

United States International Trade Commission

**Advice Concerning
Possible Modifications
to the U.S.
Generalized System of
Preferences, 2008
Review of Additions
and Removals**

Investigation No. 332-500

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U.S. International Trade Commission

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ABSTRACT

This report contains the advice of the U.S. International Trade Commission (Commission) to the President regarding the probable economic effect of certain proposed additions to, and removals from, the list of articles eligible for duty-free treatment under the provisions of the U.S. Generalized System of Preferences (GSP) on U.S. industries producing like or directly competitive articles, and on consumers. The articles and Harmonized Tariff Schedule (HTS) subheadings for the proposed additions are: frozen potatoes (0710.10.00), frozen spinach (0710.30.00), frozen sweet corn (0710.40.00), certain frozen broccoli (0710.80.9722, 0710.80.9724, and 0710.80.9726), certain canned fruit (2008.92.9040), pineapple juice (2009.41.20 and 2009.49.20), high density polyethylene (3901.20.10), and certain plywood veneered panels (4412.39.5030). The articles and HTS subheadings for the proposed removals are: PET resin from India and Indonesia (3907.60.00) and polyamide-6 (nylon 6) from Thailand (3908.10.00).

* * * * *

CHAPTER 1

Introduction and Summary of Findings

Introduction¹

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

Product and country coverage

As requested by the USTR, advice is provided on the proposed addition of the following articles (provided for in the noted U.S. Harmonized Tariff Schedule (HTS) subheadings): frozen potatoes (0710.10.00), frozen spinach (0710.30.00), frozen sweet corn (0710.40.00), certain frozen broccoli (0710.80.9722, 0710.80.9724, and 0710.80.9726), certain canned fruit (2008.92.9040), pineapple juice (2009.41.20 and 2009.49.20), high density polyethylene (3901.20.10), and certain plywood veneered panels (4412.39.5030). Advice is also provided on the proposed removal of the following articles (provided for in the noted HTS subheadings): from India and Indonesia, PET resin (3907.60.00) and from Thailand, polyamide-6 (nylon 6) (3908.10.00).

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

² See app. A for the USTR request letter. See app. B for the Commission's *Federal Register* notice instituting the investigation. The Commission held a public hearing on this matter on October 30, 2008, in Washington, DC; see app. C for the calendar of witnesses for the public hearing.

Analytical approach

The probable economic effect advice presented in this report is based on the short- to near-term (1 to 5 years) effect of the proposed GSP-eligibility modifications.³ Partial-equilibrium modeling was used to estimate the probable economic effect of changes in the GSP program for the selected products on total U.S. imports of these products, competing U.S. industries, and U.S. consumers. The model used in this study is a nonlinear, imperfect substitutes model. Unless otherwise noted, the Commission used the petitions submitted to the USTR, testimony presented at a public hearing, written submissions from interested parties, other information published in government and industry reports, and staff economic and industry expertise to provide a description of the subject products and the qualitative analysis of actual market conditions for the subject products. For the most part, trade data presented in this report are from official statistics of the U.S. Department of Commerce.⁴ U.S. production data were estimated by Commission industry analysts. Elasticities were also estimated by Commission industry analysts based on relevant product and market characteristics. Most data cover the period 2003 through 2007.

The Commission's probable economic effect analysis relates to the effect of the additions or removals on U.S. imports, industries, and consumers and uses the coding system shown below:⁵

³ The probable economic effect advice, to a degree, integrates and summarizes the data provided in other sections of each product write-up with particular emphasis on the price sensitivity of import supply and demand. For example, if the price elasticity of demand in the United States for imports from the beneficiary countries and the price elasticity of supply for the eligible foreign suppliers are both relatively high, then the elimination of even a moderate level tariff would suggest the possibility of large increases in imports from the beneficiary countries.

It should be noted that the probable economic effect advice with respect to changes in import levels is presented in terms of the degree to which GSP modifications could affect the level of U.S. trade with the world. Consequently, if GSP beneficiary countries supply a very small share of the total U.S. imports of a particular product or if imports from beneficiary countries readily substitute for imports from developed countries, then the overall effect on U.S. imports could be minimal. See app. D for a brief textual and graphic presentation of the model used to evaluate the probable economic effect of changes in the GSP program.

⁴ U.S. export data for certain subject products are not included as the products are part of a large basket category and are, therefore, overstated. Estimates of U.S. exports, if any, are provided in the "Profile of U.S. industry and market, 2003-07" section.

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

ADDITIONS:

Level of total U.S. imports of the article:

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

U.S. industry and employment:

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

U.S. consumer:⁶

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

⁶ The U.S. consumer may be a firm or a person receiving an intermediate good for further processing or an end user receiving a final good.

REMOVALS:

Level of total U.S. imports of the article:

- Code X: Little or no decrease (less than 6 percent).
- Code Y: Moderate decrease (6 to 15 percent).
- Code Z: Significant decrease (over 15 percent).
- Code N: No effect.

U.S. industry and employment:

- Code X: Little or negligible beneficial effect—little or no increase in production or producers' shipments (less than 6 percent).
- Code Y: Significant beneficial effect—significant increase in the number of workers employed, increases in output and profit levels; effect on some segments of the industry may be significant but the beneficial effect is not felt industry wide (6 to 15 percent).
- Code Z: Substantial beneficial effect—substantial employment increases, widespread increases in production, substantial increases in profit levels; beneficial effect on the industry as a whole (over 15 percent).
- Code N: None—there is no domestic industry producing the subject product.

U.S. consumer:

- Code X: The bulk of the duty rate increase (greater than 75 percent) is expected to be absorbed by the foreign suppliers.
- Code Y: The duty rate increase is expected to increase costs for the domestic consumers (with consumers receiving from 25 to 75 percent of the increase).
- Code Z: The bulk of the duty rate increase (greater than 75 percent) is expected to be passed on to the U.S. consumer.
- Code N: None.

Summary of Advice

* * * * *

CHAPTER 2

Certain Frozen Vegetables

Addition¹

HTS subheading	Short description	Col. 1 rate of duty as of 1/1/08 (percent ad valorem)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
0710.10.00 ^a	Potatoes, uncooked or cooked, frozen	14.0	Yes
0710.30.00 ^a	Spinach, uncooked or cooked, frozen	14.0	Yes
0710.40.00 ^a	Sweet corn, uncooked or cooked, frozen	14.0	Yes
0710.80.9722 ^a	Broccoli spears, uncooked or cooked, frozen	14.9	Yes
0710.80.9724 ^a	Broccoli, other, in containers holding more than 1.4 kg, uncooked or cooked, frozen	14.9	Yes
0710.80.9726 ^a	Broccoli, other, in containers holding no more than 1.4 kg, uncooked or cooked, frozen	14.9	Yes

^a This HTS subheading is eligible for duty-free treatment under the provisions of the GSP for least developed beneficiary developing countries (A+) as well as countries eligible for African Growth and Opportunity Act (AGOA) (D). In 2007, petitions were filed but not accepted for review for the addition of HTS subheadings 0710.10.00, 0710.30.00, and 0710.40.00. In 2001, the petition to add HTS subheadings 0710.80.9722, 0710.80.9724, and 0710.80.9726 was accepted for review but eventually denied. The petitioner represents companies that receive duty-free treatment for these products under the provisions of ATPA but are concerned that it may lapse.

The subject vegetables covered here are all uncooked or cooked by steaming or boiling in water and frozen. The broccoli items covered are those that have been reduced in size (e.g chopped), while the subject potatoes, spinach, and sweet corn may or may not be reduced in size. All of these vegetables are sold to retail, industrial, and institutional/food service markets, both as private-label and branded products, and in various sized containers. At the retail level, these vegetables are most often used as a side dish, in stews and other such food preparations, and in mixtures of other vegetables. At the nonretail level, they are often used in the preparation of other vegetable mixtures or repacked individually into smaller containers.

¹ The petitioner for potatoes (0710.10.00), spinach (0710.30.00), and sweet corn (0710.40.00) is the government of the Arab Republic of Egypt; the petitioner for broccoli (0710.80.9722, 0710.80.9724, and 0710.80.9726) is the Ecuadorian American Chamber of Commerce.

Probable Economic Effect Advice

* * * * *

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

The United States is a major producer of all of the vegetables covered here. Most of these vegetables are grown specifically for processing. There were an estimated 30 firms processing these frozen vegetables in 2007; one-third of these firms were located in California and the rest in a number of other states including Wisconsin, Minnesota, New York, Pennsylvania, and Washington. A number of U.S. firms were also importing these products for subsequent distribution from, and sometimes repacking in, their U.S. plants. Most of the firms that freeze the subject vegetables process more than one of these vegetables as well as a number of other vegetables and some fruit.

The United States is not a major importer of potatoes (table 2.1), spinach (table 2.2), or sweet corn (table 2.3), but is a major importer of broccoli (table 2.4). Of the frozen vegetables covered in this report, only frozen broccoli has had significant declines in domestic production. The value of U.S. shipments of frozen broccoli fell considerably (by 72 percent) from 2005 to 2006 largely because of severe damage from freezing weather in the southwestern portion of the United States in late 2006. The late-2006 freeze also affected U.S. shipments in 2007. In 2007, shipments recovered somewhat but were only slightly more than one-half the 2005 level. During the 2003–07 period, the import share of consumption rose irregularly from *** percent in 2003 to *** percent in 2007, of which GSP-eligible countries accounted for *** percent.

TABLE 2.1 Certain frozen potatoes: U.S. producers, employment, shipments, trade, consumption, and capacity utilization, 2003–07

Item	2003	2004	2005	2006	2007
Producers (<i>number</i>)	10	10	10	10	10
Employment (<i>1,000 employees</i>)	1	1	1	1	1
Shipments (<i>1,000 \$</i>)	***	***	***	***	***
Exports (<i>1,000 \$</i>)	4,701	6,543	8,208	5,489	7,453
Imports (<i>1,000 \$</i>)	3,613	628	706	1,267	1,599
Consumption (<i>1,000 \$</i>)	***	***	***	***	***
Import-to-consumption ratio (%)	***	***	***	***	***
Capacity utilization (%)	(^a)	(^a)	(^a)	(^a)	(^a)

Source: Producers, employment, shipments, and capacity utilization estimated by Commission staff based on industry information; exports and imports compiled from official statistics of the U.S. Department of Commerce.

^a Not available.

TABLE 2.2 Certain frozen spinach: U.S. producers, employment, shipments, trade, consumption, and capacity utilization, 2003–07

Item	2003	2004	2005	2006	2007
Producers (<i>number</i>)	20	20	20	20	20
Employment (<i>1,000 employees</i>)	2	2	2	2	2
Shipments (<i>1,000 \$</i>)	***	***	***	***	***
Exports (<i>1,000 \$</i>)	4,358	4,333	4,778	5,274	5,130
Imports (<i>1,000 \$</i>)	3,940	6,885	9,335	10,027	11,844
Consumption (<i>1,000 \$</i>)	***	***	***	***	***
Import-to-consumption ratio (%)	***	***	***	***	***
Capacity utilization (%)	(^a)	(^a)	(^a)	(^a)	(^a)

Source: Producers, employment, shipments, and capacity utilization estimated by Commission staff based on industry information; exports and imports compiled from official statistics of the U.S. Department of Commerce.

^a Not available.

TABLE 2.3 Certain frozen sweet corn: U.S. producers, employment, shipments, trade, consumption, and capacity utilization, 2003–07

Item	2003	2004	2005	2006	2007
Producers (<i>number</i>)	23	23	23	23	23
Employment (<i>1,000 employees</i>)	2	2	2	2	2
Shipments (<i>1,000 \$</i>)	***	***	***	***	***
Exports (<i>1,000 \$</i>)	43,559	41,014	41,641	46,382	49,114
Imports (<i>1,000 \$</i>)	16,477	14,171	15,336	17,198	22,045
Consumption (<i>1,000 \$</i>)	***	***	***	***	***
Import-to-consumption ratio (%)	***	***	***	***	***
Capacity utilization (%)	(^a)	(^a)	(^a)	(^a)	(^a)

Source: Producers, employment, shipments, and capacity utilization estimated by Commission staff based on industry information; exports and imports compiled from official statistics of the U.S. Department of Commerce.

^a Not available.

TABLE 2.4 Certain frozen broccoli: U.S. producers, employment, shipments, trade, consumption, and capacity utilization, 2003–07

Item	2003	2004	2005	2006	2007
Producers (<i>number</i>)	21	21	21	21	21
Employment (<i>1,000 employees</i>)	2	2	2	2	2
Shipments (<i>1,000 \$</i>)	***	***	***	***	***
Exports (<i>1,000 \$</i>) ^a	2,824	2,674	2,746	2,386	2,912
Imports (<i>1,000 \$</i>)	148,555	168,650	175,845	170,762	208,609
Consumption (<i>1,000 \$</i>)	***	***	***	***	***
Import-to-consumption ratio (%)	***	***	***	***	***
Capacity utilization (%)	(^b)	(^b)	(^b)	(^b)	(^b)

Source: Producers, employment, shipments, and capacity utilization estimated by Commission staff based on industry information; exports and imports compiled from official statistics of the U.S. Department of Commerce.

^a Export data are estimated by Commission staff from a basket category that contains products other than the subject products.

^b Not available.

GSP Import Situation, 2007

The United States is not a major importer of frozen potatoes, frozen spinach, or frozen sweet corn (tables 2.5–2.7). U.S. imports from GSP-eligible countries, as a share of consumption for these products, are generally ***. In fact, total U.S. imports of these products account for *** of total domestic consumption.

TABLE 2.5 Certain frozen potatoes: U.S. imports and share of U.S. consumption, 2007

Item	Imports	% of total imports	% of GSP imports	% of U.S. consumption
	1,000 \$			
Grand total	1,599	100	(^a)	***
Imports from GSP-eligible countries:				
Total	1,154	72	100	***
Colombia	631	39	55	***
India	392	25	34	***
Peru	113	7	10	***

^a Not applicable.
^b ***

TABLE 2.6 Certain frozen spinach: U.S. imports and share of U.S. consumption, 2007

Item	Imports	% of total imports	% of GSP imports	% of U.S. consumption
	1,000 \$			
Grand total	11,844	100	(^a)	***
Imports from GSP-eligible countries:				
Total	33	(^b)	100	***
Cote d'Ivoire	13	(^b)	39	***
St. Vincent and the Grenadines	11	(^b)	33	***

^a Not applicable.
^b ***

TABLE 2.7 Certain frozen sweet corn: U.S. imports and share of U.S. consumption, 2007

Item	Imports	% of total imports	% of GSP imports	% of U.S. consumption
	1,000 \$			
Grand total	22,045	100	(^a)	***
Imports from GSP-eligible countries:				
Total	2,784	13	100	***
Peru	2,592	12	93	***

^a Not applicable.

^b ***

Ecuador, the largest volume GSP-eligible supplier in recent years, accounted for 11 percent of total U.S. frozen broccoli imports and essentially all GSP-eligible frozen broccoli imports in 2007 (table 2.8). The value of U.S. imports from Ecuador increased by 139 percent from 2003 to 2007, but accounted for only *** percent of U.S. consumption in 2007. Reportedly, four companies currently account for nearly all U.S. imports of frozen broccoli from Ecuador and these companies also export comparable amounts of frozen broccoli to the European Union.² During the period 2003–07, Mexico accounted for about 70 percent of total U.S. imports of frozen broccoli and such imports were eligible for duty-free treatment under NAFTA.

TABLE 2.8 Certain frozen broccoli: U.S. imports and share of U.S. consumption, 2007

Item	Imports	% of total imports	% of GSP imports	% of U.S. consumption
	1,000 \$			
Grand total	208,609	100	(^a)	***
Imports from GSP-eligible countries:				
Total	22,309	11	100	***
Ecuador	22,306	11	99	***

Note: This table provides data for all three broccoli HTS subheadings.

