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PREFACE

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Express Services: Issues for Negotiation in the World Trade Organization

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Although the Seattle Ministerial did not result in a broad new round of multilateral trade negotiations, talks about services recommenced in January 2000, as mandated by the General Agreement on Trade in Services (GATS).[2] During the current services round, express delivery services (express services) will likely be the subject of intense negotiations. The U.S. Government and industry representatives seek not only to negotiate trade-liberalizing commitments from more countries, but also to redefine the scope of the express services industry to better reflect the extensive range of intermediate services that express carriers perform between pickup and delivery. These services include, for instance, radio communication, freight-forwarding, customs brokerage, and transport. This article provides background information on the express services industry, examines international trade issues affecting express service providers, and discusses the current state of negotiations on express services within the WTO.

Since the GATS entered into force on January 1, 1995, industry representatives have indicated that the absence of specific commitments on intermediate services limits the utility of existing commitments on pickup and delivery. U.S. Government support for negotiations on express services may in part be attributed to the increasing importance of electronic commerce, with commensurate demand for the delivery of products purchased over the Internet, and the continuing importance of just-in-time inventory management by manufacturers.

Providers of express delivery services (express services) offer an integrated service[3] in which time-sensitive[4] documents, parcels, and freight are transported from manufacturers or retailers to customers. The industry originated in the United States in the late 1960s. The subsequent deregulation of the U.S. air cargo industry in the late 1970s and the internationalization of business over the last two decades have contributed to the express service industry's rapid growth. The door-to-door nature of express services often requires carriers to cross national borders for pickup or delivery of documents and packages. The international trade of express

[1] The views expressed in this article are those of the author. They are not the views of the U.S. International Trade Commission or any of the Commissioners.

[2] Article 19 of the GATS requires that World Trade Organization (WTO) member countries enter into successive rounds of negotiations beginning no later than January 1, 2000, with the objective of achieving a progressively higher level of services trade liberalization.

[3] Integrated service refers to door-to-door shipments (as opposed to airport-to-airport shipments) in which multiple transport modes, including air and ground transport, may be employed.

[4] Time-sensitive deliveries are generally understood to mean deliveries within a period of 1 to 3 days.

services is therefore affected by a broad range of issues, including laws and regulations in the areas of multimodal transport, air auxiliary services, distribution, warehousing, customs clearance and brokerage, telecommunications, postal services, logistics, and insurance.[5] International trade barriers in any one of these service sectors can adversely affect the provision of express services.

Industry Overview

The Air Courier Conference of America (ACCA)[6] estimates that its members generate revenues exceeding $50 billion annually and employ approximately 510,000 in the United States and over 800,000 worldwide.[7] The four largest U.S. express carriers--United Parcel Service (UPS), Federal Express (FedEx), Airborne Express, and Emery Worldwide--generated approximately $43 billion in total revenue and employed over 500,000 people worldwide in 1998 (table 1). These same companies generated global revenue of nearly $8 billion in 1998. Other important global express carriers include Brussels-based DHL Worldwide[8] and Netherlands-based TNT Post Group N.V., with 1998 total express revenues of approximately $5 billion and $2.8 billion, respectively.

Although ground delivery accounts for a large portion of express carriers' total revenue,[9] air express delivery is becoming a more important component of the international cargo market, which itself is growing.[10] Boeing estimates that express delivery currently holds a 6-percent share of the total world air cargo market, a number expected to grow to 40 percent by the year 2017.[11] Moreover, the Federal Aviation Administration reports that international

[5] Air Courier Conference of America (ACCA), *Statement by ACCA Regarding the World Trade Organization's (WTO) Multilateral Negotiations*, May 12, 1999.

[6] ACCA is the trade association representing the air express delivery industry. ACCA's membership primarily consists of U.S.-based companies and individuals engaged in expedited transport of time-sensitive packages.

[7] ACCA, *Statement Regarding the WTO's Multilateral Negotiations*.

[8] Although DHL began its operations in the United States, the non-U.S. portions of the company's operations (generate the largest share of the company's revenue) are now based in Brussels. It is estimated that more than half of DHL's revenues are generated in Europe. Rigas Doganis and Associates, The Aviation and Travel Consultancy Ltd., and York Consulting, Ltd., "The Importance and Impact of the Express Industry in Europe," prepared for the Association of European Express Carriers and the European Express Organization, Oct. 1999, p. 26.

[9] For example, UPS reported $15.7 billion in revenue from U.S. surface transport in 1997, accounting for almost 70 percent of its 1997 revenues. U.S. Department of Commerce (USDOC), International Trade Administration (ITA) and The McGraw-Hill Companies, *U.S. Industry & Trade Outlook, 1999* (New York: McGraw-Hill, 1999), p. 43-14.

[10] Increasing amounts of lower value and heavier manufactured goods are being shipped as air freight, according to Stephen Klein, *Transportation: Commercial*, Standard & Poor's Industry Surveys, Feb. 3, 2000, p. 18. Boeing Corp. estimates that the total air cargo market generated 132 billion revenue tonne-kilometers in 1997, reflecting average annual growth of 7.7 percent during 1980-97. Rigas Doganis and Associates, et. al., "The Express Industry in Europe," p. 31.

[11] Boeing Corp., *World Air Cargo Forecast: Significant World Airline Trends*, 1999, *Company Press Release*, found at Internet address http://www.boeing.com/commercial/cargo/index.html, retrieved Apr. 10, 2000.

Table 1
The four largest U.S. express carriers by international revenue, total revenue, and total employees, 1998

Company	International revenue	Total revenue	Total employees
	Million dollars		
United Parcel Service	3,237	24,788	328,000
Federal Express	3,329	13,255	141,000
Airborne Express[1]	362	3,074	23,000
Emery Worldwide[2]	960	2,200	11,500
Total	7,888	43,317	503,500

[1] Airborne Express is a division of Airborne Freight Corp.
[2] Emery Worldwide is a division of CNF Transportation, Inc.

Source: UPS, FedEx, Airborne, and Emery, forms 10K, found at Internet address http://www.sec.gov/, retrieved Feb. 13, 2000.

freight/express[12] has been the fastest growing component of air cargo activity, increasingannually by an average of almost 10 percent during the years 1990-98.[13] Industry analysts expect the express services segment to continue to grow at a substantially faster pace than all other cargo transport segments.[14]

MergeGlobal, Inc., an independent consultancy based in London and Washington, estimates that express delivery of packages generated global revenue of $43.7 billion in 1999, representing 41 percent of the total global small package market (table 2).[15] Small packages, which typically weigh less than 150 pounds, constituted 98 percent of total world freight shipments in 1999 and generated revenues of $106.9 billion.

Table 2
Estimated global small package market, 1999

(*Billion dollars*)

Geographic market	Express delivery	Total market
Intra North America	25.6	61.6
Intra Europe	4.4	22
Intra Asia	2.8	8.6
Other regional	1.1	4.9
Intercontinental	9.8	9.8
World total	43.7	106.9

Source: MergeGlobal, Inc.

[12] Freight/express refers to integrated express carriers that provide expedited delivery services in addition to traditional freight forwarding services.
[13] U.S. Department of Transportation, "FAA Aerospace Forecasts, Fiscal Years 1999-2010," *Federal Aviation Administration, Office of Aviation Policy and Plans*, Mar. 1999, p. III-42
[14] MergeGlobal, Inc., "Estimated Global Small Package Market - 1999," correspondence with USITC staff, Apr. 20, 2000, Washington, DC.
[15] MergeGlobal, Inc., "Estimated Global Small Package Market - 1999," correspondence with USITC staff, Apr. 13, 2000, Washington, DC.

Factors Contributing to Industry Growth

The increased demand for express services in recent years may be partially attributed to the growing trend for companies to use "just-in-time" manufacturing that enables companies to produce to order, thereby reducing costs associated with maintaining large physical inventories. The Colography Group, for example, estimates that each dollar spent on express delivery translates into $1.50 in inventory cost reductions.[16]

Greater demand for express services also reflects the growing tendency among manufacturers to achieve greater efficiency by outsourcing logistics management services.[17] Outsourcing supply-chain logistics to express carriers allows client manufacturers to focus on their core competencies. Cass Information Systems, for example, values the third-party logistics management services market at $30 billion, and expects the market to post double digit growth rates over the next 5 to 10 years.[18] In response to increasing demand for such services, for instance, FedEx is reportedly spending $1 billion per year on shipping technology in order to provide warehouse and distribution services for semiconductor and computer companies.[19] Projects include the development of software tools that link customers' ordering, manufacturing, and inventory systems with FedEx's network of automated warehouses, call centers, and global shipping centers.[20] FedEx's efforts will reportedly result in end-to-end logistics management that delivers products with more precision and provides customers with more accurate scheduled delivery estimates.[21]

Growth of electronic commerce has also contributed to increased demand for express services. A 1999 poll conducted by *ComputerWorld* indicated that electronic commerce is the most important factor driving the growth of express carriers. DHL Worldwide is projecting 40-percent annual growth for its on-line business.[22] Both UPS and FedEx have become default shippers[23] for thousands of e-commerce sites, and FedEx recently announced an initiative in which it will handle deliveries resulting from Netscape's on-line transactions.[24] Additionally, FedEx's partnership with German software producer SAP AG facilitates e-commerce by integrating logistics and transportation functions with order management and financial

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[16] Colography Group, "Colography Group Forecasts Record Results for the U.S. Expedited Cargo Market in 2000," press release, Nov. 1999, found at Internet address http://www.colography.com/press/prECMP2000.html, retrieved on Mar. 28, 2000.

[17] Logistics management is defined as the process of planning, implementing, and controlling the flow and storage of goods, services, and related information from the point of origin to the point of consumption.

[18] Byington, *U.S. Industry & Trade Outlook*, p. 43-14.

[19] John Mitchell, "Transportation Industry," *Hoovers On-line*, found at Internet address http://www.hoovers.com, retrieved on Feb. 23, 2000.

[20] Julia King, "Shipping firms exploit IT to deliver e-commerce goods," *ComputerWorld*, vol. 33, No. 31 Aug. 2, 1999, found at Internet site http://proquest.umi.com, retrieved Mar. 21, 2000.

[21] Federal Express, "FDX and SAP join forces to develop first-ever suite of complete orchestrated supply-chain solutions," *Company Press Release*, Sept. 14, 1999, found at Internet address http://www.federalexpress.com, retrieved Feb. 22, 2000.

[22] Ibid.

[23] The term "default shipper" refers to the organization that is preselected to deliver a product when an electronic commerce customer purchases a product on-line.

[24] Kristin S Krause, "Battle for Cyberspace," *Traffic World*, vol. 258, No. 3 Apr. 19, 1999, p. 56.

applications.[25] The combination of on-line order delivery services and logistics management leaves express service providers well positioned to benefit from electronic commerce. International Data Corp. expects that electronic commerce sales will total $20 billion in 2000,[26] and Forrester Research estimates such sales will reach $108 billion by 2003.[27]

International Demand for Express Services

Growing international demand for express services has encouraged many U.S.- and foreign-based providers to establish distribution affiliates abroad in order to be close to the markets they serve. Brussels-based DHL Worldwide invested $10 million in 1998 to create a new Mercosur hub[28] at Ezeiza Airport in Buenos Aires,[29] and in 1999 FedEx announced plans to open a $200-million regional air hub in Paris to provide services to the European market.[30] Similarly, UPS announced its intention to purchase the assets of Miami-based Challenge Air Cargo, an all-cargo airline that serves the Caribbean, Central America and South America.[31]

In countries where low traffic makes the establishment of major distribution facilities less economical, express service providers may contract with local companies to perform pickup or delivery services. FedEx, for example, contracts with local transport companies to complete deliveries in regions where they do not have a physical presence.[32] Additionally, some express carriers prefer to exploit the service of other airlines in regions where they do not have landing rights. For example, DHL Worldwide buys cargo space in the holds of aircraft operated by other airlines for shipments to Asia, reportedly providing the express carrier with the flexibility to provide services to the region without having to negotiate landing rights under bilateral aviation agreements.[33] However, express carriers generally agree that

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[25] This involves FedEx's 50 worldwide distribution centers, which store replacement parts and short-term inventory for client companies. When on-line orders come in, shipping labels are created and tracking numbers are assigned to the parts or packages stored in the FedEx facilities. When shipments are received, a proof of delivery report is generated and sent to the company that owns the product line. Hewlett-Packard, whose medical product group was one of the first corporate units to use FedEx's integrated service, now uses the service for all deliveries resulting from on-line orders. Karen Dilger, "Life Cycle of a Package," *Manufacturing Systems*, vol. 16, No. 8 Aug. 1998, pp. 10-11.

[26] Holly Hubbard Preston, "E-commerce explosion," *ComputerWorld*, vol. 34, No. 10 Mar 6, 2000, pp. 58-59.

[27] The term "hub" is used to describe large facilities where packages are delivered by plane or truck, sorted, and then sent off again to their final destination.

[28] Klein, *Transportation: Commercial*, p. 9.

[29] Kevin Hall, "DHL Expands in Buenos Aires," *The Journal of Commerce*, found at Internet address http://www.joc.com/, retrieved Feb. 23, 2000.

[30] Douglas Blackmon, "FedEx Plans European Expansion, Stepping into Hotbed of Competition," *The Wall Street Journal, Interactive Edition*, Sept. 23, 1999, found at Internet address http://www.wsj.com/, retrieved Feb. 28, 2000.

[31] Betty Liu, "UPS gets ready to spread its wings: IPO plan gives parcel delivery group greater flexibility," July 23, 1999.

[32] Federal Express, Form 10-K, found at Internet address http://www.sec.gov/, retrieved Feb. 23, 2000.

[33] "Pass the Parcel: Transport in Asia," Mar. 18, 1995, found at Internet address http://www.proquest.com, retrieved Nov. 23, 1999.

use of their own aircraft and ground delivery vehicles, as well as control over their cargo, is the preferable mode of operation.[34]

International Trade Issues

The international trade of express services principally takes place through the establishment of a commercial presence in the market to be served. Express carriers also provide regional services between countries. Within service regions, ground transport is generally limited to deliveries across no more than 500 miles, while air transport is reserved for longer distances and "time-sensitive" deliveries.

U.S. express carriers reportedly face many obstacles serving foreign markets, such as poor infrastructure in developing countries (e.g., inadequate roads and airports, and antiquated communications),[35] anticompetitive shipping rules and practices, and trade-distorting regulatory barriers. Additionally, many countries restrict access to internal transport infrastructure, imposing operating restrictions and limiting the ownership and control of local transport networks. For example, China currently restricts startup and joint-venture expansion of express transport and distribution services within China. Specifically, foreign providers of express delivery and distribution services can not operate logistics and warehousing operations, own subsidiaries, handle customs clearance, or book shipments with carriers. However, these restrictions will reportedly be phased out gradually after China's accession to the World Trade Organization.[36]

Perhaps the most significant area of concern for express carriers' international shipments lies with problematic customs practices, which reportedly add cost and delay to the foreign provision of express services.[37] Some Middle Eastern countries, for example, impose weight limits, and the Philippines requires additional certificates for items worth more than a certain specific value.[38] Additionally, UPS reports that it must open packages and count goods to avoid heavy fines in some countries, and other carriers report that cargo often sits in a warehouse for long periods waiting for clearance from customs officials.[39]

Multinationals in some countries have increased pressure on local governments to implement customs reforms that would alleviate inefficiencies in the import/export process. As a result of such efforts, for example, the Brazilian Government recently implemented new guidelines for outbound shipping requirements, reducing the cost of shipping an express document from Brazil to Hong Kong by nearly 600 percent.[40] Individual companies are also taking steps to expedite the customs process by offering a "pre-alert" service, which alerts customs officials

[34] Industry representative, telephone interview by USITC staff, Aug. 27, 1999.

[35] Hall, "DHL Expands in Buenos Aires."

[36] Gordon Forsyth, "Crack in China's Wall: Proposed WTO agreement would remove restrictions on distribution firms inside China within four years," *Information Access Company*, vol. 41, No. 6, June 1, 1999, p. 36.

[37] ACCA, *Statement Regarding the WTO's Multilateral Negotiations*.

[38] Jo Ann Davy, "Shipping overseas overnight: How to go global with express services," *Office Systems Magazine*, vol. 16, No. 11, Nov. 1999, pp. 38-41.

[39] Tim Minahan, "Could Latin America be the next hot spot for shippers?," *Information Access Company*, June 1998.

[40] Ibid.

of shipment information ahead of time, helping shippers avoid delay by initiating customs clearance procedures while the shipment is in transit.[41]

The ACCA has proposed that WTO member countries adopt and implement the International Chamber of Commerce's customs modernization guidelines in order to improve the customs process.[42] Adoption of the guidelines would, among other things, require customs administrations to have legal authority to process pre-arrival information, use reasonable criteria when physically examining cargo, accept data electronically, and offer a surety bonding system to protect customs revenue and ensure compliance with customs laws and regulations.[43] ACCA has also proposed that customs administrations implement a system that allows shipments below a certain value to receive expedited treatment, without the assessment of a duty.

In addition to customs barriers, express carriers face impediments from national postal authorities, which often maintain local monopolies over the pickup and delivery of letters and documents. Anti-competitive practices by local postal monopolies may restrict the foreign provision of express services by interrupting the door-to-door, integrated nature of the service. UPS has complained to European Union (EU) officials that Deutsche Post (DP), Germany's national postal authority, unfairly uses profits from its postal monopoly to subsidize its other businesses that compete directly with express carriers. The case, which UPS brought to EU attention in 1993, is currently before a joint EU and U.S. competition advisory panel. UPS also claims that DP acquisitions over the last few years have been financed by the sale of German Government-owned postal property.[44] In Germany alone, DP activities reportedly jeopardize over $800 million in UPS's service revenue.[45]

In an effort to promote competition, express service carriers and some postal services alike are pushing for market and regulatory reform. One impetus for reform is the relatively rapid growth of electronic commerce, which the U.S. Government Accounting Office estimates will reduce the United States Postal Service's revenues by nearly $17 billion in 2003.[46] Additionally, global telecommunications reform has led many countries to reform their national posts, which in the past were often combined with national telecommunications providers. Reportedly, as countries decided to reform their telecommunications sectors, they have in some instances decided to reform postal authorities as well.[47] Foreign reform efforts have included workforce downsizing, changing the postal retail network, and pursuing

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[41] Davy, "Shipping overseas overnight: How to go global with express services," pp. 38-41.

[42] ACCA, *Statement Regarding the WTO's Multilateral Negotiations*. To view guidelines (select "Customs" under "Business Topics"), see Internet address http://www.iccwbo.org/, retrieved June 22, 2000.

[43] ACCA, *Statement Regarding the WTO's Multilateral Negotiations*.

[44] Deutsche Post reportedly spent over $3 billion in 1999 to acquire private logistics, express, and parcel delivery companies. See John Parker, "UPS vs. Deutsche Post," *Traffic World*, vol. 258, No. 9, May 31, 1999, pp. 19-20.

[45] Ibid.

[46] U.S. House, "GAO data shows Congress must pass postal reform legislation," press release, Oct. 22, 1999, found at Internet address http://www.house.gov/reform/postal/press/10_22_99.pdf, retrieved Apr. 4, 2000.

[47] David Treworgy, "Global Postal Transformation," PricewaterhouseCoopers, edited by Curtis Hartman, Jan 27, 2000, found at Internet address http://www.pwcglobal.com, retrieved Apr. 3, 2000.

initiatives to compete with electronic mail, facsimile, electronic bill payment, and other electronic communication services.[48] Governments are cautious, however, to maintain a certain degree of protection for postal authorities to provide low-cost universal service to the general public.

Express Services and the GATS

The General Agreement on Trade in Services (GATS), which is the first multilateral, legally enforceable agreement covering trade and investment in service industries, entered into force on January 1, 1995. In large part, the details of the agreement are found in national schedules of commitments submitted by WTO member countries. These schedules specify whether and to what extent WTO members accord market access and national treatment[49] to foreign service suppliers. Additionally, the schedules serve as benchmarks[50] for future efforts to progressively liberalize services trade.

During the Uruguay Round, 33 of the approximately 130 WTO member countries scheduled full or partial commitments on courier services.[51] U.S. express service carriers have expressed dissatisfaction with the paucity of courier services commitments, which impedes regulatory transparency and allows restrictions placed on express service carriers to become more onerous.[52] Further, where countries did schedule commitments on courier services, they generally maintained the status quo, electing not to liberalize their markets. Representatives of the U.S. express services industry have indicated that they hope that future rounds of negotiations will achieve commitments that achieve substantial liberalization.

