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Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences, 2007 Review of Competitive Need Limit Waivers

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NOTICE

THIS REPORT IS A PUBLIC VERSION OF THE REPORT SUBMITTED TO THE UNITED STATES TRADE REPRESENTATIVE ON APRIL 16, 2008. ALL CONFIDENTIAL NATIONAL SECURITY INFORMATION AND CONFIDENTIAL BUSINESS INFORMATION HAS BEEN REMOVED AND REPLACED WITH ASTERISKS (***).

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ABSTRACT

This report contains the advice of the U.S. International Trade Commission (Commission) to the President regarding the probable economic effect of providing competitive need limit waivers under the provisions of the Generalized System of Preferences (GSP) for three items from three countries on the U.S. industries producing like or directly competitive articles and on U.S. consumers. The countries and Harmonized Tariff Schedule (HTS) subheadings for which advice is provided are: India for prepared or preserved cucumbers (2001.10.00); Indonesia for radial motor car tires (4011.10.10); and Turkey for copper cables (7413.00.50).

* * * * * * *

CHAPTER 1
Introduction and Summary of Findings

Introduction[1]

This report provides probable economic effect advice concerning the proposed granting of competitive need limit waivers[2] for certain countries and articles eligible for duty-free treatment under the provisions of the U.S. Generalized System of Preferences (GSP), as requested by the United States Trade Representative (USTR).[3] Specifically, the report provides advice as to the probable economic effect on U.S. industries producing like or directly competitive articles, and on consumers, of the proposed competitive need limit waivers.

Product and Country Coverage

As requested by the USTR, advice is provided on the proposed competitive need limit waivers for the following countries and articles (provided for in the noted U.S. Harmonized Tariff Schedule (HTS) subheadings): India for prepared or preserved cucumbers (2001.10.00); Indonesia for radial motor car tires (4011.10.10); and Turkey for copper cable (7413.00.50).

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[1] The information in these chapters is for the purpose of this report only. Nothing in this report should be construed to indicate how the Commission would find in an investigation conducted under any other statutory authority.

[2] Competitive need limits provide a ceiling on GSP benefits for each product and beneficiary developing country. A country will automatically lose its GSP eligibility with respect to a product if the competitive need limitations are exceeded (if no waiver is granted). The competitive need limitations require the termination of the country's GSP eligibility on a product if, during any calendar year, U.S. imports from that country: (1) account for 50 percent or more of the value of total U.S. imports of that product; or (2) exceed a certain dollar value (in accordance with the GSP statute, the dollar-value limit is increased by $5 million annually; the limit was $130 million in 2007). Products will be found "sufficiently competitive" when imported from a specified beneficiary country when they exceed one of these limits. By statute, GSP treatment for an article exceeding either competitive need limit test will terminate July 1 of the next calendar year.

[3] See app. A for the USTR request letter. On March 13, 2008, the USTR informed the Commission that the petitions for HTS subheading 3907.60.00 (polyethylene terephthalate (PET) resin) from Indonesia and 4107.91.80 (full grain, unsplit, fancy leather) from Argentina were withdrawn by the petitioners and that the Commission was not to provide advice on these HTS subheadings (see app. A for the letter from USTR). See app. B for the Commission's *Federal Register* notice instituting the investigation and the notice withdrawing the two petitions. The Commission cancelled its hearing on this matter as all of the scheduled witnesses withdrew their requests to appear; see app. C for the *Federal Register* notice canceling the hearing.

Analytical Approach

The probable economic effect advice presented in this report is based on the short- to near-term (1 to 5 years) impact of the proposed GSP-eligibility modifications.[4] Partial-equilibrium modeling was used to estimate the probable economic effect of changes in the GSP program for the selected products on total U.S. imports of these products, competing U.S. industries, and U.S. consumers. Although the products at issue in this report currently receive duty-free GSP treatment, for modeling purposes it is assumed that they are subject to the applicable Column 1 duty rate. The model then estimates the likely impact of removing that duty (due to the granting of a competitive need limit waiver). The model used in this study is a nonlinear, imperfect substitutes model.

Unless otherwise noted, the Commission used the petitions submitted to the USTR, written submissions from interested parties, other information published in government and industry reports, and staff economic and industry expertise to provide a description of the subject products and the qualitative analysis of actual market conditions for the subject products. Trade data presented in this report are from official statistics of the U.S. Department of Commerce. U.S. production data were estimated by the Commission's industry analysts. Elasticities were also estimated by industry analysts based on relevant product and market characteristics. Data presented in this report cover the period 2003 through 2007.

The Commission's probable economic effect advice relates to the impact of the proposed competitive need limit waivers on total U.S. imports, industries, and consumers and uses the coding system shown below:[5]

[4] The probable economic effect advice, to a degree, integrates and summarizes the data provided in other sections of each product write-up with particular emphasis on the price sensitivity (elasticity) of import supply and demand. For example, if the price elasticity of demand in the United States for imports from the beneficiary countries and the price elasticity of supply for the eligible foreign suppliers are both relatively high, then the elimination of even a moderate level tariff would suggest the possibility of large increases in imports from the beneficiary countries.

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 could affect the level of U.S. trade with the world. Consequently, if GSP beneficiary countries supply a very small share of the total U.S. imports of a particular product or if imports from beneficiary countries readily substitute for imports from developed countries, then the overall effect on U.S. imports could be minimal. See app. D for a brief textual and graphic presentation of the model used to evaluate the probable economic effect of changes in the GSP program.

[5] The Commission developed the probable economic effect coding system to ensure consistency in its advice and has used the coding system in a wide range of investigations.

FOR WAIVER DIGESTS:

Level of total U.S. imports:

Code A:	Little or no increase (less than 6 percent).
Code B:	Moderate increase (6 to 15 percent).
Code C:	Significant increase (over 15 percent).
Code N:	No impact.

U.S. industry and employment:

Code A:	Little or no adverse impact–little or no decrease in production or producers' shipments (less than 6 percent).
Code B:	Significant adverse impact–significant proportion of workers unemployed, declines in output and profit levels, and departure of firms; effect on some segments of the industry may be substantial even though they are not industry wide (6 to 15 percent).
Code C:	Substantial adverse impact–substantial unemployment, widespread idling of productive facilities; substantial declines in profit levels; effects felt by the entire industry (over 15 percent).
Code N:	None–there is no domestic industry producing the subject product.

U.S. consumer:[6]

Code A:	The bulk of duty rate reduction (greater than 75 percent) is expected to be absorbed by the foreign suppliers. The price U.S. consumers pay is not expected to fall significantly.
Code B:	Duty rate reduction is expected to benefit both the foreign suppliers and the domestic consumers (neither group absorbing more than 75 percent).
Code C:	The bulk of duty rate reduction (greater than 75 percent) is expected to benefit the U.S. consumers.
Code N:	None.

[6] 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.

Summary of Findings

*	*	*	*	*	*	*

Table 1-1 HTS subheadings, products, rates of duty, and probable economic effects advice

*	*	*	*	*	*	*

CHAPTER 2
Prepared or Preserved Cucumbers

Competitive Need Limit Waiver: India[7]

HTS subheading	Short description	Col. 1 rate of duty as of 1/1/08 (percent ad valorem equivalent)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
2001.10.00[a]	Cucumbers including gherkins	9.6	Yes
[a] India has not been proclaimed by the President as non-eligible for GSP treatment for the articles included under HTS subheading 2001.10.00. However, India anticipates future export levels to the United States that will be in excess of the competitive need limit.			

The products covered in this subheading are cucumbers, including gherkins (cucumbers harvested while still small), which are generally referred to as pickles and are prepared or preserved by vinegar or acetic acid, usually in cans or jars.[8] Pickles are often served as a garnish for other foods or as a vegetable item themselves. They are sold in both retail- and institutional-sized containers, through such outlets as supermarkets, club and convenience stores, and to larger-volume institutional purchasers such as chain restaurants, hospitals, and schools. Processed pickles in cans or jars generally have a shelf life of about 2 years.

Probable Economic Effect Advice

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[7] The petitioner is the HEB Grocery Company, LP, San Antonio, TX with the support of the Government of India.

[8] Subheading 2001.10.00 includes pickles, other than the small gherkins, which are said to compete with gherkins and are produced in the United States in greater amounts than gherkins. Not included in this subheading are "refrigerated" pickles, which are not processed (blanched) before being placed in a jar or can, but are also said to compete with processed pickles and are also produced in the United States.

Profile of U.S. Industry and Market, 2003-07

The United States is a leading global producer of pickles[9] and the majority of U.S. cucumber production is of larger cucumbers intended for domestic fresh-market sales. The United States may account for as much as one-fourth of total global pickle production.[10] However, there is little publicly available information about this industry.[11] The number of U.S. producers is believed to be ***; employment is believed to vary significantly between firms and often within individual firms throughout the season (table 2-1). An estimated *** firms are believed to account for the bulk of processing and sales, with smaller-volume firms accounting for the rest. A number of firms that process domestically grown cucumbers also import and re-pack imported pickles entered in bulk containers, as well as import finished product in retail-sized containers.[12]

Table 2-1 Prepared or preserved cucumbers: U.S. producers, employment, shipments, trade, consumption, and capacity utilization, 2003–07

Item	2003	2004	2005	2006	2007
Producers (***number***)[a]	***	***	***	***	***
Employment (***1,000 employees***)[a]	***	***	***	***	***
Shipments (***1,000 dollars***)[a]	178,328	158,793	148,324	149,340	167,831
Exports (***1,000 dollars***)	5,759	6,877	8,476	10,376	16,585
Imports (***1,000 dollars***)	33,737	37,817	35,051	29,892	25,300
Consumption (***1,000 dollars***)	206,306	189,735	174,899	168,856	176,546
Import-to-consumption ration (***percent***) . .	16	20	20	17	14
Capacity utilization (***percent***)	([b])	([b])	([b])	([b])	([b])

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

[a] Compiled from official statistics of the U.S. Department of Commerce and National Agricultural Statistics Service, U.S. Department of Agriculture, *Vegetable Annual Summary*, various issues
[b] Not available.

