United States International Trade Commission

Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences, 2002 Review

Report to the President on Investigation No. 332-451

Note-This report is a declassified version of the confidential probable economic effect advice report submitted to the President on May 20, 2003

Investigation No. 332-451
USITC Publication 3601
May 2003

U.S. International Trade Commission

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INTRODUCTION[1]

On February 19, 2003, the U.S. International Trade Commission (Commission or U.S.I.T.C.) received a request from the United States Trade Representative (USTR) for an investigation under section 332(g) of the Tariff Act of 1930 for the purpose of providing advice concerning possible modifications to the U.S. Generalized System of Preferences (GSP).[2] The USTR request letter is included in appendix A. Following receipt of the request, the Commission instituted investigation No. 332-451 to provide as follows--

(A) advice 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 for all beneficiary countries under the GSP for the following HTS subheadings: 0406.20.51, 0710.22.37, 0710.22.40, 0710.30.00, 0710.80.97 (pt.), 0710.80.9730, 0710.90.91, 0804.20.80, 1508.10.00, 1508.90.00, 1604.13.20, 1604.13.30, 2001.90.20, 2008.19.20, 2009.31.6020, 2009.39.6020, 2903.69.70 (pts.), 2917.12.10, 2921.43.15, 2921.43.80 (pt.), 2922.42.10, 7202.93.00, 8108.20.0010, 8528.12.3224, 8528.12.3235, 8528.12.3250, and 8528.21.70;

(B) advice 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 for countries designated as least-developed beneficiary developing countries in general note 4(b)(i) of the HTS for the following HTS subheadings: 8211.91.20, 8215.99.01, 8215.99.10, and 8215.99.30;

(C) advice as to the probable economic effect on U.S. industries producing like or directly competitive articles and on consumers of the removal of Russia from eligibility for duty-free treatment under the GSP for HTS subheading 8108.90.60; and

(D) advice on whether any industry in the United States is likely to be adversely affected by a waiver of the competitive need limits specified in section 503(c)(2)(A) of the 1974 Act for Argentina for 1508.10.00, 2009.31.6020, and 2009.39.6020; for Brazil for 2909.19.14, 7202.93.00, 8413.30.10, and 8708.99.67; for India for 7418.19.10, 7418.19.50, 9405.50.20, 9405.50.30, and 9405.50.40; for Kazakhstan for 7202.50.00 and 8108.20.0010; for Morocco for HTS subheadings 1604.13.20, 1604.13.30, and 2001.90.20; for Thailand for 8414.51.00 (pt.), 8528.12.28, and 8544.30.00; and for Turkey for 0813.10.00, and 7113.19.29. With respect to the competitive need limit, the Commission, as requested, will use the dollar value limit of $105,000,000.

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[1] The following *Federal Register* notices were issued by the USTR and the Commission relating to investigation No. 332-451:

Date	Notice	Subject
Mar. 11, 2003	68 F.R. 11607	USTR notice of GSP review
Mar. 07, 2003	68 F.R. 11143	Notice of USITC investigation
Mar. 14, 2003	68 F.R. 12370	Correction of notice of investigation

[2] On March 3, 2003, the Commission received a notice from USTR that the petition concerning HTS subheading 8704.31.00 had been withdrawn from consideration. This letter is also included in appendix A.

The Commission instituted the investigation on February 27, 2003, and indicated that it would seek to provide its advice no later than May 21, 2003, as requested by USTR. The Commission's notice of investigation and notice of correction are contained in appendix B.

All interested parties were afforded an opportunity to provide the Commission with written comments and information. In addition, the Commission held a public hearing on the investigation in Washington, DC, on April 8, 2003. The list of witnesses appearing before the Commission is contained in appendix C.

PRESENTATION OF ADVICE

In response to the USTR request for probable economic effect advice on whether any industry in the United States is likely to be adversely affected by possible modifications to the U.S. GSP, the Commission has provided its advice in the form of commodity digests, as has been done in prior GSP investigations. Each digest deals with the effect of tariff modifications on a limited number of HTS subheadings, and advice is provided in terms of the traditional coding scheme noted later in this section.

This report contains 28 digests covering 46 HTS subheadings with each digest containing the following sections:

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 1, 1995.

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, estimates based on the following coding system are provided:

* = Based on partial information/data adequate for estimation with a moderately high degree of confidence, or
** = Based on limited information/data adequate for estimation with a moderate degree of confidence.

III. GSP import situation, 2002

This section provides 2002 U.S. import data, including world total and certain GSP-country specific data.

IV. Competitiveness profiles, GSP suppliers

This section provides background information on GSP-eligible countries for the digest, their ranking as an import source, the price elasticities of supply and demand for imports from that country, and the price and quality of the imports versus U.S. and other foreign products.[3]

V. Trade data

This section provides import and export data at the digest level and for each individual HTS item number included in the digests covering multiple subheadings.

V. Position of interested parties

This section provides brief summaries of hearing testimony and any written submissions from interested parties.

VI. Summary of probable economic effect advice

This section provides advice on the short-to-near-term (1 to 5 years) impact of the proposed GSP-eligibility modifications in three areas: (1) U.S. imports, (2) U.S. industries producing like or directly competitive articles, 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. 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 increases in imports from the beneficiary country. Appendix D provides a brief textual and graphic presentation on the model used for evaluating the probable economic effect of changes in the GSP.

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 beneficiaries supply a very small share of the total U.S. imports of a particular product or if imports from beneficiaries readily substitute for imports from developed countries, the overall effect on U.S. imports could be minimal.

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

[3] Price elasticity is a measure of the changes in quantities supplied or demanded that result from a percent change in price. Generally, price elasticities of supply are positive and price elasticities of demand are negative. The elasticity is considered low when its absolute value is less than 1.0 because the change in quantity demanded or supplied is less than proportional to the change in price. The elasticity is moderate when its absolute value is between 1 and 2, with percentage changes in quantity being one to two times greater than the change in price. The elasticity is high when its absolute value exceeds 2.0, as percentage changes in quantities exceed percentage changes in price by more than two times. It should be noted that the elasticity levels (low, moderate, and high) are estimates based on staff analysis of industry.

FOR "ADDITION" AND "COMPETITIVE-NEED-LIMIT WAIVER" DIGESTS:

Level of total U.S. imports:

- Code A: Little or no increase (0 to 5 percent).
- Code B: Moderate increase (over 5 percent to 15 percent).
- Code C: Significant increase (over 15 percent).
- Code N: No impact.

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: None.

U.S. consumer:

- Code A: The bulk of duty saving (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 saving is expected to benefit both the foreign suppliers and the domestic consumer (neither absorbing more than 75 percent of the costs).
- Code C: The bulk of duty saving (greater than 75 percent) is expected to benefit the U.S. consumer.
- Code N: None.

FOR REMOVAL DIGESTS:

Level of total U.S. imports:

- Code X: Little or no decrease (0 to 5 percent).
- Code Y: Moderate decrease (over 5 percent to 15 percent).
- Code Z: Significant decrease (over 15 percent).

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 profits levels; beneficial impact on the industry as a whole).
- Code N: None.

U.S. consumer:

- Code X: The bulk of the duty increase (greater than 75 percent) 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 (neither absorbing more than 75 percent of the costs).
- Code Z: The bulk of the duty increase (greater than 75 percent) is expected to be passed on to the U.S. consumer.
- Code N: None.

The probable economic effect advice for U.S. imports and the domestic industry is based on 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 other factors, such as exchange rate changes, relative inflation rates, and relative rates of economic growth, could have a significant effect on imports, consideration of these other factors is not within the scope of the USTR request.

DIGEST LOCATOR

HTS subheadings	Digest title	Action	Petitioner(s)	Col. 1 duty rate as of 1/1/03	U.S. production on 1/1/95?	Probable economic effect advice	Analyst
0406.20.51	Grated or powdered Italian-type cheeses	Addition	Lactosan, S.A. Uruguay	15.0%	Yes	* * *	Coleman
0710.22.37 0710.22.40 0710.30.00 0710.80.97(pt) 0710.80.9730 0710.90.91 2001.90.20[1]	Processed vegetables	Addition Addition Addition Addition Addition Addition Addition & Waiver	United Company for Food Industries - "Montana", Egypt; Govt. of Morocco; Govt. of Turkey	10.5% 11.2% 14.0% 14.9% 14.9% 14.0% 8.0%	Yes Yes Yes Yes Yes Yes No	* *	McCarty
0804.20.80	Fresh or dried figs, other than whole	Addition	Govt. of Turkey	8.8 cents per kilogram	Yes	* * *	Newman
0813.10.00	Dried apricots	Waiver - Turkey	Govt. of Turkey	1.8 cents per kilogram	Yes	* * *	Newman
1508.10.00[2] 1508.90.00	Peanut oil	Addition & Waiver Addition	Govt. of Argentina; Camera Industrial de Aceites Vegetales de Cordoba, Arg.	11.4% 8.8%	Yes Yes	* * * * * *	Reeder
1604.13.20[1] 1604.13.30[1]	Sardines	Addition & Waiver Addition & Waiver	Govt. of Morocco	15.0% 20.0%	Yes Yes	* * * * * *	Corey
2008.19.20	Prepared or preserved filberts	Addition	Govt. of Turkey	2.9%	Yes	* * *	Bonarriva
2009.31.6020[2] 2009.39.6020[2]	Frozen lemon juice	Addition & Waiver Addition & Waiver	Govt. of Argentina; Chamber of Citrus Processors of Argentina; C & H Sales, Co., CA; Citroil Enterprises, Inc., NJ; Maritime Exchange for the Delaware River and Bay, PA; Pasco Beverage Co., FL; Sales USA, Inc., TX; and Sourcelink LLC, FL.	41.0% 41.0%	Yes Yes	* * * * * *	Dennis

HTS subheadings	Digest title	Action	Petitioner(s)	Col. 1 duty rate as of 1/1/03	U.S. production on 1/1/95?	Probable economic effect advice	Analyst
2903.69.70(pt)	Certain chlorobenzo-trifluorides	Addition	Milenia Agro Ciencias, S.A., Brazil	5.5%	Yes	* * *	Johnson
2909.19.14	Methyl tertiary-butyl ether	Waiver - Brazil	Copesul-Companhia Petroquimica Do Sul, Brazil; Copusul International Trading Inc., Brazil; Petroleo Brasileiro, S.A., Brazil	5.5%	Yes	* * *	Foreso
2917.12.10	Adipic acid	Addition	Rhodia Poliamida Ltda., Brazil	7.8%	Yes	* * *	Johnson
2921.43.15 2921.43.80(pt)	Certain toluidines	Addition Addition	Govt. of Argentina; Albaugh, Inc., MO; Atanor, S.A., Argentina; Milenia Agro Ciencias, S.A., Brazil	7.2% 7.7%	Yes Yes	* * * * * *	Foreso
2922.42.10	Monosodium glutamate	Addition	Ajinomota, Brazil; Ajinomoto USA, IO	7.0%	Yes	* * *	Land
7113.19.29	Gold necklaces and neck chains except of rope or mixed link	Waiver -Turkey	Istanbul Maden ve Metaller Ihracatcilari Birligi, Turkey	5.5%	Yes	* * *	Legesse
7202.50.00	Ferrosilicon chromium	Waiver - Kazakhstan	Transnatsionalnaya, Kompaniya (“Kazachrome”), Kazakhstan; Considar Inc., NY	10.0%	No	* * *	Taylor
7202.93.00[3]	Ferroniobium (Ferrocolum-bium)	Addition & Waiver	Cia Brasileiro de Metalurgia e Mineracal, Brazil; Reference Metals Co., Inc., PA	5.0%	Yes	* * *	Taylor
7418.19.10[4] 7418.19.50	Copper kitchen tableware	Waiver - India Waiver - India	Govt. of India	3.0% 3.0%	Yes Yes	* * * * * *	Van Toai

HTS subheadings	Digest title	Action	Petitioner(s)	Col. 1 duty rate as of 1/1/03	U.S. production on 1/1/95?	Probable economic effect advice	Analyst
8108.20.0010[5]	Titanium sponge	Addition & Waiver	Govt. of Kazakhstan; Joint Stock Co. UST-Kamenogorak Titanium and Magnesium Plant, Kazakhstan	15.0%	Yes	* * *	DeSapio
8108.90.60	Wrought titanium metal, including bars, rods, plates, sheets, tubes, pipes, etc.	Removal - Russia	Titanium Metals Corp., CO	15.0%	Yes	* * *	DeSapio
8211.91.20 8215.99.01 8215.99.10 8215.99.30	Certain knives, forks, and spoons of base metal	Addition - Least developed beneficiary countries	Govt. of Bangladesh	6.4% 15.8% 6.3% 14.0%	Yes Yes Yes Yes	* * * * * * * * * * * *	Legesse
8413.30.10	Fuel injection pumps for compression-ignition engines	Waiver - Brazil	Robert Bosch Ltda., Brazil	2.5%	Yes	* * *	Mata
8414.51.00(pt)	Ceiling fans not exceeding 125 watts of output	Waiver - Thailand	Hunter Fan Co., TN; Compass East Industries and Public Co. Ltd.; Thailand	4.7%	Yes	* * *	Mata
8528.12.28	Color TV receivers incorporating video apparatus exceeding 35.56 cm	Waiver - Thailand	JVC Americas Corp., NJ	3.9%	Yes	* * *	Kitzmiller
8528.12.3224 8528.12.3235 8528.12.3250	Certain non-high definition (HD) color television receivers	Addition Addition Addition	Itautec Philco S.A., Brazil	5.0% 5.0% 5.0%	Yes Yes Yes	* * * * * * * * *	Kitzmiller
8528.21.70	Flat-panel color video monitors exceeding 34.29 cm	Addition	Itautec Philco S.A., Brazil	5.0%	No	* * *	Kitzmiller

HTS subheadings	Digest title	Action	Petitioner(s)	Col. 1 duty rate as of 1/1/03	U.S. production on 1/1/95?	Probable economic effect advice	Analyst
8544.30.00	Ignition wiring harnesses	Waiver - Thailand	Yazaki North America Inc., MI	5.0%	Yes	* * *	Cutchin
8708.99.67	Certain power train parts for motor vehicles	Waiver - Brazil	Sindicato Nacional da Industria de Compenentes Para Veiculos Automotores, Brazil	2.5%	Yes	* * *	McNay
9405.50.20 9405.50.30 9405.50.40	Brass lamps and lighting fittings, non-electric	Waiver - India Waiver - India Waiver - India	Govt. of India	2.9% 5.7% 6.0%	Yes Yes Yes	* * * * * * * * *	Burns

[1] Advice on a waiver of the competitive need limits for Morocco is also provided.
[2] Advice on a waiver of the competitive need limits for Argentina is also provided.
[3] Advice on a waiver of the competitive need limits for Brazil is also provided.
[4] India was granted a competitive-need-limit waiver for HTS subheading 7418.19.10 in June 2001. Advice is provided for the continuation of the waiver.
[5] Advice on a waiver of the competitive need limits for Kazakhstan is also provided.

COMMODITY DIGESTS

Grated or Powdered Italian-Type Cheeses

I. Introduction

X Addition

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/03)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
		Percent ad valorem	
0406.20.51	Grated or powdered Italian-type cheeses	15.0	Yes

Description and uses.--The products in this digest include powdered or grated hard Italian-type cheeses, romano made from cow's milk, reggiano, parmesan, provolone, and provoletti. These cheeses are sold directly to consumers in retail grocery stores, as well as to food manufacturers that use these cheeses as ingredients into processed food products (such as frozen dinners and pizza).

II. U.S. market profile

Profile of U.S. industry and market, 1998-2002

Item	1998	1999	2000	2001	2002
Producers (***number***)[1]	96	95	89	91	90
Employment (***1,000 employees***)	4.8	4.8	4.5	4.6	4.6
Shipments (***1,000 dollars***)[2]	1,013,000	936,000	929,000	1,100,000	1,173,000
Exports (***1,000 dollars***)[3]	30,047	48,229	45,869	62,845	69,201
Imports (***1,000 dollars***)[4]	0	0	0	79	0
Consumption (***1,000 dollars***)	982,953	887,771	883,131	1,037,234	1,103,799
Import-to-consumption ratio (***percent***)	0	0	0	([5])	0
Capacity utilization (***percent***)[6]	85	85	85	85	85

[1] International Dairy Foods Association, *Cheese Facts*, 2002 Edition.

[2] Based on price and production data for provolone, romano, and parmesan cheese. Source: U.S. Department of Agriculture (USDA), Agricultural Market Service, *Dairy Market Statistics*, various issues; and, USDA, National Agricultural Statistical Service, *Dairy Products*, various issues.

[3] The export data shown in this table include the items that are the subject of this digest. However, there are also a number of other items included within this basket HTS subheading.

[4] The import data shown in this table are for 0406.20.51 which is the HTS subheading for product entering the United States below the quota. Product entering above the quota (under HTS subheading 0406.20.53) averaged about $2 million annually during 1998-2002.

[5] Less than 0.05 percent.

[6] Estimated by the U.S.I.T.C. No published data available.

Comment.--U.S. production of hard Italian-type cheese amounted to about 450 million pounds in 2002, of which almost 85 percent was accounted for by provolone and parmesan cheese. Production of hard Italian-type cheese is centered in three States—Wisconsin, California, and New York, and typically produced in small-scale, specialty cheese plants. Product is sold to final consumers as branded specialty cheeses, as well as

to food manufacturers that use cheese as ingredients in further processed products, such as frozen pizza or ready-to-eat Italian dinners.

Imports of Italian-type cheese are subject to a tariff-rate quota (TRQ) that includes eight HTS subheadings that combined, in any calendar year, shall not exceed the quantities specified in note 21 of chapter 4 of the HTS. Once the quota is filled, by imports of any of the seven HTS subheadings specified in note 21 of chapter 4 of the HTS, the quota is closed. As a result, imports are limited to only 5 percent of domestic consumption. The quota is 13,481 metric tons, of which Uruguay is allocated 1,178 metric tons. The quota has filled in recent years.

III. GSP import situation, 2002

U.S. imports and share of U.S. consumption, 2002

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	0	0	0	0
Imports from GSP countries:	0	0	0	0
GSP total	0	0	0	0

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

Comment.--In 2002, there were no U.S. imports of grated and powdered Italian-type cheeses under HTS 0406.20.51; the quota was filled by one or more of the other HTS subheadings included in this in-quota tariff number. GSP is not applied to over-quota tariffs.

IV. Competitiveness profile, all GSP suppliers

Ranking as a U.S. import supplier, 2002	NA		
Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):			
Is the product a finished product for final sale to consumers?	Yes X	No	
Is the product an intermediate good used as an input in the production of another good?	Yes X	No	
Is the product an agricultural or food product?	Yes X	No	
What is the aggregate price elasticity of U.S. demand?	High	Moderate X	Low
Substitution elasticity:			
What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:			
Imports from other suppliers?	High X	Moderate	Low
U.S. producers?	High X	Moderate	Low
What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:			
Imports from other suppliers?	High X	Moderate	Low
U.S. producers?	High X	Moderate	Low
What is the substitution elasticity?	High X	Moderate	Low
Supply elasticity for affected imports:			
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 supply for affected imports?	High X	Moderate	Low
Price level compared with--			
U.S. products	Above X	Equivalent	Below
Other foreign products	Above	Equivalent X	Below
Quality compared with--			
U.S. products	Above	Equivalent X	Below
Other foreign products	Above	Equivalent X	Below

Comment.--Imported Italian-type cheeses supplied by GSP-eligible countries are highly substitutable with domestically-produced cheeses. However, owing to TRQ restrictions, which limit total imports to 5 percent of domestic consumption, supply elasticities are moot. As a result, import prices are higher than domestic prices and import levels are not affected by changes in the U.S. market price.

V. Position of interested parties

Petitioner.--Although Lactosan, S.A. does not currently export this item to the United States, gaining GSP-eligibility would result in exports to the United States of about 300 tons per year. The value of such sales would be about $1 million.

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

VI. Summary of probable economic advice-Addition

* * * * * * *

Table 1.-Grated or powdered Italian-type cheeses: U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Italy	0	0	0	79	0	N/A
Netherlands	0	0	0	0	0	N/A
Poland	0	0	0	0	0	N/A
Total	**0**	**0**	**0**	**79**	**0**	**N/A**
Total from GSP-eligible nations	**0**	**0**	**0**	**0**	**0**	**N/A**
Export market:						
Japan	15,703.	25,624.	15,207.	17,478.	23,179.	33.5%
Mexico	2,582.	2,896.	8,861.	21,435.	20,225.	29.2%
Canada	1,815.	3,528.	5,667.	4,953.	6,359.	9.2%
Philippines	1,509.	2,096.	1,521.	2,418.	2,975.	4.3%
Korea	644.	842.	4,241.	1,329.	2,166.	3.1%
Trinidad & Tobago	426.	665.	722.	743.	1,233.	1.8%
Hong Kong	762.	1,935.	530.	1,314.	1,220.	1.8%
Nigeria	0.	432.	166.	345.	816.	1.2%
Saudi Arabia	282.	369.	625.	736.	761.	1.1%
Costa Rica	614.	746.	675.	618.	717.	1.0%
All Other	5,710.	9,096.	7,654.	11,474.	9,549.	13.8%
Total	**30,047**	**48,229**	**45,869**	**62,845**	**69,201**	**100.0%**

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

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

Processed Vegetables

I. Introduction

X Addition
X Competitive-need-limit waiver: Morocco[1]

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/03)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
		Percent ad valorem	
0710.22.37	Beans, frozen, not reduced in size, other	10.5	Yes
0710.22.40	Beans, frozen, reduced in size	11.2	Yes
0710.30.00	Spinach, frozen	14.0	Yes
0710.80.97(pt.)	Broccoli, frozen, reduced in size	14.9	Yes
0710.80.9730	Cauliflower, frozen, reduced in size	14.9	Yes
0710.90.91	Mixtures of vegetables, frozen, other	14.0	Yes
2001.90.20	Capers, in vinegar or acetic acid, other	8.0	No

Description and uses.–This digest covers a number of processed vegetables, including certain frozen beans and frozen spinach (whether or not either is reduced in size), frozen broccoli and frozen cauliflower (each reduced in size), mixtures of frozen vegetables not elsewhere specified, and capers preserved with vinegar (acetic acid) in cans each holding 3.4 kilograms or less. These products are sold directly to retailers, as well as to re-packers or food manufacturers for packaging into smaller units or in the preparation of other frozen vegetable mixtures.

[1] A competitive-need-limit-waiver was requested for Morocco for HTS subheading 2001.90.20.

II. U.S. market profile

Profile of U.S. industry and market, 1998-2002

Item	1998	1999	2000	2001	2002
Producers (***number***)[1]	*30	*30	*30	*30	*30
Employment (***1,000 employees***)[2]	**3	**3	**3	**3	**3
Production (***1,000 dollars***)[3]	**621,399	**658,079	**522,614	**533,273	**583,841
Exports (***1,000 dollars***)[4]	83,718	80,522	79,529	76,330	76,773
Imports (***1,000 dollars***)	187,122	225,417	219,276	224,433	250,238
Consumption (***1,000 dollars***)[5]	**724,803	**802,974	**662,361	**681,376	**757,306
Import-to-consumption ratio (***percent***)[6]	**26	**28	**33	**33	**33
Capacity utilization (***percent***)[2]	*80	*80	*80	*80	*80

[1] Estimated by the U.S.I.T.C. based on official data of the American Frozen Foods Institute (AFFI) and includes many firms producing more than one of the products covered here and other products as well.

[2] Estimated by the U.S.I.T.C.

[3] Estimated by the U.S.I.T.C. based on official production data of the AFFI. Data for 2002 are not yet available and are estimated based on the average of production for 1998-2001.

[4] Includes data for products not covered in this digest, because most of these items are not separately provided for in the export schedule on an individual item basis.

[5] Consumption data may be overstated because production estimates included aggregated data for other products not covered here, which could result in higher import-to-consumption ratios.

[6] Ratios vary among the specific vegetables covered here, with the ratio for some vegetables believed to be below 20 percent while for other items, such as frozen broccoli, the ratio is believed to be above 40 percent.

Comment.--Domestic producers of the vegetables covered in this digest include a number of firms packing large volumes of an assortment of vegetables and vegetable combinations. Most of these firms also process other items including frozen fruits and fruit juices, fruit toppings, ethnic foods, and some meat and poultry products. Many of these firms operate more than one plant, sometimes within the same State, with some firms operating in different States or regions. Nearly all of these firms sell both nationally and internationally, and a few of these firms operate processing facilities in other countries as well. Also included here are many smaller-volume packers and re-packers of vegetables and some fruit. Some processors import bulk frozen vegetables primarily for re-packing into food-service and retail packages, whereas other firms process principally domestically-grown vegetables.

Many of these firms have benefitted from long-established supply agreements with domestic purchasers, based on consistent product quality and service, and the use of established channels of distribution. In recent years, however, domestic producers have availed themselves less of such agreements and benefits as the quality of imported products now matches that of domestically-produced frozen vegetables and as prices for imported products have remained at or below prices for domestic products.

The technology and equipment needed for the freezing of vegetables, although initially expensive to install and operate, are available globally and are believed to be used by all major supplying countries. The process of freezing vegetables is not especially labor intensive, but the preparation of fresh, raw vegetables for freezing is highly labor intensive, making this part of the production process comparatively more expensive for domestic producers and making domestic producers more sensitive to competition from supplying countries with lower labor costs.

III. GSP import situation, 2002

U.S. imports and share of U.S. consumption, 2002

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	250,238	100	-	**33
Imports from GSP countries:				
GSP total	42,697	17	100	**6
Guatemala	24,751	10	58	**3
Ecuador	6,684	3	16	**1
Chile	2,409	1	6	([1])
El Salvador	983	([1])	2	([1])
Morocco	381	([1])	1	([1])

[1] Less than 0.5 percent.

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

Comment.–Imports of certain GSP-eligible processed vegetables and capers from beneficiary-developing countries have risen in recent years, but still account for a small, although significant, share of total imports and a very small share of U.S. consumption. The largest share of imports are those from Mexico, and significant amounts are also imported from Canada, with both countries benefitting from duty-free treatment under NAFTA. In addition, Guatemata and El Salvador can use the duty-free provisions of the Caribbean Basin Economic Recovery Act (CBERA) for some of these products, as can Ecuador under the Andean Trade Preference Act (ATPA).

IV. Competitiveness profile, Guatemala

Ranking as a U.S. import supplier, 2002 3

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? . . . . . Yes X No ___

Is the product an intermediate good used as an input in the production of another good? . . . . . Yes X No ___

Is the product an agricultural or food product? . . . . . Yes X No ___

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High X Moderate ___ Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High X Moderate ___ Low ___

What is the substitution elasticity? . . . . . High X Moderate ___ Low ___

Supply elasticity for affected imports:

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 supply for affected imports? 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.--Imports of the subject vegetables from Guatemala are substitutable with those that are domestically produced and have fluctuated widely throughout 1998-02. Guatemala is eligible for duty-free treatment under CBERA.

IV. Competitiveness profile, Ecuador

Ranking as a U.S. import supplier, 2002 4

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? . . . . . Yes X No ___

Is the product an intermediate good used as an input in the production of another good? . . . . . Yes X No ___

Is the product an agricultural or food product? . . . . . Yes X No ___

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High X Moderate ___ Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High X Moderate ___ Low ___

What is the substitution elasticity? . . . . . High X Moderate ___ Low ___

Supply elasticity for affected imports:

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 supply for affected imports? 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.--Imports of the subject vegetables from Ecuador are substitutable with those that are domestically produced but, although having risen dramatically since 1998, are still a very small share of total imports. Ecuador is eligible for duty-free treatment under ATPA.

IV. Competitiveness profile, El Salvador

Ranking as a U.S. import supplier, 2002 10

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? . . . . . Yes X No ___

Is the product an intermediate good used as an input in the production of another good? . . . . . Yes X No ___

Is the product an agricultural or food product? . . . . . Yes X No ___

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High X Moderate ___ Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High X Moderate ___ Low ___

What is the substitution elasticity? . . . . . High X Moderate ___ Low ___

Supply elasticity for affected imports:

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 supply for affected imports? 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.–Imports of the subject vegetables from El Salvador, although substitutable with domestically-produced vegetables and rising, are an insignificant share of total U.S. imports and consumption. El Salvador is eligible for duty-free treatment under CBERA.

IV. Competitiveness profile, Morocco

Ranking as a U.S. import supplier, 2002 15

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? . . . . . Yes X No ___

Is the product an intermediate good used as an input in the production of another good? . . . . . Yes X No ___

Is the product an agricultural or food product? . . . . . Yes X No ___

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High X Moderate ___ Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High X Moderate ___ Low ___

What is the substitution elasticity? . . . . . High X Moderate ___ Low ___

Supply elasticity for affected imports:

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 supply for affected imports? 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.–Imports of the subject vegetables from Morocco are a small share of U.S. imports and consumption. Although U.S. imports from Morocco of capers, the product for which a waiver is requested, account for a significant share of total U.S. imports of capers, there is no U.S. production of capers.

IV. Competitiveness profile, all GSP suppliers[1]

Ranking as a U.S. import supplier, 2002 . . . . . NA

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? . . . . . Yes X No ___

Is the product an intermediate good used as an input in the production of another good? . . . . . Yes X No ___

Is the product an agricultural or food product? . . . . . Yes X No ___

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High X Moderate ___ Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High X Moderate ___ Low ___

What is the substitution elasticity? . . . . . High X Moderate ___ Low ___

Supply elasticity for affected imports:

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 supply for affected imports? High X Moderate___ Low ___

Price level compared with--

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

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

Quality compared with--

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

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

[1] Included in this digest are individual and mixed frozen vegetables packaged in a form ready for sale to consumers, as well as individual and mixed frozen vegetables in bulk containers used in the production of smaller-packaged single and mixed vegetables or other processed foods.

Comment.--Imports from GSP-eligible countries accounted for 17 percent of total U.S. imports and only 6 percent of U.S. consumption of the subject vegetables in 2002.

V. Position of interested parties

Petitioners.--The United Company for Food Industries, Montana, Egypt, has requested the inclusion of frozen miscellaneous vegetables (HTS subheading 0710.80.97 (pt)) into the GSP. The petitioner states that its production is from raw products grown entirely in Egypt and that any increase in demand for their frozen vegetables in foreign markets will positively affect their large agricultural industry.

The Ministry of Industry, Commerce, Energy, and Mines (Ministry) of the Kingdom of Morocco requests an addition to, and a waiver of the competitive-need-limit of, the GSP for preserved capers (HTS subheading 2001.90.20). The Ministry states that Moroccan consumption of capers is insignificant; therefore, the promotion and sale of capers to foreign markets including the United States will help to sustain development of the Moroccan caper sector.

The Office of the Commercial Counselor, Embassy of Republic of Turkey, requests the addition of preserved capers (HTS subheading 2001.90.20) to the GSP. The petitioner states that GSP eligibility will positively influence the quality of their product being exported, which in turn will help to reduce their costs, and increase their competitiveness globally.

Support.--Counsel for the Aegean Exporters' Unions (AEU) supports the request by the Government of Turkey to add preserved capers (HTS subheading 2001.90.20) to the list of articles eligible for GSP duty-free treatment. AEU states that there are no known U.S. producers of capers and that the elimination of the duty would enhance the competitiveness of Turkish exporters vis-a-vis other foreign suppliers while also benefitting U.S. importers and consumers.

Opposition.--Patterson Frozen Foods, a California firm processing frozen vegetables and fruit, opposes any waiver, modification, or elimination of existing duties on imports of the subject frozen vegetables (HTS 0710.22.37; 0710.22.40; 0710.30.00; 0710.80.97(pt); 0710.80.9730; 0710.90.91). They state that the U.S. vegetable freezing industry in California has shrunk considerably over the past 15 years as a result of the lowering or elimination of duties for foreign suppliers. Further, the firm asserts that the remaining U.S. freezers, together with their independent contract growers, will be negatively impacted by any additional duty change.

VI. Summary of probable economic advice-Addition (HTS 0710.22.37 and 0710.22.40)

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VI. Summary of probable economic advice-Addition (HTS 0710.30.00)

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VI. Summary of probable economic advice-Addition (HTS 0710.80.97 (pt))

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VI. Summary of probable economic advice-Addition (HTS 0710.80.9730)

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VI. Summary of probable economic advice-Addition (HTS 0710.90.91)

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VI. Summary of probable economic advice-Addition (HTS 2001.90.20)

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VI. Summary of probable economic advice-Competitive-need-limit waiver Morocco (HTS 2001.90.20)

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Table 1.-Processed vegetables (digest-level): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise,[1] by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Mexico	127,265	152,957	147,766	155,777	158,412	63.3%
Canada	26,133	32,849	31,314	29,848	35,856	14.3%
Guatemala	22,041	24,982	21,275	18,204	24,751	9.9%
Ecuador	0	38	616	3,284	6,684	2.7%
Spain	2,546	2,452	3,240	3,577	4,515	1.8%
China	2,454	3,405	4,057	2,900	4,328	1.7%
Peru	2,392	2,400	4,164	4,272	4,301	1.7%
Chile	147	667	654	1,129	2,409	1.0%
Belgium	451	839	1,329	2,002	2,348	0.9%
El Salvador	488	188	272	470	983	0.4%
All Other	3,204	4,639	4,590	2,970	5,650	2.3%
Total	**187,122**	**225,417**	**219,276**	**224,433**	**250,238**	**100.0%**
Total from GSP-eligible nations	**25,772**	**29,957**	**28,112**	**28,683**	**42,697**	**17.1%**
Export market:						
Canada	25,518	24,018	26,288	27,611	29,701	38.7%
Japan	37,308	32,131	27,424	24,312	23,048	30.0%
Mexico	5,176	4,569	3,344	4,883	3,396	4.4%
Hong Kong	4,584	4,792	3,862	3,813	3,368	4.4%
Netherlands Antilles	121	1,418	2,631	2,817	2,243	2.9%
Dominican Republic	105	377	247	178	2,202	2.9%
Bermuda	551	414	394	660	2,201	2.9%
Australia	1,615	2,134	2,585	1,631	2,040	2.7%
United Kingdon	1,218	1,433	1,309	2,215	1,419	1.8%
Kuwait	21	43	60	83	862	1.1%
All Other	7,500	9,192	11,383	8,127	6,292	8.2%
Total	**83,718**	**80,522**	**79,529**	**76,330**	**76,773**	**100.0%**

[1] Exports based on Schedule B HTS items 0710.22.0000, 0710.30.0000, 0710.80.0050, 0710.90.0000, 2001.90.0000, and 2001.90.6500; and includes products not included in this digest.

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

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

Table 2.-Processed vegetables (HTS 0710.22.37): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise,[1] by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
	Value (1,000 dollars)					
Import source:						
China	1,560	1,725	2,552	1,319	1,852	30.5%
Belgium	134	535	816	1,075	1,137	18.7%
Canada	1,423	1,843	2,560	1,728	958	15.8%
El Salvador	458	126	199	393	749	12.3%
France	275	24	86	285	564	9.3%
Taiwan	710	1,669	2,645	478	227	3.7%
Chile	0	135	146	238	178	2.9%
Mexico	0	0	4	0	84	1.4%
Egypt	27	32	23	48	73	1.2%
India	0	0	0	2	72	1.2%
All Other	581	256	194	232	176	2.9%
Total	**5,168**	**6,345**	**9,225**	**5,797**	**6,070**	**100.0%**
Total from GSP-eligible nations	**578**	**356**	**460**	**754**	**1,139**	**18.8%**
Export market:						
Canada	4,178	3,093	3,133	5,588	5,286	55.1%
Dominican Republic	0	29	15	15	2,182	22.8%
Japan	735	727	788	624	705	7.4%
Australia	348	600	606	383	349	3.6%
Mexico	1,055	486	148	1,025	300	3.1%
Saudi Arabia	0	0	144	122	142	1.5%
Portugal	0	0	32	0	80	0.8%
Sweden	26	0	0	0	72	0.8%
Israel	20	0	13	157	69	0.7%
United Kingdom	0	107	490	197	69	0.7%
All Other	118	253	879	652	337	3.5%
Total	**6,482**	**5,296**	**6,248**	**8,762**	**9,591**	**100.0%**

[1] Exports based on Schedule B HTS item 0710.22.0000, and includes products not included in this digest.

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

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

Table 3.-Processed vegetables (HTS 0710.22.40): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise,[1] by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Canada	3,420	3,560	3,309	3,779	4,764	71.7%
South Africa	0	0	0	0	646	9.7%
Poland	0	0	0	74	406	6.1%
Belgium	24	2	63	141	307	4.6%
Egypt	0	0	3	0	269	4.0%
New Zealand	0	0	0	0	76	1.1%
China	0	11	0	0	42	0.6%
Netherlands	0	0	0	0	37	0.6%
India	0	0	0	0	26	0.4%
Guatemala	44	0	0	0	25	0.4%
All Other	4	96	20	84	49	0.7%
Total	**3,492**	**3,669**	**3,395**	**4,077**	**6,646**	**100.0%**
Total from GSP-eligible nations	**44**	**0**	**12**	**113**	**1,395**	**21.0%**
Export market:						
Canada	4,178	3,093	3,133	5,588	5,286	55.1%
Dominican Republic	0	29	15	15	2,182	22.8%
Japan	735	727	788	624	705	7.4%
Australia	348	600	606	383	349	3.6%
Mexico	1,055	486	148	1,025	300	3.1%
Saudi Arabia	0	0	144	122	142	1.5%
Portugal	0	0	32	0	80	0.8%
Sweden	26	0	0	0	72	0.8%
Israel	20	0	13	157	69	0.7%
United Kingdom	0	107	490	197	69	0.7%
All Other	118	253	879	652	337	3.5%
Total	**6,482**	**5,296**	**6,248**	**8,762**	**9,591**	**100.0%**

[1] Exports based on Schedule B HTS item 0710.22.0000, and includes products not included in this digest.

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

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

Table 4.-Processed vegetables (HTS 0710.30.00): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise,[1] by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Mexico	1,598	1,896	2,073	3,045	2,301	86.1%
Belgium	0	3	76	320	296	11.1%
Canada	6	13	22	0	25	0.9%
Netherlands	0	0	0	31	25	0.9%
Egypt	9	4	0	0	9	0.3%
China	18	10	17	12	9	0.3%
United Kingdom	0	0	0	0	4	0.2%
France	10	11	14	0	3	0.1%
Guatemala	0	20	26	0	0	0.0%
India	0	0	2	3	0	0.0%
All Other	0	22	0	48	0	0.0%
Total	**1,642**	**1,979**	**2,231**	**3,460**	**2,671**	**100.0%**
Total from GSP-eligible nations	**9**	**24**	**28**	**5**	**9**	**0.3%**
Export market:						
Canada	3,237	2,983	3,587	3,406	3,346	75.9%
Australia	275	502	423	366	813	18.4%
Japan	211	27	29	8	145	3.3%
Mexico	29	265	37	52	74	1.7%
Costa Rica	0	0	0	0	19	0.4%
Norway	0	0	0	3	7	0.2%
New Zealand	15	0	9	0	5	0.1%
Bermuda	0	14	0	0	0	0.0%
Russia	3	0	0	0	0	0.0%
United Kingdom	0	12	0	0	0	0.0%
All Other	48	15	0	6	0	0.0%
Total	**3,818**	**3,818**	**4,085**	**3,841**	**4,408**	**100.0%**

[1] Exports based on Schedule B HTS item 0710.30.0000, and includes products not included in this digest.

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

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

Table 5.-Processed vegetables (HTS 0710.80.97(pt.)): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise,[1] by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Mexico	113,223	136,813	129,897	134,135	136,026	70.4%
Guatemala	21,227	24,384	20,438	17,038	22,701	11.8%
Canada	13,217	16,797	14,557	13,380	16,411	8.5%
Ecuador	0	38	592	3,251	6,564	3.4%
Peru	2,353	2,381	4,153	4,270	4,293	2.2%
China	756	1,591	1,269	1,276	2,109	1.1%
Chile	147	532	509	891	1,587	0.8%
Spain	551	668	954	780	1,006	0.5%
Belgium	293	299	291	371	402	0.2%
Poland	104	721	375	303	347	0.2%
All Other	1,011	1,164	755	864	1,682	0.9%
Total	**152,882**	**185,388**	**173,790**	**176,558**	**193,126**	**100.0%**
Total from GSP-eligible nations	**24,234**	**28,570**	**26,427**	**26,283**	**36,482**	**18.9%**
Export market:						
Canada	8,069	8,502	9,620	10,935	12,864	37.2%
Japan	24,015	17,658	14,761	11,708	10,885	31.5%
Mexico	2,827	2,076	2,362	3,211	2,622	7.6%
Netherlands Antilles	55	1,354	2,572	2,805	2,199	6.4%
Hong Kong	3,627	3,384	2,087	1,675	1,390	4.0%
United Kingdom	85	471	211	1,252	1,131	3.3%
Australia	695	721	637	645	619	1.8%
Taiwan	190	26	78	166	435	1.3%
Saudi Arabia	0	19	12	0	315	0.9%
Guatemala	0	3	0	0	202	0.6%
All Other	1,964	2,720	2,457	2,631	1,890	5.5%
Total	**41,527**	**36,934**	**34,797**	**35,028**	**34,552**	**100.0%**

[1] Imports based on HTS item 0710.80.97; subject imports are only a part of the imports reported in this table. Exports based on Schedule B HTS item 0710.80.0050, and includes products not included in this digest.

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

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

Table 6.-Processed vegetables (HTS 0710.80.9730): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise,[1] by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Mexico	12,693	15,548	14,649	11,221	9,824	77.2%
Guatemala	1,098	1,077	997	1,196	1,348	10.6%
Canada	611	762	320	621	763	6.0%
China	127	264	27	108	385	3.0%
Ecuador	0	0	12	9	153	1.2%
Poland	17	381	217	146	77	0.6%
Belgium	26	26	75	92	54	0.4%
France	0	0	0	94	34	0.3%
Netherlands	0	13	31	0	30	0.2%
Egypt	0	0	3	0	26	0.2%
All Other	23	80	0	22	34	0.3%
Total	**14,596**	**18,150**	**16,332**	**13,507**	**12,727**	**100.0%**
Total from GSP-eligible nations	**1,116**	**1,538**	**1,229**	**1,351**	**1,628**	**12.8%**
Export market:						
Canada	8,069	8,502	9,620	10,935	12,864	37.2%
Japan	24,015	17,658	14,761	11,708	10,885	31.5%
Mexico	2,827	2,076	2,362	3,211	2,622	7.6%
Netherlands Antilles	55	1,354	2,572	2,805	2,199	6.4%
Hong Kong	3,627	3,384	2,087	1,675	1,390	4.0%
United Kingdom	85	471	211	1,252	1,131	3.3%
Australia	695	721	637	645	619	1.8%
Taiwan	190	26	78	166	435	1.3%
Saudi Arabia	0	19	12	0	315	0.9%
Guatemala	0	3	0	0	202	0.6%
All Other	1,964	2,720	2,457	2,631	1,890	5.5%
Total	**41,527**	**36,934**	**34,797**	**35,028**	**34,552**	**100.0%**

[1] Exports based on Schedule B HTS item 0710.80.0050, and includes products not included in this digest.