Current GATS Negotiations

Despite the failure to launch a comprehensive new round of services negotiations during the November 1999 Ministerial meeting in Seattle, trade negotiators began discussions in January

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[48] Government Accounting Office (GAO), "Postal Service Reform: Issues Relevant to Changing Restrictions on Private Letter Delivery," Report to the Ranking Minority Member, Subcommittee on Post Office and Civil Service, Committee on Governmental Affairs, U.S. Senate, GAO/GGD-96-129A, vol. 1, Sept. 1996.

[49] National treatment generally accords to foreign firms the same rights and obligations accorded to domestic firms.

[50] Benchmarks comprise full and partial commitments. Full commitments are obligations to accord foreign firms full market access and national treatment. Partial commitments are obligations to accord foreign firms at least some degree of market access and/or national treatment subject to specified limitations. Where GATS signatories have scheduled full and partial commitments, they may introduce new trade-impeding measures only if they are willing to compensate aggrieved parties. Where trade impediments remain unbound, no benchmarks have been established, and signatories may introduce trade-impeding measures without penalty.

[51] Under the WTO's Services Sectoral Classification List, express services are classified as "courier services," a subsector of communications services. The industry is defined as (1) services consisting of pickup, transport and delivery services, whether for domestic or foreign destinations of letters, parcels and packages rendered by courier and using one or more modes of transport media, and (2) other transfer services by air or land without storage, for freight.

[52] Prehearing Brief of Federal Express Corp., submitted to the USITC, investigation No. 332-367, July 12, 1996, p. 94.

2000 with the objective of achieving progressive liberalization of international trade in services. By convening in January, negotiators were fulfilling the mandate prescribed by article 19 of the GATS, which states that:

> "Members shall enter into successive rounds of negotiations, beginning not later than five years from the date of entry into force of the WTO Agreement, and periodically thereafter, with a view to achieving a progressively higher level of liberalization."

One purpose of current services negotiations is to make the industry classification system better reflect actual economic activity. ACCA has expressed concern that, because of the integrated nature of the industry and broad range of issues that affect the provision of express services, the current GATS sectoral classification for courier services may not reflect the true nature of the industry and therefore does not ensure express service providers worldwide with effective market access. As such, ACCA and its members seek to provide a sectoral classification for express services based upon a significantly broader definition of the industry, which captures all of the various services provided by express operators worldwide. To this end, ACCA has drafted the following definition for express services:

> **Express services**: the expedited transport and delivery of documents, printed matter, and/or other goods, incorporating electronic tracking and/or other advanced technologies, and services ancillary thereto. These services include one or more value-added elements, such as pick up from shipper, guaranteed delivery in a specified time, shipment tracking and tracing, customs facilitation, the possibility of changing the destination/addressee in transit, confirmation of receipt, and logistics management.[53]

Further liberalization of express services could be attained through the traditional "request-offer" negotiating process by which each WTO member identifies priorities for liberalization in selected member countries, presents formal requests, and offers compensatory concessions. A complementary approach could involve the development of a procompetitive regulatory reference paper,[54] which would provide a set of broad regulatory principles against which countries could compare their regimes and determine whether and to what extent to bind themselves.[55] ACCA has proposed that such a reference paper would in part include regulatory principles that--

- Seek to prevent or limit anti-competitive practices with respect to postal operators;
- Establish industry-specific rules that favor competition;
- Ensure nondiscrimination and transparency in the implementation of government policies; and

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[53] ACCA, "Article," electronic mail, correspondence with USITC staff, May 5, 2000, Washington, DC.

[54] Such a paper was used effectively to achieve support of GATT (now WTO) member countries for the extended negotiations on basic telecommunication services.

[55] U.S. International Trade Commission (USITC), *Recent Trends in U.S. Services Trade, 2000 Annual Report*, investigation No. 332-345, USITC publication 3306, May 2000, p. 22-11.

- Encourage the adoption of the International Chamber of Commerce customs guidelines.[56]

U.S. industry and U.S. Government officials are close to agreement about what could be carried forward to the WTO's Council for Trade in Services.[57] U.S. agencies are endeavoring to develop an acceptably broad definition of the express services industry. Some U.S. Government officials have expressed concern that the current definition may exclude companies that offer some, but not all, of the services included in ACCA's proposed definition.[58] In addition, it is clear that specific language is needed that would stipulate that the proposed classification does not override existing GATS provisions, such as the exclusion from the GATS of most air-transport services, pursuant to the annex on air-transport services. Further, proposed language would stipulate that services supplied in the exercise of governmental authority, such as postal authorities' delivery of domestic mail, would not be impinged by proposed GATS disciplines.**#**

[56] ACCA, *Statement Regarding the WTO's Multilateral Negotiations*.

[57] United States Trade Representative (USTR), "Guidance Cable," electronic mail, USTR correspondence, Apr. 10, 2000, Washington, DC.

[58] Ibid.

Production-Sharing Update: Developments in 1999

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Investment in production-sharing operations (the use of U.S.-made components in foreign assembly plants) has become an integral part of global efforts to reduce manufacturing costs and has contributed to the accelerated pace of cross-border integration of manufacturing in North America and the Caribbean Basin. Imports that incorporate U.S. content can enter the United States either free of duty or at reduced duties under the production-sharing provisions (9802.00.60 - .90) of chapter 98 of the Harmonized Tariff Schedule (HTS) which provide the only U.S. source of data for documenting the use of U.S. components in foreign assembly.[2] This article highlights 1999 developments regarding imports under the production-sharing provisions, cross-border integration of manufacturing in North America and the Caribbean Basin, and the use of U.S.-made components in imports from Asia and Europe.[3]

This and future issues of the ITTR report will include appendix table A-5 to provide quarterly developments in U.S. trade with NAFTA partners Canada and Mexico. The June or July issue of each report also will include highlights of annual developments in foreign assembly and related manufacturing integration activities with U.S. trade partners, and it will update many of the statistical tables provided in appendix B of the Commission's former annual report on production sharing.[4] Highlights of 1999 developments follow:

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[1] The views expressed in this article are those of the authors. They are not the views of the International Trade Commission (USITC) or any of the Commissioners.

[2] Official U.S. statistics, however, are increasingly unable to quantify the magnitude and scope of production-sharing activity since a significant and growing portion of imports from production-sharing operations does not enter under chapter 98 provisions because the goods are eligible for duty-free treatment under other agreements or tariff-preference programs. Examples are goods entering duty-free from Mexico and Canada under NAFTA, or from other countries under the Generalized System of Preferences, or the Caribbean Basin Economic Recovery Act (CBERA); or products for which most duties have been reduced to zero, such as computers.

[3] For dutiable articles imported from countries (1) that are not subject to free-trade agreements with the United States and (2) that are not beneficiaries of tariff preferences from the United States, data on imports under HTS chapter 98 provisions (9802.00.60-.90) provide reliable information on the value of U.S.-made components incorporated in the foreign assembly of such articles.

[4] The final USITC report *Production Sharing: Use of U.S. Components and Materials in Foreign Assembly Operations, 1995-1998*, USITC publication 3265, Dec. 1999, is available at the ITC Web site http://www.usitc.gov/reports.htm (search by publication number). A printed copy may be requested by fax (202-205-2104) or by calling 202-205-1809.

- Production sharing is an important aspect of globalization. Also known as co-production or cross-border manufacturing networks, production sharing occurs when the processes used to manufacture a good are in more than one country. Such rationalization of production allows companies to reduce costs or to improve response time in order to become more competitive and/or increase profits.

- Major North American production-sharing trade flows include the export of machinery, components, and materials from the United States and the import of assembled motor vehicles and auto parts from Canada and Mexico; apparel from the Caribbean Basin and Mexico; and televisions, computer hardware, and telecommunications equipment from Mexico. In addition, a number of companies assemble semiconductors in East Asia from wafers fabricated in the United States. Although a growing number of vehicles imported into the United States from Asia and Europe contain specialized U.S.-made parts, such parts remain a small share of the total value of these vehicles.

- The countries chiefly responsible for the $145 million increase in the 1999 value of U.S.-made components (U.S. content) contained in imports under the production-sharing provisions were Korea (up by $256 million), Honduras ($186 million), the United Kingdom ($119 million), El Salvador ($112 million), Malaysia ($83 million), and Japan ($70 million) (table B-2).[5] Expanded trade from these countries contributed to the reported 1999 value of U.S. content of $25.4 billion; and offset a decrease in the U.S. content of production-sharing imports from Mexico of $556 million, which nonetheless reached $13.9 billion in 1999.[6]

- Key products imported from the six countries responsible for most of the growth in the U.S. content of imports under the production-sharing provisions in 1999 were motor vehicles (the United Kingdom); apparel (Honduras and El Salvador); and semiconductors (Malaysia, Korea, and Japan).

Automotive Sector

- Reflecting the highly evolved integration of the North American motor vehicle industry, total U.S. imports of vehicles and parts[7] from Canada rose by $11.0 billion (22 percent) in 1999, to $60.7 billion, and such imports from Mexico expanded by $4.3 billion (17

[5] Data on U.S. imports under the production-sharing tariff provisions, by country of origin and commodity group, are available from the Commission's Internet-based interactive tariff and trade database, the DataWeb (http://dataweb.usitc.gov). Data in this article that are not shown in appendix B of this publication are based on data found on the DataWeb.

[6] Despite significant understating of the use of U.S. parts in Mexican assembly operations because of the diminished incentives to declare eligibility under the production-sharing tariff provisions, Mexico accounted for more than one-half of the U.S. content in imports reported as entered under these provisions in 1999 (table B-2).

[7] Data on motor vehicles and parts in this article are based on aggregations of data compiled by the U.S. International Trade Commission for the following industry/commodity groups: ET 002 Internal combustion piston engines, other than for aircraft; ET007 Ignition, starting, lighting, and other electrical equipment for motor vehicles; ET009 Motor vehicles; ET010 Certain motor-vehicle parts; MM067 Seats for motor vehicles and aircraft; MM068 Wiring harnesses for motor vehicles; and MM069 Pumps for motor vehicles. See the forthcoming USITC annual report *Shifts in U.S. Merchandise Trade in 1999* for detailed information on trade and industry performance in each of these commodity groups.

percent) to $28.7 billion. In comparison, total U.S. exports of vehicles and parts to Canada grew by $4.5 billion (12 percent) in 1999 to $41.3 billion. Such exports to Mexico declined by $265 million (3 percent) to $10.1 billion as a growing number of auto parts manufacturers have established factories close to the vehicle assembly plants in Mexico. Vehicle assembly in Mexico should receive a further boost with the initial assembly of DaimlerChrysler's PT Cruiser in Toluca in 2000 and the announcement that Renault will supply vehicles for the North American market from the Nissan assembly plant in Aguascalientes.

- Canada and Mexico combined are the leading suppliers of automotive equipment to the U.S. market, accounting for 53 percent of total U.S. imports of motor vehicles and parts in 1999. The automotive sector accounted for 31 percent of U.S. imports from Canada in 1999 and 26 percent of U.S. imports from Mexico. By comparison, the NAFTA partners were the destination for 76 percent of sector exports in 1999. The automotive sector accounted for 42 percent of U.S. exports to Canada in 1999 and 12 percent of exports to Mexico.

- During the past decade, Ford Motor Co. purchased Jaguar and Land Rover of the United Kingdom and Volvo's car division of Sweden, while General Motors bought Saab of Sweden. Ongoing efforts to reduce costs by developing commonly used parts may have contributed to a sharp rise in the U.S. content of vehicles imported from the United Kingdom and Sweden under HTS provision 9802.00.80 in 1999. The value of U.S. parts contained in such vehicles from the United Kingdom rose from $18 million in 1998 to $204 million in 1999. In comparison, the U.S. content of vehicles from Sweden imported under 9802.00.80 more than tripled, rising from $20 million to $61 million.

- U.S. components (under HTS 9802) as a share of the total value of vehicles imported from the United Kingdom grew from 1 percent in 1998 to 9 percent in 1999. For vehicles from Sweden, the share increased from 1 percent to 3 percent. In contrast, U.S. components accounted for less than 1 percent of the value of motor vehicles imported from Japan, Germany, and Korea in 1999 (tables B-6, B-7, B-11).

Electronic Products

- Electronic products[8] accounted for 26 percent of U.S. total imports from Mexico in 1999, as such imports rose by $5.6 billion (24 percent) to $28.8 billion (table B-5). Virtually all of the global leaders in the electronics industry have assembly plants in Mexico (or contract with companies that have assembly plants there) to supply the North American market with products requiring labor-intensive manufacturing processes.

- Electronic products assembly in Mexico relies on components from the United States and Asia, with assembly of televisions and stereo equipment centered in Tijuana, Mexicali, and Ciudad Juarez, and the assembly of computer hardware, telephones, and semiconductors centered in Guadalajara. Total imports of computer hardware from Mexico grew by $1.8 billion (33 percent) in 1999 to $7.2 billion, while total imports of television equipment increased by $1.3 billion (23 percent) to $6.9 billion. Such imports of telephone apparatus rose by $991 million (59 percent) to $2.7 billion (table B-5).

[8] See table B-3 for a listing of the commodity groups classified as electronic products.

- Assembly in Mexico has become an important alternative to importing from Asia, especially as more companies take advantage of preferential tariff treatment under NAFTA.[9] Statistics from the Government of Mexico indicate that nearly all electronic products exported to the United States are assembled from imported components, predominantly parts made in the United States. By contrast, only a small portion of all electronic products imported from Asia contain U.S. components.[10]

- Semiconductor producers appear to be the only industry sector in Asia to make significant use of U.S. content, as measured by products entering the United States under the production-sharing provisions.[11] Three countries (Korea, Malaysia, and the Philippines) accounted for 43 percent ($16.1 billion) of total U.S. imports of semiconductors in 1999. U.S. content (under HTS 9802) accounted for 18 percent ($3.0 billion) of the 1999 value of semiconductor imports from these countries. By contrast, U.S. content accounted for only 3 percent ($89 million) of the 1999 value of computer hardware imported from these three countries ($15.7 billion) (tables B-3, B-9, B-10, and B-11).

- U.S. content contained in semiconductors imported from Korea and Malaysia under the production-sharing provisions rose by $257 million (16 percent) in 1999 and were chiefly responsible for the $145 million (1-percent) increase in the U.S. content of total HTS 9802 imports in 1999 to $25.4 billion. Such value fell by $1.4 billion (5 percent) in 1998 (tables B-1, B-10, and B-11).

- Canada also is an important U.S. partner in production-sharing in electronic goods, mainly because of the proximity of markets and high level of overall economic integration between the United States and Canada. The most important products involved in U.S./Canadian production sharing are semiconductors, telecommunications equipment, and computer hardware.

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[9] Companies importing machinery and components from non-North American sources for use in assembly plants in Mexico will begin paying duties on such imports as of Jan. 1, 2001. In anticipation of these changes, many Asian- and European-owned maquiladoras have switched to U.S. suppliers of components and materials or have convinced non-North American suppliers to relocate to the United States or Mexico, or establish additional production facilities in North America.

[10] Mexico was the second-leading supplier of U.S. imports of electronic products in 1999 with a 13-percent share. Japan was the top supplier ($44 billion) with a 19-percent share. Partly reflecting the use of U.S.-made components in the assembly processes in Mexico, U.S. exports of electronic products to Mexico in 1999 ($19.6 billion) were two-thirds the value of sector imports from Mexico, while exports to Japan ($14.9 billion) were only one-third as large as imports from Japan.

[11] Although all semiconductors are eligible for duty-free entry into the United States, several companies continue to import semiconductors under the production-sharing tariff provisions to avoid the Customs Merchandise Processing Fee which is applicable to most products, except those entering under NAFTA or the production-sharing provisions.

Apparel

- U.S.-formed and cut fabric contained in apparel imported under HTS 9802.00.80 and .90 decreased by $114 million (1 percent) in 1999 to $8.1 billion (table B-3). Apparel accounted for 78 percent ($1.5 billion) of the total duty savings achieved by importing goods under the production-sharing provisions in 1999 (table B-17).

- Most apparel imported from Mexico and the Caribbean Basin is sewn from U.S.-origin fabric, while apparel imported from Asia is not. Total imports of apparel from Mexico increased by $1.0 billion (15 percent) in 1999 to $7.8 billion, while apparel imported from the Caribbean Basin grew by $533 million (7 percent) to $8.8 billion. Mexico and the Caribbean Basin together supplied 29 percent of total U.S. imports of apparel in 1999. China ($7.4 billion) accounted for 13 percent.

- Apparel sewn from U.S.-origin fabric and imported under the production sharing provisions of HTS chapter 98 accounted for 69 percent of apparel imported into the United States from Mexico (table B-5) in 1999, 83 percent from the Caribbean Basin, and 1percent from China.

- Several U.S. and Asian textile companies have taken advantage of NAFTA provisions that allow duty- and quota-free entry into the United States of Mexican apparel sewn from fabric made with North American yarn by establishing vertically integrated production facilities in Mexico to make fabric (rather than supply U.S.-origin fabric) for customers with sewing operations in Mexico. Further, some firms are offering "full-package" options to apparel distributors and retailers that include sewing the apparel on site. These integrated mills, for the most part, produce denim jeans and cotton shirts, although some more recently established operations use petrochemicals of Mexican origin to produce man-made fibers and apparel from the resulting polyester/cotton blend fabrics.

- The impact of these integrated mills on overall U.S. operations has yet to be determined because several did not start operations until late 1999 and some are still under construction. Although the nature and purpose of these integrated operations varies by company, U.S. textile producers generally are establishing integrated mills in Mexico in an effort to compete in North American markets with Asian suppliers. Dan River closed several U.S. plants and shifted a significant portion of its apparel fabrics manufacturing capacity to Mexico in order to improve the cost structure of its apparel fabrics operations.[12] Recent layoffs by Cone Mills reflect the elimination of its unprofitable U.S. operations making shirt fabrics; its integrated mills in Mexico produce a basic grade of denim that complements the higher-value added denim manufactured domestically.[13] Burlington Industries, in early 1999, closed seven U.S. apparel fabric plants (including one denim facility) as part of a move to reduce its U.S. capacity by 25 percent because of competition from low-priced garment imports from Asia; since 1998, Burlington has established five plants in Mexico to produce denim, worsted wool, wool blend fabrics, and

[12] Dan River Inc., "Form 10-K/A" (report to the SEC), Mar. 15, 2000, p. 4.

[13] Representative of Cone Mills Corporation, telephone interview with USITC staff, June 29, 2000.

finished apparel products in an effort to serve its apparel customers there and to enhance the company's ability to compete globally.[14]

! U.S. imports of apparel assembled in Caribbean Basin Economic Recovery Act (CBERA) countries from U.S. yarns and fabrics will be eligible for tariff treatment essentially equivalent to that for similar apparel imported from Mexico under NAFTA, based on Title II of the Trade and Development Act of 2000 (Public Law 106-200) enacted in May 2000. For more information, see the following related article. The act is expected to increase use of the production-sharing tariff provisions when importing apparel from CBERA countries.

! Of the six leading CBERA suppliers of apparel, the U.S. content of production-sharing imports from Honduras and El Salvador grew by $298 million in 1999, imports from the Dominican Republic and Costa Rica were up slightly (by $21 million), and imports from Guatemala and Jamaica fell by $118 million.

! The U.S. content of production sharing imports from Haiti and Nicaragua, the countries with the lowest labor rates among CBERA suppliers, grew by $37 million (18 percent) in 1999 to $243 million, but accounted for only 5 percent of production-sharing imports from CBERA countries that year. Industry concerns regarding infrastructure capabilities (both physical and institutional) continue to discourage some companies from establishing assembly plants in these countries.

Tax and Regulatory Changes in Mexico Affecting U.S. Affiliated Assembly Operations[15]

! The Government of Mexico unveiled a new tariff regime affecting companies operating under its Maquiladora Decree. The new measures are intended to cushion the effects of Mexico's commitment under NAFTA to end tariff preferences under the Maquiladora and PITEX programs for suppliers outside of North America with respect to imported machinery, raw materials, and components used to make goods exported to Canada and the United States. Mexico agreed to terminate such tariff exemptions on imports by January 1, 2001.

