | 975 | 1,592 | 5,124 | 17,220 | 13,933 | 10,273 |
| Malaysia..... | 79 | 266 | 2,119 | 10,188 | 9,709 | 149,815 |
| Israel..... | 555 | 1,457 | 5,213 | 9,613 | 7,918 | 3,854 |
| All other..... | 114,629 | 70,568 | 56,331 | 38,269 | 23,000 | 50,967 |
| Total..... | 2,327,350 | 2,143,811 | 3,297,187 | 3,184,183 | 2,317,680 | 2,300,657 |
| GSP Total..... | 217,451 | 172,057 | 171,726 | 146,240 | 103,854 | 198,649 |
| Percent | | | | | | |
| Singapore..... | 16.2 | 18.9 | 21.0 | 20.2 | 19.7 | 25.3 |
| Japan..... | 11.1 | 11.1 | 14.2 | 20.1 | 19.1 | 14.9 |
| Taiwan..... | 19.4 | 23.8 | 20.5 | 18.2 | 19.3 | 6.2 |
| Canada..... | 5.1 | 8.4 | 12.4 | 12.4 | 13.0 | 14.6 |
| United Kingdom... | 4.4 | 4.1 | 5.2 | 10.1 | 10.6 | 10.2 |
| Ireland..... | .8 | 2.4 | 3.8 | 3.6 | 3.0 | 4.2 |
| Mexico..... | 8.4 | 7.1 | 4.1 | 3.5 | 3.3 | 1.2 |
| France..... | .7 | 1.2 | 1.3 | 2.6 | 2.4 | 2.2 |
| Korea..... | 17.8 | 9.8 | 7.9 | 2.3 | 2.6 | 6.9 |
| Hong Kong..... | 8.9 | 7.3 | 5.5 | 2.2 | 2.3 | 2.3 |
| Germany..... | 2.0 | 2.4 | 1.8 | 1.4 | 1.3 | 1.6 |
| China..... | .1 | .1 | .3 | 1.1 | .9 | 1.1 |
| Sweden..... | 1/ | .1 | .2 | .5 | .6 | .4 |
| Malaysia..... | 1/ | 1/ | .1 | .3 | .4 | 6.5 |
| Israel..... | 1/ | .1 | .2 | .3 | .3 | .2 |
| All other..... | 4.9 | 3.3 | 1.7 | 1.2 | 1.0 | 2.2 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total..... | 9.3 | 8.0 | 5.2 | 4.6 | 4.5 | 8.6 |

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1989 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-93 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

Table 2.
Digest title: Digital computers, complete and incomplete
U.S. exports of domestic merchandise, by principal markets, 1989-92, January-September 1992-93

| Market | 1989 | 1990 | 1991 | 1992 | January-September | |
|-----------------------|-----------|-----------|-----------|-----------|-------------------|-----------|
| | | | | | 1992 | 1993 |
| Value (1,000 dollars) | | | | | | |
| Japan..... | 790,778 | 1,016,946 | 1,066,081 | 1,028,983 | 831,762 | 510,118 |
| Canada..... | 573,632 | 896,093 | 920,549 | 1,024,304 | 738,911 | 839,210 |
| United Kingdom... | 482,818 | 478,205 | 438,802 | 479,089 | 348,040 | 338,175 |
| Germany..... | 335,460 | 381,295 | 384,545 | 380,592 | 269,218 | 240,375 |
| France..... | 233,805 | 275,542 | 295,401 | 286,892 | 212,759 | 194,368 |
| Australia..... | 250,322 | 225,264 | 216,013 | 259,503 | 199,141 | 143,904 |
| Mexico..... | 59,363 | 93,269 | 126,532 | 178,699 | 114,484 | 132,856 |
| Taiwan..... | 107,568 | 123,735 | 152,631 | 167,408 | 139,491 | 75,545 |
| Netherlands..... | 193,984 | 130,988 | 146,380 | 157,156 | 108,448 | 154,899 |
| Korea..... | 112,454 | 171,856 | 186,523 | 151,303 | 112,720 | 106,376 |
| Hong Kong..... | 79,367 | 89,373 | 93,137 | 135,207 | 98,956 | 99,360 |
| Singapore..... | 69,420 | 129,144 | 148,540 | 131,158 | 96,370 | 120,536 |
| Belgium..... | 154,654 | 93,468 | 85,763 | 116,287 | 75,761 | 69,620 |
| Switzerland..... | 91,097 | 97,414 | 98,155 | 89,748 | 65,336 | 83,187 |
| Italy..... | 82,440 | 77,227 | 98,072 | 81,711 | 61,452 | 37,950 |
| All other..... | 755,827 | 824,554 | 948,412 | 977,220 | 680,880 | 732,662 |
| Total..... | 4,372,989 | 5,104,374 | 5,405,536 | 5,645,262 | 4,153,728 | 3,879,141 |
| GSP Total..... | 465,675 | 507,301 | 644,300 | 707,577 | 467,541 | 555,715 |
| Percent | | | | | | |
| Japan..... | 18.1 | 19.9 | 19.7 | 18.2 | 20.0 | 13.2 |
| Canada..... | 13.1 | 17.6 | 17.0 | 18.1 | 17.8 | 21.6 |
| United Kingdom... | 11.0 | 9.4 | 8.1 | 8.5 | 8.4 | 8.7 |
| Germany..... | 7.7 | 7.5 | 7.1 | 6.7 | 6.5 | 6.2 |
| France..... | 5.3 | 5.4 | 5.5 | 5.1 | 5.1 | 5.0 |
| Australia..... | 5.7 | 4.4 | 4.0 | 4.6 | 4.8 | 3.7 |
| Mexico..... | 1.4 | 1.8 | 2.3 | 3.2 | 2.8 | 3.4 |
| Taiwan..... | 2.5 | 2.4 | 2.8 | 3.0 | 3.4 | 1.9 |
| Netherlands..... | 4.4 | 2.6 | 2.7 | 2.8 | 2.6 | 4.0 |
| Korea..... | 2.6 | 3.4 | 3.5 | 2.7 | 2.7 | 2.7 |
| Hong Kong..... | 1.8 | 1.8 | 1.7 | 2.4 | 2.4 | 2.6 |
| Singapore..... | 1.6 | 2.5 | 2.7 | 2.3 | 2.3 | 3.1 |
| Belgium..... | 3.5 | 1.8 | 1.6 | 2.1 | 1.8 | 1.8 |
| Switzerland..... | 2.1 | 1.9 | 1.8 | 1.6 | 1.6 | 2.1 |
| Italy..... | 1.9 | 1.5 | 1.8 | 1.4 | 1.5 | 1.0 |
| All other..... | 17.3 | 16.2 | 17.5 | 17.3 | 16.4 | 18.9 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total..... | 10.6 | 9.9 | 11.9 | 12.5 | 11.3 | 14.3 |

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1989 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-93 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

DIGEST NO. 8521.10.60
VIDEOCASSETTE RECORDERS

VIDEOCASSETTE RECORDERS

I. Introduction

☐ Addition to GSP ☐ Removal from GSP

☒ Competitive-need-limit waiver Indonesia

| HTS subheading | Short description | Col. 1 rate of duty (1/1/93) <u>Percent ad valorem</u> | U.S. production of like or directly competitive article on Jan. 3, 1985 |
|-------------------------|-------------------------|--|---|
| 8521.10.60 ¹ | Videocassette recorders | 3.9% | Yes |

¹ Indonesia and Thailand have been proclaimed by the President as noneligible for GSP treatment for articles included under HTS subheading 8521.10.60.

Description and uses.--Videocassette recorders (VCRs) are video recording and reproducing apparatuses that may be connected to a television or video monitor to record and play back television programming or to view prerecorded tapes. VCRs are also used in television production studios and broadcasting facilities to edit television programming.

II. U.S. market profile

Profile of U.S. industry and market, 1989-92

| Item | 1989 | 1990 | 1991 | 1992 |
|--|------------------|-----------|-----------|-----------|
| Producers (number). | 3 | *** | *** | *** |
| Employment (1,000 employees). | 1 | *** | *** | *** |
| Shipments (1,000 dollars) ¹ | **80,000 | *** | *** | *** |
| Exports (1,000 dollars) ² | 57,864 | 48,842 | 47,294 | 43,671 |
| Imports (1,000 dollars) | 2,678,355 | 2,368,848 | 2,418,520 | 2,847,144 |
| Consumption (1,000 dollars) | **2,700,491 | *** | *** | *** |
| Import-to-consumption ratio (percent) . . . | **99 | *** | *** | *** |
| Capacity utilization (percent). | (³) | *** | *** | *** |

¹ Data are estimated by the staff of the U.S. International Trade Commission.

² Consists largely of reexports of foreign goods.

³ Not available.

Comment.--The U.S. VCR market is dominated by imports largely because of the lack of component production within the United States. Hitachi Home Electronics (America), Inc. assembled VCRs within the United States, using imported components, until the end of 1992. It has ceased production, leaving no U.S. producers of the consumer-grade VCRs covered in this petition. The Ampex Corp. of Redwood City, CA, produces VCRs for television broadcast and studio use.

III. GSP import situation, 1992

U.S. imports and share of U.S. consumption, 1992

| Item | Imports 1,000 dollars | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption |
|----------------------------------|-----------------------------|--------------------------------|------------------------------|-----------------------------------|
| Grand total | 2,847,144 | 100 | - | *** |
| Imports from GSP countries: | | | | |
| GSP total | 831,299 | 29 | 100 | *** |
| Malaysia ¹ | 414,362 | 15 | 50 | *** |
| Thailand ² | 281,511 | 10 | 34 | *** |
| Indonesia ³ | 134,778 | 5 | 16 | *** |
| Brazil | 251 | (⁴) | (⁴) | *** |

¹ Malaysia was ineligible for GSP treatment for this commodity from July 1, 1992 to June 30, 1993.

² Thailand was ineligible for GSP treatment for this commodity throughout 1992.

³ Indonesia became ineligible for GSP treatment for this commodity on July 1, 1993.

⁴ Less than 0.5 percent.

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

Comment.--U.S. imports of VCRs from Indonesia rose from \$0 in 1990 to \$135 million in 1992. There are four producers of VCRs in Indonesia owned by three Japanese corporations and one Korean corporation. Three of these producers export VCRs to the U.S. market. Under the North American Free Trade Agreement (NAFTA), imports from Mexico under this subheading are imported duty-free.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Indonesia for all digest products

Ranking as a U.S. import supplier, 1992. 5

Price elasticity:

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

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

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

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

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

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

Price level compared with--

 U.S. products. [Above Equivalent Below X]

 Other foreign products Above Equivalent X Below

Quality compared with--

 U.S. products. [Above Equivalent Below X]

 Other foreign products Above Equivalent X Below

Comment.--U.S. imports of VCRs for consumer use do not compete with the more sophisticated television studio and broadcast equipment made in the United States.

V. Position of interested parties

Petitioner.--North American Philips Corporation (Philips), an importer of the product, maintains that the waiver would have no effect on a U.S. industry because no U.S. production of consumer-grade VCRs apparently exists.

VI. Summary of probable economic effects--competitive-need-limit waiver (Indonesia)

* * * * *

Table 1.
Digest title: Videocassette recorders
U.S. imports for consumption, principal sources, 1989-92, January-September 1992-93

| Source | 1989 | 1990 | 1991 | 1992 | January-September | |
|-----------------------|-----------|-----------|-----------|-----------|-------------------|-----------|
| | | | | | 1992 | 1993 |
| Value (1,000 dollars) | | | | | | |
| Japan..... | 1,893,722 | 1,675,062 | 1,323,191 | 1,285,558 | 971,613 | 722,476 |
| Korea..... | 518,443 | 360,694 | 480,243 | 580,808 | 410,649 | 412,226 |
| Malaysia..... | 16,082 | 76,910 | 278,619 | 414,362 | 280,322 | 394,022 |
| Thailand..... | 105,366 | 195,016 | 219,508 | 281,511 | 208,333 | 87,354 |
| Indonesia..... | 30 | 0 | 9,531 | 134,778 | 88,645 | 151,478 |
| Singapore..... | 8,701 | 9,556 | 50,153 | 90,068 | 51,650 | 83,745 |
| Taiwan..... | 108,615 | 26,103 | 39,654 | 45,156 | 34,889 | 30,106 |
| Hong Kong..... | 19,884 | 20,708 | 13,949 | 5,512 | 4,063 | 2,058 |
| Germany..... | 1,589 | 2,192 | 1,474 | 4,762 | 3,704 | 2,197 |
| United Kingdom... | 543 | 269 | 679 | 1,159 | 601 | 296 |
| Denmark..... | 92 | 42 | 44 | 977 | 814 | 10 |
| Netherlands..... | 429 | 57 | 35 | 919 | 917 | 66 |
| United Arab Em... | 38 | 193 | 0 | 559 | 208 | 339 |
| Brazil..... | 6 | 0 | 0 | 251 | 251 | 0 |
| Mexico..... | 321 | 0 | 132 | 221 | 99 | 12 |
| All other..... | 4,493 | 2,046 | 1,309 | 543 | 519 | 19,246 |
| Total..... | 2,678,355 | 2,368,848 | 2,418,520 | 2,847,144 | 2,057,278 | 1,905,631 |
| GSP Total..... | 122,569 | 271,956 | 507,790 | 831,299 | 577,822 | 632,866 |
| Percent | | | | | | |
| Japan..... | 70.7 | 70.7 | 54.7 | 45.2 | 47.2 | 37.9 |
| Korea..... | 19.4 | 15.2 | 19.9 | 20.4 | 20.0 | 21.6 |
| Malaysia..... | .6 | 3.2 | 11.5 | 14.6 | 13.6 | 20.7 |
| Thailand..... | 3.9 | 8.2 | 9.1 | 9.9 | 10.1 | 4.6 |
| Indonesia..... | 1/ | .0 | .4 | 4.7 | 4.3 | 7.9 |
| Singapore..... | .3 | .4 | 2.1 | 3.2 | 2.5 | 4.4 |
| Taiwan..... | 4.1 | 1.1 | 1.6 | 1.6 | 1.7 | 1.6 |
| Hong Kong..... | .7 | .9 | .6 | .2 | .2 | .1 |
| Germany..... | .1 | .1 | .1 | .2 | .2 | .1 |
| United Kingdom... | 1/ | 1/ | 1/ | 1/ | 1/ | 1/ |
| Denmark..... | 1/ | 1/ | 1/ | 1/ | 1/ | 1/ |
| Netherlands..... | 1/ | 1/ | 1/ | 1/ | 1/ | 1/ |
| United Arab Em... | 1/ | 1/ | .0 | 1/ | 1/ | 1/ |
| Brazil..... | 1/ | .0 | .0 | 1/ | 1/ | .0 |
| Mexico..... | 1/ | .0 | 1/ | 1/ | 1/ | 1/ |
| All other..... | .2 | .1 | .1 | 1/ | 1/ | 1.0 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total..... | 4.6 | 11.5 | 21.0 | 29.2 | 28.1 | 33.2 |

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1989 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-93 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

Table 2.
Digest title: Videocassette recorders
U.S. exports of domestic merchandise, by principal markets, 1989-92, January-September 1992-93

| Market | 1989 | 1990 | 1991 | 1992 | January-September | |
|-----------------------|--------|--------|--------|--------|-------------------|--------|
| | | | | | 1992 | 1993 |
| Value (1,000 dollars) | | | | | | |
| Canada..... | 4,651 | 6,794 | 8,188 | 10,068 | 8,054 | 5,224 |
| Mexico..... | 9,840 | 8,396 | 7,104 | 8,618 | 5,951 | 6,167 |
| Japan..... | 11,029 | 6,012 | 4,003 | 3,345 | 2,636 | 696 |
| Venezuela..... | 455 | 808 | 1,373 | 2,772 | 2,087 | 4,331 |
| Germany..... | 2,178 | 2,299 | 1,078 | 2,162 | 1,414 | 1,229 |
| Korea..... | 1,366 | 543 | 1,315 | 1,389 | 1,348 | 479 |
| United Kingdom... | 4,971 | 4,992 | 2,918 | 1,380 | 1,214 | 2,527 |
| Australia..... | 1,541 | 1,116 | 2,748 | 1,242 | 1,177 | 568 |
| Netherlands..... | 896 | 852 | 251 | 1,050 | 1,024 | 145 |
| Paraguay..... | 1,623 | 2,139 | 1,341 | 988 | 682 | 230 |
| Hong Kong..... | 2,414 | 889 | 1,535 | 947 | 554 | 549 |
| Argentina..... | 44 | 85 | 815 | 843 | 721 | 644 |
| Chile..... | 1,083 | 578 | 2,315 | 823 | 745 | 127 |
| Colombia..... | 1,804 | 1,091 | 216 | 741 | 516 | 538 |
| Italy..... | 1,934 | 1,437 | 666 | 532 | 461 | 218 |
| All other..... | 12,033 | 10,808 | 11,431 | 6,771 | 5,099 | 6,696 |
| Total..... | 57,864 | 48,842 | 47,294 | 43,671 | 33,683 | 30,370 |
| GSP Total..... | 18,983 | 17,952 | 17,545 | 18,294 | 13,293 | 15,475 |
| Percent | | | | | | |
| Canada..... | 8.0 | 13.9 | 17.3 | 23.1 | 23.9 | 17.2 |
| Mexico..... | 17.0 | 17.2 | 15.0 | 19.7 | 17.7 | 20.3 |
| Japan..... | 19.1 | 12.3 | 8.5 | 7.7 | 7.8 | 2.3 |
| Venezuela..... | .8 | 1.7 | 2.9 | 6.3 | 6.2 | 14.3 |
| Germany..... | 3.8 | 4.7 | 2.3 | 5.0 | 4.2 | 4.0 |
| Korea..... | 2.4 | 1.1 | 2.8 | 3.2 | 4.0 | 1.6 |
| United Kingdom... | 8.6 | 10.2 | 6.2 | 3.2 | 3.6 | 8.3 |
| Australia..... | 2.7 | 2.3 | 5.8 | 2.8 | 3.5 | 1.9 |
| Netherlands..... | 1.5 | 1.7 | .5 | 2.4 | 3.0 | .5 |
| Paraguay..... | 2.8 | 4.4 | 2.8 | 2.3 | 2.0 | .8 |
| Hong Kong..... | 4.2 | 1.8 | 3.2 | 2.2 | 1.6 | 1.8 |
| Argentina..... | .1 | .2 | 1.7 | 1.9 | 2.1 | 2.1 |
| Chile..... | 1.9 | 1.2 | 4.9 | 1.9 | 2.2 | .4 |
| Colombia..... | 3.1 | 2.2 | .5 | 1.7 | 1.5 | 1.8 |
| Italy..... | 3.3 | 2.9 | 1.4 | 1.2 | 1.4 | .7 |
| All other..... | 20.8 | 22.1 | 24.2 | 15.5 | 15.1 | 22.0 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total..... | 32.8 | 36.8 | 37.1 | 41.9 | 39.5 | 51.0 |

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1989 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-93 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

DIGEST NO. 8525.20.20
LOW-POWER 49 MHZ TRANSCEIVERS

LOW-POWER 49 MHZ TRANSCEIVERS

I. Introduction

☐ Addition to GSP ☐ Removal from GSP

☒ Competitive-need-limit waiver Philippines

| HTS subheading(s) | Short description | Col. 1 rate of duty (1/1/93) Percent ad valorem | U.S. production of like or directly competitive article on Jan. 3, 1985 |
|----------------------|-------------------------------|--|---|
| 8525.20.20 | Low-power 49 MHz transceivers | 2.4% | No ¹ |

¹ Although not included in the official list of "Articles Not Produced in the United States," there has been no reported U.S. production of low-power 49 MHz transceivers in recent years.