^a Not applicable.

² Ecuadorian American Chamber of Commerce, petition submitted to the USTR, June 12, 2008, 5.

U.S. Imports and Exports

Data for total U.S. imports and exports of the subject vegetables are found in tables 2.9–2.18; U.S. export data are not provided for broccoli as it is part of a large basket category.

TABLE 2.9 Certain frozen potatoes (HTS subheading 0710.1000): U.S. imports for consumption by principal sources, 2003–07, January–July 2007, and January–July 2008

Country	2003	2004	2005	2006	2007	January–July	
						2007	2008
				In \$			
Colombia	128,431	163,815	395,001	661,486	630,479	244,891	344,237
Canada	3,157,805	247,364	210,866	407,986	412,874	222,154	160,989
India	188,801	109,742	53,820	72,519	392,040	156,443	170,442
Peru	31,985	63,069	29,396	87,050	113,010	77,121	94,033
France	68,895	33,046	11,026	0	25,677	22,245	0
Ecuador	0	0	2,744	8,875	18,731	7,413	26,157
Belgium	14,865	0	3,015	20,094	3,406	0	6,594
Sweden	0	0	0	0	2,670	2,670	0
Bolivia	0	0	0	3,695	0	0	0
All other	22,168	11,005	0	5,354	0	0	2,239
Total	3,612,950	628,041	705,868	1,267,059	1,598,887	732,937	804,691
Imports from GSP-eligible countries:							
Colombia	128,431	163,815	395,001	661,486	630,479	244,891	344,237
India	188,801	109,742	53,820	72,519	392,040	156,443	170,442
Peru	31,985	63,069	29,396	87,050	113,010	77,121	94,033
Ecuador	0	0	2,744	8,875	18,731	7,413	26,157
Russia	0	0	0	5,354	0	0	2,239
Bolivia	0	0	0	3,695	0	0	0
Total	349,217	336,626	480,961	838,979	1,154,260	485,868	637,108

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

TABLE 2.10 Certain frozen spinach (HTS subheading 0710.30.00): U.S. imports for consumption by principal sources, 2003–07, January–July 2007, and January–July 2008

Country	2003	2004	2005	2006	January–July		
					2007	2007	2008
				In \$			
China	334,334	1,754,477	2,818,243	4,650,481	6,149,505	3,613,192	4,311,647
Mexico	3,232,485	4,840,418	6,188,192	4,963,176	5,200,375	4,214,519	4,556,124
Belgium	255,797	221,402	265,729	353,301	225,250	94,715	180,137
Netherlands	60,406	0	0	0	86,683	28,885	153,817
Germany	0	0	10,386	13,684	64,219	55,534	0
Spain	0	0	0	0	44,766	44,766	36,274
France	5,924	5,110	2,094	22,260	32,718	19,080	20,496
Cote d'Ivoire	0	5,500	5,660	3,000	12,690	8,400	2,400
St Vincent & the Grenadines	0	0	0	0	10,800	10,800	0
India	24,074	43,719	21,915	5,689	6,900	6,900	10,062
All other	27,112	14,824	22,396	15,873	9,738	7,164	0
Total	3,940,132	6,885,450	9,334,615	10,027,464	11,843,644	8,103,955	9,270,957
Imports from GSP-eligible countries:							
Cote d'Ivoire	0	5,500	5,660	3,000	12,690	8,400	2,400
St Vincent & the Grenadines	0	0	0	0	10,800	10,800	0
India	24,074	43,719	21,915	5,689	6,900	6,900	10,062
Bangladesh	0	0	7,962	11,121	2,349	2,349	0
Egypt	21,322	3,990	12,312	0	0	0	0
Total	45,396	53,209	47,849	19,810	32,739	28,449	12,462

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

TABLE 2.11 Certain frozen sweet corn (HTS subheading 0710.40.00): U.S. imports for consumption by principal sources, 2003–07, January–July 2007, and January–July 2008

Country	2003	2004	2005	2006	2007	January–July	
						2007	2008
				In \$			
Canada	14,977,013	12,552,352	12,842,263	12,426,500	17,317,888	9,776,643	8,640,278
Peru	524,773	797,926	1,408,637	2,016,960	2,591,538	1,564,851	1,709,076
China	183,042	104,192	183,498	481,983	556,084	174,475	464,179
Vietnam	282,515	281,743	274,309	336,446	524,629	313,674	370,876
Mexico	154,199	23,768	68,548	11,284	446,831	159,160	271,337
Thailand	13,348	38,558	20,033	162,057	151,934	119,150	63,716
Guatemala	29,101	88,273	43,683	165,801	140,133	81,229	50,191
Israel	2,333	0	0	1,264,016	127,102	0	118,193
El Salvador	206,707	205,456	348,815	226,938	57,106	53,890	96,885
Korea	3,500	0	0	17,050	54,293	21,265	37,522
All other	100,203	78,311	145,973	89,368	77,820	22,112	75,657
Total	16,476,734	14,170,579	15,335,759	17,198,403	22,045,358	12,286,449	11,897,910
Imports from GSP-eligible countries:							
Peru	524,773	797,926	1,408,637	2,016,960	2,591,538	1,564,851	1,709,076
Thailand	13,348	38,558	20,033	162,057	151,934	119,150	63,716
Ecuador	3,008	16,259	63,557	62,184	40,795	17,406	0
Bolivia	0	21,684	0	0	0	0	4,805
Colombia	18,516	0	3,686	13,324	0	0	0
Philippines	0	0	11,580	13,860	0	0	0
Total	559,645	874,427	1,507,493	2,268,385	2,784,267	1,701,407	1,777,597

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

TABLE 2.12 Certain frozen broccoli (HTS subheadings 0710.80.9722, 0710.80.9724, and 0710.80.9726): U.S. imports for consumption by principal sources, 2003–07, January–July 2007, and January–July 2008

Country	2003	2004	2005	2006	2007	January–July	
						2007	2008
				In \$			
Mexico	110,348,586	122,698,638	136,410,176	125,577,068	146,094,659	85,368,915	116,746,237
Guatemala	26,117,108	29,892,552	22,307,154	21,031,373	29,650,117	9,751,276	17,005,330
Ecuador	9,314,986	11,260,177	11,558,869	17,072,719	22,306,425	12,359,461	12,163,771
China	1,777,338	2,965,313	4,244,778	5,770,533	9,486,818	6,397,029	4,963,847
Canada	860,532	1,555,392	1,241,755	1,153,596	1,030,598	580,603	563,093
Spain	38,027	0	0	31,126	37,997	37,997	0
Mongolia	0	0	0	0	2,317	0	0
Armenia	0	0	0	0	0	0	2,444
Colombia	0	0	24,660	43,328	0	0	0
El Salvador	0	0	0	0	0	0	20,532
All other	98,412	278,359	57,782	82,257	0	0	77,697
Total	148,554,989	168,650,431	175,845,174	170,762,000	208,608,931	114,495,281	151,542,951
Imports from GSP-eligible countries:							
Ecuador	9,314,986	11,260,177	11,558,869	17,072,719	22,306,425	12,359,461	12,163,771
Mongolia	0	0	0	0	2,317	0	0
Armenia	0	0	0	0	0	0	2,444
Colombia	0	0	24,660	43,328	0	0	0
India	0	0	0	4,741	0	0	0
Peru	38,184	95,130	39,843	56,216	0	0	0
South Africa	0	0	0	0	0	0	65,215
Montserrat	0	13,128	0	0	0	0	0
Macedonia	0	0	0	0	0	0	4,604
Egypt	3,920	56,898	9,872	0	0	0	3,711
Total	9,357,090	11,425,333	11,633,244	17,177,004	22,308,742	12,359,461	12,239,745

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

TABLE 2.13 Certain frozen broccoli spears (HTS subheading 0710.80.9722): U.S. imports for consumption by principal sources, 2003–07, January–July 2007, and January–July 2008

Country	2003	2004	2005	2006	January–July		
					2007	2007	2008
				In \$			
Mexico	17,040,280	15,145,528	15,585,464	12,459,436	13,830,407	9,245,979	8,749,176
Guatemala	2,842,859	5,609,738	5,621,543	6,160,179	7,534,358	2,297,301	6,217,037
Ecuador	2,391,490	1,216,763	1,746,964	3,673,840	4,621,814	2,762,633	2,811,641
China	605,459	735,138	925,981	752,422	1,763,962	1,296,326	596,639
Canada	488,405	1,271,482	1,159,568	848,311	745,638	422,805	429,789
Spain	38,027	0	0	0	37,997	37,997	0
Belgium	48,344	0	0	0	0	0	4,167
Peru	0	0	0	56,216	0	0	0
All other	0	11,787	0	12,094	0	0	4,604
Total	23,454,864	23,990,436	25,039,520	23,962,498	28,534,176	16,063,041	18,813,053
Imports from GSP-eligible countries:							
Ecuador	2,391,490	1,216,763	1,746,964	3,673,840	4,621,814	2,762,633	2,811,641
Peru	0	0	0	56,216	0	0	0
Colombia	0	0	0	4,885	0	0	0
Macedonia	0	0	0	0	0	0	4,604
Egypt	0	11,787	0	0	0	0	0
Total	2,391,490	1,228,550	1,746,964	3,734,941	4,621,814	2,762,633	2,816,245

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

TABLE 2.14 Certain frozen broccoli, other in containers holding more than 1.4 kg (HTS subheading 0710.80.9724): U.S. imports for consumption by principal sources, 2003–07, January–July 2007, and January–July 2008

Country	2003	2004	2005	2006	2007	January–July	
						2007	2008
				In \$			
Mexico	66,267,358	77,382,019	86,516,177	80,274,113	99,489,940	57,759,452	84,833,253
Guatemala	23,000,050	21,595,851	15,119,635	14,528,265	21,349,082	7,248,875	9,996,363
Ecuador	3,822,647	5,263,621	5,012,177	8,445,321	15,563,347	8,344,879	8,147,115
China	592,081	426,332	588,838	1,407,717	2,562,867	1,547,289	2,148,519
Canada	0	88,252	44,013	34,396	20,622	0	46,838
Montserrat	0	13,128	0	0	0	0	0
South Africa	0	0	0	0	0	0	65,215
Spain	0	0	0	31,126	0	0	0
Peru	38,184	0	0	0	0	0	0
All other	3,920	34,898	34,532	26,238	0	0	24,243
Total	93,724,240	104,804,101	107,315,372	104,747,176	138,985,858	74,900,495	105,261,546
Imports from GSP-eligible countries:							
Ecuador	3,822,647	5,263,621	5,012,177	8,445,321	15,563,347	8,344,879	8,147,115
Peru	38,184	0	0	0	0	0	0
Colombia	0	0	24,660	26,238	0	0	0
South Africa	0	0	0	0	0	0	65,215
Montserrat	0	13,128	0	0	0	0	0
Egypt	3,920	34,898	9,872	0	0	0	3,711
Total	3,864,751	5,311,647	5,046,709	8,471,559	15,563,347	8,344,879	8,216,041

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

TABLE 2.15 Certain frozen broccoli, in other size containers (HTS subheading 0710.80.9726): U.S. imports for consumption by principal sources, 2003–07, January–July 2007, and January–July 2008

Country	2003	2004	2005	2006	2007	January–July	
						2007	2008
				In \$			
Mexico	27,040,948	30,171,091	34,308,535	32,843,519	32,774,312	18,363,484	23,163,808
China	579,798	1,803,843	2,729,959	3,610,394	5,159,989	3,553,414	2,218,689
Ecuador	3,100,849	4,779,793	4,799,728	4,953,558	2,121,264	1,251,949	1,205,015
Guatemala	274,199	2,686,963	1,565,976	342,929	766,677	205,100	791,930
Canada	372,127	195,658	38,174	270,889	264,338	157,798	86,466
Mongolia	0	0	0	0	2,317	0	0
Armenia	0	0	0	0	0	0	2,444
Egypt	0	10,213	0	0	0	0	0
Netherlands	0	17,591	0	0	0	0	0
Switzerland	0	0	0	14,091	0	0	0
All other	7,964	190,742	47,910	16,946	0	0	0
Total	31,375,885	39,855,894	43,490,282	42,052,326	41,088,897	23,531,745	27,468,352
Imports from GSP-eligible countries:							
Ecuador	3,100,849	4,779,793	4,799,728	4,953,558	2,121,264	1,251,949	1,205,015
Mongolia	0	0	0	0	2,317	0	0
Peru	0	95,130	39,843	0	0	0	0
Egypt	0	10,213	0	0	0	0	0
Colombia	0	0	0	12,205	0	0	0
India	0	0	0	4,741	0	0	0
Armenia	0	0	0	0	0	0	2,444
Total	3,100,849	4,885,136	4,839,571	4,970,504	2,123,581	1,251,949	1,207,459

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

TABLE 2.16 Certain frozen potatoes: U.S. exports of domestic merchandise, by market, 2003–07, January–July 2007, and January–July 2008

Country	2003	2004	2005	2006	January–July		
					2007	2008	
				In \$			
Japan	457,380	449,101	1,005,465	1,376,089	2,585,121	463,306	5,269,175
Mexico	487,953	426,956	795,623	651,181	1,165,838	533,996	871,376
Korea	1,002,820	1,235,248	960,000	1,120,000	1,020,000	620,000	898,395
Israel	62,640	0	55,366	15,466	497,388	38,038	197,239
Argentina	0	0	0	59,810	490,456	153,580	476,031
Canada	155,038	246,094	593,994	431,542	486,444	277,750	561,013
Chile	0	263,164	580,620	119,240	464,880	379,167	374,284
Venezuela	5,724	166,545	20,567	45,002	196,607	68,222	63,944
Brazil	0	240,669	98,004	23,685	137,877	35,040	101,383
Hong Kong	150,324	0	49,560	0	105,003	0	219,116
All other	2,379,460	3,515,575	4,048,627	1,646,892	303,826	120,925	565,115
Total	4,701,339	6,543,352	8,207,826	5,488,907	7,453,440	2,690,024	9,597,071

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

TABLE 2.17 Certain frozen spinach: U.S. exports of domestic merchandise, by market, 2003–07, January–July 2007, and January–July 2008

Country	2003	2004	2005	2006	January–July		2008
					2007	2007	
				In \$			
Canada	3,527,983	3,787,730	4,277,127	4,628,908	4,908,390	2,426,829	3,101,184
Mexico	84,138	193,925	29,622	475,465	185,065	135,565	28,984
Kuwait	15,750	0	0	0	11,700	11,700	5,164
Saudi Arabia	0	0	0	0	9,031	0	0
Trinidad & Tobago	0	0	0	0	7,497	0	9,937
Singapore	8,096	3,985	10,796	0	2,841	2,841	0
Hong Kong	0	0	0	12,514	2,702	0	6,997
United Arab Emirates	0	0	0	3,172	2,688	2,688	0
Antigua & Barbuda	0	3,348	0	0	0	0	0
Australia	633,828	300,252	254,359	150,817	0	0	0
All other	87,734	44,009	206,202	2,758	0	0	76,808
Total	4,357,529	4,333,249	4,778,106	5,273,634	5,129,914	2,579,623	3,229,074

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

TABLE 2.18 Certain frozen sweet corn: U.S. exports of domestic merchandise, by market, 2003–07, January–July 2007, and January–July 2008

Country	2003	2004	2005	2006	2007	January–July	
						2007	2008
				In \$			
Japan	20,237,756	19,699,476	18,406,471	19,512,857	19,380,506	11,397,098	13,076,791
China	6,620,989	6,584,299	7,581,818	10,780,341	12,157,085	7,422,839	6,686,993
Mexico	3,279,893	4,205,337	3,997,285	4,297,237	5,466,113	2,998,729	3,630,844
Canada	6,792,546	3,330,393	2,818,905	2,411,953	2,166,478	1,490,492	1,437,393
Saudi Arabia	1,373,580	1,284,522	1,633,679	1,649,765	1,701,504	1,019,379	965,884
Hong Kong	638,320	708,487	1,141,933	1,341,232	1,529,378	1,086,354	823,573
United Arab Emirates	387,775	356,347	384,101	610,592	843,696	350,071	506,899
Kuwait	642,884	659,046	470,436	703,931	788,832	357,460	393,799
Ireland	313,317	426,389	558,070	816,393	676,555	392,674	437,318
Australia	516,315	1,195,174	478,049	34,283	616,184	341,686	540,252
All other	2,755,266	2,564,404	4,169,956	4,223,125	3,787,310	2,149,571	3,480,561
Total	43,558,641	41,013,874	41,640,703	46,381,709	49,113,641	29,006,353	31,980,307

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

Positions of Interested Parties

Petitioner.—The government of the Arab Republic of Egypt³ requested that HTS subheadings 0710.10.00 (frozen potatoes), 0710.30.00 (frozen spinach), and 0710.40.00 (frozen sweet corn) be added to the list of articles eligible for duty-free treatment under the GSP. The petitioner stated that GSP eligibility could result in Egyptian production increases as well as increased capacity utilization rates of 8 percent for frozen potatoes, 5 percent for frozen spinach, and 7 percent for sweet corn.