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

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

Table 7.-Processed vegetables (HTS 0710.90.91): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise,[1] by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Mexico	12,415	14,189	15,793	18,598	20,002	53.1%
Canada	8,067	10,636	10,865	10,955	13,698	36.3%
Guatemala	716	570	810	1,128	1,991	5.3%
Chile	0	0	0	0	643	1.7%
China	120	68	218	264	301	0.8%
Belgium	0	0	83	95	207	0.5%
El Salvador	0	48	30	49	137	0.4%
France	18	94	42	31	121	0.3%
Ecuador	0	0	0	33	120	0.3%
Dominican Republic	105	119	64	96	115	0.3%
All Other	365	295	350	221	352	0.9%
Total	**21,804**	**26,021**	**28,255**	**31,471**	**37,687**	**100.0%**
Total from GSP-eligible nations	**857**	**895**	**1,089**	**1,428**	**3,234**	**8.6%**
Export market:						
Japan	11,318	13,053	11,328	11,408	10,825	74.6%
Hong Kong	924	1,362	1,740	2,047	1,962	13.5%
Canada	1,861	1,893	2,382	466	338	2.3%
Bermuda	531	399	366	379	312	2.2%
Mexico	248	240	142	85	196	1.4%
French Polynesia	317	194	16	55	104	0.7%
Singapore	141	76	215	123	87	0.6%
Korea	0	0	23	0	74	0.5%
Taiwan	15	6	44	38	63	0.4%
United Arab Emirates	0	0	0	0	60	0.4%
All Other	3,014	4,891	6,237	2,402	485	3.3%
Total	**18,368**	**22,115**	**22,492**	**17,004**	**14,507**	**100.0%**

[1] Imports includes HTS item 0710.90.90. Exports based on Schedule B HTS item 0710.90.0000.

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

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

Table 8.-Processed vegetables (HTS 2001.90.20): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise,[1] by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Spain	1,817	1,705	2,144	2,743	3,415	84.6%
Morocco	0	91	69	60	381	9.4%
Italy	53	148	85	104	89	2.2%
France	37	27	31	62	57	1.4%
Greece	35	8	23	12	18	0.4%
Guatemala	15	8	0	10	16	0.4%
China	0	0	0	28	15	0.4%
Costa Rica	0	0	0	0	12	0.3%
Turkey	36	0	13	21	9	0.2%
Croatia	0	5	10	6	8	0.2%
All Other	141	25	7	25	17	0.4%
Total	**2,133**	**2,016**	**2,381**	**3,070**	**4,037**	**100.0%**
Total from GSP-eligible nations	**51**	**112**	**94**	**101**	**438**	**10.9%**
Export market:						
Canada	8,173	7,546	7,567	7,215	7,867	57.4%
Bermuda	0	0	12	282	1,889	13.8%
Kuwait	0	3	0	40	815	5.9%
Japan	1,030	666	519	564	488	3.6%
Saudi Arabia	36	33	29	27	324	2.4%
Australia	147	223	240	230	260	1.9%
Jamaica	0	8	32	40	228	1.7%
United Kingdom	980	840	569	732	220	1.6%
Mexico	1,017	1,502	655	511	204	1.5%
Germany	363	78	55	330	159	1.2%
All Other	1,775	1,459	2,227	1,723	1,263	9.2%
Total	**13,522**	**12,359**	**11,906**	**11,694**	**13,716**	**100.0%**

[1] Exports based on Schedule B HTS items 2001.90.0000 and 2001.90.6500.

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

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

Fresh or Dried Figs, Other Than Whole

I. Introduction

X Addition

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/03)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
		Percent ad valorem	
0804.20.80	Fresh or dried figs, other than whole	([1])	Yes

[1] The specific MFN rate of duty for this HTS subheading is 8.8 cents per kilogram.

Description and uses.--The primary product covered in this digest is dried fig paste. Dried fig paste is used mainly as an ingredient in products such as cookies, cakes, muffins, breads, pastries, fruit cakes, frozen novelties, confections, and granola and energy bars. A relatively minor product covered in this digest is diced figs, which is also used mainly as an ingredient in the aforementioned products, as well as in trail mixes.

II. U.S. market profile

Profile of U.S. industry and market, 1998-2002

Item	1998	1999	2000	2001	2002
Producers (***number***)[1]	150	145	140	135	125
Employment (***employees***)[1]	350	350	350	350	350
Shipments (***1,000 dollars***)[1]	15,498	13,707	15,696	14,664	16,230
Exports (***1,000 dollars***)	5,813	7,630	7,569	6,691	7,065
Imports (***1,000 dollars***)	1,177	2,047	2,193	1,028	4,149
Consumption (***1,000 dollars***)	10,862	8,124	10,320	9,001	13,314
Import-to-consumption ratio (***percent***)	11	25	21	11	31
Capacity utilization[1] (***percent***)	30	30	30	30	30

[1] Estimated by the U.S.I.T.C., based on industry sources.

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

Comment.--The bulk of U.S. fig production, 95 percent of the total quantity in 2001,[1] is processed into dried products such as dried whole figs; dried fig paste; and dried fig pieces (diced). A minor amount is used to produce fig concentrate. Paste is the predominant processed product form, accounting for 64 percent of the quantity of dried fig products produced in 2001.[2] The U.S. fig market has been static for many years. The

[1] USDA, ERS, *Fruit and Tree Nuts Situation and Outlook Yearbook*, Oct. 2002, p. 36.

[2] California Fig Institute, California Fig Advisory Board, *2002 Statistical Review of the California Fig Industry*, table 11.

number of bearing acres has fluctuated between about 12,000 acres and 18,000 acres during the past 30 years.[1] In recent years, bearing acreage and the quantity of production has declined. U.S. per capita consumption of dried figs has remained at about 1.2 pounds during the past 30 years, aside from a brief increase mainly during the 1990s.[2]

III. GSP import situation, 2002

U.S. imports and share of U.S. consumption, 2002

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	4,149	100	-	31
Imports from GSP countries:				
GSP total	776	19	100	6
Turkey	776	19	100	6

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

Comment.--Turkey is the second-leading supplier of U.S. imports of the subject fig products, trailing Spain. Turkey is the sole GSP supplier.

[1] California Fig Institute, California Fig Advisory Board, *2002 Statistical Review of the California Fig Industry*, table 2.

[2] USDA, ERS, *Fruit and Tree Nuts Situation and Outlook Yearbook*, Oct. 2002, p. 97.

IV. Competitiveness profile, Turkey

Ranking as a U.S. import supplier, 2002	2		
Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):			
Is the product a finished product for final sale to consumers?	Yes		No X
Is the product an intermediate good used as an input in the production of another good?	Yes X		No
Is the product an agricultural or food product?	Yes X		No
What is the aggregate price elasticity of U.S. demand?	High	Moderate	Low X
Substitution elasticity:			
What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:			
Imports from other suppliers?	High	Moderate X	Low
U.S. producers?	High	Moderate X	Low
What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:			
Imports from other suppliers?	High	Moderate X	Low
U.S. producers?	High	Moderate X	Low
What is the substitution elasticity?	High	Moderate X	Low
Supply elasticity for affected imports:			
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 supply for affected imports?	High X	Moderate	Low
Price level compared with--			
U.S. products	Above	Equivalent	Below X
Other foreign products	Above	Equivalent	Below X
Quality compared with--			
U.S. products	Above	Equivalent	Below X
Other foreign products	Above	Equivalent	Below X

Comment.--Domestic and imported fig paste have the same uses, but there are quality differences, mainly owing to fruit varieties and harvesting and post-harvest techniques. Turkish fig paste has a sticky consistency and generally must be blended with product from other sources. There also has been a problem with aflatoxin[1] in Turkish fig paste, and U.S. imports of fig paste from Turkey have been subject to detention

[1] Aflatoxin is a toxin that is produced by mold that grows on crops, such as figs.

without physical examination and increased surveillance by the Food and Drug Administration.[2] Turkey can substantially increase production of fig paste by processing a larger share of whole dried figs. Turkey is the world's leading producer and exporter of whole dried figs, and benefits from substantially lower production costs.

[2] Food and Drug Administration, Office of Regulatory Affairs, Import Alert # 21-15, "Detention Without Physical Examination of Dried Fig Paste Due to The Presence of Aflatoxin."

IV. Competitiveness profile, all GSP suppliers

Ranking as a U.S. import supplier, 2002 . . . . . N/A

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? . . . . . Yes ___ No X

Is the product an intermediate good used as an input in the production of another good? . . . . . Yes X No ___

Is the product an agricultural or food product? . . . . . Yes X No ___

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High ___ Moderate X Low ___

U.S. producers? . . . . . High ___ Moderate X Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High ___ Moderate X Low ___

U.S. producers? . . . . . High ___ Moderate X Low ___

What is the substitution elasticity? . . . . . High ___ Moderate X Low ___

Supply elasticity for affected imports:

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 supply for affected imports? High X Moderate___ Low ___

Price level compared with--

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

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

Quality compared with--

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

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

Comment.--Domestic and imported fig paste have the same uses, but there are quality differences, mainly owing to fruit varieties and harvesting and post-harvest techniques.

V. Position of interested parties

Petitioner.--The Government of Turkey requested the addition of dried fig paste to the GSP for non-LDDC countries. Turkey stated that foreign supplies of dried fig paste to the U.S. market other than from Turkey are from subsidized EU sources and that GSP treatment would enable it to compete more fairly. Turkey also claimed that its dried fig paste does not compete with domestic production.

Support.--The Aegean Exporters' Union (EU) supports the addition of GSP for U.S. imports of dried fig paste. The AEU states that U.S. imports from Turkey account for a small share of the U.S. market; that Turkish fig paste is much lower priced than domestic product and that the tariff reduction will not change their relative competitive positions because U.S. demand for fig paste is price inelastic; that Turkish exporters will capture the tariff reduction as additional profit rather than lower their prices; and that U.S. producers enjoy a secure demand.

Opposition.--The California Fig Institute and the California Fig Advisory Board, representing the U.S. dried fig paste industry, oppose the granting of GSP treatment for U.S. imports of dried fig paste. The industry stated that the domestic market is depressed; that production and processing costs are substantially higher in the United States than in Turkey; and that it is sensitive to imports.

VI. Summary of probable economic advice-Addition

* * * * * * *

Table 1.-Fresh or dried figs, other than whole: U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Spain	765	1,941	1,732	520	2,656	64.0%
Turkey	385	67	396	75	776	18.7%
Portugal	0	0	0	331	621	15.0%
Italy	10	39	22	29	68	1.6%
Greece	0	0	8	0	15	0.4%
Korea	0	0	0	0	7	0.2%
Iran	0	0	0	6	4	0.1%
Mexico	0	0	0	0	3	0.1%
Australia	0	0	0	0	0	0.0%
Netherlands	0	0	31	43	0	0.0%
All other	17	0	5	25	0	0.0%
Total	**1,177**	**2,047**	**2,193**	**1,028**	**4,149**	**100.0%**
Total from GSP-eligible nations	**385**	**67**	**401**	**82**	**776**	**18.7%**
Export market:						
Canada	2,447	3,057	3,370	3,122	3,582	50.7%
Hong Kong	1,453	2,094	1,945	1,565	1,919	27.2%
Japan	1,571	2,129	2,131	1,638	1,421	20.1%
New Zealand	56	28	22	44	59	0.8%
Panama	0	16	0	36	18	0.3%
Thailand	0	0	13	30	18	0.3%
Dominican Republic	5	0	0	0	9	0.1%
Korea	0	0	0	0	8	0.1%
Colombia	0	0	10	0	8	0.1%
Cuba	0	0	0	0	7	0.1%
All Other	282	304	78	256	16	0.2%
Total	**5,813**	**7,630**	**7,569**	**6,691**	**7,065**	**100.0%**

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

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

Dried Apricots

I. Introduction

X Competitive-need-limit waiver: Turkey

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/03)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
		Percent ad valorem	
0813.10.00[1]	Dried apricots	([2])	Yes

[1] Turkey was proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 0813.10.00, effective March 1, 1977.

[2] The specific MFN rate of duty for this HTS subheading is 1.8 cents per kilogram.

Description and uses.--This digest covers dried apricots, which are used principally as a snack item or as an ingredient, primarily in bakery goods. The bulk of U.S.-produced dried apricots are cut in halves before drying. Turkish dried apricots generally are smaller and are dried whole. A minor amount of dried apricots, both domestic and imported, are diced.

II. U.S. market profile

Profile of U.S. industry and market, 1998-2002

Item	1998	1999	2000	2001	2002
Producers (***number***)[1]	20	12	10	8	4
Employment (***1,000 employees***)[1]	10	6	5	4	2
Production (***1,000 dollars***)[1]	13,989	10,878	11,079	7,753	9,694
Exports (***1,000 dollars***)	3,251	6,091	6,130	7,116	7,613
Imports (***1,000 dollars***)	32,426	34,731	30,326	19,640	29,632
Consumption (***1,000 dollars***)	43,164	39,518	35,275	20,277	31,713
Import-to-consumption ratio (***percent***)	75	88	86	97	93
Capacity utilization (***percent***)	([2])	([2])	([2])	([2])	([2])

[1] Number of producers, employment, and production are estimated by the U.S.I.T.C. based on industry sources.

[2] Not available.

Comment.--Dried apricots accounted for about 11 percent of the total U.S. apricot crop in 2002.[1] The U.S. dried apricot industry has undergone a substantial contraction in recent years. Production declined by 31 percent during 1998-2002, while employment dropped by 80 percent. The U.S. industry now exports the bulk of its production, as it cannot compete in the U.S. market with lower-priced imports from Turkey. The U.S.

[1] Calculated using data from USDA, NASS, *Noncitrus Fruits and Nuts, 2002 Preliminary Summary*, Jan. 2003, p. 20 and 26.

market has been static in recent years; the value of consumption fluctuated during 1998-2002 largely due to price and currency movements. Per capita consumption fluctuated between .09 pound and .14 pound during 1998-2002.[1]

III. GSP import situation, 2002

U.S. imports and share of U.S. consumption, 2002

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	29,632	100	-	93
Imports from GSP countries:				
GSP total	29,343	99	100	93
Turkey	28,614	97	98	90
Argentina	576	2	2	2
Pakistan	71	([1])	([1])	([1])
South Africa	61	([1])	([1])	([1])

[1] Less than 0.5 percent.

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

Comment.--Turkey is, by far, the leading supplier of U.S. imports of dried apricots.

[1] USDA, ERS, *Fruit and Tree Nuts Situation and Outlook Yearbook*, Oct. 2002, p. 97.

IV. Competitiveness profile, Turkey

Ranking as a U.S. import supplier, 2002	1		
Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):			
Is the product a finished product for final sale to consumers?	Yes X	No	
Is the product an intermediate good used as an input in the production of another good?	Yes X	No	
Is the product an agricultural or food product?	Yes X	No	
What is the aggregate price elasticity of U.S. demand?	High	Moderate X	Low
Substitution elasticity:			
What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:			
Imports from other suppliers?	High X	Moderate	Low
U.S. producers?	High	Moderate X	Low
What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:			
Imports from other suppliers?	High X	Moderate	Low
U.S. producers?	High	Moderate X	Low
What is the substitution elasticity?	High	Moderate X	Low
Supply elasticity for affected imports:			
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 supply for affected imports?	High X	Moderate	Low
Price level compared with--			
U.S. products	Above	Equivalent	Below X
Other foreign products	Above	Equivalent	Below X
Quality compared with--			
U.S. products	Above	Equivalent	Below X
Other foreign products	Above	Equivalent	Below X

Comment.--Dried apricots can be either a finished or an intermediate good; however, most dried apricots are marketed as a finished product. Dried apricots are a relatively high-priced food item with limited demand. Domestic and imported apricots have the same uses but may have different product attributes. In general, U.S.-produced dried apricots are larger, are dried in halves, and have a bright orange color. Turkish dried apricots are smaller, dried whole, and darker in color. There also are taste differences. Most U.S. consumers are not aware of these differences since U.S.-produced dried apricots are scarce in the domestic

market. Production costs are substantially lower in Turkey. U.S. imports of dried apricots from all countries are subject to increased surveillance by the Food and Drug Administration owing to insect and/or rodent filth.[1]

V. Position of interested parties

Petitioner.--The Government of Turkey requested a competitive-need-limit waiver for U.S. imports of dried apricots under the GSP from Turkey. Turkey states that Turkish dried apricots do not compete with domestic production and that Turkish apricots contribute to the public health of the United States and to the U.S. economy.

Support.--The Aegean Exporters' Union (AEU) supports the competitive-need-limit waiver for U.S. imports of dried apricots from Turkey. The AEU states that the current tariff is too small for a waiver to change competitive conditions among domestic and import suppliers; that the tariff, although small, is a burden to Turkish exporters; that Turkish exporters will not cut prices but will increase profits as a result of a waiver; that U.S. demand is growing and cannot be satisfied by domestic production; that Turkey will not shift exports from other markets to the United States as a result of a waiver; and that Turkish dried apricots benefit the U.S. economy and consumers.

Opposition.--The Apricot Producers of California (APC), representing the U.S. dried apricot industry, opposes the granting of a competitive-need-limit waiver for U.S. imports of Turkish dried apricots under the GSP. The APC states that the U.S. dried apricot industry is facing serious economic conditions that would be exacerbated by the waiver and that Turkey is competitive in the U.S. market without the waiver.

[1] Food and Drug Administration, Office of Regulatory Affairs, Import Alert #21-03, found at Internet address http://www.fda.gov/ora/fiars/ora_import_ia2103.html, retrieved Mar. 12, 2003.

VI. Summary of probable economic advice-Competitive-need-limit waiver (Turkey)

* * * * * * *

Table 1.-Dried apricots: U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Turkey	31,466	33,586	28,990	18,536	28,614	96.6%
Argentina	0	0	0	636	576	1.9%
Syria	131	129	82	90	102	0.3%
Spain	0	0	0	32	77	0.3%
Iran	0	0	0	4	73	0.2%
Pakistan	30	162	112	89	71	0.2%
South Africa	0	209	7	52	61	0.2%
Australia	388	315	535	46	16	0.1%
Italy	0	0	0	0	15	0.1%
India	0	0	11	8	12	0.0%
All other	411	330	590	145	14	0.0%
Total	**32,426**	**34,731**	**30,326**	**19,640**	**29,632**	**100.0%**
Total from GSP-eligible nations	**31,498**	**34,093**	**29,328**	**19,417**	**29,343**	**99.0%**
Export market:						
Spain	0	0	0	991	2,846	37.4%
Japan	1,870	2,555	1,993	1,789	1,672	22.0%
Mexico	259	253	842	491	503	6.6%
Netherlands	15	123	413	709	424	5.6%
Canada	439	783	469	276	375	4.9%
South Africa	0	0	0	43	341	4.5%
United Kingdom	0	1,135	162	384	317	4.2%
New Zealand	0	42	371	213	224	2.9%
Italy	0	0	0	325	207	2.7%
Guatemala	4	8	68	84	156	2.0%
All Other	664	1,193	1,812	1,812	548	7.2%
Total	**3,251**	**6,091**	**6,130**	**7,116**	**7,613**	**100.0%**

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

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

Peanut Oil

I. Introduction

_X_ Addition
_X_ Competitive-need-limit waiver: Argentina[1]

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/03)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
		Percent ad valorem	
	Peanut (ground-nut) oil, and its fractions, whether or not refined:		
1508.10.00	Crude oil	11.4	Yes
1508.90.00	Other	8.8	Yes

Description and uses.--Peanut oil is a vegetable oil used primarily in food in the form of salad or cooking oil, and secondarily in the form of shortening or baking and frying fat. Smaller amounts of peanut oil are used to make soap. Peanut oil is extracted from peanuts that are grown specifically for such a purpose ("oil-stock peanuts") or from peanuts grown to be used as edible nuts, but not meeting the standards for such direct use.

Within the United States, processing or "crushing" of peanuts into peanut oil is used for residual supplies of peanuts that cannot be sold into the much higher-priced direct edible nuts markets (for peanut butter or roasted peanuts). In the United States, peanuts are planted with the goal of being sold for direct food use; only if that fails, are the peanuts crushed into oil. Foreign peanut producers plant peanuts mostly to be crushed into vegetable oil. During the past 5 marketing years, about 16 percent of U.S. peanut production was crushed into oil.[2]

Because of its unique odor, flavor, and "light" characteristics, peanut oil enjoys a certain consumer preference above the principal vegetable oils, soybean oil, and palm oil, traded in the world. Peanut oil normally sells at a premium price above the prices of soybean or palm oils, but is more competitive with other "light" vegetable oils such as sunflower-seed oil. For example, in marketing year 2001/02 in Western Europe, peanut oil sold for $778 per metric ton (mt), sunflower-seed oil for $587 per mt, and soybean oil for $412 per mt.[3]

[1] A competitive-need-limit waiver was requested for Argentina for HTS subheading 1508.10.00.
[2] USDA, ERS, *Oil Crops–Situation and Outlook Yearbook*, Oct. 2002, table 12. The period is marketing years (beginning Aug. 1) 1997/98 to 2001/02.
[3] USDA, FAS, *Oilseeds: World Markets and Trade*, Jan. 2003, p. 27.

II. U.S. market profile[1]

Profile of U.S. industry and market, 1998-2002

Item	1998	1999	2000	2001	2002
Producers (***number***)	7	7	7	7	7
Employment (***1,000 employees***)	([2])	([2])	([2])	([2])	([2])
Shipments (***1,000 dollars***)[3]	86,200	59,500	82,400	60,200	75,900
Exports (***1,000 dollars***)	6,676	4,622	6,554	4,647	3,422
Imports (***1,000 dollars***)	3,983	31,269	5,427	24,798	12,886
Consumption (***1,000 dollars***)	83,507	86,147	81,273	80,351	85,364
Import-to-consumption ratio (***percent***)	4.8	36.3	6.7	30.9	15.1
Capacity utilization (***percent***)	([2])	([2])	([2])	([2])	([2])

[1] Data for shipments, exports, imports, consumption, and import-to-consumption ratio are shown for the marketing year ending on July 31; for example, 1998 is marketing year 1997/98, ending on July 31, 1998; trade data presented in tables 1-3 are for calendar year.

[2] Not available.

[3] Value of production of crude peanut oil for the marketing year, based on the price of peanut oil, crude, tank cars, f.o.b., SE mills.

Source: Compiled from official statistics of the U.S. Departments of Agriculture and Commerce.

Comment.--Domestic production of peanut oil ranged between 145 million and 230 million pounds annually during marketing years 1998 to 2002.[1] The fluctuation in annual peanut oil output depends on the size and quality of the domestic peanut crop; domestic peanut production rose from 3.5 billion to 4.3 billion pounds during the 5 years, mostly as a result of much better crop yields. However, changes in the domestic peanut farm support program in 2002 and lower crop yields per acre contributed to a drop to 3.8 billion pounds for the 2002/03 crop. This could result in lower peanut oil output in 2003.[2]

Because of the sharp drop in the price of peanut oil from 49 cents per pound in 1998 to 33 cents per pound in 2002, the value of U.S. production of peanut oil fell about 12 percent to $75.9 million in 2002. Vegetable oil prices throughout the world experienced similar declines during 1998 to 2002.

Domestic consumption of peanut oil on a volume basis rose about 2 percent annually during 1998-2002 to about 250 million pounds, according to data of USDA;[3] the value of consumption, however, dropped about 15 percent to $85.4 million. The import share of domestic consumption ranged from 14 to 30 percent during the period.

The petitioners state that Argentina supplemented U.S. supply, increasing in years when U.S. supply was down and decreasing in years when U.S. supply increased. Data for U.S. imports from Argentina, based on a marketing years, support these statements and are as follows (compiled from official statistics of the U.S. Department of Commerce):

[1] USDA, ERS, *Oil Crops*, table 12.
[2] USDA, ERS, *Oil Crops*, table 12.
[3] USDA, ERS, *Oil Crops*, table 12.

Item	1998	1999	2000	2001	2002
U.S. imports from Argentina (*1,000 dollars*) . . .	0	26,544	1,412	16,475	4,570
Argentina imports-to-consumption ratio (*percent*)	0	31	2	21	5

III. GSP import situation, 2002

U.S. imports and share of U.S. consumption, 2002

Item	Imports[1]	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	20,761	100	-	([2])
Imports from GSP countries:				
GSP total	15,209	73	100	([2])
Argentina	15,205	73	100	([2])

[1] Import data presented are based on calendar year (tables 1-3).
[2] Not applicable because imports are based on a calendar year and consumption data are based on a market year.

Comment.--Argentina was the second-leading exporter of peanut oil in the world in 2001/02, as shown in the following tabulation (in thousand metric tons):[1]

Exporter	Volume
Senegal	105
Argentina	44
China	12
Sudan	11
All others	72
Total	244

Argentina is a highly competitive peanut and peanut-oil producer, and is consistently a leading peanut-oil exporter. Argentina exported about 40 percent of its total production of peanut oil to the United States in 2002. The two largest peanut growers in the world are China and India, but most of their peanut oil production is consumed domestically since both countries are vegetable-oil deficient. The other large producing area is Nigeria, Sudan, and Senegal; most of their peanut oil exports go to the EU.

Argentina has supplied approximately three-quarters of U.S. imports of peanut oil during 1998-2002. Other than Argentina, some U.S. imports of peanut oil have entered from Nicaragua and Canada during 1998-2001. Canadian peanut oil is likely produced mostly from Argentine peanuts or in some cases U.S. peanuts exported to Canada and crushed there.

[1] Source: *Oil World*, Oct. 18, 2002

IV. Competitiveness profile, Argentina

Ranking as a U.S. import supplier, 2002 1

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? . . . . . Yes X No ___

Is the product an intermediate good used as an input in the production of another good? . . . . . Yes X No ___

Is the product an agricultural or food product? . . . . . Yes X No ___

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High X Moderate ___ Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High X Moderate ___ Low ___

What is the substitution elasticity? . . . . . High X Moderate ___ Low ___

Supply elasticity for affected imports:

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 supply for affected imports? . . High X Moderate ___ Low ___

Price level compared with--

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

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

Quality compared with--

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

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

Comment.--The Argentine product is highly competitive with the U.S. product.

IV. Competitiveness profile, all GSP suppliers

Ranking as a U.S. import supplier, 2002 . . . . . N/A

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers?	Yes X	No ___	
Is the product an intermediate good used as an input in the production of another good?	Yes X	No ___	
Is the product an agricultural or food product?	Yes X	No ___	
What is the aggregate price elasticity of U.S. demand?	High ___	Moderate ___	Low X

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:			
Imports from other suppliers?	High ___	Moderate ___	Low X
U.S. producers?	High X	Moderate ___	Low ___
What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:			
Imports from other suppliers?	High ___	Moderate ___	Low X
U.S. producers?	High X	Moderate ___	Low ___
What is the substitution elasticity?	High ___	Moderate X	Low ___

Supply elasticity for affected imports:

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 supply for affected imports? .	High X	Moderate___	Low ___

Price level compared with--

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

Quality compared with--

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

Comment.--GSP suppliers as a group accounted for over three-quarters of world exports of peanut oil in 2001/02, according to data cited above from *Oil World*. Few developed countries produce and export peanut oil, other than small amounts from the United States, France, and Canada (some of which is reprocessed crude peanut oil imported from GSP countries).

V. Position of interested parties

Petitioner.--The petitioner, the Camara Industrial de Aceites Vegetales de Cordoba, Argentina, requested that crude and refined peanut oil be added to the list of GSP-eligible products and that the competitive need limit be waived for Argentina. The U.S. rate of duty on both crude and refined peanut oil is 7.5 cents per kilogram; Senegal and Argentina are the only GSP beneficiary countries that export crude peanut oil, according to the petitioner. According to the petitioner, granting GSP benefit and a waiver for Argentina will have minimum impact on Argentine production which is about 47 percent smaller than U.S. peanut oil production in 2001/02. Argentina's economic crisis has reduced per capita GDP to $1,826 in 2003 placing Argentina in the category of "least-developed beneficiary country" rather than " high income country" as was the case in 1998 when its per capita income was $8,530.

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

VI. Summary of probable economic advice-Addition (HTS 1508.10.00)[1]

* * * * * * *

[1] ***.

VI. Summary of probable economic advice-Competitive-need-limit waiver (HTS 1508.10.00) (Argentina)

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VI. Summary of probable economic advice-Addition (HTS 1508.90.00)

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Table 1.-Peanut oil (digest-level): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Argentina	23,424	4,532	11,142	9,869	15,205	73.2%
Nicaragua	2,621	1,476	0	4,576	2,532	12.2%
Canada	1,624	2,206	2,006	2,916	1,809	8.7%
Germany	2	0	0	0	590	2.8%
Hong Kong	374	571	658	630	550	2.6%
China	0	26	38	26	68	0.3%
Guinea	0	0	0	0	4	0.0%
United Kingdom	0	0	0	0	3	0.0%
France	7	0	0	2	0	0.0%
India	3	0	0	0	0	0.0%
All other	2	12	165	5,543	0	0.0%
Total	**28,056**	**8,824**	**14,009**	**23,562**	**20,761**	**100.0%**
Total from GSP-eligible nations	**23,427**	**4,532**	**11,142**	**15,412**	**15,209**	**73.3%**
Export market:						
Canada	2,905	2,020	2,155	1,703	1,896	58.8%
Germany	837	607	726	738	678	21.0%
Yemen	0	0	0	204	200	6.2%
Japan	616	37	25	41	118	3.7%
Poland	0	0	0	0	79	2.5%
France	0	0	0	1,677	53	1.6%
Singapore	0	381	0	0	27	0.8%
Panama	0	0	11	23	25	0.8%
Netherlands	8	0	18	433	22	0.7%
Mexico	28	75	80	4	17	0.5%
All Other	155	1,827	1,533	196	108	3.3%
Total	**4,548**	**4,947**	**4,548**	**5,020**	**3,225**	**100.0%**

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

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

Table 2.-Peanut oil (1508.10.00): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Argentina	23,424	4,532	11,142	9,869	15,205	77.3%
Nicaragua	2,621	1,476	0	4,576	2,532	12.9%
Canada	1,405	2,115	1,888	2,871	1,752	8.9%
Hong Kong	0	32	28	64	145	0.7%
China	0	3	0	0	24	0.1%
France	0	0	0	0	0	0.0%
Senegal	0	0	0	5,543	0	0.0%
Total	**27,450**	**8,158**	**13,057**	**22,924**	**19,659**	**100.0%**
Total from GSP-eligible nations	**23,424**	**4,532**	**11,142**	**15,412**	**15,205**	**77.3%**
Export market:						
Germany	837	578	726	733	656	52.1%
Yemen	0	0	0	204	200	15.9%
Canada	65	100	61	27	97	7.7%
Japan	0	0	0	0	81	6.4%
Poland	0	0	0	0	79	6.3%
France	0	0	0	1,677	39	3.1%
Panama	0	0	11	23	25	2.0%
Netherlands	8	0	18	433	22	1.7%
Mexico	0	0	0	4	17	1.4%
Israel	0	0	0	0	13	1.0%
All Other	9	2,080	1,518	85	29	2.3%
Total	**919**	**2,759**	**2,334**	**3,188**	**1,259**	**100.0%**

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

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

Table 3.-Peanut oil (1508.90.00): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Germany	2	0	0	0	590	53.5%
Hong Kong	374	539	631	566	405	36.8%
Canada	218	91	118	45	56	5.1%
China	0	24	38	26	43	3.9%
Guinea	0	0	0	0	4	0.4%
United Kingdom	0	0	0	0	3	0.3%
France	7	0	0	2	0	0.0%
India	3	0	0	0	0	0.0%
Netherlands	2	12	161	0	0	0.0%
Taiwan	0	0	5	0	0	0.0%
Total	**606**	**666**	**952**	**639**	**1,102**	**100.0%**
Total from GSP-eligible nations	**3**	**0**	**0**	**0**	**4**	**0.4%**
Export market:						
Canada	2,839	1,919	2,094	1,676	1,799	91.5%
Japan	616	37	25	41	36	1.8%
Singapore	0	5	0	0	24	1.2%
Germany	0	29	0	5	22	1.1%
France	0	0	0	0	14	0.7%
United Kingdom	0	0	0	0	12	0.6%
Korea	0	26	8	6	10	0.5%
Argentina	0	0	0	0	9	0.5%
Venezuela	5	0	0	6	8	0.4%
Nicaragua	0	0	0	0	7	0.4%
All Other	170	171	87	98	24	1.2%
Total	**3,629**	**2,188**	**2,214**	**1,832**	**1,966**	**100.0%**

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

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

Sardines

Introduction

_X_ Addition
_X_ Competitive-need-limit waiver: Morocco [1]

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/03)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
		Percent ad valorem	
1604.13.20	Sardines, sardinella and brisling and sprats, in oil, in airtight containers, neither skinned or boned, except smoked	15.0	Yes
1604.13.30	Sardines, sardinella and brisling and sprats, in oil, in airtight containers, skinned or boned, except smoked	20.0	Yes

Description and uses.--The products are canned sardines, a popular seafood. They are imported in retail sizes for distribution through supermarkets and other retail channels, and in larger sizes for the institutional trade (restaurants, schools, hotels, etc.). A highly competitive product not included here but important in U.S.-Moroccan trade and in U.S. production is canned smoked sardines (HTS 1604.13.10).

[1] Competitive-need-limit waivers were requested for Morocco for HTS subheadings 1604.13.20 and 1604.13.30.

II. U.S. market profile,

Profile of U.S. industry and market, 1998-2002

Item	1998	1999	2000	2001	2002
Producers (***number***)[1]	3	3	1	1	1
Employment (***1,000 employees***)	([2])	([2])	([2])	([2])	([2])
Production (***1,000 dollars***)[1]	19,488	20,107	**20,000	**23,000	**24,000
Exports (***1,000 dollars***)	4,826	3,126	6,181	10,882	14,570
Imports (***1,000 dollars***)	5,142	10,251	10,075	8,074	8,742
Consumption (***1,000 dollars***)	19,804	27,233	**23,894	**20,192	**18,172
Import-to-consumption ratio (***percent***)	26	38	**42	**40	**48
Capacity utilization (***percent***)	75	65	([2])	([2])	([2])

[1] U.S. production and export data include smoked sardines, in addition to the subject not smoked sardines. The subject sardines account for 50-75 percent of the U.S. industry totals.

[2] Not available.

Comment.--While the U.S. industry has consolidated in terms of the number of independent producers, the estimated level of production has increased.

III. GSP import situation, 2002

U.S. imports and share of U.S. consumption, 2002

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	8,742	100	-	**48
Imports from GSP countries:				
GSP total	2,578	30	100	**3
Morocco	2,303	26	89	**2
Ecuador	102	1	4	**([1])
Thailand	58	1	2	**([1])
Philippines	45	1	2	**([1])

[1] Less than 0.5 percent.

IV. Competitiveness profile, Morocco

Ranking as a U.S. import supplier, 2002 2

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? . . . . . Yes X No ___

Is the product an intermediate good used as an input in the production of another good? . . . . . Yes ___ No X

Is the product an agricultural or food product? . . . . . Yes X No ___

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High ___ Moderate X Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High ___ Moderate ___ Low X

What is the substitution elasticity? . . . . . High ___ Moderate X Low ___

Supply elasticity for affected imports:

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

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

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

What is the price elasticity of supply for affected imports? High ___ Moderate X Low ___

Price level compared with--

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

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

Quality compared with--

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

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

Comment.--Morocco has a reputation for good quality and reliable supplies, and is a preferred supplier for a number of institutional (food service and supermarket) importers.

IV. Competitiveness profile, all GSP suppliers

Ranking as a U.S. import supplier, 2002 . . . . . N/A

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? . . . . . Yes X No ___

Is the product an intermediate good used as an input in the production of another good? . . . . . Yes ___ No X

Is the product an agricultural or food product? . . . . . Yes X No ___

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High ___ Moderate ___ Low X

U.S. producers? . . . . . High ___ Moderate ___ Low X

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High ___ Moderate X Low ___

U.S. producers? . . . . . High ___ Moderate ___ Low X

What is the substitution elasticity? . . . . . High ___ Moderate ___ Low X

Supply elasticity for affected imports:

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 supply for affected imports? High X Moderate___ Low ___

Price level compared with--

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

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

Quality compared with--

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

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

Comment.--Most GSP production is destined for the institutional trade, where price is of greater concern than brand name and, therefore, where low-cost suppliers without advertised brands have a competitive advantage. However, quality is less consistent for GSP suppliers than for non-GSP or domestic suppliers.

V. Position of interested parties

Petitioner.--The Government of Morocco requested a competitive-need-limit waiver for canned sardines. Morocco, a major world supplier of this product, produces a high-quality product. The United States is the largest single market for the Moroccan product.

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

VI. Summary of probable economic advice-Addition (HTS 1604.13.20 and 1604.13.30)

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VI. Summary of probable economic advice-Competitive-need-limit waiver (HTS 1604.13.20 and 1604.13.30) (Morocco)

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Table 1.–Sardines (digest-level): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Canada	394	5,574	4,179	3,604	4,346	49.7%
Morocco	2,633	2,165	3,411	2,111	2,303	26.3%
Spain	1,057	839	938	793	990	11.3%
Portugal	796	1,401	1,008	1,094	707	8.1%
Ecuador	46	99	174	156	102	1.2%
Thailand	14	71	58	47	58	0.7%
Mexico	4	0	0	0	49	0.6%
Philippines	10	19	10	14	45	0.5%
Netherlands	9	18	6	0	44	0.5%
El Salvador	0	0	14	42	28	0.3%
All other	179	66	277	212	67	0.8%
Total	**5,142**	**10,252**	**10,075**	**8,073**	**8,742**	**100.0%**
Total from GSP-eligible nations	**2,840**	**2,389**	**3,812**	**2,508**	**2,578**	**29.5%**
Export market:						
Japan	0	0	1,889	4,676	5,144	35.3%
Australia	77	765	957	1,911	3,672	25.2%
Dominican Republic	996	1,016	1,211	1,824	1,614	11.1%
Korea	0	0	0	197	903	6.2%
China	0	0	495	101	516	3.5%
Bahamas	204	248	170	343	357	2.5%
French Polynesia	0	0	26	286	338	2.3%
Panama	682	385	310	303	316	2.2%
Canada	1,391	170	60	299	300	2.1%
Saudi Arabia	0	0	0	0	241	1.7%
All Other	1,476	541	1,062	942	1,169	8.0%
Total	**4,826**	**3,126**	**6,181**	**10,882**	**14,570**	**100.0%**

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

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

Table 2.–Sardines (1604.13.20): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Canada	303	5,294	4,012	3,334	4,068	68.9%
Spain	1,036	804	904	760	934	15.8%
Morocco	439	236	475	284	340	5.8%
Portugal	267	273	317	248	282	4.8%
Ecuador	46	99	157	138	81	1.4%
Mexico	0	0	0	0	49	0.8%
Thailand	3	71	46	21	47	0.8%
Philippines	5	19	4	14	31	0.5%
El Salvador	0	0	14	42	28	0.5%
Israel	0	0	0	8	11	0.2%
All other	101	45	187	185	35	0.6%
Total	**2,200**	**6,840**	**6,116**	**5,034**	**5,906**	**100.0%**
Total from GSP-eligible nations	**583**	**455**	**818**	**629**	**546**	**9.2%**
Export market:						
Japan	0	0	1,889	4,676	5,144	35.3%
Australia	77	765	957	1,911	3,672	25.2%
Dominican Republic	996	1,016	1,211	1,824	1,614	11.1%
Korea	0	0	0	197	903	6.2%
China	0	0	495	101	516	3.5%
Bahamas	204	248	170	343	357	2.5%
French Polynesia	0	0	26	286	338	2.3%
Panama	682	385	310	303	316	2.2%
Canada	1,391	170	60	299	300	2.1%
Saudi Arabia	0	0	0	0	241	1.7%
All Other	1,476	541	1,062	942	1,169	8.0%
Total	**4,826**	**3,126**	**6,181**	**10,882**	**14,570**	**100.0%**

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

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

Table 3.-Sardines (1604.13.30): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Morocco	2,194	1,929	2,935	1,827	1,963	69.2%
Portugal	529	1,129	691	846	425	15.0%
Canada	91	280	168	270	278	9.8%
Spain	21	35	34	33	57	2.0%
Netherlands	9	18	6	0	44	1.6%
Ecuador	0	0	17	18	21	0.7%
Philippines	5	0	6	0	15	0.5%
Poland	31	0	0	4	12	0.4%
Thailand	11	0	12	27	11	0.4%
Latvia	0	0	0	3	9	0.3%
All other	50	21	90	12	0	0.0%
Total	**2,942**	**3,411**	**3,959**	**3,040**	**2,836**	**100.0%**
Total from GSP-eligible nations	**2,257**	**1,934**	**2,994**	**1,879**	**2,032**	**71.7%**
Export market:						
Japan	0	0	1,889	4,676	5,144	35.3%
Australia	77	765	957	1,911	3,672	25.2%
Dominican Republic	996	1,016	1,211	1,824	1,614	11.1%
Korea	0	0	0	197	903	6.2%
China	0	0	495	101	516	3.5%
Bahamas	204	248	170	343	357	2.5%
French Polynesia	0	0	26	286	338	2.3%
Panama	682	385	310	303	316	2.2%
Canada	1,391	170	60	299	300	2.1%
Saudi Arabia	0	0	0	0	241	1.7%
All Other	1,476	541	1,062	942	1,169	8.0%
Total	**4,826**	**3,126**	**6,181**	**10,882**	**14,570**	**100.0%**

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

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

Prepared or Preserved Filberts

I. Introduction

X Addition

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/03)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
		Percent ad valorem	
2008.19.20	Prepared or preserved filberts	2.9	Yes

Description and uses.--Filberts, also called hazelnuts, are round or oblong edible nuts of a deciduous shrub or small tree grown commercially in the Mediterranean region and in the Pacific Northwestern region of the United States. Prepared or preserved filberts can be blanched, dry roasted, sliced, diced, or ground into butter or paste. A large proportion of U.S. prepared or preserved product is salted and roasted for use in nut mixes. Prepared or preserved filberts can also be used in baked goods and other confections.