- Approximately 15 percent of all inputs to the maquiladora industry are supplied from outside North America. For many of these inputs, Mexico will unilaterally reduce the

[14] Burlington Industries, Inc., "Burlington to Reorganize Apparel Fabrics Business in Comprehensive Plan for Future," Jan. 26, 1999 news release found at Internet address http://www.burlington.com/news/releases/release.asp?File_Name=61, retrieved June 30, 2000.

[15] The description, in this section, of procedures related to compliance with U.S. and Mexican tax laws, and their impact on business decision making, is intended to be a summary only. The Commission does not administer U.S. tax laws and has no specialized expertise regarding the tax matters noted. Accordingly, the reader is referred to the sources cited in the footnotes in this section and to the actual U.S. and Mexican statutory provisions and any interpretative or explanatory regulations issued thereunder.

"Normal Trade Relations" rate of duty to between 0-5 percent.[16] The new tariff ceilings will apply to such key manufacturing inputs as vehicle parts, plastics, and textiles, ensuring that Mexican import duties will remain on a par with tariffs applied by both Canada and the United States.

- A number of industry sectors, such as electronics, furniture, toys, and agricultural machinery, will have tariffs reduced to zero. The lower tariff rates will become effective November 1, 2000, for firms operating under the Maquiladora and PITEX programs, and January 1, 2001, for all other importers.[17]

! Uncertainty over reforms in Mexico's tax laws announced on December 31, 1998,[18] and to be implemented on January 1, 2000, contributed to slowed investment in Mexico's maquiladora industry during 1999, and reportedly changed the way some U.S. companies do business in Mexico.[19] The U.S. Department of the Treasury and Mexico's Hacienda (equivalent to the U.S. Treasury) announced an agreement on October 29, 1999, that sets forth specific standards that Mexico may use to increase income tax collections from Mexican maquiladora companies themselves in exchange for agreeing not to tax U.S. companies (including affiliates) doing business with such maquiladoras. The agreement is designed to remove prospects for double taxation of U.S. companies with maquiladora operations, but industry concerns regarding Mexico's tax reform remain.[20]

- U.S. companies using the processing services of a company registered under Mexico's Maquiladora Decree (or the alternative "PITEX" regime) had been exempt from paying (1) Mexican income tax on their income from sales of goods processed by the maquiladora for export from Mexico and (2) asset tax on assets owned in Mexico, though they received only a partial exemption from Mexican asset tax if the operation's output is delivered to customers in Mexico.[21]

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[16] The decree creating the Sectoral Promotion Programs was issued on May 9, 2000, and covers 10,911 products in 10 industries. According to the Government of Mexico, an additional list with inputs for sectors such as textiles and apparel, chemicals, automotive, and steel will be published in the near future. See "Modifications to the Maquiladora Regime," in *NAFTA Works* (published by the Embassy of Mexico, SECOFI-NAFTA Office, Washington, DC), Vol. 5, Issue 6, June 2000.

[17] Ibid.

[18] The "1999 Mexican Tax Reform" was published by the Government of Mexico in the *Diario Oficial* on Dec. 31, 1998.

[19] Mexico's initial reforms, reportedly intended to collect more tax revenue from foreign companies participating in the maquiladora industry, and the likely company responses, are summarized (among other articles) in John A. McLees and Jaime Gonzalez-Bendiksen (each of Baker & McKenzie), "Mexico Moves to Tax Income and Assets of U.S. Companies With Maquiladora or PITEX Operations," *Tax Notes International*, Mar. 22, 1999, p. 1183ff.

[20] The compromise reached by Treasury and Hacienda, as well as remaining industry concerns, are discussed in McLees, Gonzalez-Bendiksen, and Paulina Zubikarai-Espinosa (of Baker & McKenzie), "New Tax Regime for the Mexican Maquiladora Industry–Mexico Begins to Clarify Points Left Open by the Intergovernmental Agreement," *North American Free Trade & Investment Report*, Nov. 30, 1999, p. 1ff; and McLees, Gonzalez-Bendiksen, "Changes in Mexican Tax Policies for Maquiladoras Leave Company Concerns Unresolved," *Tax Notes International*, 17 July 2000, p. 251ff.

[21] McLees and Gonzalez-Bendiksen, "Mexico Moves to Tax Income and Assets," p. 1183.

- On October 15, 1998, U.S. companies with PITEX operations were declared to have "permanent establishments" in Mexico and were no longer eligible for those exemptions.[22] Similarly, the reforms announced on December 31, 1998, declared that U.S. companies with maquiladoras would lose the tax exemption as well, effective January 1, 2000. U.S. firms determined to have "permanent establishments" are also subject to the imposition of the annual Mexican tax on foreign company assets, including the value of machinery, inventory, and other assets owned in Mexico.[23] Moreover, under Mexico's tax reforms announced on December 31, 1998, companies with assembly plants in Mexico were subject to tax on the same income in both Mexico and the United States.[24]

- Under the U.S.-Mexico tax agreement announced in October 1999, the United States agreed to grant a deduction for the payments that the U.S. company will need to make to an affiliated maquiladora to enable the maquiladora to meet the new standards for increasing its taxable income under the terms of Mexican regulations implementing the intergovernmental agreement.[25] "A maquiladora can elect one of the two alternatives[26] for increasing its own tax liability as a condition for preserving an exemption for the U.S. company from Mexican income and asset taxes for the years 2000, 2001, and 2002."[27] However, according to industry sources, lack of certainty over tax treatment in succeeding years continues to cause some companies to hesitate in making additional investments in assembly plants in Mexico.

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[22] Ibid.

[23] For companies registered under the Maquiladora Program, the "permanent establishment" taxes would not apply until Jan. 1, 2000. Several of these companies altered their operations in anticipation of implementation of the Mexican Tax Reforms.

[24] According to McLees and Gonzalez-Bendiksen, based on the manner in which the IRS interprets the source-of-income rules under section 863(b) of the Internal Revenue Code (26 U.S.C. 863(b)). The authors also note that "article 5 of the Mexico-U.S. income tax treaty provides that a U.S. company will have a permanent establishment in Mexico for the purposes of the treaty if it owns goods or merchandise in Mexico that are processed by a dependent agent using assets provided directly or indirectly by the U.S. company. Most U.S. companies organize their maquiladoras or PITEX operations in that way." McLees and Gonzalez-Bendiksen, "Mexico Moves to Tax Income," p. 1183.

[25] McLees, Gonzalez-Bendiksen, and Zubikarai-Espinosa, "New Tax Regime," p. 3. An unofficial English translation of the revised regulations are included in McLees, Gonzalez-Bendiksen, "Changes in Mexican Tax Policies," p. 256.

[26] Choosing one of the alternatives set forth in the agreement will be useful for U.S. companies that do not find it convenient to structure their relationships with their Mexican maquiladoras in a manner that prevents them from having a permanent establishment in Mexico under the terms of the U.S.-Mexico income tax treaty. McLees, Gonzalez-Bendiksen, and Zubikarai-Espinosa, "New Tax Regime," p. 4.

[27] Alternatives include (1) the maquiladora's taxable income exceeds a new safe harbor threshold, defined by the agreement as the greater of 6.9 percent of the value of the assets used in Mexico and 6.5 percent of the maquiladora's operating expenses, or (2) the maquiladora obtains a transfer pricing ruling under a new methodology that takes foreign-owned assets into account in determining the price to be received by the maquiladora in its transactions with its U.S. affiliate. McLees, Gonzalez-Bendiksen, and Zubikarai-Espinosa, "New Tax Regime," p. 3f.

- As a result of these tax policy changes, many U.S. companies with affiliates operating under the PITEX regime, particularly automotive parts producers,[28] shifted the registration of their affiliates to the Maquiladora Program in order to maintain the tax-free treatment of the U.S. company. Further, maquiladoras that deliver part of their output to assembly plants or final customers in Mexico continue to transport those products into the United States before delivering them to the Mexican customers in order to obtain several advantages:[29] (1) they can avoid asset tax that could be imposed on part of the value of machinery and equipment being used in Mexico, (2) they can maintain their ability to recover payments of Mexican Value Added Tax (VAT) on sales to Mexican customers, and (3) they can avoid imposition of VAT and customs duties at a later date on part of the value of machinery and equipment imported into Mexico between January 1, 1999 and November 1, 2000. The trade offs may include higher transportation costs, slower delivery times for their customers in Mexico, and the imposition of Mexican duties on reimportation of products into Mexico that may not qualify for duty-free treatment under NAFTA.

- Under the new rules set forth in the October 1999 agreement, the prospect for double taxation is reduced for a U.S. company whose maquiladora meets the requirements under new Mexican regulations implementing that agreement, and the tax liabilities of the maquiladoras are increased.[30] The revision permits a U.S. company to continue to participate in the Mexican maquiladora program for the next three years without being taxed as having a permanent establishment in Mexico.

- This resolution does not, however, remove the incentive to ship products into the United States before delivering them to customers in Mexico.[31] That will continue to be a preferred method for many companies operating in the border area to avoid the imposition of Mexican asset tax and nonrecoverable VAT, and possibly to reduce future Mexican customs duties as well, as a result of shipment of products from a maquiladora operation directly to customers in Mexico.**#**

[28] Lawrence W. Amrich, Government Relations Director for Mexico, Delphi Automotive Systems, interview with USITC staff, May 8, 2000.

[29] John A. McLees, partner in the Chicago office of Baker & McKenzie, telephone interview with USITC staff, July 21, 2000.

[30] Ibid.

[31] Ibid.

Apparel Market: New U.S. Legislation Places CBERA Countries on a More Equal Competitive Basis with Mexico

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New U.S. legislation will give beneficiary countries under the Caribbean Basin Economic Recovery Act (CBERA) tariff treatment for apparel that is essentially equivalent to the trade preferences being granted to similar goods from Mexico under the North American Free-Trade Agreement (NAFTA). U.S. imports of most apparel from CBERA countries will be eligible to enter free of duty beginning on October 1, 2000, thereby eliminating a major competitive disadvantage faced by these countries with Mexico since the implementation of NAFTA in 1994. The new legislation is expected to benefit (1) U.S. textile producers by stimulating U.S. exports of yarns and fabrics to CBERA countries, and (2) U.S. firms assembling apparel of U.S. components in CBERA countries by improving their ability to compete in the U.S. market with Asian apparel producers, who seldom use U.S. materials. Major beneficiaries of the legislation likely will be U.S. producers of underwear, foundation garments, and outerwear T-shirts, which had made major investments in CBERA countries before NAFTA and which have since expanded their use of assembly operations there. This article examines the new legislation, U.S. trade in such goods, and the recent business strategies and outlook for U.S. producers.

The United States-Caribbean Basin Trade Partnership Act (the act) was enacted on May 18, 2000, as Title II of the Trade and Development Act of 2000 (Public Law 106-200). The act includes a long-term plan to promote economic recovery in CBERA countries, particularly by enhancing opportunities for these countries to expand their trade with the United States, and for U.S. textile and apparel firms to expand production-sharing arrangements with CBERA countries, "thereby sustaining and preserving manufacturing operations in the United States that would otherwise be relocated to the Far East."[2]

The act grants NAFTA-equivalent tariff treatment to certain textiles and apparel from CBERA countries (subject to statutory criteria for country and product eligibility) during a transition period beginning on October 1, 2000, and ending on the earlier of September 30, 2008, or the date on which the Free-Trade Area of the Americas or a comparable free-trade

[1] The views expressed in this article are those of the author. They are not the views of the U.S. International Trade Commission or any of the Commissioners.

[2] U.S. House of Representatives, *Conference Report: Trade and Development Act of 2000*, 106th Cong., 2d sess., H. Rpt. 106-606, May 4, 2000, p. 99.

agreement between the United States and CBERA countries enters into force.[3] The textile and apparel articles that will be eligible to enter free of duty and quota are as follows:[4]

- Apparel assembled in CBERA countries from fabrics wholly made and cut in the United States of U.S. yarns.
- Apparel cut and assembled in CBERA countries from fabrics wholly made in the United States of U.S. yarns, and sewn together with U.S. thread.
- Knitwear, except socks, made of fabrics formed in CBERA countries of U.S. yarns (regional knit fabrics).[5] The trade preferences are capped at 4.2 million dozen for outerwear T-shirts and 250 million square meter equivalents for other knit apparel (e.g., underwear) for the 1-year period beginning on October 1, 2000. Both caps are to be increased by 16 percent annually through September 30, 2004, and remain at those levels through September 30, 2008, or such other amounts as may be provided by law.
- Certain brassieres cut and sewn or otherwise assembled in the United States or CBERA countries, or both. In general, preferential treatment is granted only to firms that use mostly U.S. fabric components.[6]
- Apparel assembled in CBERA countries from fibers, yarns, or fabrics deemed to be in "short supply" in the United States, as identified in annex 401 of NAFTA.[7]
- Certified handloomed, handmade, and folklore articles originating in CBERA countries.
- Textile luggage assembled in CBERA countries from fabrics wholly made in the United States of U.S. yarns.

The trade benefits listed above are expected to spur long-term economic growth in CBERA countries by enhancing opportunities for these countries to expand trade with the United States

[3] The act also grants NAFTA-equivalent tariff treatment to articles, except textiles and apparel, that are ineligible for duty-free treatment under the 1983 CBERA (e.g., petroleum and related products, canned tuna, watches, footwear, handbags, luggage, flat goods, work gloves, and leather apparel).

[4] The act contains safeguards to protect against import surges of textiles and apparel from CBERA countries and provisions to deal with illegal transshipments of textiles or apparel from a CBERA country.

[5] Knitwear (except socks) includes apparel cut and assembled from regional knit fabrics or knit-to-shape directly from U.S. yarns.

[6] In general, for the 1-year period beginning on October 1, 2001, and in each of the six succeeding 1-year periods, preferential treatment is granted to firms whose total costs of U.S. fabric components in the previous 1-year period is at least 75 percent of the aggregate declared customs value of the fabric contained in all of their brassieres entered in that period.

[7] Under annex 401 of NAFTA, apparel inputs in "short supply" include fine-count cotton knit fabrics for nightwear and certain underwear; linen; silk; cotton velveteen and fine-wale corduroy fabrics; certain hand-woven Harris Tweed wool fabrics; certain woven wool fabrics made with fine animal hair; certain lightweight, high-thread count polyester-cotton woven fabrics; and certain lightweight, high-thread count woven fabrics for use in men's and boys' shirts.

and, at the same time, promote the growth of U.S. exports and the use of U.S. fabric, yarn, and cotton.[8]

U.S. Trade Programs Spur Production-Sharing Apparel Imports

The act builds upon existing U.S. trade programs that have encouraged U.S. producers of apparel to establish production-sharing arrangements in CBERA countries and Mexico (see related article in this issue). Under the production-sharing provisions of chapter 98 of the Harmonized Tariff Schedule of the United States (HTS), formerly the "807" tariff provision, U.S. importers receive a partial-duty exemption for articles assembled abroad in whole or in part of U.S. components. In general, the duty is assessed only on the value added abroad (mainly the cost of sewing the garment parts together). The fabric for making the apparel parts can be of either U.S. or foreign origin as long as the fabric is cut to shape in the United States, exported ready for assembly, and not advanced in value abroad except by assembly and incidental operations. During the late 1980s, the United States created special programs under the former 807 tariff provision for CBERA countries and Mexico to give these countries, in addition to the reduced duties, virtually unlimited market access for apparel assembled there from fabrics wholly made and cut in the United States (commonly known as "807A" imports).[9] With the implementation of NAFTA in 1994, however, U.S. imports of 807A-type apparel from Mexico became eligible to enter completely free of duty and quota. By contrast, imports of similar 807A-type apparel from CBERA countries can enter under preferential quotas but are still subject to duty on the value added abroad (up until October 1, 2000).[10]

The change in the conditions of competition between Mexico and CBERA countries following the implementation of NAFTA is especially evident in the segment of the U.S. apparel industry making underwear, foundation garments, and outerwear T-shirts (hereafter referred to as undergarments and outerwear T-shirts). These garments were among the few apparel items for which the United States immediately eliminated tariffs for Mexico upon implementation of NAFTA in 1994. As a result, U.S. imports of these garments from Mexico have grown by 585 percent since pre-NAFTA 1993, to $1.5 billion, or 22 percent of the total, while those from CBERA countries rose by 251 percent to $2.9 billion, or 44 percent of the total (table 1). Nonetheless, the CBERA countries and Mexico together expanded their share of U.S. imports of undergarments and outerwear T-shirts from 52 percent in 1993

[8] Under the act, up to 25 percent of the cost of the components of the article can consist of foreign findings and trimmings (e.g., buttons), and certain foreign interlinings, and up to 7 percent of the total weight of the article can consist of fibers or yarns that are not made in the United States or CBERA countries, except for elastomeric yarns, which must be wholly made in the United States.

[9] The United States currently has preferential quotas for 807A imports (known as guaranteed access levels (GALs)) and regular quotas with six CBERA countries--Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Jamaica.

[10] The dutiable foreign value-added accounted for 31 percent of the customs value of U.S. imports of underwear, foundation garments, and outerwear T-shirts from CBERA countries in 1999, and the duty-free U.S. value was 69 percent. The effective U.S. rate of duty on such CBERA goods averaged 4.7 percent ad valorem.

Table 1
Undergarments and outerwear T-shirts: U.S. imports for consumption, by products and selected sources, 1993-99

(1,000 dollars)

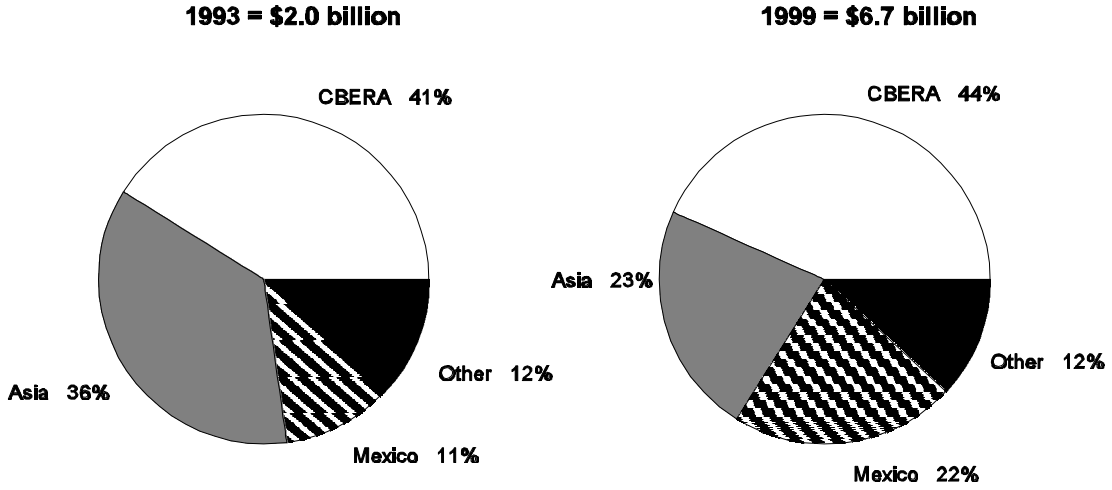
Item	Mexico	CBERA countries	Asia	Other	Total
Underwear:					
1993	69,654	408,823	301,915	78,124	858,516
1994	109,556	526,119	343,918	104,782	1,084,375
1995	164,414	756,142	438,459	146,925	1,505,940
1996	197,103	890,856	450,748	177,955	1,716,662
1997	265,478	1,220,560	555,886	210,437	2,252,361
1998	357,528	1,353,912	613,059	249,396	2,573,895
1999	330,073	1,644,507	736,851	299,419	3,010,850
Foundation garments:[1]					
1993	103,945	284,281	203,798	26,501	618,525
1994	130,586	332,138	226,354	36,057	725,135
1995	176,664	426,253	250,560	49,008	902,485
1996	186,524	364,562	246,498	47,826	845,410
1997	222,795	416,848	252,442	54,101	946,186
1998	256,573	434,729	321,244	72,399	1,084,945
1999	326,120	456,538	446,963	107,951	1,337,572
Outerwear T-shirts:[2]					
1993	43,254	142,457	229,280	139,332	554,323
1994	91,913	165,493	237,379	186,732	681,517
1995	219,164	252,139	247,848	202,947	922,098
1996	412,066	388,077	203,004	222,686	1,225,833
1997	476,271	598,984	224,058	260,357	1,559,670
1998	596,637	773,566	277,486	330,695	1,978,384
1999	828,998	832,814	330,766	387,665	2,380,243
Total:					
1993	216,853	835,561	734,993	243,957	2,031,364
1994	332,055	1,023,750	807,651	327,571	2,491,027
1995	560,242	1,434,534	936,867	398,880	3,330,523
1996	795,693	1,643,495	900,250	448,467	3,787,905
1997	964,544	2,236,392	1,032,386	524,895	4,758,217
1998	1,210,738	2,562,207	1,211,789	652,490	5,637,224
1999	1,485,191	2,933,859	1,514,580	795,035	6,728,665

[1] Includes brassieres, girdles, and corsets.
[2] Also includes tank tops.