Description and uses.--These products are low-power radio transceivers that operate on the 49 MHz wavelength. The products include infant nursery monitors and walkie-talkies that are used in work or during leisure activities. Because these devices have limited power and range, they have limited uses.

II. U.S. market profile

Profile of U.S. industry and market, 1989-92

| Item | 1989 | 1990 | 1991 | 1992 |
|---|--------|--------|--------|--------|
| Producers (number) | | | | |
| Employment (1,000 employees) | | | | |
| Shipments (1,000 dollars) | | | | |
| Exports ¹ (1,000 dollars) | | | | |
| Imports (1,000 dollars) | 26,159 | 28,079 | 29,311 | 16,647 |
| Consumption (1,000 dollars) | 26,159 | 28,079 | 29,311 | 16,647 |
| Import-to-consumption ratio (percent) | 100 | 100 | 100 | 100 |
| Capacity utilization (percent) | | | | |

Comment.--The U.S. market for these products expanded dramatically in the late 1980s, but demand decreased in 1992 because of the general economic downturn. The products are principally intended for use by the general public, and are generally sold at retail stores.

III. GSP import situation, 1992

U.S. imports and share of U.S. consumption, 1992

| Item | Imports 1,000 dollars | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption |
|-----------------------------|-----------------------------|--------------------------------|------------------------------|-----------------------------------|
| Grand total | 16,647 | 100 | - | 100 |
| Imports from GSP countries: | | | | |
| GSP total | 8,363 | 50 | 100 | 50 |
| Philippines | 8,242 | 50 | 99 | 50 |
| Indonesia | 116 | 1 | 1 | 1 |
| Malaysia | 5 | (1) | (1) | (1) |

¹ Less than 0.5 percent.

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

Comment.--From 1989 to 1991, China was the major source of 49 MHz transceivers, accounting for over 76 percent of U.S. imports of these products in 1991. China supplied 46 percent of U.S. imports of these products in 1992. The Philippines account for 49.5 percent of total U.S. imports in 1992 and therefore is approaching the 50 percent competitive-need limit. Under the North American Free Trade Agreement (NAFTA), imports from Mexico under this subheading are imported duty-free.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Philippines for all digest products

Ranking as a U.S. import supplier, 1992. 1

Price elasticity:

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

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

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

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

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

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

Price level compared with--

 U.S. products. Above Equivalent Below

 Other foreign products Above X Equivalent Below

Quality compared with--

 U.S. products. Above Equivalent Below

 Other foreign products Above X Equivalent Below

V. Position of interested parties

The Commission received no statement either in support of or in opposition to the proposed modification to the GSP considered in this digest.

VI. Summary of probable economic effects--Competitive-need-limit waiver (Philippines)

* * * * *

Table 1.
Digest title: Low-power 49 MHz transceivers
U.S. imports for consumption, principal sources, 1989-92, January-September 1992-93

| Source | 1989 | 1990 | 1991 | 1992 | January-September | |
|-----------------------|--------|--------|--------|--------|-------------------|--------|
| | | | | | 1992 | 1993 |
| Value (1,000 dollars) | | | | | | |
| Philippines..... | 3,907 | 7,010 | 5,982 | 8,242 | 5,589 | 4,920 |
| China..... | 12,136 | 19,060 | 22,130 | 7,740 | 5,431 | 2,654 |
| Korea..... | 4,995 | 848 | 110 | 240 | 140 | 1,272 |
| Japan..... | 653 | 365 | 119 | 116 | 89 | 63 |
| Indonesia..... | 0 | 0 | 75 | 116 | 70 | 0 |
| Hong Kong..... | 1,957 | 566 | 720 | 105 | 100 | 27 |
| Netherlands..... | 0 | 0 | 0 | 34 | 34 | 0 |
| Canada..... | 0 | 26 | 53 | 12 | 7 | 131 |
| Germany..... | 6 | 3 | 1 | 11 | 11 | 0 |
| Taiwan..... | 764 | 92 | 83 | 10 | 10 | 967 |
| United Kingdom... | 16 | 0 | 0 | 6 | 0 | 2 |
| Malaysia..... | 0 | 82 | 0 | 5 | 5 | 0 |
| Singapore..... | 3 | 0 | 0 | 3 | 3 | 0 |
| Denmark..... | 0 | 0 | 0 | 3 | 3 | 0 |
| Austria..... | 0 | 0 | 0 | 3 | 3 | 0 |
| All other..... | 1,724 | 27 | 38 | 0 | 0 | 965 |
| Total..... | 26,159 | 28,079 | 29,311 | 16,647 | 11,497 | 11,000 |
| GSP Total..... | 5,555 | 7,119 | 6,057 | 8,363 | 5,665 | 5,879 |
| Percent | | | | | | |
| Philippines..... | 14.9 | 25.0 | 20.4 | 49.5 | 48.6 | 44.7 |
| China..... | 46.4 | 67.9 | 75.5 | 46.5 | 47.2 | 24.1 |
| Korea..... | 19.1 | 3.0 | .4 | 1.4 | 1.2 | 11.6 |
| Japan..... | 2.5 | 1.3 | .4 | .7 | .8 | .6 |
| Indonesia..... | .0 | .0 | .3 | .7 | .6 | .0 |
| Hong Kong..... | 7.5 | 2.0 | 2.5 | .6 | .9 | .2 |
| Netherlands..... | .0 | .0 | .0 | .2 | .3 | .0 |
| Canada..... | .0 | .1 | .2 | .1 | .1 | 1.2 |
| Germany..... | 1/ | 1/ | 1/ | .1 | .1 | .0 |
| Taiwan..... | 2.9 | .3 | .3 | .1 | .1 | 8.8 |
| United Kingdom... | .1 | .0 | .0 | 1/ | .0 | 1/ |
| Malaysia..... | .0 | .3 | .0 | 1/ | 1/ | .0 |
| Singapore..... | 1/ | .0 | .0 | 1/ | 1/ | .0 |
| Denmark..... | .0 | .0 | .0 | 1/ | 1/ | .0 |
| Austria..... | .0 | .0 | .0 | 1/ | 1/ | .0 |
| All other..... | 6.6 | .1 | .1 | .0 | .0 | 8.8 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total..... | 21.2 | 25.4 | 20.7 | 50.2 | 49.3 | 53.4 |

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1989 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-93 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

DIGEST NO. 8525.20.50
CORDLESS HANDSET TELEPHONES

CORDLESS HANDSET TELEPHONES

I. Introduction

☐ Addition to GSP ☐ Removal from GSP

☒ Competitive-need-limit waiver Malaysia, Philippines

| HTS subheading(s) | Short description | Col. 1 rate of duty (1/1/93) Percent ad valorem | U.S. production of like or directly competitive article on Jan. 3, 1985 |
|----------------------|-----------------------------|--|---|
| 8525.20.50 | Cordless handset telephones | 6% | No ¹ |

¹ Although not included in the official list of "Articles Not Produced in the United States," there has been no reported U.S. production of cordless handset telephones.

Description and uses.--Cordless phones consist of a portable handset and a base unit. The handset contains an embedded two-way radio transceiver, which can send and receive voice conversations to/from the base unit. The base unit is connected to the phone network via a regular wall plug. The cordless phone allows users to move freely around the house during conversation.

II. U.S. market profile

Profile of U.S. industry and market, 1989-92

| Item | 1989 | 1990 | 1991 | 1992 |
|---|---------|---------|---------|---------|
| Producers (number). | | | | |
| Employment (1,000 employees). | | | | |
| Shipments (1,000 dollars) | | | | |
| Exports (1,000 dollars) ¹ | 17,921 | 39,692 | 46,709 | 97,380 |
| Imports (1,000 dollars) | 580,074 | 587,712 | 805,678 | 953,821 |
| Consumption (1,000 dollars) | 562,153 | 548,020 | 758,969 | 856,441 |
| Import-to-consumption ratio (percent) | 100 | 100 | 100 | 100 |
| Capacity utilization (percent). | | | | |

¹ There is no U.S. production of digest product. Exports are reexports of the product.

Comment.--Cordless handset telephones are price-sensitive goods with relatively low profit margins. However, consumer choices and product prices may vary depending on brand name, reputation, transmission quality, design, and extra features (e.g., number redial, memory, and speakerphone options).

III. GSP import situation, 1992

U.S. imports and share of U.S. consumption, 1992

| Item | Imports 1,000 dollars | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption |
|-------------------------------|-----------------------------|--------------------------------|------------------------------|-----------------------------------|
| Grand total | 953,821 | 100 | - | 100 |
| Imports from GSP countries: | | | | |
| GSP total | 218,923 | 23 | 100 | 26 |
| Malaysia | 88,492 | 9 | 40 | 10 |
| Philippines | 56,468 | 6 | 26 | 7 |
| Indonesia | 54,677 | 6 | 25 | 6 |
| Mexico ¹ | 14,082 | 2 | 6 | 2 |

¹ As of January 1, 1994, Mexico is no longer a GSP designated country. The duty rates specified under the North American Free Trade Agreement apply to imports from Mexico.

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

Comment.--The competitive need limit for 1992 is \$101,064,259. Imports from Malaysia and possibly those from the Philippines could reach or exceed the 1993 limit if imports continue to increase at current rates. Imports from Malaysia increased by approximately 72 percent between 1991 and 1992. If imports from Malaysia continue to grow at this rate, 1993 imports will total \$152 million. Imports from the Philippines are not as close to the limit as those from Malaysia. However, the compound annual growth rate for imports from the Philippines between 1989 and 1992 is 365 percent; if imports increase at this rate, 1993 levels will reach \$263 million. Under the North American Free Trade Agreement (NAFTA), imports from Mexico under this subheading are imported duty-free.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Malaysia for all digest products

Ranking as a U.S. import supplier, 1992. 4

Price elasticity:

Can the U.S. purchaser easily shift among this and other suppliers? Yes X No ___
What is the price elasticity of U.S. demand? High X Moderate ___ Low ___

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

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

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

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

Price level compared with--

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

Quality compared with--

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

Comment.--Although consumer concerns over nonprice issues, such as brand name and quality, continue to affect overall purchasing decisions, the price elasticity for cordless phones imported from Malaysia is high. In addition, Malaysia has many export markets.

IV. Competitiveness profiles, GSP suppliers--continued

Competitiveness indicators for the Philippines for all digest products

Ranking as a U.S. import supplier, 1992. 6

Price elasticity:

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

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

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

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

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

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

Price level compared with--

U.S. products. Above Equivalent Below

Other foreign products Above Equivalent X Below

Quality compared with--

U.S. products. Above Equivalent Below

Other foreign products Above Equivalent X Below

Comment.--Although consumer concerns over nonprice issues such as brand name and quality continue to affect overall purchasing decisions, the price elasticity for cordless phones imported from the Philippines is high. The Philippines has a limited number of export markets for its cordless phones. The principal manufacturer of cordless phones in the Philippines exports over 85 percent of its product to the U.S. market. However, capacity reportedly can be expanded within a short timeframe.

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

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

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

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

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

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

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

Price level compared with--

U.S. products. Above Equivalent Below

Other foreign products Above Equivalent X Below

Quality compared with--

U.S. products. Above Equivalent Below

Other foreign products Above Equivalent X Below

Comment.--The price of the product varies depending on where it is produced; the cost of labor is a significant factor.

V. Position of interested parties

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

VI. Summary of probable economic effects-- competitive-need-limit waiver (Malaysia)

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VI. Summary of probable economic effects-- competitive-need-limit waiver (the Philippines)

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VI. Summary of probable economic effects-- competitive-need-limit waiver (Malaysia and the Philippines)

* * * * *

Table 1.
Digest title: Cordless handset telephones
U.S. imports for consumption, principal sources, 1989-92, January-September 1992-93

| Source | 1989 | 1990 | 1991 | 1992 | January-September | |
|-----------------------|---------|---------|---------|---------|-------------------|---------|
| | | | | | 1992 | 1993 |
| Value (1,000 dollars) | | | | | | |
| Japan..... | 117,067 | 114,689 | 209,835 | 289,610 | 200,044 | 197,376 |
| China..... | 27,098 | 65,622 | 176,652 | 212,184 | 145,385 | 197,157 |
| Singapore..... | 119,166 | 169,852 | 179,214 | 139,392 | 111,946 | 63,360 |
| Malaysia..... | 764 | 11,491 | 51,372 | 88,492 | 61,839 | 95,964 |
| Taiwan..... | 76,714 | 57,987 | 18,959 | 61,239 | 46,977 | 42,711 |
| Philippines..... | 562 | 14,834 | 40,596 | 56,468 | 33,626 | 56,593 |
| Indonesia..... | 0 | 4,811 | 44,583 | 54,677 | 40,890 | 33,624 |
| Korea..... | 110,928 | 72,958 | 49,606 | 23,327 | 19,481 | 4,283 |
| Mexico..... | 0 | 251 | 395 | 14,082 | 9,325 | 22,456 |
| Hong Kong..... | 120,159 | 66,579 | 23,803 | 8,545 | 8,231 | 5,882 |
| Thailand..... | 6,450 | 7,219 | 9,748 | 5,196 | 2,712 | 1,342 |
| Netherlands..... | 89 | 0 | 0 | 455 | 123 | 354 |
| Switzerland..... | 40 | 0 | 115 | 76 | 39 | 54 |
| Sweden..... | 0 | 0 | 1 | 27 | 3 | 1 |
| United Kingdom... | 904 | 1,304 | 67 | 17 | 14 | 212 |
| All other..... | 133 | 114 | 732 | 34 | 23 | 80 |
| Total..... | 580,074 | 587,712 | 805,678 | 953,821 | 680,657 | 721,451 |
| GSP Total..... | 7,852 | 38,655 | 147,405 | 218,923 | 148,392 | 209,988 |
| Percent | | | | | | |
| Japan..... | 20.2 | 19.5 | 26.0 | 30.4 | 29.4 | 27.4 |
| China..... | 4.7 | 11.2 | 21.9 | 22.2 | 21.4 | 27.3 |
| Singapore..... | 20.5 | 28.9 | 22.2 | 14.6 | 16.4 | 8.8 |
| Malaysia..... | .1 | 2.0 | 6.4 | 9.3 | 9.1 | 13.3 |
| Taiwan..... | 13.2 | 9.9 | 2.4 | 6.4 | 6.9 | 5.9 |
| Philippines..... | .1 | 2.5 | 5.0 | 5.9 | 4.9 | 7.8 |
| Indonesia..... | .0 | .8 | 5.5 | 5.7 | 6.0 | 4.7 |
| Korea..... | 19.1 | 12.4 | 6.2 | 2.4 | 2.9 | .6 |
| Mexico..... | .0 | 1/ | 1/ | 1.5 | 1.4 | 3.1 |
| Hong Kong..... | 20.7 | 11.3 | 3.0 | .9 | 1.2 | .8 |
| Thailand..... | 1.1 | 1.2 | 1.2 | .5 | .4 | .2 |
| Netherlands..... | 1/ | .0 | .0 | 1/ | 1/ | 1/ |
| Switzerland..... | 1/ | .0 | 1/ | 1/ | 1/ | 1/ |
| Sweden..... | .0 | .0 | 1/ | 1/ | 1/ | 1/ |
| United Kingdom... | .2 | .2 | 1/ | 1/ | 1/ | 1/ |
| All other..... | 1/ | 1/ | .1 | 1/ | 1/ | 1/ |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total..... | 1.4 | 6.6 | 18.3 | 23.0 | 21.8 | 29.1 |