II. U.S. market profile

Profile of U.S. industry and market, 1998-2002

Item	1998	1999	2000	2001	2002
Producers (***number***)[1] [2]	22	22	22	22	22
Employment[2]	100	100	100	100	100
Shipments (***1,000 dollars***)	7,399	6,354	7,646	7,738	7,700(e)
Exports (***1,000 dollars***)[3]	([3])	([3])	([3])	([3])	([3])
Imports (***1,000 dollars***)[4]	1,032	1,177	1,923	2,578	1,170
Consumption (***1,000 dollars***)[5]	8,431	7,531	9,569	10,316	8,870
Import-to-consumption ratio (***percent***)[5]	12	16	20	25	13
Capacity utilization (***percent***)	60	60	60	60	60

[1] Data represent the number of filbert processors. Five firms handle approximately 80 percent of total U.S. production.

[2] Estimated by the U.S. I.T.C.

[3] In addition to filberts, official U.S. export figures include other edible nuts, such as walnuts and pecans, as well as prepared or preserved watermelon seeds, pumpkin seeds, and other seeds. U.S. filbert industry representatives indicate that there are little or no U.S. exports of prepared or preserved filberts.

[4] Official import statistics for prepared or preserved filberts may be understated due to the misclassification of blanched filberts from Turkey. According to Turkish export data, in 2002, 39 percent of Turkish exports of filberts to the United States were blanched. Blanched filberts are classified by U.S. Customs as prepared or preserved filberts under HTS subheading 2008.19.20. However, U.S. import data indicate that, in 2002, of 6,530 metric tons of filbert imports from Turkey, only 4 percent entered in the prepared or preserved category.

[5] The data assumed zero U.S. exports of prepared or preserved filberts.

Comment.--Filbert trees are an alternating crop, meaning that large nut harvests are generally followed by a small harvest the next year. A sharp drop in production is not uncommon as trees recover from the stress of a heavy production year. Yearly production swings at the grower level do not necessarily influence production volumes for processing as in-shell nuts can be held in cold storage into the next marketing year with little reduction in quality. With the exception of the five largest firms, processing operations are generally small, family-owned businesses with one or two employees.

III. GSP import situation, 2002

U.S. imports and share of U.S. consumption, 2002

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	1,170	100	-	13
Imports from GSP countries:				
GSP total	724	62	100	8
Turkey	637	54	88	7
Georgia	61	5	8	1
Brazil	18	2	2	([1])
Croatia	8	1	1	([1])

[1] Less than 0.5 percent.

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

Comment.--Turkey is the world leader in filbert production, accounting for approximately 70 percent of world supply. Filbert production is the single most important economic enterprise in the Black Sea region of Turkey. About 70 percent of Turkey's filbert production is exported in the form of raw kernels, mainly to the EU and the United States. Turkish production of a wide range of processed filbert products is currently low, but increasing. According to USDA reports, Turkey is looking to expand its market presence for all forms of filberts in the Far East, the former Soviet Union, and the United States.

In Turkey, an estimated 400,000 growers are believed to grow filberts on approximately 540,000 hectares. Because of the importance of the crop to such a large number of people, filbert production policy has important political implications in Turkey. The Government of Turkey imposed a 43.6 percent import duty on filbert imports from all sources beginning January 1, 2003. The duty is 61.8 percent on processed tree nut product imports.

IV. Competitiveness profile, Turkey

Ranking as a U.S. import supplier, 2002 1

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? . . . . . Yes ___ No X

Is the product an intermediate good used as an input in the production of another good? . . . . . Yes X No ___

Is the product an agricultural or food product? . . . . . Yes X No ___

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High ___ Moderate X Low ___

U.S. producers? . . . . . High ___ Moderate X Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High ___ Moderate X Low ___

U.S. producers? . . . . . High ___ Moderate X Low ___

What is the substitution elasticity? . . . . . High ___ Moderate X Low ___

Supply elasticity for affected imports:

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 supply for affected imports? . High X Moderate ___ Low ___

Price level compared with--

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

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

Quality compared with--

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

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

Comment.--Because demand for in-shell filberts in the U.S. market is limited, U.S. in-shell shipments are limited to approximately 3,500 tons by a Federal Marketing Order (FMO) for filberts, in effect since 1949. The FMO for filberts allocates the quantity of domestically-produced filberts that may be marketed in the United States to stabilize the supply, meet the limited domestic demand, and provide reasonable returns to producers of in-shell filberts. The majority (approximately 80 percent) of the U.S. crop, therefore, must either be exported or shelled and further processed. U.S. shelled filberts directly compete with imported shelled product in the U.S. market for use in snack nut mixes or as ingredients in confections and bakery products. USDA reports that domestically-produced kernels generally command a higher price in the domestic market than imported kernels. U.S. producers report that while some poor quality Turkish filberts do enter the U.S.

market, Turkish export operations are very sophisticated and exporters have the ability to supply exceptional quality filbert products to the U.S. market. Although Turkish exports of prepared or preserved filberts are currently less than their exports of the raw product, there is a large amount of unused processing capacity for filberts in Turkey.

IV. Competitiveness profile, all GSP suppliers

Ranking as a U.S. import supplier, 2002 . . . . . N/A

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? . . . . . Yes ___ No X

Is the product an intermediate good used as an input in the production of another good? . . . . . Yes X No ___

Is the product an agricultural or food product? . . . . . Yes X No ___

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High ___ Moderate X Low ___

U.S. producers? . . . . . High ___ Moderate X Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High ___ Moderate X Low ___

U.S. producers? . . . . . High ___ Moderate X Low ___

What is the substitution elasticity? . . . . . High ___ Moderate X Low ___

Supply elasticity for affected imports:

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 supply for affected imports? . High X Moderate___ Low ___

Price level compared with--

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

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

Quality compared with--

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

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

Comment.--Because demand for in-shell filberts in the U.S. market is limited, U.S. in-shell shipments are limited to approximately 3,500 tons by the aforementioned Federal Marketing Order for filberts, in effect since 1949. The majority (approximately 80 percent) of the U.S. crop, therefore, must either be exported or shelled and further processed. U.S. shelled filberts directly compete with imported shelled product for use in snack nut mixes or as ingredients in confections and bakery products. USDA reports that domestically produced kernels generally command a higher price in the domestic market than imported kernels.

V. Position of interested parties

Petitioner.--The Government of Turkey (Turkey) is requesting duty-free treatment for prepared or preserved filberts. In its petition, Turkey states that each year approximately 100,000 tons of Turkish filberts remain unsold and are stored as surplus. To remedy this situation, Turkey maintains that legislation was just passed in Turkey to limit new plantings of filberts, and that duty-free access to the U.S. market would be an additional measure to decrease the recurring filbert surplus. Turkey states that since U.S. filbert production is limited, an increase in imports from Turkey would not create significant competition for the U.S. product. The petition states that in 2001, processed filbert production was 57,969 tons, production capacity was 210,000 tons, and capacity utilization was 28 percent. Turkey has estimated that after the granting of GSP treatment, processed filbert production would likely increase by 2-3 percent and that capacity utilization would likely increase at the same rate. The petition states that Turkey exported 50,408 tons of processed filberts in 2001, 2,189 tons of which were shipped to the United States. Other export markets for Turkish processed filberts are the EU, Poland, and South Korea.

Black Sea Exporter Unions and Istanbul Exporters' Union maintains that HTS subheading 2008.19.20 does not include blanched filberts, and therefore much of the data submitted in the original petition overestimate the actual product subject to review. Turkish exporters state that, based on current U.S. trade data, Turkish imports of prepared or preserved filberts account for approximately five percent of the U.S. market for the product, while U.S. production accounts for 90 percent. They further state that Turkish imports cannot be a price leader given their small market share. According to Turkish exporters, U.S. demand for processed filberts is growing, a situation that will benefit both domestic producers as well as Turkish exports to the United States. Turkish exporters maintain that, because of the current thin profit margins for filberts and the poor economic conditions in Turkey, their priority in seeking GSP treatment is to improve their hard currency profit margins rather than to undercut their competition in pricing. Finally, Turkish exporters acknowledge that oversupply of filberts has been a chronic problem in Turkey but indicate that the Turkish Government is phasing out subsidies for filbert production and has prohibited new filbert plantations.

Opposition.--The Associated Oregon Hazelnut Industries (The Nut Growers Society of Oregon, Washington and British Columbia; The Oregon Hazelnut Commission; Handlers of Oregon Hazelnuts; The Hazelnut Growers Bargaining Association) states that, considering Turkey's dominant competitive position in the world market for hazelnuts, giving preferential treatment to Turkish prepared or preserved hazelnuts would have dire consequences for an already challenged U.S. hazelnut industry. According to its statement, Turkey demonstrates a level of competitiveness in the U.S. filbert market that should make it ineligible for beneficiary developing country treatment. This, the industry maintains, was the finding of a formal investigation conducted by the U.S. International Trade Commission in 1986 entitled, "Conditions of Competition Between the U.S. and Major Foreign Filbert Industries" (Pub. 1683). The U.S. filbert industry states that the same case would support the denial of the current request for GSP treatment by Turkey. In addition, the industry noted that the petition itself states that filbert production increased by 32 percent in three years and that processors are operating at 28 percent capacity, which the industry states indicates the ability of Turkish producers to ship additional significant quantities to the United States.

The U.S. industry maintains that it is currently undergoing a significant transition in market emphasis. The U.S. industry maintains that due to a fungal disease that has infested Oregon hazelnuts since the mid-1990s, it has invested in a breeding program to develop new immune varieties of hazelnut trees. The newly developed varieties reportedly do not offer the large in-shell characteristics that Oregon hazelnuts have been known for, and therefore must be sold shelled. The industry claims that this is forcing them to compete directly with Turkish product in the U.S. kernel market.

The U.S. industry states that U.S. demand for in-shell hazelnuts is inelastic. It also maintains that U.S. kernel exports are limited because in third country markets they face intense competition with Turkish kernels.

The U.S. industry views the domestic market for prepared or preserved hazelnuts as having tremendous growth potential in light of the overall increased U.S. consumption of other tree nuts in recent years.

As a way to ensure availability of product to the U.S. ingredient market in low production years, the U.S. industry states that it has engaged in joint promotional activities with Turkish hazelnut industry. Since Turkish hazelnut production is about 25 times the size of U.S. production, the U.S. industry contends that the current import tariff gives the U.S. industry a fair opportunity to compete in the U.S. prepared/preserved market. In its hearing testimony, the industry noted that Turkish producers have considerable cost advantages over U.S. producers, including government subsidies and extremely low wage rates.

In its written statement, the U.S. industry maintains that by virtue of Turkey's size as the leading hazelnut producer in the world, world hazelnut prices for all forms of the nut are a factor of the price of Turkish kernels. The industry also states that it is unlikely that the current small amount of prepared and preserved product represented by this petition would have any effect on the overall price of Turkish product.

The Associated Oregon Hazelnut Industries states that Turkish exporters admit to selling filberts in the U.S. market at below their cost of production, since they contend in their March 24, 2003, prehearing brief to USTR that the current unit cost of filbert production in Turkey is $3.10/kg and that Turkey's U.S. price for filberts is $2.355/kg. The U.S. industry notes that the legislative history to the U.S. GSP statute states that GSP duty-free import status should not be given to dumped and subsidized imports.

The U.S. industry notes that the original petition indicates that $8.2 million in Turkish exports would benefit from GSP duty-free status if the petition were granted. However, U.S. import data show only approximately $600,000 in imports of prepared or preserved imports from Turkey. This discrepancy in the trade data is apparently the result of a misclassification of processed Turkish imports in the raw category. The U.S. industry states that, at a minimum, there is a definite need to clarify the amount and value of imports that would benefit from GSP duty-free status before a decision is made on the GSP petition from Turkey.

The U.S. industry believes that Turkey already accounts for about 50 percent of the U.S. market for prepared or preserved filberts based on the $8 million dollars of Turkish exports to the United States listed in the Turkish petition and the $7.7 million dollars in U.S. shipments of prepared or preserved filberts. GSP duty-free status, the U.S. industry maintains, would allow massive Turkish imports to inflict further significant injury to an already struggling U.S. industry.

The Honorable Darlene Hooley, U.S. House of Representatives 5th District, Oregon, joins the Oregon filbert industry in opposing the granting of GSP treatment to imports of prepared or preserved filberts. According to Rep. Hooley, virtually all U.S. production of filberts takes place within Oregon's Willamette Valley, where hundreds of farm families rely on the crop for their livelihood. In recent years, these families have struggled as Eastern Filbert Blight has reduced crop yields and increased grower costs. Rep. Hooley states that the current tariff on imported prepared or preserved filberts is intended to level the playing field for U.S. producers who must compete with subsidized Turkish filberts in the U.S. market. She maintains that the granting of GSP treatment to imports of Turkish hazelnut products would likely cause significant hardship for the domestic industry. Furthermore, Oregon has the nation's highest unemployment rate, and this action would likely cause further economic hardship.

The following Oregon filbert growers and producers are opposed to the petition for inclusion of prepared or preserved filberts to the listing of GSP-eligible articles: Edwin and Patricia Pardey, PFO, Inc., of Hubbard, Oregon, Peter G. McDonald, Inchinnan Farm, of Wilsonville, Oregon, John and Carol Sullivan of Vida, Oregon, and Wayne Chambers of Albany, Oregon. These growers/processors stated that granting duty-free treatment on these products would cause the demise of the U.S. filbert industry and have dire circumstances in an already stressed area of Oregon State. They observe that the U.S. industry's battle with Eastern Filbert Blight has changed it from an in-shell oriented industry to a kernel-oriented industry in which it competes directly with Turkish shelled and processed product. The current tariff levels the playing field

between the Turkish and U.S. filbert industries. The growers/processors maintain that imports of duty-free Turkish filberts would drive the price well below the cost of production in the United States. They state that Turkey already enjoys the position as major supplier of kernels to the United States and the small tariff does not appear to have any serious negative effect on the market opportunity for Turkish filbert products. However, they maintain that the tariff on imports makes a competitive difference for the U.S. industry.

VI. Summary of probable economic advice-Addition[1]

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[1] ***.

VI. Summary of probable economic advice-Addition

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Table 1.-Prepared or preserved filberts: U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Turkey	398	574	1,188	1,474	637	54.4%
Belgium	192	212	291	380	192	16.4%
Italy	124	123	102	117	110	9.4%
France	272	261	151	136	108	9.2%
Georgia	0	0	0	303	61	5.2%
Spain	3	4	0	0	32	2.7%
Brazil	0	0	0	0	18	1.5%
Croatia	0	0	8	47	8	0.7%
Switzerland	36	0	25	5	4	0.3%
Azerbaijan	0	0	62	66	0	0.0%
All other	7	2	95	49	0	0.0%
Total	**1,032**	**1,177**	**1,923**	**2,578**	**1,170**	**100.0%**
Total from GSP-eligible nations	**398**	**574**	**1,197**	**1,825**	**724**	**61.9%**
Export market:						
Mexico	1,325	2,352	17,201	13,683	10,816	59.6%
Canada	3,061	2,111	1,592	2,996	2,219	12.2%
Spain	94	77	127	669	1,665	9.2%
Italy	27	0	9	7	595	3.3%
Japan	1,220	429	96	124	427	2.4%
United Kingdom	132	146	3	183	388	2.1%
France	232	258	162	258	365	2.0%
China	32	37	63	297	309	1.7%
Germany	114	235	24	148	178	1.0%
United Arab Emirates	15	26	0	80	163	0.9%
All Other	1,013	1,400	2,363	1,629	1,036	5.7%
Total	**7,265**	**7,072**	**21,640**	**20,074**	**18,160**	**100.0%**

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

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

Frozen Lemon Juice

I. Introduction

_X_ Addition
_X_ Competitive-need-limit waiver: Argentina[1]

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/03)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
		Percent ad valorem	
2009.31.6020	Frozen lemon juice of a Brix value not exceeding 20	41.0	Yes
2009.39.6020	Frozen lemon juice of a Brix value exceeding 20	41.0	Yes

Description and uses.-- Frozen lemon juice is derived from lemons that are processed into juice. Water may be extracted to concentrate the juice and the juice is frozen. Generally, lemons are grown for the fresh market, lemons which are culled from the fresh market are used for products in the processed market, including lemon juice. Frozen concentrated lemon juice is the key ingredient in bottled lemonade, under brands such as Minute Maid, and in other forms, including frozen, refrigerated, or as shelf-stable bottled concentrated lemonade. Frozen lemon juice concentrate may also be reconstituted as bottled lemon juice; leading brands include Realemon and Pompeii. This reconstituted juice is used as an ingredient in salad dressings or as a condiment or flavoring for beverages. The concentrated lemon juice product can be used to make natural juice products or added to carbonated drinks. It is also used as an ingredient in numerous processed food items, such as salsas, baked goods, or as an acidic ingredient for balancing the mix of flavors in products, including prepared juice products. There are no readily available substitutes for concentrated lemon juice because other products containing a level of acidity similar to that of lemon juice such as vinegar or corn-based citric acid have completely different qualities. HTS 2009.31.6020, frozen lemon juice of a Brix value not exceeding 20, mainly consists of frozen lemon juice which enters the country in a premium, ready-to-drink single-strength form. This product is relatively uneconomical to transport long distances because of its high weight-to-value ratio. Most frozen lemon juice enters the U.S. market under HTS subheading 2009.39.6020, frozen lemon juice of a Brix value exceeding 20. This product tends to be imported in a highly concentrated form before it is sold to re-packagers and distributors that add water and sell it in various degrees of concentration in the retail market.

[1] Competitive-need-limit-waivers were requested for Argentina for HTS subheadings 2009.31.6020 and 2009.39.6020.

II. U.S. market profile

Profile of U.S. industry and market, 1998-2002

Item	1998	1999	2000	2001	2002
Producers (***number***)[1]	2,108	2,108	2,108	2,108	2,108
Employment (***1,000 employees***)[2]	25	25	25	25	25
Shipments (***1,000 dollars***)[3]	45,013	44,542	43,121	45,505	45,568
Exports (***1,000 dollars***)	2,451	2,167	1,591	3,452	16,885
Imports (***1,000 dollars***)	8,433	6,121	18,241	13,906	13,174
Consumption (***1,000 dollars***)	50,995	48,496	59,771	55,959	41,857
Import-to-consumption ratio (***percent***)	17	13	31	25	31
Capacity utilization (***percent***)	([4])	([4])	([4])	([4])	([4])

[1] Data represent the number of farms producing lemons from which lemon juice may be derived and are estimated by the U.S.I.T.C., based on the 1997 United States Census of Agriculture.

[2] Employment data are only estimates since the work is highly seasonal and/or consists mainly of part-time workers who may harvest lemons and other fruits for uses other than lemon juice.

[3] Shipments are derived from subtracting an estimated margin from the retail price, and are based on data from the Food Institute.

[4] Capacity utilization is not meaningful in this industry.

Comment.--The United States is a leading producer of lemons and lemon juice, following closely behind Argentina and Spain in lemon production. About one-half of U.S. lemon production is processed into lemon juice, although the value of fresh lemons is much greater than that for lemon juice. A significant percentage of U.S. lemon production is exported as fresh lemons and as lemon juice. Most U.S. lemons are grown in California and Arizona. Lemon juice is a byproduct of lemons grown for the fresh market and may vary significantly from year to year depending on the number of lemons culled from the fresh market. Most U.S. lemon juice is produced by Sunkist, a grower-owned cooperative which also is the largest marketer of fresh lemons and fresh oranges. Imports supply a significant portion of U.S. consumption of lemon juice, over 80 percent of which come from Argentina, followed by Mexico.

III. GSP import situation, 2002

U.S. imports and share of U.S. consumption, 2002

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	13,174	100	-	31
Imports from GSP countries:				
GSP total	12,320	93	100	29
Argentina	11,375	86	92	27
South Africa	777	6	6	2
Brazil	161	1	1	([1])
Colombia	8	([1])	([1])	([1])

[1] Less than 0.5 percent.

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

Comment.--In 2002, imports from Argentina totaled about 86 percent of total U.S. imports, about 92 percent of total GSP imports, and about 27 percent of total U.S. consumption. Argentina is the world's largest producer and processor of lemons, and the world's largest producer and exporter of lemon juice. It is also the world's second-largest exporter of fresh lemons (after Spain). About 71 percent of Argentina's lemons are processed, mainly into lemon juice concentrate. Another 20 percent of Argentine lemons are exported as fresh lemons, and about 8 percent are consumed domestically as fresh lemons. Argentina's exports of fresh lemons to the U.S. market are under a phytosanitary restriction for citrus canker. Argentina is seeking to liberalize the restriction; if removed, a higher proportion of Argentina's lemon production would likely enter the U.S. market as fresh lemons rather than as lemon juice.

IV. Competitiveness profile, Argentina

Ranking as a U.S. import supplier, 2002 1

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? . . . . . Yes ___ No X

Is the product an intermediate good used as an input in the production of another good? . . . . . Yes X No ___

Is the product an agricultural or food product? . . . . . Yes X No ___

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High X Moderate ___ Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High X Moderate ___ Low ___

What is the substitution elasticity? . . . . . High X Moderate ___ Low ___

Supply elasticity for affected imports:

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 supply for affected imports? 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.--Argentina accounts for about 86 percent of all U.S. lemon juice imports and 92 percent of total GSP imports.

IV. Competitiveness profile, all GSP suppliers

Ranking as a U.S. import supplier, 2002 . . . . . N/A

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? . . . . . Yes ___ No X

Is the product an intermediate good used as an input in the production of another good? . . . . . Yes X No ___

Is the product an agricultural or food product? . . . . . Yes X No ___

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High X Moderate ___ Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High X Moderate ___ Low ___

What is the substitution elasticity? . . . . . High X Moderate ___ Low ___

Supply elasticity for affected imports:

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 supply for affected imports? 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.--Argentina is the single-largest GSP-eligible supplier of frozen lemon juice to the U.S. market.

V. Position of interested parties

Petitioners.--The Chamber of Citrus Processors of Argentina filed a petition on behalf of Citromax, S.A.C.I., Citrusvil S.A., S.A. San Miguel, and Vicente Trapani S.A., which are growers, producers and processors of lemons in Tucuman province, Argentina. The petition requests the addition of frozen concentrated lemon juice (provided for in HTS subheading 2009.31.6020 and HTS subheading 2009.39.6020) from Argentina to the list of products eligible under the GSP, along with a waiver of the competitive need limit with respect to imports from Argentina. The co-petitioners are represented by Federal Strategies Group, Inc., a Washington, D.C. consulting firm, and include C&H Sales of La Mirada, California, a trading company that imports and distributes lemon juice; Citroil Enterprises, Inc., of Carlstadt, New Jersey, a U.S. family owned company that also owns and operates Citromax, SACI, one of the largest producers and processors of lemon products in the Province of Tucuman in Argentina; The Maritime Exchange for the Delaware River and Bay of Philadelphia, Pennsylvania, a trade association representing the tri-state port community of New Jersey, Delaware, and Pennsylvania; Pasco Beverage Company of Dade City, Florida, the largest private label manufacturer and supplier of juices in North America and the second largest user of lemon juice concentrate in the United States; Sales USA, Inc. of Salado, Texas, a processor of lemon juice concentrate and well-known for its squeeze-bottle Pompeii brand lemon juice, and SourceLink, LLC of Sarasota, Florida, a broker supplying ingredients to the juice, flavor, and fragrance industry in the United States.

The stated reasons for the petition include the high ad valorem equivalent duty rates, particularly relative to other countries that supply lemon juice to the U.S. market and receive duty-free treatment under agreements such as AGOA and NAFTA. U.S. producers are only able to supply about 50 percent of U.S. demand for lemon juice and dedicate the bulk of their lemon production to the fresh market. Argentina is able to supply the U.S. market during times of the year when U.S. and other Northern Hemisphere producers don't have lemon products available. The Argentine lemon industry is operating at nearly full capacity and because of land and capital constraints is unlikely to significantly increase its production in the future.

Support.--The Delaware River Stevedores, Inc. stated its support for the petition because eliminating the U.S. tariff would expand imports, increasing jobs and revenue needed to pay debt and make necessary investments to remain competitive. The imports of fruit and juice products from Argentina and other Latin American countries in the Southern Hemisphere enter the United States in summer months, when cargo volumes are typically lower than at other times of the year. The imports of fruit juice products from Latin America generate 65,000 unionized man-hours per year for the ports in the tri state area of Pennsylvania, New Jersey, and Delaware, according to the company.

Federal Strategies Group represents a bi-national group including Argentine growers, processors, and exporters; U.S. processors and re-packagers of Argentine lemon juice; and the interests of U.S. ports in Delaware, New Jersey, and Pennsylvania that unload ships with Argentine lemon juice. The Group stated that U.S. domestic lemon juice suppliers have a competitive advantage over Argentina in the U.S. market west of the Mississippi River, and tend to sell primarily in that part of the country owing to the significant cost of transporting lemon juice cross-country, which averages about $1.00 per gallon. Transportation costs from California to Florida are higher than shipping costs for a comparable amount of lemon juice concentrate from Buenos Aires to Dade City, Florida. Argentina does not compete against domestic suppliers in the western part of the United States, but instead sells along the East Coast, with entries in Miami, New York, New Jersey, Pennsylvania, and Delaware. The humid climate in the Argentine growing area favors processed lemon products such as juice, rather than fresh lemons and this explains why only 30 percent of Argentine lemons are sold into the fresh market. On June 15, 1999, USDA/APHIS published a final rule to allow for the importation of fresh lemons from the northwestern region of Argentina, and pursuant to this rule, Argentine lemon producers were able to export fresh lemons to the United States for part of 1999 and 2000. However, on Sept. 27, 2001 a court ruling by a judge in Fresno, California mandated the revision of the USDA/APHIS scientifically-based rule based on a lawsuit brought by certain growers in California in order to eliminate import competition from Argentine lemons.

Opposition.--Sunkist Growers (Sunkist) opposed the petition to grant GSP duty-free treatment to lemon juice from Argentina. Sunkist is a cooperative marketing association whose principal business is the sale of fresh oranges, lemons, grapefruit, and tangerines, and the manufacture and sale of citrus juice and peel products. Sunkist produces approximately 65 percent of California and Arizona citrus fruit. According to Sunkist Argentina, the world's largest producer of lemons, the firm is precluded from selling fresh lemons in the U.S. market because of a variety of pests and diseases; consequently, Argentina is currently selling a glut of lemon juice in world markets, which is driving down prices and contributing to significant negative returns for U.S. lemon producers. Sunkist states that it is not the obligation of U.S. growers to suffer economic injury in order to provide relief to a competitor that is temporarily overwhelmed by pest and disease problems, particularly when the benefits they seek in lower tariffs are permanent. Argentina accounted for 88 percent of all U.S. imports of lemon juice in the most recent calendar year, which rebuts the argument that Argentina needs better access to the U.S. market in order to become more competitive with other suppliers such as Mexico and South Africa. Sunkist rejects the argument that the U.S. lemon industry is unable to fulfill demand in the United States for frozen concentrated lemon juice products, stating that U.S. producers have shifted their production towards fresh lemons and away from lemon juice because of the glut caused by Argentina's pest and disease problems. The removal of the tariff on Argentine lemon juice would result in Argentina gaining a monopoly in both the U.S. and world market and ultimately harm consumers.

The National Juice Products Association (NJPA), a trade association whose international membership consists of major packers and distributors of a wide variety of fruit and vegetable juices and juice beverages and drinks opposes the petition. Duty-free treatment would encourage increased exports of frozen lemon juice to the United States by a country that is already highly competitive in the U.S. market and would exacerbate the injury currently being suffered by the U.S. frozen lemon juice industry. NJPA, which speaks primarily for U.S. wholesale and retail juice and concentrate processors, believes that the current competitive balance between imports and domestic-origin juice and concentrate should be preserved by maintaining the present duty regime. According to NJPA, Argentina, the world's largest producer of lemons, has recently been plagued by pests and diseases and its export market for fresh lemons has been greatly diminished. As a consequence, Argentine lemon growers have diverted their produce into processed juice products that are not subject to the restrictions imposed on its fresh produce. This resulted in a surge of exports to the United States, nearly doubling from the 1998 and 1999 levels. Argentina attained an 89 and 88 percent import share in 2001 and 2002, respectively, which demonstrates that Argentina is clearly an able competitor for sales of frozen lemon juice and needs no additional assistance in the way of lower duty rates. According to NJPA, while U.S. lemon production has remained relatively constant for the past 10 years, between 800 and 900 thousand tons, Argentina increased production dramatically with volume rising from 590 thousand tons in 1993 to a projected 1.25 million tons by 2003. U.S. lemon juice processors have experienced significant negative returns as a result of the price-depressing effects of the huge quantities of Argentine frozen lemon juice that have flooded the domestic market.

VI. Summary of probable economic advice-Addition (HTS 2009.31.6020 and 2009.39.6020)[1]

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[1] ***.

VI. Summary of probable economic advice-Competitive-need-limit waiver (HTS 2009.31.6020 and 2009.39.6020)(Argentina)

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Table 1.-Frozen lemon juice (digest-level): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002[1]

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Argentina	6,276	4,077	13,815	12,508	11,375	86.3%
South Africa	0	0	54	309	777	5.9%
Mexico	389	809	905	510	716	5.4%
Brazil	1,335	1,147	2,431	140	161	1.2%
Canada	0	4	189	19	82	0.6%
Italy	0	0	652	306	56	0.4%
Colombia	5	5	12	7	8	0.1%
Australia	0	0	0	0	0	0.0%
Chile	0	0	0	3	0	0.0%
Philippines	4	0	0	0	0	0.0%
All other	423	78	183	104	0	0.0%
Total	**8,433**	**6,121**	**18,241**	**13,906**	**13,174**	**100.0%**
Total from GSP-eligible nations	**7,787**	**5,229**	**16,394**	**12,967**	**12,320**	**93.5%**
Export market:						
Canada	442	353	363	273	5,570	33.0%
Netherlands	39	31	19	7	3,625	21.5%
Germany	9	31	0	7	1,999	11.8%
Japan	1,408	1,471	935	1,583	1,420	8.4%
Dominican Republic	5	0	0	0	1,096	6.5%
Korea	0	0	47	185	785	4.6%
Australia	0	0	0	0	424	2.5%
Singapore	0	0	5	0	174	1.0%
Jamaica	13	0	0	0	131	0.8%
United Arab Emirates	0	7	0	50	121	0.7%
All Other	536	275	222	1,347	1,539	9.1%
Total	**2,451**	**2,167**	**1,591**	**3,452**	**16,885**	**100.0%**

[1] Trade reported in the years 1998-2001 is not comparable to trade reported in 2002, owing to changes in the HTS classifications.

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

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

Table 2.-Frozen lemon juice (2009.31.6020): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002[1]

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Argentina	6,276	4,077	13,815	12,508	7,822	88.9%
Mexico	389	809	905	510	716	8.1%
Brazil	1,335	1,147	2,431	140	102	1.2%
South Africa	0	0	54	309	97	1.1%
Italy	0	0	652	306	46	0.5%
Canada	0	4	189	19	12	0.1%
Colombia	5	5	12	7	8	0.1%
Australia	0	0	0	0	0	0.0%
Chile	0	0	0	3	0	0.0%
Philippines	4	0	0	0	0	0.0%
All other	423	78	183	104	0	0.0%
Total	**8,433**	**6,121**	**18,241**	**13,906**	**8,803**	**100.0%**
Total from GSP-eligible nations	**7,787**	**5,229**	**16,394**	**12,967**	**8,028**	**91.2%**
Export market:						
Canada	442	353	363	273	5,570	33.0%
Netherlands	39	31	19	7	3,625	21.5%
Germany	9	31	0	7	1,999	11.8%
Japan	1,408	1,471	935	1,583	1,420	8.4%
Dominican Republic	5	0	0	0	1,096	6.5%
Korea	0	0	47	185	785	4.6%
Australia	0	0	0	0	424	2.5%
Singapore	0	0	5	0	174	1.0%
Jamaica	13	0	0	0	131	0.8%
United Arab Emirates	0	7	0	50	121	0.7%
All Other	536	275	222	1,347	1,539	9.1%
Total	**2,451**	**2,167**	**1,591**	**3,452**	**16,885**	**100.0%**

[1] Trade reported in the years 1998-2001 is not comparable to trade reported in 2002, owing to changes in the HTS classifications.

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

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

Table 3.-Frozen lemon juice (2009.39.6020): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002[1]

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Argentina	6,276	4,077	13,815	12,508	3,553	81.3%
South Africa	0	0	54	309	680	15.6%
Canada	0	4	189	19	70	1.6%
Brazil	1,335	1,147	2,431	140	59	1.4%
Italy	0	0	652	306	9	0.2%
Australia	0	0	0	0	0	0.0%
Chile	0	0	0	3	0	0.0%
Colombia	5	5	12	7	0	0.0%
Mexico	389	809	905	510	0	0.0%
Philippines	4	0	0	0	0	0.0%
All other	423	78	183	104	0	0.0%
Total	**8,433**	**6,121**	**18,241**	**13,906**	**4,371**	**100.0%**
Total from GSP-eligible nations	**7,787**	**5,229**	**16,394**	**12,967**	**4,292**	**98.2%**
Export market:						
Canada	442	353	363	273	5,570	33.0%
Netherlands	39	31	19	7	3,625	21.5%
Germany	9	31	0	7	1,999	11.8%
Japan	1,408	1,471	935	1,583	1,420	8.4%
Dominican Republic	5	0	0	0	1,096	6.5%
Korea	0	0	47	185	785	4.6%
Australia	0	0	0	0	424	2.5%
Singapore	0	0	5	0	174	1.0%
Jamaica	13	0	0	0	131	0.8%
United Arab Emirates	0	7	0	50	121	0.7%
All Other	536	275	222	1,347	1,539	9.1%
Total	**2,451**	**2,167**	**1,591**	**3,452**	**16,885**	**100.0%**

[1] Trade reported in the years 1998-2001 is not comparable to trade reported in 2002, owing to changes in the HTS classifications.

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

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

Certain Chlorobenzotrifluorides

I. Introduction

_X_ Addition

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/03)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
		Percent ad valorem	
2903.69.70(pt.)[1]	Certain chlorobenzotrifluorides	5.5	Yes

[1] HTS subheading 2903.69.70 is a basket provision that contains a number of halogenated derivatives of aromatic hydrocarbons. *p*-Chlorobenzotrifluoride and 3,4-dichlorobenzotrifluoride are the subjects of the request for addition to the GSP list. Three other chemicals that are also included in HTS subheading 2903.69.70 are currently subject to temporary duty suspensions as set forth in HTS subheadings 9902.28.09, 9902.28.10, and 9902.32.82.

Description and uses.--*p*-Chlorobenzotrifluoride (CAS No 98-56-6) is a synthetic organic chemical used as an intermediate in the manufacture of organic dyes, herbicides, and other organic chemicals, and in dielectric fluids, which can be used in such things as electrical transformers. It is also used as a solvent in the manufacture of some paints because it is one of a small number of volatile organic compounds exempt from U.S. Environmental Protection Agency (EPA) air quality rules governing emissions of such products.

3,4-Dichlorobenzotrifluoride (CAS No. 328-84-7) is a synthetic organic chemical used as an intermediate in the manufacture of organic dyes, pharmaceuticals, herbicides, and other organic chemicals. It is also used as a solvent in the manufacture of some paints, principally those that also contain *p*-chlorobenzotrifluoride.

II. U.S. market profile

Profile of U.S. industry and market, 1998-2002

Item	1998	1999	2000	2001	2002
Producers (***number***)	([1])	([1])	([1])	([1])	([1])
Employment (***1,000 employees***)	([1])	([1])	([1])	([1])	([1])
Shipments (***1,000 dollars***)	**660,000	**640,000	**600,000	**620,000	**560,000
Exports (***1,000 dollars***)	66,238	63,975	58,580	61,454	54,837
Imports (***1,000 dollars***)	18,157	13,615	19,206	25,530	25,808
Consumption (***1,000 dollars***)	**611,919	**589,640	**560,626	**584,076	**530,935
Import-to-consumption ratio (***percent***)	**3	**2	**3	**4	**5
Capacity utilization (***percent***)	([1])	([1])	([1])	([1])	([1])

[1] Not available.

Comment.--HTS subheading, 2903.69.70, covers a variety of halogenated derivatives of aromatic hydrocarbons, including *p*-chlorobenzotrifluoride and 3,4-dichlorobenzotrifluoride included. According to a representative of the company, Occidental Chemical Corporation closed their plant in Niagara Falls, NY, in mid-2000 and has not produced either *p*-Chlorobenzotrifluoride or 3,4-Dichlorobenzotrifluoride since that time. No other domestic producer of the subject chemicals has been identified. Shipments data, which are a basket HTS category, include other items along with imports, transhipments, and stocks. U.S. exports fluctuated during 1998-2002 as the value and quantities of the individual chemicals that comprise this HTS subheading changed from year to year. The trend in U.S. imports was generally upward during the period, principally reflecting the filling of U.S. market requirements for products no longer manufactured domestically or in short supply because of the actions of domestic producers such as those cited above.

III. GSP import situation, 2002

U.S. imports and share of U.S. consumption, 2002

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	25,808	100	-	**5
Imports from GSP countries:				
GSP total	990	4	100	([1])
Russia	448	2	45	([1])
India	414	2	42	([1])
Brazil	101	([1])	10	([1])

[1] Less than 0.5 percent.

Comment.--GSP imports fluctuated during 1998-2002 as the value and quantities of the individual chemicals that comprise this HTS subheading changed from year to year. Russia, India, and Brazil together accounted for more than 97 percent of all chemicals imported from potential GSP beneficiaries in HTS subheading 2903.69.70 during 2002. Both China and Brazil have excess capacity for making *p*-chlorobenzotrifluoride and 3,4-dichlorobenzotrifluoride, the subject chemicals. If GSP status is granted, both countries could increase their exports of the subject products to the United States. The number of chemicals covered by this subheading is large, and additional imports of other chemicals from GSP-eligible countries could also increase.

IV. Competitiveness profile, Russia

Ranking as a U.S. import supplier, 2002 8

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? . . . . . Yes ___ No X

Is the product an intermediate good used as an input in the production of another good? . . . . . Yes X No ___

Is the product an agricultural or food product? . . . . . Yes ___ No X

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High ___ Moderate ___ Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High ___ Moderate ___ Low ___

What is the substitution elasticity? . . . . . High ___ Moderate X Low ___

Supply elasticity for affected imports:

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 supply for affected imports? 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.–There is no U.S. production of these chemicals. Russia is the eighth ranking supplier of all products entered under HTS subheading 2903.69.70, and is the top supplier of GSP products in this category. However, Russia has not been identified as a supplier of either *p*-chlorobenzotrifluoride or 3,4-dichlorobenzotrifluoride, the chemicals that are the subject of the request. Any imports of the subject chemicals would be similar in all respects to domestic products, serving the same markets and meeting the same technical requirements, and would be similarly priced.

IV. Competitiveness profile, India

Ranking as a U.S. import supplier, 2002 9

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? . . . . . Yes ___ No X

Is the product an intermediate good used as an input in the production of another good? . . . . . Yes X No ___

Is the product an agricultural or food product? . . . . . Yes ___ No X

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High ____ Moderate ___ Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ____ Low ___

U.S. producers? . . . . . High ___ Moderate ____ Low ___

What is the substitution elasticity? . . . . . High ___ Moderate X Low ___

Supply elasticity for affected imports:

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 supply for affected imports? 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.--There is no U.S. production of these chemicals. India is the ninth ranking supplier of all products entered under HTS subheading 2903.69.70, and is the second largest supplier of GSP products in this category. However, India has not been identified as a supplier of either *p*-chlorobenzotrifluoride or 3,4-dichlorobenzotrifluoride, the chemicals that are the subject of the request. Any imports of the subject chemicals would be similar in all respects to domestic products, serving the same markets and meeting the same technical requirements, and would be similarly priced.

IV. Competitiveness profile, Brazil

Ranking as a U.S. import supplier, 2002 12

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? . . . . . Yes ___ No X

Is the product an intermediate good used as an input in the production of another good? . . . . . Yes X No ___

Is the product an agricultural or food product? . . . . . Yes ___ No X

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High ___ Moderate ___ Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High ___ Moderate ___ Low ___

What is the substitution elasticity? . . . . . High ___ Moderate X Low ___

Supply elasticity for affected imports:

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 supply for affected imports? 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.--There is no U.S. production of these chemicals. Brazil is the twelfth ranking supplier of all products entered under HTS subheading 2903.69.70, and is the second-largest supplier of GSP products in this category. Brazil is currently a supplier of both *p*-chlorobenzotrifluoride and 3,4-dichlorobenzotrifluoride, the chemicals that are the subject of the request. Any imports of the subject chemicals are similar in all respects to domestic products serving the same markets and meeting the same technical requirements, and would be similarly priced. Brazil has indicated that they do have excess capacity for the subject chemicals, and that if GSP treatment is granted all of that excess would be allocated to the U.S. market.

IV. Competitiveness profile, all GSP suppliers

Ranking as a U.S. import supplier, 2002 . . . . . NA

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? . . . . . Yes ___ No X

Is the product an intermediate good used as an input in the production of another good? . . . . . Yes X No ___

Is the product an agricultural or food product? . . . . . Yes ___ No X

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High ____ Moderate ___ Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ____ Low ___

U.S. producers? . . . . . High ___ Moderate ____ Low ___

What is the substitution elasticity? . . . . . High ___ Moderate X Low ___

Supply elasticity for affected imports:

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 supply for affected imports? 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.--There is no U.S. production of these chemicals. Russia, India, and Brazil supply more than 97 percent of GSP imports in this product category.

V. Position of interested parties

Petitioner.--The petitioner, Milenia Agro Ciencias S.A., Argentina indicates that the proposed action would benefit U.S. consumers by reducing the cost of this ingredient in formulated products produced in the United States. Further, the petitioner contends there would be no impact on a U.S. industry because these chemicals are not manufactured in the United States.

Opposition.--Dow AgroSciences LLC (DAS), a U.S. company, has indicated opposition to allowing duty-free treatment for the subject chemicals because they believe such imports would compete unfairly with their imports from Italy. All imports of the subject chemicals are used as intermediates in the United States to make herbacides such as trifluralin and oxyfluorfen. DAS makes oxyfluorfen in facilities located near Philadelphia, PA.