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

to 66 percent in 1999 (Fig. 1). Imports of such goods from Asia rose by 106 percent during the period, to $1.5 billion, but the Asian share of total imports fell from 36 to 23 percent. The absolute growth in imports from Asia reflected an increase in shipments from China and from countries whose currencies declined substantially in value during the Asian financial crisis of 1997-98, which effectively reduced U.S. prices of their goods in the U.S. market.

Figure 1
Undergarments and outerwear T-shirts: Percentage distribution of U.S. imports, by selected sources, 1993 and 1999



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

U.S. Producers Face Growing Competition in Domestic Market

Because of the growing role of the CBERA countries and Mexico in the U.S. market for undergarments and outerwear T-shirts, the remainder of this article focuses on recent market conditions for these goods as well as recent business strategies and the outlook for U.S. producers of these goods. The U.S. market for undergarments and outerwear T-shirts is characterized by growing imports, which now account for most of apparent U.S. consumption of these goods (table 2). Much of the import growth since pre-NAFTA 1993 has consisted of shipments under the production-sharing provisions of HTS chapter 98, mostly from CBERA countries and Mexico.

The U.S. market for undergarments and outerwear T-shirts is also characterized by the growing buying power of large retailers and by changing consumer preferences. A growing concentration of retail sales among a few large retailers has enhanced the bargaining power of these retailers in negotiating prices and other contract terms with

Table 2
Undergarments and outerwear T-shirts: U.S. production, exports of domestic merchandise, imports for consumption, apparent consumption, and ratio of total imports to apparent consumption, 1993-99

Year	Production	Exports	Imports total	9802 trade	Apparent consumption	Import share
	1,000 units					*Percent*
Underwear:						
1993	2,032,824	387,036	981,228	504,804	2,627,016	37.4
1994	2,023,698	466,488	1,194,720	584,736	2,084,384	57.3
1995	1,851,032	624,492	1,556,316	897,756	2,782,856	55.9
1996	1,844,648	770,532	1,718,532	1,185,060	2,792,468	61.5
1997	[1]2,067,154	929,088	2,148,408	1,502,964	3,286,474	65.4
1998	1,607,575	846,876	2,367,828	1,322,256	3,128,527	75.7
1999	1,657,464	984,647	2,682,504	1,838,976	3,355,321	79.9
Foundation garments:						
1993	314,220	245,112	316,572	239,304	385,680	82.1
1994	[2]349,241	271,704	333,408	206,100	410,945	81.1
1995	[2]397,483	336,456	399,648	287,472	460,675	86.8
1996	352,377	294,288	352,524	238,488	410,613	85.9
1997	361,580	293,892	363,336	220,560	410,613	85.9
1998	347,309	329,208	396,996	194,796	415,097	95.6
1999	384,226	371,324	467,140	221,064	480,042	97.3
Outerwear T-shirts:[3]						
1993	981,108	133,618	223,848	68,009	1,071,338	20.9
1994	1,034,933	141,062	281,135	102,369	1,175,006	23.9
1995	1,084,916	194,817	388,126	183,890	1,278,233	30.4
1996	1,156,071	225,199	552,430	306,484	1,483,302	37.2
1997	1,090,573	343,656	746,195	500,768	1,493,112	50.0
1998	1,071,815	350,422	966,943	664,450	1,688,336	57.3
1999	1,160,891	609,333	1,181,608	756,568	1,733,166	68.2

[1] Partly estimated by USITC staff.
[2] Excludes foundation garments for girls.
[3] Also includes tank tops.

Source: Data for underwear and foundation garments are from U.S. Department of Commerce, Bureau of the Census, *Current Industrial Reports: Apparel* (MQ315A(99)-4), Fourth Quarter 1999, issued June 2000, and selected back issues; *Current Industrial Reports: Apparel - 1998 Summary* (MQ23A(98)), issued Sept. 3, 1999, table 5, and selected back issues. For outerwear T-shirts and tank tops, production data are from the previously mentioned Current Industrial Reports; import and export data are compiled by USITC staff from official statistics of the U.S. Department of Commerce.

suppliers.[11] Consumer attitudes about shopping for undergarments have changed during the past decade. According to a trade report, women have shifted their perception of intimate apparel from basic necessities to "fashion items," and their interest in a more casual lifestyle and exercise have helped boost sales of sports undergarments.[12] The aging of the baby boom generation has sparked interest in new body-firming shapewear products and has led to a revival of traditional foundation garments such as girdles. Like apparel consumers in general, consumers of undergarments and outerwear T-shirts have less time to shop; are more educated and demanding than they were in the past; and want convenient, immediate access to a wide selection of products that offer quality, value, fashion, and comfort.[13]

Competitive Climate Drives Business Strategies

The U.S. industry making undergarments and outerwear T-shirts is made up of several large firms that are leading suppliers in domestic markets in which they compete and many smaller firms that produce a limited number of garment styles for niche markets. Although concentration in the overall U.S. apparel industry is relatively low, concentration is relatively high in certain segments making undergarments and outerwear T-shirts. For example, Sara Lee Corporation (e.g., Hanes underwear) and Fruit of the Loom, Inc., together account for slightly more than two-thirds of the U.S. market for men's and boys' underwear and about one-half of the domestic market for women's and girls' underwear by quantity.[14] Sara Lee also supplied 34 percent of the U.S. brassiere market by value in 1999, up from 25 percent in 1994. The Warnaco Group, Inc. (e.g., Warner's, Olga, and Calvin Klein intimate apparel) has a 40-percent share of the U.S. women's brassiere market in department and specialty stores, 28 percent in panties, and 24 percent in shapewear.[15]

New Products and Marketing Methods

According to information obtained primarily from company annual reports and submissions to the U.S. Securities and Exchange Commission (e.g., Form 10-K reports), U.S. producers of undergarments and outerwear T-shirts are focusing on product development, brand promotion, and marketing in an effort to target consumer needs and compete in markets at different price points. They are moving from manufacturing solely commodity goods to developing new products (e.g., the Wonderbra by Sara Lee) and brand names that offer consumers quality and fashion at competitive prices. Firms are using new or innovative fabrics to increase the comfort and appeal of their products; for example, microfibers are

[11] See, for example, Karen J. Sack, Standard & Poor's, "Consumers Alter Shopping Habits," *Retailing: General*, (Industry Surveys series), Feb. 5, 1998.

[12] "Intimate Apparel Spending up by 8.9% to $3.04 Billion, 41% of Which on Bras: Analysis of Market Drivers and Trends," *Body Fashions Intimate Apparel*, Nov. 1998, found at Internet address http://www3.xls.com/cgi-bin/rdssuite.exe, retrieved Dec. 1, 1999.

[13] Roxanna Guilford, "Understanding the Challenges of Underwear," *Apparel Industry Magazine*, Nov. 1999, found at Internet address http://www.aimagazine.com/nov99stor11.html, retrieved Jan. 10, 2000.

[14] Sara Lee Corporation, *Investing in What Counts: 1999 Annual Report*, Chicago, IL, Aug. 26, 1999, pp. 29-30, and Fruit of the Loom, Inc., "Form 10-K/A" (report to the U.S. Securities and Exchange Commission (SEC)), Feb. 29, 2000.

[15] The Warnaco Group, Inc., "Form 10-K/A" (report to the SEC), Mar. 29, 1999, and an official of The Warnaco Group, Inc., interview with USITC staff, Apr. 19, 2000.

being used to produce lightweight, seamless undergarments having comfort and stretch.[16] Producers are also entering into licensing agreements with other firms to expand their market penetration and enhance their product offerings.[17]

U. S. producers of undergarments and outerwear T-shirts have also invested in "quick response" (QR) manufacturing, distribution, and information technologies in order to expedite product delivery and marketing of their goods. QR systems use computers to speed the flow of goods, services, and information between segments of the supply chain, linking producers with suppliers and retailers to ensure that retailers have their shelves continually replenished with the products their customers want, at the right time, and in the right place. A number of large U.S. apparel firms have formed "strategic alliances" with their retail customers in an effort to enhance their competitive position. Facilitated by investments in new technologies, these firms conduct collaborative planning with retailers and provide them with inventory management services and automatic replenishment of inventories when they fall to specified levels.

U.S. Producers Restructuring Operations

The U.S. industry making undergarments and outerwear T-shirts has experienced a significant decline in industry employment. Between 1995 and 1999, employment fell by 52 percent to 49,000 employees, almost double the 27 percent decline in employment for the overall U.S. apparel industry. Producers have consolidated production, divested noncore product lines, and pursued acquisitions and mergers to reduce costs, broaden their target markets, increase their visibility by adding recognized brand names, and extend their geographic presence.[18] Firms have also shifted their focus from manufacturing-driven to consumer or marketing-driven operations and using domestic and foreign contractors to make garments to their specifications ("outsourcing"). According to a U.S. producer, the use of foreign contractors can help firms more rapidly bridge the move from domestic manufacturing to offshore plants, manufacture low-volume specialty garments, accommodate seasonal or one-time programs, and balance internal capacity requirements.[19] However, because contractors are intermediaries, their use can lower a firm's profit margins.[20]

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[16] Proprietary knitting technology developed by Sara Lee enabled the firm to introduce seamless products (brassieres, panties, and shapewear products) that have generated about $100 million in sales. See Sara Lee Corporation, *Investing in What Counts: 1999 Annual Report*, p. 28.

[17] For example, the Vanity Fair division of VF Corp. signed a licensing agreement with NIKE, Inc., for a new line of sports bras (see VF Corp., *1998 Annual Report*, Greensboro, NC, Feb. 4, 1999, p. 3) and Warnaco entered into a licensing agreement with Weight Watchers to market shapewear and activewear for the mass market (see The Warnaco Group, Inc., "Form 10-K/A," Mar. 29, 1999, p. 5).

[18] For example, Kellwood Co. (a global marketer and producer of apparel and recreational camping goods) acquired Biflex International (see Kellwood Co., "Kellwood Company Acquires Biflex International Inc., --Intimate Apparel Maker," news release, Jan. 4, 2000), and The Warnaco Group in 1996 acquired GJM, a maker of sleepwear and intimate apparel; Lejaby, a leading maker of intimate apparel in Europe; and BodySlimmers, a designer and producer of body slimming undergarments (see The Warnaco Group, Inc., "Form 10-K/A," Mar. 29, 1999, pp. 1-2).

[19] Fruit of the Loom, Inc., "Form 10-K/A" (report to the SEC), Apr. 2, 1999, p. 6.

[20] Official of a U.S. undergarment firm, telephone interview with USITC staff, Feb. 11, 2000.

Among recent restructurings in the industry making undergarments and outerwear T-shirts was Sara Lee's sale of its vertical manufacturing operations.[21] In September 1997, Sara Lee unveiled its program of "de-verticalization" to create a firm that is less vertically integrated, owns fewer fixed assets, and uses knowledge-based skills to develop and market its goods. As part of this program, Sara Lee sold nine textile facilities related to its U.S. knit products business to a then newly established firm, National Textiles, L.L.C. National Textiles currently supplies domestic yarn, fabric, and cut parts for several nationally known brand-name apparel products, including undergarments under Sara Lee's Hanes and Hanes Her Way labels, and reportedly ships almost all of its cut parts to CBERA countries and Mexico for assembly.

Fruit of the Loom has also restructured its operations extensively during the past 5 years.[22] The firm has moved almost all of its sewing operations to CBERA countries and Mexico, enabling the firm to reduce its assembly costs by more than $150 million annually. Fruit of the Loom's strategy is to use its automated textile production operations in the United States for yarn spinning, knitting, bleaching and dyeing, in combination with low-cost operations in CBERA countries and Mexico for labor-intensive cutting, sewing, and finishing activities. On December 29, 1999, Fruit of the Loom filed voluntary petitions to reorganize under Chapter 11 of the U.S. Bankruptcy Code.

Foreign Assembly Becomes Principal Cost-Cutting Strategy

U.S. producers of undergarments and outerwear T-shirts have greatly expanded their use of production-sharing operations in CBERA countries and Mexico, which offer competitively priced labor to perform sewing tasks. According to data published by Werner International, Inc.,[23] hourly labor costs (including fringe benefits) ranged from $0.91 in Honduras to $1.51 in Mexico in 1998, compared with an average of $10.12 in the United States.[24] Although these rates are higher than those of certain Asian countries (e.g., hourly labor costs were $0.30 in Bangladesh and $0.43 in China in 1998), the proximity of production-sharing facilities in Mexico and CBERA countries to suppliers and markets in the United States enables U.S. firms to maintain greater management control over production and to assemble garments there

[21] Information in paragraph is from Sara Lee Corporation, "Sara Lee Corporation De-Verticalizes United States Yarn and Textile Manufacturing," press release, found at Internet address http://www.saralee.com/ corporate/corpnews, retrieved Feb. 13, 1998; Jules Abend, "National Textiles Business is Booming," *Bobbin*, Oct. 1999, pp. 56-57; and National Textiles, L.L.C., "About Our Products," found at Internet address www.nationaltextiles.com, retrieved July 13, 2000.

[22] Information in paragraph on Fruit of the Loom is from its Web site, http://www.fruit.com, retrieved July 11, 2000.

[23] Werner International, Inc., "Hourly Labor Cost in the Apparel Industry: Including Social Benefits & Fringes," New York, NY.

[24] These labor costs do not take into account differences in productivity in each of the country's apparel industries. These types of comparative productivity data are not available.

in a time-sensitive, market-driven manner.[25] As such, U.S. firms can save in labor costs and obtain quicker turnaround than those firms that import from Asia.

U.S. firms have reportedly achieved a high level of efficiency in assembling undergarments and outerwear T-shirts in CBERA countries and Mexico. U.S. production of foundation garments moved abroad many years ago because brassieres tend to be high in labor content and low in weight. In general, the assembly of a brassiere involves between 20 and 30 components and requires an average of 12 minutes of labor per garment, compared with 4 minutes of labor for a pair of panties.[26] The estimated cost savings of sewing brassieres abroad is $1.25 to $1.50 per garment, compared with an estimated 5 to 10 cents per underwear article.[27]

The assembly of most underwear articles such as T-shirts, briefs, and panties generally involves standardized runs, simple tasks, and relatively few steps and styling changes. However, underwear production usually occurs on a large scale, enabling U.S. firms to generate significant cost savings by assembling these goods of U.S. components in lower cost areas. Firms maintain domestic production for fashion items and for products requiring rapid turnaround and delivery times or automatic inventory replenishment for retail customers.[28]

Global Sourcing Expands

Some U.S. producers of undergarments and outerwear T-shirts have established global sourcing capabilities, particularly in Asia, to reduce costs and to offer goods that they cannot produce cost effectively in the United States.[29] U.S. firms often import undergarments, outerwear T-shirts, as well as other apparel from Asia that require more sewing and construction, complex operations, and detailed work. Industry sources report that Asian suppliers offer a relatively high "needle content per dollar" because of their competitive wages, sewing skills, and expertise in apparel production.[30] U.S. tariffs and quotas are the principal constraints in sourcing undergarments and outerwear T-shirts from Asian suppliers.[31] Despite these constraints, however, import costs of undergarments are often lower in China and other Asian countries than in Mexico and CBERA countries.

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[25] CBERA countries reportedly tend to have lower worker turnover rates than those in Mexico and they also tend to have fewer industries competing for apparel workers. Some U.S. producers of undergarments and outerwear T-shirts have operations in both Mexico and CBERA countries to have production flexibility and to protect against production disruptions in any one country as a result of natural disasters, political upheaval, or economic instability. Official of a U.S. undergarment firm, telephone interview with USITC staff, Feb. 18, 2000.

[26] Official of a U.S. undergarment firm, telephone interview with USITC staff, Feb. 18, 2000.

[27] Ibid.

[28] Official of a U.S. undergarment firm, telephone interview with USITC staff, Feb. 9, 2000.

[29] Jules Abend, "Jockey Colors its World," *Bobbin*, Feb. 1999, p. 51.

[30] Official of a U.S. undergarment firm, telephone interview with USITC staff, Feb. 9, 2000.

[31] In 1999, China filled nearly all its U.S. quotas for brassieres and cotton underwear, as did Indonesia and Hong Kong for cotton underwear. See U.S. Customs Service, "Year End Textile Status Report," found at Internet address http://www.customs.ustreas.gov/quotas/1999/reports.htm, retrieved Apr. 5, 2000.

Outlook

U.S. producers of undergarments and outerwear T-shirts that use CBERA countries as a low-cost production base to compete with Asian goods in the North American market likely will be major beneficiaries of the new legislation expanding trade benefits for CBERA countries. Provisions in the legislation granting preferential market access to CBERA apparel made from U.S. yarns and fabrics will also benefit U.S. textile mills making these apparel inputs. U.S. producers of undergarments and outerwear T-shirts, along with their domestic yarn and fabric suppliers, likely will further develop an integrated production base in CBERA countries and Mexico to remain competitive in the North American market. The skill and capital-intensive operations such as product design, yarn and fabric production, marketing, and distribution will likely remain in the United States, while the labor-intensive assembly operations will likely move to CBERA countries and Mexico. A U.S. industry source suggested that because many U.S. producers of undergarments and outerwear T-shirts have already shifted most of their sewing operations to CBERA countries and Mexico, the legislation likely will help preserve and boost production sharing at existing operations in CBERA countries and limit further trade diversion from these countries to Mexico.[32]

The trade benefits provided CBERA countries under the new legislation could lead to displacement of some U.S. imports of undergarments and outerwear T-shirts from Asia, at least in the short term. However, the ongoing phaseout of U.S. import quotas on textiles and apparel under the Uruguay Round Agreement on Textiles and Apparel (ATC) by January 1, 2005,[33] will gradually erode part of the competitive advantage of CBERA countries under the new legislation and Mexico under NAFTA, and expose the region to heightened competition in the U.S. market from low-cost exporting countries in Asia whose shipments are currently under quota. The expected growth in imports from Asia will add to the competitive pressures facing U.S. producers of undergarments and outerwear T-shirts, and their assembly operations in CBERA countries and Mexico. Nonetheless, the proximity of these countries to the United States should enable U.S. firms to assemble time-sensitive, market-driven garments in the region. Although U.S. firms report that lower costs are important, other considerations such as proximity to suppliers and markets as well as the ability to react quickly to retailer demands and changing fashions are expected to become more important competitive factors.

According to information prepared by U.S. Embassies, the CBERA countries generally view the new legislation as providing them with an opportunity to attract new foreign investment, expand exports and employment, and compete equally with Mexico in the U.S. market.[34]

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[32] Official of a U.S. undergarment firm, telephone interview with USITC staff, Feb. 11, 2000.

[33] The ATC entered into force as part of the World Trade Organization (WTO) agreements in 1995 and replaced the 1974 Multifiber Arrangement (MFA), a multilateral agreement negotiated under the General Agreement on Tariffs and Trade (GATT) that permitted the use of quotas without compensation. Under the ATC, WTO countries with MFA quotas in place–the United States, the European Union, Canada, and Norway–are to eliminate the quotas on textiles and apparel from other WTO countries and integrate the goods into the GATT regime over a 10-year transition period ending on January 1, 2005.

[34] See, for example, U.S. Department of State telegram No. 1663, "Salvadorans Pleased with CBI Passage; See It as an Opportunity to Compete in Their Most Important Market," prepared by U.S. Embassy, San Salvador, May 16, 2000; telegram No. 1979, "Dominican Republic Expects Major Impact from CBI Enhancement," prepared by U.S. Embassy, Santo Domingo, May 19,

(continued...)