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1989 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-93 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

Table 2.
Digest title: Cordless handset telephones
U.S. exports of domestic merchandise, by principal markets, 1989-92, January-September 1992-93

| Market | 1989 | 1990 | 1991 | 1992 | January-September | |
|-----------------------|--------|--------|--------|--------|-------------------|---------|
| | | | | | 1992 | 1993 |
| Value (1,000 dollars) | | | | | | |
| Hong Kong..... | 1,449 | 3,815 | 8,949 | 21,994 | 17,497 | 11,930 |
| Mexico..... | 1,089 | 4,286 | 13,326 | 15,623 | 9,833 | 37,502 |
| Denmark..... | 2 | 0 | 69 | 13,647 | 6,827 | 19,316 |
| Taiwan..... | 1,815 | 5,355 | 4,061 | 8,368 | 8,028 | 3,024 |
| Singapore..... | 1,749 | 3,026 | 800 | 6,638 | 6,089 | 673 |
| Sweden..... | 18 | 35 | 148 | 6,612 | 2,635 | 6,285 |
| Norway..... | 3 | 0 | 0 | 2,995 | 1,334 | 3,653 |
| Germany..... | 150 | 1,388 | 2,202 | 1,708 | 1,322 | 1,138 |
| Italy..... | 44 | 4,235 | 2,212 | 1,665 | 1,038 | 1,029 |
| Canada..... | 4,292 | 1,302 | 2,635 | 1,516 | 1,209 | 1,586 |
| Argentina..... | 35 | 26 | 1,192 | 1,236 | 969 | 2,137 |
| United Kingdom... | 194 | 353 | 450 | 1,149 | 1,049 | 807 |
| Paraguay..... | 724 | 2,324 | 1,113 | 1,071 | 708 | 1,789 |
| Belgium..... | 204 | 80 | 264 | 1,031 | 623 | 569 |
| Japan..... | 635 | 1,239 | 1,177 | 971 | 547 | 1,009 |
| All other..... | 5,517 | 12,230 | 8,110 | 11,159 | 7,794 | 19,339 |
| Total..... | 17,921 | 39,692 | 46,709 | 97,380 | 67,502 | 111,783 |
| GSP Total..... | 2,928 | 9,783 | 18,784 | 23,722 | 15,362 | 52,676 |
| Percent | | | | | | |
| Hong Kong..... | 8.1 | 9.6 | 19.2 | 22.6 | 25.9 | 10.7 |
| Mexico..... | 6.1 | 10.8 | 28.5 | 16.0 | 14.6 | 33.5 |
| Denmark..... | 1/ | .0 | .1 | 14.0 | 10.1 | 17.3 |
| Taiwan..... | 10.1 | 13.5 | 8.7 | 8.6 | 11.9 | 2.7 |
| Singapore..... | 9.8 | 7.6 | 1.7 | 6.8 | 9.0 | .6 |
| Sweden..... | .1 | .1 | .3 | 6.8 | 3.9 | 5.6 |
| Norway..... | 1/ | .0 | .0 | 3.1 | 2.0 | 3.3 |
| Germany..... | .8 | 3.5 | 4.7 | 1.8 | 2.0 | 1.0 |
| Italy..... | .2 | 10.7 | 4.7 | 1.7 | 1.5 | .9 |
| Canada..... | 24.0 | 3.3 | 5.6 | 1.6 | 1.8 | 1.4 |
| Argentina..... | .2 | .1 | 2.6 | 1.3 | 1.4 | 1.9 |
| United Kingdom... | 1.1 | .9 | 1.0 | 1.2 | 1.6 | .7 |
| Paraguay..... | 4.0 | 5.9 | 2.4 | 1.1 | 1.0 | 1.6 |
| Belgium..... | 1.1 | .2 | .6 | 1.1 | .9 | .5 |
| Japan..... | 3.5 | 3.1 | 2.5 | 1.0 | .8 | .9 |
| All other..... | 30.8 | 30.8 | 17.4 | 11.5 | 11.5 | 17.3 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total..... | 16.3 | 24.6 | 40.2 | 24.4 | 22.8 | 47.1 |

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1989 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-93 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

DIGEST NO. 8527.31.40

AC-POWERED RADIO/TAPE PLAYER COMBINATIONS

AC-POWERED RADIO/TAPE PLAYER COMBINATIONS

I. Introduction

☐ Addition to GSP ☐ Removal from GSP

☒ Competitive-need-limit waiver Malaysia

| HTS subheading(s) | Short description | Col. 1 rate of duty (1/1/93) <u>Percent ad valorem</u> | U.S. production of like or directly competitive article on Jan. 3, 1985 |
|-------------------------|---|--|---|
| 8527.31.40 ¹ | AC-powered radio/tape player combinations | 3.7% | No ² |

¹ Malaysia has been proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 8527.31.40.

² Although not included in the official list of "Articles Not Produced in the United States," there has been no reported U.S. production of AC-powered radio/tape player combinations since 1985.

Description and uses.--These are compact stereo systems consisting of a radiobroadcast receiver combined with an audio tape player, that operates on AC household current only. These may also be combined with a record player, a CD player, and/or two cassette bays, one of which is capable of playback and recording while the other is capable of playback only.

II. U.S. market profile¹

Profile of U.S. industry and market, 1989-92

| Item | 1989 | 1990 | 1991 | 1992 |
|---|---------|---------|---------|---------|
| Producers (number). | | | | |
| Employment (1,000 employees). | | | | |
| Shipments (1,000 dollars) | | | | |
| Exports ¹ (1,000 dollars) | 7,710 | 12,831 | 16,201 | 16,778 |
| Imports (1,000 dollars) | 460,559 | 364,580 | 320,926 | 310,496 |
| Consumption (1,000 dollars) | 452,849 | 351,749 | 304,725 | 293,718 |
| Import-to-consumption ratio (percent) | 100 | 100 | 100 | 100 |
| Capacity utilization (percent). | | | | |

¹ Any exports are re-exports, as there is no U.S. production of these products.

Comment.--Brand name products support a premium price, but discounting among retailers is common. Profit margins are thin at all levels of distribution.

III. GSP import situation, 1992

U.S. imports and share of U.S. consumption, 1992

| Item | Imports 1,000 dollars | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption |
|---------------------------------|-----------------------------|--------------------------------|------------------------------|-----------------------------------|
| Grand total | 310,496 | 100 | - | 100 |
| Imports from GSP countries: | | | | |
| GSP total | 123,318 | 40 | 100 | 42 |
| Malaysia ¹ | 102,272 | 33 | 83 | 35 |
| Mexico ² | 15,157 | 5 | 12 | 5 |
| Indonesia | 5,830 | 2 ³ | 5 ³ | 2 ³ |
| Philippines | 59 | (³) | (³) | (³) |

¹ Malaysia was designated as not eligible for GSP benefits under this HTS subheading in 1993.

² As of January 1, 1994, Mexico is no longer a GSP designated country. The duty rates specified under the North American Free Trade Agreement apply to imports from Mexico.

³ Less than 0.5 percent.

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

Comment.--Under the North American Free Trade Agreement (NAFTA), imports from Mexico under this subheading are imported duty-free.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Malaysia for all digest products

Ranking as a U.S. import supplier, 1992. 1

Price elasticity:

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

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

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

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

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

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

Price level compared with--

 U.S. products. Above Equivalent Below

 Other foreign products Above X Equivalent Below

Quality compared with--

 U.S. products. Above Equivalent Below

 Other foreign products Above X Equivalent Below

V. Position of interested parties

Support--In a pre-hearing brief, North American Philips, an importer of these products, noted that there is no U.S. production of this product, that the MFN rate of duty on this product is less than 4 percent ad valorem, and that no parties have registered opposition to the petition to waive the competitive-need limit for this product.

VI. Summary of probable economic effects--Competitive-need-limit waiver (Malaysia)

* * * * *

Table 1.
Digest title: AC-powered radio/tape player combinations
U.S. imports for consumption, principal sources, 1989-92, January-September 1992-93

| Source | 1989 | 1990 | 1991 | 1992 | January-September 1992 | 1993 |
|-----------------------|---------|---------|---------|---------|---------------------------|---------|
| Value (1,000 dollars) | | | | | | |
| Malaysia..... | 45,607 | 66,065 | 68,816 | 102,272 | 47,513 | 211,590 |
| China..... | 54,806 | 69,164 | 77,547 | 83,730 | 35,967 | 105,557 |
| Japan..... | 53,272 | 56,677 | 62,684 | 34,875 | 10,514 | 53,067 |
| Singapore..... | 52,526 | 50,450 | 32,659 | 34,483 | 16,630 | 46,469 |
| Korea..... | 90,369 | 67,191 | 26,532 | 20,810 | 8,833 | 26,462 |
| Mexico..... | 22,223 | 13,825 | 25,112 | 15,157 | 7,491 | 8,180 |
| Taiwan..... | 127,233 | 30,936 | 16,931 | 9,341 | 5,244 | 9,637 |
| Indonesia..... | 4,423 | 3,807 | 4,827 | 5,830 | 1,895 | 19,128 |
| Hong Kong..... | 2,312 | 4,243 | 4,027 | 2,534 | 1,505 | 2,845 |
| Austria..... | 0 | 0 | 845 | 1,343 | 923 | 0 |
| Philippines..... | 5,256 | 1,698 | 782 | 59 | 59 | 0 |
| Italy..... | 72 | 47 | 70 | 34 | 20 | 18 |
| Germany..... | 0 | 1 | 0 | 24 | 24 | 0 |
| Switzerland..... | 0 | 0 | 0 | 2 | 2 | 0 |
| Canada..... | 72 | 63 | 11 | 0 | 0 | 0 |
| All other..... | 2,386 | 412 | 82 | 0 | 0 | 73 |
| Total..... | 460,559 | 364,580 | 320,926 | 310,496 | 136,620 | 483,026 |
| GSP Total..... | 79,800 | 85,714 | 99,619 | 123,318 | 56,958 | 238,952 |
| Percent | | | | | | |
| Malaysia..... | 9.9 | 18.1 | 21.4 | 32.9 | 34.8 | 43.8 |
| China..... | 11.9 | 19.0 | 24.2 | 27.0 | 26.3 | 21.9 |
| Japan..... | 11.6 | 15.5 | 19.5 | 11.2 | 7.7 | 11.0 |
| Singapore..... | 11.4 | 13.8 | 10.2 | 11.1 | 12.2 | 9.6 |
| Korea..... | 19.6 | 18.4 | 8.3 | 6.7 | 6.5 | 5.5 |
| Mexico..... | 4.8 | 3.8 | 7.8 | 4.9 | 5.5 | 1.7 |
| Taiwan..... | 27.6 | 8.5 | 5.3 | 3.0 | 3.8 | 2.0 |
| Indonesia..... | 1.0 | 1.0 | 1.5 | 1.9 | 1.4 | 4.0 |
| Hong Kong..... | .5 | 1.2 | 1.3 | .8 | 1.1 | .6 |
| Austria..... | .0 | .0 | .3 | .4 | .7 | .0 |
| Philippines..... | 1.1 | .5 | .2 | 1/ | 1/ | .0 |
| Italy..... | 1/ | 1/ | 1/ | 1/ | 1/ | 1/ |
| Germany..... | .0 | 1/ | .0 | 1/ | 1/ | .0 |
| Switzerland..... | .0 | .0 | .0 | 1/ | 1/ | .0 |
| Canada..... | 1/ | 1/ | 1/ | .0 | .0 | .0 |
| All other..... | .5 | .1 | 1/ | .0 | .0 | 1/ |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total..... | 17.3 | 23.5 | 31.0 | 39.7 | 41.7 | 49.5 |

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1989 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-93 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

Table 2.
Digest title: AC-powered radio/tape player combinations
U.S. exports of domestic merchandise, by principal markets, 1989-92, January-September 1992-93

| Market | 1989 | 1990 | 1991 | 1992 | January-September | |
|-----------------------|-------|--------|--------|--------|-------------------|-------|
| | | | | | 1992 | 1993 |
| Value (1,000 dollars) | | | | | | |
| Mexico..... | 5,821 | 9,265 | 10,686 | 10,605 | 7,257 | 5,762 |
| Argentina..... | 3 | 42 | 1,024 | 2,096 | 1,898 | 370 |
| Canada..... | 176 | 2,092 | 1,952 | 1,693 | 1,232 | 724 |
| Venezuela..... | 392 | 246 | 700 | 376 | 195 | 234 |
| Costa Rica..... | 6 | 22 | 93 | 373 | 254 | 260 |
| Angola..... | 0 | 0 | 0 | 364 | 280 | 0 |
| Guatemala..... | 39 | 18 | 25 | 147 | 3 | 168 |
| Egypt..... | 13 | 0 | 20 | 103 | 87 | 7 |
| Guinea..... | 0 | 0 | 0 | 100 | 100 | 0 |
| Panama..... | 22 | 22 | 6 | 93 | 75 | 123 |
| Turkey..... | 0 | 63 | 80 | 82 | 82 | 0 |
| Netherlands Ant.. | 66 | 14 | 18 | 64 | 49 | 24 |
| Nigeria..... | 0 | 0 | 0 | 63 | 63 | 0 |
| Israel..... | 6 | 0 | 591 | 62 | 18 | 13 |
| Japan..... | 58 | 24 | 4 | 61 | 10 | 43 |
| All other..... | 1,109 | 1,024 | 1,001 | 497 | 335 | 631 |
| Total..... | 7,710 | 12,831 | 16,201 | 16,778 | 11,938 | 8,359 |
| GSP Total..... | 6,979 | 10,661 | 13,805 | 14,757 | 10,464 | 7,293 |
| Percent | | | | | | |
| Mexico..... | 75.5 | 72.2 | 66.0 | 63.2 | 60.8 | 68.9 |
| Argentina..... | 1/ | .3 | 6.3 | 12.5 | 15.9 | 4.4 |
| Canada..... | 2.3 | 16.3 | 12.1 | 10.1 | 10.3 | 8.7 |
| Venezuela..... | 5.1 | 1.9 | 4.3 | 2.2 | 1.6 | 2.8 |
| Costa Rica..... | .1 | .2 | .6 | 2.2 | 2.1 | 3.1 |
| Angola..... | .0 | .0 | .0 | 2.2 | 2.3 | .0 |
| Guatemala..... | .5 | .1 | .2 | .9 | 1/ | 2.0 |
| Egypt..... | .2 | .0 | .1 | .6 | .7 | .1 |
| Guinea..... | .0 | .0 | .0 | .6 | .8 | .0 |
| Panama..... | .3 | .2 | 1/ | .6 | .6 | 1.5 |
| Turkey..... | .0 | .5 | .5 | .5 | .7 | .0 |
| Netherlands Ant.. | .9 | .1 | .1 | .4 | .4 | .3 |
| Nigeria..... | .0 | .0 | .0 | .4 | .5 | .0 |
| Israel..... | .1 | .0 | 3.7 | .4 | .2 | .2 |
| Japan..... | .8 | .2 | 1/ | .4 | .1 | .5 |
| All other..... | 14.4 | 8.0 | 6.2 | 3.0 | 2.8 | 7.5 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total..... | 90.5 | 83.1 | 85.2 | 88.0 | 87.6 | 87.2 |

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1989 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-93 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

DIGEST NO. 8527.32.00

AC-POWERED CLOCK RADIOS

AC-POWERED CLOCK RADIOS

I. Introduction

☐ Addition to GSP ☐ Removal from GSP

☒ Competitive-need-limit waiver Malaysia

| HTS subheading(s) | Short description | Col. 1 rate of duty (1/1/93) Percent ad valorem | U.S. production of like or directly competitive article on Jan. 3, 1985 |
|-------------------------|-------------------------|--|---|
| 8527.32.00 ¹ | AC-powered clock radios | 6% | No ² |

¹ Based on 1992 trade data, Malaysia exceeds the competitive-need limits for articles included under HTS subheading 8527.32.00 and could be ineligible for GSP treatment of such articles.

² Although not included in the official list of "Articles Not Produced in the United States," there has been no reported U.S. production of clock radios since the early 1970s.

Description and uses.--These devices incorporate a timekeeping or time display device and are capable of receiving entertainment radiobroadcast signals. They operate on AC household current only.