VI. Summary of probable economic advice-Addition

* * * * * * *

Table 1.-Certain chlorobenzotrifluorides: U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
China	974	853	3,778	7,428	9,905	38.4%
Italy	2,204	1,560	2,294	4,762	5,246	20.3%
Japan	5,653	4,788	5,025	2,897	3,883	15.0%
United Kingdom	748	1,924	1,762	3,047	1,774	6.9%
Israel	5,341	3,129	3,555	944	1,308	5.1%
Belgium	12	12	2	928	1,145	4.4%
Germany	1,113	633	1,209	945	1,145	4.4%
Russia	1,358	539	336	767	448	1.7%
India	67	11	24	125	414	1.6%
France	431	84	220	402	231	0.9%
All other	256	83	1,000	3,285	311	1.2%
Total	**18,157**	**13,615**	**19,206**	**25,530**	**25,808**	**100.0%**
Total from GSP-eligible nations	**1,507**	**587**	**371**	**1,404**	**990**	**3.8%**
Export market:						
Japan	12,258	15,836	15,990	12,151	15,967	29.1%
Belgium	10,800	10,194	9,258	16,919	11,391	20.8%
Korea	1,433	2,397	5,122	4,957	5,848	10.7%
Angola	186	382	0	6,945	4,548	8.3%
Germany	1,742	1,686	5,429	3,510	2,407	4.4%
Malaysia	560	1,936	2,351	1,651	1,706	3.1%
Brazil	4,018	5,692	3,277	2,810	1,685	3.1%
United Kingdom	8,680	6,107	1,517	970	1,635	3.0%
China	2,562	786	2,597	1,594	1,221	2.2%
Taiwan	1,736	984	1,338	687	1,177	2.1%
All Other	22,262	17,975	11,702	9,261	7,252	13.2%
Total	**66,238**	**63,975**	**58,580**	**61,454**	**54,837**	**100.0%**

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

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

Methyl Tertiary-Butyl Ether (MTBE)

I. Introduction

__X__ Competitive-need-limit waiver: Brazil

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/03)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
		Percent ad valorem	
2909.19.14[1]	Methyl tertiary-butyl ether (MTBE)	5.5	Yes

[1] Brazil was proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 2909.09.14 effective July 1, 2001.

Description and uses.--Methyl tertiary-butyl ether (MTBE) is a synthetic organic chemical manufactured by the chemical reaction of methanol and isobutylene. It is a colorless, flammable liquid oxygenated hydrocarbon containing 18.5 percent oxygen. About 95 percent of MTBE production is used as an oxygenate, which, when added to gasoline, enhances octane to increase engine performance. MTBE can also be used to produce pure isobutene from C4 streams by reversing its formation reaction. MTBE has been used in gasoline at low levels since 1979 to replace lead; since 1992, it has been used at higher concentrations to fulfill the oxygenated requirements of the Clean Air Act Amendments of 1990 (CAA).

II. U.S. market profile

Profile of U.S. industry and market, 1998-2002

Item	1998	1999	2000	2001	2002
Producers (***number***)[1]	26	26	26	26	26
Employment (***1,000 employees***)	([2])	([2])	([2])	([2])	([2])
Shipments (***1,000 dollars***)	1,839,600	2,328,627	3,473,778	3,311,280	3,102,792
Exports (***1,000 dollars***)	248,976	198,099	383,813	364,076	334,258
Imports (***1,000 dollars***)[3]	840,711	896,869	1,417,158	1,373,115	1,122,806
Consumption (***1,000 dollars***)	2,431,335	3,027,397	4,507,123	4,320,319	3,891,340
Import-to-consumption ratio (***percent***) . .	35	30	31	32	29
Capacity utilization (***percent***)	81	81	85	85	85

[1] MTBE can be produced in merchant plants, which are generally chemicals plants not associated with a petroleum refinery, as well as captive plants, which are located within or adjacent to a refinery complex. During 1998-2002, 26 companies produced MTBE in 44 plants.

[2] Because MTBE is produced in refineries and chemical plants that produce many other energy and chemicals products, the number of employees associated with its production is not available.

Comment.--The United States is the world's largest producer and consumer of MTBE, accounting for more than 50 percent of each. However, the proposed ban on MTBE in California to begin on December 31, 2003, resulted in decreased shipments and consumption in 2002, as ExxonMobil and Shell began to switch from production of MTBE to ethanol in California. As a result of the California ban, U.S. MTBE demand is

expected to decline by up to 60 percent and perhaps further if other States follow California's lead and ban MTBE.

III. GSP import situation, 2002

U.S. imports and share of U.S. consumption, 2002

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	1,122,806	100	-	29
Imports from GSP countries:				
GSP total	295,970	26	100	8
Brazil	107,915	10	37	2

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

Comment.--The largest supplier of MTBE to the U.S. market under the provisions of the GSP is Venezuela, which accounts for 62 percent of GSP imports. However, GSP imports from Brazil increased by 17 percent during 2001-02, while GSP imports from Venezuela decreased by 4 percent. In addition, of the leading suppliers of MTBE to the U.S. market, only imports from Brazil increased during 2001-02, despite decreased demand because of the proposed ban in California.

IV. Competitiveness profile, Brazil

Ranking as a U.S. import supplier, 2002 5

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? . . . . . Yes ___ No X

Is the product an intermediate good used as an input in the production of another good? . . . . . Yes X No ___

Is the product an agricultural or food product? . . . . . Yes ___ No X

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High X Moderate ___ Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High X Moderate ___ Low ___

What is the substitution elasticity? . . . . . High X Moderate ___ Low ___

Supply elasticity for affected imports:

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 supply for affected imports? . High ___ Moderate___ Low X

Price level compared with--

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

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

Quality compared with--

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

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

Comment.--Petrobras, a state-owned petroleum company, is the only producer of MTBE in Brazil. The Brazilian Government strongly encourages the use of ethanol in the domestic fuels market while producing large quantities of MTBE for export. MTBE is produced in 4 refineries in Brazil, with the combined capacity to produce 288,000 metric tons per year. These refineries are currently operating at an average of 48 percent of capacity. The United States is the major market for Brazilian exports of MTBE, accounting for about 70 to 80 percent of Brazil's exports, with the remaining exports going to Canada, Argentina, and small quantities to the EU.

V. Position of interested parties

Petitioner.--Petroleos Brasileiro S.A. (Petrobras), which is the state-owned petroleum company, Companhia Petroquimica Do Sul (Copesul), and its subsidiary, Copesul International are the sole producers and exporters of MTBE in Brazil. The United States has traditionally been the primary market for Brazil's exports of MTBE. The petitioners states that a waiver of the competitive need limit for Brazil for this product will improve the competitiveness of Brazil's exports of MTBE in the U.S. market, increase the quantity of those exports, and improve profits, production capacity and employment in Brazil.

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

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

* * * * * * *

Table 1.-Methyl tertiary-butyl ether (MTBE): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Saudi Arabia	259,413	278,133	410,169	278,444	244,663	21.8%
Canada	166,005	218,993	286,528	329,828	220,292	19.6%
Venezuela	93,686	98,032	178,130	191,157	184,448	16.4%
United Arab Emirates	93,909	77,100	97,765	130,359	109,738	9.8%
Brazil	23,485	70,806	134,102	92,483	107,915	9.6%
Qatar	0	0	136,169	113,438	95,590	8.5%
Malaysia	39,221	18,985	77,200	80,178	67,825	6.0%
Korea	36,422	31,340	38,126	32,395	31,949	2.8%
Netherlands	60,111	42,542	14,273	54,339	28,851	2.6%
Taiwan	0	998	7,575	22,508	22,095	2.0%
All other	68,458	59,940	37,120	47,985	9,441	0.8%
Total	**840,711**	**896,869**	**1,417,158**	**1,373,115**	**1,122,806**	**100.0%**
Total from GSP-eligible nations	**117,172**	**169,174**	**313,115**	**310,990**	**295,970**	**26.4%**
Export market:						
Mexico	110,338	105,629	138,956	105,999	136,719	40.9%
Canada	2,842	5,337	39,958	88,438	79,086	23.7%
Venezuela	126,069	71,823	152,992	131,877	78,811	23.6%
Jamaica	3,500	6,341	15,037	17,957	16,595	5.0%
Martinique	0	0	0	0	3,997	1.2%
Costa Rica	0	0	0	569	3,901	1.2%
Portugal	0	0	0	0	2,911	0.9%
Guatemala	1,782	1,478	1,888	3,976	2,022	0.6%
Aruba	0	0	0	0	1,847	0.6%
Trinidad & Tobago	2,004	0	0	0	1,674	0.5%
All Other	2,441	7,493	34,980	15,260	6,695	2.0%
Total	**248,976**	**198,099**	**383,813**	**364,076**	**334,258**	**100.0%**

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

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

Adipic Acid

I. Introduction

X Addition

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/03)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
		Percent ad valorem	
2917.12.10	Adipic acid	7.8[1]	Yes

[1] This HTS subheading is subject to a final staged reduction for a normal trade relations duty rate to 6.5% in 2004.

Description and uses.--Adipic acid is synthetic organic aliphatic dicarboxylic acid principally derived from the oxidation of cyclohexane. Adipic acid is used primarily to make nylon. Other uses include the production of polyurethane foam, esters for use as plasticizers and synthetic lubricants, food additives, baking powders, and adhesives.

II. U.S. market profile

Profile of U.S. industry and market, 1998-2002

Item	1998	1999	2000	2001	2002
Producers (***number***)	3	3	3	3	3
Employment (***1,000 employees***)	([1])	([1])	([1])	([1])	([1])
Shipments (***1,000 dollars***)	*780,000	*843,700	*917,100	*775,700	*970,000
Exports (***1,000 dollars***)	47,015	61,268	64,220	53,520	66,911
Imports (***1,000 dollars***)	59,587	56,395	58,199	63,233	51,448
Consumption (***1,000 dollars***)	*792,572	*838,827	*911,079	*785,413	*954,537
Import-to-consumption ratio (***percent***) . .	*7.5	*6.7	*6.4	*8.1	*5.4
Capacity utilization (***percent***)	*90	*90	*90	*90	*90

[1] Not available.

Comment.–More than 80 percent of domestically-produced adipic acid is used captively to manufacture nylon 66 fibers and resins. Shipments rose steadily during 1998-2002, except for 2001. The dip in 2001 was caused by a weakness in the Asian markets for both adipic acid and finished nylon fibers, and a small increase in production capacity for adipic acid in that region. Exports rose each year during the period except in 2001 when ***. Imports from Canada accounted for more than 88 percent of all adipic acid imports during the period, while Brazil supplied virtually all the rest.

III. GSP import situation, 2002

U.S. imports and share of U.S. consumption, 2002

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	51,448	100	-	*5
Imports from GSP countries:				
GSP total	4,608	9	100	*1
Brazil	4,608	9	100	*1

Comment.--Brazil was the source of all GSP imports of adipic acid in 2002 and virtually all such imports during 1998-2002. The Brazilian firm, Rhodia, has an affiliate in the U.S. market that imports adipic acid and other chemicals. The Brazilian firm has indicated that they do have excess production capacity for adipic acid and that if GSP status is granted some additional production would be allocated for export to the U.S. market.

IV. Competitiveness profile, Brazil

Ranking as a U.S. import supplier, 2002	2		
Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):			
Is the product a finished product for final sale to consumers?	Yes ___		No X
Is the product an intermediate good used as an input in the production of another good?	Yes X		No ___
Is the product an agricultural or food product?	Yes ___		No X
What is the aggregate price elasticity of U.S. demand?	High ___	Moderate ___	Low X
Substitution elasticity:			
What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:			
Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High X	Moderate ___	Low ___
What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:			
Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High ___	Moderate X	Low ___
What is the substitution elasticity?	High ___	Moderate X	Low ___
Supply elasticity for affected imports:			
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 supply for affected imports?	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.--Brazil is currently the only GSP-eligible supplier of adipic acid to the U.S. market. Any imports of adipic acid would be similar in all respects to domestic product, serving the same markets and meeting the same technical requirements, and would be similarly priced. Imports of adipic acid supply U.S. markets, which do have a current domestic source of supply. Rhodia has indicated that they have excess capacity for the subject chemical and that if GSP treatment is granted, at least part of that excess would be allocated for export to the U.S. market.

IV. Competitiveness profile, all GSP suppliers

Ranking as a U.S. import supplier, 2002	NA		
Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):			
Is the product a finished product for final sale to consumers?	Yes ___		No X
Is the product an intermediate good used as an input in the production of another good?	Yes X		No ___
Is the product an agricultural or food product?	Yes ___		No X
What is the aggregate price elasticity of U.S. demand?	High ___	Moderate ___	Low X
Substitution elasticity:			
What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:			
Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High X	Moderate ___	Low ___
What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:			
Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High ___	Moderate X	Low ___
What is the substitution elasticity?	High ___	Moderate X	Low ___
Supply elasticity for affected imports:			
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 supply for affected imports?	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.--Brazil is currently the only GSP-eligible supplier of adipic acid to the U.S. market. Any GSP imports of adipic acid would be similar in all respects to domestic product, serving the same markets and meeting the same technical requirements, and would be similarly priced. Imports of adipic acid supply U.S. markets, which have a current domestic source of supply.

V. Position of interested parties

Petitioner.--The petitioner, Rhodia Poliamida Ltda, indicates that the proposed action would benefit U.S. consumers by reducing the cost of this ingredient in formulated products made in the United States. Further, the petitioner contends there would be no impact on U.S. industry because nearly all of the domestically-produced adipic acid is consumed captively by the U.S. manufacturers to make other products.

Opposition.--The Honorable Jeff Miller, U.S. House of Representatives 1st District, Florida, states that the addition of adipic acid to the GSP. He further states that according to Solutia, a domestic producer of adipic acid located in the District, there is currently excess capacity in the U.S. market and that allowing duty-free imports would further weaken an already weak market. Congressman Miller also states that the GSP program was not designed to flood U.S. markets already struggling with surplus domestic capacity.

VI. Summary of probable economic advice-Addition

* * * * * * *

Table 1.-Adipic acid: U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Canada	52,783	49,798	52,557	58,246	46,077	89.6%
Brazil	5,350	6,080	5,465	4,604	4,608	9.0%
Japan	581	0	7	193	460	0.9%
Ukraine	138	110	0	116	171	0.3%
France	326	76	110	5	120	0.2%
United Kingdom	111	20	0	3	6	0.0%
Ireland	0	0	0	0	6	0.0%
Belgium	0	0	26	0	0	0.0%
Spain	0	36	0	0	0	0.0%
Germany	249	274	0	21	0	0.0%
All other	49	0	34	45	0	0.0%
Total	**59,587**	**56,395**	**58,199**	**63,233**	**51,448**	**100.0%**
Total from GSP-eligible nations	**5,350**	**6,080**	**5,465**	**4,604**	**4,608**	**9.0%**
Export market:						
Japan	10,867	11,350	21,776	14,728	17,989	26.9%
Argentina	6,649	12,552	16,535	7,929	10,795	16.1%
Canada	6,946	10,485	6,343	6,406	7,784	11.6%
Singapore	1,685	177	3,785	0	6,215	9.3%
Taiwan	8,194	6,910	5,665	3,733	4,502	6.7%
Israel	4,370	3,707	1,297	1,759	3,858	5.8%
Korea	3,108	2,734	1,752	317	3,826	5.7%
Turkey	0	450	1,848	6	2,986	4.5%
Mexico	2,354	2,188	2,807	3,169	2,734	4.1%
China	1,239	295	112	248	2,201	3.3%
All Other	1,604	10,419	2,300	15,226	4,020	6.0%
Total	**47,015**	**61,268**	**64,220**	**53,520**	**66,911**	**100.0%**

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

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

Certain Toluidines

I. Introduction

__X__ Addition

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/03)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
		Percent ad valorem	
2921.43.15	*α,α,α*-Trifluoro-2,6-dinitro-N,N-dipropyl-*p*-toluidine (Trifluralin)	7.2[1]	Yes
2921.43.80 (pt.)	Other (Ethalfluralin)	7.7[2]	Yes

[1] This HTS subheading is subject to a final staged reduction for normal trade relations duty rate to 6.5% in 2004. This HTS subheading is subject to a temporary duty reduction to 3.3% until December 31, 2003, as set forth in HTS subheading 9902.29.02.

[2] The specific MFN rate of duty for this HTS subheading is 0.2¢/kg + 7.7 %. This HTS subheading is subject to a staged reduction for a normal trade relations duty rate to 6.5% in 2004. This HTS subheading is subject to a temporary duty suspension until December 31, 2003, as set forth in HTS subheading 9902.29.59.

Description and uses.--Trifluralin is a synthetic organic chemical used as an active herbicide ingredient. When formulated into finished products, it acts as a selective pre-emergent herbicide used to control weeds in various fruits, vegetables, legumes, grains, nuts, and field crops (i.e., soybeans, and cotton). Ethalfluralin is a synthetic organic chemical used as an active herbicide ingredient. When formulated into finished products, it acts as a selective pre-emergent herbicide used to control annual grasses and broadleaf weeds in dry beans, dry peas, peanuts, pumpkins, rapeseed (canola), soybeans, sunflowers, and winter and summer squash.

II. U.S. market profile

Profile of U.S. industry and market, 1998-2002

Item	1998	1999	2000	2001	2002
Producers (***number***)	([1])	([1])	([1])	([1])	([1])
Employment (***1,000 employees***)	([1])	([1])	([1])	([1])	([1])
Shipments (***1,000 dollars***)	([1])	([1])	([1])	([1])	([1])
Exports (***1,000 dollars***)	8,903	6,020	7,510	6,752	4,040
Imports (***1,000 dollars***)	100,278	72,050	63,960	47,253	33,327
Consumption (***1,000 dollars***)[2]	91,375	66,030	56,450	40,501	29,287
Import-to-consumption ratio (***percent***)	([3])	([3])	([3])	([3])	([3])
Capacity utilization (***percent***)	([1])	([1])	([1])	([1])	([1])

[1] There is no U.S. production of these products.

[2] The U.S. market is supplied solely by imports; however, some imports are transshipped, and thus also appear as exports.

[3] Not available.

Comment.--U.S. production of Trifluralin and Ethalfluralin ceased in 1996; the U.S. market for these products is supplied entirely by imports. Both chemicals are subject to temporary duty suspensions until the end of 2003; a duty suspension continuation bill for Trifluralin is part of the proposed legislation in the "Miscellaneous Trade and Technical Corrections Act of 2003 (H.R. 1047)" currently before Congress. Significant import suppliers in 2002 were Italy (61 percent), the United Kingdom (21 percent), Korea (8 percent), and Israel (6 percent). Principal export markets in 2002, served by transshipped imports, included Germany (22 percent), Denmark (20 percent), Mexico (17 percent), the United Kingdom (12 percent), and Japan (10 percent). Imports of these products declined steadily during 1998-2002, by 67 percent, from $100.3 million in 1998 to $33.3 million in 2002. Exports and consumption both decreased irregularly during the period, exports by 55 percent, from $8.9 million in 1998 to $4.0 million in 2002, and consumption by 68 percent, from $91.4 million in 1998 to $29.3 million in 2002, because of fluctuations in demand.

III. GSP import situation, 2002

U.S. imports and share of U.S. consumption, 2002

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	33,327	100	-	114
Imports from GSP countries:				
GSP total	309	1	100	1
India	239	1	77	1
Argentina	70	([1])	23	([1])

[1]Less than 0.5 percent.

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

Comment.--GSP suppliers accounted for approximately 1 percent of total imports of these products in 2002.

IV. Competitiveness profile, India

Ranking as a U.S. import supplier, 2002 7

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? . . . . . Yes ___ No X

Is the product an intermediate good used as an input in the production of another good? . . . . . Yes X No ___

Is the product an agricultural or food product? . . . . . Yes ___ No X

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers?[1] . . . . . High ___ Moderate ___ Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High ___ Moderate ___ Low ___

What is the substitution elasticity? . . . . . High X Moderate ___ Low ___

Supply elasticity for affected imports:

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 supply for affected imports? . . 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.--U.S. production of Trifluralin and Ethalfluralin ceased in 1996; the U.S. market for these products is supplied entirely by imports. Italy is the principal import supplier for these products, which are industrial inputs used in the manufacture of formulated pre-emergent herbicides. India was the sole GSP supplier to the U.S. market for Ethalfluralin in 2002.

IV. Competitiveness profile, Argentina

Ranking as a U.S. import supplier, 2002 9

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? . . . . . Yes ___ No X

Is the product an intermediate good used as an input in the production of another good? . . . . . Yes X No ___

Is the product an agricultural or food product? . . . . . Yes ___ No X

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High ___ Moderate ___ Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High ___ Moderate ___ Low ___

What is the substitution elasticity? . . . . . High X Moderate ___ Low ___

Supply elasticity for affected imports:

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 supply for affected imports? . 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.--U.S. production of Trifluralin and Ethalfluralin ceased in 1996; the U.S. market for these products is supplied entirely by imports. Italy is the principal import supplier for these products, which are industrial inputs used in the manufacture of formulated pre-emergent herbicides. Argentina was the sole GSP supplier to the U.S. market for Trifluralin in 2002.

IV. Competitiveness profile, all GSP suppliers

Ranking as U.S. import suppliers, 2002 . . . . . N/A

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers?	Yes ___	No X
Is the product an intermediate good used as an input in the production of another good?	Yes X	No ___
Is the product an agricultural or food product?	Yes ___	No X

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High ___	Moderate ___	Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High ___	Moderate ___	Low ___
What is the substitution elasticity?	High X	Moderate ___	Low ___

Supply elasticity for affected imports:

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 supply for affected imports? . .	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.--U.S. production of Trifluralin and Ethalfluralin ceased in 1996; the U.S. market for these products is supplied entirely by imports. Italy is the principal import supplier for these products, which are industrial inputs used in the manufacture of formulated pre-emergent herbicides. India was the sole GSP supplier to the U.S. market for Ethalfluralin in 2002. Argentina was the sole GSP supplier to the U.S. market for Trifluralin in 2002.

V. Position of interested parties

Petitioner.--The Government of Argentina; Atanor, S.A., a producer of agrochemicals in Argentina; Albaugh, Inc., a U.S. company that owns 60 percent of Atanor; and Milenia Agro Ciencias, S.A., a Brazilian company involved in the synthesis, formulation, and distribution of agrochemicals are the petitioners. The petitioners state that there is no U.S. production of Trifluralin or Ethalfluralin and that U.S. demand is satisfied solely by imports. Albaugh imports Trifluralin in a solid unformulated form from Atanor and, in its U.S. plant, adds solvents and emulsifiers before packaging the product in liquid form for sale in the U.S. market. If GSP treatment is granted for Trifluralin, Albaugh would be able to reduce prices to the U.S. consumer. Milenia Agro Ciencias states that GSP treatment for Ethalfluralin, would allow the company to enter the U.S. market.

Opposition.--DowAgro Sciences LLC (DAS), a U.S. company, is opposed to the petition. DAS stated that Milenia is an internationally competitive company owned by an Israeli firm, Mahkteshim-Agan, which is owned by a diversified holding company, Koor Industries Ltd., and therefore, is not in need of GSP treatment. In addition, DAS stated that global market demand, production, and prices for both Trifluralin and Ethalfluralin are continuing to trend downward and granting the petition will only add to the profit margins of the petitioner. However, DAS states that it does not currently produce these products but imports from Italy. Further, DAS stated that the current tariff rates on both products into Argentina and Brazil are 14 percent and importers into those countries also pay additional taxes. In addition, DAS states that the U.S. rate of duty is relatively low for both products and any further reduction would have little or no impact on the U.S. consumers of the products, mainly farmers.

VI. Summary of probable economic advice-Addition (HTS 2921.43.15)

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VI. Summary of probable economic advice-Addition (HTS 2921.43.80(pt.))

* * * * * * *

Table 1.-Certain toluidines (digest-level): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Italy	28,945	25,325	18,492	18,663	20,258	60.8%
United Kingdom	3,585	4,148	12,669	9,250	7,142	21.4%
Korea	1,011	954	2,604	2,546	2,828	8.5%
Israel	17,857	9,312	9,997	3,904	1,849	5.5%
Germany	4,162	3,262	850	6,004	436	1.3%
China	141	991	1,358	152	343	1.0%
India	122	209	354	161	239	0.7%
Japan	352	182	348	611	162	0.5%
Argentina	5,956	3,378	4,317	3,644	70	0.2%
Belgium	11,405	4,348	2	0	0	0.0%
All other	26,743	19,942	12,969	2,319	0	0.0%
Total	**100,278**	**72,050**	**63,960**	**47,253**	**33,327**	**100.0%**
Total from GSP-eligible nations	**32,610**	**23,360**	**17,636**	**5,972**	**309**	**0.9%**
Export market:						
Germany	3,111	1,368	1,855	1,925	871	21.6%
Denmark	9	597	957	835	797	19.7%
Mexico	1,598	966	1,187	973	693	17.2%
United Kingdom	198	51	534	375	463	11.5%
Japan	902	1,337	678	745	409	10.1%
Belgium	0	15	330	0	309	7.6%
Canada	167	53	43	36	151	3.7%
Brazil	304	119	459	266	135	3.3%
Netherlands	431	231	589	926	63	1.6%
Ireland	37	28	47	29	36	0.9%
All Other	2,147	1,254	830	642	114	2.8%
Total	**8,903**	**6,020**	**7,510**	**6,752**	**4,040**	**100.0%**

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

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

Table 2.-Certain toluidines (2921.43.15): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Italy	17,010	9,677	9,431	12,843	11,912	86.1%
Israel	17,857	9,312	9,997	3,904	1,849	13.4%
Argentina	5,956	3,378	4,317	3,644	70	0.5%
Belgium	0	0	2	0	0	0.0%
Canada	0	0	0	0	0	0.0%
Germany	4	0	0	0	0	0.0%
Guatemala	26,518	19,749	12,962	2,168	0	0.0%
India	0	0	0	0	0	0.0%
Total	**67,344**	**42,115**	**36,709**	**22,559**	**13,831**	**100.0%**
Total from GSP-eligible nations	**32,473**	**23,126**	**17,279**	**5,812**	**70**	**0.5%**
Export market:						
Germany	3,111	1,368	1,855	1,925	871	21.6%
Denmark	9	597	957	835	797	19.7%
Mexico	1,598	966	1,187	973	693	17.2%
United Kingdom	198	51	534	375	463	11.5%
Japan	902	1,337	678	745	409	10.1%
Belgium	0	15	330	0	309	7.6%
Canada	167	53	43	36	151	3.7%
Brazil	304	119	459	266	135	3.3%
Netherlands	431	231	589	926	63	1.6%
Ireland	37	28	47	29	36	0.9%
All Other	2,147	1,254	830	642	114	2.8%
Total	**8,903**	**6,020**	**7,510**	**6,752**	**4,040**	**100.0%**

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

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

Table 3.-Certain toluidines (2921.43.80 (pt.)): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Italy	11,935	15,648	9,060	5,820	8,346	42.8%
United Kingdom	3,585	4,148	12,669	9,250	7,142	36.6%
Korea	1,011	954	2,604	2,546	2,828	14.5%
Germany	4,158	3,262	850	6,004	436	2.2%
China	141	991	1,358	152	343	1.8%
India	122	209	354	161	239	1.2%
Japan	352	182	348	611	162	0.8%
Belgium	11,405	4,348	0	0	0	0.0%
Taiwan	0	26	0	0	0	0.0%
Switzerland	0	2	0	0	0	0.0%
All other	225	166	7	151	0	0.0%
Total	**32,934**	**29,935**	**27,251**	**24,694**	**19,496**	**100.0%**
Total from GSP-eligible nations	**136**	**233**	**357**	**161**	**239**	**1.2%**
Export market:						
Germany	3,111	1,368	1,855	1,925	871	21.6%
Denmark	9	597	957	835	797	19.7%
Mexico	1,598	966	1,187	973	693	17.2%
United Kingdom	198	51	534	375	463	11.5%
Japan	902	1,337	678	745	409	10.1%
Belgium	0	15	330	0	309	7.6%
Canada	167	53	43	36	151	3.7%
Brazil	304	119	459	266	135	3.3%
Netherlands	431	231	589	926	63	1.6%
Ireland	37	28	47	29	36	0.9%
All Other	2,147	1,254	830	642	114	2.8%
Total	**8,903**	**6,020**	**7,510**	**6,752**	**4,040**	**100.0%**

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

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

Monosodium Glutamate (MSG)

I. Introduction

_X_ Addition

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/03)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
		Percent ad valorem	
2922.42.10	Monosodium glutamate	7.0[1]	Yes

[1] This HTS subheading is subject to a staged reduction for normal trade relations duty rates to 6.5% in 2004.

Description and uses.–Monosodium glutamate (MSG) is a water-soluble and alcohol-soluble synthetic organic chemical used exclusively as a food additive. It is produced through a fermentation process; the domestic industry commonly uses molasses as a primary feedstock. It exists at room temperature as a white crystalline powder or small needle-shaped crystals. MSG was initially used as a flavor enhancer in 1908, and by 1970 had grown to become known as the one of the major food chemicals successes of the century. MSG is used extensively by food processors in the context of prepared seasoning blends in a wide range of food products to enhance the food's existing flavors. It is also marketed directly to the consuming public as a "flavor enhancer" to be added to home-prepared foods.

II. U.S. market profile

Profile of U.S. industry and market, 1998-2002

Item	1998	1999	2000	2001	2002
Producers (***number***)	1	1	1	1	1
Employment (***employees***)	***	***	***	***	***
Shipments (***1,000 dollars***)	***	***	***	***	***
Exports (***1,000 dollars***)	940	1,111	1,677	1,030	1,646
Imports (***1,000 dollars***)	34,142	28,410	24,411	27,414	32,678
Consumption (***1,000 dollars***)	***	***	***	***	***
Import-to-consumption ratio (***percent***)	***	***	***	***	***
Capacity utilization (***percent***)	***	***	***	***	***

Comment.--Ajinomoto USA Inc. (owned by Ajinomoto Co., Inc. of Japan) is the only current domestic producer of MSG. Ajinomoto's plant in Eddyville, Iowa, began production in 1993. One other domestic firm, Archer Daniels Midland, produced MSG for a short period (1994-97) at a plant in Southport, North Carolina.

III. GSP import situation, 2002

U.S. imports and share of U.S. consumption, 2002

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	32,678	100	-	***
Imports from GSP countries:				
GSP total	10,512	32	100	***
Indonesia	4,955	15	47	***
Brazil	4,728	15	45	***
Thailand	773	2	7	***
India	45	([1])	([1])	***

[1] Less than 0.5 percent.

Comment.--Total U.S. imports of MSG from GSP-eligible countries declined during 1998-2001, mostly because of declines in imports from Indonesia (1998-2000) and Brazil (1999-2001). However, during 2002, imports from Indonesia and Brazil increased by 49 percent and 33 percent, respectively. Much of the MSG produced in these countries is produced by Ajinomoto subsidiaries, owned by the same parent company as the domestic producer.

IV. Competitiveness profile, Indonesia

Ranking as a U.S. import supplier, 2002 3

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? . . . . . Yes ___ No X

Is the product an intermediate good used as an input in the production of another good? . . . . . Yes X No ___

Is the product an agricultural or food product? . . . . . Yes X No ___

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High X Moderate ___ Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High X Moderate ___ Low ___

What is the substitution elasticity? . . . . . High X Moderate ___ Low ___

Supply elasticity for affected imports:

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

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

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

What is the price elasticity of supply for affected imports? . High ___ Moderate ___ Low X

Price level compared with--

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

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

Quality compared with--

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

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

Comment.–Indonesia is among the largest world producers of MSG. Indonesian exports of MSG primarily supply other Asian markets; the U.S. market accounts for a very small share of Indonesian production. A subsidiary of Ajinomoto of Japan is among the largest of Indonesia's producers of MSG.

IV. Competitiveness profile, Brazil

Ranking as a U.S. import supplier, 2002 4

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers?	Yes ___		No X
Is the product an intermediate good used as an input in the production of another good?	Yes X		No ___
Is the product an agricultural or food product?	Yes X		No ___
What is the aggregate price elasticity of U.S. demand?	High ___	Moderate ___	Low X

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:			
Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High X	Moderate ___	Low ___
What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:			
Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High X	Moderate ___	Low ___
What is the substitution elasticity?	High X	Moderate ___	Low ___

Supply elasticity for affected imports:

Can production in the country be easily expanded or contracted in the short term?	Yes ___		No X
Does the country have significant export markets besides the United States?	Yes X		No ___
Could exports from the country be readily redistributed among its foreign export markets?	Yes ___		No X
What is the price elasticity of supply for affected imports?	High ___	Moderate ___	Low X

Price level compared with--

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

Quality compared with--

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

Comment.–The Brazilian MSG industry has two producers, one of which is a subsidiary of Ajinomoto of Japan. The petitioner is particularly interested in exporting from the Ajinomoto plant in Brazil to the United States presumably to supplant current U.S. imports from other Ajinomoto plants located in non-GSP-eligible nations (Korea and Taiwan).

IV. Competitiveness profile, Thailand

Ranking as a U.S. import supplier, 2002 7

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? . . . . . Yes ___ No X

Is the product an intermediate good used as an input in the production of another good? . . . . . Yes X No ___

Is the product an agricultural or food product? . . . . . Yes X No ___

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High X Moderate ___ Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High X Moderate ___ Low ___

What is the substitution elasticity? . . . . . High X Moderate ___ Low ___

Supply elasticity for affected imports:

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

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

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

What is the price elasticity of supply for affected imports? High ___ Moderate___ Low X

Price level compared with--

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

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

Quality compared with--

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

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

Comment.--A subsidiary of Ajinomoto of Japan is one of Thailand's largest producers of MSG. It is believed that the Thai industry primarily supplies Thai domestic demand and other Asian markets that lack their own MSG production. Thailand exports only a small share of its MSG production to the United States.

IV. Competitiveness profile, all GSP countries

Ranking as a U.S. import supplier, 2002 . . . . . N/A

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers?	Yes ___	No X
Is the product an intermediate good used as an input in the production of another good?	Yes X	No ___
Is the product an agricultural or food product?	Yes X	No ___

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High X	Moderate ___	Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High X	Moderate ___	Low ___
What is the substitution elasticity?	High X	Moderate ___	Low ___

Supply elasticity for affected imports:

Can production in the country be easily expanded or contracted in the short term?	Yes ___	No X
Does the country have significant export markets besides the United States?	Yes X	No ___
Could exports from the country be readily redistributed among its foreign export markets?	Yes ___	No X

What is the price elasticity of supply for affected imports? High ___ Moderate___ Low X

Price level compared with--

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

Quality compared with--

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

Comment.--U.S. imports of MSG from GSP-eligible countries account for about 32 percent of all MSG imports. However, much of the imported MSG is produced by the worldwide subsidiaries of Ajinomoto of Japan.

V. Position of interested parties

Petitioner.--The petitioners, Ajinomoto USA and Ajinomoto Brazil, maintain that both the U.S. product and the product produced in Brazil is less competitive compared with low-priced imports from Taiwan and Korea. According to the petition, the provision of GSP treatment for MSG would allow the average production costs of the Brazilian and the U.S. product that incorporates Brazilian MSG, to approach those of the competing material from Taiwan and Korea, and would allow the sole U.S. producer to maintain the current level of domestic production.

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

VI. Summary of probable economic advice-Addition

* * * * * * *

Table 1.-Monosodium glutamate (MSG): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Korea	11,748	10,201	8,560	9,342	9,633	29.5%
Taiwan	11,164	7,247	6,725	8,612	8,884	27.2%
Indonesia	2,740	2,165	1,805	3,336	4,955	15.2%
Brazil	7,142	7,973	6,166	3,554	4,728	14.5%
France	77	234	208	638	1,550	4.7%
Viet Nam	2	0	0	321	1,207	3.7%
Thailand	433	266	364	972	773	2.4%
Belgium	0	0	179	32	345	1.1%
China	414	60	94	175	233	0.7%
Hong Kong	118	77	99	75	125	0.4%
All other	304	185	211	357	245	0.8%
Total	**34,142**	**28,410**	**24,411**	**27,414**	**32,678**	**100.0%**
Total from GSP-eligible nations	**10,437**	**10,467**	**8,360**	**7,895**	**10,512**	**32.2%**
Export market:						
Mexico	337	282	626	448	728	44.2%
Canada	466	364	386	330	334	20.3%
Korea	0	0	42	0	214	13.0%
Switzerland	32	127	25	119	120	7.3%
Japan	0	6	0	0	75	4.6%
Brazil	3	9	0	0	70	4.3%
Dominican Republic	0	0	0	4	31	1.9%
Malaysia	0	0	0	0	24	1.5%
United Arab Emirates	0	0	0	0	10	0.6%
Panama	15	3	0	0	9	0.5%
All Other	88	321	598	129	31	1.9%
Total	**940**	**1,111**	**1,677**	**1,030**	**1,646**	**100.0%**

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

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

Gold Necklaces and Neck Chains Except of Rope or Mixed Link

I. Introduction

_X_ Competitive-need-limit waiver: Turkey

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/03)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
		Percent ad valorem	
7113.19.29[1]	Necklaces and neck chains or gold (not rope or mixed link)	5.5	Yes

[1] Turkey was proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 7113.19.29, effective July 1, 2001.

Description and uses.--Gold necklaces and neck chains, except of rope or mixed link, are worn for personal adornment. Such gold neck chains are the least intricate of neck chains, as all of the links in the chain are identical and the necklace is not fashioned to look like rope. Necklaces are distinct from neck chains because necklaces are not made exclusively of chain.

II. U.S. market profile

Profile of U.S. industry and market, 1998-2002

Item	1998	1999	2000	2001	2002
Producers (***number***)[1]	2,290	2,290	2,270	2,270	2,270
Employment (***1,000 employees***)	34	33	32	30	30
Shipments (***1,000 dollars***)	**1,600,000	**1,600,000	**1,600,000	**1,600,000	**1,600,000
Exports (***1,000 dollars***)[2]	374,153	524,003	540,286	1,334,748	1,459,789
Imports (***1,000 dollars***)	931,220	932,807	923,769	783,665	829,096
Consumption (***1,000 dollars***)[3]	**2,512,520	**2,506,607	**2,496,769	**2,316,965	**2,356,096
Import-to-consumption ratio (***percent***)	**37	**37	**37	**34	**35
Capacity utilization (***percent***)	75	75	75	74	74

[1] Data shown include producers in the U.S. industry making all types of precious metal jewelry, not just articles classified under HTS 7113.19.29. Because production workers are engaged in the manufacture of a variety of jewelry articles, it is not possible to determine the number of employees engaged in the production of jewelry classified in a single tariff rate line.

[2] U.S. export data are overstated because this HTS subheading includes products not covered in this digest. Actual exports of the products covered in this digest are estimated by the U.S.I.T.C. to be $18.7 million in 1998; $26.2 million in 1999; $27.0 million in 2000; $66.7 million in 2001 and $73.0 million in 2002.

[3] Consumption data are calculated based on the export data presented in footnote number 2.

Comment.--The price of gold on the world market impacts the cost of production and is a chief determinant of the retail price and demand for articles of gold jewelry. Demand is also dependent upon the strength of the economy and overall consumer confidence. Relatively low gold prices combined with the robust U.S. economy and high consumer confidence resulted in stable gold jewelry consumption during 1998-2000. In 2001, the overall downturn in the U.S. economy led to a slowdown in consumption of jewelry. The sharp increase in U.S. exports of gold jewelry in 2001 reflects the demand for such articles as a store of value during times of political and economic uncertainty.

In contrast to trends for the jewelry industry in general, there has been a reduction in the number of companies in the U.S. industry segment producing gold neck chains and necklaces. The more automated manufacturing processes for these products and intense competition have led to a reduction in the number of companies producing gold neck chains and necklaces, with remaining producers likely to be larger, more capitalized, and efficient firms. This industry segment is also characterized by frequent entries and exits by fringe producers.

III. GSP import situation, 2002

U.S. imports and share of U.S. consumption, 2002

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	829,096	100	-	**35
Imports from GSP countries:				
GSP total	185,700	22	100	**9
Turkey	14,103	2	8	**1

Comment.--Turkey is the seventh largest GSP source of U.S. imports of gold necklaces and neck chains, except rope or mixed link. Other GSP-eligible countries, such as India, Thailand, Peru, Bolivia, South Africa, and Indonesia account for small shares of total U.S. imports.

IV. Competitiveness profile, Turkey

Ranking as a U.S. import supplier, 2002 12

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? . . . . . Yes X No ___

Is the product an intermediate good used as an input in the production of another good? . . . . . Yes ___ No X

Is the product an agricultural or food product? . . . . . Yes ___ No X

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High ___ Moderate X Low ___

U.S. producers? . . . . . High ___ Moderate X Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High ___ Moderate X Low ___

What is the substitution elasticity? . . . . . High ___ Moderate X Low ___

Supply elasticity for affected imports:

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 supply for affected imports? 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.--Imports of gold necklaces from Turkey decreased in 2001. Turkey's share of the U.S. market in the past 2 years decreased because of Turkey's loss of GSP-eligibility and competition from other GSP suppliers such as India, Thailand, Zimbabwe, and Bolivia. Italy is the leading source of U.S. imports of gold necklaces. Gold necklaces from Italy are high-quality and fashion-oriented, some U.S. consumers are willing to pay a premium for the "made in Italy" label.

V. Position of interested parties

Petitioner.--Istanbul Metal and Minerals Exports' Association (IMMEA) requests a waiver of the GSP competitive need limit for Turkey on U.S. imports of gold jewelry under HTS 7113.19.29, contending that such a waiver will not adversely affect the U.S. industry. IMMEA stated that U.S. imports of gold jewelry from Turkey should not result in a decline in prices in the U.S. gold jewelry market. Based on the past performance of U.S. jewelry manufacturers, IMMEA stated that continued or expanded imports of gold jewelry from Turkey should pose no threat to the U.S. industry, as U.S. precious metal jewelry manufacturers have experienced an increase in production, employment, and profit margins in the past several years. Reportedly, Turkish exporters will not sell products in the U.S. market at a reduced price that would negatively impact the U.S. producers. IMMEA also indicates that Turkey accounts for a very small share of total U.S. imports of gold jewelry and the competitive-need-limit waiver is needed in order for Turkey's jewelry exporters to improve their profit margins.