Industry and government sources in several CBERA countries predict that the CBERA region will experience an increase in the number of companies assembling garments, the creation of thousands of jobs, new investments in the textile and apparel sector, the installation of cutting rooms to convert U.S.-made fabrics into garment parts, a transfer of some production from Mexico, and an increase in exports and export revenues. Countries with relatively high labor costs like Costa Rica expect to see limited new investment in apparel assembly. A U.S. undergarment producer having 14 assembly plants in Costa Rica stated that production expansion was not expected in that country and that it was more likely to occur in other, lower cost CBERA countries such as El Salvador and Honduras where the firm also has assembly operations.[35] Sources in Jamaica, which has experienced a decline in apparel exports to the United States in recent years, are less specific about the longer term impact of the new legislation and suggest that, initially, Jamaican apparel exports to the U.S. market will rise by about 2 to 3 percent a year. Although sources in Jamaica have at times pointed to NAFTA as the cause of the diversion of trade and investment from Jamaica to Mexico, they acknowledge that Jamaica's internal problems, including crime and security problems, inadequate infrastructure, and labor issues, have had a greater negative impact on the country's garment industry than the lack of NAFTA-equivalent tariff treatment.[36]

Some industry sources anticipate that the new legislation will encourage Asian investment in the CBERA region. The prospect of duty-free access to the United States has reportedly attracted the interest of Taiwan investors in El Salvador, which has both assembly operations and fabric manufacturing, and the interest of Korean investors in opening a plant in Nicaragua.[37]

As competition intensifies in the U.S. market for undergarments and outerwear T-shirts, U.S. firms can be expected to look to foreign markets for sales growth. Sara Lee, for example, is leveraging its brands and expertise to expand sales of undergarments and outerwear T-shirts in global markets through licensing agreements, marketing and distribution arrangements, and advertising.[38] Although numerous trade barriers still exist in major world markets, U.S. apparel firms seeking to export, especially from their production-sharing operations in CBERA countries and Mexico, are likely to benefit from provisions in the Uruguay Round Agreement on Textiles and Clothing requiring countries that are members of the World Trade Organization to reduce trade barriers on apparel in their home markets.**#**

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[34] (...continued)
2000; and telegram No. 1540, "Impact of CBI Enhancement," prepared by U.S. Embassy, Guatemala, May 23, 2000.

[35] U.S. Department of State telegram No. 1313, "Impact of CBI Enhancement - Costa Rica," prepared by U.S. Embassy, San Jose, May 22, 2000.

[36] U.S. Department of State telegram No. 1240, "Impact of CBI Enhancement on Jamaica," prepared by U.S. Embassy, Kingston, May 18, 2000.

[37] U.S. Department of State telegram No. 1858, "Salvadorans and Other Centams Moving Quickly on CBI Enhancement," prepared by U.S. Embassy, San Salvador, June 2, 2000, and telegram No. 1488, "Nicaragua: Impact of CBI Enhancement," prepared by U.S. Embassy, Managua, May 25, 2000.

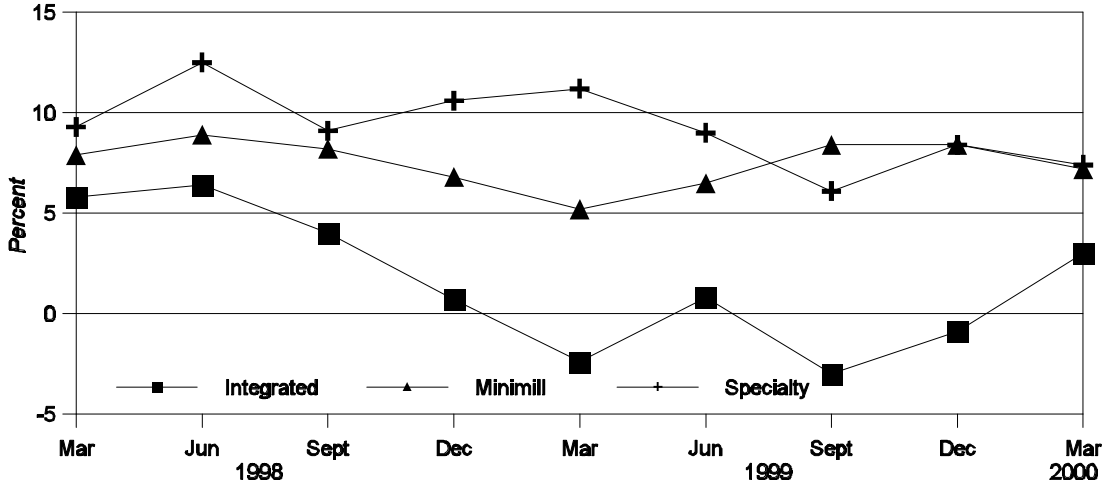
[38] Sara Lee Corporation, *Investing in What Counts: 1999 Annual Report*, pp. 28 and 30.

APPENDIX A
KEY PERFORMANCE INDICATORS OF SELECTED INDUSTRIES AND REGIONS

- ☐ **STEEL** (Tracy Quilter, 202-205-3437/tquilter@usitc.gov)
- ☐ **AUTOMOBILES** (Laura A. Polly, 202-205-3408/polly@usitc.gov)
- ☐ **ALUMINUM** (Karl Tsuji, 202-205-3434/tsuji@usitc.gov)
- ☐ **FLAT GLASS** (James Lukes, 202-205-3426/lukes@usitc.gov)
- ☐ **SERVICES** (Tsedale Assefa, 202-205-2374/assefa@usitc.gov)
- ☐ **NORTH AMERICAN TRADE** (Ruben Mata, 202-205-3403/mata@usitc.gov)

STEEL

Figure A-1
Steel industry: Profitability by strategic group[1]



[1] Operating profit as a percent of sales. Integrated group contains 9 firms. Minimill group contains 8 firms. Specialty group contains 4 firms.

Source: Individual company financial statements.

- Integrated steelmakers experienced continued profitability improvement for the first quarter of 2000. Companies cited such factors as higher shipments, better product mix, lower costs, and improved average selling prices as contributing to this trend. Further, Geneva Steel and Weirton Steel reported that the successful completion of trade cases had positively impacted the market for steel products.[1]
- Profitability for minimills and specialty producers slipped in the first quarter of 2000 compared with the fourth quarter of 1999, due in part to higher raw material costs as the price of key inputs, such as scrap metal and nickel, increased. However, several minimill producers did report improved shipments for the quarter, especially in such products as structurals and pipe and tube.

[1] Geneva Steel, press release, "Geneva Steel Announces Second Quarter 2000 Results," May 15, 2000, and U.S. Securities and Exchange Commission, "Weirton Steel Corp., 10-Q, May 15, 2000," p. 8, found at Internet address http://www.sec.gov/Archives/edgar/data/849979/0000950128-00-000819.txt.

Table A-1
Steel mill products, all grades

Item	Q1 2000	Percentage change, Q1 2000 from Q1 1999[1]	YTD 2000	Percentage change, YTD 2000 from YTD 1999[1]
Producers' shipments *(1,000 short tons)*	28,664	19.2	28,664	19.2
Finished imports *(1,000 short tons)*	7,324	14.8	7,324	14.8
Ingots, blooms, billets, and slabs *(1,000 short tons)*	2,445	66.7	2,445	66.7
Exports *(1,000 short tons)*	1,706	46.8	1,706	46.8
Apparent supply, finished *(1,000 short tons)*	36,728	19.5	36,728	19.5
Ratio of finished imports to apparent supply *(percent)*	26.6	[2]-1.1	26.6	[2]-1.1

[1] Based on unrounded numbers.
[2] Percentage point change.
Note.–Because of rounding, figures may not add to the totals shown.

Source: American Iron and Steel Institute.

STEEL

Table A-2
Steel service centers

Item	Mar. 2000	Dec. 1999	Percentage change, Mar. 2000 from Dec. 1999[1]	Q1 2000	Q1 1999
Shipments *(1,000 net tons)*	2,856	2,254	26.7	8,112	7,343
Ending inventories *(1,000 net tons)*	8,708	8,443	3.1	8,708	8,109
Inventories on hand *(months)*	3.3	3.8	([2])	3.3	3.3

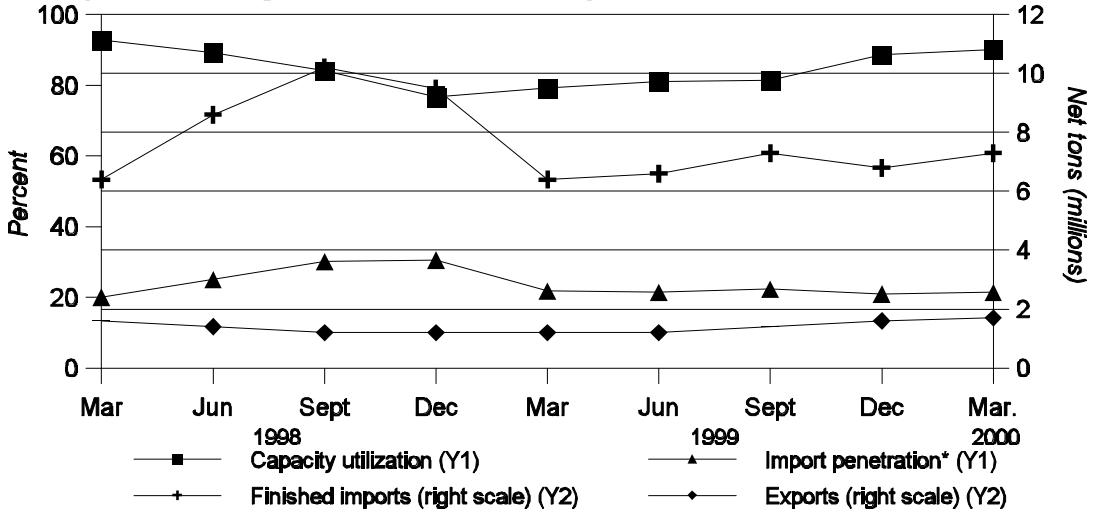
[1] Based on unrounded numbers.
[2] Not applicable.
Note.–Because of rounding, figures may not add to the totals shown.

Source: Steel Service Center Institute.

- The Steel Service Center Institute (SSCI) reported improved quarterly average daily shipments for all product categories for the first quarter 2000 compared with the first quarter 1999. March shipments were up for the third consecutive month,[1] despite higher fuel costs in the form of fuel surcharges from trucking companies. While the number of month's shipments on hand remained steady, inventories continued to grow to record levels.
- Total imports increased 24 percent in the first quarter 2000 compared with the first quarter 1999, as finished imports increased 15 percent and semifinished imports increased 67 percent. Import penetration of finished products was slightly lower than the same period last year.
- Capacity utilization continued to improve as steelmakers achieved an average of 90.1 percent for the first quarter 2000.

[1] SSCI, Business Conditions Report, Part II-United States, Mar. 2000.

Figure A-2
Steel mill products, all grades: Selected industry conditions



* Finished import share of apparent open market supply.

Source: American Iron and Steel Institute.

AUTOMOBILES

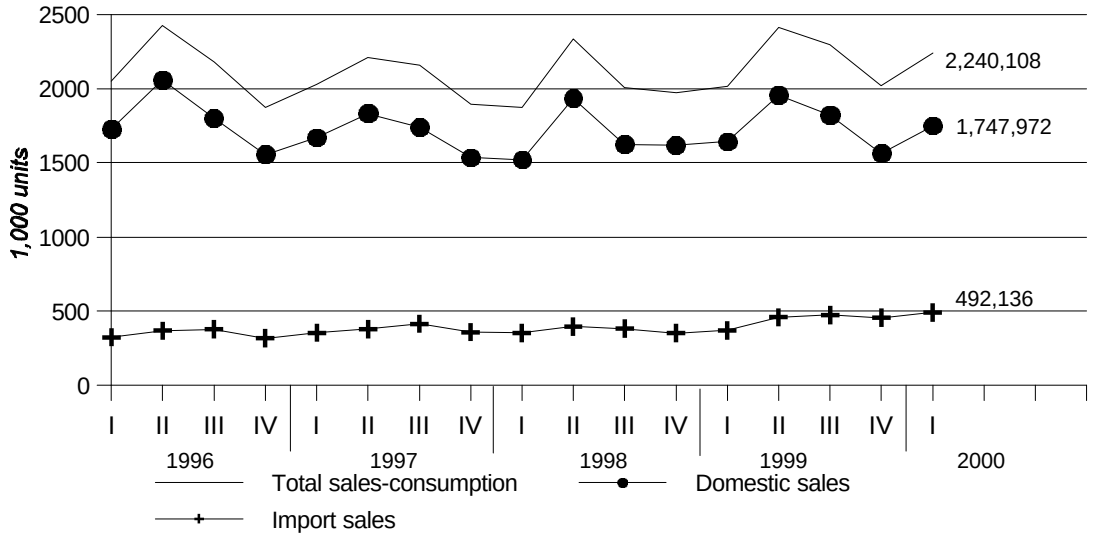
Table A-3
U.S. sales of new automobiles, domestic and imported, and share of U.S. market accounted for by sales of total imports and Japanese imports, by specified periods, January 1999-March 2000

Item	Jan.-Mar. 2000	Percentage change: Jan.-Mar. 2000 from Oct.-Dec. 1999	Percentage change: Jan.-Mar. 2000 from Jan.-Mar. 1999
U.S. sales of domestic autos (*1,000 units*)[1]	1,748	11.7	6.2
U.S. sales of imported autos (*1,000 units*)[2]	492	8.0	32.1
Total U.S. sales (*1,000 units*)[1, 2]	2,240	10.9	11.0
Ratio of U.S. sales of imported autos to total U.S. sales (*percent*)[1, 2]	22.0	-2.6	19.0
U.S. sales of Japanese imports as a share of the total U.S. market (*percent*)[1, 2]	10.3	-0.0	10.7

[1] Domestic automobile sales include U.S.-, Canadian-, and Mexican-built automobiles sold in the United States.
[2] Imports do not include automobiles imported from Canada and Mexico.

Source: Compiled from data obtained from *Automotive News*.

Figure A-3
U.S. sales of new passenger automobiles, by quarter

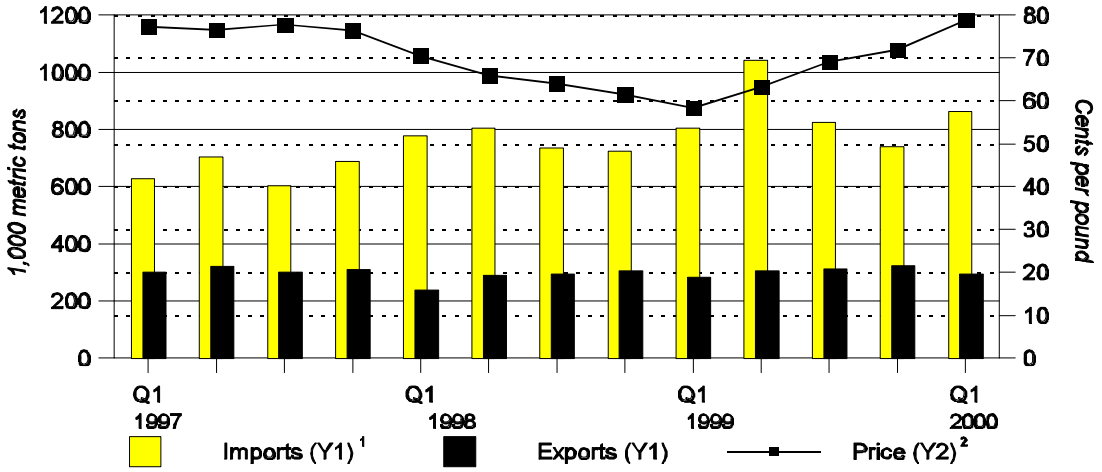


Note.–Domestic automobile sales include U.S.-, Canadian-, and Mexican-built automobiles sold in the United States; these same units are not included in import sales.

Source: *Automotive News*; prepared by the Office of Industries.

ALUMINUM

Figure A-4
Aluminum: U.S. imports, exports, and price



[1] Crude forms (metals and alloys) and mill products (e.g., plates, sheets, and bars) for consumption.
[2] Quarterly average of the monthly U.S. market price of primary aluminum ingots.

Source: U.S. Geological Survey.

- Although some previously idled aluminum smelting capacity was restarted during first quarter 2000, sustained global demand, reduced inventory levels, and potential alumina shortages pending repair of a damaged refinery continued exerting upward pressure on prices; the quarterly average price of primary aluminum ingot rose by 6.8 cents per pound. In the United States, aluminum consumption remained buoyant across major end-use sectors; significantly increased net imports, especially of unwrought aluminum from Russia, resulted in a noticeable percentage-point increase in the level of import penetration.
- Revised terms for a two-way merger between Alcan (Canada) and Algroup (Switzerland) were announced on June 1; the resulting corporate entity would be an industry leader in aluminum and specialty packaging. Previously, the Pechiney (France) portion of a proposed three-way merger with Alcan and Algroup was abandoned over divestiture conditions imposed by the European Union (EU).
- Meanwhile, the proposed Alcoa and Reynolds (both U.S.-based) merger received approval on May 3 from U.S. and EU regulatory authorities. Alcoa gains the Reynolds's brand name, bauxite resources, smelting capacity, and manufacturing and packaging operations, but interests in a smelter and three alumina refineries must be divested as part of the merger approval conditions.

Table A-4
U.S. production, recovery, imports, import penetration, exports, average nominal price, and LME inventory level of aluminum, for first quarter 1999, fourth quarter 1999, and first quarter 2000

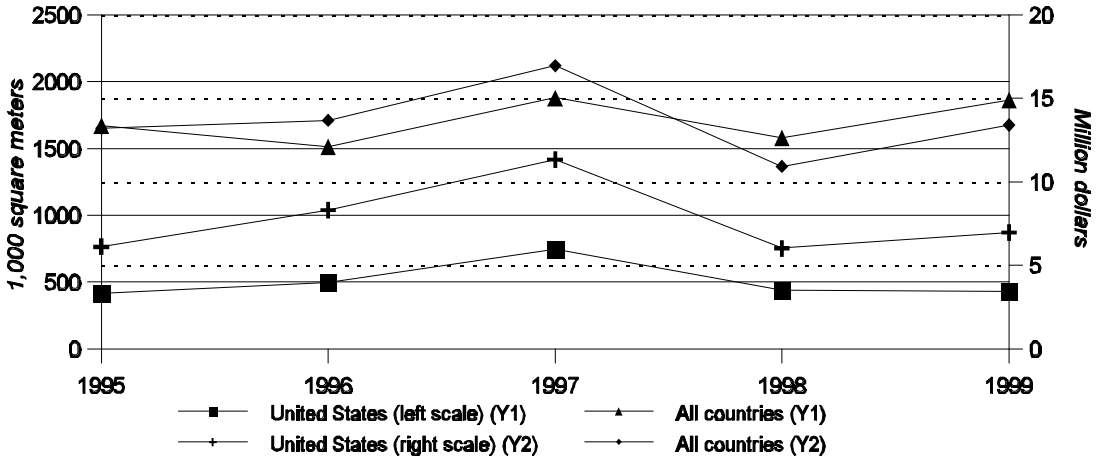
				Percentage change	
Item	Q1 1999	Q4 1999	Q1 2000	Q1 2000 from Q1 1999	Q1 2000 from Q4 1999
Primary production (*1,000 metric tons*)	922	967	964	4.6	-0.3
Secondary recovery (*1,000 metric tons*)	846r	867r	930r	9.9	7.3
Imports (*1,000 metric tons*)	805	739	862	7.1	16.6
Import penetration (*percent*)[1]	33.4r	33.0	34.6	[2] 1.2	[2] 1.6
Exports (*1,000 metric tons*)	284	324	293	3.2	-9.6
Average nominal price (*¢/lb*)	58.4	72.0	78.8	35.1	9.5
LME inventory level (*1,000 metric tons*)	818	775	755	-7.7	-2.6

[1] Calculations based on unrounded data
[2] Percentage point change
Note: Revised data indicated by "r."

Sources: Compiled from data obtained from U.S. Geological Survey and World Bureau of Metal Statistics.

FLAT GLASS

Figure A-5
Average monthly Japanese imports of flat glass, by quantity and value, from the United States and all countries, 1995-99



Source: Compiled from official statistics of the Ministry of Trade and Industry, Japan.