[9] FAO data at http://www.fao.org.
[10] "Karnataka is Cashing in on Gherkins," Decan Herald - Economy & Business, December 12, 2005.
[11] No data were provided by officials of the industry's trade association. Staff received no response to telephone inquiries to Pickle Packers International, Inc., Washington, DC, February 5, 2008.
[12] Data are available on the quantity and farm-gate value of raw-product sold for processing, but the data may significantly understate the value of actual shipments of finished product. Also, such data do not take into account the value of imported bulk product, which is re-packed in the United States and competes with domestically produced product in the same marketing channels.

India is a small- to medium-sized pickle producer, with estimated production quantities of about one-tenth that of the United States. Nearly all Indian production is intended for export-market sales.[13] Although global demand for pickles has been stable, low prices for some pickles, especially gherkins, have been used by some global producers to gain global market share.[14] Growers in India benefit from relatively lower labor rates and an ideal climate for raising certain pickling cucumbers. India's share of the U.S. market has also increased as a result of increased production of the smaller pickles, primarily gherkins, that make up the majority of Indian exports as well as decreasing exports to other traditional markets.[15] According to the Government of India, growers in India also face numerous constraints, such as high transportation costs and a lack of economies of scale.[16] Processors in India have traditionally supplied global markets with product in bulk containers to be re-packed in the foreign market, but have recently shifted into producing greater volumes of cucumbers in retail-sized jars for export.[17]

India was the largest global supplier of cucumbers (including gherkins) to the U. S. market in 2007, accounting for 55 percent of total imports and 93 percent of GSP-eligible imports (table 2-2). Despite the overall growth of imports from India in recent years, imports from India actually decreased by approximately 7 percent between 2006 and 2007. Imports from India continued to increase in market share in 2007 because total U.S. imports from the world, particularly from Canada, decreased at a faster rate.[18]

[13] Embassy of India, Washington D.C., USTR testimony, March 4, 2008 and FAO, FAOSTAT database.
[14] "Karnataka is Cashing in on Gherkins," Economy & Business, December 12, 2005.
[15] HEB Grocery Company, LP, USTR testimony, March 4, 2008.
[16] Embassy of India, Washington D.C., USTR testimony, Mar. 4, 2008.
[17] Ibid.
[18] While the subject U.S. imports from Canada (under HTS subheading 2001.10.00) declined during 2004–07, U.S. exports to Canada increased. However, the corresponding export code for these products includes the subject product as well as other types of pickles and, therefore, it is not possible to determine if U.S. exports of the subject products to Canada actually increased.

Table 2-2 Prepared or preserved cucumbers: U.S. imports and share of U.S. consumption

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	25,300	100	([a])	14
Imports from GSP-eligible countries:	14,782	58	100	8
India	13,809	55	93	8

[a] Not applicable.

Position of Interested Parties[19]

Petitioner.– The HEB Grocery Company (HEB), with the support of the Indian Government, requested that a waiver of the competitive need limit be granted for this HTS subheading. HEB stated that the waiver would not adversely affect any U.S. producers but would benefit both U.S. retailers and consumers. HEB also stated that as fuel and agricultural commodity prices continue to rise, domestic food prices will increase substantially and intensify the financial concerns of U.S. consumers. These cost factors have already contributed to decreasing U.S. demand for the subject product. Imposing additional duties would increase prices further and result in continued lower demand as consumers are forced to be more price conscious. HEB also asserted that granting the waiver would have little impact on domestic production because the domestic industry and other foreign suppliers have been unable to meet total demand, especially for the smaller gherkin pickles that are not produced domestically. HEB stated that these smaller gherkin pickles make up the majority of imports from India and because the degree of substitutability is low, Indian imports do not compete with or injure domestic producers.[20]

Support.– The Indian Government, supporting the petition of HEB, stated that not granting a waiver of the competitive need limit for these products would greatly harm the large number of small-volume Indian farmers currently growing cucumbers for pickling. In 2005–06, cultivation of cucumbers for pickling generated an estimated 18.5 million man days of rural employment and the success of an estimated 115,000 marginal farmers is said to depend on their ability to raise small pickling cucumbers principally for export.[21] The Government of India also stated that gherkins from India are non-threatening to the U.S. pickle industry and that U.S. consumers benefit from the lower prices for these imports from

[19] Except as noted, information provided in this section is derived from the petition filed with the USTR as well as written submissions of interested parties to the Commission in connection with this investigation.
[20] HEB Grocery Company, LP, written submission to USTR, March 4, 2008 and HEB Grocery Company, LP, written submission to the USITC, March 7, 2008.
[21] Embassy of India, written submission to USTR, March 4, 2008.

India. Also, according to the Indian Government, granting a waiver would assist Indian canners to increase productivity.[22]

U.S. Import and Export Data

Presented below are U.S. imports and exports of prepared or preserved cucumbers for 2003–07 (tables 2-3 and 2-4).

Table 2-3 Prepared or preserved cucumbers (HTS subheading 2001.10.00): U.S. imports for consumption by principal sources, 2003-07

Country	2003	2004	2005	2006	2007
			In Dollars		
India	5,983,423	6,983,927	10,150,338	14,788,837	13,808,671
Canada	12,726,388	12,719,117	9,087,645	4,693,697	2,648,528
Israel	1,381,258	1,481,136	1,375,725	1,834,026	1,940,813
Poland	1,987,980	1,727,402	2,132,190	2,156,322	1,603,275
Germany	1,342,582	1,296,721	1,292,661	1,366,840	1,598,125
France	878,546	1,069,004	894,560	932,612	1,204,802
Turkey	1,045,772	1,329,267	869,756	746,803	437,415
Bulgaria	573,257	414,456	402,820	611,179	426,876
Mexico	6,561,260	9,593,024	7,580,239	1,543,861	425,842
Lebanon	215,302	205,694	225,035	217,484	204,524
All other	1,041,597	997,130	1,039,543	1,000,472	1,000,995
Total	33,737,365	37,816,878	35,050,512	29,892,133	25,299,866
Imports from GSP-eligible countries					
India	5,983,423	6,983,927	10,150,338	14,788,837	13,808,671
Turkey	1,045,772	1,329,267	869,756	746,803	437,415
Lebanon	215,302	205,694	225,035	217,484	204,524
Bosnia-Hercegova	13,948	9,788	26,257	19,535	154,252
Croatia	76,874	127,923	74,758	74,033	61,750
Macedonia	55,109	22,298	60,095	12,811	50,926
Serbia	0	0	0	0	26,496
Egypt	49,672	65,560	56,012	31,994	17,720
Thailand	3,564	0	5,240	0	8,925
Pakistan	11,325	2,900	12,956	0	3,738
All other	58,115	56,728	46,262	79,780	7,615
Total	7,513,104	8,804,085	11,526,709	15,971,277	14,782,032

Source: Official statistics of the U.S. Department of Commerce.

[22] Ibid.

Table 2-4 Prepared or preserved cucumbers: U.S. exports of domestic merchandise, by market, 2003-07

Country	2003	2004	2005	2006	2007
			In Dollars		
Canada	3,707,765	4,702,699	6,554,104	8,722,065	14,224,425
Mexico	378,404	366,066	436,829	427,458	417,826
Korea	208,619	122,251	27,970	93,625	264,065
Hong Kong	99,152	69,886	174,510	108,704	166,038
Israel	0	14,503	30,951	0	159,901
Venezuela	58,965	88,753	140,041	168,683	155,473
Saudi Arabia	206,560	146,720	129,989	172,533	139,249
Singapore	22,085	46,999	24,761	80,073	108,940
Russia	8,820	23,867	4,486	45,931	104,427
Kuwait	53,953	34,055	103,311	76,074	96,102
All other	1,014,350	1,261,199	848,716	480,773	604,124
Total	5,758,673	6,876,998	8,475,668	10,375,919	16,440,570

Source: Official statistics of the U.S. Department of Commerce.

Note. – Data presented in this table cover several types of prepared or preserved cucumbers, not just the subject products.

CHAPTER 3
Radial Motorcar Tires

Competitive Need Limit Waiver: Indonesia[23]

HTS subheading	Short description	Col. 1 rate of duty as of 1/1/08 (percent ad valorem equivalent)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
4011.10.10[a]	Radial motor car tires	4.0	Yes
[a] Indonesia has not been proclaimed by the President as non-eligible for GSP treatment for the articles included under HTS subheading 4011.10.10. However, Indonesia anticipates future export levels to the United States that will be in excess of the competitive need limit.			

Radial motor car tires are the largest volume product of all tires produced domestically. Radial tires (in which the tire cord runs archwise from bead to bead[24]) account for more than 93 percent of original equipment passenger car tires and close to 100 percent of replacement passenger car tires in the U.S. market.[25] Production processes for tires are the same throughout the world.

Probable Economic Effect Advice

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[23] The petitioners are the Indonesian Tire Manufacturers Association and Asosiasi Perusahaan Ban Indonesia (APBI), an Indonesian tire manufacturer. The Government of the Republic of Indonesia supports the petition.

[24] Tire beads are composed of high tensile strength steel wire formed into hoops, which anchor the tire's plies and hold the tire on the rim of the wheel. Non-radial tires, or bias-ply tires, have the cord angled at a range of between 30 and 40 degrees away from the bead.

[25] Rubber Manufacturers' Association (RMA), "FactBook 2008, Preliminary Edition," January 31, 2008 and "Factbook 2007," August 16, 2007.

Profile of U.S. Industry and Market, 2003-07

The U.S. industry producing radial motor car tires consists principally of three large producers and seven smaller producers.[26] Although domestic shipments increased in value during 2003-07 (table 3-1), actual shipment quantities declined slightly, according to Rubber Manufacturers Association estimates. U.S. plants were running at near full capacity during 2003–07, as the industry closed down some capacity to match declining demand. Canada and Japan remain the primary markets for U.S. exports, which together accounted for about 73 percent of U.S. subject tire exports in 2007. China, Japan, Korea, and Canada were the primary foreign suppliers of imports to the U.S. market during 2003–07. The share of imports from China increased from 8 percent to nearly 22 percent.