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

VI. Summary of probable economic advice-Competitive-need-limit waiver (Turkey)

* * * * * * *

Table 1.-Gold necklaces and neck chains except of rope or mixed link: U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Italy	543,749	565,677	537,196	453,507	477,031	57.5%
Israel	58,921	51,394	49,507	33,359	60,512	7.3%
India	89,263	35,406	26,078	22,729	39,331	4.7%
Thailand	14,416	16,313	25,787	24,817	28,582	3.4%
Peru	9,851	10,378	9,727	18,552	25,021	3.0%
China	2,748	5,306	10,954	16,510	23,686	2.9%
Hong Kong	22,593	23,800	28,729	23,387	22,013	2.7%
France	21,847	10,426	8,861	17,856	16,812	2.0%
Bolivia	9,627	14,728	8,525	7,673	16,084	1.9%
South Africa	5	2,043	9,146	9,185	15,257	1.8%
All other	158,200	197,334	209,259	156,090	104,766	12.6%
Total	**931,220**	**932,807**	**923,769**	**783,665**	**829,096**	**100.0%**
Total from GSP-eligible nations	**223,282**	**218,306**	**235,016**	**187,768**	**185,700**	**22.4%**
Export market:						
Japan	22,511	30,374	30,179	269,799	204,784	14.0%
Switzerland	54,491	55,185	17,891	175,909	173,410	11.9%
Mexico	37,949	89,145	89,372	96,457	166,303	11.4%
Hong Kong	20,130	37,987	30,310	102,204	120,692	8.3%
Canada	73,588	79,910	131,502	109,750	115,800	7.9%
Netherlands Antilles	42,634	59,358	69,513	89,902	113,159	7.8%
Dominican Republic	10,134	19,025	19,006	77,278	90,080	6.2%
United Kingdom	19,688	29,604	22,475	70,453	70,106	4.8%
Italy	8,899	8,981	4,413	30,387	68,637	4.7%
France	9,753	18,146	12,921	72,986	44,041	3.0%
All Other	74,378	96,287	112,704	239,622	292,777	20.1%
Total	**374,153**	**524,003**	**540,286**	**1,334,748**	**1,459,789**	**100.0%**

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

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

Ferrosilicon Chromium

I. Introduction

_X_ Competitive-need-limit waiver: Kazakhstan

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/03)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
		Percent ad valorem	
7202.50.00[1]	Ferrosilicon chromium	10.0	No[2]

[1] Kazakhstan has not been proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 7202.50.00 but anticipates future levels in excess of competitive need limits.

[2] There are other competitive alloys that can be substituted for ferrosilicon chromium as sources of chromium and silicon.

Description and uses.--Ferrosilicon chromium (also known as ferrochrome silicon and silicochrome) is an alloy consisting principally of silicon, chromium, and iron. Ferrosilicon chromium is used primarily as an additive in the production of stainless steel.

II. U.S. market profile

Profile of U.S. industry and market, 1998-2002

Item	1998	1999	2000	2001	2002
Producers (***number***)	0	0	0	0	0
Employment (***1,000 employees***)	0	0	0	0	0
Production (***1,000 dollars***)	0	0	0	0	0
Exports (***1,000 dollars***)[1]	402	243	1,494	92	290
Imports (***1,000 dollars***)[2]	12,498	18,577	10,320	5,909	11,762
Apparent consumption (***1,000 dollars***)[2]	12,097	18,334	26,026	8,017	14,272
Import-to-consumption ratio (***percent***)	103	101	40	74	83
Capacity utilization (***percent***)	([3])	([3])	([3])	([3])	([3])

[1] There is no U.S. production of ferrosilicon chromium; however, there are ferroalloy trading firms in the United States that sell to foreign customers.

[2] Consumption values were derived by adding the value of imports and National Defense Stockpile sales and subtracting the value of exports. Shipments from the National Defense Stockpile were $1,000 in 1998; 0 in 1999; $17.2 million in 2000; $2.2 million in 2001; and $2.8 million in 2002. The ferrosilicon chromium inventory at the National Defense Stockpile was depleted in fiscal year 2002.

[3] Not applicable.

Comment.--There is no domestic production of ferrosilicon chromium. The last domestic producer, SKW Alloys (now CC Metals and Alloys), ceased production of ferrosilicon chromium in 1992. Reduced imports in 2001 reflect the lack of imports from Russia. There were no imports from Russia in 2002; imports

from Kazakhstan replaced the Russian material. Current sources of ferrosilicon chromium are imports and the Defense National Stockpile Center.

III. GSP import situation, 2002

U.S. imports and share of U.S. consumption, 2002

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	11,762	100	-	83
Imports from GSP countries:				
GSP total	11,762	100	100	83
Kazakhstan	11,532	98	98	81

Comment.--Although Russia received a competitive-need-limit waiver in 2000[1], Kazakhstan has been the primary source of imported product since at least 1998. Since 1998, imports from other countries have declined or ceased.

[1]Presidential Proclamation No. 7325 (65 FR 41315, July 3, 2000).

IV. Competitiveness profile, Kazakhstan

Ranking as a U.S. import supplier, 2002 1

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final retail sale to consumers?	Yes ___	No X	
Is the product an intermediate good used as an input in the production of another good?	Yes X	No ___	
Is the product an agricultural or food product?	Yes ___	No X	
What is the aggregate price elasticity of U.S. demand?	High ___	Moderate ___	Low X

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:			
Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High ___	Moderate ___	Low ___
What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:			
Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High ___	Moderate ___	Low ___
What is the substitution elasticity?	High X	Moderate ___	Low ___

Supply elasticity for affected imports:

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 ___	No X	
What is the price elasticity of supply for affected imports?	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.--There is no U.S. production of ferrosilicon chronium. Kazakstan is the primary supplier to the U.S. market.

V. Position of interested parties

Petitioner.--Considar, Inc., the petitioner, is the sole U.S. importer of ferrosilicon chromium from Transnatsionalnaya Kompaniya (Kazchrome) in Kazakhstan; Kazchrome is the sole producer of ferrosilicon chromium in Kazakhstan. Considar states the following reasons justify its request of a competitive-need-limit waiver: (1) there is no U.S. production of ferrosilicon chromium; (2) competitive needs waivers have already been granted to Russia and Zimbabwe; (3) severe fluctuations of imports from other countries, not import surges of Kazakhstan product, have caused imports from Kazakhstan to exceed the competitive needs limits; and (4) Kazakhstan is the only reliable foreign supplier of ferrosilicon chromium to the United States.

Support.--Allegheny Technologies Inc. (ATI), a major U.S. producer of specialty materials including stainless steels, says that it last purchased ferrosilicon chromium domestically in the 1980s from SKW Alloys, the only U.S. producer at that time. ATI says that SKW Alloys ceased ferrosilicon chromium production and no other U.S. company has produced the product since. ATI states that despite relying on alternative alloying agents, such as ferrosilicon, as substitutes, ferrosilicon was not as effective as ferrosilicon chromium in the production of specialty materials. It then began purchasing the product from Russian sources but there have been no imports of ferrosilicon chromium from Russia since August 2000. As a result, ATI relies exclusively on imports from Kazakhstan for all of its ferrosilicon chromium needs. ATI notes that imports from traditional suppliers other than Kazakhstan have fluctuated tremendously throughout the last 4 years and that there are no reliable foreign sources of ferrosilicon chromium other than Kazakhstan. The company states that denial of a competitive-need-limit waiver would have a significant adverse impact on U.S. producers of stainless and specialty steels.

VI. Summary of probable economic advice-Competitive-need-limit waiver (Kazakhstan)

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Table 1.-Ferrosilicon chromium: U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Kazakhstan	4,188	7,865	4,784	3,720	11,532	98.0%
Zimbabwe	1,033	897	1,806	240	230	2.0%
Belgium	3	0	0	0	0	0.0%
Brazil	0	2,360	0	0	0	0.0%
Latvia	3,344	0	0	0	0	0.0%
Romania	12	0	0	0	0	0.0%
South Africa	0	682	703	1,282	0	0.0%
Russia	2,915	6,772	3,027	0	0	0.0%
Lithuania	0	0	0	667	0	0.0%
Canada	6	0	0	0	0	0.0%
All other	996	0	0	0	0	0.0%
Total	**12,498**	**18,577**	**10,320**	**5,909**	**11,762**	**100.0%**
Total from GSP-eligible nations	**11,493**	**18,577**	**10,320**	**5,909**	**11,762**	**100.0%**
Export market:						
Canada	333	190	44	35	214	73.8%
Mexico	58	38	3	43	34	11.7%
Hong Kong	0	3	0	0	32	11.0%
Germany	0	0	0	0	10	3.4%
France	0	0	0	5	0	0.0%
United Kingdom	7	7	11	9	0	0.0%
Venezuela	0	0	0	0	0	0.0%
Sweden	0	0	10	0	0	0.0%
Japan	4	0	0	0	0	0.0%
Netherlands	0	0	1,428	0	0	0.0%
All Other	0	5	0	0	0	0.0%
Total	**402**	**243**	**1,494**	**92**	**290**	**100.0%**

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

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

Ferroniobium (Ferrocolumbium)

I. Introduction

_X_ Addition
_X_ Competitive-need-limit waiver: Brazil[2]

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/03)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
		Percent ad valorem	
7202.93.00	Ferroniobium	5	Yes

Description and uses.--Ferroniobium, also known as ferrocolumbium, contains, by weight, from 60 to 70 percent niobium, more than 4 percent iron, and certain other elements (including tantalum, manganese, silicon, and aluminum) within specified percentage ranges.[3] There are two important grades of ferroniobium depending on the amount of the other elements included: standard grade and vacuum grade. Standard-grade ferroniobium is of lesser purity and is used as an alloying element in steel production. Vacuum-grade ferroniobium is the purer grade and is used as an alloying element in metal, primarily for aerospace applications. The two grades have independent manufacturing processes; neither grade is used as an input in the manufacture of the other. Other materials, such as molybdenum and vanadium in steelmaking and tungsten in aerospace applications, can be theoretically substituted for ferroniobium. However, there would typically be issues of higher cost and/or lesser performance.

[2]A competitive need limit waiver was requested for Brazil for HTS subheading 7202.93.00.

[3]The American Society for Testing and Materials (ASTM) has established standards for three grades of ferroniobium. ASTM, *Standard Specification for Ferrocolumbium*, A 550-78 (Reapproved 1994). Many consumers of ferroniobium use these standards as minimum standards, but modify the specifications according to their production technology and product mix.

II. U.S. market profile

Profile of U.S. industry and market, 1998-2002

Item	1998	1999	2000	2001	2002
Producers (***number***)	2	2	2	2	2
Employment (***1,000 employees***)	([1])	([1])	([1])	([1])	([1])
Shipments (***1,000 dollars***)	([1])	([1])	([1])	([1])	([1])
Exports (***1,000 dollars***)	206	1,112	526	1,260	1,500
Imports (***1,000 dollars***)	68,395	62,170	62,067	61,485	52,462
Consumption (***1,000 dollars***)[2]	**56,572	**53,147	**61,322	**65,308	**71,426
Import-to-consumption ratio (***percent***)	([1])	([1])	([1])	([1])	([1])
Capacity utilization (***percent***)	([1])	([1])	([1])	([1])	([1])

[1] Data unavailable.
[2] Estimate by the U.S. I.T.C., based on U.S. Geological Survey data that may underestimate consumption.

Comment.--There are two known U.S. producers of vacuum-grade ferroniobium; there are no known U.S. producers of standard-grade ferroniobium. Most consumption is of standard-grade ferroniobium. The price of vacuum-grade ferroniobium is about 2.6 times the price of standard-grade ferroniobium.

III. GSP import situation, 2002

U.S. imports and share of U.S. consumption, 2002

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	52,462	100	-	73
Imports from GSP countries:				
GSP total	42,534	81	100	60
Brazil	42,534	81	100	60

Comment.--Brazil was the only GSP supplier in 2002 and has been, by far, the largest foreign supplier of ferroniobium to the United States since 1998. It produces and exports to the United States both standard- and vacuum-grade ferroniobium.

IV. Competitiveness profile, Brazil

Ranking as a U.S. import supplier, 2002 1

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? . . . . . Yes ___ No X

Is the product an intermediate good used as an input in the production of another good? . . . . . Yes X No ___

Is the product an agricultural or food product? . . . . . Yes ___ No X

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High ___ Moderate X Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High ___ Moderate X Low ___

U.S. producers? . . . . . High ___ Moderate X Low ___

What is the substitution elasticity? . . . . . High ___ Moderate X Low ___

Supply elasticity for affected imports:

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 supply for affected imports? 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.--While standard-grade ferroniobium is not made in the United States, there is domestic production of vacuum-grade; therefore, comparisons are estimated for different grades. Most U.S. consumption is of the standard-grade.

IV. Competitiveness profile, all GSP suppliers

Ranking as a U.S. import supplier, 2002 . . . . . N/A

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? . . . . . Yes ___ No X

Is the product an intermediate good used as an input in the production of another good? . . . . . Yes X No ___

Is the product an agricultural or food product? . . . . . Yes ___ No X

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High ___ Moderate X Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High ___ Moderate X Low ___

U.S. producers? . . . . . High ___ Moderate X Low ___

What is the substitution elasticity? . . . . . High ___ Moderate X Low ___

Supply elasticity for affected imports:

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 supply for affected imports? 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.--While standard-grade ferroniobium is not made in the United States, there is domestic production of vacuum-grade; therefore, comparisons are estimated for different grades. Most U.S. consumption is of the standard-grade.

V. Position of interested parties

Petitioner.--Cia Brasileiro de Metalurgia e Mineracal (CBMM), a producer of niobium products, including ferroniobium, in Brazil, and Reference Metals Co., Inc. (Reference), a subsidiary of CBMM that imports and distributes niobium products produced by CBMM, requests the addition of standard-grade ferroniobium to the GSP and a competitive-need-limit waiver for Brazil, stating that standard-grade ferroniobium is not produced in the United States. The petitioner states that the United States is the only specialty steel manufacturing country that imposes an import duty on ferroniobium. Imports into Canada, Mexico, the EC, and China are duty free, and the 2-percent import duty imposed by Japan is scheduled to be reduced to zero within a few months. U.S. imports from Canada are duty free; therefore, duty-free treatment of imports from Brazil would enable Brazil to compete on an equal footing with Canada in the United States. Since Brazil already accounts for the great majority of ferroniobium imports into the United States, absent a competitive-need-limit waiver, Brazilian product would be ineligible for participation in the GSP program.

Support.--Allegheny Technologies, Inc. (ATI), a U.S. producer of specialty materials including stainless steel, tool steel, nickel-based superalloys, and titanium-based alloys, notes that it is a significant purchaser and end-user of standard grade ferroniobium and has, for a long time, purchased all of its standard grade ferroniobium from Brazil through Reference. The company states that granting duty-free treatment and a competitive-need-limit waiver to imports of standard-grade ferroniobium from Brazil would not have an adverse impact on any industry in the United States and would provide significant benefits to ATI and other U.S. producers by lowering their costs for raw material inputs.

AK Steel Corp. (AK Steel) a U.S. steel manufacturer, notes that because standard-grade ferroniobium is not produced in the United States, AK Steel and other U.S. steel producers must rely entirely on imports of this product to meet their demands. AK Steel states that the domestic steel industry is adversely affected by the current customs duty status of standard-grade ferroniobium and would benefit from the elimination of the 5-percent duty. A waiver of the competitive need limit on imports from Brazil is necessary in order to ensure the continuation of this benefit. AK Steel also states that Reference intends to pass the benefits of a duty reduction through to its customers, which will reduce the cost of standard-grade ferroniobium and thereby reduce the cost of producing certain steel products.

Nucor Corp., Corus Tuscaloosa, and Chaparral Steel, all U.S. steel producers, say that they purchase standard-grade ferroniobium from Reference and support duty-free treatment for the standard-grade ferroniobium it imports from Brazil. They state that the United States is the only industrial country to impose a duty on imported ferroniobium and claim that duty-free treatment for this product will help lower their cost of raw material inputs and help them sustain global competitiveness. These companies state that as there are no U.S. suppliers of standard-grade ferroniobium, no U.S. industry will be adversely affected by this action.

Opposition.--Reading Alloys (Reading), a U.S. producer of vacuum-grade ferroniobium, states it would be harmed if imports of ferroniobium from Brazil are given duty-free treatment. Reading purchases niobium oxide (a major input in their vacuum-grade ferroniobium production) from CBMM and is dependent on CBMM for its niobium oxide supply because CBMM is the largest producer in the world. This U.S. producer stated that the two largest U.S. importers of vacuum-grade ferroniobium, Reference and Gesellshaft fur Elektrometallurgie (Germany), began lowering their U.S. prices for vacuum-grade ferroniobium in 2000, while Reference refused to commensurately lower its price of niobium oxide sold to Reading. According to submissions, the effect has been to make it difficult for Reading to compete in the U.S. market for vacuum-grade ferroniobium. Also, Reading stated that granting duty-free treatment to imports from Brazil will damage U.S. national security by making the United States more dependent on a single country, Brazil, for a material critical to our aerospace industry. Granting the petitioner's request of duty-free treatment only for imports of standard-grade ferroniobium would also be harmful, because according to Reading, a foreign producer of both grades could declare vacuum-grade ferroniobium as steel-grade ferroniobium to avoid the duty and then, once

the product was in the United States, the product could be certified as vacuum-grade. Reading feels that there is no practical way for the U.S. Customs Service to differentiate steel-grade ferroniobium from vacuum-grade ferroniobium; Customs must rely on the exporters' grade certification.

VI. Summary of probable economic advice-Addition and Competitive-need-limit waiver (Brazil)

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VI. Summary of probable economic advice-Addition and Competitive-need-limit waiver (Brazil)

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Table 1.-Ferroniobium (Ferrocolumbium): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Brazil	57,487	51,967	50,518	51,918	42,534	81.1%
Canada	7,667	9,441	9,646	7,633	9,690	18.5%
Germany	0	762	901	769	141	0.3%
France	3,192	0	1,002	1,165	97	0.2%
Belgium	38	0	0	0	0	0.0%
China	0	0	0	0	0	0.0%
Japan	0	0	0	0	0	0.0%
United Kingdom	11	0	0	0	0	0.0%
Total	**68,395**	**62,170**	**62,067**	**61,485**	**52,462**	**100.0%**
Total from GSP-eligible nations	**57,487**	**51,967**	**50,518**	**51,918**	**42,534**	**81.1%**
Export market:						
United Kingdom	0	195	96	527	712	47.5%
Canada	6	26	22	308	569	37.9%
Mexico	41	847	408	116	216	14.4%
Taiwan	0	0	0	3	3	0.2%
Australia	0	0	0	25	0	0.0%
Germany	159	0	0	0	0	0.0%
Venezuela	0	0	0	0	0	0.0%
Italy	0	0	0	192	0	0.0%
Netherlands	0	0	0	90	0	0.0%
Korea	0	0	0	0	0	0.0%
All Other	0	43	0	0	0	0.0%
Total	**206**	**1,112**	**526**	**1,260**	**1,500**	**100.0%**

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

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

Copper Kitchen Tableware

I. Introduction

X Competitive-need-limit waiver: India

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/03)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
		Percent ad valorem	
7418.19.10[1]	Copper table, kitchen or other household articles and parts thereof, coated or plated with precious metals	3.0	Yes
7418.19.50[2]	Other copper table, kitchen or other household articles and parts thereof, not coated or plated with precious metals and not made of copper-zinc base alloys (brass)	3.0	Yes

[1] India was granted a competitive-need-limit waiver for HTS subheading 7418.19.10 in June 2001.

[2] India has not been proclaimed by the President as non-eligible for GSP treatment under HTS subheading 7418.19.50 but anticipates future levels in excess of competitive need limits.

Description and uses.--HTS subheading 7418.19.10 covers assorted household articles made of copper and coated with precious metal, and HTS subheading 7418.19.50 includes those not coated with precious metal and excludes those made of copper-zinc base alloys (brass).[4] These articles include, but are not limited to, items such as copper napkin rings, incense holders, buckets, boxes, baskets, switch plates, serving dishes, and ash trays. Copper metals are selected in household products because of their superior combination of appearance, quality, image, design factors, physical and mechanical properties, and long service life.

[4]Gold and silver are the most common precious metals used to be plated over copper, although it is possible to use other precious metals.

II. U.S. market profile

Profile of U.S. industry and market, 1998-2002

Item	1998	1999	2000	2001	2002
Producers (***number***)	**3,500	**3,520	**3,720	**3,900	**4,060
Employment (***1,000 employees***)	84	84	88	88	88
Shipments (***1,000 dollars***)[1]	11,900	12,300	12,980	13,450	13,980
Exports (***1,000 dollars***)[2]	4,461	4,636	5,207	4,052	2,845
Imports (***1,000 dollars***)	28,692	35,436	36,928	39,257	34,885
Consumption (***1,000 dollars***)	36,131	43,100	44,701	48,655	46,020
Import-to-consumption ratio (***percent***)	79	82	83	81	76
Capacity utilization (***percent***)	([3])	([3])	([3])	([3])	([3])

[1] Data represent industries producing plated ware using all types of metals for the base, not exclusively copper; therefore, data are overstated.

[2] Export data are overstated as the Schedule B subheadings include a significant number of additional items not included in the subject HTS subheadings.

[3] Not available.

Comment.--Only a small portion of the copper household articles made by the U.S. industry is plated with precious metal as compared with products of India. For the most part, domestic household articles (including those plated with precious metal) tend to be made from higher-quality copper and thus are often higher priced than imported products, and may be sold to different segments of the U.S. market. According to industry sources, the price and quality of copper products are affected by weight and finish. An item made of high-quality copper has a heavier and more mirror-like finish when compared with an item of lower-quality copper, which is lighter in weight and distorts reflected images. The copper household articles market is tied to decorating preference and style-based articles. According to industry sources, the demand for copper household articles has contracted, as alternatives such as brass, nickel, or iron, have become more fashionable.

III. GSP import situation, 2002

U.S. imports and share of U.S. consumption, 2002

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	34,885	100	-	76
Imports from GSP countries:				
GSP total	17,293	50	100	38
India	14,440	41	84	31

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

Comment.--Craftsmen and artisans in India traditionally have plated copper household articles with gold and other precious metals to make statuary and household articles plated or coated with precious metals. The combination of skilled workmanship and low labor costs gives producers in India a competitive advantage in the U.S. market over other global suppliers of lower-quality copper household articles plated with precious metals. China and Thailand have been increasing their presence in the U.S. market, while Indonesia's share of the total U.S. import market is decreasing. Foreign suppliers vary in size, with a few large companies and many smaller producers. Gold- or silver-plated copper household articles produced in India typically are not substituted for the U.S. products.

IV. Competitiveness profile, India

Ranking as a U.S. import supplier, 2002 1

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? . . . . . Yes X No ___

Is the product an intermediate good used as an input in the production of another good? . . . . . Yes ___ No X

Is the product an agricultural or food product? . . . . . Yes ___ No X

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High ___ Moderate ___ Low X

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High ___ Moderate ___ Low X

What is the substitution elasticity? . . . . . High ___ Moderate ___ Low X

Supply elasticity for affected imports:

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 supply for affected imports? 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.--U.S. imports from India have a high price elasticity owing to the substitutability of gold- and silver-plated copper household products and because these products are discretionary items. Supply from India is moderately price elastic as goods currently exported to the European market could be shifted to the U.S. market.

V. Position of interested parties

Petitioner.--The Government of India requests a competitive-need-limit waiver for HTS subheading 7418.19.50. The petitioner states that U.S. imports from India will likely exceed $16 million and 50 percent of total U.S. imports in the future. The subject products are being produced by crafts-persons and artisans in a small cottage industry in rural India. The petitioner claims that this production is the only source of income for the vast majority of these craft-persons and artisans. In addition, the most important component of the articles, raw metals and metal scrap, are mostly imported from the United States.

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

VI. Summary of probable economic advice-Competitive-need-limit waiver (HTS 7418.19.10) (India)

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VI. Summary of probable economic advice-Competitive-need-limit waiver (HTS 7418.19.50) (India)

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Table 1.-Copper kitchen tableware (digest-level): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
India	11,343	14,920	14,949	14,585	14,440	41.4%
China	5,278	7,436	9,376	10,356	6,712	19.2%
France	2,065	2,840	2,396	2,199	2,956	8.5%
Korea	1,130	1,455	546	1,703	2,401	6.9%
Taiwan	1,487	940	1,150	1,381	1,728	5.0%
Italy	1,471	2,084	1,388	1,134	1,350	3.9%
Thailand	962	561	966	1,208	1,052	3.0%
Indonesia	756	860	763	833	726	2.1%
United Kingdom	1,178	724	905	998	726	2.1%
Turkey	432	303	717	694	576	1.7%
All other	2,589	3,314	3,771	4,169	2,219	6.4%
Total	**28,692**	**35,437**	**36,928**	**39,257**	**34,885**	**100.0%**
Total from GSP-eligible nations	**13,920**	**17,124**	**18,331**	**18,101**	**17,293**	**49.6%**
Export market:						
Canada	1,191	997	1,024	2,118	1,558	54.8%
Thailand	32	0	17	81	189	6.6%
Colombia	23	39	24	43	151	5.3%
Mexico	24	92	139	124	114	4.0%
Philippines	10	12	141	151	100	3.5%
Netherlands Antilles	0	0	12	6	87	3.1%
United Kingdom	190	169	215	112	75	2.6%
Korea	38	19	0	3	65	2.3%
Guatemala	70	6	0	16	36	1.3%
Bermuda	8	0	0	5	33	1.2%
All Other	2,875	3,302	3,635	1,394	436	15.3%
Total	**4,461**	**4,636**	**5,207**	**4,052**	**2,845**	**100.0%**

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

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

Table 2.-Copper kitchen tableware (7418.19.10): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
India	5,909	8,328	7,778	6,027	5,566	59.8%
China	3,416	3,766	4,263	2,309	1,471	15.8%
Indonesia	662	736	689	786	593	6.4%
Canada	638	719	621	459	396	4.3%
Italy	379	642	519	151	319	3.4%
France	195	290	342	176	311	3.3%
United Kingdom	240	216	222	246	206	2.2%
Argentina	104	116	271	152	125	1.3%
Hong Kong	265	227	239	612	90	1.0%
Mexico	12	43	113	121	48	0.5%
All other	413	234	358	232	181	1.9%
Total	**12,234**	**15,316**	**15,413**	**11,271**	**9,306**	**100.0%**
Total from GSP-eligible nations	**6,757**	**9,250**	**8,820**	**6,988**	**6,325**	**68.0%**
Export market:						
Canada	1,191	997	1,024	2,118	1,558	54.8%
Thailand	32	0	17	81	189	6.6%
Colombia	23	39	24	43	151	5.3%
Mexico	24	92	139	124	114	4.0%
Philippines	10	12	141	151	100	3.5%
Netherlands Antilles	0	0	12	6	87	3.1%
United Kingdom	190	169	215	112	75	2.6%
Korea	38	19	0	3	65	2.3%
Guatemala	70	6	0	16	36	1.3%
Bermuda	8	0	0	5	33	1.2%
All Other	2,875	3,302	3,635	1,394	436	15.3%
Total	**4,461**	**4,636**	**5,207**	**4,052**	**2,845**	**100.0%**

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

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

Table 3.-Copper kitchen tableware (7418.19.50): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
India	5,434	6,592	7,172	8,557	8,874	34.7%
China	1,862	3,670	5,113	8,047	5,241	20.5%
France	1,870	2,550	2,055	2,023	2,646	10.3%
Korea	1,110	1,446	536	1,703	2,401	9.4%
Taiwan	1,396	919	1,042	1,294	1,689	6.6%
Thailand	962	561	964	1,208	1,052	4.1%
Italy	1,092	1,442	869	983	1,031	4.0%
Turkey	432	303	717	694	576	2.3%
United Kingdom	938	508	682	752	520	2.0%
Portugal	352	1,047	743	996	311	1.2%
All other	1,009	1,083	1,622	1,729	1,239	4.8%
Total	**16,458**	**20,120**	**21,515**	**27,986**	**25,579**	**100.0%**
Total from GSP-eligible nations	**7,163**	**7,873**	**9,511**	**11,114**	**10,968**	**42.9%**
Export market:						
Canada	1,191	997	1,024	2,118	1,558	54.8%
Thailand	32	0	17	81	189	6.6%
Colombia	23	39	24	43	151	5.3%
Mexico	24	92	139	124	114	4.0%
Philippines	10	12	141	151	100	3.5%
Netherlands Antilles	0	0	12	6	87	3.1%
United Kingdom	190	169	215	112	75	2.6%
Korea	38	19	0	3	65	2.3%
Guatemala	70	6	0	16	36	1.3%
Bermuda	8	0	0	5	33	1.2%
All Other	2,875	3,302	3,635	1,394	436	15.3%
Total	**4,461**	**4,636**	**5,207**	**4,052**	**2,845**	**100.0%**

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

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

Titanium Sponge

I. Introduction

_X_ Addition
_X_ Competitive-need-limit waiver: Kazakhstan[5]

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/03)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
		Percent ad valorem	
8108.20.0010	Titanium sponge	15.0	Yes

Description and uses.--Titanium sponge is a porous, brittle form of titanium, a highly ductile metal with a high strength-to-weight ratio. Sponge is an intermediate product used to produce titanium ingot, which in turn is used to make slab, billet, bar, plate, sheet, and other titanium mill products. Because of their high strength-to-weight ratio, titanium mill products and their alloys are widely used in both aerospace and non-aerospace applications.

II. U.S. market profile

Profile of U.S. industry and market, 1998-2002

Item	1998	1999	2000	2001	2002
Producers (***number***)	2	2	2	2	1
Employment (***number***)[1]	300	300	300	300	300
Shipments (***1,000 dollars***)[2]	***	***	***	***	***
Exports (***1,000 dollars***)	1,856	5,745	11,384	13,816	17,624
Imports (***1,000 dollars***)	82,751	42,178	49,911	86,227	72,239
Consumption (***1,000 dollars***)	***	***	***	***	***
Import-to-consumption ratio (***percent***)	***	***	***	***	***
Capacity utilization (***percent***)	([3])	([3])	([3])	([3])	([3])

[1] Data are for the total unwrought titanium industry.
[2] ***
[3] Not available.

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

Comment.–Since 1998, U.S. domestic production of titanium sponge has been adversely affected by low prices for titanium sponge, the presence of low-cost imports of sponge, and production declines in the U.S.

[5]A competitive-need-limit-waiver was requested for Kazakhstan for HTS subheading 8108.20.0010.

commercial aerospace market. Allegheny Technologies Inc. ceased sponge production in early 2001, leaving Titanium Metals Corp. (TIMET) as the sole remaining U.S. producer. U.S. demand for titanium sponge declined beginning in the late 1990s due to production declines in the commercial aerospace market. U.S. producers of titanium ingots, the major consumers of sponge, have decreased U.S. titanium sponge purchases during this period and have met their demand for sponge needs through imports in an effort to remain price competitive in the ingot market. In addition to producing titanium sponge, TIMET also has an agreement with Kazakhstan to purchase 6,000-10,000 metric tons of sponge annually. Virtually all of the sponge that TIMET produces is consumed internally. The principal sources of sponge imports in 2002 were Kazakhstan (50 percent) and Japan (45 percent)

III. GSP import situation, 2002

U.S. imports and share of U.S. consumption, 2002

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	72,239	100	-	***
Imports from GSP countries:				
GSP total	39,008	54	100	***
Kazakhstan	36,436	50	94	***
Russia	2,571	4	7	***

Comment.--U.S. imports from GSP-eligible countries decreased from $57 million in 1998 to $39 million in 2002. Kazakhstan was the leading GSP supplier in 2002, accounting for 94 percent of total GSP imports. Imports from Kazakhstan increased from $6 million in 1998 to $36 million in 2002. Imports from Russia, the second-leading GSP supplier in 2002, declined 95 percent during 1998-2002 to under $3 million.

IV. Competitiveness profile, Kazakhstan

Ranking as a U.S. import supplier, 2002	1		
Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):			
Is the product a finished product for final sale to consumers?	Yes ___	No X	
Is the product an intermediate good used as an input in the production of another good?	Yes X	No ___	
Is the product an agricultural or food product?	Yes ___	No X	
What is the aggregate price elasticity of U.S. demand?	High ___	Moderate X	Low ___
Substitution elasticity:			
What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:			
Imports from other suppliers?	High ___	Moderate X	Low ___
U.S. producers?	High ___	Moderate X	Low ___
What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:			
Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High X	Moderate ___	Low ___
What is the substitution elasticity?	High X	Moderate ___	Low ___
Supply elasticity for affected imports:			
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 supply for affected imports?	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.--U.S. imports of titanium sponge from Kazakhstan began in 1996. Industry sources indicate that the sole sponge producer and exporter to the United States is Joint Stock Company (JSC) Ust-Kamenogorsk Titanium and Magnesium Plant (UKTMP), a majority-privatized company, in which the Government of Kazakhstan holds a minority interest. According to these sources, UKTMP titanium sponge is qualified by aircraft manufacturers to be used as a raw material for U.S. aerospace engine parts. However, for use in certain specialized aerospace applications, such as rotating engine parts, the Kazakh material is not yet qualified due to insufficient technical capacity to produce these higher-quality items. Kazakhstan's annual production capacity for titanium sponge is estimated at 25,000 metric tons. UKTMP's production of titanium sponge declined from 17,000 metric tons in 1998 to 8,000 metric tons in 2000 before rising to 14,000 metric tons in 2002, or 57 percent of its capacity. Kazakhstan represented 19 percent of world sponge production in

2002, and exports virtually all of its production of sponge. The United States its largest single customer, accounting for 42 percent of export sales.

IV. Competitiveness profile, Russia

Ranking as a U.S. import supplier, 2002 3

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? . . . . . Yes ___ No X

Is the product an intermediate good used as an input in the production of another good? . . . . . Yes X No ___

Is the product an agricultural or food product? . . . . . Yes ___ No X

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High X Moderate ___ Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High X Moderate ___ Low ___

What is the substitution elasticity? . . . . . High X Moderate ___ Low ___

Supply elasticity for affected imports:

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 supply for affected imports? . . . 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.--Russia emerged as a major supplier of titanium sponge to the United States during the early 1990s, due largely to strong U.S. demand for titanium. Verkhnesaldinsky Metallurgical Production Association (VSMPO), Avisma Magnesium Titanium Works, and JSC All-Russia Light Alloys Institut (VILS) were the only known Russian producers of titanium sponge during this period. In 2001, VSMPO became a majority owner of Avisma. As a result, Avisma did not export to the United States in 2002, dedicating all of its sponge production to VSMPO. Avisma has capacity to produce nearly 20,000 metric tons of titanium sponge annually.

IV. Competitiveness profile, all GSP suppliers

Ranking as a U.S. import supplier, 2002 . . . . . N/A

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? . . . . . Yes ___ No X

Is the product an intermediate good used as an input in the production of another good? . . . . . Yes X No ___

Is the product an agricultural or food product? . . . . . Yes ___ No ___

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High X Moderate ___ Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High X Moderate ___ Low ___

What is the substitution elasticity? . . . . . High X Moderate ___ Low ___

Supply elasticity for affected imports:

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 supply for affected imports? . . . . 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.–Other than Kazakhstan and Russia, no other GSP-eligible nation exported titanium sponge to the United States in 2002.

V. Position of interested parties

Petitioner.--JSC Ust-Kamenogorsk Titanium and Magnesium Plant (UKTMP), a producer of titanium sponge in Kazakhstan submitted a petition to have titanium sponge designated as eligible for duty-free entry under GSP. UKTMP also requests a waiver of competitive need limit if imports of titanium sponge from Kazakhstan are shown to exceed limitations. UKTMP has been building a broader customer base in the U.S. market and contends that the 15-percent U.S. duty imposed on titanium sponge poses a significant barrier for UKTMP sponge and an additional cost for U.S. purchasers of of UKTMP sponge. In addition, the petitioner states that the U.S. duty places UKTMP at a disadvantage relative to sponge producers in Japan because it provides a disincentive for U.S. sponge purchasers to make the investment necessary in Kazakhstan to qualify UKTMP sponge for use in the manufacture of a broad range of rotating parts in aerospace engines for which producers in Japan are qualified. Finally, UKTMP claims that GSP treatment would address the structural shortage of titanium sponge in the U.S. market and improve the competitiveness of non-integrated U.S. producers, since the sole U.S. sponge producer is unable to satisfy U.S. sponge demand.

The Government of the Republic of Kazakhstan submitted a petition requesting that titanium sponge be designated as eligible for duty-free entry under GSP. According to the Embassy, such designation would enable UKTMP to compete effectively with aerospace engine rotating part-qualified sponge from Japan and would make purchase of U.S. titanium mill products manufactured from Kazakh sponge an attractive alternative to purchase of mill products from other producers receiving GSP benefits.

Support.--Allegheny Technologies Incorporated (ATI), a major U.S. producer of speciality materials, including wrought titanium-based alloys, supports the petitions of the Republic of Kazakhstan and UKTMP to add titanium sponge to the list of GSP-eligible articles and supports a waiver of competitive need limits if required. According to ATI, the only U.S. producer of sponge, Titanium Metals Corporation (TIMET) has insufficient capacity to meet the demand of the U.S. wrought products industry for sponge. The granting of the Kazakhstan petition will significantly improve the competitiveness of U.S. wrought titanium producers, as well as the competitiveness of downstream customers in the aerospace and non-aerospace sectors. According to ATI, the company is faced with a situation of tariff inversion. While ATI's fundamental raw material input, titanium sponge, is subject to a 15-percent import duty, its main foreign competitor in wrought products, VSMPO (a Russian producer), ships its products to the United States duty free because of the GSP status of wrought titanium products.

RTI International Metals (RTI), a major U.S. manufacturer of titanium ingot, wrought titanium products, and other titanium products, supports the petition by the Republic of Kazakhstan for GSP eligibility for titanium sponge. According to RTI, the sole U.S. producer of sponge lacks the capacity to supply the U.S. sponge-consuming industry. As a non-integrated titanium products producer, RTI faces a tariff inversion. Its central raw material input, titanium sponge, is subject to a 15-percent duty while the largest producer of wrought titanium products in the world, VSMPO, can ship wrought titanium to the United States duty free under the GSP.

Opposition.--Titanium Metals Corporation (TIMET), the only U.S. producer of titanium sponge, opposes the petitions asking that titanium sponge be added to the list of articles eligible for duty-free entry into the United States under the GSP, and is also opposed to a waiver of competitive need limits with respect to sponge from Kazakhstan. TIMET contends that UKTMP has achieved a dominant position in the U.S. titanium sponge market while U.S. titanium sponge production capacity has declined 70 percent since 1990, and that both RTI and ATI have ceased producing sponge because labor and other production costs in the former Soviet states are much lower than comparable costs in the United States. During the past few years, U.S. imports of sponge from Kazakhstan have steadily risen despite declines in U.S. consumption of sponge.

VI. Summary of probable economic advice-Addition

* * * * * * *

VI. Summary of probable economic advice-Competitive-need-limit waiver (Kazakstan)

* * * * * * *

Table 1.-Titanium sponge: U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Kazakhstan	5,663	5,536	13,522	34,444	36,436	50.4%
Japan	25,267	17,492	29,227	38,559	32,811	45.4%
Russia	50,848	16,460	6,781	11,799	2,571	3.6%
Germany	0	0	0	893	272	0.4%
United Kingdom	191	2,205	0	0	92	0.1%
Ukraine	0	302	130	182	53	0.1%
China	536	0	0	107	4	0.0%
Belgium	0	113	0	195	0	0.0%
Finland	0	0	0	0	0	0.0%
Netherlands	0	69	0	48	0	0.0%
All other	246	0	251	0	0	0.0%
Total	**82,751**	**42,178**	**49,911**	**86,227**	**72,239**	**100.0%**
Total from GSP-eligible nations	**56,511**	**21,997**	**20,303**	**46,243**	**39,008**	**54.0%**
Export market:						
United Kingdom	646	4,854	9,059	12,372	11,956	67.8%
Korea	643	0	0	101	2,181	12.4%
Belgium	0	85	0	0	2,086	11.8%
Japan	135	0	281	94	558	3.2%
Canada	70	187	1,177	427	259	1.5%
Italy	0	0	28	93	104	0.6%
Kuwait	0	0	0	0	73	0.4%
Mexico	3	194	584	74	70	0.4%
Taiwan	0	0	0	56	68	0.4%
Hong Kong	4	0	3	28	67	0.4%
All Other	356	425	253	571	202	1.1%
Total	**1,856**	**5,745**	**11,384**	**13,816**	**17,624**	**100.0%**

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

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

Wrought Titanium Metal, Including Bars, Rods, Plates, Sheets, Tubes, Pipes, etc.

I. Introduction

_X_ Removal: Russia

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/03)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
		Percent ad valorem	
8108.90.60	Wrought titanium metal (including bars, rods, plates, sheets, tubes, pipes, etc.)	15.0	Yes

Description and uses.--Wrought titanium metal includes finished titanium mill products, that are converted into finished components for certain end-use products. Titanium combines the properties of light weight, high strength-to-weight ratios, durability, and resistance to corrosion and high temperatures. Titanium alloys are particularly suitable for aerospace applications, where they are used in gas turbine engine components such as fan blades, compressor blades, discs, hubs, and numerous rotating parts. Non-aerospace applications include sporting goods (golf shafts, bicycle frames), automotive parts (mufflers, valves, lifters), oil field machinery (parts for drilling rigs), power generation equipment (heat exchangers, condensers, and steam turbine components), and medical devices or goods (eyeglass frames and prostheses).

II. U.S. market profile

Profile of U.S. industry and market, 1998-2002

Item	1998	1999	2000	2001	2002
Producers (***number***)[1]	30	30	30	30	30
Employment (***1,000 employees***)	([2])	([2])	([2])	([2])	([2])
Shipments (***1,000 dollars***)[3]	690,000	550,000	470,000	600,000	420,000
Exports (***1,000 dollars***)	282,819	238,321	253,025	263,416	243,545
Imports (***1,000 dollars***)	61,228	56,298	43,074	54,566	43,324
Consumption (***1,000 dollars***)	468,409	367,977	260,049	391,150	219,779
Import-to-consumption ratio (***percent***)	13	15	17	14	20
Capacity utilization (***percent***)	([2])	([2])	([2])	([2])	([2])

[1] Estimated by U.S. Geological Survey.
[2] Not available.
[3] Estimated by the U.S.I.T.C.

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

Comment.--During 1998-2002, U.S. shipments and consumption of wrought titanium metal declined by 39 percent and 53 percent, respectively, due to weak aerospace demand for titanium following record demand for titanium during the early 1990s. Falling demand for titanium largely reflected declines in new

orders for commercial jets beginning in the late 1990s. U.S. imports declined 29 percent to $43 million in 2002. Russia and Japan remained the principal foreign suppliers of wrought titanium during this period, accounting for 48 percent and 27 percent, respectively, of imports in 2002.

III. GSP import situation, 2002

U.S. imports and share of U.S. consumption, 2002

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	43,324	100	-	20
Imports from GSP countries:				
GSP total	20,863	48	100	9
Russia	20,709	48	99	9
Czech Republic	124	([1])	1	([1])
Argentina	20	([1])	([1])	([1])
Poland	11	([1])	([1])	([1])

[1] Less than 0.5 percent.

Comment.--The principal sources for U.S. imports during 2002 were Russia (48 percent) and Japan (27 percent). Imports from GSP-eligible countries decreased from $27 million in 1998 to $21 million in 2002, with Russia supplying nearly all GSP imports in 2002. In 2002, the import-to-consumption ratio for imports from GSP-eligible nations was 9 percent.