Background

- The U.S.-Japanese agreement on Japanese market access for imports of flat glass sought to increase access and sales of foreign flat glass in Japan through such means as increased adoption of nondiscriminatory standards and expanded promotion of safety and insulating glass. The agreement covered the 1995-99 period and expired on December 31, 1999.[1]

Current

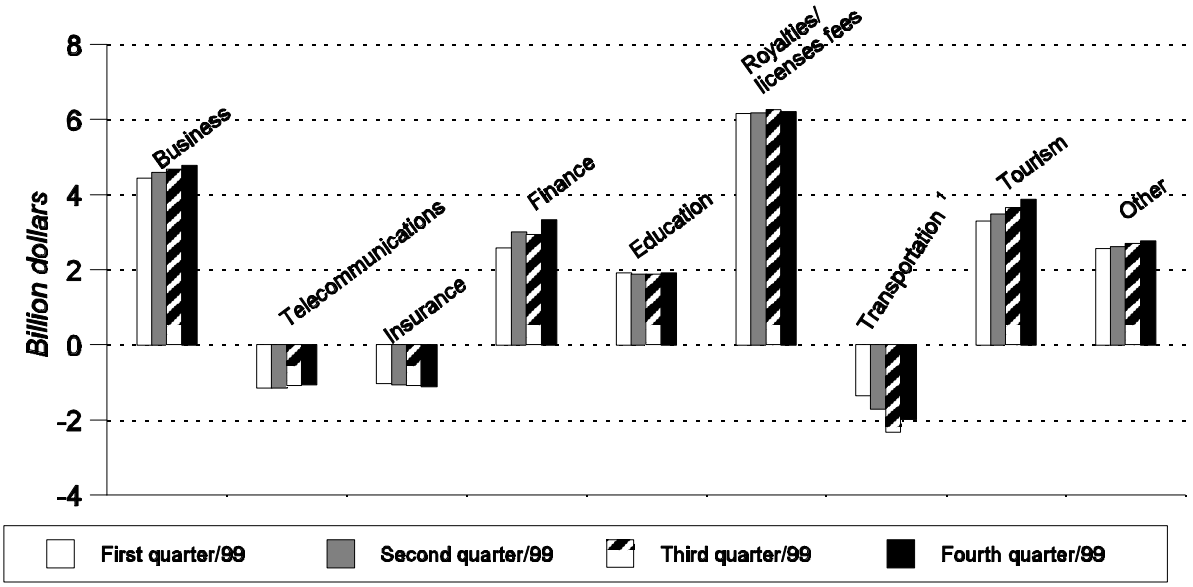
- Japanese demand for imported glass improved in 1999, although the U.S. share of the market has declined as imports from the United States lost market share to less expensive imports from Korea, Indonesia, and Thailand. The average monthly quantity of Japanese imports from all countries increased by 18 percent for 1999 to 1.9 million square meters, while the average monthly value of such imports increased by 23 percent to $13.4 million. Imports from the United States in 1999 declined by 2 percent to 431,000 square meters, but increased in value by 16 percent to $7.0 million.

- The U.S. and Japanese Governments held government-to-government discussions in March 2000 to consider the remaining market access barriers and are scheduled to have a joint government/industry meeting later in the year.

[1] Office of the U.S. Trade Representative (USTR), "The President's 1999 Annual Report on the Trade Agreements Program," p. 227, downloaded from http://www.ustr.gov/reports/tpa/2000/index.html on Mar. 3, 2000.

SERVICES

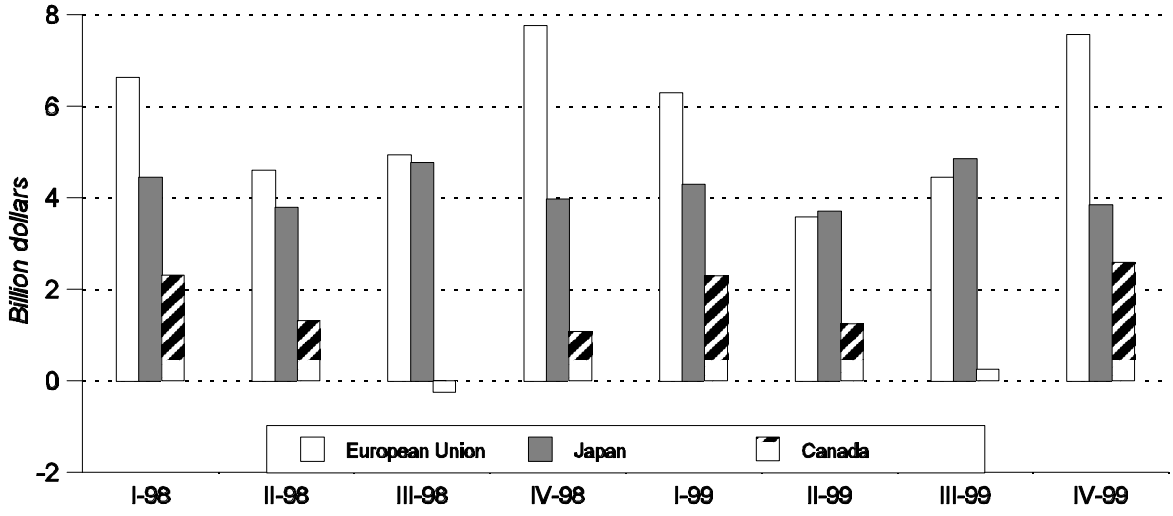
Figure A-6
Balance on U.S. service trade accounts, by quarter, 1999



[1] Includes port fees.

Source: Bureau of Economic Analysis, *Survey of Current Business*, Apr. 2000, p. 179.

Figure A-7
Surpluses on cross-border U.S. services transactions with selected trading partners, by selected quarters, 1998-99[1]



[1] Private-sector transactions only; military shipments and other public-sector transactions have been excluded

Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Jan. 1999, Apr. 1999, pp. 60-63; July 1999, pp. 112-115; Oct. 1999, pp. 42-45; and Jan. 2000, pp. 112-115.

NORTH AMERICAN TRADE

U.S. trade with its NAFTA partners, and the use of U.S.-made components in Mexican assembly plants based on imports under the production-sharing tariff provisions of HTS chapter 98, are highlighted in table A-5. Following is a summary of key developments in the first quarter of 2000:

- During the first quarter of 2000, U.S. trade with its NAFTA partners ($150 billion) increased by 20 percent ($25 billion) over the corresponding period of January-March 1999. The U.S. merchandise trade deficit with Canada ($-16.5 billion) and Mexico ($-8.0) rose by 33 percent to $-24.5 billion. These trends reflect the sustained growth in the U.S. GDP, which expanded by 5.4 percent during the first quarter of 2000, and relatively high petroleum prices. Canada and Mexico supply nearly one-third of U.S. oil imports.

- In manufactured goods, much of U.S. trade with its NAFTA partners consists of U.S. exports of components and machinery and imports of assembled or semifinished goods. A significant portion of the U.S. trade deficits with Canada and Mexico consists of the value added in these countries to U.S.-origin parts used in the production of goods destined for the U.S. market.

- Shipments for both domestic consumption in Canada and Mexico and to integrated manufacturing operations in these countries boosted U.S. exports in the first quarter of 2000 by $5.5 billion (31 percent) to Mexico and by $3.6 billion (13 percent) to Canada. With a significant portion of each country's manufacturing output destined for U.S. customers, the strength of the U.S. economy and high petroleum prices, coupled with each country's sound domestic fiscal policies, contributed to first quarter 2000 GDP growth of 4.9 percent in Canada and 7.9 percent in Mexico.

- U.S. exports to Mexico grew at an even faster pace than imports from Mexico during January-March 2000, and were led by motor-vehicle parts, distillate and residual fuel oils, plastic products, color tv picture tubes, and parts for computer equipment. Auto parts are the leading U.S. export to Canada, followed by finished vehicles, computer hardware, and aircraft and parts.

- Growth in U.S. imports from Canada in the first quarter amounted to $9.4 billion (20 percent), compared with an increase of $7.0 billion (29 percent) in imports from Mexico. Finished vehicles, auto parts, and crude petroleum were leading imports from both countries. Telecommunications equipment and aircraft topped the other products imported from Canada in the first quarter of 2000, whereas Mexico also supplied the U.S. market with assembled electronic products, television receivers, and apparel. U.S. demand for Canadian commodities - particularly oil, natural gas, and lumber - is anticipated to grow at about 4.5 percent for the year, and the entire sector accounts for about one-third of the Canadian economy.

- Only 15 percent of U.S. imports from Mexico entered under the production-sharing provisions of HTS chapter 98 during January-March 2000, compared with 49 percent in 1993. Elimination of tariffs under the Uruguay Round of GATT, duty-free treatment under NAFTA, and elimination of the Customs user fee on NAFTA-eligible imports, greatly reduced the incentive to use the production-sharing provisions when importing products assembled in Mexico from U.S. components.

NORTH AMERICAN TRADE

Table A-5
North American trade, 1995-99, January-March 1999, and January-March 2000

Item	1995	1996	1997	1998	1999	January-March 1999	January-March 2000	Percent change 1999/00
	Value *(million dollars)*							
U.S.-Mexico trade:								
Total imports from Mexico	61,721	74,179	85,005	93,017	109,018	24,468	31,447	29
U.S. imports under production-sharing provisions (PSP) of HTS Chapter 98:[1]								
Total value	24,962	27,925	28,883	27,162	25,875	6,549	4,707	-28
Percent of total imports	40	38	34	29	24	27	15	-
U.S. components in HTS PSP imports:								
Total value	12,833	14,649	15,483	14,484	13,928	3,570	2,577	-28
Percent of HTS PSP imports	51	52	54	53	54	55	55	-
Percent of total imports	21	20	18	16	13	15	8	-
U.S. imports under NAFTA:[2]								
Total value	43,927	55,076	62,837	68,326	71,318	16,021	20,084	25
Percent of total imports	71	74	74	73	65	65	64	-
Total exports to Mexico	44,881	54,686	68,393	75,369	81,381	17,911	23,418	31
U.S. exports of components[3] to HTS Chapter 98 production-sharing operations as a percent of total U.S. exports	29	27	23	19	17	20	11	-
U.S. merchandise trade balance with Mexico[4]	-16,840	-19,493	-16,612	-17,648	-27,637	-6,556	-8,029	-22
U.S. -Canada trade:								
Total imports from Canada	144,882	156,299	167,881	174,685	198,242	46,974	56,343	20
Total exports to Canada	113,261	119,123	134,794	137,768	145,731	35,182	38,783	13
U.S. merchandise trade balance with Canada[5]	-31,621	-37,176	-33,087	-36,918	-52,511	-11,792	-16,450	-40

[1]The production-sharing provisions of HTS Chapter 98 are 9802.00.60, 9802.00.80, and 9802.00.90.

[2]Some import entries from Mexico declare eligibility for preferential tariff treatment under both NAFTA and the HTS production-sharing provisions (PSP); such entries are reported in the totals for both imports under HTS PSP (and U.S.-made components in HTS PSP imports) as well as imports under NAFTA.

[3]Represents the total value of U.S. components in HTS production-sharing provision imports.

[4]The hyphen (-) symbol indicates a loss or trade deficit, or not applicable. The $17.6 billion deficit in U.S. merchandise trade with Mexico in 1998 was partially offset by a $1.8 billion U.S. surplus in bilateral services trade.

[5]The $36.9 billion deficit in U.S. merchandise trade with Canada in 1998 was partially offset by a $4.5 billion U.S. surplus in bilateral services trade.

Source: Compiled by U.S. International Trade Commission staff from official statistics of the U.S. Department of Commerce.

APPENDIX B
SELECTED STATISTICAL TABLES (B-1 TO B-18) FOR U.S. IMPORTS UNDER THE PRODUCTION-SHARING PROVISIONS OF HTS CHAPTER 98 (HTS 9802.00.60, 9802.00.80, AND 9802.00.90)

Table B-1
U.S. imports for consumption, total and under the production-sharing provisions (PSP) of HTS Chapter 98, by principal suppliers (based on the value of U.S. components in the assembled imports in 1999), 1996-1999

(*Million dollars*)

Country	1996	1997	1998	1999
	Total imports			
Mexico	74,179	85,005	93,017	109,018
Dominican Republic	3,582	4,308	4,445	4,278
Honduras	1,797	2,320	2,544	2,712
Philippines	8,174	10,419	11,875	12,379
Korea	22,532	22,939	23,701	31,152
Malaysia	17,771	17,888	18,817	21,391
El Salvador	974	1,345	1,436	1,603
Taiwan	29,797	32,474	32,985	35,057
Japan	114,762	120,480	121,313	130,951
Costa Rica	1,963	2,322	2,742	3,954
All other	514,939	562,926	594,773	664,941
Total	790,470	862,426	907,647	1,017,435
	Production-sharing imports under HTS Chapter 98			
Mexico	27,925	28,883	27,162	25,875
Dominican Republic	2,104	2,669	2,806	2,789
Honduras	981	1,380	1,604	1,882
Philippines	1,805	2,063	2,254	2,331
Korea	1,787	1,881	1,601	2,002
Malaysia	2,382	1,911	1,831	2,109
El Salvador	605	912	1,023	1,186
Taiwan	1,048	1,248	1,511	1,717
Japan	7,797	15,667	12,363	15,058
Costa Rica	694	851	845	832
All other	20,388	21,700	21,067	22,545
Total	67,514	79,167	74,068	78,327
	U.S. content of imports under HTS Chapter 98			
Mexico	14,649	15,483	14,484	13,928
Dominican Republic	1,365	1,737	1,766	1,791
Honduras	694	983	1,142	1,329
Philippines	773	1,058	1,129	1,137
Korea	653	755	786	1,042
Malaysia	1,116	930	915	998
El Salvador	344	544	592	704
Taiwan	375	510	543	585
Japan	265	548	506	576
Costa Rica	481	568	552	548
All other	3,249	3,450	2,798	2,721
Total	23,965	26,565	25,213	25,358

Note.–Calculations based on unrounded data.

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

Table B-2
U.S. imports for consumption under the production-sharing provisions (PSP) of HTS Chapter 98: Total imports, imports under HTS PSP, and U.S. content, by principal sources, 1998-1999

Source	1998			1999		
	Total imports	Imports under HTS PSP	U.S. content	Total imports	Imports under HTS PSP	U.S. content
	Million dollars			*Percentage*		
Japan	121,313	12,363	506	13.4	16.7	2.0
Germany	49,796	9,158	114	5.5	12.4	0.5
Sweden	7,821	2,020	23	0.9	2.7	0.1
Belgium	8,387	1,520	45	0.9	2.1	0.2
United Kingdom	34,617	1,381	132	3.8	1.9	0.5
Canada	174,685	428	194	19.2	0.6	0.8
France	23,371	198	38	2.6	0.3	0.1
Netherlands	7,555	185	33	0.8	0.3	0.1
Spain	4,749	138	11	0.5	0.2	(1)
Italy	20,792	115	31	2.3	0.2	0.1
Ireland	8,311	111	24	0.9	0.2	0.1
Austria	2,446	73	20	0.3	0.1	0.1
All other	25,667	66	14	2.8	0.1	0.1
Total, developed countries	489,510	27,756	1,184	53.9	37.5	4.7
Mexico	93,017	27,162	14,484	10.2	36.7	57.4
Dominican Rep	4,445	2,806	1,766	0.5	3.8	7.0
Philippines	11,875	2,254	1,129	1.3	3.0	4.5
Malaysia	18,817	1,831	915	2.1	2.5	3.6
Honduras	2,544	1,604	1,142	0.3	2.2	4.5
Korea	23,701	1,601	786	2.6	2.2	3.1
Taiwan	32,985	1,511	543	3.6	2.0	2.2
China	70,815	1,477	232	7.8	2.0	0.9
El Salvador	1,436	1,023	592	0.2	1.4	2.3
Costa Rica	2,742	845	552	0.3	1.1	2.2
Guatemala	2,071	707	306	0.2	1.0	1.2
Thailand	13,366	664	367	1.5	0.9	1.5
Hong Kong	10,427	559	230	1.1	0.8	0.9
Singapore	18,216	556	151	2.0	0.8	0.6
Jamaica	736	386	313	0.1	0.5	1.2
Indonesia	9,262	298	54	1.0	0.4	0.2
Colombia	4,442	264	156	0.5	0.4	0.6
Haiti	272	217	159	(1)	0.3	0.6
Vietnam	520	79	9	0.1	0.1	(1)
Nicaragua	453	67	47	(1)	0.1	0.2
All other	95,997	401	96	10.6	0.5	0.4
Total, less developed countries	418,137	46,311	24,028	46.1	62.5	95.3
Grand total	907,647	74,068	25,213	100.0	100.0	100.0

See note(s) at end of table.

Table B-2--*Continued*
U.S. imports for consumption under the production-sharing provisions (PSP) of HTS Chapter 98: Total imports, imports under HTS PSP, and U.S. content, by principal sources, 1998-1999

Source	1999					
	Total imports	Imports under HTS PSP	U.S. content	Total imports	Imports under HTS PSP	U.S. content
	Million dollars			*Percentage*		
Japan	130,951	15,058	576	12.9	19.2	2.3
Germany	55,386	11,172	156	5.4	14.3	0.6
United Kingdom	38,773	1,573	251	3.8	2.0	1.0
Belgium	9,156	1,455	37	0.9	1.9	0.1
Sweden	8,087	1,352	60	0.8	1.7	0.2
France	25,400	563	44	2.5	0.7	0.2
Netherlands	8,456	560	40	0.8	0.7	0.2
Canada	198,242	359	176	19.5	0.5	0.7
Spain	5,019	118	5	0.5	0.2	(1)
Italy	22,407	78	9	2.2	0.1	(1)
Austria	2,826	77	7	0.3	0.1	(1)
Ireland	11,004	70	17	1.1	0.1	0.1
All other	28,542	59	11	2.8	0.1	(1)
Total, developed countries	544,251	32,494	1,389	53.5	41.5	5.5
Mexico	109,018	25,875	13,928	10.7	33.0	54.9
Dominican Rep	4,278	2,789	1,791	0.4	3.6	7.1
Philippines	12,379	2,331	1,137	1.2	3.0	4.5
Malaysia	21,391	2,109	998	2.1	2.7	3.9
Korea	31,152	2,002	1,042	3.1	2.6	4.1
Honduras	2,712	1,882	1,329	0.3	2.4	5.2
Taiwan	35,057	1,717	585	3.4	2.2	2.3
China	81,522	1,612	272	8.0	2.1	1.1
El Salvador	1,603	1,186	704	0.2	1.5	2.8
Costa Rica	3,954	832	548	0.4	1.1	2.2
Guatemala	2,258	648	252	0.2	0.8	1.0
Thailand	14,296	592	336	1.4	0.8	1.3
Hong Kong	10,368	451	172	1.0	0.6	0.7
Jamaica	664	303	248	0.1	0.4	1.0
Indonesia	9,389	297	53	0.9	0.4	0.2
Haiti	301	253	189	(1)	0.3	0.7
Colombia	5,883	240	141	0.6	0.3	0.6
Singapore	18,120	201	82	1.8	0.3	0.3
Vietnam	602	114	16	0.1	0.1	0.1
Nicaragua	492	80	54	(1)	0.1	0.2
All other	107,747	319	92	10.6	0.4	0.4
Total, less developed countries	473,185	45,833	23,969	46.5	58.5	94.5
Grand total	1,017,435	78,327	25,358	100.0	100.0	100.0

[1]Less than 0.5 percent.

Note.–Calculations based on unrounded data.