II. U.S. market profile¹

Profile of U.S. industry and market, 1989-92

| Item | 1989 | 1990 | 1991 | 1992 |
|---|--------|--------|---------|---------|
| Producers (number) | | | | |
| Employment (1,000 employees) | | | | |
| Shipments (1,000 dollars) | | | | |
| Exports (1,000 dollars) | 1,572 | 3,031 | 1,948 | 4,195 |
| Imports (1,000 dollars) | 90,022 | 87,085 | 107,265 | 166,981 |
| Consumption (1,000 dollars) | 88,450 | 84,054 | 105,317 | 162,786 |
| Import-to-consumption ratio (percent) | 100 | 100 | 100 | 100 |
| Capacity utilization (percent) | | | | |

¹Any exports are reexports, since there is no U.S. production of these products.

Comment.-- The major factor of competition is price, although a certain premium may be paid for name-brand products. The products are relatively inexpensive, commodity-type consumer electronic products.

III. GSP import situation, 1992

U.S. imports and share of U.S. consumption, 1992

| Item | Imports 1,000 dollars | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption |
|-------------------------------|-----------------------------|--------------------------------|------------------------------|-----------------------------------|
| Grand total | 166,981 | 100 | - | 100 |
| Imports from GSP countries: | | | | |
| GSP total | 86,250 | 52 | 100 | 53 |
| Malaysia | 86,216 | 52 | 100 | 53 |
| Mexico ¹ | 2 | (²) | (²) | (²) |

¹ As of January 1, 1994, Mexico is no longer a GSP designated country. The duty rates specified under the North American Free Trade Agreement apply to imports from Mexico.

² Less than 0.5 percent.

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

Comment.--Under the North American Free Trade Agreement (NAFTA), imports from Mexico under this subheading are imported duty-free.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Malaysia for all digest products

Ranking as a U.S. import supplier, 1992. 1

Price elasticity:

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

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

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

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

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

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

Price level compared with--

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

 Other foreign products Above X Equivalent ___ Below ___

Quality compared with--

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

 Other foreign products Above X Equivalent ___ Below ___

V. Position of interested parties

The commission received no statement either in support of or in opposition to the proposed modification to the GSP considered in this digest.

VI. Summary of probable economic effects--Competitive-need-limit waiver (Malaysia)

* * * * *

Table 1.
Digest title: AC-powered clock radios
U.S. imports for consumption, principal sources, 1989-92, January-September 1992-93

| Source | 1989 | 1990 | 1991 | 1992 | January-September | |
|-----------------------|--------|--------|---------|---------|-------------------|---------|
| | | | | | 1992 | 1993 |
| Value (1,000 dollars) | | | | | | |
| Malaysia..... | 19,820 | 35,500 | 44,916 | 86,216 | 59,381 | 50,797 |
| China..... | 42,702 | 35,082 | 45,085 | 51,462 | 38,330 | 35,566 |
| Japan..... | 939 | 1,683 | 4,384 | 22,647 | 11,532 | 14,478 |
| Singapore..... | 9,946 | 5,999 | 5,868 | 2,428 | 2,200 | 261 |
| Taiwan..... | 9,708 | 5,264 | 3,399 | 2,107 | 1,578 | 1,086 |
| Hong Kong..... | 5,528 | 2,845 | 2,761 | 1,599 | 1,471 | 655 |
| Korea..... | 579 | 94 | 330 | 360 | 349 | 1 |
| Germany..... | 12 | 0 | 18 | 75 | 51 | 11 |
| Switzerland..... | 25 | 79 | 22 | 46 | 44 | 18 |
| Macao..... | 222 | 204 | 0 | 32 | 32 | 0 |
| United Kingdom... | 6 | 7 | 0 | 7 | 7 | 0 |
| Mexico..... | 0 | 0 | 0 | 2 | 2 | 0 |
| Canada..... | 78 | 243 | 466 | 0 | 0 | 0 |
| Sweden..... | 1 | 0 | 0 | 0 | 0 | 0 |
| Denmark..... | 5 | 0 | 0 | 0 | 0 | 0 |
| All other..... | 452 | 84 | 15 | 0 | 0 | 920 |
| Total..... | 90,022 | 87,085 | 107,265 | 166,981 | 114,979 | 103,793 |
| GSP Total..... | 20,477 | 35,781 | 44,930 | 86,250 | 59,414 | 51,717 |
| Percent | | | | | | |
| Malaysia..... | 22.0 | 40.8 | 41.9 | 51.6 | 51.6 | 48.9 |
| China..... | 47.4 | 40.3 | 42.0 | 30.8 | 33.3 | 34.3 |
| Japan..... | 1.0 | 1.9 | 4.1 | 13.6 | 10.0 | 13.9 |
| Singapore..... | 11.0 | 6.9 | 5.5 | 1.5 | 1.9 | .3 |
| Taiwan..... | 10.8 | 6.0 | 3.2 | 1.3 | 1.4 | 1.0 |
| Hong Kong..... | 6.1 | 3.3 | 2.6 | 1.0 | 1.3 | .6 |
| Korea..... | .6 | .1 | .3 | .2 | .3 | 1/ |
| Germany..... | 1/ | .0 | 1/ | 1/ | 1/ | 1/ |
| Switzerland..... | 1/ | .1 | 1/ | 1/ | 1/ | 1/ |
| Macao..... | .2 | .2 | .0 | 1/ | 1/ | .0 |
| United Kingdom... | 1/ | 1/ | .0 | 1/ | 1/ | .0 |
| Mexico..... | .0 | .0 | .0 | 1/ | 1/ | .0 |
| Canada..... | .1 | .3 | .4 | .0 | .0 | .0 |
| Sweden..... | 1/ | .0 | .0 | .0 | .0 | .0 |
| Denmark..... | 1/ | .0 | .0 | .0 | .0 | .0 |
| All other..... | .5 | .1 | 1/ | .0 | .0 | .9 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total..... | 22.7 | 41.1 | 41.9 | 51.7 | 51.7 | 49.8 |

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1989 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-93 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

Table 2.
Digest title: AC-powered clock radios
U.S. exports of domestic merchandise, by principal markets, 1989-92, January-September 1992-93

| Market | 1989 | 1990 | 1991 | 1992 | January-September | |
|-----------------------|-------|-------|-------|-------|-------------------|-------|
| | | | | | 1992 | 1993 |
| Value (1,000 dollars) | | | | | | |
| Mexico..... | 518 | 327 | 340 | 1,384 | 1,135 | 914 |
| Canada..... | 513 | 928 | 797 | 813 | 635 | 719 |
| Italy..... | 8 | 0 | 0 | 593 | 593 | 29 |
| Germany..... | 0 | 20 | 0 | 300 | 153 | 212 |
| Venezuela..... | 84 | 78 | 122 | 195 | 144 | 127 |
| Argentina..... | 0 | 12 | 166 | 159 | 98 | 68 |
| Australia..... | 0 | 0 | 7 | 155 | 57 | 15 |
| Chile..... | 3 | 0 | 23 | 98 | 98 | 0 |
| Hong Kong..... | 9 | 4 | 55 | 78 | 28 | 29 |
| Austria..... | 0 | 0 | 0 | 57 | 47 | 45 |
| Paraguay..... | 0 | 1,120 | 110 | 45 | 21 | 162 |
| Norway..... | 0 | 0 | 0 | 42 | 31 | 43 |
| Guatemala..... | 0 | 0 | 4 | 34 | 0 | 66 |
| Singapore..... | 133 | 23 | 40 | 29 | 29 | 0 |
| Turkey..... | 0 | 0 | 0 | 23 | 0 | 0 |
| All other..... | 304 | 517 | 284 | 190 | 131 | 629 |
| Total..... | 1,572 | 3,031 | 1,948 | 4,195 | 3,200 | 3,058 |
| GSP Total..... | 780 | 1,811 | 1,027 | 2,039 | 1,572 | 1,754 |
| Percent | | | | | | |
| Mexico..... | 32.9 | 10.8 | 17.5 | 33.0 | 35.5 | 29.9 |
| Canada..... | 32.7 | 30.6 | 40.9 | 19.4 | 19.9 | 23.5 |
| Italy..... | .5 | .0 | .0 | 14.1 | 18.5 | .9 |
| Germany..... | .0 | .7 | .0 | 7.2 | 4.8 | 6.9 |
| Venezuela..... | 5.4 | 2.6 | 6.3 | 4.7 | 4.5 | 4.2 |
| Argentina..... | .0 | .4 | 8.5 | 3.8 | 3.1 | 2.2 |
| Australia..... | .0 | .0 | .4 | 3.7 | 1.8 | .5 |
| Chile..... | .2 | .0 | 1.2 | 2.3 | 3.1 | .0 |
| Hong Kong..... | .6 | .1 | 2.8 | 1.9 | .9 | .9 |
| Austria..... | .0 | .0 | .0 | 1.4 | 1.5 | 1.5 |
| Paraguay..... | .0 | 37.0 | 5.7 | 1.1 | .6 | 5.3 |
| Norway..... | .0 | .0 | .0 | 1.0 | 1.0 | 1.4 |
| Guatemala..... | .0 | .0 | .2 | .8 | .0 | 2.2 |
| Singapore..... | 8.5 | .7 | 2.0 | .7 | .9 | .0 |
| Turkey..... | .0 | .0 | .0 | .5 | .0 | .0 |
| All other..... | 19.4 | 17.1 | 14.6 | 4.5 | 4.1 | 20.6 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total..... | 49.6 | 59.8 | 52.7 | 48.6 | 49.1 | 57.4 |

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1989 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-93 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

DIGEST NO. 8528.10.30

TELEVISION RECEIVERS COMBINED WITH VIDEO RECORDERS OR PLAYERS

TELEVISION RECEIVERS COMBINED WITH VIDEO RECORDERS OR PLAYERS

I. Introduction

☐ Addition to GSP ☐ Removal from GSP

☒ Competitive-need-limit waiver Malaysia

| HTS subheading(s) | Short description | Col. 1 rate of duty (1/1/93) <u>Percent ad valorem</u> | U.S. production of like or directly competitive article on Jan. 3, 1985 |
|----------------------|--|--|---|
| 8528.10.30 | Television receivers combined with video recorders or players | 3.9% | Yes |

Description and uses.--Television receivers combined with video recorders or players (TV-VCRs) are apparatuses that combine the functions of television sets and video recorders in one integrated cabinet or housing. This may make the apparatus more compact, portable, and simple to use than television sets and video recorders linked together by cables.

II. U.S. market profile

Profile of U.S. industry and market, 1989-92

| Item | 1989 | 1990 | 1991 | 1992 |
|--|---------|---------|---------|---------|
| Producers (number). | *** | *** | *** | *** |
| Employment (1,000 employees). | *** | *** | *** | *** |
| Shipments (1,000 dollars) ² | *** | *** | *** | *** |
| Exports (1,000 dollars) ³ | 39,753 | 42,309 | 65,223 | 59,947 |
| Imports (1,000 dollars) | 224,692 | 132,346 | 146,664 | 159,168 |
| Consumption (1,000 dollars) | *** | *** | *** | *** |
| Import-to-consumption ratio (percent) . . . | *** | *** | *** | *** |
| Capacity utilization (percent). | *** | *** | *** | *** |

***.

² Data are estimated by the staff of the U.S. International Trade Commission.

³ Consists largely of reexports of foreign goods.

***.

Comment.--***. TV-VCRs are used primarily as television receivers and thus are directly competitive with television receivers produced in the United States. In 1992 there were 17 U.S. producers of television receivers with 21,000 employees. Shipments were \$4.1 billion; exports, \$1.2 billion; imports, \$3.5 billion; consumption, \$6.4 billion; the import-to-consumption ratio, 55 percent; and capacity utilization, 70 percent.

III. GSP import situation, 1992

U.S. imports and share of U.S. consumption, 1992

| Item | Imports 1,000 dollars | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption |
|-------------------------------|-----------------------------|--------------------------------|------------------------------|-----------------------------------|
| Grand total | 159,168 | 100 | - | *** |
| Imports from GSP countries: | | | | |
| GSP total | 111,785 | 70 | 100 | *** |
| Thailand | 58,241 | 37 | 52 | *** |
| Malaysia | 31,193 | 20 | 28 | *** |
| Mexico ¹ | 22,351 | 14 | 20 | *** |

¹ As of January 1, 1994, Mexico is no longer a GSP designated country. The duty rates specified under the North American Free Trade Agreement apply to imports from Mexico.

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

Comment.--U.S. imports of TV-VCRs from Malaysia increased from \$2,000 in 1991 to \$31 million in 1992. There are two Malaysian producers of this product, Funai Electric, owned by Philips Electronics N.V. of the Netherlands, and Sharp Corp. of Japan. Under the North American Free Trade Agreement (NAFTA), imports from Mexico under this subheading are imported duty-free.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Malaysia for all digest products

Ranking as a U.S. import supplier, 1992. 2

Price elasticity:

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

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

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

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

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

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

Price level compared with--

 U.S. products. [Above Equivalent Below X]

 Other foreign products Above Equivalent X Below

Quality compared with--

 U.S. products. [Above Equivalent Below X]

 Other foreign products Above Equivalent X Below

Comment.--U.S. production is primarily of high-end products, whereas imports from Malaysia are primarily of low-end products.

V. Position of interested parties

Petitioner.--North American Philips Corporation (Philips), importer of the product, is a subsidiary of Philips Electronics N.V. of the Netherlands, which also owns Funai Electric, a Malaysian manufacturer of the product. Philips maintains that the waiver would have a very limited effect on the U.S. industry because the volume of U.S. production is small and consists only of assembly of imported components.

Opposition.--Zenith Electronics Corporation (Zenith), which manufactures television components in the United States and complete televisions and TV-VCRs in Mexico, maintains that televisions combined with video recorders compete directly with conventional U.S.- and Mexican-produced televisions, which are regarded as import-sensitive under U.S. policy. The company also maintains that televisions combined with video recorders became eligible for GSP treatment only as a result of an administrative error and that granting the waiver would compound this error. Furthermore, Zenith maintains that Malaysia does not need GSP treatment to compete in the U.S. market for this product and that Malaysia has allegedly violated workers' rights.

VI. Summary of probable economic effects--competitive-need-limit waiver (Malaysia)

* * * * *

Table 1.
Digest title: Television receivers combined with video recorders or players
U.S. imports for consumption, principal sources, 1989-92, January-September 1992-93

| Source | 1989 | 1990 | 1991 | 1992 | January-September | |
|-----------------------|---------|---------|---------|---------|-------------------|---------|
| | | | | | 1992 | 1993 |
| Value (1,000 dollars) | | | | | | |
| Thailand..... | 0 | 11,479 | 20,345 | 58,241 | 39,660 | 26,354 |
| Malaysia..... | 8 | 0 | 2 | 31,193 | 18,425 | 46,679 |
| Japan..... | 182,013 | 32,366 | 41,540 | 30,392 | 20,406 | 18,259 |
| Mexico..... | 21 | 0 | 441 | 22,351 | 17,315 | 40,783 |
| Singapore..... | 103 | 58,249 | 34,908 | 13,880 | 12,129 | 6,654 |
| Taiwan..... | 18,160 | 8,375 | 21,128 | 1,774 | 1,693 | 1,516 |
| Korea..... | 5,300 | 1,569 | 22,324 | 762 | 359 | 82 |
| United Kingdom... | 995 | 2,760 | 2,063 | 124 | 56 | 9 |
| Denmark..... | 0 | 545 | 2 | 120 | 5 | 0 |
| China..... | 29 | 0 | 0 | 102 | 102 | 182 |
| France..... | 48 | 486 | 372 | 90 | 71 | 0 |
| Canada..... | 0 | 24 | 20 | 87 | 86 | 45 |
| Netherlands..... | 0 | 0 | 22 | 25 | 0 | 59 |
| Italy..... | 3 | 3 | 11 | 14 | 12 | 0 |
| Germany..... | 367 | 4 | 107 | 12 | 9 | 29 |
| All other..... | 17,645 | 16,485 | 3,379 | 0 | 0 | 1,682 |
| Total..... | 224,692 | 132,346 | 146,664 | 159,168 | 110,328 | 142,333 |
| GSP Total..... | 36 | 11,479 | 20,788 | 111,785 | 75,400 | 114,448 |
| Percent | | | | | | |
| Thailand..... | .0 | 8.7 | 13.9 | 36.6 | 35.9 | 18.5 |
| Malaysia..... | 1/ | .0 | 1/ | 19.6 | 16.7 | 32.8 |
| Japan..... | 81.0 | 24.5 | 28.3 | 19.1 | 18.5 | 12.8 |
| Mexico..... | 1/ | .0 | .3 | 14.0 | 15.7 | 28.7 |
| Singapore..... | 1/ | 44.0 | 23.8 | 8.7 | 11.0 | 4.7 |
| Taiwan..... | 8.1 | 6.3 | 14.4 | 1.1 | 1.5 | 1.1 |
| Korea..... | 2.4 | 1.2 | 15.2 | .5 | .3 | .1 |
| United Kingdom... | .4 | 2.1 | 1.4 | .1 | .1 | 1/ |
| Denmark..... | .0 | .4 | 1/ | .1 | 1/ | .0 |
| China..... | 1/ | .0 | .0 | .1 | .1 | .1 |
| France..... | 1/ | .4 | .3 | .1 | .1 | .0 |
| Canada..... | .0 | 1/ | 1/ | .1 | .1 | 1/ |
| Netherlands..... | .0 | .0 | 1/ | 1/ | .0 | 1/ |
| Italy..... | 1/ | 1/ | 1/ | 1/ | 1/ | .0 |
| Germany..... | .2 | 1/ | .1 | 1/ | 1/ | 1/ |
| All other..... | 7.9 | 12.5 | 2.3 | .0 | .0 | 1.2 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total..... | 1/ | 8.7 | 14.2 | 70.2 | 68.3 | 80.4 |