Petitioner.—The Ecuadorian American Chamber of Commerce⁴ requested that HTS subheadings 0710.80.9722, 0710.80.9724, and 0710.80.9726 (certain frozen broccoli) be granted GSP eligibility. The chamber stated that such action will allow exporters in Ecuador to increase their shipments to the U.S. market at an annual growth rate of about 16 percent. The chamber also stated that duty-free treatment will allow for a doubling of Ecuadorian broccoli production in the next few years and will encourage additional company investments in the broccoli industry.

³ Government of the Arab Republic of Egypt, “Petition for Addition,” written submission to the USTR, June 18, 2008.

⁴ The Ecuadorian American Chamber of Commerce, “Petition for Addition,” written submission to the USTR, June 13, 2008.

No other statements were received by the Commission in support of, or in opposition to, the proposed modifications to the GSP considered for these HTS subheadings.

CHAPTER 3

Certain Canned Fruit

Addition¹

HTS subheading	Short description	Col. 1 rate of duty as of 1/1/08 (percent ad valorem)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
2008.92.9040 ^a	Canned fruit mixtures containing oranges or grapefruit	14.9	No
^a This HTS subheading is currently on the list of articles eligible for duty-free treatment under the provisions of the GSP for countries designated as least developed beneficiary developing countries (LDBDC) (A+). It is not, however, eligible for preferences under AGOA (D).			

The products covered are mixtures of fruit containing oranges or grapefruit packed in a liquid medium in airtight containers.² Oranges and grapefruit used in processing are generally grown for that purpose and are generally not sold as fresh produce. The bulk of the oranges and grapefruits that are processed are used in the production of juices rather than in the production of canned fruit mixtures.³ The subject products are sold mostly to retailers for use as individual servings of mixed fruit containing oranges or grapefruits⁴ and also to food service operations for use in citrus salads.⁵

Probable Economic Effect Advice

* * * * *

¹ The petitioner is Camerican International, Inc. (Paramus, NJ).

² Canned oranges or grapefruit enter under different tariff items if packed separately.

³ Staff telephone conversation with industry official, October 30, 2008.

⁴ According to an industry source, an estimated 90 percent of their imports of the subject products are 15-ounce cans sold at retail and the remainder are 46-ounce cans sold to the food service trade. USITC hearing transcript, October 30, 2008, 65–66.

⁵ Camerican International, Inc., written submission to the USITC, October 15, 2008.

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

Industry sources state that there is no known commercial production of canned fruit mixtures containing oranges or grapefruit in the United States (table 3.1).⁶ Most of the oranges and grapefruit grown in the United States are utilized for processing into juice and are grown in Florida; there is significant production in California and Texas as well.⁷ U.S. consumption of these canned fruit mixtures is believed to be entirely accounted for by imports, which fell (in dollars) between 2003 and 2005 and then rose in 2006 and 2007.

TABLE 3.1 Certain canned fruit: U.S. producers, employment, shipments, trade, consumption, and capacity utilization, 2003–07

Item	2003	2004	2005	2006	2007
Producers (<i>number</i>)	(^a)	(^a)	(^a)	(^a)	(^a)
Employment (<i>1,000 employees</i>)	(^b)	(^b)	(^b)	(^b)	(^b)
Shipments (<i>1,000 \$</i>)	(^b)	(^b)	(^b)	(^b)	(^b)
Exports (<i>1,000 \$</i>)	(^c)	(^c)	(^c)	(^c)	(^c)
Imports (<i>1,000 \$</i>)	10,532	9,134	6,868	10,322	13,857
Consumption (<i>1,000 \$</i>)	10,532	9,134	6,868	10,322	13,857
Import-to-consumption ratio (%)	100	100	100	100	100
Capacity utilization (%)	(^b)	(^b)	(^b)	(^b)	(^b)

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

^a There are no domestic producers of the subject products covered here. Commission staff telephone conversation with industry officials, October 1, 2008.

^b Not applicable.

^c There are no U.S. exports of these products.

⁶ Staff telephone conversation with industry officials, October 1, 2008.

⁷ USDA, NASS, *Fruit and Tree Nuts Situation and Outlook Yearbook*, FTS-2007, October 2007, 73 and 91.

GSP Import Situation, 2007

Swaziland, which is not an LDBDC, accounted for 3.4 percent of the total value of U.S. imports of the subject canned fruit and 95.7 percent of total GSP-eligible imports in 2007 (table 3.2). U.S. imports from Swaziland have risen dramatically since 2003, while imports from Thailand (the second leading GSP-eligible supplier) have trended irregularly downward. According to industry sources, there is one firm in Swaziland⁸ processing canned fruit principally for the U.S. market.⁹ The citrus growing industry in Swaziland has reportedly operated for 20 years, with additional land available for industry expansion. All of the oranges and grapefruit processed in Swaziland were grown in that country.¹⁰ In Thailand, a number of firms process a variety of canned fruits, including the subject canned fruit products.¹¹ U.S. imports entered the U.S. market duty free from Mexico (under NAFTA) and Israel (under the U.S.-Israel Free Trade Area Agreement).

TABLE 3.2 Certain canned fruit: U.S. imports and share of U.S. consumption, 2007

Item	Imports	% of total imports	% of GSP imports	% of U.S. consumption
	1,000 \$			
Grand total	13,857	100	(^a)	100
Imports from GSP-eligible countries:				
Total	489	4	100	4
Swaziland	468	3	96	3
Thailand	21	(^b)	4	(^b)

^a Not applicable.

^b Less than 0.5 percent.

U.S. Imports and Exports

Data for total U.S. imports of the subject product are found in table 3.3. U.S. export data are not provided for the subject product as it is part of a large basket category. Further, because there is no known U.S. commercial production, there should be no U.S. exports.

⁸ Swaziland Fruit Cannery (Pty.) Ltd., Malkerns M204, Swaziland. This cannery is reported to employ over 1,000 seasonal workers and hundreds of permanent workers, with average factory wages of \$5.85 a day. USITC hearing transcript, October 30, 2008, 11.

⁹ Principal markets for exports of the subject products include the United States, the United Kingdom, Germany, Spain, Portugal, and Japan.

¹⁰ USITC hearing transcript, October 30, 2008, 37 and 70-71.

¹¹ Malee Sampran Public Co., Ltd, Pathumthani 12130, Thailand is reported to be processing the subject fruit, written submission on behalf of Camerican International Inc., October 15, 2008.

TABLE 3.3 Certain canned fruit (HTS subheading 2008.92.9040): U.S. imports for consumption by principal sources, 2003–07, January–July 2007, and January–July 2008

Country	2003	2004	2005	2006	January–July		
					2007	2007	2008
				<i>In \$</i>			
Mexico	8,019,406	6,720,580	5,997,853	9,603,927	12,004,126	7,514,164	13,871,744
China	34,172	0	0	180,400	1,114,556	788,688	57,505
Swaziland	36,857	0	458,401	368,410	467,711	260,965	324,915
Israel	472,302	238,286	118,732	94,453	247,311	181,827	115,386
Thailand	32,763	0	40,090	0	20,936	20,936	0
Syria	0	0	0	0	2,250	0	0
Turkey	0	0	21,950	0	0	0	0
All other	1,911,176	2,175,087	230,983	74,830	0	0	64,895
Total	10,532,302	9,133,953	6,868,009	10,322,020	13,856,890	8,766,580	14,434,445
Imports from GSP-eligible countries:							
Swaziland	36,857	0	458,401	368,410	467,711	260,965	324,915
Thailand	32,763	0	40,090	0	20,936	20,936	0
Turkey	0	0	21,950	0	0	0	0
South Africa	0	0	2,886	0	0	0	0
Total	69,620	0	523,327	368,410	488,647	281,901	324,915

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

Position of Interested Parties

Petitioner.--Camerican International, Inc.¹² (Camerican), located in Paramus, NJ, stated that it imports mixtures of fruits containing oranges or grapefruits in a liquid medium in airtight containers for sale mainly to retail and food-service operations.¹³ Camerican stated that the U.S. market for the subject products is currently very small and, since there is no U.S. production, is comprised solely of imports. Camerican stated that most imports of these products already enter duty free under existing FTAs and that granting GSP benefits to such mixtures would benefit mainly small-volume producers in Swaziland and Thailand. Also, Camerican stated that imports of oranges and grapefruits packed without other fruits already enter at duty rates of about 1 percent, much less than the existing 14.9 ad valorem duty for the subject products. Finally, Camerican stated that GSP benefits could result in a modest rise in import volume from Swaziland and Thailand, primarily at the expense of other suppliers, but would have little or no impact on overall total imports of these products, with an accompanying modest rise in sales and a drop in prices for consumers.¹⁴

Opposition.-- Florida Citrus Mutual (FCM)¹⁵ of Lakeland, FL, a cooperative association that represents over 90 percent of Florida's citrus growers as well as numerous processors of Florida oranges, stated that it is opposed to the addition of this HTS subheading to the GSP. FCM stated that granting this request will extend duty-free treatment to South Africa, Thailand, and a number of other non-LDBDCs, some of which already have established citrus-growing and processing industries. FCM also stated that duty elimination would encourage increased citrus fruit production in these non-LDBDCs and suppress prices in the global citrus market. FCM said that GSP treatment for this product will encourage further expansion and investment in the citrus industries of GSP countries in the near future, when the global market is already saturated with fresh and processed oranges.

¹² Camerican International, Inc., "Petition for Addition," written submission to the USTR, June 18, 2008 and Sandler, Travis & Rosenberg, P.A., on behalf of Camerican International, written submissions to the USITC, October 15, 2008 and November 5, 2008.

¹³ Camerican is reported to be selling about 90 percent of its imported canned oranges and grapefruit at the retail level and the remainder are food service sales. USITC hearing transcript, October 30, 2008, 65–66.

¹⁴ USITC hearing transcript, October 30, 2008, 9–10.

¹⁵ Barnes, Richardson & Colburn, on behalf of the Florida Citrus Mutual, written submission to the USITC, November 5, 2008.

CHAPTER 4

Pineapple Juice¹

Addition²

HTS subheading	Short description	Col. 1 rate of duty as of 1/1/08 (percent ad valorem equivalent)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
2009.41.20 ^a	Pineapple juice of a Brix value not exceeding 20	10.0 ^b	Yes
2009.49.20 ^a	Other pineapple juice	10.0 ^b	Yes

^a This HTS subheading is currently on the list of articles eligible for duty-free treatment under the provisions of the GSP for countries designated as least developed beneficiary developing countries (LDBDC) (A+) as well as countries eligible for AGOA (D).

^b The specific rate of duty for HTS subheadings 2009.41.20 and 2009.49.20 is 4.2 cents per liter.

The subject products are not-concentrated (single-strength) pineapple juice of a Brix (sweetness) value not exceeding 20 and other not-concentrated (single-strength) pineapple juice of a Brix value exceeding 20; these pineapple juices remain at single-strength throughout the production process and are not produced from concentrated or frozen juice. Pineapple juice is a co-product of the production of other pineapple products including fresh pineapple sections, chunks, and slices; dried pineapple; and canned pineapple chunks, slices, and pieces. After the pineapples are mechanically peeled and cored, any remaining flesh on the peels is removed, juice is extracted and centrifuged to a desired pulp level.³ Single-strength juice is often canned whereas concentrated juice is processed further. Pineapple juice may be used in products such as juice drinks, desserts, gelatins, frozen cocktails, and as pineapple flavoring.

Probable Economic Effect Advice

* * * * *

¹ The petitioner is Dole Packaged Foods, LLC.

² This chapter includes HTS subheadings 2009.41.20 (pineapple juice of a Brix value not exceeding 20) and 2009.49.20 (other pineapple juice of a Brix value exceeding 20). Brix (often referred to as sweetness) is a measurement of the dissolved sugar-to-water ratio of a liquid and is used by the food industry to measure the approximate amount of sugar in fruits, vegetables, juices, wine, soft drinks, and so forth.

³ USITC hearing transcript, October 30, 2008, 12.

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

Currently, U.S. production of single-strength pineapple juice is negligible, with Maui Pineapple Company of Hawaii being the last significant producer. In late 2007, Maui Pineapple announced that it was restructuring operations and moving away from single-strength pineapple juice to focus on the sale of fresh premium pineapples.⁴ In addition to Maui Pineapple, the only other U.S. producer of single-strength pineapple juice during the period of review appears to be Campo Fresco located in Puerto Rico. Campo Fresco reportedly produces a small amount of single-strength pineapple juice for sale solely in Puerto Rico.⁵

Commercial scale U.S. production of single-strength, non-frozen pineapple juice, was historically located exclusively in Hawaii. Production in Hawaii has declined steadily since 2003 and ended in late 2007.⁶ Imports were about the same in 2007 as in 2003 but the share of consumption accounted for by imports has risen steadily since 2003 to account for 97 percent of U.S. consumption in 2007 (table 4.1). In Hawaii, pineapples were grown on an estimated 2,000 acres in 2007, down nearly 70 percent from 6,740 acres in 2003.⁷ There are no known Hawaiian processors of single-strength, non-frozen, pineapple juice; one Hawaiian commercial processor is reported to be producing small amounts of frozen single-strength juice (a related nonsubject product) in bulk. Two large volume importer/processors account for most imports and sell principally brand-name labeled products.

The U.S. market for canned pineapple juice, currently supplied solely by imports, is described as a single market with both single-strength and from-concentrate juice sold at similar selling points on the same retail shelves and competing with each other on the basis of brands, not on whether the juice is single-strength or from concentrate.⁸ This market is described as a three-tier market made up of national brands, private-label brands, and regional brands, with national and private-label brands accounting for an estimated 80 percent of the total market.⁹ The existing duty on single-strength juice is reported to reduce consumer demand for this product, and the elimination of the duty could result in increased consumer demand for single-strength juice.¹⁰

⁴ Greenberg Traurig, on behalf of Dole Packaged Foods, LLC, written submission to the USITC, October 15, 2008, 9.

⁵ Ibid.

⁶ Form 10-Q of the Maui Land and Pineapple Company, Inc., quarterly report for the period ended June 30, 2008, 22.

⁷ All of the remaining acreage in production is of pineapples for fresh-market sales.

⁸ USITC hearing transcript, October 30, 2008, 13.

⁹ Greenberg Traurig, on behalf of Dole Packaged Foods, LLC, written submission to the USITC, October 15, 2008, 4.

¹⁰ Ibid., 5.