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

Table B-3
U.S. imports for consumption under the production-sharing provisions (PSP) of HTS Chapter 98, by commodity groups, 1998-1999

(Thousand dollars)

Commodity group	1998 Total imports	1998 Imports under HTS PSP	1998 U.S. content	1999 Total imports	1999 Imports under HTS PSP	1999 U.S. content
Agricultural products:	47,328,053	3,587	1,159	49,469,015	2,289	1,385
Forest products:	31,998,229	130,676	74,998	35,797,597	135,736	77,821
Chemicals, coal, petroleum, natural gas, and related products:						
Fabricated plastic and rubber products	16,016,340	135,802	79,451	17,952,467	141,131	77,249
Other energy and chemical products	110,952,020	139,013	64,162	131,692,544	75,374	31,831
Total	126,968,360	274,814	143,613	149,645,010	216,505	109,080
Textiles, apparel, and footwear:						
Textiles and textile products (except apparel)	13,934,402	388,289	214,202	14,704,305	391,239	225,240
Apparel	53,874,143	13,150,226	8,182,075	56,564,917	13,474,475	8,067,713
Footwear and parts	13,879,187	1,598,482	219,325	14,073,631	1,689,716	228,618
Total	81,687,732	15,136,997	8,615,602	85,342,853	15,555,430	8,521,571
Minerals and metals:						
Steel mill products	16,434,086	62,724	45,730	12,749,069	14,227	9,691
Copper and related products	3,358,825	16,149	7,336	3,726,052	10,258	4,566
Aluminum mill products	2,180,577	22,830	14,961	2,283,280	9,650	6,377
Builders' hardware	1,530,503	212,523	101,335	1,695,718	149,823	81,783
Other metal products	57,235,314	408,019	227,960	61,263,008	425,026	234,644
Total	80,739,305	722,244	397,322	81,717,128	608,985	337,060
Miscellaneous manufactures:						
Luggage, handbags and flat goods	3,911,635	173,566	82,036	4,073,196	130,864	75,471
Jewelry	5,084,543	88,822	68,150	5,609,205	62,296	42,512
Furniture	10,417,003	16,599	8,179	12,775,183	16,813	10,252
Lamps and lighting fixtures	3,167,249	134,221	94,831	3,857,512	152,279	102,012
Other miscellaneous manufactured articles	29,028,958	315,322	99,858	30,972,310	297,707	97,327
Total	51,609,388	728,530	353,054	57,287,406	659,959	327,574
Machinery and equipment:						
Air conditioning equipment	4,945,197	277,829	187,389	5,603,942	303,332	218,338
Household appliances, including commercial applications	6,608,058	415,016	199,724	7,301,686	433,440	247,631
Centrifuges, filtering and purifying equipment, and pumps for liquids	3,029,065	101,379	59,134	3,426,159	87,999	55,721
Semiconductor equipment, robots, and other equipment	2,808,626	7,924	3,662	3,123,198	4,804	1,184
Taps, cocks, valves, and similar devices	3,974,338	606,300	430,570	4,334,917	390,354	279,959
Electric motors generators and related equipment	4,748,121	1,129,397	674,653	6,089,358	1,140,507	650,692
Electrical transformers, static converters and inductors	4,484,788	817,201	419,334	4,950,224	742,618	359,455
Powered handtools and parts thereof	1,616,310	262,299	108,491	1,882,659	201,504	64,511
Flashlights and other similar electric lights light bulbs and fluorescent tubes; arc lights	1,286,752	155,307	93,478	1,454,440	146,127	94,633
Nonautomotive insulated electrical wire and related products	2,814,456	583,511	364,299	3,078,265	612,660	373,934

See note(s) at end of table.

Table B-3--*Continued*
U.S. imports for consumption under the production-sharing provisions (PSP) of HTS Chapter 98, by commodity groups, 1998-1999

(Thousand dollars)

Commodity group	1998 Total imports	1998 Imports under HTS PSP	1998 U.S. content	1999 Total imports	1999 Imports under HTS PSP	1999 U.S. content
Machinery and equipment--*Continued*						
Miscellaneous machinery and equipment	33,425,651	689,952	187,931	32,253,959	570,436	179,954
Total	69,741,361	5,046,115	2,728,664	73,498,806	4,633,781	2,526,012
Transportation equipment:						
Aircraft engines and gas turbines	10,403,722	59,080	45,364	10,328,448	53,802	42,265
Motors and engines, except internal combustion, aircraft, or electric	620,535	11,162	8,214	658,044	11,512	8,005
Internal combustion piston engines, other than for aircraft	11,477,855	170,186	52,546	14,051,545	426,525	88,264
Construction and mining equipment	6,299,058	457,781	74,331	5,918,768	163,686	22,260
Forklift trucks and similar industrial vehicles	1,455,796	165	52	1,526,599	9,489	364
Ball and rollers bearings	1,719,323	33,186	16,199	1,621,975	43,553	22,259
Certain motor-vehicle parts	18,766,540	1,612,101	959,836	22,724,584	1,911,416	897,988
Primary cells and batteries and electric storage batteries	2,055,663	363,986	98,024	2,391,694	420,140	96,407
Ignition starting, lighting, and other electrical equipment	2,362,641	374,929	214,416	2,817,000	273,508	167,749
Rail locomotive and rolling stock	2,155,996	94,401	20,718	2,307,043	121,565	28,996
Automobiles, trucks, buses, and bodies and chassis of the foregoing	99,826,259	25,541,636	637,117	119,663,373	30,883,389	1,532,246
Aircraft, spacecraft, and related equipment, except engines	12,748,444	33,567	25,365	14,591,646	65,155	55,993
Ships, tugs, pleasure boats, and similar vessels	1,090,060	134,627	28,571	1,245,787	253,296	40,301
Miscellaneous vehicles and transportation-related equipment	1,666,349	156,563	77,846	2,059,894	212,836	105,798
Motorcycles, mopeds, and parts	1,292,919	286	219	1,754,776	680	461
Total	173,941,160	29,043,656	2,258,821	203,661,175	34,850,553	3,109,357
Electronic products:						
Office machines	1,856,019	53,546	24,172	1,783,821	60,005	32,358
Telephone and telegraph apparatus	14,384,801	329,884	145,838	20,147,006	537,505	268,253
Optical fibers, optical fiber bundles and cables	398,479	13,878	9,321	728,637	43,519	27,063
Microphones, loudspeakers, audio amplifiers, and combinations thereof	16,444,029	1,297,432	200,953	18,281,863	354,214	96,344
Unrecorded magnetic tapes, discs, and other media	2,103,416	31,009	10,422	2,225,276	27,032	7,739
Records, tapes, compact discs, computer software, and other recorded media	1,134,649	320	100	1,251,896	691	243
Radio navigational aid, radar, and remote control apparatus	1,230,422	109,977	40,695	1,360,959	91,352	37,608
Television receivers, video monitors, and combinations including television receivers	5,877,810	2,422,043	1,166,110	6,651,889	1,816,076	819,155
Television picture tubes and other cathode-ray tubes	773,936	54,287	17,269	731,938	45,830	15,879
Television apparatus (except receivers and monitors), including cameras camcorders and cable apparatus	3,211,245	711,135	85,460	4,947,729	853,462	66,304

See note(s) at end of table.

Table B-3--*Continued*
U.S. imports for consumption under the production-sharing provisions (PSP) of HTS Chapter 98, by commodity groups, 1998-1999

(Thousand dollars)

Commodity group	1998 Total imports	1998 Imports under HTS PSP	1998 U.S. content	1999 Total imports	1999 Imports under HTS PSP	1999 U.S. content
Electronic products--*Continued*						
Electric sound and visual signaling apparatus	2,064,045	209,433	44,118	2,053,311	137,070	28,885
Special-purpose tubes	224,500	14,785	7,102	190,369	458	212
Electrical and electronic articles, apparatus, and parts not elsewhere provided for	12,280,887	2,157,715	1,160,848	13,627,971	1,956,804	1,108,457
Electrical capacitors and resistors	2,014,707	348,473	239,221	2,435,405	427,954	296,569
Semiconductor devices	33,156,949	8,407,394	4,533,957	37,157,680	8,463,487	4,687,441
Computer hardware	72,634,520	1,244,096	459,045	81,661,966	1,509,300	488,093
Photographic cameras and equipment	6,446,786	25,712	7,163	5,842,794	23,222	6,919
Photographic supplies	1,860,934	76,454	35,897	2,008,654	70,908	31,138
Medical goods	6,934,064	1,045,096	488,151	7,932,431	984,478	463,344
Optical goods	3,682,909	52,319	19,509	4,225,136	149,456	35,150
Drawing and mathematical calculating and measuring instruments	427,178	122,094	6,095	430,514	112,429	3,572
Watches	3,099,994	137,309	58,793	3,135,950	165,209	57,332
Measuring, testing, controlling and analyzing instruments	8,681,481	980,582	452,849	9,656,014	542,545	323,488
Total	200,923,761	19,844,974	9,213,089	228,469,207	18,373,009	8,901,544
Seats, wiring, and pumps for vehicles:						
Seats for motor vehicles and aircraft	2,609,560	681,959	99,047	3,024,207	634,313	54,798
Wiring harnesses for motor vehicles	4,407,641	2,415,303	1,303,293	4,867,650	2,623,388	1,376,881
Pumps for motor vehicles	779,676	26,665	11,929	776,124	32,886	14,866
Total	7,796,877	3,123,927	1,414,270	8,667,982	3,290,587	1,446,544
Special provisions	34,912,780	12,041	12,019	43,879,217	0	0
Grand total	907,647,006	74,067,561	25,212,611	1,017,435,397	78,326,835	25,357,949

Note:–Calculations based on unrounded data.

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

Table B-4
U.S. imports for consumption under the production-sharing provisions (PSP) of HTS Chapter 98, by principal sources, 1999

Source	Total value		Duty-free value	
	Value	Percentage of total	Value	Percentage of total
	Million dollars		*Million dollars*	
Grand total	78,327	100.0	25,358	100.0
Top 10 sources	66,548	85.0	21,813	86.0
Mexico	25,875	33.0	13,928	54.9
Japan	15,058	19.2	576	2.3
Germany	11,172	14.3	156	0.6
Dominican Republic	2,789	3.6	1,791	7.1
Philippines	2,331	3.0	1,137	4.5
Malaysia	2,109	2.7	998	3.9
Korea	2,002	2.6	1,042	4.1
Honduras	1,882	2.4	1,329	5.2
Taiwan	1,717	2.2	585	2.3
China	1,612	2.1	272	1.1
All other	11,779	15.0	3,545	14.0

Note.–Calculations based on unrounded data.

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

Table B-5
U.S. imports for consumption from Mexico under NAFTA and the production-sharing provisions (PSP) of HTS Chapter 98, by commodity groups, 1999

(Thousand dollars)

Commodity group	Entered under: Total	NAFTA and HTS PSP	NAFTA only	HTS PSP only	All other	Total NAFTA	Total HTS PSP	U.S. content under HTS PSP
Agricultural products	5,631,036	72	4,045,265	963	1,584,735	4,045,337	1,035	558
Forest products	1,044,168	112,731	473,141	16,550	441,746	585,872	129,281	76,168
Chemicals, coal, petroleum, natural gas, and related products:								
Fabricated plastic and rubber products	1,238,264	99,902	997,979	24,250	116,133	1,097,881	124,152	68,866
Other energy and chemical products	8,166,095	1,147	5,924,221	22,731	2,217,996	5,925,369	23,878	12,111
Total	9,404,359	101,049	6,922,200	46,981	2,334,129	7,023,249	148,030	80,977
Textiles, apparel, and footwear:								
Textiles and textile products (except apparel)	1,567,358	207,090	1,235,467	77,713	47,088	1,442,557	284,803	182,320
Apparel	7,845,977	1,573,422	2,336,267	3,843,927	92,361	3,909,689	5,417,349	3,198,154
Footwear and parts	353,978	48,178	235,169	33,926	36,705	283,347	82,105	66,677
Total	9,767,312	1,828,689	3,806,903	3,955,566	176,153	5,635,593	5,784,256	3,447,150
Minerals and metals:								
Steel mill products	1,099,088	1,687	915,654	213	181,534	917,342	1,900	1,500
Copper and related products	547,122	3,509	434,156	4,397	105,059	437,665	7,907	4,248
Aluminum mill products	44,010	3,532	40,075	8	396	43,606	3,540	2,441
Builders' hardware	340,543	146,555	178,244	3,120	12,625	324,799	149,675	81,684
Other metal products	3,965,910	319,044	1,953,730	38,909	1,654,227	2,272,774	357,953	203,906
Total	5,996,674	474,327	3,521,858	46,647	1,953,842	3,996,185	520,974	293,779
Miscellaneous manufactures:								
Luggage, handbags and flat goods	160,279	17,517	46,678	87,548	8,537	64,195	105,064	69,611
Jewelry	166,529	6,780	157,273	10	2,466	164,053	6,789	4,314
Furniture	964,483	0	1,198	16,349	946,936	1,198	16,349	10,211
Lamps and lighting fixtures	440,682	141,446	288,286	6,483	4,467	429,732	147,929	101,151
Other miscellaneous manufactured articles	1,147,991	90,684	359,788	72,146	625,373	450,472	162,830	72,606
Total	2,879,965	256,426	853,223	182,535	1,587,780	1,109,649	438,962	257,892

See note(s) at end of table.

Table B-5--*Continued*
U.S. imports for consumption from Mexico under NAFTA and the production-sharing provisions (PSP) of HTS Chapter 98, by commodity groups, 1999

(Thousand dollars)

Commodity group	Entered under: Total	Entered under: NAFTA and HTS PSP	Entered under: NAFTA only	Entered under: HTS PSP only	Entered under: All other	Total NAFTA	Total HTS PSP	U.S. content under HTS PSP
Machinery and equipment:								
Air conditioning equipment	1,113,434	191,259	472,606	100,176	349,393	663,865	291,435	214,197
Household appliances, including commercial applications	1,317,103	273,833	319,325	118,892	605,053	593,158	392,725	242,238
Centrifuges, filtering and purifying equipment, and pumps for liquids	357,486	0	0	60,522	296,964	0	60,522	45,615
Semiconductor equipment, robots, and other equipment	3,944	0	587	1,039	2,317	587	1,039	701
Taps, cocks, valves, and similar devices	1,014,808	363,483	508,682	25,641	117,002	872,165	389,124	279,317
Electric motors generators and related equipment	1,825,105	970,216	675,858	39,858	139,173	1,646,074	1,010,074	636,172
Electrical transformers static converters and inductors	1,536,429	476,114	730,463	159,834	170,019	1,206,576	635,947	325,680
Powered handtools and parts thereof	295,990	15,349	3,661	98,920	178,060	19,010	114,269	57,854
Flashlights and other similar electric lights light bulbs and fluorescent tubes; arc lights	247,727	129,251	89,747	15,200	13,528	218,998	144,451	94,131
Nonautomotive insulated electrical wire and related products	1,138,027	515,900	469,823	89,799	62,504	985,723	605,700	369,264
Miscellaneous machinery and equipment	930,283	40,816	190,312	335,514	363,642	231,128	376,329	135,818
Total	9,780,336	2,976,221	3,461,064	1,045,396	2,297,655	6,437,285	4,021,617	2,400,987
Transportation equipment:								
Aircraft engines and gas turbines	96,379	47,029	4,238	2,633	42,479	51,267	49,662	39,693
Motors and engines, except internal combustion, aircraft, or electric	18,357	0	0	11,137	7,220	0	11,137	7,796
Internal combustion piston engines, other than for aircraft	2,526,544	77,795	2,099,598	8,965	340,185	2,177,393	86,760	32,631
Construction and mining equipment	293,376	0	0	0	293,376	0	0	0
Forklift trucks and similar industrial vehicles	57,232	0	0	0	57,232	0	0	0
Ball and rollers bearings	77,221	37,200	38,574	0	1,448	75,774	37,200	21,547
Certain motor-vehicle parts	3,687,493	1,151,743	2,227,481	96,753	211,517	3,379,224	1,248,496	847,172
Primary cells and batteries and electric storage batteries	415,980	116,958	254,033	29,140	15,848	370,992	146,099	61,095
Ignition starting, lighting, and other electrical equipment	807,700	203,147	430,004	49,698	124,851	633,152	252,845	161,316

See note(s) at end of table.

Table B-5--*Continued*
U.S. imports for consumption from Mexico under NAFTA and the production-sharing provisions (PSP) of HTS Chapter 98, by commodity groups, 1999

(Thousand dollars)

Commodity group	Entered under: Total	NAFTA and HTS PSP	NAFTA only	HTS PSP only	All other	Total NAFTA	Total HTS PSP	U.S. content under HTS PSP
Transportation equipment--*Continued*								
Rail locomotive and rolling stock	610,214	0	209,928	80	400,206	209,928	80	54
Automobiles, trucks, buses, and bodies and chassis of the foregoing	15,813,389	1,480,334	14,310,598	918	21,538	15,790,933	1,481,252	849,927
Aircraft, spacecraft, and related equipment, except engines	81,156	0	121	53,477	27,558	121	53,477	46,508
Ships, tugs, pleasure boats, and similar vessels	3,161	0	628	18	2,516	628	18	17
Miscellaneous vehicles and transportation-related equipment	317,682	18	22,089	183,764	111,811	22,107	183,782	93,512
Motorcycles, mopeds, and parts	16,477	0	0	510	15,967	0	510	332
Total	24,822,361	3,114,225	19,597,292	437,092	1,673,752	22,711,517	3,551,317	2,161,601
Electronic products:								
Office machines	105,087	53,911	4,463	660	46,053	58,374	54,571	31,268
Telephone and telegraph apparatus	2,668,185	437,820	921,108	89,310	1,219,947	1,358,928	527,130	262,539
Optical fibers, optical fiber bundles and cables	56,084	9,510	29,169	11,306	6,099	38,679	20,816	10,808
Microphones, loudspeakers, audio amplifiers, and combinations thereof	2,555,609	160,017	1,347,205	188,802	859,586	1,507,221	348,819	92,601
Unrecorded magnetic tapes, discs, and other media	154,153	0	0	27,030	127,123	0	27,030	7,738
Records, tapes, compact discs, computer software, and other recorded media	51,370	0	20,684	48	30,637	20,684	48	37
Radio navigational aid, radar, and remote control apparatus	149,650	55,811	21,279	34,704	37,855	77,090	90,515	36,995
Television receivers, video monitors, and combinations including television receivers	4,608,756	1,600,457	2,564,109	215,456	228,734	4,164,566	1,815,913	819,035
Television picture tubes and other cathode-ray tubes	281,222	936	164,371	41,994	73,921	165,307	42,929	15,380
Television apparatus (except receivers and monitors), including cameras camcorders and cable apparatus	1,974,079	123,631	1,621,947	55,334	173,167	1,745,578	178,965	57,097
Electric sound and visual signaling apparatus	298,873	123,620	138,640	10,358	26,255	262,260	133,978	26,538
Special-purpose tubes	1,044	0	16	415	613	16	415	180

See note(s) at end of table.

Table B-5--*Continued*
U.S. imports for consumption from Mexico under NAFTA and the production-sharing provisions (PSP) of HTS Chapter 98, by commodity groups, 1999

(Thousand dollars)

Commodity group	Entered under: Total	NAFTA and HTS PSP	NAFTA only	HTS PSP only	All other	Total NAFTA	Total HTS PSP	U.S. content under HTS PSP
Electronic products--*Continued*								
Electrical and electronic articles, apparatus, and parts not elsewhere provided for	2,974,661	1,406,291	1,152,586	221,998	193,786	2,558,877	1,628,289	922,028
Electrical capacitors and resistors	689,655	399,160	275,196	4,768	10,530	674,356	403,928	279,901
Semiconductor devices	1,065,734	0	0	414,642	651,092	0	414,642	232,023
Computer hardware	7,238,759	836	1,445,256	1,329,179	4,463,487	1,446,092	1,330,016	382,707
Photographic cameras and equipment	329,105	699	39,767	1,011	287,628	40,466	1,710	624
Photographic supplies	213,897	0	210,883	0	3,014	210,883	0	0
Medical goods	969,518	101,385	8,504	515,819	343,811	109,889	617,204	307,129
Optical goods	84,086	2,870	75,166	2,856	3,195	78,036	5,726	2,466
Drawing and mathematical calculating and measuring instruments	1,714	0	1,470	0	244	1,470	0	0
Watches	81,963	75,937	2,969	298	2,759	78,907	76,235	44,535
Measuring, testing, controlling and analyzing instruments	2,239,830	279,495	1,074,087	201,432	684,816	1,353,582	480,926	297,742
Total	28,793,033	4,832,387	11,118,875	3,367,420	9,474,351	15,951,262	8,199,807	3,829,370
Seats, wiring, and pumps for vehicles:								
Seats for motor vehicles and aircraft	1,817,262	0	0	633,947	1,183,316	0	633,947	54,504
Wiring harnesses for motor vehicles	3,996,215	2,387,098	1,208,055	45,631	355,431	3,595,153	2,432,729	1,314,255
Pumps for motor vehicles	98,797	10,643	64,389	2,431	21,333	75,033	13,075	10,435
Total	5,912,274	2,397,741	1,272,444	682,009	1,560,079	3,670,185	3,079,750	1,379,194
Special provisions	4,986,643	0	151,324	0	4,835,318	151,324	0	0
Grand total	109,018,159	16,093,868	55,223,590	9,781,160	27,919,541	71,317,458	25,875,029	13,927,676

Note.--Calculations based on unrouded data.