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1989 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-93 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

Table 2.
Digest title: Television receivers combined with video recorders or players
U.S. exports of domestic merchandise, by principal markets, 1989-92, January-September 1992-93

| Market | 1989 | 1990 | 1991 | 1992 | January-September | |
|-----------------------|--------|--------|--------|--------|-------------------|--------|
| | | | | | 1992 | 1993 |
| Value (1,000 dollars) | | | | | | |
| Mexico..... | 9,073 | 10,452 | 19,491 | 14,636 | 12,870 | 5,104 |
| Venezuela..... | 913 | 1,230 | 4,331 | 8,482 | 6,628 | 5,957 |
| Japan..... | 1,524 | 2,210 | 10,401 | 8,210 | 7,972 | 680 |
| Brazil..... | 1,766 | 2,243 | 3,033 | 4,758 | 2,316 | 6,098 |
| Argentina..... | 67 | 133 | 1,258 | 4,729 | 4,425 | 896 |
| Paraguay..... | 1,349 | 10,187 | 8,545 | 3,525 | 2,874 | 3,927 |
| Taiwan..... | 3,188 | 2,247 | 1,240 | 2,013 | 1,833 | 1,068 |
| Belgium..... | 284 | 2,002 | 1,257 | 1,873 | 1,825 | 0 |
| Canada..... | 7,568 | 1,521 | 1,608 | 1,752 | 1,259 | 599 |
| Colombia..... | 2,502 | 1,470 | 905 | 1,397 | 825 | 1,070 |
| Philippines..... | 2 | 6 | 17 | 1,078 | 1,078 | 83 |
| United Kingdom... | 669 | 635 | 613 | 601 | 421 | 550 |
| Netherlands..... | 145 | 231 | 118 | 420 | 336 | 41 |
| Panama..... | 544 | 30 | 173 | 393 | 317 | 5,093 |
| Australia..... | 128 | 120 | 105 | 382 | 72 | 39 |
| All other..... | 10,031 | 7,594 | 12,128 | 5,696 | 4,327 | 4,582 |
| Total..... | 39,753 | 42,309 | 65,223 | 59,947 | 49,379 | 35,785 |
| GSP Total..... | 20,804 | 29,067 | 40,950 | 42,175 | 33,783 | 30,147 |
| Percent | | | | | | |
| Mexico..... | 22.8 | 24.7 | 29.9 | 24.4 | 26.1 | 14.3 |
| Venezuela..... | 2.3 | 2.9 | 6.6 | 14.1 | 13.4 | 16.6 |
| Japan..... | 3.8 | 5.2 | 15.9 | 13.7 | 16.1 | 1.9 |
| Brazil..... | 4.4 | 5.3 | 4.7 | 7.9 | 4.7 | 17.0 |
| Argentina..... | .2 | .3 | 1.9 | 7.9 | 9.0 | 2.5 |
| Paraguay..... | 3.4 | 24.1 | 13.1 | 5.9 | 5.8 | 11.0 |
| Taiwan..... | 8.0 | 5.3 | 1.9 | 3.4 | 3.7 | 3.0 |
| Belgium..... | .7 | 4.7 | 1.9 | 3.1 | 3.7 | .0 |
| Canada..... | 19.0 | 3.6 | 2.5 | 2.9 | 2.5 | 1.7 |
| Colombia..... | 6.3 | 3.5 | 1.4 | 2.3 | 1.7 | 3.0 |
| Philippines..... | 1/ | 1/ | 1/ | 1.8 | 2.2 | .2 |
| United Kingdom... | 1.7 | 1.5 | .9 | 1.0 | .9 | 1.5 |
| Netherlands..... | .4 | .5 | .2 | .7 | .7 | .1 |
| Panama..... | 1.4 | .1 | .3 | .7 | .6 | 14.2 |
| Australia..... | .3 | .3 | .2 | .6 | .1 | .1 |
| All other..... | 25.2 | 17.9 | 18.6 | 9.5 | 8.8 | 12.8 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total..... | 52.3 | 68.7 | 62.8 | 70.4 | 68.4 | 84.2 |

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1989 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-93 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

DIGEST NO. 8529.90.10

TELEVISION TUNERS

TELEVISION TUNERS

I. Introduction

X Addition to GSP Removal from GSP

X Competitive-need-limit waiver Indonesia

| HTS subheading(s) | Short description | Col. 1 rate of duty (1/1/93) Percent ad valorem | U.S. production of like or directly competitive article on Jan. 3, 1985 |
|-------------------------|-------------------|--|---|
| 8529.90.10 ¹ | Television tuners | 5% | No |

¹ Although not included in the official list of "Articles not produced in the United States," there has been no reported U.S. production of television tuners in recent years.

Description and uses.--Television tuners are components of television receivers. The tuner selects the desired channel from incoming signals picked up by the antenna and converts the received frequencies into lower frequencies within the range of the television's intermediate frequency (IF) amplifier.

II. U.S. market profile¹

Profile of U.S. industry and market, 1989-92

| Item | 1989 | 1990 | 1991 | 1992 |
|---|--------|--------|--------|--------|
| Producers (number). | | | | |
| Employment (1,000 employees). | | | | |
| Shipments (1,000 dollars) | | | | |
| Exports ¹ (1,000 dollars) | 15,918 | 9,669 | 8,698 | 11,071 |
| Imports (1,000 dollars) | 93,018 | 72,306 | 31,415 | 32,545 |
| Consumption (1,000 dollars) | 77,100 | 62,637 | 22,717 | 21,474 |
| Import-to-consumption ratio (percent) | 100 | 100 | 100 | 100 |
| Capacity utilization (percent). | | | | |

¹ Any exports are re-exports, as there are no U.S. producers of television tuners.

Comment.--There are no U.S. producers of television tuners. U.S. tuner production was moved to Mexico or Southeast Asia in the 1970s. Tuners are built to the specifications of television set manufacturers, and tuners built to one manufacturer's specifications will not work in another manufacturer's set. Tuners account for about 5 percent of the cost of materials for a television receiver. Imports of tuners declined between 1990 and 1991 as a result of U.S. color television receiver manufacturers moving assembly facilities from the United States to Mexico.

III. GSP import situation, 1992

U.S. imports and share of U.S. consumption, 1992

| Item | Imports 1,000 dollars | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption |
|-------------------------------|-----------------------------|--------------------------------|------------------------------|-----------------------------------|
| Grand total | 32,545 | 100 | - | 100 |
| Imports from GSP countries: | | | | |
| GSP total | 1,072 | 3 | 100 | 5 |
| Mexico ¹ | 993 | 3 | 93 | 5 |
| Malaysia | 55 | (2) | 5 | (2) |
| Philippines | 14 | (2) | 1 | (2) |
| Thailand | 11 | (2) | 1 | (2) |

¹ As of January 1, 1994, Mexico is no longer a GSP designated country. The duty rates specified under the North American Free Trade Agreement apply to imports from Mexico.

² Less than 0.5 percent.

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

Comment.--Under the North American Free Trade Agreement (NAFTA), imports from Mexico under this subheading are imported duty-free.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for Indonesia for all digest products

| | |
|---|------------------------------------|
| Ranking as a U.S. import supplier, 1992 ¹ | NA |
| Price elasticity: | |
| Can the U.S. purchaser easily shift among this and other suppliers? | Yes ___ No ___ |
| What is the price elasticity of U.S. demand? | High ___ Moderate ___ Low ___ |
| Can production in the country be easily expanded or contracted | |
| in the short term? | Yes ___ No ___ |
| Does the country have significant export markets besides the | |
| United States? | Yes ___ No ___ |
| Could exports from the country be readily redistributed among | |
| its foreign export markets? | Yes ___ No ___ |
| What is the price elasticity of import supply? | High ___ Moderate ___ Low ___ |
| Price level compared with-- | |
| U.S. products | Above ___ Equivalent ___ Below ___ |
| Other foreign products | Above ___ Equivalent ___ Below ___ |
| Quality compared with-- | |
| U.S. products | Above ___ Equivalent ___ Below ___ |
| Other foreign products | Above ___ Equivalent ___ Below ___ |

¹ There have been no U.S. imports of this product from Indonesia in recent years.

Comment.--***.

IV. Competitiveness profiles, GSP suppliers--continued

Competitiveness indicators for Malaysia for all digest products

Ranking as a U.S. import supplier, 1992. 9

Price elasticity:

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

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

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

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

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

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

Price level compared with--

U.S. products. Above Equivalent Below

Other foreign products Above X Equivalent Below

Quality compared with--

U.S. products. Above Equivalent Below

Other foreign products Above X Equivalent Below

Comment.--Through 1990, Malaysia had been the major supplier of television tuners to the United States, supplying over \$34 million of a total of \$72 million in imports, or over 47 percent. Beginning in 1991, Malaysia's share of U.S. imports slipped to less than 0.2 percent.

Competitiveness indicators for the Philippines for all digest products

Ranking as a U.S. import supplier, 1992. 13

Price elasticity:

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

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

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

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

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

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

Price level compared with--

U.S. products. Above Equivalent Below

Other foreign products Above Equivalent X Below

Quality compared with--

U.S. products. Above Equivalent Below

Other foreign products Above Equivalent X Below

Comment.--The Philippines began supplying the United States with television tuners beginning in 1992.

IV. Competitiveness profiles, GSP suppliers--Continued

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

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

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

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

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

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

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

Price level compared with--

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

Other foreign products Above ☐ Equivalent ☒ Below ☐

Quality compared with--

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

Other foreign products Above ☐ Equivalent ☒ Below ☐

V. Position of interested parties

Petitioner--North American Philips Corp., New York, NY, petitioned to add television tuners to the list of articles eligible for duty-free treatment under GSP and to waive the competitive-need limits with respect to tuners from Indonesia. North American Philips is a manufacturer of a wide range of consumer electronic products, electrical consumer products, electrical and electronic components, and professional equipment. Philips Consumer Electronics Co., a division of North American Philips, principally manufactures color televisions in Greeneville, TN, but maintains related operations in New York, New Mexico, North Carolina, and Ohio. The Greeneville facility manufactures color televisions using tuners sourced from a Philips affiliate in Indonesia. The granting of duty-free status and the waiver of competitive-need limits for tuners from Indonesia would result in annual duty savings of \$1.4 million and ensure the Greeneville facility's continued access to low-cost tuners from Indonesia. Consequently, the competitive position of the Greeneville facility would be enhanced.

Opposition--Zenith Electronics Corp., Glenview, IL, is a major North American producer of consumer electronic products and components, including color televisions, color television picture tubes, and television tuners. Zenith assembles color televisions in the United States using tuners sourced from its facilities in Mexico. Zenith opposes both the addition of television tuners to the list of articles eligible for duty-free treatment under GSP and the waiver of competitive-need limits on tuners from Indonesia. Zenith principally opposes Philip's petition because duty-free entry of TV tuners, which Zenith maintains is a very price-sensitive item, would place Zenith at a competitive disadvantage in the markets for tuners and color televisions.

VI. Summary of probable economic effects--Addition

★ ★ ★ ★ ★ ★ ★

VI. Summary of probable economic effects--Competitive-need-limit waiver (Indonesia)

* * * * *

Table 1.
Digest title: Television tuners
U.S. imports for consumption, principal sources, 1989-92, January-September 1992-93

| Source | 1989 | 1990 | 1991 | 1992 | January-September | |
|-----------------------|--------|--------|--------|--------|-------------------|--------|
| | | | | | 1992 | 1993 |
| Value (1,000 dollars) | | | | | | |
| Singapore..... | 28,405 | 22,010 | 19,382 | 16,964 | 12,638 | 17,867 |
| Japan..... | 15,015 | 7,245 | 5,259 | 9,520 | 6,268 | 4,080 |
| Taiwan..... | 4,751 | 2,126 | 2,903 | 3,231 | 2,969 | 1,010 |
| Korea..... | 4,401 | 4,527 | 2,299 | 1,321 | 817 | 2,463 |
| Mexico..... | 5,875 | 1,918 | 1,155 | 993 | 694 | 493 |
| France..... | 1 | 0 | 2 | 200 | 115 | 195 |
| Hong Kong..... | 96 | 93 | 215 | 60 | 42 | 115 |
| Canada..... | 70 | 72 | 6 | 56 | 19 | 94 |
| Malaysia..... | 34,325 | 34,208 | 51 | 55 | 41 | 46 |
| Norway..... | 0 | 3 | 2 | 53 | 53 | 2 |
| Netherlands..... | 5 | 0 | 70 | 28 | 2 | 12 |
| China..... | 8 | 25 | 47 | 18 | 18 | 186 |
| Philippines..... | 0 | 0 | 0 | 14 | 11 | 142 |
| United Kingdom... | 11 | 43 | 0 | 11 | 11 | 12 |
| Thailand..... | 0 | 0 | 3 | 11 | 11 | 6 |
| All other..... | 54 | 36 | 21 | 12 | 9 | 21 |
| Total..... | 93,018 | 72,306 | 31,415 | 32,545 | 23,716 | 26,742 |
| GSP Total..... | 40,206 | 36,126 | 1,209 | 1,072 | 757 | 702 |
| Percent | | | | | | |
| Singapore..... | 30.5 | 30.4 | 61.7 | 52.1 | 53.3 | 66.8 |
| Japan..... | 16.1 | 10.0 | 16.7 | 29.3 | 26.4 | 15.3 |
| Taiwan..... | 5.1 | 2.9 | 9.2 | 9.9 | 12.5 | 3.8 |
| Korea..... | 4.7 | 6.3 | 7.3 | 4.1 | 3.4 | 9.2 |
| Mexico..... | 6.3 | 2.7 | 3.7 | 3.1 | 2.9 | 1.8 |
| France..... | 1/ | .0 | 1/ | .6 | .5 | .7 |
| Hong Kong..... | .1 | .1 | .7 | .2 | .2 | .4 |
| Canada..... | .1 | .1 | 1/ | .2 | .1 | .4 |
| Malaysia..... | 36.9 | 47.3 | .2 | .2 | .2 | .2 |
| Norway..... | .0 | 1/ | 1/ | .2 | .2 | 1/ |
| Netherlands..... | 1/ | .0 | .2 | .1 | 1/ | 1/ |
| China..... | 1/ | 1/ | .2 | .1 | .1 | .7 |
| Philippines..... | .0 | .0 | .0 | 1/ | 1/ | .5 |
| United Kingdom... | 1/ | .1 | .0 | 1/ | 1/ | 1/ |
| Thailand..... | .0 | .0 | 1/ | 1/ | 1/ | 1/ |
| All other..... | .1 | 1/ | .1 | 1/ | 1/ | .1 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total..... | 43.2 | 50.0 | 3.8 | 3.3 | 3.2 | 2.6 |

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1989 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-93 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

Table 2.
Digest title: Television tuners
U.S. exports of domestic merchandise, by principal markets, 1989-92, January-September 1992-93

| Market | 1989 | 1990 | 1991 | 1992 | January-September | |
|-----------------------|--------|-------|-------|--------|-------------------|--------|
| | | | | | 1992 | 1993 |
| Value (1,000 dollars) | | | | | | |
| Mexico..... | 2,920 | 2,814 | 4,421 | 6,536 | 4,955 | 9,501 |
| Brazil..... | 125 | 91 | 135 | 609 | 577 | 28 |
| Japan..... | 1,777 | 584 | 143 | 576 | 72 | 792 |
| Costa Rica..... | 468 | 267 | 117 | 508 | 242 | 372 |
| United Kingdom... | 18 | 94 | 109 | 450 | 439 | 80 |
| Guatemala..... | 7 | 0 | 15 | 353 | 253 | 191 |
| Taiwan..... | 890 | 594 | 545 | 336 | 185 | 261 |
| Canada..... | 1,399 | 660 | 248 | 327 | 211 | 368 |
| Korea..... | 508 | 1,327 | 653 | 255 | 236 | 193 |
| Venezuela..... | 20 | 46 | 55 | 235 | 86 | 40 |
| Hong Kong..... | 85 | 738 | 287 | 141 | 138 | 264 |
| Dominican Rep.... | 95 | 0 | 11 | 107 | 13 | 450 |
| Argentina..... | 48 | 0 | 278 | 102 | 102 | 102 |
| Germany..... | 119 | 55 | 24 | 86 | 86 | 10 |
| Chile..... | 23 | 0 | 55 | 74 | 67 | 21 |
| All other..... | 7,416 | 2,398 | 1,603 | 377 | 235 | 840 |
| Total..... | 15,918 | 9,669 | 8,698 | 11,071 | 7,898 | 13,514 |
| GSP Total..... | 4,623 | 3,717 | 6,350 | 8,607 | 6,327 | 11,212 |
| Percent | | | | | | |
| Mexico..... | 18.3 | 29.1 | 50.8 | 59.0 | 62.7 | 70.3 |
| Brazil..... | .8 | .9 | 1.6 | 5.5 | 7.3 | .2 |
| Japan..... | 11.2 | 6.0 | 1.6 | 5.2 | .9 | 5.9 |
| Costa Rica..... | 2.9 | 2.8 | 1.3 | 4.6 | 3.1 | 2.8 |
| United Kingdom... | .1 | 1.0 | 1.3 | 4.1 | 5.6 | .6 |
| Guatemala..... | 1/ | .0 | .2 | 3.2 | 3.2 | 1.4 |
| Taiwan..... | 5.6 | 6.1 | 6.3 | 3.0 | 2.3 | 1.9 |
| Canada..... | 8.8 | 6.8 | 2.9 | 3.0 | 2.7 | 2.7 |
| Korea..... | 3.2 | 13.7 | 7.5 | 2.3 | 3.0 | 1.4 |
| Venezuela..... | .1 | .5 | .6 | 2.1 | 1.1 | .3 |
| Hong Kong..... | .5 | 7.6 | 3.3 | 1.3 | 1.7 | 2.0 |
| Dominican Rep.... | .6 | .0 | .1 | 1.0 | .2 | 3.3 |
| Argentina..... | .3 | .0 | 3.2 | .9 | 1.3 | .8 |
| Germany..... | .7 | .6 | .3 | .8 | 1.1 | .1 |
| Chile..... | .1 | .0 | .6 | .7 | .9 | .2 |
| All other..... | 46.6 | 24.8 | 18.4 | 3.4 | 3.0 | 6.2 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total..... | 29.0 | 38.4 | 73.0 | 77.7 | 80.1 | 83.0 |