TABLE 4.1 Pineapple juice: U.S. producers, employment, shipments, trade, consumption, and capacity utilization, 2003–07

Item	2003	2004	2005	2006	2007
Producers (<i>number</i>)	(^a)	(^a)	(^a)	(^a)	(^a)
Employment (<i>1,000 employees</i>)	(^b)	(^b)	(^b)	(^b)	(^b)
Shipments (<i>1,000 \$</i>) ^c	5,000	4,000	3,000	2,000	1,000
Exports (<i>1,000 \$</i>)	(^d)	(^d)	(^d)	(^d)	(^d)
Imports (<i>1,000 \$</i>)	27,285	30,293	36,768	36,652	28,273
Consumption (<i>1,000 \$</i>)	32,285	34,293	39,768	38,652	29,273
Import-to-consumption ratio (%)	85	88	92	95	97
Capacity utilization (%)	(^e)	(^e)	(^e)	(^e)	(^e)

Source: Official statistics of the U.S. Department of Commerce, except as noted.

Note: Data presented in this table are for HTS subheadings 2009.41.20 and 2009.49.20.

^a Maui Pineapple Company, Ltd. was in operation until mid-2007 when it is reported to have closed its commercial scale canning operation. Campo Fresco, located in Puerto Rico, is reported to be canning limited amounts of single-strength juice intended for sales solely in Puerto Rico.

^b Data are not available for the subject product only.

^c Estimated by the Commission staff from publicly available production data of the U.S. Department of Agriculture, Economic Research Service, data for single-strength-equivalent pineapple juice.

^d Data for U.S. exports are estimated by Commission staff. Commission staff has determined that U.S. exports of the subject products are minimal and that the official U.S. export data likely represent re-exports of imported pineapple juice.

^e Not available.

GSP Import Situation, 2007

GSP-eligible countries together account for nearly all U.S. imports of the subject products. The Philippines accounted for 87 percent of total single-strength pineapple juice imports, 88 percent of total GSP-eligible imports, and 84 percent of total U.S. consumption in 2007 (table 4.2). The Philippines has lost market share in recent years, falling from 93 percent of total U.S. imports in 2003 to 87 percent in 2007. The share of imports accounted for by Thailand has remained at about 6 percent during the 2003–07 period.

TABLE 4.2 Pineapple juice: U.S. imports and share of U.S. consumption, 2007

Item	Imports	% of total imports	% of GSP imports	% of U.S. consumption
	1,000 \$			
Grand total	28,273	100	(^a)	97
Imports from GSP-eligible countries:				
Total	27,735	98	100	94
Philippines	24,535	87	88	84
Thailand	1,663	6	6	6

^a Not applicable.

U.S. Imports and Exports

Data for total U.S. imports of the subject products are found in tables 4.3–4.5. U.S. exports of the subject products are minimal, and the Commission believes that the data likely represent re-exports of imported pineapple juice. Therefore, export data are not presented.

TABLE 4.3 Pineapple juice (HTS subheadings 2009.41.20 and 2009.49.20): U.S. imports for consumption by principal sources, 2003–07, January–July 2007, and January–July 2008

Country	2003	2004	2005	2006	January–July		
					2007	2007	2008
				<i>In \$</i>			
Philippines	25,418,865	27,955,623	33,788,287	33,524,771	24,535,154	13,210,523	16,535,147
Thailand	1,201,572	1,662,775	2,246,808	1,818,262	1,663,019	856,071	1,999,640
Costa Rica	29,448	72,037	121,071	150,055	1,536,394	709,035	1,404,882
Honduras	209,078	259,433	248,352	609,907	453,710	336,560	237,129
Guatemala	124,768	157,722	243,672	466,691	46,932	46,932	0
Japan	0	0	33,359	0	24,911	24,911	0
Canada	2,806	18,528	25,769	26,637	12,945	12,945	9,986
Brazil	11,760	2,210	0	6,026	0	0	0
Dominican Republic	8,793	0	0	0	0	0	0
All other	278,193	164,888	60,408	49,749	0	0	47,831
Total	27,285,283	30,293,216	36,767,726	36,652,098	28,273,065	15,196,977	20,234,615
Imports from GSP-eligible countries:							
Philippines	25,418,865	27,955,623	33,788,287	33,524,771	24,535,154	13,210,523	16,535,147
Thailand	1,201,572	1,662,775	2,246,808	1,818,262	1,663,019	856,071	1,999,640
Costa Rica	29,448	72,037	121,071	150,055	1,536,394	709,035	1,404,882
Brazil	11,760	2,210	0	6,026	0	0	0
Turkey	0	0	0	5,511	0	0	6,048
All other	10,999	124,139	35,538	5,741	0	0	0
Total	26,672,644	29,816,784	36,191,704	35,510,366	27,734,567	14,775,629	19,945,717

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

TABLE 4.4 Pineapple juice, not concentrated, not exceeding 20 brix value (HTS subheading 2009.41.20): U.S. imports for consumption by principal sources, 2003–07, January–July 2007, and January–July 2008

Country	2003	2004	2005	2006	January–July		
					2007	2007	2008
				<i>In \$</i>			
Thailand	1,164,672	1,512,762	2,153,458	1,818,262	1,653,119	856,071	1,987,556
Costa Rica	29,448	72,037	121,071	150,055	1,536,394	709,035	1,404,882
Philippines	873,880	724,316	304,215	689,878	759,589	413,104	574,498
Honduras	209,078	248,388	244,607	582,466	392,495	275,345	237,129
Japan	0	0	33,359	0	24,911	24,911	0
Canada	2,806	0	0	17,865	2,138	2,138	0
Brazil	11,760	2,210	0	0	0	0	0
Dominican Republic	8,793	0	0	0	0	0	0
El Salvador	0	0	0	0	0	0	41,783
All other	285,689	164,888	62,756	46,878	0	0	0
Total	2,586,126	2,724,601	2,919,466	3,305,404	4,368,646	2,280,604	4,245,848
Imports from GSP-eligible countries:							
Thailand	1,164,672	1,512,762	2,153,458	1,818,262	1,653,119	856,071	1,987,556
Costa Rica	29,448	72,037	121,071	150,055	1,536,394	709,035	1,404,882
Philippines	873,880	724,316	304,215	689,878	759,589	413,104	574,498
Oman	6,000	0	0	0	0	0	0
Brazil	11,760	2,210	0	0	0	0	0
Turkey	0	0	0	5,511	0	0	0
Indonesia	2,504	30,954	33,302	0	0	0	0
All other	2,495	93,185	2,236	2,870	0	0	0
Total	2,090,759	2,435,464	2,614,282	2,666,576	3,949,102	1,978,210	3,966,936

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

TABLE 4.5 Pineapple juice not concentrated, other (HTS subheading 2009.49.20): U.S. imports for consumption by principal sources, 2003–07, January–July 2007, and January–July 2008

Country	2003	2004	2005	2006	January–July		
					2007	2007	2008
				<i>In \$</i>			
Philippines	24,544,985	27,231,307	33,484,072	32,834,893	23,775,565	12,797,419	15,960,649
Honduras	0	11,045	3,745	27,441	61,215	61,215	0
Guatemala	103,907	157,722	241,324	466,691	46,932	46,932	0
Canada	0	18,528	25,769	8,772	10,807	10,807	9,986
Thailand	36,900	150,013	93,350	0	9,900	0	12,084
Brazil	0	0	0	6,026	0	0	0
Israel	13,365	0	0	0	0	0	0
Turkey	0	0	0	0	0	0	6,048
All other	0	0	0	2,871	0	0	0
Total	24,699,157	27,568,615	33,848,260	33,346,694	23,904,419	12,916,373	15,988,767
Imports from GSP-eligible countries:							
Philippines	24,544,985	27,231,307	33,484,072	32,834,893	23,775,565	12,797,419	15,960,649
Thailand	36,900	150,013	93,350	0	9,900	0	12,084
Brazil	0	0	0	6,026	0	0	0
Indonesia	0	0	0	2,871	0	0	0
Turkey	0	0	0	0	0	0	6,048
Total	24,581,885	27,381,320	33,577,422	32,843,790	23,785,465	12,797,419	15,978,781

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

Positions of Interested Parties

Petitioner.—Dole Packaged Foods, LLC (Dole)¹¹ of Westlake Village, CA, a wholly owned subsidiary of Dole Food Company, Inc., imports and sells single-strength pineapple juice in the United States. Dole stated that their single-strength juice sells in the same three-tiered market in containers with national brands, private labels, and regional brands. Dole stated that both the subject products and juice from concentrate compete in the same U.S. market in the same price range. Also, Dole indicated that imports of from-concentrate pineapple juice already enter at duty rates of 1 cent per liter, less than the existing duty of 4.2 cents per liter for the subject products, and that single-strength pineapple juice is the only product in chapter 20 of the HTS for which the duty on imports of single-strength juice is higher than the duty on from-concentrate juice. Dole said that there is very little U.S. production of single-strength pineapple juice today and that the higher duty rates for single-strength juice discriminate against U.S. companies and suppliers in developing countries selling single-strength juice in the U.S. market. Dole expressed the view that the granting of GSP benefits could result in increased price competition in the U.S. market, which in turn could benefit U.S. consumers.

No other statements were received by the Commission in support of, or in opposition to, the proposed modifications to the GSP considered for these HTS subheadings.

¹¹ Dole Packaged Foods, LLC, “Petition for Addition,” written submission to the USTR, June 18, 2008 and Greenberg Traurig, on behalf of Dole Packaged Foods, LLC, written submissions to the USITC, October 15, 2008 and November 5, 2008.

CHAPTER 5

High Density Polyethylene

Addition¹

HTS subheading	Short description	Col. 1 rate of duty as of 1/1/08 (percent ad valorem)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
3901.20.10 ^a	Polyethylene having a specific gravity of 0.94 or more, having a relative viscosity of 1.44 or more.	6.5	Yes
^a In 2004, HTS subheading 3901.20.00 was split into two HTS subheadings – 3901.20.10 and 3901.20.50, based on specific gravity and viscosity. HTS subheading 3901.20.50 is currently eligible for duty-free treatment under the provisions of the GSP.			

High density polyethylene (HDPE) is a synthetic organic thermoplastic polymer principally derived from ethylene. HDPE is a very versatile material that is manufactured into downstream plastics products using injection molding, blow molding, and extrusion techniques. The multitude of products manufactured from HDPE range from commercial/consumer applications like plastic shopping bags, milk or laundry detergent bottles, and plastic chairs to industrial applications such as in the production of water and gas pipes and construction barrier film.

Probable Economic Effect Advice

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

There are currently 10 U.S. producers of high density polyethylene. The value of U.S. shipments of HDPE, along with imports and exports, increased during the 2003–07 period (table 5.1). World demand for the product is expected to grow at an average rate of 5 percent per year for the next few years, whereas demand in the U.S. market is anticipated to expand at approximately half that annual rate.

¹ The petitioner is Istanbul Metals and Minerals Exporters' Association (IMMIB) (Turkey).

In 2007, packaging (e.g., milk and laundry detergent bottles) accounted for almost one-half of the HDPE consumed in the United States. According to the American Chemistry Council, the U.S. market (by volume) declined slightly in 2007, while strong exports supported overall volume growth for the industry. During the 2003–07 period, U.S. shipments are estimated to have grown less than 2 percent per year by volume. Although shipment and consumption values presented in table 5.1 show steady increases, much of the increase resulted from appreciating prices, driven by the escalating cost of natural gas, its feedstock, rather than volume growth.

TABLE 5.1 High density polyethylene: U.S. producers, employment, shipments, trade, consumption, and capacity utilization, 2003–07

Item	2003	2004	2005	2006	2007
Producers (<i>number</i>) ^a	10	10	10	10	10
Employment (<i>1,000 employees</i>)	(^b)	(^b)	(^b)	(^b)	(^b)
Shipments (<i>1,000 \$</i>) ^c	6,294,465	7,409,403	10,062,114	10,711,169	12,684,871
Exports (<i>1,000 \$</i>)	805,646	1,034,885	1,141,496	1,421,807	1,994,586
Imports (<i>1,000 \$</i>)	(^d)	128,433	346,209	411,618	475,489
Consumption (<i>1,000 \$</i>) ^c	(^b)	6,502,952	9,266,827	9,700,980	11,165,774
Import-to-consumption ratio (%) ^c	(^b)	2	4	4	4
Capacity utilization (%) ^a	84	93	86	91	92

Source: Except as noted, data are derived from official statistics of the U.S. Department of Commerce.

^a Data for number of U.S. producers and capacity utilization are derived from the American Chemistry Council, *2008 The Resin Review*.

^b Not available.

^c Data for shipments are for HDPE without regard to the viscosity. However, over 99 percent of the imports of high density polyethylene are covered under HTS subheading 3901.20.10 (the subject products). As a result, data for consumption may be overstated slightly and import-to-consumption ratios may be understated slightly.

^d In 2004, HTS subheading 3901.20.00 was split into two HTS subheadings—3901.20.10 and 3901.20.50, based on specific gravity and viscosity; therefore, import data are not available for 2003 for the subject product.

GSP Import Situation, 2007

GSP-eligible countries accounted for less than 1 percent of total U.S. imports of HDPE in 2003–07 and accounted for less than 0.1 percent in 2007 (table 5.2). India, Brazil, and Thailand supplied more than 90 percent of U.S. imports of HDPE from GSP-eligible countries, in 2003 and 2005–07; in 2004, Niger supplied almost 36 percent of those imports. During January–July of 2008, Russia emerged as a supplier of the U.S. imports of HDPE from GSP-eligible countries.

TABLE 5.2 High density polyethylene: U.S. imports and share of U.S. consumption, 2007

Item	Imports	% of total imports	% of GSP imports	% of U.S. consumption
	1,000 \$			
Grand total	475,489	100	(^a)	4
Imports from GSP-eligible countries:				
Total	69	(^b)	100	(^b)
India	33	(^b)	48	(^b)
Brazil	28	(^b)	40	(^b)
Thailand	5	(^b)	7	(^b)

^a Not applicable.

^b Less than 0.5 percent.

U.S. Imports and Exports

Data for total U.S. imports and exports of the subject products are found in tables 5.3 and 5.4.

TABLE 5.3 High density polyethylene (HTS subheading 3901.20.10): U.S. imports for consumption by principal sources, 2003–07, January–July 2007, and January–July 2008

Country	2003	2004	2005	2006	January–July		
					2007	2007	2008
				In \$			
Canada	(^a)	121,512,478	321,430,961	391,667,051	456,420,768	239,394,630	249,459,000
Saudi Arabia	(^a)	0	194,618	2,185,990	8,051,262	3,912,285	787,050
Japan	(^a)	1,187,869	3,519,589	4,807,856	6,119,082	3,604,821	4,532,561
Germany	(^a)	2,044,714	6,249,084	5,126,301	2,122,869	1,612,028	967,457
Netherlands	(^a)	1,382,403	3,506,443	1,629,336	998,617	726,857	271,525
Mexico	(^a)	143,346	1,096,495	976,184	778,459	505,757	375,679
Finland	(^a)	0	21,313	0	231,344	170,844	0
Korea	(^a)	183,304	2,845,140	2,684,524	221,157	0	80,110
Sweden	(^a)	792,699	42,598	189,103	181,844	166,067	38,246
China	(^a)	9,032	279,343	293,114	95,201	94,827	16,686
All other	(^a)	1,177,450	7,023,118	2,058,734	267,981	108,614	1,435,320
Total	(^a)	128,433,295	346,208,702	411,618,193	475,488,584	250,296,730	257,963,634
Imports from GSP-eligible countries:							
India	(^a)	21,073	1,131,750	0	33,388	33,388	0
Brazil	(^a)	9,829	293,221	0	28,049	0	0
Thailand	(^a)	51,375	403,907	279,000	4,753	0	0
Argentina	(^a)	0	35,475	0	3,153	3,153	0
Egypt	(^a)	0	0	400	0	0	0
Turkey	(^a)	0	3,135	0	0	0	0
Russia	(^a)	0	0	0	0	0	28,665
Niger	(^a)	45,871	92,174	0	0	0	0
Total	(^a)	128,148	1,959,662	279,400	69,343	36,541	28,665

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

^a In 2004, HTS subheading 3901.20.00 was split into two HTS subheadings—3901.20.10 and 3901.20.50, based on specific gravity and viscosity; therefore, import data are not available for 2003 for the subject product.