Table 3-1 Radial motor car tires: U.S. producers, employment, shipments, trade, consumption, and capacity utilization, 2003-07

Item	2003	2004	2005	2006	2007
Producers (***number***)	10	10	10	10	10
Employment (***1,000 employees***)	72	70	67	61	55
Shipments (***1,000 dollars***)[a]	12,250,000	12,750,000	13,660,000	14,750,000	15,000,000
Exports (***1,000 dollars***)	899,049	1,027,261	1,090,813	1,136,658	1,182,065
Imports (***1,000 dollars***)	2,423,060	2,987,258	3,650,711	3,788,057	4,395,677
Consumption (***1,000 dollars***)	13,774,011	14,709,997	16,219,898	17,401,399	18,213,612
Import-to-consumption ratio (***percent***) .	18	20	23	22	24
Capacity utilization (***percent***)	85	89	>90	86	>90

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.
[a] Shipments are estimated based on data of the Rubber Manufacturers Association, *Factbook 2008* and *Modern Tire Dealer's Facts Issue*, January 2007.
Note: ">" means greater than.

[26] The three largest producers of tires in the United States, as well as worldwide, are Goodyear (including Dunlop and Kelly), Michelin (including B.F. Goodrich and Uniroyal), and Bridgestone (including Firestone and Dayton).

GSP Import Situation, 2007

U.S. imports of radial motor car tires from GSP-eligible countries accounted for 2 percent of U.S. consumption in 2007 and 9 percent of total U.S. imports in 2007 (table 3-2). Indonesia, Costa Rica, and Thailand are the primary GSP-eligible suppliers. In 2007, Indonesia accounted for 3 percent of total U.S. imports, 38 percent of total GSP-eligible imports, and 1 percent of domestic consumption (table 3-2).

The value of U.S. imports from Indonesia increased significantly from $55.3 million in 2005 to $152.5 million in 2007. Indonesian tires are sold in the U.S. market under generally recognized brand names, including Bridgestone and Michelin.[27] Although data on Indonesian imports by tire size and markets served were unavailable, available information indicated that the radial tires imported from Indonesia include a broad range of sizes and that such tires are sold in both the OEM and replacement markets.[28]

Corresponding increases in U.S. imports from other foreign sources, principally China and Korea, have increased the overall level of imported subject tires although imports from established sources such as Canada and Mexico have declined. Much of the change relates to an apparent realignment within the major multinational tire producers, with Goodyear selling off some of its North American facilities,[29] particularly plants producing private label tires, during the 2005-07 period, and Bridgestone increasing its investments in Asian production.[30]

[27] Company Profile of PT Gajah Tunggal Tbk (an Indonesian tire manufacturer) and catalog of Bridgestone tires imported from Indonesia.

[28] Ibid.

[29] "Goodyear Announces Planned Closing of Tyler Facility - Part of Company's Decision to Exit Private Label Segments," October 30, 2007.

[30] Reuters Information Service, "Bridgestone Corporation Raises Production Capacity of Auto Tires," March 5, 2008 and Bridgestone Corporation Press Release, "Bridgestone Broadens Capital Spending Program in Tires," February 18, 2005.

Table 3-2 Radial motor car tires: U.S. imports and share of U.S. consumption, 2007

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	4,395,677	100	([a])	29
Imports from GSP-eligible countries:				
Total	397,388	9	100	2
Indonesia	152,511	3	38	1

[a] Not applicable.

Position of Interested Parties[31]

Petitioners. – The Indonesian Tire Manufacturers Association and Asosiasi Perusahaan Ban Indonesia (APBI), an Indonesian tire manufacturer, with the support of the Ministry of Trade of Indonesia, requested the competitive need limit waiver and stated that the tire industry in Indonesia accounts for 70 percent of Indonesia's consumption of natural rubber production and also employs about 70,000 semi-skilled workers. According to the petitioners, Indonesian exports are expected to increase owing to the inability of the domestic market to maintain the level of demand growth necessary to keep up with the growth in supply.

Opposition.–The Goodyear Tire & Rubber Company of Akron, Ohio expressed its opposition to the granting of the competitive need limit waiver for the subject tires imported from Indonesia. Goodyear noted that imports of radial motor car tires from Indonesia have been a part of the larger overall increase in U.S. imports of the subject tires. Goodyear stated that U.S. imports increased because the Indonesian products are generally less expensive than comparable products manufactured in the United States. Goodyear further stated that the Indonesian industry is sufficiently competitive in the U.S. market. Therefore, Goodyear maintained that it is not in the interest of the U.S. Government, U.S. manufacturers, or U.S. workers to grant Indonesia a waiver of the competitive need limit.

[31] Except as noted, information provided in this section is derived from the petition filed with USTR as well as written submissions of interested parties to the Commission in connection with this investigation.

U.S. Import and Export Data

Presented below are U.S. imports and exports of radial motor car tires for 2003–07 (tables 3-3 and 3-4).

Table 3-3 Radial motor car tires (HTS subheading 4011.10.10): U.S. imports for consumption by principal sources, 2003-07

Country	2003	2004	2005	2006	2007
			In Dollars		
China	191,981,687	273,107,492	429,045,505	537,162,186	946,461,235
Japan	541,934,504	624,181,714	826,896,960	812,082,774	738,035,576
Canada	615,914,061	667,593,589	751,458,786	687,794,628	563,188,847
Korea	279,539,135	379,793,518	417,966,056	500,224,597	531,035,923
Brazil[a]	73,818,175	73,629,296	83,787,010	93,871,945	208,546,446
Germany	90,444,127	145,704,898	169,491,360	153,470,414	198,849,643
Indonesia	35,569,254	38,478,122	55,255,586	99,295,105	152,511,377
Mexico	120,241,495	152,487,819	160,760,223	123,285,672	151,045,664
France	60,882,674	107,613,384	135,120,340	140,778,100	122,960,611
Taiwan	76,543,860	87,951,269	97,522,137	113,568,637	113,251,629
All other[a]	336,190,775	436,716,840	523,407,094	526,522,698	669,790,234
Total	2,423,059,747	2,987,257,941	3,650,711,057	3,788,056,756	4,395,677,185
Imports from GSP-eligible countries:					
Indonesia	35,569,254	38,478,122	55,255,586	99,295,105	152,511,377
Costa Rica	15,162,285	43,720,868	58,862,473	64,178,066	80,170,012
Thailand	2,744,959	9,380,328	18,125,453	19,845,442	71,009,251
Philippines	306,205	1,653,544	4,292,303	22,575,807	47,688,218
Venezuela	24,145,380	28,004,222	32,666,431	36,230,319	27,162,690
South Africa	8,273,609	7,684,815	6,939,715	13,221,637	11,528,945
Turkey	1,945,981	2,404,801	7,411,298	4,618,077	2,407,352
Peru	8,657	0	934,466	1,917,592	2,040,362
All other	2,654,399	1,793,142	516,107	463,574	2,869,860
Total	90,810,729	133,119,842	185,003,832	262,345,619	397,388,067

Source: Official statistics of the U.S. Department of Commerce.

[a] Brazil and Argentina (which is included within the "all other" category) are not eligible for GSP duty-free treatment for this HTS subheading. This HTS subheading is designated as "A*" for GSP eligibility for both Brazil and Argentina (see General Note 4 of the Harmonized Tariff Schedule of the United States (2008).

Table 3-4 Radial motor car tires: U.S. exports of domestic merchandise, by market, 2003-07

Country	2003	2004	2005	2006	2007
			In Dollars		
Canada	593,886,406	689,029,837	739,176,496	743,918,738	724,389,688
Japan	86,858,273	69,504,238	64,440,617	71,034,262	78,756,762
Netherlands	9,022,309	20,552,283	28,692,041	46,652,967	64,541,462
Germany	26,263,890	36,600,353	31,701,844	30,205,944	31,098,737
Mexico	85,566,585	89,533,910	79,203,459	58,380,109	30,509,864
France	5,590,984	7,061,178	10,246,805	17,037,600	30,385,684
Belgium	7,585,162	6,100,883	11,759,820	22,628,224	24,718,556
Australia	4,119,143	6,397,872	11,994,284	14,374,963	21,123,775
United Kingdom	11,943,581	15,625,412	19,040,695	24,557,217	20,426,336
United Arab Emirates	3,012,299	4,250,588	5,686,463	6,441,388	18,965,590
All other	65,200,653	82,603,970	88,870,625	101,426,197	137,148,661
Total	899,049,285	1,027,260,524	1,090,813,149	1,136,657,609	1,182,065,115

Source: Official statistics of the U.S. Department of Commerce.

CHAPTER 4
Copper Cable

Competitive Need Limit Waiver: Turkey[32]

HTS subheading	Short description	Col. 1 rate of duty as of 1/1/08 (percent ad valorem equivalent)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
7413.00.50[a]	Copper cable, not electrically insulated	2.0	Yes
[a] Turkey has not been proclaimed by the President as non-eligible for GSP treatment for the articles included under HTS subheading 7413.00.50. However, Turkey anticipates future export levels to the United States that will be in excess of the competitive need limit.			

Copper cable is composed of one or more wires bound or stranded together, typically inside a protective sheath. The cable inside the sheath is typically insulated. Copper cable is produced from refined copper anodes, an unwrought (unrefined) form of high-purity (99.9 percent or more) unalloyed copper metal, which are melted down and continually cast into wire rod. The wire rod is then drawn down into unalloyed copper wire and eventually stranded to form cable. Nearly 95 percent of the copper cable sold in the United States is insulated.