1/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1989 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-93 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

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

DIGEST NO. 9106.90.80(pt)

CERTAIN TIMING APPARATUS

CERTAIN TIMING APPARATUS

I. Introduction

☒ Addition to GSP ☐ Removal from GSP

☐ Competitive-need-limit waiver

| HTS subheading(s) | Short description | Col. 1 rate of duty (1/1/93) <u>Percent ad valorem</u> | U.S. production of like or directly competitive article on Jan. 3, 1985 |
|----------------------|--|--|---|
| | | | |
| 9106.90.80(pt) | Apparatus for measuring, recording or otherwise indicating intervals of time, with clock or watch movements, battery powered | 23% ¹ | Yes |

¹ This is the ad valorem equivalent of the column 1-general rate of duty provided in the Harmonized Tariff Schedule of the United States (HTS) based upon all products of HTS subheading 9106.90.80. The HTS specified rate of duty is 45 cents each, plus 7 percent, plus 2.5 cents per jewel.

Description and uses.--This digest covers apparatus for measuring, recording or otherwise indicating intervals of time, with clock or watch movements that are powered by battery. The digest includes a wide range of timing apparatus, not elsewhere classified, which are not designed to be worn or carried on the person and which have a battery as their principal or auxiliary power source. Subject products, when imported into the United States, are classified as part of HTS subheading 9106.90.80, a "basket" category of goods that includes time-of-day recording apparatus and apparatus for measuring, recording or otherwise indicating intervals of time, with clock or watch movement or with synchronous motor, excluding time registers, time recorders, parking meters, and time locks valued over \$10 each. Uses of timing apparatus of HTS subheading 9106.90.80 cover a wide range of residential, commercial, and industrial applications, including but not limited to kitchen or table timers, stop clocks and other timers used for measuring the duration of various processes, day and month timers, telephone conversation timers, darkroom or stadium timers, and skiing or horse-race gate timers.

II. U.S. market profile

Profile of U.S. industry and market, 1989-92

| Item | 1989 | 1990 | 1991 | 1992 |
|---|------------------|------------------|------------------|------------------|
| Producers (number) | *** | *** | *** | *** |
| Employment (1,000 employees) | *** | *** | *** | *** |
| Shipments (1,000 dollars) | *** | *** | *** | *** |
| Exports (1,000 dollars) | *** | *** | *** | *** |
| Imports (1,000 dollars) ² | *5,029 | *5,577 | *4,142 | *5,770 |
| Consumption (1,000 dollars) | *** | *** | *** | *** |
| Import-to-consumption ratio (percent) | *** | *** | *** | *** |
| Capacity utilization (percent) | (⁵) | (⁵) | (⁵) | (⁵) |

***.

² Estimated by the staff of the U.S. International Trade Commission. [Official statistics for 1989 and 1990 compiled by the U.S. Department of Commerce are believed to understate actual U.S. imports of products in this subheading.]

***.

***.

⁵ Not available.

Comment.--There is believed to be *** of the subject battery-powered timing apparatus, resulting in consumption having been supplied ***. In 1989-92, estimated domestic production of goods equivalent to those classified in the entire HTS subheading 9106.90.80, valued at approximately \$20 million annually, was conducted by approximately 8 firms, estimated to have employed fewer than 1,000 production workers. U.S. exports of merchandise corresponding to the entire HTS subheading 9106.90.80 are estimated to have decreased irregularly during 1989-92, rising from \$8 million in 1989 to \$10 million in 1990 but declining to \$7 million in 1992. For the total of domestic firms producing timing apparatus of a type corresponding to all products of HTS subheading 9106.90.80, employment and capacity utilization are believed to have decreased by at least 10 percent in 1992, as a result of substantial increases in U.S. imports contrasted with little increase in domestic demand. The domestic industry that supplies products in the entire subheading 9106.90.80 produces ***.

Prior to the mid-1970s, most types of timing apparatus were manufactured domestically. However, after the introduction of quartz movement technology, domestic production declined because many U.S. manufacturers could not compete with the low-wage cost countries, especially with lower valued goods produced in Asia.

III. GSP import situation, 1992

U.S. imports and share of U.S. consumption, 1992¹

| Item | Imports 1,000 dollars | Percent of total imports | Percent of GSP imports | Percent of U.S. consumption |
|-------------------------------|-----------------------------|--------------------------------|------------------------------|-----------------------------------|
| Grand total | *5,770 | *100 | - | *** |
| Imports from GSP countries: | | | | |
| GSP total | *443 | *8 | *100 | *** |
| Mexico ⁴ | *418 | *7 | *94 | *** |
| Malaysia | *15 | *(⁵) | *3 | *** |
| Argentina | *10 | *(⁵) | *2 | *** |

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

***.

***.

⁴ As of January 1, 1994, Mexico is no longer a GSP-designated country. The duty rates specified under the North American Free Trade Agreement (NAFTA) apply to imports from Mexico.

⁵ Less than 0.5 percent.

***.

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

Comment.--In 1989 and 1990, no significant imports of digest products emanated from GSP-designated countries. The situation changed in 1991, solely the result of imports from Mexico, which was a GSP-designated country prior to 1994. Imports of digest products from then-GSP-designated countries rose by more than five times an estimated \$90,000 in 1989 to \$518,000 in 1991, then declined 14 percent to \$443,000 in 1992. Mexico accounted for an estimated \$418,000, or 94 percent, of imports of digest products from then-GSP-designated countries in 1992. Malaysia and Argentina, the only other GSP-designated countries believed to have supplied U.S. imports of digest products in 1992, together accounted for an estimated \$25,000, or 5 percent, of such digest imports from all then-GSP-designated countries, including Mexico, and less than one-half of one percent of digest imports from all sources. China led all foreign suppliers of digest products to the U.S. market during 1989-92. The growth in value and in market share of digest goods imported from China was especially high in 1992, doubling to an estimated \$2 million and representing 40 percent of the total U.S. imports of these products. U.S. imports from Italy, the second-leading foreign source of subject goods, also almost doubled in 1992, rising to an estimated \$1 million. Under the North American Free Trade Agreement (NAFTA), imports under this HTS subheading from Mexico would enter duty-free.

IV. Competitiveness profiles, GSP suppliers

Competitiveness indicators for all GSP countries and for all digest products

Price elasticity:

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

Comment.--Mexico, formerly designated as a GSP country, accounted for all but a small part of U.S. imports of digest products from GSP-designated countries in 1991-92. Estimated U.S. imports of digest products in 1992 from currently GSP-eligible countries were not significant, amounting to less than one-half of one percent of such imports from all foreign sources. Thus, the basis for this competitiveness profile is a relatively small import sample. The principal and substantially growing source of U.S. imports of digest products is China.

V. Position of interested parties

Petitioner--Seigil Enterprises, Inc., Brentwood, TN, petitioned for the addition of its patented RemindCap timer to the list of articles eligible for duty-free entry under the GSP, to enable Seigil to begin the startup manufacture of the product in Thailand and its subsequent introduction into the U.S. market in partnership with Owens-Illinois Prescription Products Inc., Toledo, OH. Seigil requested GSP treatment under HTS subheading 9106.90.80, describing the product as an apparatus for measuring, recording or otherwise indicating intervals of time with clock movements, battery and optoelectronic display only. Seigil stated that the RemindCap timer is a proprietary electronic signaling device, closure, and cap for pharmaceutical containers intended to actively remind the user of medication to take dosages as prescribed at specified time intervals. The petitioner stated that the timing apparatus, to be issued in both an audible version that emits a beeping sound and a visual version, consists of an electronic circuit and a mechanism whereby the electronic circuit is activated and resets itself to selected factory-preset intervals. Seigil stated further that none of the current devices available to U.S. consumers provides a reliable timing reminder device that is included in the same package that contains their medications, and that no product on the market manufactured by a domestic or foreign company can be considered like or directly competitive. Seigil stated that, based on analyses performed by Owens-Illinois, the estimated cost of producing the RemindCap timer is prohibitive for market entry without relief from duty.

Support--Owens-Illinois Prescription Products Inc., Toledo, OH, in an appendix to Seigil Enterprises' petition, described itself as a leading producer in the United States of pharmaceutical containers and closures. It supported the petition for Seigil's RemindCap timer device by stating that the firm has entered into an agreement with Seigil to distribute and market the RemindCap timer that uses the same "push down and turn" action as Owens-Illinois' child-resistant closure in use for more than 20 years. Owens-Illinois stated that U.S. consumer acceptance and market penetration of the RemindCap timer could be significant and could contribute to reducing health care costs in the United States associated with consumer noncompliance with medication programs.

VI. Summary of probable economic effects--Addition

* * * * *

Table 1
Digest title: Certain timing apparatus
U.S. imports for consumption, principal sources, 1989-92, January-September 1992-93 1/

| Source | 1989 | 1990 | 1991 | 1992 | January-September | |
|--------------------------|-------|-------|-------|-------|-------------------|-------|
| | | | | | 1992 | 1993 |
| Value (1,000 dollars) | | | | | | |
| China | 1,212 | 1,241 | 1,086 | 2,312 | 1,866 | 3,152 |
| Italy | 239 | 361 | 513 | 976 | 954 | 410 |
| Japan | 770 | 608 | 433 | 438 | 288 | 456 |
| Mexico | 0 | 134 | 511 | 418 | 246 | 289 |
| Taiwan | 755 | 537 | 330 | 398 | 224 | 726 |
| Germany | 743 | 514 | 263 | 375 | 247 | 262 |
| Hong Kong | 651 | 903 | 208 | 350 | 314 | 561 |
| Switzerland | 116 | 434 | 313 | 284 | 205 | 44 |
| United Kingdom | 104 | 162 | 48 | 70 | 66 | 39 |
| Sweden | 9 | 105 | 65 | 52 | 48 | 1 |
| Canada | 143 | 55 | 31 | 19 | 17 | 192 |
| Denmark | 9 | 31 | 18 | 16 | 12 | 20 |
| Malaysia | 0 | 0 | 0 | 15 | 15 | 0 |
| Netherlands | 4 | 2 | 4 | 14 | 13 | 1 |
| France | 62 | 73 | 30 | 11 | 3 | 227 |
| All other | 212 | 418 | 288 | 21 | 15 | 72 |
| Total | 5,029 | 5,577 | 4,142 | 5,770 | 4,533 | 6,452 |
| GSP Total | 90 | 136 | 518 | 443 | 267 | 312 |
| Percent | | | | | | |
| China | 24.1 | 22.3 | 26.2 | 40.1 | 41.2 | 48.9 |
| Italy | 4.8 | 6.5 | 12.4 | 17.0 | 21.0 | 6.4 |
| Japan | 15.3 | 10.9 | 10.5 | 7.6 | 6.4 | 7.1 |
| Mexico | .0 | 2.4 | 12.3 | 7.2 | 5.4 | 4.5 |
| Taiwan | 15.0 | 9.6 | 8.0 | 6.9 | 4.9 | 11.2 |
| Germany | 14.8 | 9.2 | 6.4 | 6.5 | 5.5 | 4.1 |
| Hong Kong | 12.9 | 16.2 | 5.0 | 6.1 | 6.9 | 8.7 |
| Switzerland | 2.3 | 7.8 | 7.6 | 4.9 | 4.5 | .7 |
| United Kingdom | 2.1 | 2.9 | 1.2 | 1.2 | 1.5 | .6 |
| Sweden | .2 | 1.9 | 1.6 | .9 | 1.1 | 2/ |
| Canada | 2.8 | 1.0 | .7 | .3 | .4 | 3.0 |
| Denmark | .2 | .6 | .4 | .3 | .3 | .3 |
| Malaysia | .0 | .0 | .0 | .3 | .3 | .0 |
| Netherlands | .2 | 2/ | .1 | .2 | .3 | 2/ |
| France | 1.2 | 1.3 | .7 | .2 | .1 | 3.5 |
| All other | 4.2 | 7.5 | 7.0 | .4 | .3 | 1.1 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GSP Total | 1.8 | 2.4 | 12.5 | 7.7 | 5.9 | 4.8 |

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

2/ Less than \$500 or less than 0.05 percent.

Note.--Because of rounding, figures may not add to totals shown. German trade data for 1989 include data only for the former Federal Republic of Germany (West Germany). German trade data for 1990-93 include data from West Germany in addition to data from the former German Democratic Republic (East Germany) and Berlin.

APPENDIX A

**UNITED STATES TRADE REPRESENTATIVE'S REQUEST, RECEIVED
OCTOBER 18, 1993, FOR PROBABLE ECONOMIC EFFECT ADVICE**

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

OCT 18 1993

The Honorable Don E. Newquist
Chairman
United States International Trade
Commission
500 E Street, S.W.
Washington, D.C. 20436

Dear Chairman Newquist:

The Trade Policy Staff Committee (TPSC) has recently announced in the Federal Register the acceptance of product petitions for modification of the Generalized System of Preferences (GSP) received as part of the 1993 annual review. Modifications to the GSP which may result from this review will be announced in the spring of 1994 and become effective in the summer of 1994. In this connection, I am making the requests listed below.

In accordance with sections 503(a) and 131(a) of the Trade Act of 1974 (the 1974 Act), and pursuant to the authority of the President delegated to the United States Trade Representative (USTR) by sections 4(c) and 8(c) and (d) of Executive Order 11846 of March 31, 1975, as amended, I hereby notify the Commission that the articles identified in Part A of the enclosed annex are being considered for designation as eligible articles for purposes of the United States GSP, as set forth in Title V of the 1974 Act.

Pursuant to sections 503(a) and 131(a) of the 1974 Act, I request that the Commission provide its advice, with respect to each of article identified in Part A of the enclosed annex, as to the probable economic effect on United States industries producing like or directly competitive articles and on consumers of the elimination of United States import duties under the GSP.

In providing its advice on the articles in Part A of the enclosed annex, I request the Commission to assume that the benefits of the GSP would not apply to imports that would be excluded from receiving such benefits by virtue of the competitive need limits specified in section 504(c)(1) of the 1974 Act (except for Indonesia in case 93-11 (Harmonized Tariff Schedule of the United States (HTS) subheading 8529.90.10).

Under authority delegated by the President, pursuant to section 332(g) of the Tariff Act of 1930, I further request:

- a) with respect to the article listed in Part B of the enclosed annex, that the Commission provided its advice as the probable economic effect on United States industries

producing like or directly competitive articles and on consumers of the removal of the article in Part B of the enclosed annex from eligibility for duty-free treatment under the GSP;

b) with respect to the article listed in Part C of the enclosed list, that the Commission provide its advice as to the probable economic effect on United States industries producing like or directly competitive articles and on consumers of the removal of Venezuela with respect to the articles in case 93-14 (HTS subheading 7308.90.90(pt.)) from eligibility for duty-free treatment under the GSP for such HTS subheading;

c) in accordance with section 504(d)(1) of the 1974 Act which exempts from one of the competitive need limits in section 504(c) of the 1974 Act articles for which no like or directly competitive article was being produced in the United States on January 3, 1985, that the Commission provide advice with respect to whether products like or directly competitive with the articles in Part A of the enclosed annex were being produced in the United States on January 3, 1985;

d) in accordance with section 504(c)(3)(a)(i) of the 1974 Act, that the Commission provide advice on whether any industry in the United States is likely to be adversely affected by:

(1) a waiver of the competitive need limits specified in section 504(c)(1) of the 1974 Act for the countries specified with respect to the articles in Part D of the enclosed annex, and with respect to Indonesia in case 93-11 (HTS subheading 8529.90.10);

(2) a waiver of the competitive need limits specified in section 504(c)(1) of the 1974 Act for both Indonesia and Malaysia with respect to the articles in cases 93-20 and 93-21 (HTS subheading 8471.20.00), for both Indonesia and Malaysia with respect to the articles in cases 93-22 and 93-23 (HTS subheading 8471.91.00), and for both Malaysia and the Philippines with respect to the articles in cases 93-26 and 93-27 (HTS subheading 8525.20.50); and

(3) a waiver of the competitive need limits specified in section 504(c)(2) of the 1974 Act, but not a waiver of the competitive need limits specified in section 504(c)(1) of the 1974 Act, for Brazil with respect to

The Honorable Don E. Newquist
Page Three

the articles involved in case 93-19 (HTS subheading 8409.91.91(pt.)), for which HTS subheading 8409.91.91 Brazil currently is subject to the reduced competitive need limits specified in section 504(c)(2)(B) of the 1974 Act.