TABLE 5.4 High density polyethylene: U.S. exports of domestic merchandise, by market, 2003–07, January–July 2007, and January–July 2008

Country	2003	2004	2005	2006	January–July		
					2007	2007	2008
				In \$			
Mexico	325,722,255	414,631,142	518,466,388	587,074,203	612,193,563	331,883,889	454,852,170
Canada	235,718,052	260,859,939	326,866,058	422,401,979	352,032,956	200,962,667	273,112,379
China	23,045,240	60,944,205	50,276,586	76,517,723	121,289,587	75,510,035	215,405,867
Israel	28,112,414	20,295,829	12,886,844	27,951,020	111,773,646	67,823,911	79,765,199
Belgium	37,967,101	29,699,754	17,805,868	11,777,245	83,398,253	38,187,298	64,133,029
Peru	7,544,786	17,478,574	12,201,777	25,616,894	79,284,943	50,844,458	48,877,078
Colombia	11,119,550	20,908,119	13,301,096	23,037,321	72,205,450	38,204,055	57,502,092
Ecuador	7,398,567	19,283,660	11,861,401	23,042,565	55,206,811	33,422,470	46,157,848
Chile	7,357,216	12,116,756	9,349,860	9,255,844	46,102,830	25,384,617	56,429,911
Brazil	6,886,467	7,904,984	11,625,826	14,714,107	44,451,014	21,404,633	46,985,549
All other	114,774,233	170,761,684	156,854,147	200,418,118	416,647,375	225,006,516	362,950,693
Total	805,645,881	1,034,884,646	1,141,495,851	1,421,807,019	1,994,586,428	1,108,634,549	1,706,171,815

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

Positions of Interested Parties

Petitioner.—Istanbul Minerals and Metals Exporters’ Association (IMMIB)² requested the addition of high density polyethylene to the list of products eligible for duty-free treatment under the provisions of the GSP. IMMIB stated that the column-1, NTR duty rate of 6.5 percent makes Turkish HDPE too expensive to be competitive in the U.S. market given that major suppliers Canada and Mexico have duty-free access for their exports of this product under the provisions of NAFTA. IMMIB stated that although U.S. demand for HDPE cannot be fully met by domestic production, developing countries supply only a small fraction of U.S. imports because the product is not currently included in the GSP program. IMMIB stated that removing the 6.5 percent duty on HDPE from GSP-eligible countries will result in increasing the number of sustainable, low-cost suppliers. IMMIB further stated that PETKIM, the Turkish producer of HDPE, is able to export up to *** and that GSP duty-free treatment would allow the company to increase its employment and strengthen the Turkish economy.

² Istanbul Minerals and Metals Exporters’ Association, “Petition for Addition,” written submission to the USTR, June 18, 2008; Arent Fox, on behalf of Istanbul Minerals and Metals Exporters’ Association, written submission to the USITC, November 5, 2008.

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

CHAPTER 6

Certain Plywood Veneered Panels

Addition¹

HTS subheading	Short description	Col. 1 rate of duty as of 1/1/08 (percent ad valorem)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
4412.39.5030 ^a	Certain other plywood veneered panels consisting solely of sheets of wood, each ply not exceeding 6 mm in thickness	5.1	Yes

^a This HTS subheading was a new breakout as of January 1, 2007 and is eligible for GSP duty-free treatment for least developed beneficiary developing countries (LDBDC) (A+) as well as for countries eligible for AGOA (D). Prior to 2007, the subject products were classified under HTS subheading 4412.19.50, which became duty free under the provisions of the GSP for least developed beneficiary developing countries as of July 1, 1997.

Plywood veneered panels are composed of thin sheets of wood (veneer) that are glued together under high heat and pressure. The subject plywood veneered panels are sheets of wood with at least one outer ply of long leaf pine (*Pinus palustris*), short leaf pine (*Pinus echinata*), southern yellow pine (loblolly pine) (*Pinus taeda*), slash pine (*Pinus ellioti*), pitch pine (*Pinus rigida*), or Virginia pine (*Pinus virginiana*); these woods also are referred to as southern yellow pines. The subject softwood plywood veneered panels are used primarily for structural purposes in residential construction and remodeling as well as in the production of furniture.

Probable Economic Effect Advice

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¹ The petitioner is Urupanel S.A. (Uruguay).

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

The U.S. industry producing softwood plywood veneered panels ***.² Demand for softwood plywood panels depends heavily on the construction industry (mainly residential), which consumes nearly one-half of total U.S. softwood plywood panel production. As with other industries producing construction materials, the industry producing softwood plywood panels follows the trends of housing starts and is impacted by overall economic conditions. While housing starts had been strong for several years, the housing market began to weaken in 2006, and in 2007 and 2008 the market declined significantly.³ Nearly all U.S. consumption of the subject products is accounted for by domestic production (table 6.1); U.S. imports of the subject products account for a negligible share of the U.S. market. Canada was the leading U.S. import supplier during the 2003–06 period. In 2007 and year-to-date 2008, Brazil was the largest supplier.⁴

TABLE 6.1 Certain plywood veneered panels: U.S. producers, employment, shipments, trade, consumption, and capacity utilization, 2003–07

Item	2003	2004	2005	2006	2007
Producers (<i>number</i>) ^a	45	45	45	45	^(b)
Employment (<i>1,000 employees</i>) ^a	37	39	42	42	^(b)
Shipments (<i>1,000 \$</i>) ^c	4,575,879	5,285,875	5,288,107	5,300,000	^(b)
Exports (<i>1,000 \$</i>)	10,676	16,637	14,773	16,011	27,024
Imports (<i>1,000 \$</i>)	2,558	3,484	554	505	1,028
Consumption (<i>1,000 \$</i>)	4,567,761	5,272,722	5,273,888	5,284,494	^(b)
Import-to-consumption ratio (%)	^(d)	^(d)	^(d)	^(d)	^(e)
Capacity utilization (%)	^(b)	^(b)	^(b)	^(b)	^(b)

Source: Official statistics of the U.S. Department of Commerce, except as noted.

^a Data derived from the U.S. Census Bureau, Annual Survey of Manufactures, Industry Statistics, 2006 and 2005. Data for producers include all softwood plywood veneered panels and employment data are for production workers.

^b Not available.

^c Data derived from the U.S. Census Bureau, Annual Survey of Manufactures, Value of Product Shipments and currently include all softwood plywood veneered panels.

^d Less than 0.5 percent.

^e Not available but believed to be less than 0.5 percent.

² ***, telephone interview by Commission staff, October 3, 2007.

³ Based on official statistics of the U.S. Census Bureau.

⁴ Although the official import data show China as a major U.S. import source for 2003 and 2004, this may be due to a misclassification of imports.

GSP Import Situation, 2007

Currently, imports under this HTS subheading are not eligible for duty-free treatment under the provisions of the GSP except from countries classified as least developed beneficiary developing countries (LDBDCs); Brazil (the largest GSP-eligible supplier) and Uruguay (the petitioner) are not classified as LDBDCs. U.S. import data show that Brazil was the only GSP-eligible country exporting the subject products to the U.S. market in the 2003–07 period (table 6.2). In its petition, the government of Uruguay noted that it exports these products to the U.S. market; however, U.S. imports from Uruguay do not appear in official U.S. import data. U.S. imports from Uruguay did enter under HTS subheading 4412.39.40 (other plywood veneered panels), which is not the subject product.

TABLE 6.2 Certain plywood veneered panels: U.S. imports and share of U.S. consumption, 2007

Item	Imports 1,000 \$	% of total imports	% of GSP imports	% of U.S. consumption
Grand total	1,028	100	(^a)	(^b)
Imports from GSP-eligible countries:				
Total	921	90	100	(^b)
Brazil	921	90	100	(^b)

^a Not applicable.

^b Not available but believed to be less than 0.5 percent.

Brazil is currently ranked second in the world in forest area coverage. Although Brazil does not have a reliable inventory of its forest resources, most of which are located in the Amazon region, industry estimates indicated that in 2007 total forest area was approximately 483 million hectares. Nearly 447 million hectares were native forests (under both private and public ownership), and another 6 million hectares were planted forests (plantations). Eucalyptus made up 65 percent of the planted forests; the remaining 35 percent were pine plantations. Industry sources estimated that 60 percent of Brazilian plywood in 2000 was produced from tropical wood, with the remainder from other wood (particularly pine, which is a subject product) located in the planted forests in the south of the country. Pine plywood and combi-plywood (with face and back of tropical veneer and core of pine veneer) are now the major types of plywood produced in Brazil and their production continues to increase due to the growing availability of materials from the fast-growing pine plantations. The Brazilian lumber industry (including producers of the subject products) consists of nearly 10,000 companies, mostly small-scale mills.

Urupanel S.A. (Uruguay), the petitioner, began operations in 2004, producing pine and eucalyptus plywood primarily slated for export to the United States. According to Urupanel, ***. If GSP status is granted, Urupanel stated that its production would increase in 2008 by 112 percent over 2006 levels to 100,000 cubic meters, with 36 percent slated for the U.S. market (100,000 cubic meters would account for less than 0.05 percent of the total U.S. market).

U.S. Imports and Exports

Data for U.S. imports and exports are presented in tables 6.3 and 6.4.

TABLE 6.3 Certain plywood veneered panels (HTS subheading 4412.39.5030): U.S. imports for consumption by principal sources, 2003–07, January–July 2007, and January–July 2008

Country	2003	2004	2005	2006	January–July		
					2007	2008	
				In \$			
Brazil	45,792	158,198	190,206	190,766	921,496	307,739	1,011,945
Canada	1,105,869	745,395	364,144	314,535	91,650	72,481	23,982
Belgium	0	0	0	0	15,344	0	0
China	1,406,471	2,559,701	0	0	0	0	0
Norway	0	20,807	0	0	0	0	0
All other	0	0	0	0	0	0	0
Total	2,558,132	3,484,101	554,350	505,301	1,028,490	380,220	1,035,927
Imports from GSP-eligible countries:							
Brazil	45,792	158,198	190,206	190,766	921,496	307,739	1,011,945
Total	45,792	158,198	190,206	190,766	921,496	307,739	1,011,945

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

TABLE 6.4 Certain plywood veneered panels: U.S. exports of domestic merchandise, by market, 2003–07, January–July 2007, and January–July 2008

Country	2003	2004	2005	2006	January–July		
					2007	2007	2008
				In \$			
Mexico	5,506,453	4,807,525	1,976,826	2,999,024	10,511,241	4,281,709	12,650,126
Dominican Republic	755,840	1,110,502	2,775,710	4,050,433	5,070,898	2,896,031	4,097,459
Barbados	353,413	2,139,414	1,414,684	1,546,537	3,331,520	667,782	325,151
Canada	411,285	151,774	79,683	82,991	1,765,154	281,688	3,926,203
Bahamas	197,020	1,059,992	446,788	917,350	1,251,085	689,048	721,352
St Lucia	786,067	825,757	778,783	935,569	800,350	428,911	585,619
Guadeloupe	289,013	1,733,630	1,992,713	2,215,003	724,467	379,379	419,795
Bermuda	3,509	34,809	6,200	0	687,144	299,824	366,927
Grenada	330,199	939,200	1,738,702	979,282	604,089	239,512	323,881
Trinidad & Tobago	533,244	2,016,499	1,935,386	944,185	590,039	251,243	366,878
All other	1,509,779	1,818,268	1,627,252	1,340,925	1,688,386	1,062,423	763,332
Total	10,675,822	16,637,370	14,772,727	16,011,299	27,024,373	11,477,550	24,546,723

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

Positions of Interested Parties

Petitioner.—Urupanel⁵ stated that duty-free access to the U.S. market for the requested product will benefit Urupanel, the Uruguayan people, and the U.S. industry producing the same or similar products. The petition further states that because Urupanel’s primary customers are U.S. companies that use the products as inputs, their costs would be lower as a result of importing less expensive merchandise.

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

⁵ Urupanel, “Petition for Addition,” written submission to the USTR, June 21, 2007.

CHAPTER 7

PET Resin

Removal (India and Indonesia)¹

HTS subheading	Short description	Col. 1 rate of duty as of 1/1/08 (percent ad valorem)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
3907.60.00 ^a	PET resin	6.5	Yes
<p>^a PET resin is eligible for duty-free treatment under the provisions of the GSP for all GSP designated countries except for Argentina, which was removed from GSP eligibility in 1997 for intellectual property rights violations, and Thailand, which was designated as sufficiently competitive as of July 1, 2007 after exceeding the competitive need limit in 2006.</p> <p>In 2003, the U.S. PET Resin Coalition requested that this HTS subheading be removed from GSP eligibility for all countries but the petition was denied. In 2007, PT Indorama Synthetics Tbk. and PT Polypet Karyapersada (Indonesian PET resin producers) requested a waiver of the competitive need limit for Indonesia but withdrew their petition prior to the end of the Commission's investigation.</p>			

PET resin is a large-volume, commodity-grade, thermoplastic polyester resin produced from purified terephthalic acid and monoethylene glycol. PET resin is primarily sold in bulk form as chips or pellets to downstream end users/converters. Converters use bottle-grade PET resin to manufacture bottles and other sterile containers that house liquid and solid products for human consumption or contact. Major end-use applications for bottle-grade PET resin include carbonated soft drink bottles, water bottles, and other containers such as those for juices, peanut butter, jams and jellies, salad dressings, cooking oils, household cleaners, and cosmetics.

Probable Economic Effect Advice

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¹ The petitioner for both removals is the United States PET Resin Coalition, composed of the following U.S. producers of PET resin: DAK Americas, LLC (Charlotte, NC), Eastman Chemical (Kingsport, TN), M&G Polymers, USA, LLC (Houston, TX), Nan Ya Plastics Corporation USA (Lake City, SC), and Wellman, Inc. (Fort Mill, SC).

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

The U.S. PET resin industry consists principally of seven large producers with facilities in the United States, Canada, and Mexico, many of which have consolidated operations in recent years.² As a result of the consolidation, U.S. plants have increased capacity utilization and were running at nearly full capacity in 2005–07, as domestic demand for PET resin increased steadily during this period (table 7.1). Mexico, Canada, and the Netherlands are the leading markets for U.S. exports, together accounting for nearly 50 percent of U.S. PET resin exports in 2007. Canada and Mexico are the leading suppliers of imported PET resin into the U.S. market (together representing 57.1 percent of total U.S. imports in 2007) and benefit from the duty-free provisions of NAFTA.

Of the seven PET resin producers in the United States, DAK is a wholly owned subsidiary of ALFA, based in Mexico, M&G is based in Italy, and Nan Ya Plastics Corporation USA is a wholly owned subsidiary of Nan Ya Plastics Corporation (Taiwan). Wellman, Eastman Chemical, and Invista are based in the United States. The seventh producer, StarPet, is a wholly owned subsidiary of Indorama Polymers PLC, based in Thailand.