The principal end-uses for insulated copper cable are: building cable, used in the construction of commercial, industrial, and residential establishments; high performance cable, used to produce, transmit, receive, detect, distribute, control, record, or modify electrical signals and power (growth of copper in such applications has risen with the growth of the telecommunications and computer industries and the need to network computers together); and power and control cable, used primarily in the electric utility and industrial (welding and mining cable) markets in power supply applications. In electric utility applications, copper cable is principally used in underground applications and in seaside locations where corrosion resistance is important.

[32] The petitioner is the Istanbul Mineral and Metals Exporters' Association (IMMIB), Turkey.

Probable Economic Effect Advice

*   *   *   *   *   *   *

Profile of U.S. Industry and Market, 2003-07

The growth in U.S. copper cable consumption during 2003–07 is mainly attributable to growth in demand in building applications, where copper cable accounts for over 90 percent of the building wire and cable market (table 4-1). The growth in demand has largely occurred despite a rise in the average price of copper cathode from $0.85/lb. to $3.35/lb. during 2003–07, which was attributed in large part to China's entry into the world market as a major copper consumer. The growth in U.S. demand for copper cable during this period was caused by strong increases in new home construction and by the growing use of electronic devices in the home. The peak in the housing market was probably reached in early 2006; however, the decline in housing construction since then negatively affected U.S. production of copper cable in 2007. Automotive demand for copper cable is much lower than demand from building applications, but beginning in 2007, declining automotive demand negatively affected U.S. copper cable production in that year and is expected to negatively impact production in 2008. Copper cable use in telecommunications and power generation applications had been growing somewhat more slowly during 2003–07, due to increasing market penetration of fiber optic and aluminum cable, respectively, in these two markets.

Table 4-1 Copper cable: U.S. producers, employment, shipments, trade, consumption, and capacity utilization, 2003-07

Item	2003	2004	2005	2006	2007
Producers (***number***)	30	30	30	30	30
Employment (***1,000 employees***)	([a])	([a])	([a])	([a])	([a])
Shipments (***1,000 dollars***)[b]	**555,500	**670,500	**732,500	**755,000	**740,000
Exports (***1,000 dollars***)	74,800	84,681	91,067	113,399	108,788
Imports (***1,000 dollars***)	3,487	8,763	10,600	45,683	82,514
Consumption (***1,000 dollars***)	**484,187	**594,582	**652,033	**687,284	**713,726
Import-to-consumption ration (***percent***)	**1	**2	**2	**7	**12
Capacity utilization (***percent***)	([a])	([a])	([a])	([a])	([a])

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.
[a] Not available.
[b] Includes copper wire and cable.
Note: "**" refers to staff estimates based on limited information/data adequate for estimation with a moderate degree of confidence.

GSP Import Situation, 2007

There are five principal manufacturers of copper cable in Turkey,[33] employing approximately 2,350 workers. Turkey's current copper cable annual production is estimated at 65,000 short tons with annual capacity of 75,000 short tons, leaving capacity utilization at 87 percent.[34] Turkey exports copper cable to many countries, but five countries, the United States, Italy, Austria, Poland, and the United Kingdom represented over half of all exports in 2006. Turkey is the leading U.S. supplier of these products from GSP-eligible countries (table 4-2). China and South Korea are Turkey's principal competitors in supplying copper cable to the U.S. market.

[33] These include Er-bakir Elektrolitik Bakier Mamulleri A.S. (Denizli); Sarkuysan Elektrolitik Bakir Sanayi ve Ticaret A.S. (Kocaeli); Megal Metal San ve Tic Ltd. Sti (Kayseri); and Ozer Metal Sanayi A.S. (Tekirdag), and Oznur Kablo (Karakoy).

[34] Istanbul Mineral and Metals Exporters' Association, "Petition to the Office of the United States Trade Representative to Waiver Competitive Need Limit for Imports of Certain Copper Items from Turkey," November 16, 2007, p. 5.

Table 4-2 Copper cable: U.S. imports and share of U.S. consumption, 2007

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	82,514	100	([a])	**12
Imports from GSP-eligible countries:				
Total	65,308	78	100	**9
Turkey	64,733	78	99	**9

[a] Not applicable.

Position of Interested Parties[35]

Petitioner. – In its petition to the USTR requesting a waiver of the competitive need limit, the Istanbul Mineral and Metals Exporters' Association (IMMIB) stated that continued duty preference will help Turkish companies to remain price competitive in the U.S. market in light of increasing raw material, energy, and transportation costs. According to the petitioner, copper cathodes, the principal raw material used to produce copper cable, have more than doubled in price causing serious disruptions in price and sources of supply during the past two years . According to the petitioners, the GSP benefit is important for Turkish copper cable exporters because profit margins are thin and failure to grant the competitive need limit waiver would adversely affect Turkish competitiveness in the U.S. market.

No statements were received by the Commission in support of or in opposition to the proposed modifications to the GSP considered for HTS subheading 7413.00.50.

U.S. Import and Export Data

Presented below are U.S. imports and exports of radial motor car tires for 2003–07 (tables 4-3 and 4-4).

[35] Except as noted, information provided in this section is derived from the petition filed with the USTR as well as written submissions of interested parties to the Commission in connection with this investigation.

Table 4-3 Copper cable (HTS subheading 7413.00.50): U.S. imports for consumption by principal sources, 2003–07

Country	2003	2004	2005	2006	2007
			In Dollars		
Turkey	0	274,304	3,227	22,742,857	64,733,075
Korea	44,017	273,183	885,246	3,804,748	7,558,525
Mexico	0	80,099	700,362	929,297	2,937,148
China	158,301	3,814,718	7,078,447	13,996,059	2,401,199
Italy	165,956	83,732	0	966,174	1,360,681
Germany	331,541	166,857	149,286	1,060,689	876,403
Taiwan	323,844	190,517	155,657	144,674	555,148
United Kingdom	250,958	166,212	39,923	17,718	468,687
Canada	523,551	327,365	141,180	460,471	417,111
France	185,796	1,731,055	123,499	104,499	383,692
All other	1,503,277	1,654,777	1,323,068	1,456,292	822,370
Total	3,487,241	8,762,819	10,599,895	45,683,478	82,514,039
Imports from GSP-eligible countries:					
Turkey	0	274,304	3,227	22,742,857	64,733,075
Peru	774,750	884,164	779,334	1,182,778	281,054
Russia	0	0	0	0	263,705
India	155,803	20,900	10,260	12,690	29,972
Ecuador	0	0	84,452	114,093	0
All other	0	196,335	67,615	0	0
Total	930,553	1,375,703	944,888	24,052,418	65,307,806

Source: Official statistics of the U.S. Department of Commerce.

Table 4-4 Copper cable: U.S. exports of domestic merchandise, by market, 2003–07

Country	2003	2004	2005	2006	2007
			In Dollars		
Mexico	34,134,343	43,168,751	33,935,852	35,510,195	30,308,631
Canada	3,802,717	6,228,941	7,310,979	7,933,694	11,237,012
Korea	3,520,346	3,160,716	2,911,022	5,567,117	6,823,260
Hong Kong	927,594	1,290,501	2,259,640	2,166,530	6,259,933
China	1,894,808	4,757,311	7,224,043	13,466,053	4,794,099
Russia	58,345	0	455,038	4,220,660	4,228,640
Singapore	628,549	1,055,476	3,295,245	3,093,795	2,162,437
Venezuela	205,930	427,742	973,525	2,633,069	2,092,519
United Kingdom	1,786,058	1,211,881	1,464,757	2,545,871	1,950,207
Brazil	1,581,556	680,974	1,096,687	1,144,595	1,862,738
All other	26,259,471	22,698,328	30,140,473	35,117,556	37,068,856
Total	74,799,717	84,680,621	91,067,261	113,399,135	108,788,332

Source: Official statistics of the U.S. Department of Commerce.

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APPENDIX A
USTR Request Letter and Letter to Withdraw Petitions

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

DOCKET NUMBER
2590
Office of the Secretary
Int'l Trade Commission

JAN 18 2008

RECEIVED
OFFICE OF THE SECRETARY
U.S. INT'L TRADE COMM
08 JAN 22 AM 8:58

The Honorable Daniel Pearson, Chairman
United States International Trade Commission
500 E Street, S.W.
Washington, D.C. 20436

Dear Chairman Pearson:

The Trade Policy Staff Committee (TPSC) has recently decided and will announce in the *Federal Register* the acceptance of certain petitions to grant waivers of competitive need limitations ("CNLs") for specific products under the Generalized System of Preferences ("GSP") program. Pursuant to section 503(c)(2) of the Trade Act of 1974, if import levels of a GSP article from a beneficiary country exceed certain thresholds, or CNLs, in a calendar year, the President must terminate GSP benefits for that article from that beneficiary country. However, the President can waive the CNLs for particular articles if he receives the advice of the International Trade Commission ("Commission") on whether the waiver will adversely affect any domestic industry, determines that the waiver is in the national economic interest, and publishes the determination in the Federal Register. Modifications to the GSP, which may result from the 2007 Annual Review, will be announced in the spring of 2008 and become effective in the summer of 2008.

Accordingly, I request that, under the authority delegated by the President, pursuant to section 332(g) of the Tariff Act of 1930 and in accordance with section 503(d)(1)(A) of the 1974 Act, the Commission provide advice on whether any industry in the United States is likely to be adversely affected by a waiver of the CNLs specified in section 503(c)(2)(A) of the 1974 Act for the countries specified with respect to the articles in the enclosed Annex. Also, I request that the Commission provide advice as to the probable economic effect on consumers of the petitioned waivers. With respect to the CNLs in section 503(c)(2)(A)(i)(I) of the 1974 Act, the Commission is requested to use the dollar value limit of $130,000,000.

Please provide the requested advice by no later than 90 days from receipt of this letter. To the maximum extent possible, please provide advice on the probable economic effect and any other relevant information (e.g., a profile of the U.S. industry and market, and U.S. import and export data), separately and individually, for the HTS subheadings comprising each of the five cases in this investigation.