Under the provisions of the 1974 Act, the Commission has six months to provide the advice requested herein pursuant to sections 503(a) and 131(a) of the 1974 Act on Part A of the enclosed list. However, it would be greatly appreciated if all of the requested advice could be provided by January 19, 1994. To the maximum extent possible, it would be greatly appreciated if the probable economic advice and statistics (profile of the United States industry and market and United States import and export data) and any other relevant information or advice be provided separately and individually for each Harmonized Tariff Schedule of the United State (HTS) subheading for the cases in this investigation.

I direct you to mark as "Confidential" those portions of the Commission's report and related working papers that contain the Commission's advice on the probable economic effect on United States industries producing like or directly competitive articles and on consumers. All other parts of the report are unclassified, but the overall classification marked on the front and back covers of the report should be "Confidential" to conform with the confidential sections contained therein. All business confidential information contained in the report should be clearly identified.

When the Commission's confidential report is provided to my Office, the Commission should issue, as soon as possible thereafter, a public version of the report containing only the unclassified sections, with any business confidential information deleted.

The Commission's assistance in this matter is greatly appreciated.

Sincerely,



Michael Kantor

Annex

| Case No. | HTS Subheading | Article | Petitioner |
|---|-----------------|---|--|
| [The bracketed language in this Annex has been included only to clarify the scope of the numbered subheadings which are being considered, and such language is not itself intended to describe articles which are under consideration.] | | | |
| A. <u>Petitions to add products to the list of eligible articles for the Generalized System of Preferences.</u> | | | |
| 93-1 | 0805.30.40 | Citrus fruit, fresh or dried: Lemons (<u>Citrus limon</u> , <u>Citrus limonum</u>) and limes (<u>Citrus aurantifolia</u>): Limes | Agropecuaria Kiubo C.A., Venezuela |
| 93-2 | 0806.20.10 | Grapes, fresh or dried: Dried: Raisins: Made from seedless grapes | Chilean Food and Agroindustrial Processors Federation, Chile |
| 93-3 | 2309.90.90(pt.) | Preparations of a kind used in animal feeding: [Dog or cat food, put up for retail sale] Other: [Mixed feeds or mixed feed ingredients] Other: [Animal feeds containing milk or milk derivatives] Other: [Animal feeds containing egg] Other: Preparations, with a basis of vitamin B ₁₂ , for supplementing animal feed | Chemical Works of Gedeon Richter Ltd., Hungary |
| 93-4 | 2902.11.00 | Cyclic hydrocarbons: Cyclanes, cyclenes and cycloterpenes: Cyclohexane | Government of Venezuela |
| 93-5 | 2918.30.20(pt.) | Carboxylic acids with additional oxygen function and their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulfonated, nitrated or nitrosated derivatives: Carboxylic acids with aldehyde or ketone function but without other oxygen function, their anhydrides, halides, peroxides, peroxyacids and their derivatives: Aromatic: Other: Ketoprofen | Pliva D.D. Zagreb, Croatia |
| 93-6 | 2921.49.40(pt.) | Amine-function compounds: Aromatic monoamines and their derivatives; salts thereof: Other: Other: Drugs: Other: Deprenyl hydrochloride | Chinoïn Pharmaceutical and Chemical Works Co., Ltd., Hungary |
| 93-7 | 2933.39.37(pt.) | Heterocyclic compounds with nitrogen hetero-atom(s) only; nucleic acids and their salts: Compounds containing an unfused pyridine ring (whether or not hydrogenated) in the structure: Other: Other: Drugs: Other: Ethionamide | Chemical Works of Gedeon Richter, Ltd., Hungary |

| | | | |
|--------|--------------|-----------|--------------|
| Case : | HTS : | Article : | Petitioner : |
| No. : | Subheading : | | |
| : | : | | : |

A. Petitions to add products to the list of eligible articles for the Generalized System of Preferences. (con.)

Hormones, natural or reproduced by synthesis; derivatives thereof, used primarily as hormones; other steroids used primarily as hormones:
Other hormones and their derivatives; other steroids used primarily as hormones:
Estrogens and progestins:
[Obtained directly or indirectly from animal or vegetable materials]

| | | | |
|-------|-----------------|------------------------------|---|
| 93-8 | 2937.92.20(pt.) | Other: Estradiol benzoate | Chemical Works of Gedeon Richter, Ltd., Hungary |
| 93-9 | 2937.92.80(pt.) | Estradiol | do. |
| 93-10 | 2937.99.80(pt.) | Other: Trenbolone acetate | do. |

Parts suitable for use solely or principally with the apparatus of headings 8525 to 8528:
[Antennas and antenna reflectors of all kinds; parts suitable for use therewith]

| | | | |
|-------|--------------------------|--|---|
| 93-11 | 8529.90.10 ^{1/} | Other: Of television apparatus: Tuners | North American Phillips Corporation, New York, NY |
|-------|--------------------------|--|---|

Time of day recording apparatus and apparatus for measuring, recording or otherwise indicating intervals of time, with clock or watch movement or with synchronous motor (for example, time registers, time-recorders):
[Time registers; time-recorders; parking meters]

| | | | |
|-------|-----------------|--|---|
| 93-12 | 9106.90.80(pt.) | Other: [Time locks valued over \$10 each] Other: Apparatus for measuring, recording or otherwise indicating intervals of time, with clock or watch movements, battery powered | Seigil Enterprises, Inc., Sausalito, CA |
|-------|-----------------|--|---|

B. Petitions to remove products from the list of eligible articles for the Generalized System of Preferences.

| | | | |
|-------|------------|-----------------------------------|---|
| 93-13 | 4007.00.00 | Vulcanized rubber thread and cord | North American Rubber Thread, Falls River, MA |
|-------|------------|-----------------------------------|---|

C. Petitions to remove duty-free status from beneficiary developing country/countries for a product on the list of eligible articles for Generalized System of Preferences. 2/

Structures (excluding prefabricated buildings of heading 9406) and parts of structures (for example, bridges and bridge sections, lock gates, towers, lattice masts, roofs, roofing frameworks, doors and windows and their frames and thresholds for doors, shutters, balustrades, pillars and columns) of iron or steel; plates, rods, angles, shapes, sections, tubes and the like, prepared for use in structures, of iron or steel:
[Articles provided for in subheadings 7308.10.00 through 7308.40.00, inclusive]

Other:
[Columns, pillars, posts, beams, girders and similar structural units]

| | | | |
|-------|--------------------------------|-------------------------|---------------------------|
| 93-14 | 7308.90.90(pt.) (Venezuela) | Other: Steel grating | IKG Industries, Clark, NJ |
|-------|--------------------------------|-------------------------|---------------------------|

1/ The petitioner also requests a waiver of competitive need limits for Indonesia on the articles provided for in HTS subheading 8529.90.10.

2/ The country named is the beneficiary developing country specified by the petitioner. While the Trade Policy Staff Committee (TPSC) review will focus on that country, the TPSC reserves the right to address removal of GSP status for countries other than those specified by the petitioner as well the GSP status of the entire article.

| Case No. | HTS Subheading | Article | Petitioner |
|--|-----------------------------|--|--|
| D. <u>Petitions for waiver of competitive need limit for a product on the list of eligible products for the Generalized System of Preferences.</u> | | | |
| 93-15 | 4203.21.40 (Philippines) | Articles of apparel and clothing accessories, of leather or of composition leather: Gloves, mittens and mitts: Specially designed for use in sports: Baseball and softball gloves and mitts (including batting gloves): [Batting gloves] Other | Government of the Philippines |
| 93-16 | 7113.19.21 (Israel) | Articles of jewelry and parts thereof, of precious metal or of metal clad with precious metal: Of precious metal whether or not plated or clad with precious metal: [Of silver, whether or not plated or clad with other precious metal] Of other precious metal, whether or not plated or clad with precious metal: [Articles provided for in subheading 7113.19.10] Other: Necklaces and neck chains, of gold: Rope | Israel Jewelry Manufacturers Association, Israel |
| 93-17 | 8402.20.00 (Philippines) | Steam or other vapor generating boilers (other than central heating hot water boilers capable also of producing low pressure steam); super-heated water boilers; parts thereof: Super-heated water boilers | Government of the Philippines |
| 93-18 | 8407.34.2080 (Brazil) | Spark-ignition reciprocating or rotary internal combustion piston engines: Reciprocating piston engines of a kind used for the propulsion of vehicles of chapter 87: Of a cylinder capacity exceeding 1,000 cc: To be installed in vehicles of subheading 8701.20, or heading 8702, 8703 or 8704: [Used or rebuilt] Other | General Motors Corporation, Detroit, MI |
| 93-19 | 8409.91.91(pt.) (Brazil) | Parts suitable for use solely or principally with the engines of heading 8407 or 8408: Other: Suitable for use solely or principally with spark-ignition internal combustion piston engines (including rotary engines): Other: For vehicles of subheading 8701.20, or heading 8702, 8703 or 8704: Aluminum cylinder heads | FMB Produtos Metalurgicos, Ltda., Brazil |
| 93-20 | 8471.20.00 (Indonesia) | Automatic data processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified or included: [Analog or hybrid automatic data processing machines] | Apple Computer, Inc., Cupertino, CA |
| 93-21 | 8471.20.00 (Malaysia) | Digital automatic data processing machines, containing in the same housing at least a central processing unit and an input and output unit, whether or not combined | do. |

| Case No. | HTS Subheading | Article | Petitioner |
|---|-----------------------------|--|--|
| <u>D. Petitions for waiver of competitive need limit for a product on the list of eligible products for the Generalized System of Preferences. (con.)</u> | | | |
| | | Automatic data processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified or included (con.): | |
| | | Other: | |
| 93-22 | 8471.91.00 (Indonesia) | Digital processing units, whether or not entered with the rest of a system, which may contain in the same housing one or two of the following types of units: storage units, input units, output units | do. |
| 93-23 | 8471.91.00 (Malaysia) | Digital processing units, whether or not entered with the rest of a system, which may contain in the same housing one or two of the following types of units: storage units, input units, output units | Apple Computer, Inc., Cupertino, CA |
| | | Video recording or reproducing apparatus, whether or not incorporating a video tuner: | |
| | | Magnetic tape-type: | |
| | | Color, cartridge or cassette type: | |
| | | [Not capable of recording] | |
| 93-24 | 8521.10.60 (Indonesia) | Other | North American Phillips Corporation, New York, NY; P.T. Kotobuki Electronics, Indonesia; P.T. Sanyo Jaya Components Indonesia, Indonesia; Sanyo Fisher (USA) Corporation, Chatsworth, CA |
| | | Transmission apparatus for radiotelephony, radiotelegraphy, radiobroadcasting or television, whether or not incorporating reception apparatus or sound recording or reproducing apparatus; television cameras: | |
| | | Transmission apparatus incorporating reception apparatus: | |
| | | Transceivers: | |
| 93-25 | 8525.20.20 (Philippines) | Low-power radiotelephonic transceivers operating on frequencies from 49.82 to 49.90 MHz | Government of the Philippines |
| | | Other: | |
| 93-26 | 8525.20.50 (Malaysia) | Cordless handset telephones | Thomson Consumer Electronics, Indianapolis, IN |
| 93-27 | 8525.20.50 (Philippines) | Cordless handset telephones | Government of the Philippines |
| | | Reception apparatus for radiotelephony, radiotelegraphy or radiobroadcasting, whether or not combined, in the same housing, with sound recording or reproducing apparatus or a clock: | |
| | | [Articles provided for in subheading 8527.11.11 through 8527.29.40, inclusive] | |
| | | Other radiobroadcast receivers, including apparatus capable of receiving also radiotelephony or radiotelegraphy: | |
| | | Combined with sound recording or reproducing apparatus: | |
| | | [Articles designed for connection to telegraphic or telephonic apparatus or instruments or to telegraphic or telephonic networks] | |
| | | Other: | |
| 93-28 | 8527.31.40 (Malaysia) | Combinations incorporating tape players which are incapable of recording | North American Phillips Corporation, New York, NY; Santronic (M) SDN, BHD, Malaysia; Sanyo Fisher (USA) Corporation, Chatsworth, CA; Thomson Consumer Electronics, Indianapolis, IN |

| Case No. | HTS Subheading | Article | Petitioner |
|---|--------------------------|---|---|
| D. <u>Petitions for waiver of competitive need limit for a product on the list of eligible products for the Generalized System of Preferences. (con.)</u> | | | |
| 93-29 | 8527.32.00 (Malaysia) | Reception apparatus for radiotelephony, radiotelegraphy or radiobroadcasting, whether or not combined, in the same housing, with sound recording or reproducing apparatus or a clock (con.): Other radiobroadcast receivers, including apparatus capable of receiving also radiotelephony or radiotelegraphy (con.): Not combined with sound recording or reproducing apparatus but combined with a clock | Thomson Consumer Electronics, Indianapolis, IN |
| 93-30 | 8528.10.30 (Malaysia) | Television receivers (including video monitors and video projectors), whether or not incorporating radiobroadcast receivers or sound or video recording or reproducing apparatus: Color: Incorporating video recording or reproducing apparatus | North American Phillips Corporation, New York, NY |

APPENDIX B

U.S. INTERNATIONAL TRADE COMMISSION NOTICE OF
INVESTIGATION AND HEARING

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

(Inv. Nos. TA-131-20, 503(a)-25, and 332-346)

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

AGENCY: United States International Trade Commission

ACTION: Institution of investigation and scheduling of hearing.

Summary: On October 18, 1993, the Commission received a request from the U.S. Trade Representative (USTR) requesting certain Commission advice under sections 131, 503, and 504 of the Trade Act of 1974 (the 1974 Act) and section 332(g) of the Tariff Act of 1930. Following receipt of that request, the Commission instituted investigation Nos. TA-131-20, 503(a)-25, and 332-346 in order to:

(1) provide advice, pursuant to sections 131(a) and 503(a) of the 1974 Act (19 U.S.C. 2151(b) and 2463(a)), with respect to each article listed in Part A of the attached Annex, as to the probable economic effect on U.S. industries producing like or directly competitive articles and on consumers of the elimination of U.S. import duties under the Generalized System of Preferences (GSP);

(2) provide advice pursuant to section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g))--

(a) as to the probable economic effect on domestic industries producing like or directly competitive articles and on consumers of the removal of the article listed in Part B of the attached Annex from eligibility for duty-free treatment under the GSP;

(b) as to the probable economic effect on domestic industries producing like or directly competitive articles and on consumers of the removal of Venezuela from eligibility for duty-free status under the GSP with respect to HTS subheading 7308.90.90(pt), listed in Part C of the attached annex;

(c) and in accordance with section 504(c)(3)(a)(i) of the 1974 Act, as to whether any industry in the United States is likely to be adversely affected by:

(i) a waiver of the competitive need limits specified in section 504(c)(1) of the 1974 Act for countries specified with respect to the articles listed in Part D of the attached Annex and for Indonesia with respect to HTS subheading 8529.90.10;

(ii) a waiver of the competitive need limits specified in section 504(c)(1) of the 1974 Act for both Indonesia and Malaysia with respect to HTS subheading 8471.20.00 and HTS subheading 8471.91.00 and for both Malaysia and the Philippines with respect to HTS subheading 8525.20.50;

(iii) a waiver of the competitive need limits specified in section 504(c)(2) of the 1974 Act, but not a waiver of the competitive need limits specified in section 504(c)(1) of the 1974 Act, for Brazil with respect to the articles provided for in HTS subheading 8409.91.91(pt), for HTS subheading 8409.91.91, for which Brazil currently is subject to the reduced competitive need limits specified in section 504(c)(2)(B) of the 1974 Act.

(d) as to whether products like or directly competitive with the articles in Part A of the attached Annex were being produced in the United States on January 3, 1985 (section 504(d)(1) of the 1974 Act provides an exemption for articles for which no like or directly competitive article was being produced in the United States on January 3, 1985).

In providing its advice under (1), the Commission will assume, as requested by USTR, that the benefits of the GSP would not apply to imports that would be excluded from receiving such benefits by virtue of the competitive need limits specified in section 504(c)(1) of the Trade Act of 1974 (except as specified in the USTR letter with respect to articles from Indonesia included under HTS subheading 8529.90.10).

As requested by USTR, the Commission will seek to provide its advice not later than January 19, 1994.