TABLE 7.1 PET resin: U.S. producers, employment, shipments, trade, consumption, and capacity utilization, 2003–07

Item	2003	2004	2005	2006	2007
Producers (<i>number</i>)	7	7	7	7	7
Employment (<i>1,000 employees</i>) ^{a b}	1,998	1,781	***	***	***
Shipments (<i>1,000 \$</i>) ^a	1,870,514	2,286,970	***	***	***
Exports (<i>1,000 \$</i>)	476,244	571,084	586,063	617,607	736,812
Imports (<i>1,000 \$</i>)	535,913	595,269	1,065,883	1,171,533	1,120,963
Consumption (<i>1,000 \$</i>)	1,930,183	2,311,155	***	***	***
Import-to-consumption ratio (%)	28	26	***	***	***
Capacity utilization (%)	>90	>90	>90	>95	>95

Source: Official statistics of the U.S. Department of Commerce, except as noted.

^a Employment and shipment data for 2003–04 from USITC Publication 3769, *Polyethylene Terephthalate (PET) Resin from India, Indonesia, and Thailand*, May 2005. Employment data for 2005–07 from petition filed by U.S. PET Resin Coalition; shipment data for 2005–07 estimated by Commission staff based on information from industry sources.

^b Employment data for production and related workers.

² According to Hans Kinner of Eastman Chemical Company, PET resin produced in both Canada and Mexico is considered as part of domestic production (USITC hearing transcript, October 30, 2008, 172). The only producer of PET resin in Canada is U.S.-based Invista; PET resin producers in Mexico are DAK, Invista, and M&G. USITC hearing transcript, October 30, 2008, 182.

GSP Import Situation, 2007

Indonesia and India are the primary GSP suppliers of imported PET resin to the U.S. market, together accounting for about 80 percent of GSP imports and 13 percent of total U.S. imports (table 7.2). The United States surpassed Japan as Indonesia's primary export market for PET resin in 2007, accounting for 35 percent of Indonesia's exports. In 2007, more than 96 percent of Indonesia's exports to the United States entered the domestic market through West Coast ports. Indonesian producers maintain that owing to the high cost of inland freight, these imports do not compete either with U.S. production or the imports from Indian producers, which are entered primarily through eastern U.S. ports.³

The United States was India's major export market for PET resin in 2003, 2005, and 2006; the United Arab Emirates was India's largest export market in 2004 and Italy was the largest in 2007. U.S. imports from India more than doubled in 2006 reportedly in response to U.S. production shutdowns in the aftermath of hurricane Katrina. The U.S. market accounted for 9 percent of India's PET resin exports in 2007, more than 86 percent of which entered East Coast ports.

TABLE 7.2 PET Resin: U.S. imports and share of U.S. consumption, 2007

Item	Imports	% of total imports	% of GSP imports	% of U.S. consumption
	<i>1,000 \$</i>			
Grand total	1,120,963	100	(^a)	***
Imports from GSP-eligible countries:				
Total	192,128	17	100	***
Indonesia	117,650	10	62	***
India	34,498	3	18	***

^a Not applicable.

U.S. Imports and Exports

Data for total U.S. imports and exports of the subject products are found in tables 7.3 and 7.4.

³ USITC hearing transcript, October 30, 2008, 95.

TABLE 7.3 PET resin (HTS subheading 3907.60.00): U.S. imports for consumption by principal sources, 2003–07, January–July 2007, and January–July 2008

Country	2003	2004	2005	2006	2007	January–July	
						2007	2008
				<i>In \$</i>			
Mexico	103,650,571	200,289,919	304,196,950	355,938,926	327,447,147	201,739,832	146,488,924
Canada	166,033,142	202,998,063	259,515,264	258,795,370	312,362,265	165,414,270	189,242,154
Indonesia	55,979,013	37,230,085	78,871,897	87,254,553	117,649,575	67,072,496	109,825,761
Thailand ^a	89,531,217	58,608,238	73,904,393	134,455,839	83,764,400	79,402,138	1,602,819
China	413,835	10,663,315	124,322,800	102,801,727	66,579,739	27,721,863	59,497,818
Korea	29,658,823	32,516,080	85,509,674	74,975,043	56,865,287	36,230,416	25,610,968
Taiwan	26,094,365	24,571,305	28,349,316	13,009,811	41,019,631	29,396,139	18,410,338
India	32,857,438	6,257,890	50,662,003	104,011,474	34,497,944	20,838,436	31,938,083
Brazil	4,308,061	62,755	7,977,291	4,781,773	30,002,287	23,503,442	2,568,930
Australia	300	1,730	757,937	12,769,795	23,464,679	15,725,617	14,871,886
All other	27,386,021	22,070,038	51,815,559	22,738,587	27,310,052	16,101,161	37,252,842
Total	535,912,786	595,269,418	1,065,883,084	1,171,532,898	1,120,963,006	683,145,810	637,310,523
Imports from GSP-eligible countries:							
Indonesia	55,979,013	37,230,085	78,871,897	87,254,553	117,649,575	67,072,496	109,825,761
India	32,857,438	6,257,890	50,662,003	104,011,474	34,497,944	20,838,436	31,938,083
Brazil	4,308,061	62,755	7,977,291	4,781,773	30,002,287	23,503,442	2,568,930
Peru	0	0	1,962,411	3,139,717	6,031,128	4,184,006	5,480,132
Sri Lanka	0	0	0	0	1,188,877	1,188,877	0
Venezuela	0	0	59,656	196,204	1,073,498	675,809	1,077,372
Pakistan	2,921,270	19,820	0	42,068	922,350	31,350	14,007,015
Ecuador	0	0	0	0	424,858	186,617	0
Thailand	89,531,217	58,608,238	73,904,393	134,455,839	(^a)	(^a)	(^a)
All other	3,376,108	157,222	1,785,637	182,040	337,761	63,739	1,315,164
Total	188,973,107	102,336,010	215,223,288	334,063,668	192,128,278	117,744,772	166,212,457

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

Note: Argentina was removed from GSP eligibility for this HTS subheading in 1997 because of intellectual property rights sanctions.

^a Thailand was deemed as sufficiently competitive and lost GSP eligibility as of July 1, 2007, after exceeding the competitive need limit in 2006.

TABLE 7.4 PET resin: U.S. exports of domestic merchandise, by market, 2003–07, January–July 2007, and January–July 2008

Country	2003	2004	2005	2006	January–July		
					2007	2008	
				<i>In \$</i>			
Canada	89,906,065	78,614,261	124,446,745	129,297,333	182,523,421	103,667,674	110,263,380
Netherlands	56,744,410	80,846,740	75,166,974	87,490,287	104,277,266	62,201,496	53,727,660
Mexico	117,805,609	70,307,027	96,187,320	145,041,177	80,092,694	49,181,213	40,349,646
Peru	51,624,184	77,762,609	56,575,617	27,282,730	56,430,653	34,744,465	15,233,437
Venezuela	13,024,598	1,344,839	10,660,296	7,496,653	42,245,952	29,935,900	6,553,288
Argentina	12,200,962	32,528,557	24,737,189	4,278,315	27,389,178	11,514,034	4,359,485
Chile	1,766,734	19,224,997	21,798,478	27,427,686	26,632,414	11,088,179	7,607,417
United Kingdom	9,233,128	13,696,746	9,289,379	11,380,829	26,271,650	18,631,715	8,865,612
Uruguay	7,455,513	10,281,647	4,805,194	8,240,246	20,877,215	8,330,643	6,174,630
Honduras	4,520,231	10,177,370	16,233,211	23,077,277	16,016,015	11,840,079	222,000
All other	111,962,999	176,299,409	146,162,406	146,594,374	154,055,938	90,189,693	85,123,224
Total	476,244,433	571,084,202	586,062,809	617,606,907	736,812,396	431,325,091	338,479,779

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

Positions of Interested Parties

Petitioners.—The U.S. PET Resin Coalition⁴ stated that the domestic producers of PET resin have been adversely affected, both financially and operationally, by the importation of significant volumes of low-priced, duty-free PET resin from India and Indonesia.⁵ The petitioners maintained that imports from India and Indonesia undersold the domestic product and that because of suppressed prices, the U.S. industry has deteriorated financially. The PET Resin Coalition stated that one of its members, Wellman, recently filed for bankruptcy as a result of its poor financial condition brought on by low prices.⁶

The petitioners maintained that the continued underselling of PET resin from Asian sources, including both India and Indonesia, as well as Thailand, has had a significant impact on U.S. price levels. The petitioners further stated that the prices of PET resin from Asian sources are the primary factor impacting U.S. prices. The PET Resin Coalition also maintained that the Indian and Indonesia producers of PET resin were

⁴ The United States PET Resin Coalition, “Petition for Removal of India and Indonesia,” written submission to the USTR, June 18, 2008.

⁵ In response to a question on PET resin pricing, the PET Resin Coalition supplied ***. Kelley Drye & Warren, LLP, on behalf of the PET Resin Coalition, written submissions to the USITC, October 15, 2008, and November 5, 2008.

⁶ It should be noted that, in its October 2008 10-Q filing with the Securities and Exchange Commission, Wellman stated that its bankruptcy filing was the result of reduced profitability because of raw material availability and pricing; competition; capacity utilization; and decreased customer demand. According to Wellman’s filing, these factors, together with the significant damage and lost profits caused by hurricane Katrina, the recent alleged infringement of new patented PET resin production technology, and certain unexpected cash outlays, resulted in reduced financial resources.

highly competitive and had significantly increased capacity and exports to the United States recently.

Opposition.—The Forum of PET Manufacturers,⁷ a group of Indian producers of PET resin, stated that termination of India's GSP-eligibility for PET resin would be unwarranted, owing to the small share (approximately 1 percent) of Indian PET resin in the U.S. market. Removal of GSP eligibility would place India's producers at a competitive disadvantage in the U.S. market, specifically against imports that would still enter the United States duty-free under NAFTA or from countries retaining GSP-eligibility. The Forum of PET Manufacturers stated that the Indian producers are a marginal source of supply for U.S. purchasers. According to the Forum, during the period 2005–06, because of hurricane damage and raw material shortages, U.S. imports of PET resin from India increased to meet domestic demand but later decreased as U.S. capacity expanded in 2007. In regard to PET resin pricing, the Forum stated that Indian prices are comparable to U.S. prices.

PT Indorama Synthetics,⁸ the principal producer/exporter of PET resin from Indonesia, stated that it is opposed to the removal of GSP eligibility for Indonesia, asserting that the continuation of GSP for PET resin from Indonesia will have no adverse economic effect on the U.S. industry or consumers. In response to the domestic industry's statements that the Indonesian industry is using well-financed, state-of-the-art facilities, Indorama maintained that it cannot afford to update the production technology currently used in its plants to the level of that in U.S. producers' facilities without building entirely new facilities. Further, the technology would reportedly have to be licensed from the U.S. companies. In addition, Indorama stated that U.S. producers such as Eastman use the newest available production technology and are, therefore, the world's lowest cost producers.

PT Polypet Karyapersada, PT Polypet Resindo, and PT SK Keris,⁹ all producers of PET resin in Indonesia, stated their opposition to the removal of GSP eligibility for PET resin from Indonesia. The Indonesian producers stated the U.S. market is only a secondary market for Indonesian PET resin, with its primary market being Japan. Indonesian producers maintained that their exports to the U.S. market are approximately equivalent to their exports to New Zealand/Australia and slightly larger than to the ASEAN countries. The three Indonesian producers also stated that the increase in PET resin exports to the U.S. market is a result of increasing U.S. demand along with a decline in exports to the U.S. market from Thailand and China, and not a shifting of Indonesian PET resin exports from EU markets. The three Indonesian producers stated that there are no integrated facilities producing PET resin anywhere in Indonesia, and that they do not have raw material cost advantages compared with the U.S. producers.

The American Beverage Association, the Grocery Manufacturers Association, and the Distilled Spirits Council of the United States¹⁰ stated their opposition to the removal of GSP eligibility for imports of PET resin from both India and Indonesia, citing both the

⁷ Steptoe & Johnson LLP, on behalf of the Forum of PET Manufacturers, written submissions to the USITC, October 15, 2008, and November 5, 2008.

⁸ Kalik Lewin, on behalf of P.T. Indorama Synthetics, written submissions to the USITC, October 15, 2008, and November 5, 2008.

⁹ Porter Wright Morris & Arthur LLP, on behalf of PT Polypet Karyapersada, PT Polypet Resindo, and PT SK Keris, written submissions to the USITC, October 15, 2008, and November 5, 2008.

¹⁰ The American Beverage Association, the Grocery Manufacturers Association, and the Distilled Spirits Council, letters filed with the USITC, November 5, 2008.

increased duty rate, which would result in higher costs to consumers, and a potential loss of competition among suppliers.

The government of India¹¹ said that it opposes the removal of GSP eligibility for PET resin from India, citing the small share Indian producers hold in the U.S. market, the availability of a much larger supply of duty-free U.S. imports from other countries, and the overall benefit to the predominately rural population of India that is derived from the GSP eligibility accorded to Indian producers.

The U.S.-India Business Council¹² said that it opposes the removal of GSP eligibility for PET resin from India. The council stated that its members in the United States view Indian PET resin as a stable and supplemental source of supply. Also, the council said that withdrawal of duty-free GSP benefits for Indian PET producers would impede development in the largely impoverished Indian communities.

¹¹ The government of India, letter filed with the USITC, November 5, 2008.

¹² The U.S.-India Business Council, letter filed with the USITC, November 5, 2008.

CHAPTER 8

Polyamide-6

Removal (Thailand)¹

HTS subheading	Short description	Col. 1 rate of duty as of 1/1/08 (percent ad valorem)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
3908.10.00 ^a	Polyamide-6, -11, -12, -6,6, -6,9, -6,10, or -6,12	6.3	Yes
^a HTS subheading 3908.10.00 has not been subject to changes to its GSP status.			

Polyamide-6, also referred to as nylon-6, is a synthetic, aliphatic polymer principally derived from the heating of caprolactam. Nylon-6 can be recycled multiple times, and much of the nylon resin sold in the U.S. merchant market is a virgin/recycled blend. Nylon-6 can be made into a fiber or used as a resin for injection molding and extrusion applications. Nylon-6 fibers are used primarily in the manufacture of carpeting and tire cords as well as to make nylon ropes or netting. The primary uses in injection molding are automotive parts and industrial machinery parts. Extruded nylon-6 is used principally in film and electrical insulation for wires and cables.

Probable Economic Effect Advice

* * * * *

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

The U.S. industry consists of *** of nylon-6 (table 8.1).² The two largest producers are BASF Corporation and Honeywell Resins and Chemicals. U.S. shipments and consumption of the subject product increased during the 2003–07 period. Nylon-6 is sold primarily in three market segments—fibers (carpeting,

¹ The petitioner is BASF Corporation (United States).

² BASF, written submission to the USITC, November 5, 2008, 5.

rugs, and so forth), engineering plastics (primarily for automotive use), and film (food packaging). Approximately ***,³

TABLE 8.1 Polyamide-6: U.S. producers, employment, shipments, trade, consumption, and capacity utilization, 2003–07

Item	2003	2004	2005	2006	2007
Producers (<i>number</i>)	***	***	***	***	***
Employment (<i>1,000 employees</i>)	(^a)	(^a)	(^a)	(^a)	(^a)
Shipments (<i>1,000 \$</i>) ^b	***	***	***	***	***
Exports (<i>1,000 \$</i>)	576,022	773,269	877,360	1,069,919	1,301,995
Imports (<i>1,000 \$</i>)	272,315	329,120	348,992	387,388	374,197
Consumption (<i>1,000 \$</i>)	***	***	***	***	***
Import-to-consumption ratio (%)	***	***	***	***	***
Capacity utilization (%)	***	***	***	***	***

^a Not available.

^b Data estimated by the Commission staff based on BASF, written submission to the USITC, November 5, 2008.

Source: Official statistics of the U.S. Department of Commerce, except as noted.