Please 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: 1) U.S. industries that produce like or directly competitive articles; and 2) 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 to 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, please issue as soon as possible thereafter, a public version of the report containing only the unclassified sections and with any business confidential information deleted.

The Commission's assistance in this matter is greatly appreciated.

Sincerely,

Susan C Schwab

Susan C. Schwab

Annex

The Harmonized Tariff Schedule of the United States (HTS) subheadings listed below have been accepted as product petitions for the 2007 Generalized System of Preferences (GSP) Annual Review for modification of the (GSP). The tariff nomenclature in the HTS for the subheadings listed below is definitive; the product descriptions in this list are *for informational purposes only* (except in those cases where only part of a subheading is the subject of a petition). The descriptions below are not intended to delimit in any way the scope of the subheading. The HTS may be viewed on http://www.usitc.gov/tata/index.htm.

Case HTS Brief Description Petitioner

Petitions for waiver of competitive need limits for a product on the list of eligible products for the Generalized System of Preferences.

2007-12	**2001.10.00 (India)**	**Cucumbers including gherkins, prepared or preserved by vinegar or acetic acid**	**Indian Gherkin Exporters Association; HEB Grocery Company, LP, San Antonio, Texas (H-E-B). Government of India supporting.**
2007-13	**3907.60.00 (Indonesia)**	**Polyethylene terephthalate Resin (PET Resin)**	**PT Indorama Synthetics Tbk. and PT Polypet Karyapersada**
2007-14	**4011.10.10 (Indonesia)**	**New pneumatic rubber radial tires for passenger vehicles.**	**Indonesian Tire Manufacturers Association and Asosiasi Perusahaan Ban Indonesia (APBI); and Government of Republic of Indonesia supporting.**
2007-15	**4107.91.80 (Argentina)**	**Full grain unsplit bovine (not buffalo) & equine leather, not whole, w/o hair on, nesoi**	**Tanned Leather Trade Association (Camara de la Industria Curtidora Argentina (CICA)). Government of Argentine Republic supporting.**
2007-16	**7413.00.50 (Turkey)**	**Copper, cables, plaited bands and the like, not fitted with fittings and not made up into articles**	**Istanbul Metal and Minerals Exporters Association (IMMIB)**

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

MAR 13 2008

Ms. Lyn M. Schlitt
Director, Office of External Relations
U.S. International Trade Commission
Room 716
500 E Street, SW
Washington, DC 20436

Dear Ms. Schlitt: 332-497

Ambassador Susan C. Schwab has asked me to advise the U.S. International Trade Commission (USITC) of the petitioners' withdrawal of the following petitions for a waiver of the competitive need limitations under the Generalized System of Preferences program:

1. Accepted case 2007-13: 3907.60.00 Polyethylene terephthalate (PET) resin submitted by PT Indorama Synthetics Tbk. and PT Polypet Karyapersada (Indonesia); and
2. Accepted case 2007-15: 4107.91.80 Full grain unsplit bovine (not buffalo) and equine leather submitted by Camara de la Industria Curtidora Argentina (Argentina).

Therefore, the USTR withdraws its January 8, 2008 request (see attached letter) for the USITC to provide the probable economic effect advice on the U.S. industries producing like or directly competitive articles with the two tariff lines indicated above..

Should you have any questions, please do not hesitate to contact me.

Sincerely,

Meredith Broadbent

Meredith Broadbent
Assistant U.S. Trade Representative for
Industry, Market Access and Telecommunications

Attachment

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

JAN 18 2008

The Honorable Daniel Pearson, Chairman
United States International Trade Commission
500 E Street, S.W.
Washington, D.C. 20436

Dear Chairman Pearson:

The Trade Policy Staff Committee (TPSC) has recently decided and will announce in the *Federal Register* the acceptance of certain petitions to grant waivers of competitive need limitations ("CNLs") for specific products under the Generalized System of Preferences ("GSP") program. Pursuant to section 503(c)(2) of the Trade Act of 1974, if import levels of a GSP article from a beneficiary country exceed certain thresholds, or CNLs, in a calendar year, the President must terminate GSP benefits for that article from that beneficiary country. However, the President can waive the CNLs for particular articles if he receives the advice of the International Trade Commission ("Commission") on whether the waiver will adversely affect any domestic industry, determines that the waiver is in the national economic interest, and publishes the determination in the Federal Register. Modifications to the GSP, which may result from the 2007 Annual Review, will be announced in the spring of 2008 and become effective in the summer of 2008.

Accordingly, I request that, under the authority delegated by the President, pursuant to section 332(g) of the Tariff Act of 1930 and in accordance with section 503(d)(1)(A) of the 1974 Act, the Commission provide advice on whether any industry in the United States is likely to be adversely affected by a waiver of the CNLs specified in section 503(c)(2)(A) of the 1974 Act for the countries specified with respect to the articles in the enclosed Annex. Also, I request that the Commission provide advice as to the probable economic effect on consumers of the petitioned waivers. With respect to the CNLs in section 503(c)(2)(A)(i)(I) of the 1974 Act, the Commission is requested to use the dollar value limit of $130,000,000.

Please provide the requested advice by no later than 90 days from receipt of this letter. To the maximum extent possible, please provide advice on the probable economic effect and any other relevant information (e.g., a profile of the U.S. industry and market, and U.S. import and export data), separately and individually, for the HTS subheadings comprising each of the five cases in this investigation.

Please 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: 1) U.S. industries that produce like or directly competitive articles; and 2) 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 to 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, please issue as soon as possible thereafter, a public version of the report containing only the unclassified sections and with any business confidential information deleted.

The Commission's assistance in this matter is greatly appreciated.

Sincerely,

Susan C Schwab

Susan C. Schwab

Annex

The Harmonized Tariff Schedule of the United States (HTS) subheadings listed below have been accepted as product petitions for the 2007 Generalized System of Preferences (GSP) Annual Review for modification of the (GSP). The tariff nomenclature in the HTS for the subheadings listed below is definitive; the product descriptions in this list are *for informational purposes only* (except in those cases where only part of a subheading is the subject of a petition). The descriptions below are not intended to delimit in any way the scope of the subheading. The HTS may be viewed on http://www.usitc.gov/tata/index.htm.

Case HTS Brief Description Petitioner

Petitions for waiver of competitive need limits for a product on the list of eligible products for the Generalized System of Preferences.

Case	HTS	Brief Description	Petitioner
2007-12	2001.10.00 (India)	Cucumbers including gherkins, prepared or preserved by vinegar or acetic acid	Indian Gherkin Exporters Association; HEB Grocery Company, LP, San Antonio, Texas (H-E-B). Government of India supporting.
2007-13	3907.60.00 (Indonesia)	Polyethylene terephthalate Resin (PET Resin)	PT Indorama Synthetics Tbk. and PT Polypet Karyapersada
2007-14	4011.10.10 (Indonesia)	New pneumatic rubber radial tires for passenger vehicles.	Indonesian Tire Manufacturers Association and Asosiasi Perusahaan Ban Indonesia (APBI); and Government of Republic of Indonesia supporting.
2007-15	4107.91.80 (Argentina)	Full grain unsplit bovine (not buffalo) & equine leather, not whole, w/o hair on, nesoi	Tanned Leather Trade Association (Camara de la Industria Curtidora Argentina (CICA)). Government of Argentine Republic supporting.
2007-16	7413.00.50 (Turkey)	Copper, cables, plaited bands and the like, not fitted with fittings and not made up into articles	Istanbul Metal and Minerals Exporters Association (IMMIB)

APPENDIX B
Notice of Investigation and Notice to Change the Scope of the Investigation

Orange County

Walden United Methodist Church, 125 W. Main St., Walden, 08000103.

Orleans County

Servoss House, 3963 Fruit Ave., Medina, 08000104.

Rockland County

North Main Street School, 185 N. Main St., Spring Valley, 08000105.

Seneca County

Graves, John, Cobblestone Farmhouse, (Cobblestone Architecture of New York State MPS), 1370 NY 318, Junius, 08000107.

St. Lawrence County

Village Park Historic District (Boundary Increase II), 7-1/2, 9 & 11 E. Main St., Canton, 08000108.

Suffolk County

Brewster House, Jct. of NY 25A & Runs Rd., East Setauket, 08000109.

Westchester County

Scarsdale Woman's Club, 37 Drake Rd., Scarsdale, 08000110.

NORTH CAROLINA

Forsyth County

Reynoldstown Historic District, Portions of 800 & 900 blks. of Camel, Cameron, Graham, Jackson & Rich Aves., E. 10th St.& Cameron Ave Bridge, Winston-Salem, 08000111.

OHIO

Clermont County

Pleasant Hill, 909 OH 131, Milford, 08000112.

Cuyahoga County

Cleveland Club, 10660 Carnegie Ave., Cleveland, 08000113.

Geauga County

Chardon Post Office Building, 121 South St., Chardon, 08000114.

Hamilton County

German Evangelical Protestant Cemetery Chapel, 3701 Vine St., Cincinnati, 08000115.

Parkside Apartments, 3315–3317 Jefferson Ave., Cincinnati, 08000116.

Lorain County

Grafton School, 1111 Elm St., Grafton, 08000117.

OREGON

Marion County

Oregon State Hospital Historic District, Roughly bounded by D St., Park Ave., 24th St. & Bates Dr., Salem, 08000118.

Multnomah County

Cohn—Sichel House, 2205 NW. Johnson St., Portland, 08000119.

WISCONSIN

Rock County

Evansville Standpipe, 288 N. 4th St., Evansville, 08000120.

Winnebago County

Beals, Edward D. & Vina Shattuck, House, 220 N. Park Ave., Neenah, 08000121.

[FR Doc. E8–2020 Filed 2–1–08; 8:45 am]

BILLING CODE 4310–70–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 332–497]

Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences, 2007 Review of Competitive Need Limit Waivers

AGENCY: United States International Trade Commission.

ACTION: Institution of investigation and scheduling of hearing.