IV. Competitiveness profile, Russia

Ranking as a U.S. import supplier, 2002 1

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? . . . . . Yes ___ No X

Is the product an intermediate good used as an input in the production of another good? . . . . . Yes X No ___

Is the product an agricultural or food product? . . . . . Yes ___ No X

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High ___ Moderate X Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High X Moderate ___ Low ___

What is the substitution elasticity? . . . . . High X Moderate ___ Low ___

Supply elasticity for affected imports:

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 supply for affected imports? High X Moderate___ Low ___

Price level compared with--

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

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

Quality compared with--

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

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

Comment.--In recent years, Russia has emerged as a major supplier of wrought titanium metal to the United States, largely due to strong demand for titanium. Verkhnesaldinsky Metallurgical Production Association (VSMPO) and JSC All-Russia Light Alloys Institut (VILS) are the only known Russian producers of wrought titanium metal. VSMPO accounts for at least 95 percent of Russian titanium production. Approximately 80 percent of Russian production is exported. Total annual production capacity for titanium mill products in Russia has been variously estimated at between *** and *** metric tons. VSMPO's titanium is qualified by aerospace manufacturers for use in jet engines, and VSMPO is seeking to qualify its billet for use in aerospace rotating parts.

Boeing and VSMPO have signed an agreement for the joint development of new titanium technology and alloys. VSMPO supplies titanium products to both Boeing and Airbus Industrie, the largest producers of civil and transport aircraft in the world. In 2001, VSMPO signed an agreement to supply 70 percent of Airbus Industrie's titanium needs over 5 years and is currently Boeing's second-largest titanium supplier. VILS exports to the United States are regarded as minimal relative to exports from VSMPO.

IV. Competitiveness profile, all GSP suppliers

Ranking as a U.S. import supplier, 2002 . . . . . N/A

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? . . . . . Yes ___ No X

Is the product an intermediate good used as an input in the production of another good? . . . . . Yes X No ___

Is the product an agricultural or food product? . . . . . Yes ___ No X

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High ___ Moderate X Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High X Moderate ___ Low ___

What is the substitution elasticity? . . . . . High X Moderate ___ Low ___

Supply elasticity for affected imports:

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 supply for affected imports? 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.--Czech Republic, Argentina, and Poland supplied minor amounts of wrought titanium to the United States in 2002, together accounting for less than 1 percent of total GSP imports. These countries are not believed to have sufficient titanium capacity to supply large amounts of wrought titanium to the United States.

V. Position of interested parties

Petitioner.--Titanium Metals Corporation (TIMET), an integrated U.S. producer of wrought titanium products, states that continued extension of GSP benefits to the Russian titanium industry is contrary to the statutory purposes of the GSP program. The GSP program is designed to assist developing foreign industries that need a competitive edge to compete effectively in the U.S. market. TIMET asserts that, because the Russian wrought titanium industry is already a significant worldwide producer of wrought titanium and is currently operating at only 25-30 percent of its capacity, it has no need for GSP benefits to compete effectively in the U.S. market. According to TIMET, the U.S. wrought titanium industry has been in a downward spiral since 1998, facing pressure in the form of rising production costs, and depressed domestic demand due to problems in the aerospace sector. TIMET also attributes the difficulties in the U.S. titanium industry to the waiving of competitive need limits on Russian wrought titanium in 1998. Low prices for Russian material have encouraged customers to sign long-term contracts with VSMPO at the expense of meeting long-term purchase arrangements with U.S. producers.

Support.--RTI International Metals Corp. (RTI) supports TIMET's petition to withdraw the GSP competitive need waiver for Russian wrought titanium products or alternatively to eliminate GSP eligibility for such titanium products because VSMPO, as the world's largest producer of wrought titanium products, is already well positioned in the U.S. market and does not meet the statutory requirements of a developing country industry needing GSP status. VSMPO has successfully penetrated virtually every major aerospace market both in the United States and worldwide, and seeks to expand its role in the high-value aircraft engine market. According to RTI, VSMPO is the largest titanium producer in the world and has been moving aggressively over the last several years to further penetrate the U.S. market through the establishment of a full-service warehouse, distribution, and marketing structure. VSMPO's rapid progress in certifying its titanium products demonstrates, according to RTI, that the company will continue to increase its competitiveness in the aerospace market. As to the argument by VSMPO that the Russian company is effectively excluded from the U.S. military aerospace market by the Berry Amendment, RTI contends that a number of waivers to the Berry Amendment granted by the U.S. Department of Defense permitting the use of Russian mill products for military applications has weakened the effectiveness of this Amendment.

Allegheny Technologies Incorporated (ATI), a major U.S. producer of specialty materials including titanium-based alloys, supports the petition by TIMET to reinstate competitive need limits for wrought titanium products from Russia, or alternatively, to remove such products from the list of GSP-eligible articles. According to ATI, because VSMPO has already achieved a competitive presence in the U.S. market, it has no further need for GSP benefits and continued receipt of GSP benefits would be in conflict with the statutory purposes of the GSP program. When the GSP Subcommittee waived competitive need limits on wrought titanium in 1997-98, the U.S. titanium market was thriving and VSMPO was not a significant factor in the U.S. aerospace market. Since that period, the U.S. titanium industry has been impacted by a decline in aerospace orders and VSMPO has become a formidable competitor in the international market for titanium, establishing a full-service warehouse, distribution, and marketing structure for titanium in the United States. ATI contends that VSMPO has achieved certification to supply titanium for virtually all aerospace applications. Finally, according to ATI, VSMPO has taken major steps to update its production facilities, including its recent installation of the world's largest plasma arc furnace, in order to expand its role in the aerospace market.

Opposition.--Verkhnaya Salda Metallurgical Production Association (VSMPO)[1] is a Russian producer and exporter of wrought titanium. According to VSMPO, GSP treatment of wrought titanium has helped the Russian titanium industry with its conversion from its role in the Soviet era as primarily a military supplier, to a privatized, market-oriented industry, and has served U.S. interests in supporting economic reform and stability in the Russian Federation. Although the U.S. titanium industry is experiencing an economic downturn, VSMPO alleges that GSP treatment for Russian wrought titanium is not responsible for the downturn, while imposing a 15-percent duty on imports from Russia would have an adverse impact on U.S. consumers, including the U.S. aerospace industry. Moreover, according to VSMPO, the Buy American Act and Berry Amendment effectively exclude Russian wrought titanium from the growing U.S. military market, approximately 25 percent of the entire U.S. market for titanium. VSMPO also contends that it would be a departure from precedent to remove the competitive-need-limit waiver for Russia because imports from Russia of wrought titanium have decreased in both absolute volume and relative to U.S. shipments. According to VSMPO, Russia accounts for less than 10 percent of the U.S. market and is not responsible for the difficulties faced by the U.S. industry. Finally, VSMPO alleges that despite the recent fall in demand for titanium, the U.S. industry producing wrought titanium, with the exception of TIMET, remains profitable and is optimistic regarding future demand for titanium. Finally, VSMPO claims that official statistics collected by the U.S. Geological Survey (USGS) understate U.S. production of wrought titanium because many of the domestic titanium producers are relatively small and their production is not captured by USGS data.[2] VSMPO also claims that complaints by U.S. producers of tariff inversion are exaggerated because the domestic industry pays relatively little tariff duty on titanium sponge since these firms take advantage of duty savings procedures such as duty drawback to recover the duty they pay.

[1] In a recent 484(f) request to the U.S.I.T.C., VSMPO requested a statistical annotation of the U.S. tariff schedule that would have the effect of changing the tariff classification of certain imported titanium items. According to representatives for VSMPO, certain items imported from Russia are incorrectly reported as unwrought titanium under HTS subheadings 8108.20.0045 and 8108.20.0060 and should be classified as wrought products under HTS subheading 8108.90.60. Russia is a GSP-eligible nation for items imported under HTS subheading 8108.90.60 but is not GSP-eligible for items imported under HTS subheadings 8108.20.0045 and 8108.20.0060. The 484(f) Committee is expected to meet on this request in late May or early June of 2003.

[2] In a telephone conversation with the USGS titanium analyst it was learned that the USGS industry survey captures the vast bulk of U.S. wrought titanium production and that the firms not surveyed by USGS tend to produce in very small volumes.

VI. Summary of probable economic advice-Removal (Russia)

* * * * * * *

Table 1.-Wrought titanium metal, including bars, rods, plates, sheets, tubes, pipes, etc.: U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Russia	26,938	27,924	23,484	31,779	20,709	47.8%
Japan	16,823	12,525	9,608	9,727	11,815	27.3%
Italy	1,316	5,422	1,673	2,387	3,033	7.0%
Canada	1,067	1,547	1,664	2,881	2,368	5.5%
China	3,838	3,080	1,075	4,083	1,351	3.1%
France	593	1,151	482	933	1,047	2.4%
Sweden	478	51	389	89	632	1.5%
United Kingdom	8,760	3,483	2,688	1,276	616	1.4%
Germany	584	499	706	256	476	1.1%
Mexico	2	0	440	657	404	0.9%
All other	828	616	864	495	871	2.0%
Total	**61,228**	**56,298**	**43,074**	**54,566**	**43,324**	**100.0%**
Total from GSP-eligible nations	**26,938**	**28,025**	**23,640**	**31,836**	**20,863**	**48.2%**
Export market:						
United Kingdom	51,404	46,896	36,840	50,083	38,984	16.0%
France	46,966	44,093	37,282	31,067	33,739	13.9%
Canada	45,216	28,931	46,247	47,308	27,473	11.3%
Taiwan	14,453	24,578	27,646	13,695	23,225	9.5%
Germany	20,177	15,249	8,693	15,215	15,203	6.2%
Japan	15,553	14,412	15,086	10,879	13,441	5.5%
Mexico	2,564	2,698	7,625	9,380	13,072	5.4%
Korea	16,140	8,255	14,004	14,927	12,680	5.2%
Belgium	7,966	5,691	8,820	11,578	10,184	4.2%
Israel	6,872	6,429	8,465	6,018	7,920	3.3%
All Other	55,510	41,089	42,317	53,267	47,624	19.6%
Total	**282,819**	**238,321**	**253,025**	**263,416**	**243,545**	**100.0%**

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

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

Certain Knives, Forks, and Spoons of Base Metal

I. Introduction

_X_ Addition - Least Developed Beneficiary Countries (LDBC)

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/03)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
		Percent ad valorem	
8211.91.20	Certain knives	6.4[1]	Yes
8215.99.01	Certain forks not over 25.9 cm length	15.8[2]	Yes
8215.99.10	Certain forks	6.3[3]	Yes
8215.99.30	Certain spoons and ladles	14.0	Yes

[1] The specific MFN rate of duty for this HTS subheading is 0.4 cents each plus 6.4 percent.
[2] The specific MFN rate of duty for this HTS subheading is 0.9 cents each plus 5.8 percent.
[3] The specific MFN rate of duty for this HTS subheading is 0.5 cents each plus 6.3 percent.

Description and uses.--The items included in this digest are basic tableware. These items are knives, forks, and spoons with stainless steel handles valued under 25 cents each.

II. U.S. market profile

Profile of U.S. industry and market, 1998-2002

Item	1998	1999	2000	2001	2002
Producers (***number***)[1]	41	41	41	41	41
Employment (***1,000 employees***)	3	3	3	3	3
Shipments (***1,000 dollars***)	*220,000	*235,000	*270,000	*255,000	*254,000
Exports (***1,000 dollars***)[2]	14,696	16,036	16,258	17,104	20,374
Imports (***1,000 dollars***)	41,310	40,541	42,556	39,316	35,743
Consumption (***1,000 dollars***)	*246,614	*259,505	*296,298	*277,212	*269,369
Import-to-consumption ratio (***percent***) . . .	*17	*16	*14	*14	*13
Capacity utilization (***percent***)	88	90	90	85	83

[1] Data are overstated since U.S. producers make all types of silverware; it is not possible to allocate the numbers of employees involved in the production of the products covered in this digest.
[2] Export data are overstated as other items are included in the Schedule B classifications. Exports of the items covered in this digest are estimated by the U.S.I.T.C. to be $3 million in 1998; $3.4 million in 1999; $3.5 million in 2000; $3.8 million in 2001 and $4.6 million in 2002.

Comment.--Industry sources state that demand for certain knives, forks, and spoons, in general, has been declining in recent years. The downturn is attributed to the decline in tourism and the food service industry. In addition, U.S. producers are facing increasing competition from China.

III. GSP import situation, 2002

U.S. imports and share of U.S. consumption, 2002

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	35,743	100	-	*13
Imports from GSP countries:				
GSP total	5,939	17	100	*2
All LDBC	0	0	0	0

Comment.--There were no imports of these products from the LDBCs in 2002. China was the leading supplier of certain knives, forks, and spoons of base metal, accounting for 57 percent of total U.S. imports of such articles in 2002. According to a commercial representative with the Embassy of Indonesia in Washington, D.C., tableware supplied by GSP-eligible countries tend to be more artistic than functional. Demand for these items is greater in European and Middle Eastern countries than it is in the United States. The representative indicated that future LDBC suppliers would likely follow a similar strategy, offering tableware that would compete on the basis of artistic design and modest price.

IV. Competitiveness profile, all Least Developed Beneficiary Countries

Ranking as a U.S. import supplier, 2002 . . . . . N/A

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? . . . . . Yes X No ___

Is the product an intermediate good used as an input in the production of another good? . . . . . Yes ___ No X

Is the product an agricultural or food product? . . . . . Yes ___ No X

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High ___ Moderate ___ Low X

U.S. producers? . . . . . High ___ Moderate ___ Low X

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High ___ Moderate ___ Low X

U.S. producers? . . . . . High ___ Moderate ___ Low X

What is the substitution elasticity? . . . . . High ___ Moderate ___ Low X

Supply elasticity for affected imports:

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 supply for affected imports? . High X Moderate ___ Low ___

Price level compared with–

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

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

Quality compared with–

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

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

Comment.--While little is known about the tableware produced in the LDBCs, it is assumed that the product is differentiated from the types produced in the United States and China in order to gain a market niche. In addition, it is likely that the price is equivalent to or below the price for the U.S. product. However, because of the economies of scale already achieved by producers of such tableware in China, it could be difficult for manufacturers of tableware in LDBC countries, which tend to be small-and medium-sized firms, to compete with China solely on the basis of price.

V. Position of interested parties

Petitioner.--The Government of Peoples' Republic of Bangladesh (Bangladesh) requested that items entering under HTS subheadings 8211.91.20, 8215.99.01, 8215.99.10, and 8215.99.30 be granted GSP-eligibility. According to the petitioner, these products, which are manufactured by small and medium-sized private entrepreneurs, are not able to compete in the U.S. market without the benefits of duty-free treatment. The granting of GSP access would allow capacity utilization to increase by 20 percent, employment by 50 percent, and wage rates by 20 percent, thereby increasing the standard of living and reducing poverty.

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

VI. Summary of probable economic advice-Addition (HTS 8211.91.20, 8215.99.01, 8215.99.10, and 8215.99.30)

* * * * * * *

Table 1.-Certain knives, forks, and spoons of base metal (digest-level): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
China	16,470	18,897	20,776	23,023	20,450	57.2%
Taiwan	4,748	4,178	6,139	4,990	4,055	11.3%
Japan	9,298	6,862	5,998	2,621	3,037	8.5%
Indonesia	2,387	2,867	3,175	1,392	2,043	5.7%
Mexico	1,136	2,044	2,779	4,427	1,870	5.2%
Thailand	3,481	1,711	1,469	365	1,731	4.8%
Philippines	849	681	683	1,432	1,199	3.4%
India	477	443	265	378	635	1.8%
Pakistan	0	0	41	174	329	0.9%
Malaysia	1,454	1,684	375	162	169	0.5%
All other	1,011	1,174	856	351	225	0.6%
Total	**41,310**	**40,541**	**42,556**	**39,316**	**35,743**	**100.0%**
Total from GSP-eligible nations	**7,214**	**5,773**	**5,648**	**3,785**	**5,939**	**16.6%**
Export market:						
Canada	8,132	8,490	8,808	7,707	7,221	35.4%
China	158	25	3	457	3,547	17.4%
Japan	230	371	1,558	3,469	2,376	11.7%
Hong Kong	169	339	61	235	1,972	9.7%
Mexico	940	946	1,588	734	747	3.7%
United Kingdom	388	512	409	324	733	3.6%
Korea	136	257	27	341	435	2.1%
Australia	586	355	215	321	401	2.0%
Philippines	0	34	47	44	269	1.3%
Germany	157	194	365	220	238	1.2%
All Other	3,799	4,513	3,177	3,252	2,435	12.0%
Total	**14,696**	**16,036**	**16,258**	**17,104**	**20,374**	**100.0%**

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

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

Table 2.-Certain knives, forks, and spoons of base metal (8211.91.20): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
China	69	103	92	118	64	52.0%
Japan	0	77	0	0	40	32.5%
India	0	6	6	0	17	13.8%
Mexico	2	0	0	0	3	2.4%
Brazil	10	0	0	0	0	0.0%
Thailand	0	8	0	0	0	0.0%
Indonesia	0	0	11	0	0	0.0%
Taiwan	0	0	0	0	0	0.0%
Korea	3	0	0	0	0	0.0%
Total	**83**	**193**	**108**	**118**	**123**	**100.0%**
Total from GSP-eligible nations	**10**	**13**	**17**	**0**	**17**	**13.8%**
Export market:						
Canada	3,508	3,396	3,834	2,916	2,752	78.2%
Mexico	171	394	298	181	371	10.5%
China	27	0	0	82	99	2.8%
Germany	122	62	48	115	59	1.7%
United Kingdom	59	197	31	12	36	1.0%
Jamaica	3	4	4	4	35	1.0%
Japan	8	24	0	3	34	1.0%
Dominican Republic	21	41	8	20	20	0.6%
Kuwait	3	19	0	0	17	0.5%
Hong Kong	23	3	54	27	15	0.4%
All Other	1,378	848	234	179	80	2.3%
Total	**5,324**	**4,988**	**4,511**	**3,540**	**3,517**	**100.0%**

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

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

Table 3.-Certain knives, forks, and spoons of base metal (8215.99.01): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
China	51	50	55	56	169	59.7%
Indonesia	0	66	17	6	64	22.6%
India	3	0	4	0	35	12.4%
Pakistan	0	0	0	0	7	2.5%
Korea	10	8	2	0	4	1.4%
Taiwan	0	0	31	48	3	1.1%
Japan	20	18	81	0	0	0.0%
Malaysia	0	0	0	0	0	0.0%
Philippines	0	0	52	0	0	0.0%
Thailand	54	0	0	0	0	0.0%
All other	58	0	7	0	0	0.0%
Total	**195**	**142**	**248**	**111**	**283**	**100.0%**
Total from GSP-eligible nations	**56**	**66**	**72**	**6**	**107**	**37.8%**
Export market:						
Canada	4,624	5,094	4,975	4,791	4,469	26.5%
China	131	25	3	375	3,449	20.5%
Japan	223	347	1,558	3,466	2,342	13.9%
Hong Kong	146	336	7	208	1,957	11.6%
United Kingdom	329	315	378	312	697	4.1%
Korea	91	107	27	334	435	2.6%
Australia	147	275	215	296	397	2.4%
Mexico	768	552	1,290	552	376	2.2%
Philippines	0	34	32	44	269	1.6%
Taiwan	41	40	67	163	229	1.4%
All Other	2,872	3,923	3,196	3,023	2,237	13.3%
Total	**9,372**	**11,048**	**11,747**	**13,564**	**16,857**	**100.0%**

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

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

Table 4.-Certain knives, forks, and spoons of base metal (8215.99.10): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
China	6,127	7,082	9,461	9,309	7,864	51.8%
Taiwan	2,405	2,239	3,216	2,551	2,331	15.4%
Japan	4,315	3,228	2,530	1,376	1,503	9.9%
Thailand	1,704	885	840	128	868	5.7%
Indonesia	1,334	1,412	1,533	444	827	5.5%
Mexico	230	666	820	1,318	787	5.2%
Philippines	482	378	318	654	586	3.9%
Pakistan	0	0	0	98	151	1.0%
Malaysia	712	793	167	63	96	0.6%
India	79	108	43	79	78	0.5%
All other	337	423	230	89	77	0.5%
Total	**17,726**	**17,214**	**19,158**	**16,109**	**15,169**	**100.0%**
Total from GSP-eligible nations	**3,601**	**2,820**	**2,734**	**1,421**	**2,511**	**16.6%**
Export market:						
Canada	4,624	5,094	4,975	4,791	4,469	26.5%
China	131	25	3	375	3,449	20.5%
Japan	223	347	1,558	3,466	2,342	13.9%
Hong Kong	146	336	7	208	1,957	11.6%
United Kingdom	329	315	378	312	697	4.1%
Korea	91	107	27	334	435	2.6%
Australia	147	275	215	296	397	2.4%
Mexico	768	552	1,290	552	376	2.2%
Philippines	0	34	32	44	269	1.6%
Taiwan	41	40	67	163	229	1.4%
All Other	2,872	3,923	3,196	3,023	2,237	13.3%
Total	**9,372**	**11,048**	**11,747**	**13,564**	**16,857**	**100.0%**

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

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

Table 5.-Certain knives, forks, and spoons of base metal (8215.99.30): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
China	10,223	11,663	11,168	13,540	12,353	61.3%
Taiwan	2,342	1,940	2,892	2,390	1,721	8.5%
Japan	4,963	3,539	3,387	1,246	1,494	7.4%
Indonesia	1,053	1,388	1,614	942	1,151	5.7%
Mexico	846	1,379	1,953	3,109	1,081	5.4%
Thailand	1,723	818	629	238	863	4.3%
Philippines	367	302	314	778	613	3.0%
India	395	330	213	299	505	2.5%
Pakistan	0	0	41	76	171	0.8%
Korea	478	529	518	219	126	0.6%
All other	916	1,105	313	141	91	0.5%
Total	**23,306**	**22,992**	**23,041**	**22,978**	**20,168**	**100.0%**
Total from GSP-eligible nations	**3,547**	**2,873**	**2,826**	**2,357**	**3,305**	**16.4%**
Export market:						
Canada	4,624	5,094	4,975	4,791	4,469	26.5%
China	131	25	3	375	3,449	20.5%
Japan	223	347	1,558	3,466	2,342	13.9%
Hong Kong	146	336	7	208	1,957	11.6%
United Kingdom	329	315	378	312	697	4.1%
Korea	91	107	27	334	435	2.6%
Australia	147	275	215	296	397	2.4%
Mexico	768	552	1,290	552	376	2.2%
Philippines	0	34	32	44	269	1.6%
Taiwan	41	40	67	163	229	1.4%
All Other	2,872	3,923	3,196	3,023	2,237	13.3%
Total	**9,372**	**11,048**	**11,747**	**13,564**	**16,857**	**100.0%**

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

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

Fuel Injection Pumps for Compression-Ignition Engines

I. Introduction

_X_ Competitive-need-limit waiver: Brazil

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/03)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
		Percent ad valorem	
8413.30.10 [1]	Fuel injection pumps for compression-ignition engines	2.5	Yes

[1] Brazil was proclaimed by the President as non-eligible for GSP treatment for articles included under subheading 8413.30.10, effective July 1, 1997.

Description and uses.--Fuel injection pumps for compression-ignition engines (diesel engines) are mechanical or electrical pumps that draw fuel from a storage tank and force it into an intake airflow or combustion chamber. In a diesel engine, the fuel is injected directly into the combustion chamber (direct injection) or into a smaller connected auxiliary chamber (indirect injection). The subject fuel injection pumps are of the reciprocating piston type, fitted to very close tolerances. One pump is usually provided for each cylinder and is driven directly by the engine, with the delivery timed as needed for combustion in the cylinder.

II. U.S. market profile

Profile of U.S. industry and market, 1998-2002

Item	1998	1999	2000	2001	2002
Producers (***number***)	30	**18	**20	**23	**23
Employment (***1,000 employees***)	*1	*1	*1	*1	*1
Shipments (***1,000 dollars***)	**705,200	**1,158,853	**1,019,670	**968,687	**997,750
Exports (***1,000 dollars***)	147,921	94,641	146,783	156,885	160,417
Imports (***1,000 dollars***)	255,603	231,289	240,369	204,097	229,032
Consumption (***1,000 dollars***)	**812,882	**1,295,501	**1,113,256	**1,015,899	**1,066,365
Import-to-consumption ratio (***percent***)	**31	**18	**22	**21	**21
Capacity utilization (***percent***)	**77	**83	**82	**79	**80

Comment.–During 1998-2002, the estimated number of U.S. producers decreased by 23 percent; however, estimated capacity utilization increased from 77 percent to 80 percent, and estimated U.S. shipments rose by 41 percent. U.S. imports of fuel injection pumps for diesel engines fluctuated during 1998-2002 while the industry restructured and U.S. corporations with foreign subsidiaries increased outsourcing. Shipments of fuel injection pumps for diesel engines fluctuated during 1998-2002 in tandem with the U.S. economy because they are inputs for consumer goods with strong ties to the health of the economy, such as motor vehicles. Fuel injection pumps for diesel engines are used by original equipment producers and as replacement parts in ships, power-generation, and rail equipment.

II. GSP import situation, 2002

U.S. imports and share of U.S. consumption, 2002

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	229,032	100	-	21
Imports from GSP countries:				
GSP total	62,556	27	100	6
Brazil	15,521	7	25	1

Comment.--Imports of fuel injection pumps for diesel engines from Brazil amounted to 7 percent of all such imports, and accounted for 25 percent of total GSP imports in that category.

IV. Competitiveness profile, Brazil

Ranking as a U.S. import supplier, 2002	4		
Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):			
Is the product a finished product for final sale to consumers?	Yes ___	No X	
Is the product an intermediate good used as an input in the production of another good?	Yes X	No ___	
Is the product an agricultural or food product?	Yes ___	No X	
What is the aggregate price elasticity of U.S. demand?	High ___	Moderate ___	Low X
Substitution elasticity:			
What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:			
Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High X	Moderate ___	Low ___
What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:			
Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High ___	Moderate X	Low ___
What is the substitution elasticity?	High X	Moderate ___	Low ___
Supply elasticity for affected imports:			
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 supply for affected imports?	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.--Brazil was the fourth-leading supplier of fuel injection pumps for diesel engines to the U.S. market in 2002. Nearly all of Brazil's production of these articles is exported to the United States. Brazil would not likely be able to redistribute its production of fuel injection pumps to other major markets. Despite higher prices for U.S.-made product, some customers prefer domestic pumps.

V. Position of interested parties

Petitioner.--The petition was submitted by Robert Bosch Ltda, which produces a wide range of automotive parts in Brazil. Since 1976, the company's Fuel Pump Division, located in Curtaba, Brazil, has produced and exported diesel fuel in-line injection pumps for diesel engines to the United States. The U.S. parent company uses these pumps in the manufacture of engines in Illinois. Robert Bosch is requesting either a waiver of competitive need limits or a redesignation of imports of certain diesel fuel injection pumps from Brazil classified in HTS subheading 8413.30.10, as eligible under the GSP. Restoration of GSP eligibility would help Robert Bosch regain competitiveness in the highly competitive but shrinking U.S. market for these products. Without the GSP benefits, the company would likely lose market share in the United States and reduce its workforce in Curitaba. Restoration of GSP benefits would also reduce costs for U.S. engine producers that buy pumps from Robert Bosch.

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

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

* * * * * * *

Table 1.-Fuel injection pumps for compression-ignition engines: U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Mexico	28,494	30,443	35,855	46,377	72,498	31.7%
Germany	102,494	114,601	132,846	77,674	67,325	29.4%
Czech Republic	281	777	5,687	29,965	37,625	16.4%
Brazil	14,744	19,303	24,895	13,955	15,521	6.8%
Austria	7,655	9,637	6,231	6,126	6,515	2.8%
India	11,974	8,273	7,791	5,530	5,572	2.4%
Canada	2,262	2,503	3,683	4,279	5,161	2.3%
Japan	46,397	22,889	7,648	6,419	4,722	2.1%
United Kingdom	34,795	16,620	8,118	5,019	4,363	1.9%
Belgium	1,195	898	1,139	1,317	1,518	0.7%
All other	5,312	5,344	6,475	7,435	8,213	3.6%
Total	**255,603**	**231,289**	**240,369**	**204,097**	**229,032**	**100.0%**
Total from GSP-eligible nations	**28,032**	**29,701**	**40,574**	**52,764**	**62,556**	**27.3%**
Export market:						
Mexico	27,868	9,447	19,053	30,754	40,120	25.0%
France	10,546	13,023	34,967	31,542	21,211	13.2%
Netherlands	1,036	845	691	7,434	18,900	11.8%
Canada	10,786	15,845	12,181	13,140	13,946	8.7%
Belgium	10,566	2,576	2,106	435	13,547	8.4%
Germany	42,239	12,480	27,353	25,749	11,295	7.0%
United Kingdom	18,904	15,151	21,926	19,645	9,739	6.1%
Japan	4,029	2,574	977	1,235	6,111	3.8%
Australia	2,462	2,255	1,852	1,674	5,542	3.5%
Finland	66	223	997	1,814	3,615	2.3%
All Other	19,420	20,224	24,678	23,462	16,390	10.2%
Total	**147,921**	**94,641**	**146,783**	**156,885**	**160,417**	**100.0%**

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

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

Ceiling Fans Not Exceeding 125 Watts of Output

I. Introduction

_X_ Competitive-need-limit waiver: Thailand

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/03)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
		Percent ad valorem	
8414.51.00(pt)[1]	Ceiling fans not exceeding 125 watts of output	4.7	Yes

[1] Thailand was proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 8414.51.00(pt.), effective July 1, 2001.

Description and uses.--A ceiling fan consists of an electric motor, a metal housing, blades and, for certain models, integrated lighting and is used for cooling and, in some cases, cooling and lighting.

II. U.S. market profile

Profile of U.S. industry and market, 1998-2002

Item	1998	1999	2000	2001	2002
Producers (***number***)	4	4	4	4	**4
Employment (***1,000 employees***)	**7	**6	**5	**6	**6
Shipments (***1,000 dollars***)	22,057	20,292	16,602	21,842	21,916
Exports (***1,000 dollars***)	18,673	12,664	13,252	14,019	13,503
Imports (***1,000 dollars***)	739,080	827,951	768,266	850,371	818,725
Consumption (***1,000 dollars***)	742,464	835,579	771,616	858,194	827,138
Import-to-consumption ratio (***percent***) . .	99	99	99	99	99
Capacity utilization (***percent***)	60	*59	*56	*58	*58

Comment.--During 1998-2002, the number of U.S. producers remained stable; however, capacity utilization decreased slightly and U.S. shipments decreased by approximately 1 percent. U.S. imports of ceiling fans fluctuated during 1998-2002 relative to demand. Imports accounted for an estimated 99 percent of consumption throughout the period. The U.S. market for ceiling fans has remained strong as a result of a robust residential market and lower interest rates.

III. GSP import situation, 2002

U.S. imports and share of U.S. consumption, 2002

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	818,725	100	-	99
Imports from GSP countries:				
GSP total	98,565	12	100	12
Thailand	96,613	12	98	12

Comment.--Thailand is the primary GSP-eligible supplier of ceiling fans to the U.S. market. U.S. imports are lower-priced than domestically produced ceiling fans, but are of equivalent quality.

IV. Competitiveness profile, Thailand

Ranking as a U.S. import supplier, 2002 3

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? . . . . . Yes X No ___

Is the product an intermediate good used as an input in the production of another good? . . . . . Yes ___ No X

Is the product an agricultural or food product? . . . . . Yes ___ No X

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High X Moderate ___ Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High ___ Moderate X Low ___

What is the substitution elasticity? . . . . . High ___ Moderate X Low ___

Supply elasticity for affected imports:

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 supply for affected imports? . 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.--Thailand is the third-leading supplier of ceiling fans to the U.S. market behind China and Taiwan. Thailand's share of the U.S. import market was 12 percent in 2002. Nearly all of Thailand's production of ceiling fans are exported to the United States.

V. Position of interested parties

Petitioner.--Compass East Industries Public Company Limited (CEI), a Thai producer of ceiling fans, and Hunter Fan Company, a shareholder of CEI and U.S. distributor of CEI-produced fans, requested a waiver of the competitive need limit for Thailand on U.S. imports of ceiling fans. During 2000, imports of ceiling fans from Thailand exceeded the competitive need limit in dollar terms. The total value of these imports entered under HTS subheading 8414.51.00 for GSP treatment was $130 million, while the competitive need limit in that year was $95 million.

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

VI. Summary of probable economic advice-Competitive-need-limit waiver (Thailand)

* * * * * * *

Table 1.-Ceiling fans not exceeding 125 watts of output: U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
	Value (1,000 dollars)					
Import source:						
China	392,271	459,448	417,046	511,159	554,212	67.7%
Taiwan	235,809	260,729	188,152	150,737	146,044	17.8%
Thailand	65,155	80,331	132,578	162,552	96,613	11.8%
Hong Kong	9,156	9,485	8,501	11,762	9,386	1.1%
Canada	4,985	4,022	4,571	4,468	4,633	0.6%
Japan	1,586	1,138	1,136	961	1,383	0.2%
Mexico	19,563	3,361	3,498	1,433	1,215	0.1%
Indonesia	3,736	1,516	2,238	1,677	1,094	0.1%
Netherlands	785	585	459	1,041	723	0.1%
Italy	432	502	408	438	524	0.1%
All other	5,601	6,834	9,678	4,144	2,898	0.4%
Total	**739,080**	**827,951**	**768,266**	**850,371**	**818,725**	**100.0%**
Total from GSP-eligible nations	**70,061**	**82,566**	**135,361**	**164,786**	**98,565**	**12.0%**
Export market:						
Canada	2,339	2,949	3,133	2,782	2,824	20.9%
Hong Kong	263	91	312	117	2,474	18.3%
Mexico	2,532	3,236	2,138	1,867	1,413	10.5%
Saudi Arabia	745	406	606	539	906	6.7%
China	577	370	332	1,030	619	4.6%
Lebanon	50	298	67	309	536	4.0%
Taiwan	126	136	390	309	480	3.6%
United Arab Emirates	239	266	192	551	449	3.3%
Dominican Republic	444	310	292	459	298	2.2%
Barbados	135	102	214	141	251	1.9%
All Other	11,222	4,498	5,574	5,914	3,251	24.1%
Total	**18,673**	**12,664**	**13,252**	**14,019**	**13,503**	**100.0%**

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

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

Color TV Receivers Incorporating Video Apparatus, Exceeding 35.56 cm

I. Introduction

_X_ Competitive-need-limit waiver: Thailand

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/03)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
		Percent ad valorem	
8528.12.28 [1]	Color TV receivers incorporating video recordingand/or reproducing apparatus, exceeding 35.56 cm	3.9	Yes

[1] Thailand has not been proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 8528.12.28 but anticipates future levels in excess of competitive need limits.

Description and uses.--The subject TV/video combinations covered in this digest are used to display color television broadcasts, including signals from cable or satellite television tuners, and are capable of recording broadcasts and/or playing back prerecorded video programs. These products incorporate a videocassette recorder and/or DVD player. The video signal is displayed on a single picture tube with a video display diagonal exceeding 35.54 cm (14 inches).

The products identified by the petitioner contain a flat-screen picture tube, whereas most color television picture tubes have faceplates that are slightly convex. The products identified by the petitioner are not broken out within the HTS; they are included with all TV/video combinations exceeding 35.56 cm.

II. U.S. market profile

Profile of U.S. industry and market, 1998-2002

Item	1998	1999	2000	2001	2002
Producers (***number***)[1]	1	1	2	1	1
Employment (***1,000 employees***)	***	***	***	***	***
Shipments (***1,000 dollars***)[2]	***	***	***	***	***
Exports (***1,000 dollars***)[3]	67,070	85,338	59,913	92,948	43,325
Imports (***1,000 dollars***)	182,140	192,857	259,683	231,872	475,131
Consumption (***1,000 dollars***)[4]	***	***	***	***	***
Import-to-consumption ratio (***percent***)	***	***	***	***	***
Capacity utilization (***percent***)[2]	64	58	57	57	57

[1] ***

[2] Estimated by the U.S.I.T.C., based on data provided by the U.S. color television receiver industry.

[3] Export data include products not included in this digest. According to the sole U.S. producer of these products, actual exports are: $4 million in 1998; $5 million in 1999; $5.3 million in 2000; $2.8 million in 2001; and $1.8 million in 2002.

[4] Consumption data are calculated based on actual export data provided in footnote number 3.

Comment.--There has been only one U.S. producer of TV/video combinations, Toshiba, during most of the period, that is a subsidiary of a major Japanese-headquartered firm. The U.S. industry does not produce flat- screen picture tubes, but rather curved-screen picture tubes. The subject products compete primarily on a price basis as consumer electronics generally are very price sensitive and a small difference in price can have a major effect on sales. However, brand recognition is also a major consideration. The same distribution channels are used for both the domestic and imported product. The domestic product combines a picture tube produced in North America with an imported reproducing apparatus.

III. GSP import situation, 2002

U.S. imports and share of U.S. consumption, 2002

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	475,131	100	-	***
Imports from GSP countries:				
GSP total	177,028	37	100	***
Thailand	177,028	37	100	***

Comment.--Thailand, the only GSP-eligible supplier of U.S. imports of these products in 2002, was second only to Malaysia as an import source in 2002. Thailand, Malaysia, and Mexico together accounted for virtually all U.S. imports in 2001-02.

IV. Competitiveness profile, Thailand

Ranking as a U.S. import supplier, 2002 2

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? . . . . . Yes X No ___

Is the product an intermediate good used as an input in the production of another good? . . . . . Yes ___ No X

Is the product an agricultural or food product? . . . . . Yes ___ No X

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High ___ Moderate X Low ___

U.S. producers? . . . . . High ___ Moderate X Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High ___ Moderate ___ Low X

What is the substitution elasticity? . . . . . High ___ Moderate ___ Low X

Supply elasticity for affected imports:

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 supply for affected imports? High X Moderate ___ Low ___

Price level compared with--

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

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

Quality compared with--

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

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

Comment.--U.S. products will likely be priced somewhat below the flat-screen units the petitioner proposes to import, but are likely equivalent in price to most other imported curved-screen units. The U.S. producer can be more responsive to surges in U.S. demand; less lead time is required to supply the product when it is assembled in the United States.

V. Position of interested parties

Petitioner.--The petitioner, JVC Americas Corp., is a U.S. distributor of consumer electronics products that sources its TV/VCR-DVD product from what is believed to be the only Thai producer. JVC Americas is a subsidiary of Victor Company of Japan, a major consumer electronics and software producer with factories in Asia, Europe, and the Americas. The petitioner states that there are no U.S. producers of the subject items.

Support.--Toshiba America Consumer Products (TACP) states that combination units classified under HTS subheading 8528.12.28 would not compete with non-combination units produced in the United States because of differences in physical characteristics, end uses, customer perceptions, producer perceptions, and price. TACP states that the vast majority of combination units sold in the United States in 2002 were screen sizes of 19 inches or less, none of which are made in the United States. TACP also states that a waiver of the competitive need limit would have a positive impact on economic development in Thailand without harming U.S. producers of like or directly competitive articles.

VI. Summary of probable economic advice-Competitive-need-limit waiver (Thailand)

* * * * * * *

Table 1.-Color TV receivers incorporating video apparatus, exceeding 35.56 cm: U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Malaysia	23,199	33,789	55,704	90,253	266,677	56.1%
Thailand	64,535	66,205	86,351	67,492	177,028	37.3%
Mexico	93,953	90,415	97,460	66,733	30,093	6.3%
China	194	357	15,550	5,563	823	0.2%
Korea	0	26	0	0	221	0.0%
Austria	0	0	0	0	216	0.0%
Hong Kong	0	0	0	0	69	0.0%
France	0	0	0	0	3	0.0%
Belgium	0	0	0	6	0	0.0%
Netherlands	2	0	0	0	0	0.0%
All other	258	2,065	4,618	1,824	0	0.0%
Total	**182,140**	**192,857**	**259,683**	**231,872**	**475,131**	**100.0%**
Total from GSP-eligible nations	**64,535**	**68,207**	**90,554**	**68,281**	**177,028**	**37.3%**
Export market:						
Mexico	23,462	39,892	20,986	42,438	16,497	38.1%
Japan	1,346	1,471	848	18,252	4,425	10.2%
Ecuador	821	275	1,142	309	3,863	8.9%
Canada	4,324	6,161	6,047	3,841	2,835	6.5%
France	669	1,324	872	733	1,808	4.2%
Chile	200	754	2,901	968	1,541	3.6%
Dominican Republic	461	731	592	2,349	1,351	3.1%
Germany	361	278	1,226	1,764	1,056	2.4%
Australia	199	970	434	1,122	782	1.8%
Taiwan	686	766	876	1,708	759	1.8%
All Other	34,542	32,715	23,990	19,462	8,409	19.4%
Total	**67,070**	**85,338**	**59,913**	**92,948**	**43,325**	**100.0%**

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

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

Certain Non-High Definition Color Television Receivers

I. Introduction

_X_ Addition

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/03)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
		Percent ad valorem	
8528.12.3224	Non-HD color television receiver, with a viewable display diagonal exceeding 35.56 cm but not exceeding 37 cm	5.0	Yes
8528.12.3235	Non-HD color television receiver, with a viewable display diagonal exceeding 45 cm but not exceeding 50 cm	5.0	Yes
8528.12.3250	Non-HD color television receiver, with a viewable display diagonal exceeding 52 cm but not exceeding 77 cm	5.0	Yes

Description and uses.--The items covered in this digest are non-high definition, direct-view color television receivers capable of displaying video signals. These receivers contain picture tubes with a viewable display diagonal measurement of between 35.56 cm and 37 cm (nominally 14 inches), 45 cm and 50 cm (nominally 18 to 19 inches), and 52 cm and 77 cm (nominally 20 inches to 30 inches).

The products identified by the petitioner contain a flat screen picture tube, whereas most color television picture tubes have faceplates that are slightly convex. The products identified by the petitioner are not broken out within the HTS, but are included with all other color television receivers.

II. U.S. market profile

Profile of U.S. industry and market, 1998-2002

Item	1998	1999	2000	2001	2002
Producers (***number***)	7	7	7	7	7
Employment (***1,000 employees***)	7	7	7	7	6
Shipments (***1,000 dollars***)	2,700,000	2,900,000	2,100,000	1,800,000	1,600,000
Exports (***1,000 dollars***)	549,567	397,297	445,840	362,616	342,562
Imports (***1,000 dollars***)	2,132,802	2,397,815	2,441,204	2,305,181	2,191,997
Consumption (***1,000 dollars***)	4,283,234	4,900,518	4,095,364	3,742,565	3,449,435
Import-to-consumption ratio (***percent***) . .	50	49	60	62	64
Capacity utilization (***percent***)	64	58	57	57	57

Comment.--The products included in this digest cover all U.S.-produced color television receivers, except projection televisions and televisions in combination with video recording or reproducing apparatus. The United States generally imports small-screen television receivers and produces large-screen units domestically. Global production of high-end television receivers has been shifting toward flat screen. There were a limited number of U.S. producers during the period; most domestic production has moved to Mexico to take advantage of lower production costs and the preferential access to the U.S. market afforded by NAFTA.