GSP Import Situation, 2007

Thailand accounts for 0.4 percent of total U.S. imports of the subject product and 7 percent of U.S. imports from GSP-eligible countries (table 8.2). U.S. imports from Thailand have more than doubled during the 2003–07 period (table 7.3). Ube Nylon, the Thai producer, currently has the capacity to produce 25,000 metric tons of nylon-6 per year. In 2007, Ube Nylon announced plans to build another plant at its Bangkok site that will have a capacity of 50,000 metric tons per year.⁴ In 2007, the U.S. industry had the capacity to produce *** metric tons of nylon-6.⁵

GSP-eligible countries have steadily increased their share of total U.S. imports of nylon-6, increasing from 1 percent in 2003 to 6 percent in 2007 (table 8.3). Brazil has been the leading source of U.S. imports from GSP-eligible countries during the 2003–07 period.

³ Ibid., 2.

⁴ *Chemical Week*, “Ube Builds Large Nylon-6 Resins Plant in Thailand,” May 9, 2007.

⁵ BASF, written submission to the USITC, November 4, 2008, 5.

TABLE 8.2 Polyamide-6: U.S. imports and share of U.S. consumption, 2007

Item	Imports	% of total imports	% of GSP imports	% of U.S. consumption
	<i>1,000 \$</i>			
Grand total	374,197	100	(a)	***
Imports from GSP-eligible countries:				
Total	24,122	6	100	***
Thailand	1,606	(b)	7	***

^a Not applicable.

^b ***.

U.S. Imports and Exports

Data for total U.S. imports and exports of the subject products are found in tables 8.3 and 8.4.

TABLE 8.3 Polyamide-6 (HTS subheading 3908.10.00): U.S. imports for consumption by principal sources, 2003–07, January–July 2007, and January–July 2008

Country	2003	2004	2005	2006	January–July		
					2007	2007	2008
				In \$			
Canada	81,887,590	102,798,441	96,366,041	111,152,721	125,401,776	69,005,291	80,560,870
Germany	54,380,419	69,404,805	79,608,048	88,327,596	98,670,513	52,336,365	59,168,221
Japan	32,315,426	37,670,862	45,143,451	29,528,972	25,740,227	15,605,838	15,364,699
Mexico	23,293,740	27,202,172	16,262,029	19,413,598	22,967,215	14,142,951	14,007,462
France	33,033,909	36,309,536	44,209,393	44,207,294	20,471,981	10,837,996	10,387,004
Brazil	2,056,792	8,419,829	15,575,351	20,109,249	17,365,846	9,179,426	13,972,487
Israel	7,873,538	7,687,738	10,615,160	13,224,778	13,524,398	8,206,755	4,898,776
Italy	11,751,338	12,968,559	8,515,314	14,363,007	13,048,701	6,432,947	10,265,632
Netherlands	1,900,809	3,074,422	4,345,874	11,772,420	6,679,767	5,208,224	3,816,472
Switzerland	3,121,061	5,123,661	5,129,836	7,014,716	6,590,312	3,251,173	5,500,925
All other	20,700,799	18,460,300	23,221,064	28,273,522	23,735,830	13,950,981	9,970,838
Total	272,315,421	329,120,325	348,991,561	387,387,873	374,196,566	208,157,947	227,913,386
Imports from GSP-eligible countries:							
Brazil	2,056,792	8,419,829	15,575,351	20,109,249	17,365,846	9,179,426	13,972,487
Russia	0	0	21,360	129,540	5,017,020	2,418,270	0
Thailand	573,789	975,449	1,275,670	1,130,475	1,606,934	825,804	888,993
Turkey	49,890	15,208	34,026	0	112,167	8,976	187,129
Djibouti	0	0	0	0	8,564	0	0
India	0	0	1,438	157,482	5,644	5,644	714
Ecuador	0	0	0	0	2,952	2,952	0
Argentina	0	0	0	0	2,607	2,157	28,565
Ukraine	0	0	23,989	367,198	0	0	0
Sierra Leone	0	0	0	0	0	0	0
Total	2,680,471	9,410,486	16,931,834	21,893,944	24,121,734	12,443,229	15,077,888

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

TABLE 8.4 Polyamide-6: U.S. exports of domestic merchandise, by market, 2003–07, January–July 2007, and January– July 2008

Country	2003	2004	2005	2006	2007	January–July	
						2007	2008
				In \$			
China	38,691,475	66,400,588	78,377,969	119,337,942	217,532,353	111,290,690	175,978,485
Mexico	82,334,125	141,668,334	139,660,808	174,079,821	158,250,110	93,111,149	96,016,365
Canada	135,943,048	147,954,727	188,626,741	171,732,712	156,092,170	91,793,920	94,762,008
Belgium	38,944,916	57,762,381	51,212,661	89,440,165	122,422,071	68,596,787	88,947,368
Hong Kong	51,147,468	68,487,136	61,349,906	90,629,023	95,253,139	65,605,935	65,968,286
Korea	37,124,236	52,606,341	59,029,996	76,274,856	89,879,128	53,350,785	60,512,028
Taiwan	52,920,933	68,100,336	65,767,957	73,229,900	80,598,765	42,660,855	58,719,362
Japan	27,427,960	31,845,000	40,648,905	65,795,634	57,643,878	30,227,282	53,778,679
Singapore	18,163,944	14,221,980	46,772,633	32,968,977	45,374,007	29,314,380	59,888,696
Indonesia	2,817,186	11,581,333	16,294,506	32,222,144	44,311,582	23,469,201	32,668,135
All other	90,506,830	112,640,941	129,618,008	144,207,742	234,637,827	126,162,278	149,064,125
Total	576,022,121	773,269,097	877,360,090	1,069,918,916	1,301,995,030	735,583,262	936,303,537

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

Positions of Interested Parties

Petitioner.—BASF⁶ requested the removal of polyamide-6 from Thailand from eligibility for duty-free treatment under the GSP. BASF stated that the importation of low-cost polyamide-6 from Thailand is adversely affecting the company's U.S. domestic sales and that the Thai producer, Ube Nylon (UNT), is a highly competitive global manufacturer of polyamide-6 that should not receive preferential access to the U.S. market when U.S. producers are struggling. BASF projected a decline in U.S. demand for polyamide-6 of 50,000 metric tons in 2008 from 2007 levels and stated that 2009 forecasts are even worse given the recent financial crisis and the deepening U.S. economic downturn. BASF maintained that UNT could triple its polyamide-6 capacity from the current 25,000 metric tons per year to 75,000 metric tons per year in 2009. BASF also stated that UNT is currently producing more than enough polyamide-6 to meet demand in Thailand and that one-third of its production is intended for export markets. BASF stated that even if the Asian markets consume some of the Thai

⁶ BASF, "Petition for Removal of Thailand," written submission to the USTR, June 18, 2008; BASF, written submission to the USITC, November 5, 2008.

product, about 10,000 metric tons per year, primarily film for food packaging, will likely be exported to the U.S. market.

Opposition.—Ube Nylon (Thailand) Ltd.⁷ stated that removing Thailand from the list of GSP-eligible countries for this HTS subheading will not benefit the U.S. industry. UNT asserts that the Japanese transplant auto companies in the United States have established relationships with the Japanese owner of UNT because its product has been approved (by way of an expensive and time consuming verification process) for use in their automotive applications. The Japanese transplant auto manufacturers have decided to continue using the same source that they use in Japan rather than pursue additional polyamide-6 suppliers. UNT claims that removing Thailand from GSP eligibility with regard to this product will only reduce competition in the U.S. market and cause prices to rise. UNT claims that the additional 50,000 metric tons per year capacity that the company is building at its Bangkok facility is intended to supply the faster growing markets in China, India, and Thailand rather than the more mature and slower growing markets in North America and Europe.

Filtech, Inc.,⁸ a U.S. company and a customer of imported polyamide-6 from UNT, said that it opposes the petition of BASF. Filtech stated that the reimposition of the duty for this product from Thailand would result in increased costs of production because Filtech is required by its parent company in Japan to purchase polyamide-6 from UNT. According to Filtech, UNT is the only company that meets the specifications, including plant inspections and certifications, required by Japanese automobile producers operating in the United States.

Ada Technologies, Inc.,⁹ a U.S. company and customer of UNT, stated its opposition to the removal of this HTS subheading from the GSP because any reimposition of the duty would result in higher costs of production for U.S. auto manufacturers. Ada Technologies also said that UNT is the only qualified vendor of nylon-6 and therefore, U.S. producers are not being adversely impacted by the duty-free imports from Thailand.

⁷ Porter Wright Morris & Arthur LLP, on behalf of UBE Nylon (Thailand) Ltd., written submissions to USITC, October 15, 2008, and November 5, 2008.

⁸ Filtech, Inc., letter filed with the USITC, November 5, 2008.

⁹ Ada Technologies, Inc., letter filed with the USITC, November 6, 2005.

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Appendix A
USTR Request Letter

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

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

DOCKET NUMBER 2632
Office of the Secretary Int'l Trade Commission

ER-SEP 24 2008-071

Dear Chairman Aranoff:

The Trade Policy Staff Committee (TPSC) has announced in the *Federal Register* the acceptance of product petitions for the 2008 Annual Review for modification of the Generalized System of Preferences (GSP). For the most part, modifications to the GSP program that may result from this review will be announced in the spring of 2009 and become effective in the summer of 2009. In this connection, I am making the request set out 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 eligible articles for purposes of the GSP program, or in some cases for eligibility for all GSP beneficiaries (rather than only for Least Developed Beneficiaries) as set forth in 503(a)(1)(A) of the 1974 Act. I further notify the Commission that the articles listed in Part B of the enclosed annex are being considered for removal from eligibility for duty-free treatment under the GSP program from the specified countries.⁴

In accordance with sections 503(a)(1)(A), 503(e) and 131(a) of the 1974 Act, and under authority delegated 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 U.S. industries producing like or directly competitive articles and on consumers of the elimination of U.S. import duties for all beneficiary developing countries under the GSP program.

Under authority delegated by the President, pursuant to section 332(g) of the Tariff Act of 1930, I further request, with respect to articles listed in Part B 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 from eligibility for duty-free treatment under the GSP program for such articles from the specified countries.

⁴ Consideration of petitions for competitive need limitation waivers may be addressed at a later date with a separate request letter.

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Chairman Aranoff
Page Two

It would be greatly appreciated if the requested advice could be provided by no later than 90 days from receipt of this letter. To the extent possible, it would also be greatly appreciated if probable economic effect advice and statistics (e.g. profile of the United States industry and market and U.S. should import and export U.S. data) and any other relevant information or advice was provided separately and individually for each U.S. Harmonized Tariff Schedule subheading for all the cases in these requests.

The report should be classified and marked in accordance with Section 1.6 of Executive Order 13292, as amended. With respect to the articles identified in Parts A and B of the enclosed annex, the sections of the report that analyze the probable economic effect as well as other information that would reveal aspects of the probable economic effects advice-should be classified as Confidential pursuant to Section 1.4(e) of Executive Order 13292, as amended. The declassification date should be ten years from the date of your report. Background, public data, and other portions of the report that do not provide or reveal aspects of the probable economic effects advice or conclusions should not be classified. The probable economic effects advice, the probable effect model results, the non-public data used in the model and the model parameters as a whole would normally be classified Confidential. Chapters containing the positions of interested parties, previously released public documents (e.g., the request letter and Federal Register notice), and tables containing public data (unless the selection of data on the table would reveal the probable effects advice) should be unclassified. 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 information, with any business confidential information deleted.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Susan C. Schwab". The signature is fluid and cursive, with the first name "Susan" and last name "Schwab" clearly legible.

Susan C. Schwab

Annex

The Harmonized Tariff Schedule of the United States (HTS) subheadings listed below have been accepted as product petitions for the 2007 Generalized System of Preferences (GSP) Annual Review for modification of the (GSP). The tariff nomenclature in the HTS for the subheadings listed below 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 way the scope of the subheading. The HTS may be viewed on <http://www.usitc.gov/tata/index.htm>.

A. Petitions for addition of a product to the list of eligible products for the Generalized System of Preferences

Case No.	HTS Subheading	Brief Description	Petitioner
(2008-01)	0710.10.00	Potatoes	Gov. of Arab Republic of Egypt
(2008-02)	0710.30.00	Spinach, New Zealand and orache spinach (garden spinach)	Gov. of Arab Republic of Egypt
(2008-03)	0710.40.00	Sweet corn	Gov. of Arab Republic of Egypt
(2008-04)	0710.80.97.22	Broccoli spears, frozen	Ecuadorian American Chamber of Commerce
(2008-05)	0710.80.97.24	Broccoli except spears, in containers holding more than 1.4 kg, frozen	Ecuadorian American Chamber of Commerce
(2008-06)	0710.80.97.26	Broccoli except spears, in containers holding not over 1.4 kg, frozen	Ecuadorian American Chamber of Commerce
(2008-07)	2008.92.90.40	Mixtures of fruits contain-ing oranges or grapefruits in a liquid medium in airtight containers.	Camerican International, Inc. (Camerican) (of Paramus, NJ) [Importing now from Swaziland & Thailand.]
(2008-08)	2009.41.20	Pineapple juice, single strength (not concentrated) of a Brix value not exceeding 20	Dole Packaged Foods, LLC (of Westlake Village, CA) (wholly owned subsidiary of Dole Food Co.)
(2008-09)	2009.49.20	Pineapple juice, single strength (not concentrated) <i>other than</i> of a Brix value not exceeding 20	Dole Packaged Foods, LLC (of Westlake Village, CA) (wholly owned subsidiary of Dole Food Co.)
(2008-10)	3901.20.10	Polyethylene having a specific gravity of 0.94 or more: Having a relative viscosity of 1.44 or more. High Density Polyethylene (HDPE).	Istanbul Metals and Minerals Exporters' Association (IMMIB)
(2007-05)	4412.39.50.30	Other plywood sheets, not exceeding 6mm in thickness, with at least 1 outer ply of certain pines	Urupanel S.A. (Uruguay)

B. Petitions to remove duty-free status from a beneficiary developing country for a product on the list of eligible articles for the Generalized System of Preferences

Case No.	HTS Subheading	Brief Description	Petitioner
(2008-11)	3907.60.00 (India)	Polyethylene terephthalate – PET resin. (A* -- is on the GSP program, Argentina and Thailand excluded.)	U.S. PET Resin Coalition
(2008-12)	3907.60.00 (Indonesia)	Polyethylene terephthalate – PET resin. (A* -- is on the GSP program, Argentina and Thailand excluded.)	U.S. PET Resin Coalition
(2008-13)	3908.10.00 (Thailand)	Polyamide-6 (Nylon 6)	BASF Corporation (Florham Park, NJ)

Appendix B
Commission's *Federal Register* Notice Of
Institution

following their receipt of the proposed Notice. The final Notice of Sale will be published in the **Federal Register** at least 30 days prior to the date of bid opening. Bid opening is currently scheduled for March 18, 2009.

SUPPLEMENTARY INFORMATION: The proposed Notice of Sale for Sale 208 and a "Proposed Notice of Sale Package" containing information essential to potential bidders may be obtained from the Public Information Unit, Gulf of Mexico Region, Minerals Management Service, 1201 Elmwood Park Boulevard, New Orleans, Louisiana 70123-2394. Telephone: (504) 736-2519.

Dated: September 26, 2008.

Randall B. Luthi,

Director, Minerals Management Service.

[FR Doc. E8-23369 Filed 10-2-08; 8:45 am]

BILLING CODE 4310-MR-P

DEPARTMENT OF THE INTERIOR

National Park Service

Minor Boundary Revision at Joshua Tree National Park

AGENCY: National Park Service, Interior.

ACTION: Notice of boundary revision.