SUMMARY: Following receipt on January 18, 2008, of a request from the United States Trade Representative (USTR) under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)), the Commission instituted investigation No. 332–497, *Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences, 2007 Review of Competitive Need Limit Waivers*.

DATES:

February 11, 2008: Deadline for filing requests to appear at the public hearing

February 12, 2008: Deadline for filing pre-hearing briefs and statements

February 28, 2008: Public hearing

March 7, 2008: Deadline for filing post-hearing briefs and statements and other written submissions

April 17, 2008: Transmittal of report to USTR

ADDRESSES: All Commission offices, including the Commission's hearing rooms, are located in the United States International Trade Commission Building, 500 E Street, SW., Washington, DC. All written submissions, including requests to appear at the hearing, statements, and briefs, should be addressed to the Secretary, United States International Trade Commission, 500 E Street, SW., Washington, DC 20436.

FOR FURTHER INFORMATION CONTACT: Information may be obtained from Cynthia B. Foreso, Project Leader, Office of Industries (202–205–3348 or *cynthia.foreso@usitc.gov*) or Eric Land, Deputy Project Leader, Office of Industries (202–205–3349 or *eric.land@usitc.gov*). For more information on legal aspects of the investigation, contact William Gearhart of the Commission's Office of the General Counsel (202–205–3091 or *william.gearhart@usitc.gov*). The media should contact Margaret O'Laughlin, Office of External Relations (202–205–1819 or *margaret.olaughlin@usitc.gov*). Hearing-impaired individuals may obtain information on this matter by contacting the Commission's TDD terminal at 202–205–1810. General information concerning the Commission may also be obtained by accessing its internet server (*http://www.usitc.gov*). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS–ONLINE) at *http://www.usitc.gov/secretary/edis.htm*. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000.

Background: As requested by the USTR, under the authority delegated by the President, pursuant to section 332(g) of the Tariff Act of 1930 and in accordance with section 503(d)(1)(A) of the Trade Act of 1974 (1974 Act) (19 U.S.C. 2463(d)(1)(A)), the Commission will provide advice on whether any industry in the United States is likely to be adversely affected by a waiver of the competitive need limitations specified in section 503(c)(2)(A) of the 1974 Act for the following countries and articles: Argentina for HTS subheading 4107.91.80; India for HTS subheading 2001.10.00; Indonesia for HTS subheadings 3907.60.00 and 4011.10.10; and Turkey for HTS subheading 7413.00.50. As requested, the Commission will also provide advice as to the probable economic effect on consumers of the petitioned waivers. As requested by USTR, the Commission will use the dollar value limit of $130,000,000 for purposes of section 503(c)(2)(A)(i)(I) of the 1974 Act.

As requested by the USTR, the Commission will provide its advice by April 17, 2008. The USTR indicated that those sections of the Commission's report and related working papers that contain the Commission's advice will be classified as ''confidential.''

Public Hearing: A public hearing in connection with this investigation will be held beginning at 9:30 a.m. on February 28, 2008 at the United States International Trade Commission Building, 500 E Street, SW., Washington, DC. 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 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 February 11, 2008, in accordance with the requirements in the ''Submissions'' section below.

Written Submissions: In lieu of or in addition to participating in the hearing, interested parties are invited to submit written statements or briefs concerning these investigations. All written submissions, including requests to appear at the hearing, statements, and briefs, should be addressed to the Secretary, United States International Trade Commission, 500 E Street, SW., Washington, DC 20436. Pre-hearing briefs and statements should be filed not later than 5:15 p.m., February 12, 2008; and post-hearing briefs and statements and all other written submissions should be filed not later than 5:15 p.m., March 7, 2008. All written submissions must conform with the provisions of section 201.8 of the *Commission's Rules of Practice and Procedure* (19 CFR. 201.8). Section 201.8 of the rules requires that a signed original (or a copy designated as an original) and fourteen (14) copies of each document be filed. In the event that confidential treatment of the document is requested, at least four (4) additional copies must be filed, in which the confidential information must be deleted (see the following paragraph for further information regarding confidential business information). The Commission's rules do not authorize filing submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the rules (see Handbook for Electronic Filing Procedures, *http://www.usitc.gov/secretary/fed_reg_notices/rules/documents/handbook_on_electronic_filing.pdf*). Persons with questions regarding electronic filing should contact the Secretary (202–205–2000). Any submissions that contain confidential business information must also conform with the requirements of section 201.6 of the *Commission's Rules of Practice and Procedure* (19 CFR 201.6). Section 201.6 of the rules requires that the cover of the document and the individual pages be clearly marked as to whether they are the ''confidential'' or ''nonconfidential'' version, and that the confidential business information be clearly identified by means of brackets. All written submissions, except for confidential business information, will be made available in the Office of the Secretary to the Commission for inspection by interested parties.

The Commission may include some or all of the confidential business information submitted in the course of the investigation in the report it sends to the USTR. As requested by the USTR, the Commission will publish a public version of the report, which will exclude portions of the report that the USTR has classified as confidential as well as any confidential business information.

Issued: January 29, 2008.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E8–1937 Filed 2–1–08; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF JUSTICE

Notice of Lodging of Consent Decree Under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) and Clean Water Act (CWA)

Notice is hereby given that on January 22, 2008, a proposed Consent Decree (Decree) in the case of *United States, et al.* v. *United States Steel Corp.*, Civil Action No. 08–CV–4091–RDR–KGS, was lodged with the United States District Court for the District of Kansas. The United States, the Kansas Department of Health and Environment (KDHE), and the Secretary of KDHE (the federal and state trustees) filed the complaint in their capacities as natural resource trustees. The federal and state trustees seek recovery of natural resources for natural resource damages in connection with the Cherokee Lanyon #2 Site and the Girard Zinc Site (together, the Sites) in Girard, Kansas and the surrounding area. The Complaint alleges that the defendant, United States Steel Corporation (U.S. Steel), is liable as an owner or operator of smelters that were located at each of the Sites, or as a successor to owners or operators of the smelters.

The Decree would settle the claims for injuries to natural resources at the Site in return for a total payment of $133,400, which includes $123,255 for restoration projects and $10,145 for reimbursement of natural resource damage assessment costs incurred by the federal and state trustees. As specified by the Decree, the joint recovery for restoration work would be deposited in the Natural Resource Damage Assessment and Restoration Fund administered by the United States Department of the Interior, and the federal and state trustees would make joint decisions concerning future restoration expenditures in accordance with a restoration plan that they would prepare.

For thirty (30) days after the date of this publication, the Department of Justice will receive comments relating to the Consent Decree. Comments should be addressed to the Assistant Attorney General, Environment and Natural Resources Division, and either e-mailed to *pubcomment-ees.enrd@usdoj.gov* or mailed to P.O. Box 7611, U.S. Department of Justice, Washington, DC 20044–7611. In either case, the comments should refer to *United States, et al.* v. *United States Steel Corp.*, D.J. Ref. No. 90–11–3–08705/2.

The Decree may be examined at the Office of the United States Attorney, 1200 Epic Center, 301 N. Main, Wichita, Kansas 67202. During the comment period, the Consent Decree may be examined on the following Department of Justice Web site: *http://www.usdoj.gov/enrd/Consent_Decrees.html*. A copy of the Consent Decree may also be obtained by mail from the Consent Decree Library, P.O. Box 7611, U.S. Department of Justice, Washington, DC 20044–7611, or by faxing or e-mailing a request to Tonia Fleetwood (*tonia.fleetwood@usdoj.gov*), fax no. (202) 514–0097, phone confirmation number (202) 514–1547. In requesting a copy from the Consent Decree Library, please enclose a check in the amount of $5.50 (25 cents per page reproduction cost) payable to the United States Treasury or, if by e-mail or fax, forward a check in that amount to the Consent Decree Library at the stated address.

Robert E. Maher, Jr.,

Assistant Section Chief, Environmental Enforcement Section, Environment and Natural Resources Division.

[FR Doc. E8–1921 Filed 2–1–08; 8:45 am]

BILLING CODE 4410–15–P

DEPARTMENT OF JUSTICE

Notice of Lodging of Consent Decree Under the Comprehensive Environmental Response, Compensation, and Liability Act

Notice is hereby given that a proposed Consent Decree with Solutia, Inc., in the case of *United States* v. *Mallinckrodt, Inc.; Shell Oil Company; and Solutia, Inc.*, Civil Action No. 4:02–1488, was lodged with the United States District Court for the Eastern District of Missouri on January 28, 2008. The United States filed the Complaint in 2002 on behalf of the Administrator of the Environmental Protection Agency pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. 9601, *et seq.* (CERCLA), seeking

Dated: March 24, 2008.

John R. Craynon,

Chief, Division of Regulatory Support.

[FR Doc. E8–6373 Filed 3–28–08; 8:45 am]

BILLING CODE 4310–05–M

INTERNATIONAL TRADE COMMISSION

[Investigation No. 332–497]

Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences, 2007 Review of Competitive Need Limit Waivers

AGENCY: United States International Trade Commission.

ACTION: Change in scope of investigation.

SUMMARY: Following receipt of a letter on March 13, 2008, from the United States Trade Representative (USTR) advising of the withdrawal of petitions requesting the waiver of the competitive need limit for the following two articles under the Generalized System of Preferences (GSP) program, the Commission has terminated its investigation with respect to those two articles and will not provide probable economic effect advice with respect to those articles:

Polyethylene terephthalate (PET) resin (HTS subheading 3907.60.00) from Indonesia, USTR accepted case 2007–13); and

Full grain, unsplit, fancy leather (HTS subheading 4107.91.80) from Argentina, USTR accepted case 2007–15).

The Commission expects to transmit its report to the USTR providing its advice with respect to the remaining articles that are the subject of the USTR's request for advice by April 17, 2008.

ADDRESSES: All Commission offices, including the Commission's hearing rooms, are located in the United States International Trade Commission Building, 500 E Street, SW., Washington, DC. All written submissions should be addressed to the Secretary, United States International Trade Commission, 500 E Street, SW., Washington, DC 20436. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at *http://www.usitc.gov/secretary/edis.htm*.