EFFECTIVE DATE: October 22, 1993

FOR FURTHER INFORMATION CONTACT:

- (1) Agricultural and forest products, C.B. Stahmer (202-205-3321)
- (2) Energy, chemicals, and textiles products,
Stephen Wanser (202-205-3363)
- (3) Minerals, metals, and miscellaneous manufacturers,
Hazel Robinson (202-205-3496)
- (4) Machinery and transportation, Georgia Jackson (202-205-3399)
- (5) Services and electronic technology, John Kitzmiller (202-205-3387)

All of the above are in the Commission's Office of Industries. For information on legal aspects of the investigation contact Mr. William Gearhart of the Commission's Office of the General Counsel at 202-205-3091.

BACKGROUND: The letter from the USTR provided the following by way of background:

The Trade Policy Staff Committee (TPSC) has recently announced in the Federal Register, the acceptance of product petitions for modification of the Generalized System of Preferences (GSP) received as part of the 1993 annual review. Modifications to the GSP which may result from this review will be announced in the spring of 1994, and become effective in the summer of 1994.

PUBLIC HEARING: A public hearing in connection with this investigation is currently scheduled to begin at 9:30 a.m. on November 17, 1993, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, D.C. All persons have the right to appear by counsel or in person, to present information, and to be heard. Persons wishing to appear at the public hearing should file a letter asking to testify with the Secretary, United States International Trade Commission, 500 E St., SW., Washington, DC 20436, not later than the close of business (5:15 p.m.) on October 29, 1993. In addition, persons testifying should file prehearing briefs (original and 14 copies) with the Secretary by the close of business on November 3, 1993. In the event that no requests to appear at the hearing are received by the close of business on October 29, 1993, the hearing will be cancelled. Any person interested in attending the hearing as an observer or non-participant may call the Secretary of the Commission (202-205-1808) after November 2, 1993 to determine whether the hearing will be held.

WRITTEN SUBMISSIONS: In lieu of or in addition to appearances at the public hearing, interested persons are invited to submit written statements concerning the investigation. Written statements should be received by the close of business on November 26, 1993. Commercial or financial information which a submitter desires the Commission to treat as confidential must be submitted on separate sheets of paper, each clearly marked "Confidential Business Information" at the top. All submissions requesting confidential treatment must conform with the requirements of section 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6). All written submissions, except for confidential business information, will be made available for inspection by interested persons. All submissions should be addressed to the Secretary at the Commission's office in Washington, D.C.

Hearing-impaired individuals are advised that information on this matter can be obtained by contacting our TDD terminal on (202) 205-1810.

By order of the Commission.

Donna R. Koehnke
Secretary

Attachment

Issued: October 22, 1993

Annex I (HTS Subheadings)¹

A. Petitions to add products to the list of eligible articles for the Generalized System of Preference (GSP).

| | | |
|-----------------|-----------------|-----------------|
| 0805.30.40 | 2918.30.20 (pt) | 2937.92.80 (pt) |
| 0806.20.10 | 2921.49.40 (pt) | 2937.99.80 (pt) |
| 2309.90.90 (pt) | 2933.39.37 (pt) | 8529.90.10 |
| 2902.11.00 | 2937.92.20 (pt) | 9106.90.80 (pt) |

B. Petitions to remove a product from the list of eligible articles for the GSP.

4007.00.00

C. Petitions to remove duty-free status from beneficiary countries for products on the list of eligible articles for the GSP²

7308.90.90 (pt) (Venezuela)

D. Petitions for waiver of competitive need limit for products on the list of eligible products for the GSP from the specified country.

| | | |
|---------------------------------------|--|------------------------|
| 4203.21.40 (Philippines) | 8471.20.00 (Indonesia, Malaysia, and both) | 8527.31.40 (Malaysia) |
| 7113.19.21 (Israel) | 8471.91.00 (Indonesia, Malaysia, and both) | 8527.32.00 (Malaysia) |
| | | 8528.10.30 (Malaysia) |
| | | 8529.90.10 (Indonesia) |
| 8402.20.00 (Philippines) | 8521.10.60 (Indonesia) | |
| 8407.34.2080 (Brazil) | 8525.20.20 (Philippines) | |
| 8409.91.91 (pt) (Brazil) ³ | 8525.20.50 (Malaysia, Philippines, and both) | |

¹ See USTR Federal Register notice of October 19, 1993 (58 F.R. 53959) for article description.

² While the Trade Policy Staff Committee (TPSC) review will focus on the designated country(ies), the TPSC reserves the right to address removal of GSP status for countries other than those specified as well as GSP status for the entire article.

³ Brazil is currently subject to the reduced competitive need limit specified in section 504(c) (a) (B) of the 1974 Act for this HTS subheading.

UNITED STATES INTERNATIONAL TRADE COMMISSION
WASHINGTON, D.C. 20436

)
)
President's List of Articles Which)
May be Designated or Modified as)
Eligible Articles for Purposes of)
the U.S. Generalized System of)
Preferences, Inv. Nos. TA-131-20,)
503(a)-25, and 332-346.)
)
)

AGENCY: United States International Trade Commission

ACTION: Issuance of erratum to institution of investigation and
scheduling of hearing in President's List of Articles
Which May be Designated or Modified as Eligible
Articles for Purposes of the U.S. Generalized System
of Preferences, Inv Nos. TA-131-20, 503(a)-25, and
332-346.

ERRATUM

The following change should be made in the notice of investigation published in the Federal Register on October 26, 1993 (58 FR 26500). On page 57711, Annex I, Footnote 1, "See USTR Federal Register notice of October xx, 1993 (xx F.R. xxxxx) for article description," should be changed to read, "See USTR Federal Register notice of October 19, 1993 (58 F.R. 53959) for article description."

By order of the Commission



Donna R. Koehnke
Secretary

Issued: October 26, 1993

APPENDIX C

LIST OF WITNESSES APPEARING AT THE COMMISSION HEARING

As of November 9, 1993

TENTATIVE CALENDAR OF PUBLIC HEARING

Those listed below are scheduled to appear as witnesses at the United States International Trade Commission's hearing:

| | | |
|---------------|---|--|
| Subject | : | THE PRESIDENT'S LIST OF ARTICLES WHICH MAY BE DESIGNATED OR MODIFIED AS ELIGIBLE ARTICLES FOR PURPOSES OF THE U.S. GENERALIZED SYSTEM OF PREFERENCES |
| Inv. No. | : | TA-131-20, TA-503(a)-25 and 332-342 |
| Date and Time | : | November 17, 1993 - 9:30 a.m. |

Sessions will be held in connection with the investigation in the Main Hearing Room 101 of the United States International Trade Commission, 500 E Street, S.W., Washington, D.C.

| <u>ORGANIZATION AND WITNESS:</u> | <u>HTS NO.</u> | <u>TIME CONSTRAINTS</u> |
|--|--------------------------------------|-------------------------|
| <u>Petitions to Add Products to the List of Eligible Articles for the GSP:</u> | | |
| St.Maxens & Company Washington, D.C. <u>On behalf of</u> | 8529.90.10 (television tuners) | 10 Minutes |

North American Philips Corporation

Thomas M. Hafner, Vice President and
General Counsel
Philips Consumer Electronics Co.

Katherine M. Terricciano, Customs Director,
North American Philips Corporation

Thomas F. St.Maxens)—St.Maxens & Co.

ORGANIZATION AND WITNESS:

HTS NO.

**TIME
CONSTRAINTS**

**Petitions to Add Products to the List of
Eligible Articles for the GSP:**

**Patton, Boggs & Blow
Washington, D.C.
On behalf of**

**9106.90.80
(Timer
devices)**

10 Minutes

Seigil Enterprises, Inc.

Monte Seifers, President

Bart S. Fisher)--OF COUNSEL

**Petitions to Remove a Product from the List
of Eligible Articles for the GSP:**

**Petitions to Remove Duty-free Status from
Beneficiary Countries for Products on the
List of Eligible Articles for the GSP:**

**Ablondi, Foster & Sobin
Washington, D.C.
On behalf of**

**4007.00
(extruded
rubber
thread)**

10 Minutes

North American Rubber Thread

John Friar, President

David Sullivan, Vice President

Peter Koenig)--OF COUNSEL

ORGANIZATION AND WITNESS:

HTS NO.

**TIME
CONSTRAINTS**

**Petitions to Remove Duty-free Status from
Beneficiary Countries for Products on the
List of Eligible Articles for the GSP:**

Dorsey & Whitney
Washington, D.C.
On behalf of

7308.90.90
(welded
steel
gratings)

10 Minutes

IKG Industries (a division of Harsco Corp.)

Oscar Jarrett, Plant Manager,
Channel View Texas Plant
IKG Industries
Channel View, Texas

Russell Swanger, Counsel,
Harsco Corporation
Camp Hill, PA

L. Daniel Mullaney)--OF COUNSEL

ORGANIZATION AND WITNESS:

HTS NO.

**TIME
CONSTRAINTS**

**Petitions for Waiver of Competitive Need Limit
for Products on the List of Eligible Articles for
the GSP: (Specified Country)**

**Porter, Wright, Morris & Arthur
Washington, D.C.
On behalf of**

**FMB Productos Metalurgicos Ltda, Betim,
Minas Gerais, Brazil**

Mr. Eustaquio De Paula

**8409.91.91 10 Minutes
(aluminum
cylinder
heads from
Brazil)**

Teksid Inc., Farmington, MI

Mr. Massimo Fracchia

Leslie Alan Glick)—OF COUNSEL

**St. Maxens & Company
Washington, D.C.
On behalf of**

North American Philips Corporation

**Thomas M. Hafner, Vice President and
General Counsel
Philips Consumer Electronics Co.**

**Katherine M. Terricciano, Customs Director,
North American Philips Corporation**

**8521.10.60 10 Minutes
(VCRs from
Indonesia)**

**8527.31.40
(nonportable
AM/FM cassette
players from
Malaysia)**

**8528.10.30
(combination
TV/VCRs)**

Thomas F. St. Maxens)—St. Maxens & Co.

**8529.90.10
(television
tuners)**

- End -

APPENDIX D

TYPES OF TRADE SHIFTS RESULTING FROM MODIFICATION OF
GSP ELIGIBILITY

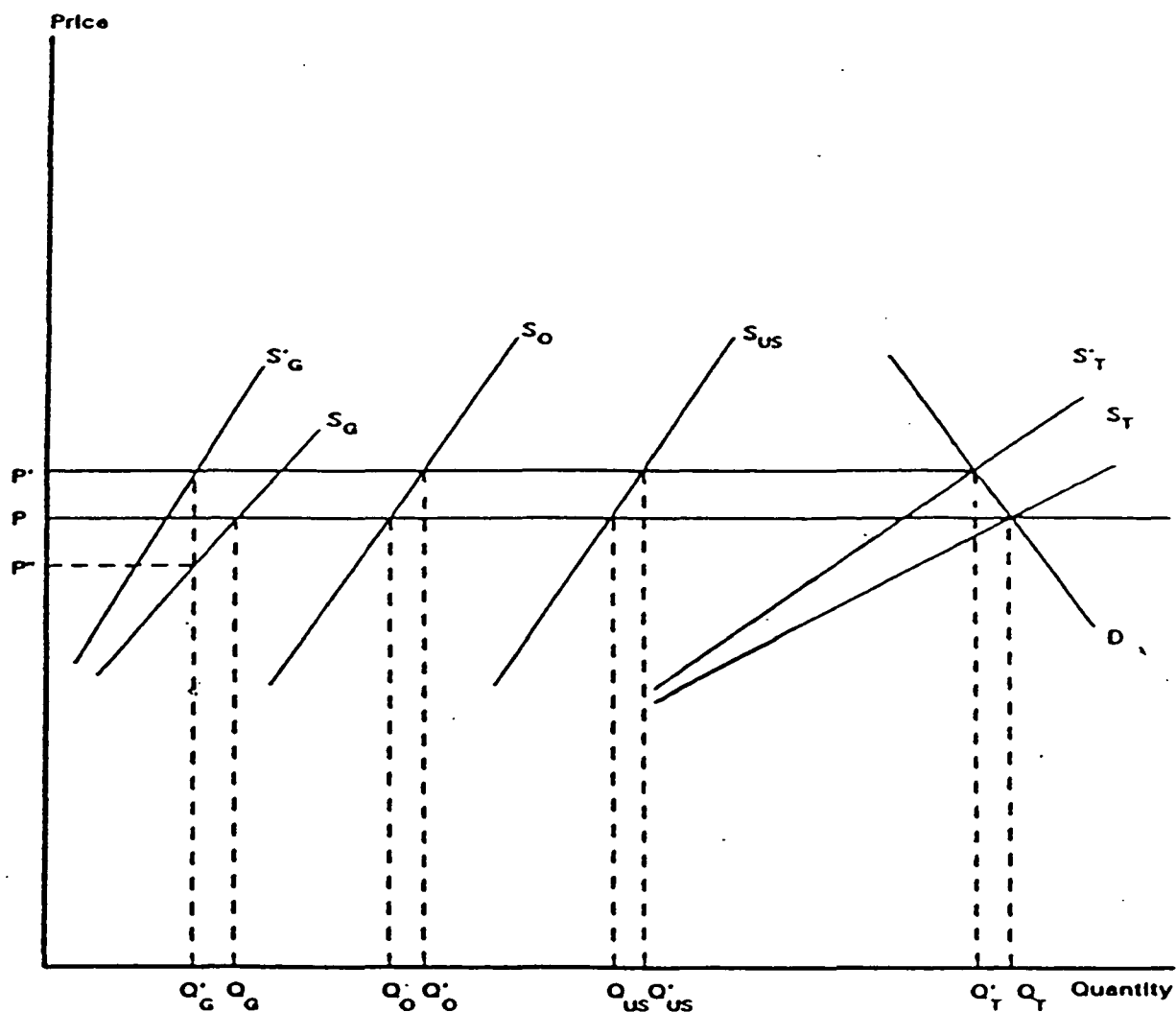
This report examines the probable economic effects of adding products to the list of articles eligible for GSP duty-free treatment. Figure 1 illustrates the case of granting a product GSP duty-free status. The illustration is for a homogeneous product and shows the basic results of a tariff removal on a portion of imports. In addition, the illustration serves as a reference for departures from the case of perfect substitutes.

The removal of a tariff on a portion of imports is illustrated by the shift in the supply of affected imports from S'_G to S_G , with an increase in total supply from S'_T to S_T . The basic result of this tariff removal is a lower U.S. price, a greater overall quantity of the good purchased in the United States, a greater quantity of the good imported from GSP countries, and reductions in purchases from other foreign suppliers and from U.S. suppliers. In this case of perfect substitutes, the price change, the quantity change, and the division of the quantity change are mainly determined by the demand and supply elasticities, relative market shares, and the size of the tariff that is removed.

The most interesting of the supply elasticities is that of foreign suppliers not granted the tariff elimination. The more elastic this supply is, other things being the same, the smaller the price reduction will be and the smaller will be the displacement of U.S. production as a result of the tariff elimination. In the limit, where there is a perfectly elastic supply of other foreign imports, there will be no reduction in U.S. price or production. Imports granted duty-free status will displace only other imports.

The relative market share of the imports granted duty-free status and the size of the tariff that is eliminated will largely determine the shift in the total supply curve (assuming all supply curves are positively sloped). The shift in supply (from S'_T to S_T), given U.S. demand, will largely determine the change in the U.S. price. The smaller the market share of imports granted duty-free status, and the lower the tariff rate, the smaller will be the shift in supply. The smaller the shift in supply, the smaller the drop in U.S. price and in U.S. production.

Figure 1
The effects of a duty change on imports from GSP-eligible countries on the price of a good in the United States and quantities supplied by producers in the United States, GSP-eligible countries, other foreign countries, and total



See following page for key.

Key to figure 1

- D = U.S. demand for the product
- S_G = supply to the U.S. market from GSP eligible countries without duty on these products
- S_O = supply to the U.S. market from other foreign countries
- S_{US} = supply to the U.S. market from U.S. producers
- S'_G = supply to the U.S. market from GSP eligible countries with duty on these products
- S_T = total supply to the U.S. market - this is the "horizontal sum" of S_G , S_O , and S_{US} . The "horizontal sum" is taken by summing the quantity supplied by all producers at each price to get the total quantity supplied at each price.
- S'_T = total supply to the U.S. market if the duty is assessed on the subject imports, the "horizontal sum" of S'_G , S_O , and S_{US} .

With no duty on GSP eligible products

- P = price paid by consumers and received by all suppliers
- Q_G = quantity supplied by GSP eligible countries
- Q_O = quantity supplied by other foreign countries
- Q_{US} = quantity supplied by U.S. producers
- Q_T = total quantity supplied = $Q_G + Q_O + Q_{US}$

With duty on GSP eligible products

- P' = price paid by U.S. consumers and received by U.S. suppliers and any foreign suppliers enjoying duty-free privileges
- P'' = price received by foreign suppliers that pay the duty. This is shown explicitly for the (formerly) GSP eligible suppliers. It is implicit for other suppliers that may be paying the duty. The duty = $T = P' - P''$
- Q'_G = quantity supplied by GSP eligible countries
- Q'_O = quantity supplied by other foreign countries
- Q'_{US} = quantity supplied by U.S. producers
- Q'_T = total quantity supplied = $Q'_G + Q'_O + Q'_{US}$