SUMMARY: This notice announces the revision to the boundary of Joshua Tree National Park, pursuant to the authority specified below, to include a 639-acre tract of adjacent land identified as Tract 101-78 located in San Bernardino County, California, and depicted on Drawing No. 156/92,003, Sheet 1 of 1, Segment Map 101, revised February 11, 2008. This map is on file and available for inspection at the following locations: National Park Service, Land Resources Program Center, Pacific West Region, 1111 Jackson St., Suite 700, Oakland, CA 94607 and National Park Service, Department of the Interior, Washington, DC 20240.

FOR FURTHER INFORMATION CONTACT:

National Park Service, Chief, Pacific Land Resources Program Center, Pacific West Region, 1111 Jackson St., Suite 700, Oakland, CA 94607, (510) 817-1414. Before including your address, phone number, e-mail address, or other personal identifying information in your comment, you should be aware that your entire comment—including your personal identifying information—may be made publicly available at any time. While you can ask us in your comment to withhold your personal identifying information from public review, we cannot guarantee that we will be able to do so.

DATES: The effective date of this boundary revision is October 3, 2008.

SUPPLEMENTARY INFORMATION: 16 U.S.C. 460l-9(c)(1) provides that after notifying the House Committee on Natural Resources and the Senate Committee on Energy and Resources, the Secretary of the Interior is authorized to make this boundary revision. This action will add one tract containing 639 acres of land to the Mesa Verde National Park. The National Park Service proposes to acquire this parcel by donation from The Mojave Desert Land Trust.

The referenced map is on file and available for inspection at the following locations: National Park Service, Land Resources Program Center, Pacific West Region, 1111 Jackson St., Suite 700, Oakland, CA 94607 and National Park Service, Department of the Interior, Washington, DC 20240.

Dated: March 11, 2008.

Jonathan B. Jarvis,

Regional Director, Pacific West Region.

Editorial Note: This document was received in the Office of the Federal Register on September 29, 2008.

[FR Doc. E8-23305 Filed 10-2-08; 8:45 am]

BILLING CODE 4310-EK-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 332-500]

Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences, 2008 Review of Additions and Removals

AGENCY: United States International Trade Commission.

ACTION: Institution of investigation and scheduling of hearing.

SUMMARY: Following receipt on September 24, 2008 of a request from the United States Trade Representative (USTR) under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332 (g)), the Commission instituted investigation No. 332-500, *Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences, 2008 Review of Additions and Removals.*

DATES:

October 14, 2008: Deadline for filing requests to appear at the public hearing.

October 15, 2008: Deadline for filing pre-hearing briefs and statements.

October 30, 2008: Public hearing.

November 5, 2008: Deadline for filing post-hearing briefs and statements and other written submissions.

December 19, 2008: Transmittal of report to USTR.

ADDRESSES: All Commission offices, including the Commission's hearing

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

FOR FURTHER INFORMATION CONTACT:

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

Background: As requested by the USTR, in accordance with sections 503(a)(1)(A), 503(e), and 131(a) of the Trade Act of 1974, as amended (19 U.S.C. 2463(a)(1)(A), 19 U.S.C. 2463(e), and 19 U.S.C. 2151(a)), and pursuant to the authority of the President delegated to the United States Trade Representative by sections 4(c) and 8(c) and (d) of Executive Order 11846 of March 31, 1975, as amended, and pursuant to section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)), 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 developing countries under the GSP program on articles provided for in HTS subheadings 0710.10.00, 0710.30.00, 0710.40.00, 0710.80.97.22, 0710.80.97.24, 0710.80.97.26, 2008.92.90.40, 2009.41.20, 2009.49.20, 3901.20.10, and 4412.39.50.30. Also, as requested by

USTR, pursuant to 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 from eligibility for duty-free treatment under the GSP program of articles provided for in HTS subheadings 3907.60.00 from India, 3907.60.00 from Indonesia, and 3908.10.00 from Thailand. The Commission expects to provide its advice by December 19, 2008. The USTR indicated that those sections of the Commission's report and related working papers that contain the Commission's advice and model inputs and results will be classified as "confidential."

Public Hearing: A public hearing in connection with this investigation will be held beginning at 9:30 a.m. on October 30, 2008 at the United States International Trade Commission Building, 500 E Street SW., Washington, DC. All persons have the right to appear by counsel or in person, to present information, and to be heard. Requests to appear at the public hearing should be filed with the Secretary, United States International Trade Commission, 500 E St., SW., Washington, DC 20436, not later than the close of business (5:15 p.m.) on October 14, 2008, in accordance with the requirements in the "Written Submissions" section below.

Written Submissions: In lieu of or in addition to participating in the hearing, interested parties are invited to submit written statements or briefs concerning these investigations. All written submissions, including requests to appear at the hearing, statements, and briefs, should be addressed to the Secretary. Pre-hearing briefs and statements should be filed not later than 5:15 p.m., October 15, 2008; and post-hearing briefs and statements and all other written submissions should be filed not later than 5:15 p.m., November 5, 2008. All written submissions must conform with the provisions of section 201.8 of the Commission's *Rules of Practice and Procedure* (19 CFR 201.8). Section 201.8 of the rules requires that a signed original (or a copy designated as an original) and fourteen (14) copies of each document be filed. In the event that confidential treatment of the document is requested, at least four (4) additional copies must be filed, in which the confidential information must be deleted (see the following paragraph for further information regarding confidential business information). The Commission's rules do not authorize filing submissions with the Secretary by facsimile or electronic

means, except to the extent permitted by section 201.8 of the rules (see Handbook for Electronic Filing Procedures, http://www.usitc.gov/secretary/fed_reg_notices/rules/documents/handbook_on_electronic_filing.pdf). Persons with questions regarding electronic filing should contact the Secretary (202-205-2000).

Any submissions that contain confidential business information must also conform with the requirements of section 201.6 of the Commission's *Rules of Practice and Procedure* (19 CFR 201.6). Section 201.6 of the rules requires that the cover of the document and the individual pages be clearly marked as to whether they are the "confidential" or "nonconfidential" version, and that the confidential business information be clearly identified by means of brackets. All written submissions, except for confidential business information, will be made available in the Office of the Secretary to the Commission for inspection by interested parties. The Commission may include some or all of the confidential business information submitted in the course of this investigation in the report it sends to the USTR.

As requested by the USTR, the Commission will publish a public version of the report, which will exclude portions of the report that the USTR has classified as confidential as well as any confidential business information.

By order of the Commission.

Issued: September 29, 2008.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E8-23321 Filed 10-2-08; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701-TA-451; 731-TA-1126-1127 (Final)]

In the Matter of: Lightweight Thermal Paper From China and Germany Notice of Commission Determination To Conduct a Portion of the Hearing In Camera

AGENCY: U.S. International Trade Commission.

ACTION: Closure of a portion of a Commission hearing.

SUMMARY: Upon request of Papierfabrik August Koehler AG, Koehler America, Inc., Mitsubishi HiTec Paper Flensburg GmbH, Mitsubishi HiTec Paper Bielefeld GmbH, and Mitsubishi

International Corp. ("German Respondents"), the Commission has determined to conduct a portion of its hearing in the above-captioned investigations scheduled for October 2, 2008, *in camera*. See Commission rules 207.24(d), 201.13(m) and 201.36(b)(4) (19 CFR 207.24(d), 201.13(m) and 201.36(b)(4)). The remainder of the hearing will be open to the public. The Commission has determined that the seven-day advance notice of the change to a meeting was not possible. See Commission rule 201.35(a), (c)(1) (19 CFR 201.35(a), (c)(1)).

FOR FURTHER INFORMATION CONTACT:

Marc A. Bernstein, Office of General Counsel, United States International Trade Commission, 202-205-3087. Hearing-impaired individuals are advised that information on this matter may be obtained by contacting the Commission's TDD terminal on 202-205-3105.

SUPPLEMENTARY INFORMATION: The Commission believes that German Respondents have justified the need for a closed session to discuss pricing data, trade and financial data pertaining to the domestic industry, and business plans of domestic producers that contain business proprietary information (BPI). In making this decision, the Commission nevertheless reaffirms its belief that whenever possible its business should be conducted in public.

The hearing will include the usual public presentations by parties supporting imposition of duties and respondents, with questions from the Commission. In addition, the hearing will include a ten-minute *in camera* session for a confidential presentation by German Respondents. This session will be followed by questions from the Commission relating to the BPI and a ten-minute *in camera* rebuttal presentation by parties supporting imposition of duties, if needed. Following the *in camera* session, the Commission will reopen the hearing to the public for the public rebuttal/closing statements. During the *in camera* session the room will be cleared of all persons except those who have been granted access to BPI under a Commission administrative protective order (APO) and are included on the Commission's APO service list in this investigation. See 19 CFR 201.35(b). The time for the parties' presentations and rebuttals in the *in camera* session will be taken from their respective overall time allotments for the hearing. All persons planning to attend the *in camera* portions of the hearing should

Appendix C
Calendar of Witnesses for the October 30,
2008 Hearing

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject: Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences, 2008 Review of Additions and Removals

Inv. No.: 332-500

Date and Time: October 30, 2008 - 9:30 a.m.

Sessions were held in connection with this investigation in the Main Hearing Room (room 101), 500 E Street, S.W., Washington, D.C.

ORGANIZATION AND WITNESS:

PRODUCT:

PANEL 1

Canned Fruit

Sandler, Travis & Rosenberg, P.A.
Washington, D.C.
on behalf of

(Petitioner; In Favor of Addition)

Camerican International, Inc. ("Camerican")

Larry Abramson, President, Camerican

Mark Haney, Senior International Trade Analyst,
Sandler, Travis & Rosenberg, P.A.

C. Michael Hathaway) - OF COUNSEL

ORGANIZATION AND WITNESS:

PRODUCT:

PANEL 1 (continued)

Pineapple Juice

Greenberg Traurig, LLP
Washington, D.C.
on behalf of

(Petitioner; In Favor of Addition)

Dole Packaged Foods

Donald S. Stein

)

) - OF COUNSEL

Regina Vargo)

High-Density Polyethylene

Arent Fox LLP
Washington, D.C.
on behalf of

(Petitioner; In Favor of Addition)

Istanbul Mineral and Metals Exporters Association

Sule Akyuz

) - OF COUNSEL

Polyamide-6

Porter Wright Morris & Arthur LLP
Washington, D.C.
on behalf of

(Opposed to Removal)

UBE Nylon (Thailand) Ltd.

Takumi Wakamoto, General Manager,
UBE America Inc.

Peter Boylan, Sales Manager, UBE
America Inc.

Leslie Alan Glick

)

) - OF COUNSEL

Helen J. Kim

)

ORGANIZATION AND WITNESS:

PRODUCT:

PANEL 2

PET Resin

Kelley Drye & Warren LLP (Petitioner; In Favor of Removal (India and Indonesia))
Washington, D.C.
on behalf of

The PET Resin Coalition

Hans P. Kinner, Director, Performance Business
Group, Eastman Chemical Company

Brad Hudgens, Economist, Georgetown Economic
Services, LLC

Kathleen W. Cannon) – OF COUNSEL

Steptoe & Johnson LLP (Opposed to Removal (India))
Washington, D.C.
on behalf of

The Forum of PET Manufacturers

Bruce Malashevich, President, Economic Consulting
Services, Inc.

Kathryn Kobe, Director of Price, Wage, and Productivity
Analysis, Economic Consulting Services, Inc.

Susan G. Esserman)
) – OF COUNSEL

Sohini Chatterjee)

Kalik Lewin (Opposed to Removal (Indonesia))
Bethesda, MD
on behalf of

P.T. Indorama Synthetics (“Indorama”)

Brenna S. Lenchak) – OF COUNSEL

ORGANIZATION AND WITNESS:

PRODUCT:

PANEL 2 (continued)

Porter Wright Morris & Arthur LLP
Washington, D.C.
on behalf of

(Opposed to Removal (Indonesia))

PT Polypet Karyapersada
PT Petnesia
PT SK Keris

Rick Zirkler, Executive Vice President, PWP
Industries Headquarters

Leslie Alan Glick

)

) - OF COUNSEL

Adam Tiffen

)

-END-

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

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

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

Introduction

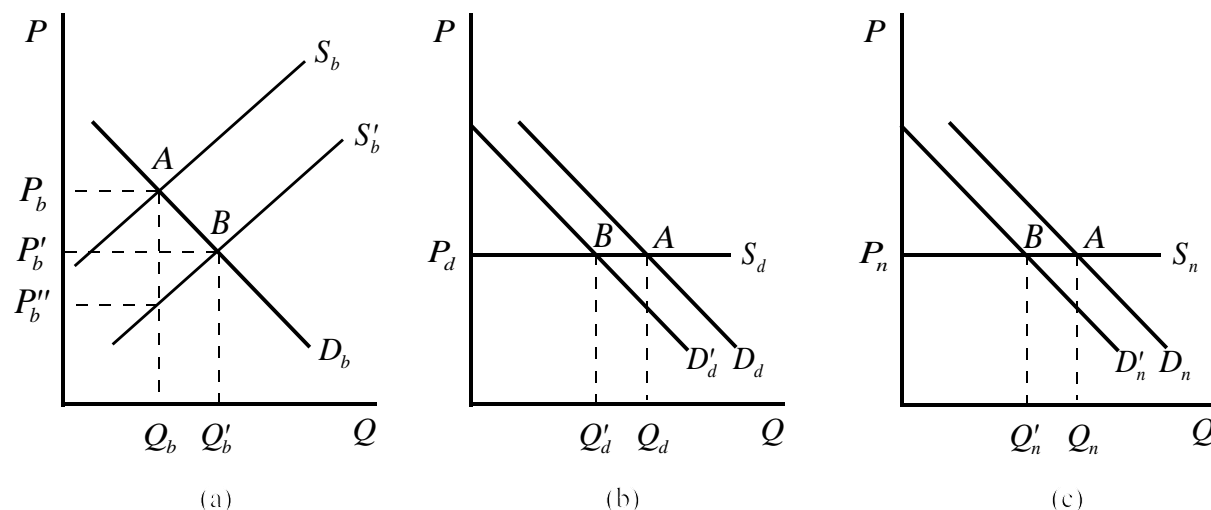
Commission staff used partial equilibrium modeling to estimate probable economic effects (PE) of immediate tariff elimination and tariff addition on total U.S. imports, competing U.S. industries, and U.S. consumers. The model used in this study is a nonlinear, imperfect substitutes model.¹ Trade data 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 2007, and tariff rates used were for 2007.

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.

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

In the model, a tariff reduction leads to a decrease in the price of the imported good and an increase in sales of the good in the United States. The lower price paid for the import in the United States

leads to a reduction in the demand for U.S. production of the good, as well as for imports from non-GSP countries. These demand shifts, along with supply responses to the lower demand, determine the reduction in U.S. output and non-GSP imports.

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

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

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

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

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

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.

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

In addition the aggregate quantity index q can be defined as

$$q = k_A p^{\eta_A} \quad (3)$$

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:

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

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

$$p_i^{\varepsilon_{si}} - \frac{p^{\sigma+\eta_A}}{p_i^\sigma} = 0 . \quad (4')$$

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:

$$\begin{aligned} [p_b(1+t)]^{\varepsilon_{sb}} - \frac{p^{\sigma+\eta_A}}{p_b^\sigma} &= 0 && \text{for imports from GSP beneficiary countries,} \\ p_n^{\varepsilon_{sn}} - \frac{p^{\sigma+\eta_A}}{p_n^\sigma} &= 0 && \text{for imports from nonbeneficiary countries,} \\ p_d^{\varepsilon_{sd}} - \frac{p^{\sigma+\eta_A}}{p_d^\sigma} &= 0 && \text{for U.S. domestic production, and} \\ p &= \left(\sum_{i=b,n,d} b_i^\sigma p_i^{1-\sigma} \right)^{\frac{1}{1-\sigma}} && \text{for the price aggregator.} \end{aligned}$$

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.

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.