FOR FURTHER INFORMATION CONTACT: Information may be obtained from Cynthia B. Foreso, Project Leader, Office of Industries (202–205–3348 or *cynthia.foreso@usitc.gov*) or Eric Land, Deputy Project Leader, Office of Industries (202–205–3349 or *eric.land@usitc.gov*). For more information on legal aspects of the investigation, contact William Gearhart of the Commission's Office of the General Counsel (202–205–3091 or *william.gearhart@usitc.gov*). The media should contact Margaret O'Laughlin, Office of External Relations (202–205–1819 or *margaret.olaughlin@usitc.gov*). Hearing-impaired individuals may obtain information on this matter by contacting the Commission's TDD terminal at 202–205–1810. General information concerning the Commission may also be obtained by accessing its Internet server (*http://www.usitc.gov*). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS–ONLINE) at *http://www.usitc.gov/secretary/edis.htm*. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000.

Background: The Commission instituted the investigation on January 29, 2008, following receipt of a letter from the USTR on January 18, 2008. Notice of institution of the investigation and the scheduling of a public hearing was published in the **Federal Register** of February 4, 2008 (73 FR 6526); notice of cancellation of the public hearing, following the withdrawal of requests to appear by all scheduled witnesses, was published in the **Federal Register** of February 28, 2008 (73 FR10807). The deadline for filing written submissions in this investigation was March 7, 2008.

By order of the Commission.

Issued: March 25, 2008.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E8–6498 Filed 3–28–08; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 337–TA–620]

In the Matter of Certain Low Antimony Phosphoric Acid; Notice of Commission Decision Not To Review an Initial Determination Terminating the Investigation on the Basis of a Settlement Agreement

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined to not to review the initial determination (''ID'') (Order No. 3) of the presiding administrative law judge (''ALJ'') terminating the above-captioned investigation on the basis of a settlement agreement.

FOR FURTHER INFORMATION CONTACT: James A. Worth, Office of the General Counsel, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436, telephone (202) 205–3065. Copies of non-confidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436, telephone (202) 205–2000. General information concerning the Commission may also be obtained by accessing its Internet server (*http://www.usitc.gov*). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov*. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on (202) 205–1810.

SUPPLEMENTARY INFORMATION: On December 18, 2007, the Commission instituted an investigation titled *Certain Low Antimony Phosphoric Acid,* Inv. No. 337–TA–620, based upon a complaint filed November 8, 2007 on behalf of ICL Performance Products, LP (St. Louis, Missouri) (''ICL''). 72 FR 71,698 (December 18, 2007). The complaint alleged violations of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. 1337, in the importation into the United States, the sale for importation, and the sale within the United States after importation of certain low antimony phosphoric acid by reason of infringement of certain claims of U.S. Patent No. 5,989,509. The complaint named as respondents Maruzen Chemicals Co., Ltd. (Osaka, Japan) (''Maruzen'') and Rasa Industries, Ltd. (Tokyo, Japan) (''Rasa''). The complaint was accompanied by a motion for temporary relief, which was later withdrawn.

ICL, Maruzen, and Rasa subsequently filed a joint motion, dated January 16, 2008, to terminate the above-captioned investigation on the basis of a settlement agreement. The Commission investigative attorney filed a response in support of the joint motion.

The ALJ issued the subject ID on February 25, 2008, granting the joint motion to terminate the investigation. No petitions for review have been filed. The Commission has determined not to

APPENDIX C
Notice of Hearing Cancellation

information from public review, we cannot guarantee that we will be able to do so.

Dated: February 22, 2008.

Donald E. Moomaw,

Assistant Regional Director, Great Plains Region.

[FR Doc. E8–3774 Filed 2–27–08; 8:45 am]

BILLING CODE 4310–MN–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 332–497]

Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences, 2007 Review of Competitive Need Limit Waivers

AGENCY: United States International Trade Commission.

ACTION: Cancellation of public hearing.

SUMMARY: The public hearing on this matter, scheduled for February 28, 2008, has been cancelled following the withdrawal of requests to appear at the hearing by all scheduled witnesses. The deadline for filing post-hearing briefs and other written submissions (5:15 p.m., March 7, 2008) and all other information as described in the notice of institution of the investigation published in the **Federal Register** of February 4, 2008 (73 F.R. 6526) remains the same as stated in that notice.

ADDRESSES: All Commission offices are located in the United States International Trade Commission Building, 500 E Street, SW., Washington, DC. All written submissions should be addressed to the Secretary, United States International Trade Commission, 500 E Street, SW., Washington, DC 20436. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at *http://www.usitc.gov/secretary/edis.htm.*

FOR FURTHER INFORMATION CONTACT: Information may be obtained from Cynthia B. Foreso, Project Leader, Office of Industries (202–205–3348 or *cynthia.foreso@usitc.gov*) or Eric Land, Deputy Project Leader, Office of Industries (202–205–3349 or *eric.land@usitc.gov*). For more information on legal aspects of the investigation, contact William Gearhart of the Commission's Office of the General Counsel (202–205–3091 or *william.gearhart@usitc.gov*). The media should contact Margaret O'Laughlin, Office of External Relations (202–205–1819 or *margaret.olaughlin@usitc.gov*). Hearing-impaired individuals may obtain information on this matter by contacting the Commission's TDD terminal at 202–205–1810. General information concerning the Commission may also be obtained by accessing its Internet server (*http://www.usitc.gov*). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS–ONLINE) at *http://www.usitc.gov/secretary/edis.htm.* Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000.

By order of the Commission.

Issued: February 25, 2008.

William R. Bishop,

Hearings and Meetings Coordinator.

[FR Doc. E8–3739 Filed 2–27–08; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[USITC SE–08–003]

Government in the Sunshine Act Meeting Notice

AGENCY HOLDING THE MEETING: United States International Trade Commission.

TIME AND DATE: February 29, 2008 at 9:30 a.m.

PLACE: Room 101, 500 E Street, SW., Washington, DC 20436, Telephone: (202) 205–2000.

STATUS: Open to the public.

MATTERS TO BE CONSIDERED:

1. Agenda for future meetings: none.
2. Minutes.
3. Ratification List.
4. Inv. No. 731–TA–1143 (Preliminary)(Small Diameter Graphite Electrodes from China)—briefing and vote. (The Commission is currently scheduled to transmit its determination to the Secretary of Commerce on or before March 3, 2008; Commissioners' opinions are currently scheduled to be transmitted to the Secretary of Commerce on or before March 10, 2008.)
5. Outstanding action jackets: none.

In accordance with Commission policy, subject matter listed above, not disposed of at the scheduled meeting, may be carried over to the agenda of the following meeting. Earlier notification of this meeting was not possible.

By order of the Commission:

Issued: February 25, 2008.

William R. Bishop,

Hearings and Meetings Coordinator.

[FR Doc. E8–3751 Filed 2–27–08; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF JUSTICE

Antitrust Division

Notice Pursuant to the National Cooperative Research and Production Act of 1993—Semiconductor Test Consortium, Inc.

Notice is hereby given that, on January 28, 2008, pursuant to section 6(a) of the National Cooperative Research and Production Act of 1993, 15 U.S.C. 4301 *et seq.* (''the Act''), Semiconductor Test Consortium, Inc. has filed written notifications simultaneously with the Attorney General and the Federal Trade Commission disclosing changes in its membership. The notifications were filed for the purpose of extending the Act's provisions limiting the recovery of antitrust plaintiffs to actual damages under specified circumstances. Specifically, Nagahiro Nakamura (individual member), Tokyo, JAPAN has been added as a party to this venture. Also, Optimal Test, Moshav Shdema, ISRAEL; Tom Micek (individual member), Austin, TX; and Tokyo Cathode Laboratory Co., Ltd., Itabashi-ku, Tokyo, JAPAN have withdrawn as parties to this venture.

No other changes have been made in either the membership or planned activity of the group research project. Membership in this group research project remains open, and Semiconductor Test Consortium, Inc. intends to file additional written notifications disclosing all changes in membership.

On May 27, 2003, Semiconductor Test Consortium, Inc. filed its original notification pursuant to section 6(a) of the Act. The Department of Justice published a notice in the **Federal Register** pursuant to section 6(b) of the Act on June 17, 2003 (68 FR 35913).

The last notification was filed with the Department on November 6, 2007. A notice was published in the **Federal Register** pursuant to section 6(b) of the Act on December 20, 2007 (72 FR 72389).

Patricia A. Brink,

Deputy Director of Operations, Antitrust Division.

[FR Doc. 08–866 Filed 2–27–08; 8:45 am]

BILLING CODE 4410–11–M

APPENDIX D
Model for Evaluating Probable Economic Effects of Changes in GSP Status

MODEL FOR EVALUATING THE PROBABLE ECONOMIC EFFECT OF CHANGES IN GSP STATUS

This appendix presents the method used to analyze the effects of immediate tariff elimination for selected products on total U.S. imports of affected products, competing U.S. industries, and U.S. consumers. First, the method is introduced. Then the derivation of the model for estimating changes in imports, U.S. domestic production, and consumer effects is presented.