III. GSP import situation, 2002

U.S. imports and share of U.S. consumption, 2002

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	2,191,997	100	-	64
Imports from GSP countries:				
GSP total	180,074	8	100	5
Thailand	179,155	8	99	5
Indonesia	914	([1])	([1])	([1])
Turkey	6	([1])	([1])	([1])

[1] Less than 0.5 percent.

Comment.–GSP-eligible nations are not major sources of imports of these items, accounting for only about 8 percent of total U.S. imports and 5 percent of U.S. consumption. Mexico accounts for 70 percent of total U.S. imports of these products.

IV. Competitiveness profile, Thailand

Ranking as a U.S. import supplier, 2002 3

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers? . . . . . Yes X No ___

Is the product an intermediate good used as an input in the production of another good? . . . . . Yes ___ No X

Is the product an agricultural or food product? . . . . . Yes ___ No X

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

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High ___ Moderate ___ Low ___

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers? . . . . . High X Moderate ___ Low ___

U.S. producers? . . . . . High ___ Moderate ___ Low ___

What is the substitution elasticity? . . . . . High ___ Moderate X Low ___

Supply elasticity for affected imports:

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 supply for affected imports? . High X Moderate___ Low ___

Price level compared with--

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

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

Quality compared with--

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

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

Comment.--The price and quality of imported television receivers are approximately equal to most domestically-produced units of the same size. However, there is little, if any, U.S.-Thailand competition because U.S. production generally is of larger-sized, more expensive sets. U.S. producers can be more responsive and command a higher price because the lead time required for transportation is less than that required for imports.

IV. Competitiveness profile, Indonesia

Ranking as a U.S. import supplier, 2002 7

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers?	Yes X	No ___	
Is the product an intermediate good used as an input in the production of another good?	Yes ___	No X	
Is the product an agricultural or food product?	Yes ___	No X	
What is the aggregate price elasticity of U.S. demand?	High x	Moderate ___	Low ___

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:			
Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High ___	Moderate X	Low ___
What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:			
Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High ___	Moderate X	Low ___
What is the substitution elasticity?	High ___	Moderate X	Low ___

Supply elasticity for affected imports:

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 supply for affected imports? . .	High X	Moderate___	Low ___

Price level compared with--

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

Quality compared with--

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

Comment.--The price and quality of imported television receivers are approximately equal to most domestically-produced units of the same size. However, U.S. production generally is of larger-sized, more expensive sets. U.S. producers can be more responsive and command a higher price because the lead time required for transportation is less than that required for imports.

IV. Competitiveness profile, Turkey

Ranking as a U.S. import supplier, 2002 15

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers?	Yes X		No ___
Is the product an intermediate good used as an input in the production of another good?	Yes ___		No X
Is the product an agricultural or food product?	Yes ___		No X
What is the aggregate price elasticity of U.S. demand?	High X	Moderate ___	Low ___

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:			
Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High ___	Moderate X	Low ___
What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:			
Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High ___	Moderate X	Low ___
What is the substitution elasticity?	High ___	Moderate X	Low ___

Supply elasticity for affected imports:

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 supply for affected imports? .	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 ___	Below X

Comment.--The price and quality of imported television receivers are approximately equal to most domestically-produced units of the same size. However, U.S. production generally is of larger-sized, more expensive sets. U.S. producers can be more responsive and command a higher price because the lead time required for transportation is less than that required for imports. Turkey does not yet have a reputation in the United States as a supplier of high-quality consumer electronic products. However, the Turkish industry exports to over 80 countries, with the bulk of exports going to the EU.

IV. Competitiveness profile, all GSP suppliers

Ranking as a U.S. import supplier, 2002 . . . . . N/A

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers?	Yes X	No ___	
Is the product an intermediate good used as an input in the production of another good?	Yes ___	No X	
Is the product an agricultural or food product?	Yes ___	No X	
What is the aggregate price elasticity of U.S. demand?	High X	Moderate ___	Low ___

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:			
Imports from other suppliers?	High ___	Moderate X	Low ___
U.S. producers?	High ___	Moderate X	Low ___
What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:			
Imports from other suppliers?	High ___	Moderate X	Low ___
U.S. producers?	High ___	Moderate X	Low ___
What is the substitution elasticity?	High ___	Moderate X	Low ___

Supply elasticity for affected imports:

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 supply for affected imports? . .	High X	Moderate___	Low ___

Price level compared with--

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

Quality compared with--

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

Comment.--The price and quality of imported television receivers produced in GSP-eligible countries are approximately equal to most U.S.-produced units of the same size. However, U.S. production generally is the larger-sized, more expensive sets. U.S. producers can be more responsive and command a higher price because the lead time required for transportation is less than that required for imports.

V. Position of interested parties

Petitioner.--The petitioner, Itautec Philco S.A., produces computers, electronic components, and consumer electronic products. The petitioner contends that granting GSP-eligibility for these products will lead to increased employment in Brazil and increase trade between Brazil and the United States.

Support.--Toshiba America Consumer Products (TACP) stated that combination units would not compete with non-combination units produced in the United States because of differences in physical characteristics, end uses, customer perceptions, producer perceptions, and price. TACP notes that the vast majority of combination units sold in the United States in 2002 were units with screen sizes of 19 inches or less, none of which are made in the United States, and those units produced by the petitioner in Thailand are not produced in the United States. TACP also stated that the addition would have a positive impact on economic development in Thailand without harming U.S. producers of like or directly competitive articles.

Opposition.--Thomson, Inc. is a major North American producer of color television receivers (CTVs) and a U.S. producer of color picture tubes (CPTs) and CTV glass components; Five Rivers is a U.S. producer of color television receivers. Both companies oppose granting GSP eligibility to the products classified under HTS subheading 8528.12.3250. According to the companies, the U.S. CTV industry is now vulnerable to imports of large-screen (21" to 30") CTVs from Asia, which would in turn lead to a decline in or loss of the U.S. CPT industry. Imports of small and medium-screen (under 21") CTVs from Asia have already displaced U.S. production. In addition, these companies state the NAFTA established a set of rules that ensured shared production across national boundaries within the region, and led to significant investment in the United States (and Mexico) for the production of CPTs and CTVs. Most of the CPTs produced in the United States are consumed by North American CTV producers. The establishment of GSP-eligibility of large-screen CTVs would seriously undermine the gains of NAFTA and expose the U.S. CTV, CPT, and CTV glass industries to damaging imports. U.S. imports from Thailand, in particular, pose a significant threat to U.S. CTV producers, as they are already priced significantly below units produced domestically. These companies note that Section 503 of Title V of the Trade Act of 1974 states that the President may not designate duty-free treatment to import-sensitive electronic articles, and contend that these products are highly import sensitive.

VI. Summary of probable economic advice-Addition (8528.12.3224)

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VI. Summary of probable economic advice-Addition (8528.12.3235)

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VI. Summary of probable economic advice-Addition (8528.12.3250)

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Table 1.-Certain non-high definition color television receivers (digest-level): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Mexico	1,973,101	2,114,320	2,076,772	1,985,611	1,528,622	69.7%
Malaysia	82,687	188,066	229,547	222,552	290,536	13.3%
Thailand	67,739	70,674	113,235	60,372	179,155	8.2%
China	1,360	7,069	6,694	10,349	168,206	7.7%
Korea	1,240	12,651	7,560	21,840	20,676	0.9%
Japan	1,055	771	929	1,599	3,156	0.1%
Indonesia	241	839	282	438	914	0.0%
Singapore	2,733	823	1,477	730	180	0.0%
Taiwan	346	196	523	274	148	0.0%
Hong Kong	67	914	1,187	372	143	0.0%
All other	2,232	1,492	3,000	1,044	262	0.0%
Total	**2,132,801**	**2,397,815**	**2,441,204**	**2,305,181**	**2,191,997**	**100.0%**
Total from GSP-eligible nations	**68,993**	**72,424**	**113,812**	**60,869**	**180,074**	**8.2%**
Export market:						
Canada	128,932	127,916	171,142	168,705	206,934	60.4%
Mexico	142,999	160,812	190,621	136,600	88,733	25.9%
Ecuador	1,058	623	953	1,725	12,079	3.5%
Jamaica	1,470	5,546	2,855	1,703	3,590	1.0%
Venezuela	51,504	14,607	7,227	9,256	3,363	1.0%
Korea	6,538	11,606	16,393	4,089	2,434	0.7%
New Zealand	809	965	894	334	2,278	0.7%
Trinidad & Tobago	1,140	1,880	1,590	1,331	2,171	0.6%
Honduras	4,230	2,387	2,968	3,117	1,610	0.5%
Barbados	580	1,552	1,754	1,325	1,596	0.5%
All Other	210,308	69,403	49,442	34,431	17,773	5.2%
Total	**549,567**	**397,297**	**445,840**	**362,616**	**342,562**	**100.0%**

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

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

Table 2.-Certain non-high definition color television receivers (8528.12.3224): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Thailand	0	98	624	828	9,699	76.9%
Malaysia	740	342	155	453	1,701	13.5%
Japan	127	610	143	10	635	5.0%
China	179	506	1,041	145	246	2.0%
Korea	438	485	1,655	229	245	1.9%
Belgium	68	10	107	145	75	0.6%
Mexico	125	15	43	11	5	0.0%
Australia	926	0	0	0	0	0.0%
Belize	0	0	0	0	0	0.0%
El Salvador	0	0	0	0	0	0.0%
All other	1,267	1,002	862	75	0	0.0%
Total	**3,869**	**3,067**	**4,630**	**1,896**	**12,605**	**100.0%**
Total from GSP-eligible nations	**1,121**	**261**	**624**	**828**	**9,699**	**76.9%**
Export market:						
Canada	58,578	15,982	13,316	18,141	25,591	40.9%
Mexico	50,611	47,525	64,384	31,933	21,769	34.8%
Ecuador	807	400	335	844	3,494	5.6%
Jamaica	1,337	4,207	1,384	841	2,506	4.0%
Venezuela	43,180	10,632	4,455	7,029	1,958	3.1%
Dominican Republic	3,105	1,482	1,013	567	584	0.9%
Costa Rica	482	752	674	258	554	0.9%
Finland	16	5	99	134	515	0.8%
Guatemala	5,707	1,523	1,132	1,396	499	0.8%
Honduras	2,991	1,440	1,907	1,302	473	0.8%
All Other	127,662	13,745	9,218	6,457	4,697	7.5%
Total	**294,476**	**97,694**	**97,917**	**68,900**	**62,639**	**100.0%**

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

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

Table 3.-Certain non-high definition color television receivers (8528.12.3235): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Mexico	625,416	637,074	507,461	408,566	211,009	43.9%
Thailand	67,540	70,058	111,702	55,121	131,340	27.3%
Malaysia	80,783	180,593	199,609	170,942	124,335	25.8%
Korea	795	9,541	859	6,683	10,183	2.1%
China	1,109	5,889	4,083	3,384	4,118	0.9%
Belgium	15	34	203	9	16	0.0%
Japan	741	83	665	32	11	0.0%
United Kingdom	0	0	0	0	2	0.0%
Brazil	0	0	0	0	0	0.0%
Philippines	0	4	0	0	0	0.0%
All other	187	387	755	296	0	0.0%
Total	**776,587**	**903,663**	**825,338**	**645,034**	**481,014**	**100.0%**
Total from GSP-eligible nations	**67,540**	**70,310**	**111,702**	**55,121**	**131,340**	**27.3%**
Export market:						
Canada	58,578	15,982	13,316	18,141	25,591	40.9%
Mexico	50,611	47,525	64,384	31,933	21,769	34.8%
Ecuador	807	400	335	844	3,494	5.6%
Jamaica	1,337	4,207	1,384	841	2,506	4.0%
Venezuela	43,180	10,632	4,455	7,029	1,958	3.1%
Dominican Republic	3,105	1,482	1,013	567	584	0.9%
Costa Rica	482	752	674	258	554	0.9%
Finland	16	5	99	134	515	0.8%
Guatemala	5,707	1,523	1,132	1,396	499	0.8%
Honduras	2,991	1,440	1,907	1,302	473	0.8%
All Other	127,662	13,745	9,218	6,457	4,697	7.5%
Total	**294,476**	**97,694**	**97,917**	**68,900**	**62,639**	**100.0%**

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

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

Table 4.-Certain non-high definition color television receivers (8528.12.3250): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Mexico	1,347,559	1,477,231	1,569,268	1,577,035	1,317,608	77.6%
Malaysia	1,164	7,132	29,783	51,157	164,500	9.7%
China	72	674	1,570	6,820	163,842	9.6%
Thailand	199	518	908	4,422	38,116	2.2%
Korea	7	2,626	5,046	14,928	10,249	0.6%
Japan	186	78	121	1,556	2,511	0.1%
Indonesia	106	677	282	438	914	0.1%
Singapore	2,522	776	1,287	730	180	0.0%
Taiwan	321	170	233	198	148	0.0%
Hong Kong	0	8	54	76	143	0.0%
All other	207	1,196	2,684	889	169	0.0%
Total	**1,352,346**	**1,491,086**	**1,611,236**	**1,658,250**	**1,698,378**	**100.0%**
Total from GSP-eligible nations	**331**	**1,854**	**1,485**	**4,920**	**39,036**	**2.3%**
Export market:						
Canada	70,354	111,933	157,825	150,565	181,343	64.8%
Mexico	92,387	113,287	126,238	104,667	66,964	23.9%
Ecuador	251	223	619	880	8,584	3.1%
Korea	6,441	11,398	16,357	4,057	2,373	0.8%
New Zealand	809	965	891	334	2,278	0.8%
Trinidad & Tobago	777	1,066	950	839	1,754	0.6%
Taiwan	11,647	9,135	3,832	936	1,529	0.5%
Venezuela	8,324	3,976	2,773	2,227	1,405	0.5%
Barbados	540	956	751	900	1,319	0.5%
Panama	9,585	14,657	811	2,453	1,256	0.4%
All Other	53,976	32,008	36,877	25,857	11,116	4.0%
Total	**255,090**	**299,603**	**347,923**	**293,715**	**279,922**	**100.0%**

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

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

Flat-panel Color Video Monitors Exceeding 34.29 cm

I. Introduction

X Addition

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/03)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
		Percent ad valorem	
8528.21.70	Flat-panel Color Video Monitors Exceeding 34.29 cm	5.0	No

Description and uses.--The products covered in this digest use technology such as liquid crystal display (LCD) or plasma to display a video image. These products do not contain a television tuner, but must be connected either to a device with a tuner, like a VCR or cable television set-top box, or to a device that will furnish a video signal such as a video camera.

The petitioner refers to its flat-panel products as “television receivers;” however, flat-panel television receivers similar to these products are classified elsewhere.

II. U.S. market profile

Profile of U.S. industry and market, 1998-2002

Item	1998	1999	2000	2001	2002
Producers (***number***)	0	0	0	0	0
Employment (***1,000 employees***)	0	0	0	0	0
Shipments (***1,000 dollars***)	0	0	0	0	0
Exports (***1,000 dollars***)[1]	62,165	45,433	77,830	129,857	107,753
Imports (***1,000 dollars***)	25,977	87,667	285,097	256,159	376,954
Consumption (***1,000 dollars***)[2]	25,977	87,667	285,097	256,159	376,954
Import-to-consumption ratio (***percent***) . .	100	100	100	100	100
Capacity utilization (***percent***)	0	0	0	0	0

[1] Export data include products other than those covered in this digest. There were no U.S. exports of the subject products during 1998-02.

[2] Consumption data are calculated based on zero exports during 1998-2002.

Comment.--There are no U.S. producers of flat-panel video monitors. All U.S. consumption is supplied by imports.

III. GSP import situation, 2002

U.S. imports and share of U.S. consumption, 2002

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	376,954	100	-	100
Imports from GSP countries:				
GSP total	120	([1])	100	([1])
India	106	([1])	88	([1])
Indonesia	15	([1])	13	([1])
Thailand	([2])	([1])	([1])	([1])
Turkey	([2])	([1])	([1])	([1])

[1] Less than 0.5 percent.
[2] Less than $500.

Comment.--GSP-eligible countries accounted for less than 1 percent of total U.S. imports in 2002. Japan is the primary source of U.S. imports of these products, which generally are produced in countries with advanced electronics technology capability.

IV. Competitiveness profile, India

Ranking as a U.S. import supplier, 2002	8		
Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):			
Is the product a finished product for final sale to consumers?	Yes X [1]		No ___
Is the product an intermediate good used as an input in the production of another good?	Yes X [1]		No ___
Is the product an agricultural or food product?	Yes ___		No X
What is the aggregate price elasticity of U.S. demand?	High X	Moderate ___	Low ___
Substitution elasticity:			
What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:			
Imports from other suppliers?	High ___	Moderate X	Low ___
U.S. producers?	High ___	Moderate___	Low ___
What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:			
Imports from other suppliers?	High ___	Moderate X	Low ___
U.S. producers?	High ___	Moderate___	Low ___
What is the substitution elasticity?	High ___	Moderate X	Low ___
Supply elasticity for affected imports:			
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 supply for affected imports?	High X	Moderate ___	Low ___
Price level compared with--			
U.S. products	Above ___	Equivalent ___	Below ___
Other foreign products	Above ___	Equivalent ___	Below X
Quality compared with--			
U.S. products	Above ___	Equivalent ___	Below ___
Other foreign products	Above ___	Equivalent ___	Below X

[1] This product could be either a finished product or an input to the production of another good.

Comment.--While the quality of electronic products made in India is improving, it is not yet comparable to the quality of similar products made in Japan, which supplied 94 percent of U.S. imports of this product in 2002. Distribution channels for Indian products likely are not as strong and well established as those in most other more industrialized Asian countries.

IV. Competitiveness profile, Indonesia

Ranking as a U.S. import supplier, 2002 13

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers?	Yes X	No ___	
Is the product an intermediate good used as an input in the production of another good?	Yes X	No ___	
Is the product an agricultural or food product?	Yes ___	No X	
What is the aggregate price elasticity of U.S. demand?	High X	Moderate ___	Low ___

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:			
Imports from other suppliers?	High ___	Moderate X	Low ___
U.S. producers?	High ___	Moderate ___	Low ___
What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:			
Imports from other suppliers?	High ___	Moderate X	Low ___
U.S. producers?	High ___	Moderate ___	Low ___
What is the substitution elasticity?	High ___	Moderate X	Low ___

Supply elasticity for affected imports:

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 supply for affected imports? . .	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.--While the quality of electronic products made in Indonesia is above that of India, it is not comparable to the quality of similar products made in Japan, which supplied 94 percent of U.S. imports of this product in 2002. Although Indonesia was not a significant source for these products in 2002, Indonesia's exports can and likely will increase rapidly. Indonesia is a significant supplier of other video products.

IV. Competitiveness profile, all GSP suppliers

Ranking as a U.S. import supplier, 2002	N/A		
Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):			
Is the product a finished product for final sale to consumers?	Yes X		No ___
Is the product an intermediate good used as an input in the production of another good?	Yes X		No ___
Is the product an agricultural or food product?	Yes ___		No X
What is the aggregate price elasticity of U.S. demand?	High X	Moderate ___	Low ___
Substitution elasticity:			
What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:			
Imports from other suppliers?	High ___	Moderate X	Low ___
U.S. producers?	High ___	Moderate ___	Low ___
What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:			
Imports from other suppliers?	High ___	Moderate X	Low ___
U.S. producers?	High ___	Moderate ___	Low ___
What is the substitution elasticity?	High ___	Moderate X	Low ___
Supply elasticity for affected imports:			
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 supply for affected imports?	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.--Japan is the primary source of U.S. imports of these products. Most GSP-eligible countries do not match the quality level of the Japanese products.

V. Position of interested parties

Petitioner.--The petitioner, Itautec Philco, S.A., a Brazilian company that produces computers, electronic components, and consumer electronics products, contends that adding these products to the list of GSP-eligible goods will lead to increased employment in Brazil and increase trade between Brazil and the United States.

Opposition.--Thomson, Inc. is a major North American producer of color television receivers (CTVs), and a U.S. producer of color picture tubes (CPTs) and CTV glass components. Five Rivers is a U.S. producer of color television receivers. Both companies oppose granting GSP eligibility to the products under HTS subheading 8528.21.70. These companies state that the U.S. CTV industry is now vulnerable to imports of large-screen (21" to 30") CTVs from Asia, which would in turn lead to a decline in or loss of the U.S. CPT industry. Imports of small- and medium-screen (under 21") CTVs from Asia have already displaced U.S. production. In addition, these companies state that NAFTA established a set of rules that ensured shared production across national boundaries within the region, and led to significant investment in the United States (and Mexico) for the production of CPTs and CTVs. Most of the CPTs produced in the United States are consumed by North American CTV producers. According to these firms, the establishment of GSP-eligibility of large-screen CTVs would seriously undermine the gains of NAFTA and expose the U.S. CTV, CPT, and CTV glass industries to damaging imports. U.S. imports from Thailand, in particular, are alleged to pose a significant threat to U.S. CTV producers, as they are already priced significantly below domestic CTVs. These companies state that Section 503 of Title V of the Trade Act of 1974 mandates that the President may not designate duty-free treatment to import-sensitive electronic articles, and they contend that these products are highly import sensitive.

VI. Summary of probable economic advice-Addition

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Table 1.-Flat-panel color video monitors, exceeding 34.29 cm: U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Japan	25,735	80,886	249,310	243,398	355,924	94.4%
Korea	109	463	195	2,732	15,509	4.1%
Taiwan	52	4,471	33,959	9,155	3,628	1.0%
Mexico	10	0	8	16	748	0.2%
Malaysia	0	606	404	79	373	0.1%
Germany	14	110	8	198	226	0.1%
Netherlands	0	21	4	0	196	0.1%
India	0	0	0	0	106	0.0%
Israel	0	0	0	0	69	0.0%
United Kingdom	9	476	427	26	60	0.0%
All other	47	635	783	556	116	0.0%
Total	**25,977**	**87,667**	**285,097**	**256,159**	**376,954**	**100.0%**
Total from GSP-eligible nations	**0**	**9**	**118**	**0**	**120**	**0.0%**
Export market:						
Mexico	7,738	12,195	13,529	14,470	10,939	10.2%
Germany	2,482	3,103	3,328	14,100	10,295	9.6%
United Kingdom	4,429	2,948	9,135	10,321	9,681	9.0%
Canada	6,415	3,227	4,534	6,935	8,620	8.0%
France	1,318	1,923	1,234	8,350	7,239	6.7%
Hong Kong	707	490	1,378	17,429	5,925	5.5%
Taiwan	637	697	2,833	2,504	5,877	5.5%
China	458	164	1,028	1,871	3,756	3.5%
Chile	2,945	430	2,607	2,598	3,693	3.4%
Australia	1,750	617	1,865	2,544	3,552	3.3%
All Other	33,289	19,638	36,360	48,736	38,175	35.4%
Total	**62,165**	**45,433**	**77,830**	**129,857**	**107,753**	**100.0%**

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

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

Ignition Wiring Harnesses

I. Introduction

Competitive-need-limit waiver: Thailand

HTS subheading	Short description	Col. 1 rate of duty (1/1/03)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
		Percent ad valorem	
8544.30.00[1]	Ignition wiring sets and other wiring sets for use in vehicles, aircraft, or ships	5.0	Yes

[1] Thailand was proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 8544.30.00, effective July 1, 1994.

Description and uses.--Ignition wiring harnesses are assemblages of multiple-stranded electrical conductors to which assorted terminals, plugs, connectors, sockets, and other wiring devices have been affixed. These assemblies are fitted into vehicles, aircraft, and vessels to establish electrical connections between various apparatus (e.g., lights, instruments, audio equipment, and motors) and a power source (typically a battery or generator), and/or to conduct high-voltage currents between starting and ignition components (such as starter motors, alternators, coils, distributors, and spark plugs). The typical motor vehicle is equipped with numerous harnesses including those for the engine compartment, instrument panel, door panel, passenger compartment, and rear light and wiper assemblies.

II. U.S. market profile

Profile of U.S. industry and market, 1998-2002

Item	1998	1999	2000	2001	2002
Producers (***number***)	([1])	([1])	([1])	([1])	([1])
Employment (***1,000 employees***)	([1])	([1])	([1])	([1])	([1])
Shipments (***1,000 dollars***)	**5,460,000	**6,150,000	**6,240,000	**5,740,000	**6,450,000
Exports (***1,000 dollars***)	1,315,250	992,782	937,750	866,486	960,655
Imports (***1,000 dollars***)	4,407,641	4,867,650	5,131,893	4,684,352	5,301,661
Consumption (***1,000 dollars***)	([1])	([1])	([1])	([1])	([1])
Import-to-consumption ratio (***percent***) . .	([1])	([1])	([1])	([1])	([1])
Capacity utilization (***percent***)	([1])	([1])	([1])	([1])	([1])

[1] Not available, see comment below.

Comment.--The operations that are performed during the assembly phase of wiring harness production are extremely difficult or economically unfeasible to automate. For this reason, over 90 percent of the harnesses used in U.S. automotive production operations are assembled in countries with low wage rates. The only wiring harnesses that are produced in the United States are typically low volume, high value specialty units. The vast majority of sets consumed domestically are assembled in Mexico from U.S. and foreign components

(subsequently being counted as imports). The value of shipments is estimated from an approximate harness unit value per vehicle, actual domestic motor vehicle production, and an escalator for harnesses consumed in non-motor-vehicle applications. U.S. trade in wiring harnesses reflects the cross-border integration of motor-vehicle production in North America. By the late 1980s, U.S. and Canadian producers had shifted the bulk of their assembly of wiring harnesses to plants in Mexico. These facilities accounted for 83 percent of total U.S. imports of wiring harnesses for motor vehicles in 2002. U.S.-origin parts are estimated to account for over one half of the value of wiring harnesses imported from Mexico.

III. GSP import situation, 2002

U.S. imports and share of U.S. consumption, 2002

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	5,301,661	100	-	([1])
Imports from GSP countries:				
GSP total	547,849	10	100	([1])
Thailand	164,707	3	30	([1])

[1] Not available.

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

Comment.--Industry sources indicate that rising labor costs in Mexico have led some North American motor-vehicle assembly companies to search for lower-cost suppliers, particularly in Honduras, where Lear Corp. plans to double its capacity in 2003, and in Asia, where wiring harness producers currently supply vehicle assembly plants in the region. In June 1991, the President granted a competitive-need-limit waiver to the Philippines for articles included under HTS subheading 8544.30.00.

IV. Competitiveness profile, Thailand

Ranking as a U.S. import supplier, 2002	3		
Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):			
Is the product a finished product for final sale to consumers?	Yes ___	No X	
Is the product an intermediate good used as an input in the production of another good?	Yes X	No ___	
Is the product an agricultural or food product?	Yes ___	No X	
What is the aggregate price elasticity of U.S. demand?	High ___	Moderate ___	Low X
Substitution elasticity:			
What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:			
Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High ___	Moderate ___	Low X
What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:			
Imports from other suppliers?	High ___	Moderate ___	Low X
U.S. producers?	High ___	Moderate ___	Low X
What is the substitution elasticity?	High ___	Moderate ___	Low X
Supply elasticity for affected imports:			
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 supply for affected imports?	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.--Thailand's competitiveness in producing wiring harnesses for use in the United States is significantly hampered by its great geographical distance from U.S. markets.

V. Position of interested parties

Petitioner.--Yazaki North America, Inc. (YNA) of Canton, MI, states in its petition that Thailand should be granted a waiver of the competitive need limit for products imported under HTS subheading 8544.30.00, because "the current competitive need limit standard does not accurately reflect the development of the Thai economy" producing these products. YNA's parent company, Yazaki Corp. (Yazaki), is one of the four major suppliers of wiring harnesses and wiring sets to the U.S. motor-vehicle industry. In addition to Thailand, Yazaki has production facilities in Mexico, Nicaragua, the Philippines, China, Singapore, Malaysia, Taiwan, Vietnam, and numerous other locations around the world, employing 125,000 workers. YNA employs nearly 4,000 people in the United States, while Yazaki has a workforce of 16,000 in Thailand. YNA indicates that the annual duty savings (estimated at over $8 million for 2003) associated with the restoration of GSP eligibility for Thailand would help Yazaki to stabilize its production costs, effect slightly lower prices for YNA imports, and thereby increase U.S. and Thai employment levels. YNA also contends that to the extent that its cost savings are passed through to U.S. automakers, they will help these manufacturers to compete more effectively in world markets, while benefitting American workers, consumers, and the economy.

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

VI. Summary of probable economic advice-Competitive-need-limit waiver (Thailand)

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VI. Summary of probable economic advice-Competitive-need-limit waiver (Thailand)

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Table 1.-Ignition wiring harnesses: U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Mexico	3,687,265	3,996,215	4,171,292	3,824,036	4,384,409	82.7%
Philippines	184,580	238,786	316,020	288,219	271,862	5.1%
Thailand	158,120	169,076	159,770	137,152	164,707	3.1%
China	101,121	130,785	133,739	103,172	119,731	2.3%
Japan	64,254	77,315	82,630	78,383	94,679	1.8%
Canada	77,637	91,473	97,389	75,516	73,352	1.4%
Honduras	15,592	36,171	57,926	46,143	66,725	1.3%
Indonesia	50,509	47,357	33,951	45,958	37,438	0.7%
France	27,285	27,535	27,371	28,220	22,528	0.4%
United Kingdom	6,452	7,758	9,840	13,265	17,954	0.3%
All other	34,828	45,181	41,966	44,287	48,274	0.9%
Total	**4,407,641**	**4,867,650**	**5,131,893**	**4,684,352**	**5,301,661**	**100.0%**
Total from GSP-eligible nations	**409,464**	**493,172**	**570,701**	**519,833**	**547,849**	**10.3%**
Export market:						
Canada	426,389	495,923	498,142	504,507	558,678	58.2%
Mexico	691,306	257,914	247,781	244,878	206,207	21.5%
Thailand	53,331	59,940	44,183	6,421	43,557	4.5%
Philippines	22,039	36,505	31,453	6,773	32,583	3.4%
Japan	18,830	17,568	14,462	12,707	17,007	1.8%
China	16,041	24,625	9,500	4,053	14,226	1.5%
United Kingdom	8,790	11,374	12,449	10,344	13,530	1.4%
Indonesia	11,135	12,864	10,275	1,373	11,674	1.2%
Hong Kong	14,767	15,922	13,614	4,867	9,527	1.0%
France	3,627	7,973	4,791	5,811	7,640	0.8%
All Other	48,996	52,175	51,099	64,751	46,026	4.8%
Total	**1,315,250**	**992,782**	**937,750**	**866,486**	**960,655**	**100.0%**

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

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

Certain Power Train Parts for Motor Vehicles

I. Introduction

_X_ Competitive-need-limit waiver: Brazil

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/03)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
		Percent ad valorem	
8708.99.67[1]	Other parts for power trains for motor vehicles	2.5	Yes

[1] Brazil was proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheading 8708.99.67, effective July 1, 2000.

Description and uses.--The power train parts included in this digest (such as universal joints, a variety of shafts and axles, and differentials) are assembled with other components into complete power trains, which include the engine and transmission. The engine provides the power to propel the motor vehicle, and the transmission uses gears to adapt the ratio between engine rpm and driving wheel revolutions per minute (rpm). Many of these power train parts are forged or cast (usually from steel or aluminum), and then undergo further processing, such as machining and trimming. These parts are sold into two markets: original equipment manufacturers (OEM) for use as original equipment by automakers, or the aftermarket for use as replacement parts.

II. U.S. market profile

Profile of U.S. industry and market, 1998-2002

Item	1998	1999	2000	2001	2002
Producers (***number***)	**158	**171	**173	**160	**154
Employment (***1,000 employees***)	**31	**33	**34	**31	**30
Shipments (***1,000 dollars***)	**9,154,798	**10,501,177	**10,530,793	**9,477,714	**9,951,600
Exports (***1,000 dollars***)[1]	9,584,702	10,306,487	9,693,013	8,633,598	8,379,567
Imports (***1,000 dollars***)	1,669,931	2,064,515	2,230,283	2,051,770	2,452,781
Consumption (***1,000 dollars***)[2]	**9,866,259	**11,535,043	**11,791,775	**10,666,124	**11,566,424
Import-to-consumption ratio (***percent***) . .	**17	**18	**19	**19	**21
Capacity utilization (***percent***)	**85	**86	**74	**70	**74

[1] The export data cover products not included in this digest. Actual export data for the products covered in this digest are estimated to be 10 percent of the data shown.

[2] Consumption data are calculated based on export data estimated as 10 percent of the export data shown.

Comment.--The U.S. industry producing power train components requires extensive capital and labor investments in the forging and finishing of these products, in part because of the stringent customer requirements demanded of manufacturers. Because of the different processes and equipment required to

manufacture these products, they may undergo finishing operations at facilities separate from initial production sites, depending on the manufacturers' capabilities and capacity.

U.S. producers' shipments are estimated to have increased by 9 percent during the period, in large part because of increased North American motor vehicle production. The production slump in 2001 coincided with a 10-percent decline in North American motor vehicle production resulting from economic weakness and the September 2001 terrorist attack. Production rebounded in 2002 with the 5-percent increase in regional vehicle output. U.S. imports, which increased by 47 percent during 1998-2002, are principally sourced from Japan, Canada, and Mexico. Japanese transplant operations in the United States are believed to be significant purchasers of power train parts from Japan; Canada and Mexico are also leading power train parts suppliers because of the extensive integration of the North American automotive industry.

III. GSP import situation, 2002

U.S. imports and share of U.S. consumption, 2002

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	2,452,781	100	-	**21
Imports from GSP countries:				
GSP total	157,912	6	100	**1
Brazil	58,209	2	37	**1

Comment.--Brazil is the seventh largest U.S. supplier of certain power train parts, accounting for 2 percent of U.S. imports, and is the leading GSP supplier of such parts. Japan, Canada, and Mexico–the traditional leading U.S. sources of automotive parts imports–together accounted for 75 percent ($1.8 billion) of total U.S. imports of these power train components.

IV. Competitiveness profile, Brazil

Ranking as a U.S. import supplier, 2002	7		
Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):			
Is the product a finished product for final sale to consumers?	Yes ___	No X	
Is the product an intermediate good used as an input in the production of another good?	Yes X	No ___	
Is the product an agricultural or food product?	Yes ___	No X	
What is the aggregate price elasticity of U.S. demand?	High ___	Moderate ___	Low X
Substitution elasticity:			
What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:			
Imports from other suppliers?	High X	Moderate ___	Low ___
U.S. producers?	High X	Moderate ___	Low ___
What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:			
Imports from other suppliers?	High ___	Moderate ___	Low X
U.S. producers?	High ___	Moderate ___	Low X
What is the substitution elasticity?	High ___	Moderate X	Low ___
Supply elasticity for affected imports:			
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 supply for affected imports?	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 has emerged as South America's leading manufacturer of motor vehicles as well as motor vehicle parts. The globalization of the automotive industry has led U.S., European, and Japanese automotive parts producers to invest in production facilities near automakers' U.S. and foreign assembly plants to meet such requirements as just-in-time delivery, greater local content, and global sourcing from suppliers. U.S. producers command a premium in the U.S. market because of their ability to meet many of these requirements.

V. Position of interested parties

Petitioner.--Sindipeças, the Brazilian trade association representing producers and exporters of automotive parts, states that a competitive-need-limit waiver for certain power train parts is needed to help the Brazilian industry increase its exports to the United States. The petitioner also claims that there is no U.S. production of the specific automotive components produced by U.S. firms in Brazil, and that the granting of a competitive-need-limit waiver would therefore have no impact on U.S. industry shipment or employment levels.

Support.--Dana Corp., a U.S. manufacturer of automotive components, supports the granting of a competitive-need-limit waiver for imports of power train parts from Brazil. Dana, which produces power train parts at a Brazilian subsidiary, stated that the company produces in Brazil because the small volumes required can not be economically manufactured in the United States. Production in Brazil improves manufacturing efficiency and results in a more competitive cost for finished power trains. In addition, Dana indicated that these parts are proprietary components manufactured by Brazilian subsidiaries of Dana and other U.S.-based firms, and are supplied only to their U.S. parent companies. There is no U.S. production of equivalent power train parts for these U.S. automotive firms, and therefore the granting of a competitive-need-limit waiver for imports of these parts would result in no injury to the U.S. industry.

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

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Table 1.-Certain power train parts for motor vehicles: U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
Japan	453,772	567,266	653,028	713,515	914,159	37.3%
Canada	718,712	818,477	820,353	716,640	819,602	33.4%
Mexico	44,003	85,450	100,500	85,692	111,881	4.6%
United Kingdom	20,051	19,694	39,666	65,776	88,085	3.6%
Germany	56,781	74,900	90,873	72,765	78,027	3.2%
Spain	56,857	69,117	73,612	82,988	74,004	3.0%
Brazil	68,771	94,958	69,820	42,063	58,209	2.4%
France	62,285	107,127	114,195	54,718	50,050	2.0%
Korea	12,497	16,117	23,826	28,696	42,059	1.7%
China	7,497	13,748	22,258	23,849	39,152	1.6%
All other	168,706	197,661	222,152	165,068	177,553	7.2%
Total	**1,669,931**	**2,064,515**	**2,230,283**	**2,051,770**	**2,452,781**	**100.0%**
Total from GSP-eligible nations	**177,994**	**215,348**	**219,875**	**145,257**	**157,912**	**6.4%**
Export market:						
Canada	3,585,767	4,180,437	4,216,341	3,693,538	4,049,554	48.3%
Mexico	1,861,056	2,186,204	1,440,724	1,295,859	1,234,652	14.7%
Japan	555,263	513,602	794,244	599,880	641,347	7.7%
Austria	1,003,184	1,032,308	698,760	698,710	508,127	6.1%
Germany	316,648	210,857	218,625	291,266	339,791	4.1%
United Kingdom	264,945	433,641	255,386	196,400	213,992	2.6%
Australia	225,112	263,088	398,934	225,078	165,829	2.0%
Venezuela	182,560	142,891	269,673	357,739	160,833	1.9%
Brazil	320,550	203,439	175,411	151,274	132,487	1.6%
China	43,178	86,319	80,341	107,228	128,219	1.5%
All Other	1,226,439	1,053,701	1,144,573	1,016,626	804,737	9.6%
Total	**9,584,702**	**10,306,487**	**9,693,013**	**8,633,598**	**8,379,567**	**100.0%**

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

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

Brass Lamps and Lighting Fittings, Non-Electric

I. Introduction

_X_ Competitive-need-limit waiver: India

HTS subheading(s)	Short description	Col. 1 rate of duty (1/1/03)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
		Percent ad valorem	
9405.50.20 [1]	Incandescent lamps designed to be operated by propane or other gas, or by compressed air and kerosene or gasoline	2.9	Yes
9405.50.30 [1]	Other brass lamps and lighting fixtures	5.7	Yes
9405.50.40 [1]	Other	6.0	Yes

[1] India has not been proclaimed by the President as non-eligible for GSP treatment for articles included under HTS subheadings 9405.50.20, 9405.50.30, and 9405.50.40 but anticipates future levels in excess of competitive need limits.

Description and uses.–The major products imported under HTS subheadings 9405.50.20, 9405.50.30, and 9405.50.40 from India include kerosene hurricane-type lanterns used primarily for camping and other outdoor activities and candle holders principally used as decorative household items.

II. U.S. market profile

Profile of U.S. industry and market, 1998-2002

Item	1998	1999	2000	2001	2002
Producers (***number***)	**46	**46	**45	**45	**44
Employment (***1,000 employees***)	**2,200	**2,200	**2,100	**2,100	**2,150
Shipments (***1,000 dollars***)	*164,400	*165,200	*161,600	*175,000	*178,000
Exports (***1,000 dollars***)	28,148	28,394	27,211	24,954	25,955
Imports (***1,000 dollars***)	396,505	484,773	504,934	432,031	452,035
Consumption (***1,000 dollars***)	*532,757	*621,489	*639,323	*582,077	*604,080
Import-to-consumption ratio (***percent***)	*74	*78	*79	*74	*75
Capacity utilization (***percent***)	80	80	80	80	80

Comment.--U.S. imports of non-electric brass lamps and fittings increased each year during 1998-2000, reaching $505 million, a 27-percent increase over 1998, before declining to $432 million and $452 million in 2001and 2002, respectively. Imports accounted for an estimated 75 percent of consumption in 2002. During the period, U.S. exports ranged from a low of $25 million in 2001 to a high of $28 million in 1999. The U.S. market for candle holders, the major item in this sector, has increased with the popularity of candles for aesthetic and aromatic purposes.

III. GSP import situation, 2002

U.S. imports and share of U.S. consumption, 2002

Item	Imports	Percent of total imports	Percent of GSP imports	Percent of U.S. consumption
	1,000 dollars			
Grand total	452,035	100	-	*75
Imports from GSP countries:				
GSP total	108,309	24	100	*18
India	60,023	13	55	*10

Comment.--In 2002, imports of non-electric brass lamps and fittings from India accounted for 13 percent of all such imports, and accounted for 55 percent of the total GSP imports in that category.

IV. Competitiveness profile, India

Ranking as a U.S. import supplier, 2002 2

Aggregate demand elasticity (price elasticity of U.S. demand for the product from all sources, foreign and domestic):

Is the product a finished product for final sale to consumers?	Yes X	No	
Is the product an intermediate good used as an input in the production of another good?	Yes	No X	
Is the product an agricultural or food product?	Yes	No X	
What is the aggregate price elasticity of U.S. demand?	High	Moderate X	Low

Substitution elasticity:

What is the similarity of product characteristics (such as quality, physical specifications, shelf-life, etc.) between imports from this supplier and:

Imports from other suppliers?	High	Moderate X	Low
U.S. producers?	High	Moderate	Low X

What is the similarity of conditions of sale and distribution (such as lead times between order and delivery dates, payment terms, product service, minimum order size, variations in availability, etc.) between imports from this supplier and:

Imports from other suppliers?	High	Moderate X	Low
U.S. producers?	High	Moderate	Low X
What is the substitution elasticity?	High	Moderate	Low X

Supply elasticity for affected imports:

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 supply for affected imports? . .	High X	Moderate	Low

Price level compared with--

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

Quality compared with--

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

Comment.--The Indian product, although usually equivalent to U.S. quality, is generally lower in price.