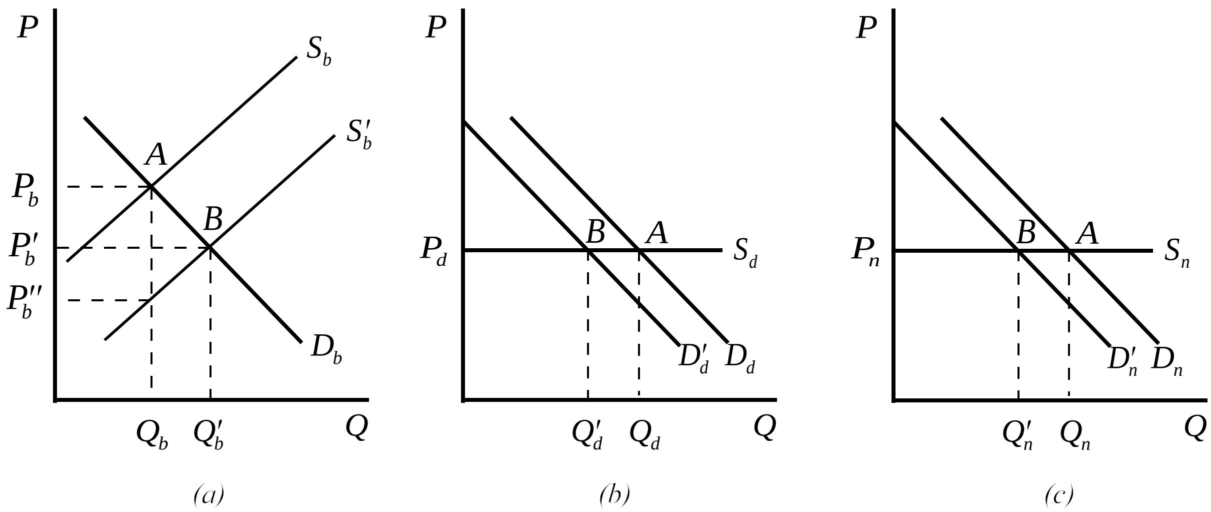
Introduction

Commission staff used partial equilibrium modeling to estimate probable economic effects (PE) of immediate tariff elimination on total U.S. imports, competing U.S. industries, and U.S. consumers. The model used in this study is a nonlinear, imperfect substitutes model.[36] Trade data were taken from official statistics of the U.S. Department of Commerce. U.S. production data were estimated by USITC industry analysts. Elasticities were estimated by industry analysts in consultation with the assigned economist based on relevant product and market characteristics. Trade and production data used were for 2006, and tariff rates used were for 2006.

The following model illustrates the case of granting a product GSP duty-free status. The illustration is for a product for which domestic production, GSP imports, and non-GSP imports are imperfect substitutes, and shows the basic results of a tariff removal on a portion of imports.

[36] For derivations, see Paul S. Armington, "A Theory of Demand for Products Distinguished by Place of Production," *IMF Staff Papers*, vol. 16 (1969), pp. 159-176, and J. Francois and K. Hall, "Partial Equilibrium Modeling," in J. Francois and K. Reinert, eds., *Applied Methods for Trade Policy Analysis, A Handbook* (Cambridge: Cambridge University Press, 1997).

Figure D-1
U.S. markets for GSP beneficiary imports (panel a), domestic production (panel b), and nonbeneficiary imports (panel c)



Consider the market for imports from GSP beneficiary countries illustrated in fig. D-1, panel (a). The line labeled D_b is the U.S. demand for imports from GSP beneficiary countries, the line labeled S_b is the supply of imports from GSP beneficiary countries with the tariff in place, and the line labeled S_b' is the supply of imports from GSP beneficiary countries without the tariff (i.e., the product is receiving duty-free treatment under GSP). Point A is the equilibrium with the tariff in place, and point B is the equilibrium without the tariff. Q_b and Q_b' are equilibrium quantities at A and B, respectively. P_b and P_b' are equilibrium prices at A and B, and P_b'' is the price received by GSP-beneficiary producers when the tariff is in place. The difference between P_b and P_b'' denotes the tariff, t.

In the model, a tariff reduction leads to a decrease in the price of the imported good and an increase in sales of the good in the United States. The lower price paid for the import in the United States leads to a reduction in the demand for U.S. production of the good, as well as for imports from non-GSP countries.

These demand shifts, along with supply responses to the lower demand, determine the reduction in U.S. output and non-GSP imports.

The changes that take place in panel (a) lead to the changes seen in panels (b) and (c), where the demand curves shift from D_d and D_n to D'_d and D'_n, respectively. Equilibrium quantity in the market for domestic production moves from Q_d to Q'_d, and in a similar manner for the market for nonbeneficiary imports, equilibrium quantity falls from Q_n to Q'_n.

Derivation of Import, U.S. Production, and Consumer Effects

The basic building blocks of the model are shown below. Armington shows that if consumers have well-behaved constant elasticity of substitution (CES) utility functions, demand for a good in a product grouping can be expressed as follows:

$$q_i = b_i^{\sigma} q \left(\frac{p_i}{p} \right)^{-\sigma} \qquad (1)$$

where q_i denotes quantity demanded for good i in the U.S. market;[37] p_i is the price of good i in the U.S. market; σ is the elasticity of substitution for the product grouping; q is the demand for the aggregate product (that is, all goods in the product grouping); p is a price index for the aggregate product (defined below); and b_i^{σ} is a constant.[38] As Armington states, the above equation "... can be written in a variety of useful ways."[39] One of these useful ways can be derived as follows. The aggregate price index p is defined as

$$p = \left(\sum_i b_i^{\sigma} p_i^{1-\sigma} \right)^{\frac{1}{1-\sigma}} \quad . \qquad (2)$$

[37] The product grouping consists of similar goods from different sources. For example, goods *i*, *j*, and *k* would indicate three similar goods from three different sources. See Armington (1969) for further discussion of the concept.

[38] Armington (1969), p. 167.

[39] Ibid., p. 168.

In addition the aggregate quantity index q can be defined as

$$q = k_A p^{\eta_A} \tag{3}$$

where k_A is a constant and η_A is the aggregate demand elasticity for the product grouping (natural sign).

Substituting equation (3) into equation (1) yields

$$q_i = b_i^{\sigma} k_A p^{\eta_A} \left(\frac{p_i}{p} \right)^{-\sigma} \quad .$$

Further manipulation and simplification yields

$$q_i = b_i^{\sigma} \, k_A \, \frac{p^{(\sigma + \eta_A)}}{p_i^{\sigma}} \, ,$$

which establishes the demand for q_i in terms of prices, elasticities, and constants.

The supply of each good in the product grouping is represented in constant supply elasticity form:

$$q_i = K_{si} \, p_i^{\varepsilon_{si}} \; ,$$

where K_{si} is a constant and ε_{si} is the price elasticity of supply for good i .

Excess supply functions are set up for each good in the product grouping with the following general form:

$$K_{si} \, p_i^{\varepsilon_{si}} - b_i^{\sigma} \, k_A \, \frac{p^{\sigma + \eta_A}}{p^{\sigma}} = 0. \tag{4}$$

The model is calibrated using initial trade and production data and setting all internal prices to unity in the benchmark calibration. It can be shown that calibration yields $K_{si} = b_i^{\sigma} k_A$ for the i^{th} good so that equation (4) can be rendered as

$$p_i^{\varepsilon_{si}} - \frac{p^{\sigma + \eta_A}}{p_i^{\sigma}} = 0 \;\; . \tag{4′}$$

If there are n goods, the model consists of n equations like (4′) plus an equation for the price aggregator p, which are solved simultaneously in prices by an iterative technique.

For the case of adding a product to the list of products eligible for GSP duty-free treatment, the equations are as follows:

$$\left[p_b(1+t)\right]^{\varepsilon_{sb}} - \frac{p^{\sigma+\eta_A}}{p_b^{\sigma}} = 0$$ for imports from GSP <u>b</u>eneficiary countries,

$$p_n^{\varepsilon_{sn}} - \frac{p^{\sigma+\eta_A}}{p_n^{\sigma}} = 0$$ for imports from <u>n</u>onbeneficiary countries,

$$p_d^{\varepsilon_{sd}} - \frac{p^{\sigma+\eta_A}}{p_d^{\sigma}} = 0$$ for U.S. <u>d</u>omestic production, and

$$p = \left(\sum_{i=b,n,d} b_i^{\sigma} p_i^{1-\sigma}\right)^{\frac{1}{1-\sigma}}$$ for the price aggregator.

The prices obtained in the solution to these equations are used to calculate trade and production values, and resulting percentage changes in total imports and domestic production are computed relative to the original (benchmark) import and production values.

Consumer effects

Consumer effects are estimated in terms of the portion of the duty reduction that is passed on to U.S. consumers on the basis of the import demand and supply elasticity estimates. The formula for determining the division of the duty savings between U.S. consumers and foreign exporters is approximated by $SV = \frac{\eta_{ii}}{(\eta_{ii} - \varepsilon_{si})}$, where SV is the percentage of duty savings retained by exporters from source i, η_{ii} is the own price elasticity of demand,[40] and ε_{si} is the price elasticity of supply from source i. An "A" code indicates that more than 75 percent of the duty savings are retained by foreign exporters $\left(\frac{\eta_{ii}}{\eta_{ii} - \varepsilon_{si}} > 0.75\right)$, and less than 25 percent passed through to U.S. consumers. A "B" code covers the range between 75 percent and 25 percent $\left(0.75 > \frac{\eta_{ii}}{\eta_{ii} - \varepsilon_{si}} > 0.25\right)$. A "C" code covers the case where

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[40] At any given vector of prices, such as at the benchmark equilibrium, $\eta_{ii} = S_i\eta_A - (1 - S_i)\sigma$ is the own price elasticity of demand from imports from source i, where S_i is the share of total expenditures on the product grouping spent on good i at that vector of prices. See Armington, p. 175.

less than 25 percent of the duty savings are retained by foreign exporters and more than 75 percent of the savings are passed through to U.S. consumers $\left(\frac{\eta_{ii}}{\eta_{ii} - \varepsilon_{si}} < 0.25 \right)$.

The default assumption for the probable effect on consumers is a “B” code. This assumption reflects the possibility that short-run supply elasticities may be less than perfectly elastic and the world supply price may rise in the short run in the face of increased demand when U.S. duties are reduced. In the long run, unless there are extraordinary market structure circumstances, supply elasticities are likely to be perfectly elastic for any one product considered in isolation, implying that a “C” code for the consumer effects is probably more appropriate in the long run in most cases. “A” and “C” codes for consumer effects are assigned when analysts have information indicating that they are appropriate.