V. Position of interested parties

Petitioner.--The Government of India requests that GSP treatment be extended to India for all GSP-eligible products; however, the petitioner indicates that the items covered in this digest are likely to exceed the competitive need limit. According to the petition, these items are essentially decorative brassware being produced by artisans in a small cottage industry sector in rural India and provides the only source of income for the majority of those employed in the industry. Reportedly, production and supply of these items have been modest due to the lack of easy availability of raw materials, as India is a net importer of copper and zinc, major components in the manufacture of these items. The most important component of these articles is metal scrap consisting of copper and brass, much of which is imported from the United States.

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

VI. Summary of probable economic advice-Competitive-need-limit waiver (9405.50.20) (India)

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VI. Summary of probable economic advice-Competitive-need-limit waiver (9405.50.30) (India)

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VI. Summary of probable economic advice-Competitive-need-limit waiver (9405.50.40) (India)

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Table 1.-Brass lamps and lighting fittings, non-electric (digest-level): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
China	149,274	218,653	263,630	246,946	271,692	60.1%
India	67,150	69,245	65,138	56,678	60,023	13.3%
Mexico	29,492	32,592	25,505	19,574	17,520	3.9%
Taiwan	51,143	54,787	39,609	21,296	16,541	3.7%
Philippines	11,699	11,550	13,015	11,982	11,037	2.4%
Germany	9,179	11,320	9,014	8,983	10,188	2.3%
Poland	6,285	8,212	8,624	5,600	8,040	1.8%
Romania	4,439	7,625	6,599	4,333	6,045	1.3%
Czech Republic	2,227	4,716	5,060	6,725	5,996	1.3%
Indonesia	4,915	7,047	10,962	7,208	5,795	1.3%
All other	60,702	59,025	57,778	42,705	39,159	8.7%
Total	**396,505**	**484,773**	**504,934**	**432,031**	**452,035**	**100.0%**
Total from GSP-eligible nations	**107,563**	**122,091**	**120,094**	**104,367**	**108,309**	**24.0%**
Export market:						
Canada	15,878	17,020	13,593	11,330	12,400	47.8%
United Kingdom	2,257	2,474	1,662	2,018	3,306	12.7%
Japan	2,340	2,223	3,018	2,831	2,469	9.5%
Ecuador	15	30	0	354	1,798	6.9%
Netherlands	1,717	1,123	458	2,164	1,516	5.8%
Mexico	1,426	1,523	2,105	1,802	936	3.6%
Germany	96	224	419	635	863	3.3%
Australia	313	389	781	237	550	2.1%
Saudi Arabia	58	74	15	247	353	1.4%
China	11	17	43	143	156	0.6%
All Other	4,036	3,296	5,118	3,192	1,607	6.2%
Total	**28,148**	**28,394**	**27,211**	**24,954**	**25,955**	**100.0%**

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

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

Table 2.-Brass lamps and lighting fittings, non-electric (9405.50.20): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
China	3,630	6,962	5,949	7,354	6,779	73.1%
India	155	288	295	346	1,032	11.1%
Hong Kong	228	729	642	305	561	6.1%
Poland	133	288	244	260	134	1.4%
Canada	120	35	145	123	119	1.3%
France	365	279	608	170	104	1.1%
United Kingdom	33	114	44	118	97	1.0%
Sweden	90	139	86	120	66	0.7%
Taiwan	343	400	228	295	65	0.7%
Germany	45	304	31	35	57	0.6%
All other	1,540	2,122	989	572	258	2.8%
Total	**6,682**	**11,659**	**9,263**	**9,699**	**9,273**	**100.0%**
Total from GSP-eligible nations	**444**	**1,068**	**777**	**810**	**1,276**	**13.8%**
Export market:						
Canada	15,878	17,020	13,593	11,330	12,400	47.8%
United Kingdom	2,257	2,474	1,662	2,018	3,306	12.7%
Japan	2,340	2,223	3,018	2,831	2,469	9.5%
Ecuador	15	30	0	354	1,798	6.9%
Netherlands	1,717	1,123	458	2,164	1,516	5.8%
Mexico	1,426	1,523	2,105	1,802	936	3.6%
Germany	96	224	419	635	863	3.3%
Australia	313	389	781	237	550	2.1%
Saudi Arabia	58	74	15	247	353	1.4%
China	11	17	43	143	156	0.6%
All Other	4,036	3,296	5,118	3,192	1,607	6.2%
Total	**28,148**	**28,394**	**27,211**	**24,954**	**25,955**	**100.0%**

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

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

Table 3.-Brass lamps and lighting fittings, non-electric (9405.50.30): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
India	34,866	36,992	31,860	27,276	23,800	74.6%
China	8,527	12,823	10,313	9,133	5,992	18.8%
Thailand	1,045	933	663	1,150	415	1.3%
Taiwan	3,020	1,725	1,168	596	356	1.1%
Hong Kong	657	370	325	221	279	0.9%
Italy	1,116	766	720	264	226	0.7%
United Kingdom	439	528	415	230	161	0.5%
France	91	104	89	37	157	0.5%
Netherlands	58	251	144	115	90	0.3%
Mexico	475	1,343	774	189	74	0.2%
All other	872	983	389	501	357	1.1%
Total	**51,168**	**56,817**	**46,859**	**39,712**	**31,906**	**100.0%**
Total from GSP-eligible nations	**36,460**	**38,492**	**32,747**	**28,686**	**24,378**	**76.4%**
Export market:						
Canada	15,878	17,020	13,593	11,330	12,400	47.8%
United Kingdom	2,257	2,474	1,662	2,018	3,306	12.7%
Japan	2,340	2,223	3,018	2,831	2,469	9.5%
Ecuador	15	30	0	354	1,798	6.9%
Netherlands	1,717	1,123	458	2,164	1,516	5.8%
Mexico	1,426	1,523	2,105	1,802	936	3.6%
Germany	96	224	419	635	863	3.3%
Australia	313	389	781	237	550	2.1%
Saudi Arabia	58	74	15	247	353	1.4%
China	11	17	43	143	156	0.6%
All Other	4,036	3,296	5,118	3,192	1,607	6.2%
Total	**28,148**	**28,394**	**27,211**	**24,954**	**25,955**	**100.0%**

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

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

Table 4.-Non-electrical lamps (9405.50.40): U.S. imports for consumption, by principal sources, and U.S. exports of domestic merchandise, by principal markets, 1998-2002

Nation	1998	1999	2000	2001	2002	Share of total, 2002
			Value (1,000 dollars)			
Import source:						
China	137,117	198,869	247,368	230,458	258,921	63.0%
India	32,129	31,965	32,984	29,056	35,191	8.6%
Mexico	27,817	30,071	24,156	19,233	17,422	4.2%
Taiwan	47,780	52,663	38,213	20,405	16,121	3.9%
Philippines	11,352	11,044	12,786	11,755	10,984	2.7%
Germany	9,102	11,012	8,983	8,932	10,124	2.5%
Poland	6,092	7,797	8,377	5,303	7,906	1.9%
Romania	4,359	7,605	6,591	4,333	6,045	1.5%
Czech Republic	2,213	4,707	5,054	6,718	5,996	1.5%
Indonesia	4,827	6,911	10,900	7,112	5,722	1.4%
All other	55,867	53,653	53,400	39,314	36,426	8.9%
Total	**338,655**	**416,297**	**448,812**	**382,620**	**410,856**	**100.0%**
Total from GSP-eligible nations	**70,659**	**82,530**	**86,571**	**74,871**	**82,656**	**20.1%**
Export market:						
Canada	15,878	17,020	13,593	11,330	12,400	47.8%
United Kingdom	2,257	2,474	1,662	2,018	3,306	12.7%
Japan	2,340	2,223	3,018	2,831	2,469	9.5%
Ecuador	15	30	0	354	1,798	6.9%
Netherlands	1,717	1,123	458	2,164	1,516	5.8%
Mexico	1,426	1,523	2,105	1,802	936	3.6%
Germany	96	224	419	635	863	3.3%
Australia	313	389	781	237	550	2.1%
Saudi Arabia	58	74	15	247	353	1.4%
China	11	17	43	143	156	0.6%
All Other	4,036	3,296	5,118	3,192	1,607	6.2%
Total	**28,148**	**28,394**	**27,211**	**24,954**	**25,955**	**100.0%**

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

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

APPENDIX A

U.S. Trade Representative's Request Letters

1-DTO
2-DC
JD

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

FEB 19 2003

The Honorable Deanna Tanner Okun
Chairman
United States International Trade
Commission
500 E Street, S.W.
Washington, D.C. 20436

Dear Chairman Okun:

The Trade Policy Staff Committee (TPSC) has recently decided and will announce in the Federal Register the acceptance of product petitions for the 2002 GSP Annual Review to modify the U.S. Generalized System of Preferences (GSP). For the most part, modifications to the GSP which may result from this review will be announced in the spring of 2003 and become effective in the summer of 2003. In this connection, I am making the requests listed below.

In accordance with sections 503(a)(1)(A), 503(e) and 131(a) of the Trade Act of 1974, as amended ("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 GSP-eligible articles for all countries designated as beneficiary developing countries in general note 4(a)of the Harmonized Tariff Schedule of the United States (HTS).

In accordance with sections 503(a)(1)(B), 503(e) and 131(a) of the 1974 Act, and pursuant to the authority of the President delegated to the 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 B of the enclosed annex are being considered for designation as GSP-eligible articles only for countries designated as least-developed beneficiary developing countries in general note 4(b)(i) of the HTS.

In accordance with sections 503(a)(1)(A), 503(e) and 131(a) of the 1974 Act and the authority delegated to me by the President, pursuant to section 332(g) of the Tariff Act of 1930, I request that the Commission provide its advice, with respect to the articles 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 U.S. import duties for all beneficiary developing countries, and, with respect to the articles identified in Part B 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 only for least-developed beneficiary developing countries.

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 503(c)(2)(A) of the 1974 Act.

In providing its advice on the articles in Part B of the enclosed annex, I request the Commission to assume that the benefits of the GSP would continue to apply to imports that would be normally excluded from receiving such benefits by virtue of the competitive need limits specified in section 503(c)(2)(A) of

the 1974 Act (an exemption from the application of the competitive need limits for the least-developed beneficiary developing countries is provided for in section 503(c)(2)(D) of the 1974 Act).

Pursuant to the authority delegated to me by the President and section 332(g) of the Tariff Act of 1930, I further request:

a) with respect to the article listed in Part C of the enclosed annex, that the Commission provide its advice as to the probable economic effect on U.S. industries producing like or directly competitive articles and on consumers of the removal of Russia from the list of countries eligible to receive duty-free treatment under the GSP for such article; and

b) in accordance with section 503(d)(1)(A) of the 1974 Act, that the Commission provide advice on whether any industry in the United States is likely to be adversely affected by a waiver of the competitive need limits specified in section 503(c)(2)(A) of the 1974 Act for Argentina in case nos. 2002-09, 2002-15 and 2002-16, for Morocco in case nos. 2002-11, 2002-12 and 2002-13, for Brazil in case no. 2002-23, and for Kazakhstan in case no. 2002-24 in Part A of the enclosed Annex, and for the country specified with respect to the articles in Part D of the enclosed Annex.

With respect to the competitive need limit in section 503(c)(2)(A)(i)(I) of the 1974 Act, the Commission is requested to use the dollar value limit of $105,000,000.

Under the provisions of the 1974 Act, the Commission has six months to provide the advice requested herein in accordance with sections 503(a)(1)(A), 503(e) and 131(a) of the 1974 Act on Part A of the enclosed Annex. However, it would be greatly appreciated if all of the requested advice could be provided by no later than 90 days from receipt of this letter. To the maximum extent possible, it would be greatly appreciated if the probable economic effect advice and statistics (profile of the U.S. industry and market and U.S. import and export data) and any other relevant information or advice be provided separately and individually for each 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 U.S. 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,

Peter F. Allgeier

Peter F. Allgeier
Acting

Annex

The Harmonized Tariff Schedule of the United States (HTS) subheadings listed below have been accepted as product petitions for the 2002 Generalized System of Preferences (GSP) Annual Review for modification of the (GSP). The tariff nomenclature in the HTS for the subheadings listed below are 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 the scope of the subheading. The HTS may be viewed on http://www.usitc.gov/taffairs.htm.

Case No.	HTS Subheading	Brief Description	Petitioner
A.	Petitions to add products to the list of eligible articles for the Generalized System of Preferences.		
2002-01	0406.20.51	Romano, reggiano, provolone, provoletti, sbrinz and goya, made from cow's milk, grated or powdered, subject to additional U.S. note 21 to chapter 4 of the HTS	Lactosan (Uruguay) S.A., Uruguay
2002-02	0710.22.37	Beans not elsewhere specified or included, uncooked or cooked by steaming or boiling in water, frozen, not reduced in size	United Company for Food Industries-"Montana", Egypt
2002-03	0710.22.40	Beans, uncooked or cooked by steaming or boiling in water, frozen, reduced in size	do.
2002-04	0710.30.00	Spinach, New Zealand spinach and orache spinach (garden spinach), uncooked or cooked by steaming or boiling in water, frozen	do.
2002-05	0710.80.97(pt)	Broccoli, uncooked or cooked by steaming or boiling in water, frozen, reduced in size	do.
2002-06	0710.80.9730	Cauliflower, uncooked or cooked by steaming or boiling in water, frozen, reduced in size	do.
2002-07	0710.90.91	Mixtures of vegetables not elsewhere specified or included, uncooked or cooked by steaming or boiling in water, frozen	do.
2002-08	0804.20.80	Figs, fresh or dried, other than whole	Government of Turkey
2002-09	1508.10.00 1/	Crude peanut (ground-nut) oil	Government of Argentina; Camera Industrial de Aceites Vegetales de Cordoba, Argentina
2002-10	1508.90.00	Peanut (ground-nut) oil, other than crude, and its fractions, whether or not refined, but not chemically modified	do.
2002-11	1604.13.20 2/	Sardines, not smoked, sardinella, brisling or sprats, neither skinned nor boned, in oil, in airtight containers	Government of Morocco
2002-12	1604.13.30 2/	Sardines, not smoked, sardinella, brisling or sprats, skinned or boned, in oil, in airtight containers	do.

1/ The petitioners also requests a waiver of the competitive need limits specified in section 503(c)(2)(A) of the 1974 Act for Argentina on the articles provided for in this subheading.

2/ The petitioner also requests a waiver of the competitive need limits specified in section 503(c)(2)(A) of the 1974 Act for Morocco on the articles provided for in this subheading.

Case No.	HTS Subheading	Brief Description	Petitioner
A.	Petitions to add products to the list of eligible articles for the Generalized System of Preferences. (con.)		
2002-13	2001.90.20 1/	Capers, prepared or preserved by vinegar or acetic acid, other than in immediate containers holding more than 3.4 kg	Government of Morocco Government of Turkey
2002-14	2008.19.20	Filberts, otherwise prepared or preserved, not elsewhere specified or included	Government of Turkey
2002-15	2009.31.6020 2/	Lemon juice, of a Brix value not exceeding 20, concentrated, frozen	Government of Argentina; Chamber of Citrus Processors of Argentina; C&H Sales Co, La Mirada, CA; Citroil Enterprises, Inc., Carlstadt, NJ; Maritime Exchange for the Delaware River and Bay, Philadelphia, PA; Pasco Beverage Company, Dade City, FL; Sales USA, Inc., Salado, TX; Sourcelink LLC, Sarasota, FL
2002-16	2009.39.6020 2/	Lemon juice, of a Brix value exceeding 20, frozen	do.
2002-17	2903.69.70(pt)	p-Chlorobenzotrifluoride	Milenia Agro Ciencias S.A., Brazil
2002-18	2903.69.70(pt)	3,4-Dichlorobenzotrifluoride	do.
2002-19	2917.12.10	Adipic acid	Rhodia Poliamida Ltda., Brazil
2002-20	2921.43.15	α, α, α-Trifluoro-2,6-dinitro-*N,N*-dipropyl-*p*-toluidine (Trifluralin)	Government of Argentina; Albaugh, Inc., St. Joseph, MO; Atanor, S.A., Argentina; Milenia Agro Ciencias S.A., Brazil
2002-21	2921.43.80(pt)	*N*-Ethyl-*N*-(2-methyl-2-propenyl)-2,6-dinitro-4-(trifluoromethyl)benzenamine	Milenia Agro Ciencias S.A., Brazil
2002-22	2922.42.10	Monosodium glutamate	Ajinomota USA, Eddyville, IO; Ajinomoto Interamericana Ind. E Com. Ltda., Brazil; Ajinomoto Biolatina Ind e Com. Ltda., Brazil

1/ The Government of Morocco also requests a waiver of the competitive need limits specified in section 503(c)(2)(A) of the 1974 Act for Morocco on the articles provided for in this subheading.

2/ The petitioners also requests a waiver of the competitive need limits specified in section 503(c)(2)(A) of the 1974 Act for Argentina on the articles provided for in this subheading.

Case No.	HTS Subheading	Brief Description	Petitioner
A.	Petitions to add products to the list of eligible articles for the Generalized System of Preferences. (con.)		
2002-23	7202.93.00 1/	Ferroniobium	Cia Brasileiro de Metalurgia e Mineracal, Brazil; Reference Metals Company, Inc., Bridgeville, PA
2002-24	8108.20.0010 2/	Titanium sponge	Government of Kazakhstan; Joint Stock Company Ust-Kamenogorak Titanium and Magnesium Plant, Kazakhstan
2002-25	8528.12.3224	Non-high definition color television reception apparatus, nonprojection type, with video display diagonal over 35.56 cm but not over 37 cm, not incorporating a video recording or reproducing apparatus	ITAUTEC Philco S/A, Brazil
2002-26	8528.12.3235	Non-high definition color television reception apparatus, nonprojection type, with video display diagonal over 45 cm but not over 50 cm, not incorporating a video recording or reproducing apparatus	do.
2002-27	8528.12.3250	Non-high definition color television reception apparatus, nonprojection type, with video display diagonal over 52 cm but not over 77 cm, not incorporating a video recording or reproducing apparatus	do.
2002-28	8528.21.70	Color video monitors with a flat panel screen, with a video display diagonal over 34.29 cm, not incorporating video recording or reproducing apparatus	do.
2002-29	8704.31.00	Motor vehicles for the transport of goods, with spark-ignition internal combustion piston engine, with G.V.W. not exceeding 5 metric tons	Government of Argentina; Ford Argentina S.A., Argentina
B.	Petition to add a product to the list of eligible articles for the Generalized System of Preferences only for countries designated as a least-developed beneficiary country in general note 4(b)(i) of the HTS.		
2002-30	8211.91.20	Table knives with fixed blades, with stainless steel handles containing nickel or over 10% by weight of manganese, valued under 25¢ each, not over 25.9 cm in overall length	Government of Bangladesh

1/ The petitioners also requests a waiver of the competitive need limits specified in section 503(c)(2)(A) of the 1974 Act for Brazil on the articles provided for in this subheading.

2/ The petitioners also requests a waiver of the competitive need limits specified in section 503(c)(2)(A) of the 1974 Act for Kazakhstan on the articles provided for in this subheading.

Case No.	HTS Subheading	Brief Description	Petitioner
B.	Petition to add a product to the list of eligible articles for the Generalized System of Preferences only for countries designated as a least-developed beneficiary country in general note 4(b)(i) of the HTS. (con.)		
2002-31	8215.99.01	Forks, with stainless steel handles containing nickel or over 10% by weight of manganese, valued under 25¢ each, not over 25.9 cm in overall length	Government of Bangladesh
2002-32	8215.99.10	Other forks, with stainless steel handles, valued under 25¢ each	do.
2002-33	8215.99.30	Spoons, with stainless steel handles and valued under 25 cents each	do.
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. 1/		
2002-34	8108.90.60 (Russia)	Wrought titanium, not elsewhere specified or included	Titanium Metals Corporation, Denver, CO
D.	Petitions for waiver of competitive need limits for a product on the list of eligible products for the Generalized System of Preferences.		
2002-35	0813.10.00 (Turkey)	Apricots, dried	Government of Turkey
2002-36	2909.19.14 (Brazil)	Methyl tertiay-butyl ether (MTBE)	Copesul-Companhia Petroquimica Do Sul, Brazil; Copesul International Trading Inc., Brazil; Petroleo Brasileiro S.A., Brazil
2002-37	7113.19.29 (Turkey)	Gold necklaces and neck chains (other than of rope or mixed links)	Istanbul Maden ve Metaller Ihracatcilari Birligi, Turkey
2002-38	7202.50.00 (Kazakhstan)	Ferrosilicon chromium	Transnatsionalnaya Kompaniya ("Kazachrome"), Kazakhstan; Considar Inc., New York, NY
2002-39	7418.19.10 (India)	Copper table, kitchen or other household articles and parts thereof, coated or plated with precious metals	Government of India
2002-40	7418.19.50 (India)	Copper (other than brass) table, kitchen or other household articles and parts thereof, not coated or plated with precious metals	do.

1/ 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 as the GSP status of the entire article.

Case No.	HTS Subheading	Brief Description	Petitioner
D.	Petitions for waiver of competitive need limits for a product on the list of eligible products for the Generalized System of Preferences. (con.)		
2002-41	8413.30.10 (Brazil)	Fuel-injection pumps for compression-ignition engines, not fitted with a measuring device	Robert Bosch Ltda. of Brazil, Brazil
2002-42	8414.51.00(pt) (Thailand)	Ceiling fans for permanent installation	Hunter Fan Company, Memphis, TN; Compass East Industries (Thailand) Public Company Limited, Thailand
2002-43	8528.12.28 (Thailand)	Non-high definition color television reception apparatus, non-projection type, with a video display diagonal exceeding 35.56 cm, incorporating video recording or reproducing apparatus	JVC Americas Corporation, Wayne, NJ
2002-44	8544.30.00 (Thailand)	Insulated ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships	Yazaki North America, Inc., Canton, MI
2002-45	8708.99.67 (Brazil)	Other parts of power trains of motor vehicles of headings 8701 to 8705 except tractors suitable for agricultural use	Sindicato Nacional da Industria de Compenentes Para Veiculos Automotores, Brazil
2002-46	9405.50.20 (India)	Non-electrical incandescent lamps designed to be operated by propane or other gas, or by compressed air and kerosene or gasoline	Government of India
2002-47	9405.50.30 (India)	Non-electrical lamps and lighting fixtures, not elsewhere specified or included, of brass	do.
2002-48	9405.50.40 (India)	Non-electrical lamps and lighting fixtures not elsewhere specified or included, other than of brass	do.

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

chair recd 3/3/03
1 - Secretary
2 - Industries

MAR 3 2003

The Honorable Deanna Tanner Okun
Chairman
United States International Trade Commission
500 E Street, S.W.
Washington, D.C. 20436

Dear Chairman Okun:

The Government of Argentina and Ford Argentina S.A. have withdrawn their petitions concerning Harmonized Tariff Schedule of the United States (HTS) subheading 8704.31.00 (formerly Case No. 2002-29) from consideration. Therefore, I request that the United States International Trade Commission remove HTS subheading 8704.31.00 from the list of articles for which I requested advice in a letter sent on February 19, 2003, and terminate the investigation begun on this item.

Sincerely,

Robert B. Zoellick

APPENDIX B

U.S. International Trade Commission's Notice of Investigation and Notice of Correction

early 18th century. The historically documented "Lower Mohawk Castle," also known as "Tionondoroge" or "Tehandaloga," is generally assumed to be associated with a settlement located near the confluence of the Schoharie Creek and the Mohawk River, which included the Wemp site cemetery. The Mohawk people established the settlement around 1710 and most had abandoned it by 1776.

Officials of the Walter Elwood Museum have determined that, pursuant to 25 U.S.C. 3001, Sec. 2 (9-10), the human remains listed above represent the physical remains of at least four individuals of Native American ancestry. Officials of the Walter Elwood Museum have also determined that, pursuant to 25 U.S.C. 3001, Sec. (3)(A), the five objects listed above are reasonably believed to have been placed with or near individual human remains at the time of death or later as part of the death rite or ceremony. Lastly, officials of the Walter Elwood Museum have determined that, pursuant to 25 U.S.C. 3001, Sec. 2 (2), there is a relationship of shared group identity that can be reasonably traced between these Native American human remains and associated funerary objects and the Akwesasne Mohawk Nation.

Representatives of any other Indian tribe that believes itself to be culturally affiliated with these human remains and associated funerary objects should contact Ronald E. Limoncelli, Superintendent, Greater Amsterdam School District, 11 Liberty Street, Amsterdam, New York 12101, telephone (518) 843-5217, before April 7, 2003. Repatriation of these human remains and associated funerary objects to the Akwesasne Mohawk Nation may proceed after that date if no additional claimants come forward.

The Walter Elwood Museum is responsible for notifying the Akwesasne Mohawk Nation that this notice has been published.

Dated: January 24, 2003.

John Robbins,

Assistant Director, Cultural Resources Stewardship and Partnerships.

[FR Doc. 03-5510 Filed 3-6-03; 8:45 am]

BILLING CODE 4310-70-S

DEPARTMENT OF THE INTERIOR

Bureau of Reclamation

Glen Canyon Dam Adaptive Management Work Group (AMWG), Notice of Meeting

AGENCY: Bureau of Reclamation, Interior.

ACTION: Notice of public meeting.

SUMMARY: The Adaptive Management Program (AMP) was implemented as a result of the Record of Decision on the Operation of Glen Canyon Dam Final Environmental Impact Statement to comply with consultation requirements of the Grand Canyon Protection Act (Pub. L. 102-575) of 1992. The AMP provides an organization and process to ensure the use of scientific information in decision making concerning Glen Canyon Dam operations and protection of the affected resources consistent with the Grand Canyon Protection Act. The AMP has been organized and includes a federal advisory committee (AMWG), a technical work group (TWG), a monitoring and research center, and independent review panels. The TWG is a subcommittee of the AMWG and provides technical advice and information for the AMWG to act upon.

Date and Location: The Glen Canyon Dam Adaptive Management Work Group will conduct the following public meeting:

Flagstaff, Arizona—March 28, 2003. The meeting will begin at 9:30 a.m. and conclude at 4 p.m. The meeting will be held at the Grand Canyon Monitoring and Research Center, 2255 N. Gemini Drive, Building #3 Conference Room, Flagstaff, Arizona.

Agenda: The purpose of the meeting will be to address the status of the humpback chub in the Colorado River. At the AMWG Meeting held on January 28-29, 2003, the following motion was passed: "AMWG meet in special session on or about April 1, 2003, to consider actions to implement a comprehensive research and management program for the HBC, and in the interim an ad hoc committee of AMWG, TWG, GCMRC, and science advisors develop recommendations and report to AMWG at the special session." In conjunction with that motion, the HBC Ad Hoc Group was formed and will present their report to the AMWG at the meeting. There will be no additional agenda items.

Time will be allowed for any individual or organization wishing to make formal oral comments (limited to 5 minutes) at the meeting.

To allow full consideration of information by the AMWG members, written notice must be provided to Dennis Kubly, Bureau of Reclamation, Upper Colorado Regional Office, 125 South State Street, Room 6107, Salt Lake City, Utah, 84138; telephone (801) 524-3715; faxogram (801) 524-3858; e-mail at *dkubly@uc.usbr.gov* at least FIVE (5) days prior to the meeting. Any written comments received will be provided to the AMWG and TWG members.

FOR FURTHER INFORMATION CONTACT: Dennis Kubly, telephone (801) 524-3715; faxogram (801) 524-3858; or via e-mail at *dkubly@uc.usbr.gov.*

Dated: February 24, 2003.

Randall V. Peterson,

Manager, Adaptive Management and Environmental Resources Division, Upper Colorado Regional Office.

[FR Doc. 03-5393 Filed 3-6-03; 8:45 am]

BILLING CODE 4310-MN-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 332-451]

Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences, 2002 Review

AGENCY: International Trade Commission.

ACTION: Institution of investigation and scheduling of hearing.

SUMMARY: Following receipt on February 20, 2003, 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. 332-451, Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences, 2002 Review.

Background: As requested by the USTR, in accordance with sections 503(a)(1)(A), 503(e), and 131(a) of the Trade Act of 1974 (1974 Act), and under section 332(g) of the Tariff Act of 1930, the Commission will provide advice 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 for all beneficiary countries under the GSP for the following HTS subheadings: 0406.20.51, 0710.22.37, 0710.22.40, 0710.30.00, 0710.80.97 (pt.), 0710.80.9730, 0710.90.91, 0804.20.60, 1508.10.00, 1508.90.00, 1604.13.20, 1604.13.30, 2001.90.20, 2008.19.20, 2009.31.6020, 2009.39.6020, 2903.69.70 (pts.), 2917.12.10, 2921.43.15, 2921.43.80 (pt.), 2922.42.10, 7202.93.00 (pt.), 8108.20.0010, 8528.12.3224, 8528.12.3235, 8528.12.3250, and 8528.21.70. In providing its advice on these articles, the USTR asked that the Commission 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 503(c)(2)(A) of the 1974 Act.

As requested by the USTR, in accordance with section 503(a)(1)(B), 503(e) and 131(a) of the Trade Act of 1974 (1974 Act), and under authority delegated by the President, delegated to the USTR by sections 4(c) and 8(c) of Executive Order 11846 of March 31, 1975, the Commission will provide advice 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 for countries designated as least-developed beneficiary developing countries in general note 4(b)(i) of the HTS for the following HTS subheadings: 8211.91.20, 8215.99.01, 8215.99.10, and 8215.99.30. In providing its advice on these articles, the USTR asked that the Commission assume that the benefits of the GSP would apply to imports that would be normally excluded from receiving such benefits by virtue of the competitive need limits specified in section 503(c)(2)(A) of the 1974 Act (an exemption from the application of the competitive need limits for the least-developed beneficiary developing countries is provided for in section 503(c)(2)(D) of the 1974 Act).

As requested under section 332(g) of the Tariff Act of 1930, the Commission will provide advice as to the probable economic effect on U.S. industries producing like or directly competitive articles and on consumers of the removal of Russia from eligibility for duty-free treatment under the GSP for HTS subheading 8108.90.60.

As requested under section 332(g) of the Tariff Act of 1930 and in accordance with section 503(d)(1)(A) of the 1974 Act, 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 limits specified in section 503(c)(2)(A) of the 1974 Act for Argentina for 1508.10.00, 2009.31.6020, and 2009.39.6020; for Brazil for 2909.19.14, 7202.93.00, 8413.30.10, and 8708.99.67; for India for 7418.19.10, 7418.19.50, 9405.50.20, 9405.50.30, and 9405.50.40; for Kazakhstan for 7202.50.00 and 8108.20.0010; for Morocco for HTS subheadings 1604.13.20, 1604.13.30, and 2001.90.20; for Thailand for 8414.51.00 (pt.), 8528.12.28, and 8544.30.00; and for Turkey for 0813.10.00, and 7113.19.29.

With respect to the competitive need limit in section 503(c)(2)(A)(i)(I) of the 1974 Act, the Commission, as requested, will use the dollar value limit of $105,000,000.

As requested by the USTR, the Commission will seek to provide its advice not later than May 21, 2003.

EFFECTIVE DATE: February 27, 2003.

FOR FURTHER INFORMATION CONTACT: (1) Project Manager, Cynthia B. Foreso (202–205–3348 or foreso@usitc.gov).

(2) Deputy Project Manager, Eric Land (202–205–3349 or land@usitc.gov). The above persons are in the Commission's Office of Industries. For information on legal aspects of the investigation, contact William Gearhart of the Commission's Office of the General Counsel at 202–205–3091 or wgearhart@usitc.gov.

Public Hearing: A public hearing in connection with this investigation is scheduled to begin at 9:30 a.m. on April 8, 2003, at the U.S. 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 March 17, 2003. In addition, persons appearing should file prehearing briefs (original and 14 copies) with the Secretary by the close of business on March 20, 2003. Posthearing briefs should be filed with the Secretary by the close of business on April 14, 2003. In the event that no requests to appear at the hearing are received by the close of business on March 19, 2003, the hearing will be canceled. Any person interested in attending the hearing as an observer or non-participant may call the Secretary to the Commission (202–205–1816) after March 19, 2003, to determine whether the hearing will be held.

Written Submissions: In lieu of or in addition to appearing 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 April 14, 2003. 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. The Commission may include such confidential business information in the report it sends to USTR. All submissions should be addressed to the Secretary at the Commission's office in Washington, DC. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (Nov. 8, 2002). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov*. 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.

Issued: March 3, 2003.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 03–5400 Filed 3–6–03; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731–TA–1015–1016 (Final)]

Polyvinyl Alcohol From Germany and Japan

AGENCY: United States International Trade Commission.

ACTION: Scheduling of the final phase of antidumping investigations.

SUMMARY: The Commission hereby gives notice of the scheduling of the final phase of antidumping investigations Nos. 731–TA–1015–1016 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)) (the Act) to determine whether an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of less-than-fair-value imports from Germany and Japan of polyvinyl alcohol, provided for in subheading 3905.30.00 of the Harmonized Tariff Schedule of the United States.[1]

[1] For purposes of these investigations, the Department of Commerce has defined the subject merchandise as all polyvinyl alcohol ("PVA") hydrolyzed in excess of 80 percent, whether or not mixed or diluted with commercial levels of defoamer or boric acid, except as noted below.

The following products are specifically excluded from the scope of these investigations:

(1) PVA in fiber form

(2) PVA with hydrolysis less than 83 mole percent and certified not for use in the production of textiles

(3) PVA with hydrolysis greater than 85 percent and viscosity greater than or equal to 90 cps

(4) PVA with a hydrolysis greater than 85 percent, viscosity greater than or equal to 80 cps but less than 90 cps, certified for use in an ink jet application

Rancheria, California that this notice has been published.

Dated: February 19, 2003.

John Robbins,

Assistant Director, Cultural Resources Stewardship and Partnerships.

[FR Doc. 03–6217 Filed 3–13–03; 8:45 am]

BILLING CODE 4310–70–S

DEPARTMENT OF INTERIOR

Office of Surface Mining Reclamation and Enforcement

Notice of Proposed Information Collection for 1029–0025, 1029–0040 and 1029–0104

AGENCY: Office of Surface Mining Reclamation and Enforcement.

ACTION: Notice and request for comments.

SUMMARY: In compliance with the Paperwork Reduction Act of 1995, the Office of Surface Mining Reclamation and Enforcement (OSM) is announcing its intention to request renewed approval for the collections of information for 30 CFR 733, Maintenance of state programs and procedures for substituting federal enforcement of state programs and withdrawing approval of state programs; 785, Requirements for permits for special categories of mining; and 876, Acid mine drainage treatment and abatement program.

DATES: Comments on the proposed information collection activities must be received by May 13, 2003, to be assured of consideration.

ADDRESSES: Comments may be mailed to John A. Trelease, Office of Surface Mining Reclamation and Enforcement, 1951 Constitution Ave, NW., Room 210—SIB, Washington, DC 20240. Comments may also be submitted electronically to *jtreleas@osmre.gov*.

FOR FURTHER INFORMATION CONTACT: To request a copy of the information collection request, explanatory information and related forms, contact John A. Trelease, at (202) 208–2783 or via e-mail at the address listed above.

SUPPLEMENTARY INFORMATION: The Office of Management and Budget (OMB) regulations at 5 CFR 1320, which implement provisions of the Paperwork Reduction Act of 1995 (Pub. L. 104–13), require that interested members of the public and affected agencies have an opportunity to comment on information collection and recordkeeping activities [*see* 5 CFR 1320.8(d)]. This notice identifies information collections that OSM will be submitting to OMB for approval. These collections are contained in (1) 30 CFR 733, Maintenance of state programs and procedures for substituting federal enforcement of state programs and withdrawing approval of state programs; (2) 30 CFR 785, Requirements for permits for special categories of mining; and (3) 30 CFR 876, Acid mine drainage treatment and abatement program. OSM will request a 3-year term of approval for each information collection activity.

Comments are invited on: (1) The need for the collection of information for the performance of the functions of the agency; (2) the accuracy of the agency's burden estimates; (3) ways to enhance the quality, utility and clarity of the information collection; and (4) ways to minimize the information collection burden on respondents, such as use of automated means of collection of the information. A summary of the public comments will accompany OSM's submission of the information collection request to OMB.

The following information is provided for the information collection: (1) Title of the information collection; (2) OMB control number; (3) summary of the information collection activity; and (4) frequency of collection, description of the respondents, estimated total annual responses, and the total annual reporting and recordkeeping burden for the collection of information.

Title: Maintenance of State programs and procedures for substituting Federal enforcement of State programs and withdrawing approval of State programs, 30 CFR 733.

OMB Control Number: 1029–0025.

Summary: This part provides that any interested person may request the Director of OSM to evaluate a State program by setting forth in the request a concise statement of facts that the person believes establishes the need for the evaluation.

Bureau Form Number: None.

Frequency of Collection: Once.

Description of Respondents: Any interested person (individuals, businesses, institutions, organizations).

Total Annual Responses: 2.

Total Annual Burden Hours: 200.

Title: Requirements for permits for special categories of mining, 30 CFR 785.

OMB Control Number: 1029–0040.

Summary: The information is being collected to meet the requirements of sections 507, 508, 510, 515, 701 and 711 of Pub. L. 95–87, which requires applicants for special types of mining activities to provide descriptions, maps, plans and data of the proposed activity. This information will be used by the regulatory authority in determining if the applicant can meet the applicable performance standards for the special type of mining activity.

Bureau Form Number: None.

Frequency of Collection: Once.

Description of Respondents: Applicants for coalmine permits.

Total Annual Responses: 432.

Total Annual Burden Hours: 47,850.

Title: Acid mine drainage treatment and abatement program, 30 CFR 876.

OMB Control Number: 1029–0104.

Summary: This part establishes the requirements and procedures allowing states and Indian tribes to establish acid mine drainage abatement and treatment programs under the Abandoned Mine Land fund as directed through Pub. L. 101–508.

Bureau Form Number: None.

Frequency of Collection: Once.

Description of Respondents: State governments and Indian tribes.

Total Annual Responses: 1.

Total Annual Burden Hours: 350.

Dated: March 4, 2003.

Sarah E. Donnelly,

Acting Chief, Division of Regulatory Support.

[FR Doc. 03–6189 Filed 3–13–03; 8:45 am]

BILLING CODE 4310–05–M

INTERNATIONAL TRADE COMMISSION

[Investigation No. 332–451]

Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences, 2002 Review

AGENCY: International Trade Commission.

ACTION: Correction of notice of investigation.

SUMMARY: The Commission's notice published in the **Federal Register** on March 7, 2003 (68 FR 11143) contained a typographical error that incorrectly identified one of the HTS subheadings upon which the Commission will provide advice 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 for all beneficiary countries under the GSP. The Commission will provide advice for HTS subheading 7202.93.00; it will not provide advice for HTS subheading 7202.93.00 (pt.).

By order of the Commission.

Issued: March 10, 2003.

Marilyn R. Abbott,

Secretary.

[FR Doc. 03–6124 Filed 3–13–03; 8:45 am]

BILLING CODE 7020–02–P

APPENDIX C

Calendar of the Public Hearing, April 8, 2003

APPENDIX D

Model for Evaluating Probable Economic Effects

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 from India 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. These processes are discussed in chapter 1 of the text.

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.[1] 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 1999, and tariff rates used were for 2000.

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.

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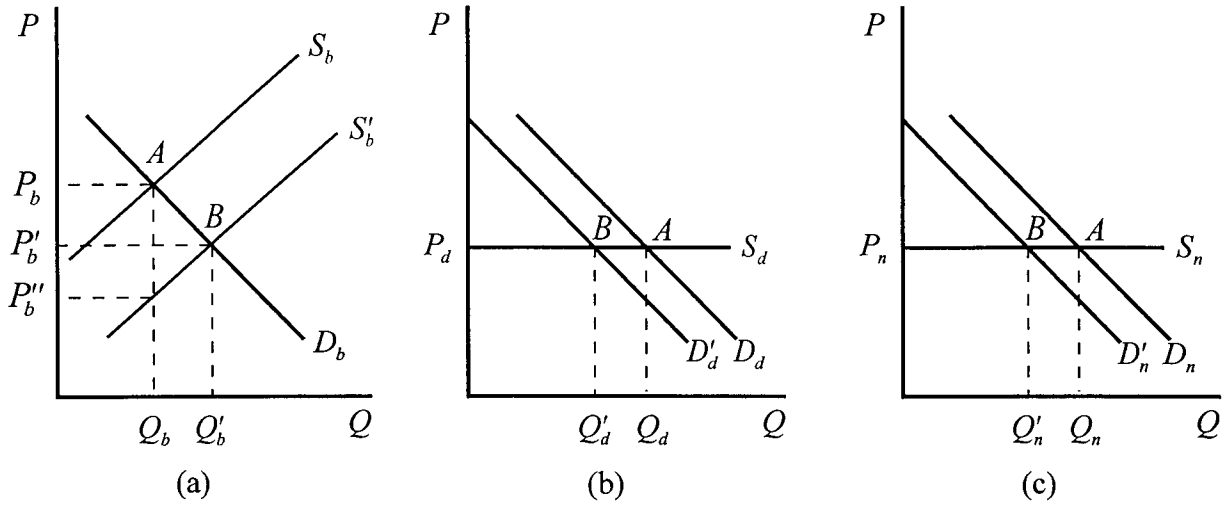
[1] For derivations, see Paul S. Armington, "A Theory of Demand for Products Distinguished by Place of Production," *IMF Staff Papers*, vol. 16 (1969), pp. 159-176, and J. Francois and K. Hall, "Partial Equilibrium Modeling," in J. Francois and K. Reinert, eds., *Applied Methods for Trade Policy Analysis, 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 India illustrated in fig. D-1, panel (a). The line labeled D_b is the U.S. demand for imports from India, the line labeled S_b is the supply of imports from India with the tariff in place, and the line labeled S'_b is the supply of imports from India 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 Indian 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:

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

where q_i denotes quantity demanded for good i in the U.S. market;[2] 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.[3] As Armington states, the above equation "... can be written in a variety of useful ways."[4] One of these useful ways can be derived as follows. The aggregate price index p is defined as

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

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[2] 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.

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

[4] 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

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

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

$$p_i^{\varepsilon_{si}} - \frac{p^{\sigma+\eta_A}}{p_i^{\sigma}} = 0 \ . \qquad (4')$$

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:

$$\left[p_b(1+t)\right]^{\varepsilon_{sb}} - \frac{p^{\sigma+\eta_A}}{p_b^{\sigma}} = 0 \quad \text{for imports from GSP beneficiary countries,}$$

$$p_n^{\varepsilon_{sn}} - \frac{p^{\sigma+\eta_A}}{p_n^{\sigma}} = 0 \quad \text{for imports from nonbeneficiary countries,}$$

$$p_d^{\varepsilon_{sd}} - \frac{p^{\sigma+\eta_A}}{p_d^{\sigma}} = 0 \quad \text{for U.S. domestic production, and}$$

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

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,[5] 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 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.

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[5] 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.