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

Table B-6
U.S. imports for consumption from Japan, total and under the production-sharing provisions (PSP) of HTS Chapter 98, by commodity groups, 1999

(Thousand dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Agricultural products	481,862	0	0
Forest products	610,012	0	0
Chemicals, coal, petroleum, natural gas, and related products:			
Fabricated plastic and rubber products	2,416,374	634	115
Other energy and chemical products	6,757,772	27	17
Total	9,174,145	661	132
Textiles, apparel, and footwear:			
Textiles and textile products (except apparel)	615,035	157	110
Apparel	96,314	299	121
Footwear and parts	2,038	0	0
Total	713,388	456	231
Minerals and metals:			
Steel mill products	1,460,669	0	0
Copper and related products	201,174	146	37
Aluminum mill products	118,393	619	368
Builders' hardware	32,300	0	0
Other metal products	3,346,575	557	242
Total	5,159,112	1,323	648
Miscellaneous manufactures:			
Luggage, handbags and flat goods	6,611	0	0
Jewelry	35,691	3	(1)
Furniture	45,299	0	0
Lamps and lighting fixtures	49,777	0	0
Other miscellaneous manufactured articles	3,914,654	4,390	362
Total	4,052,032	4,393	362
Machinery and equipment:			
Air conditioning equipment	759,269	13	6
Household appliances, including commercial applications	381,430	119	52
Centrifuges, filtering and purifying equipment, and pumps for liquids	411,089	0	0
Semiconductor equipment, robots, and other equipment	1,639,864	32	26
Taps, cocks, valves, and similar devices	602,990	0	0
Electric motors generators and related equipment	1,174,447	28,720	1,191
Electrical transformers static converters and inductors	431,415	66	12
Powered handtools and parts thereof	369,662	0	0
Flashlights and other similar electric lights light bulbs and fluorescent tubes; arc lights	196,585	0	0
Nonautomotive insulated electrical wire and related products	159,274	0	0
Miscellaneous machinery and equipment	6,871,546	23,969	4,268
Total	12,997,570	52,918	5,554
Transportation equipment:			
Aircraft engines and gas turbines	317,962	0	0
Motors and engines, except internal combustion, aircraft, or electric	124,435	0	0
Internal combustion piston engines, other than for aircraft	4,681,750	115,091	9,962
Construction and mining equipment	1,646,439	92,141	10,367
Forklift trucks and similar industrial vehicles	238,025	0	0
Ball and rollers bearings	523,261	0	0
Certain motor-vehicle parts	4,561,552	122,724	951
Primary cells and batteries and electric storage batteries	1,015,367	257,871	25,913
Ignition starting, lighting, and other electrical equipment	776,742	0	0

See note(s) at end of table.

Table B-6--*Continued*
U.S. imports for consumption from Japan, total and under the production-sharing provisions (PSP) of HTS Chapter 98, by commodity groups, 1999

(Thousand dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Transportation equipment--*Continued*			
Rail locomotive and rolling stock	178,478	84,363	16,961
Automobiles, trucks, buses, and bodies and chassis of the foregoing	32,115,351	13,978,529	236,767
Aircraft, spacecraft, and related equipment, except engines	1,355,784	3	2
Ships, tugs, pleasure boats, and similar vessels	34,014	0	0
Miscellaneous vehicles and transportation-related equipment	545,758	0	0
Motorcycles, mopeds, and parts	1,320,977	170	129
Total	49,435,895	14,650,894	301,052
Electronic products:			
Office machines	245,816	0	0
Telephone and telegraph apparatus	3,210,475	2,034	887
Optical fibers, optical fiber bundles and cables	154,392	0	0
Microphones, loudspeakers, audio amplifiers, and combinations thereof	5,322,431	283	252
Unrecorded magnetic tapes, discs, and other media	1,006,679	0	0
Records, tapes, compact discs, computer software, and other recorded media	113,992	0	0
Radio navigational aid, radar, and remote control apparatus	163,631	33	10
Television receivers, video monitors, and combinations including television receivers	409,017	7	4
Television picture tubes and other cathode-ray tubes	291,825	0	0
Television apparatus (except receivers and monitors), including cameras camcorders and cable apparatus	730,930	209	42
Electric sound and visual signaling apparatus	482,254	4	3
Special-purpose tubes	46,583	0	0
Electrical and electronic articles, apparatus, and parts not elsewhere provided for	2,499,135	683	297
Electrical capacitors and resistors	911,562	0	0
Semiconductor devices	6,400,627	313,403	261,017
Computer hardware	13,644,673	9,981	511
Photographic cameras and equipment	2,645,662	3	3
Photographic supplies	711,377	0	0
Medical goods	1,189,414	0	0
Optical goods	1,143,713	13,971	1,320
Drawing and mathematical calculating and measuring instruments	69,482	9	8
Watches	828,856	545	97
Measuring, testing, controlling and analyzing instruments	1,795,624	6,405	3,505
Total	44,018,150	347,572	267,955
Seats, wiring, and pumps for vehicles:			
Seats for motor vehicles and aircraft	126,592	0	0
Wiring harnesses for motor vehicles	77,315	0	0
Pumps for motor vehicles	144,343	0	0
Total	348,249	0	0
Special provisions	3,960,574	0	0
Grand total	130,950,990	15,058,216	575,935

[1]Less than $500.

Note.--Calculations based on unrounded data.

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

Table B-7
U.S. imports for consumption from Germany, total and under the production-sharing provisions (PSP) of HTS Chapter 98, by commodity groups, 1999

(Thousand dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Agricultural products	799,045	36	14
Forest products	760,031	0	0
Chemicals, coal, petroleum, natural gas, and related products:			
Fabricated plastic and rubber products	856,170	80	36
Other energy and chemical products	7,735,573	237	117
Total	8,591,743	317	153
Textiles, apparel, and footwear:			
Textiles and textile products (except apparel)	392,750	38	14
Apparel	78,946	2	1
Footwear and parts	86,487	20	3
Total	558,182	59	18
Minerals and metals:			
Steel mill products	863,676	65	41
Copper and related products	171,994	0	0
Aluminum mill products	253,741	0	0
Builders' hardware	91,778	0	0
Other metal products	2,062,940	14,889	6,064
Total	3,444,128	14,953	6,105
Miscellaneous manufactures:			
Luggage, handbags and flat goods	8,514	0	0
Jewelry	47,192	41	15
Furniture	141,454	0	0
Lamps and lighting fixtures	58,673	0	0
Other miscellaneous manufactured articles	697,426	17	6
Total	953,259	59	21
Machinery and equipment:			
Air conditioning equipment	327,923	91	10
Household appliances, including commercial applications	443,823	4,378	632
Centrifuges, filtering and purifying equipment, and pumps for liquids	601,802	2,082	804
Semiconductor equipment, robots, and other equipment	387,575	0	0
Taps, cocks, valves, and similar devices	447,203	2	2
Electric motors generators and related equipment	463,641	372	12
Electrical transformers static converters and inductors	189,047	0	0
Powered handtools and parts thereof	180,459	0	0
Flashlights and other similar electric lights light bulbs and fluorescent tubes; arc lights	101,330	0	0
Nonautomotive insulated electrical wire and related products	87,523	165	(1)
Miscellaneous machinery and equipment	6,248,671	22,505	3,109
Total	9,478,997	29,594	4,569
Transportation equipment:			
Aircraft engines and gas turbines	1,011,458	0	0
Motors and engines, except internal combustion, aircraft, or electric	127,158	0	0
Internal combustion piston engines, other than for aircraft	977,753	195,250	23,214
Construction and mining equipment	538,268	1,321	211
Forklift trucks and similar industrial vehicles	86,019	0	0
Ball and rollers bearings	153,424	0	0
Certain motor-vehicle parts	950,829	23,140	733
Primary cells and batteries and electric storage batteries	45,758	0	0
Ignition starting, lighting, and other electrical equipment	165,978	0	0

See note(s) at end of table.

Table B-7--*Continued*
U.S. imports for consumption from Germany, total and under the production-sharing provisions (PSP) of HTS Chapter 98, by commodity groups, 1999

(Thousand dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Transportation equipment--*Continued*			
Rail locomotive and rolling stock	37,736	4	1
Automobiles, trucks, buses, and bodies and chassis of the foregoing	15,093,951	10,843,766	111,548
Aircraft, spacecraft, and related equipment, except engines	1,699,731	16	13
Ships, tugs, pleasure boats, and similar vessels	47,466	36,704	837
Miscellaneous vehicles and transportation-related equipment	195,612	0	0
Motorcycles, mopeds, and parts	102,945	0	0
Total	21,234,086	11,100,201	136,556
Electronic products:			
Office machines	80,725	5	5
Telephone and telegraph apparatus	222,550	0	0
Optical fibers, optical fiber bundles and cables	46,873	0	0
Microphones, loudspeakers, audio amplifiers, and combinations thereof	93,517	3	3
Unrecorded magnetic tapes, discs, and other media	135,516	0	0
Records, tapes, compact discs, computer software, and other recorded media	98,552	0	0
Radio navigational aid, radar, and remote control apparatus	44,583	0	0
Television receivers, video monitors, and combinations including television receivers	11,855	0	0
Television picture tubes and other cathode-ray tubes	10,417	0	0
Television apparatus (except receivers and monitors), including cameras camcorders and cable apparatus	33,108	0	0
Electric sound and visual signaling apparatus	29,269	0	0
Special-purpose tubes	20,867	0	0
Electrical and electronic articles, apparatus, and parts not elsewhere provided for	947,351	1,839	1,015
Electrical capacitors and resistors	40,016	0	0
Semiconductor devices	638,672	9,413	4,516
Computer hardware	844,636	139	87
Photographic cameras and equipment	104,077	5	4
Photographic supplies	143,601	0	0
Medical goods	1,365,210	1,154	275
Optical goods	322,374	5,334	717
Drawing and mathematical calculating and measuring instruments	12,705	0	0
Watches	57,417	8	(1)
Measuring, testing, controlling and analyzing instruments	1,268,520	8,549	1,564
Total	6,572,411	26,449	8,187
Seats, wiring, and pumps for vehicles:			
Seats for motor vehicles and aircraft	119,817	0	0
Wiring harnesses for motor vehicles	14,401	0	0
Pumps for motor vehicles	176,245	0	0
Total	310,463	0	0
Special provisions	2,683,775	0	0
Grand total	55,386,121	11,171,668	155,623

[1]Less than $500.

Note.--Calculations based on unrounded data.

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

Table B-8
U.S. imports for consumption from the Dominican Republic, total and under the production-sharing provisions (PSP) of HTS Chapter 98, by commodity groups, 1999
(Thousand dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Agricultural products	423,241	0	0
Forest products	3,435	162	71
Chemicals, coal, petroleum, natural gas, and related products:			
Fabricated plastic and rubber products	32,436	304	107
Other energy and chemical products	8,175	12	7
Total	40,611	316	113
Textiles, apparel, and footwear:			
Textiles and textile products (except apparel)	32,466	21,201	14,490
Apparel	2,355,316	2,160,644	1,373,294
Footwear and parts	237,121	81,624	56,766
Total	2,624,904	2,263,469	1,444,551
Minerals and metals:			
Steel mill products	1,492	0	0
Copper and related products	2,260	0	0
Aluminum mill products	6	0	0
Builders' hardware	12,262	0	0
Other metal products	108,448	3,696	2,792
Total	124,469	3,696	2,792
Miscellaneous manufactures:			
Luggage, handbags and flat goods	42,479	9,378	2,802
Jewelry	171,822	28,087	22,628
Furniture	5,522	0	0
Lamps and lighting fixtures	68	0	0
Other miscellaneous manufactured articles	18,452	6,618	4,220
Total	238,343	44,083	29,650
Machinery and equipment:			
Air conditioning equipment	77	7	2
Household appliances, including commercial applications	915	0	0
Centrifuges, filtering and purifying equipment, and pumps for liquids	32	0	0
Semiconductor equipment, robots, and other equipment	16	16	2
Taps, cocks, valves, and similar devices	5	0	0
Electric motors generators and related equipment	762	715	310
Electrical transformers static converters and inductors	29,852	27,362	18,542
Powered handtools and parts thereof	0	0	0
Flashlights and other similar electric lights light bulbs and fluorescent tubes; arc lights	0	0	0
Nonautomotive insulated electrical wire and related products	3,305	2,153	1,916
Miscellaneous machinery and equipment	881	116	40
Total	35,845	30,370	20,812
Transportation equipment:			
Aircraft engines and gas turbines	0	0	0
Motors and engines, except internal combustion, aircraft, or electric	215	215	105
Internal combustion piston engines, other than for aircraft	68	0	0
Construction and mining equipment	0	0	0
Forklift trucks and similar industrial vehicles	16	0	0
Ball and rollers bearings	0	0	0
Certain motor-vehicle parts	95	0	0
Primary cells and batteries and electric storage batteries	3,393	2,026	979
Ignition starting, lighting, and other electrical equipment	6,795	0	0

See note(s) at end of table.

Table B-8--*Continued*
U.S. imports for consumption from the Dominican Republic, total and under the production-sharing provisions (PSP) of HTS Chapter 98, by commodity groups, 1999
(Thousand dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Transportation equipment--*Continued*			
Rail locomotive and rolling stock	3	0	0
Automobiles, trucks, buses, and bodies and chassis of the foregoing	4	0	0
Aircraft, spacecraft, and related equipment, except engines	3	0	0
Ships, tugs, pleasure boats, and similar vessels	0	0	0
Miscellaneous vehicles and transportation-related equipment	4	0	0
Motorcycles, mopeds, and parts	0	0	0
Total	10,595	2,241	1,084
Electronic products:			
Office machines	8	0	0
Telephone and telegraph apparatus	3,994	5	2
Optical fibers, optical fiber bundles and cables	12,106	12,072	9,378
Microphones, loudspeakers, audio amplifiers, and combinations thereof	30	8	3
Unrecorded magnetic tapes, discs, and other media	7	0	0
Records, tapes, compact discs, computer software, and other recorded media	115	0	0
Radio navigational aid, radar, and remote control apparatus	285	285	252
Television receivers, video monitors, and combinations including television receivers	0	0	0
Television picture tubes and other cathode-ray tubes	0	0	0
Television apparatus (except receivers and monitors), including cameras camcorders and cable apparatus	38	9	3
Electric sound and visual signaling apparatus	34,560	1,007	503
Special-purpose tubes	0	0	0
Electrical and electronic articles, apparatus, and parts not elsewhere provided for	249,808	179,140	131,683
Electrical capacitors and resistors	8,354	2,785	1,664
Semiconductor devices	2,902	204	152
Computer hardware	266	0	0
Photographic cameras and equipment	10	0	0
Photographic supplies	21	0	0
Medical goods	350,069	238,922	143,793
Optical goods	539	532	434
Drawing and mathematical calculating and measuring instruments	0	0	0
Watches	16	0	0
Measuring, testing, controlling and analyzing instruments	10,996	10,015	4,400
Total	674,124	444,984	292,267
Seats, wiring, and pumps for vehicles:			
Seats for motor vehicles and aircraft	0	0	0
Wiring harnesses for motor vehicles	10	0	0
Pumps for motor vehicles	8	0	0
Total	18	0	0
Special provisions	101,963	0	0
Grand total	4,277,548	2,789,322	1,791,339

Note.--Calculations based on unrounded data.

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

Table B-9
U.S. imports for consumption from the Philippines, total and under the production-sharing provisions (PSP) of HTS Chapter 98, by commodity groups, 1999

(Thousand dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Agricultural products	642,916	0	0
Forest products	93,868	2	2
Chemicals, coal, petroleum, natural gas, and related products:			
Fabricated plastic and rubber products	36,986	0	0
Other energy and chemical products	34,517	0	0
Total	71,503	0	0
Textiles, apparel, and footwear:			
Textiles and textile products (except apparel)	141,600	1,501	421
Apparel	1,840,572	74,824	6,021
Footwear and parts	20,363	240	4
Total	2,002,535	76,565	6,447
Minerals and metals:			
Steel mill products	1,143	0	0
Copper and related products	440	0	0
Aluminum mill products	0	0	0
Builders' hardware	1,558	0	0
Other metal products	124,750	46	1
Total	127,891	46	1
Miscellaneous manufactures:			
Luggage, handbags and flat goods	251,502	1,286	49
Jewelry	11,823	0	0
Furniture	255,688	0	0
Lamps and lighting fixtures	47,110	630	132
Other miscellaneous manufactured articles	90,560	89	28
Total	656,682	2,006	209
Machinery and equipment:			
Air conditioning equipment	1,705	0	0
Household appliances, including commercial applications	528	6	5
Centrifuges, filtering and purifying equipment, and pumps for liquids	1,734	0	0
Semiconductor equipment, robots, and other equipment	1,300	0	0
Taps, cocks, valves, and similar devices	11,607	0	0
Electric motors generators and related equipment	33,767	0	0
Electrical transformers static converters and inductors	40,061	72	53
Powered handtools and parts thereof	26	0	0
Flashlights and other similar electric lights light bulbs and fluorescent tubes; arc lights	9,584	0	0
Nonautomotive insulated electrical wire and related products	34,522	0	0
Miscellaneous machinery and equipment	3,964	0	0
Total	138,797	77	58
Transportation equipment:			
Aircraft engines and gas turbines	825	0	0
Motors and engines, except internal combustion, aircraft, or electric	253	0	0
Internal combustion piston engines, other than for aircraft	325	0	0
Construction and mining equipment	452	0	0
Forklift trucks and similar industrial vehicles	55	0	0
Ball and rollers bearings	18	0	0
Certain motor-vehicle parts	38,140	0	0
Primary cells and batteries and electric storage batteries	5,180	0	0
Ignition starting, lighting, and other electrical equipment	5,799	0	0

See note(s) at end of table.

Table B-9--*Continued*
U.S. imports for consumption from the Philippines, total and under the production-sharing provisions (PSP) of HTS Chapter 98, by commodity groups, 1999
(Thousand dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Transportation equipment--*Continued*			
Rail locomotive and rolling stock	143	0	0
Automobiles, trucks, buses, and bodies and chassis of the foregoing	38	0	0
Aircraft, spacecraft, and related equipment, except engines	8,994	1,134	581
Ships, tugs, pleasure boats, and similar vessels	178	0	0
Miscellaneous vehicles and transportation-related equipment	940	0	0
Motorcycles, mopeds, and parts	1,122	0	0
Total	62,464	1,134	581
Electronic products:			
Office machines	2,722	0	0
Telephone and telegraph apparatus	242,309	326	240
Optical fibers, optical fiber bundles and cables	0	0	0
Microphones, loudspeakers, audio amplifiers, and combinations thereof	87,564	0	0
Unrecorded magnetic tapes, discs, and other media	1,428	0	0
Records, tapes, compact discs, computer software, and other recorded media	3,994	0	0
Radio navigational aid, radar, and remote control apparatus	3,043	0	0
Television receivers, video monitors, and combinations including television receivers	19,839	0	0
Television picture tubes and other cathode-ray tubes	56	0	0
Television apparatus (except receivers and monitors), including cameras camcorders and cable apparatus	73,769	0	0
Electric sound and visual signaling apparatus	64,253	0	0
Special-purpose tubes	93	0	0
Electrical and electronic articles, apparatus, and parts not elsewhere provided for	81,658	2,315	1,388
Electrical capacitors and resistors	18,336	0	0
Semiconductor devices	4,411,739	2,048,276	1,071,520
Computer hardware	2,783,362	4,682	1,926
Photographic cameras and equipment	79,005	0	0
Photographic supplies	219	0	0
Medical goods	5,032	0	0
Optical goods	40,910	0	0
Drawing and mathematical calculating and measuring instruments	20	0	0
Watches	147,909	88,053	12,581
Measuring, testing, controlling and analyzing instruments	37,902	907	725
Total	8,105,164	2,144,559	1,088,379
Seats, wiring, and pumps for vehicles:			
Seats for motor vehicles and aircraft	62	0	0
Wiring harnesses for motor vehicles	238,786	106,910	41,270
Pumps for motor vehicles	4	0	0
Total	238,853	106,910	41,270
Special provisions	238,037	0	0
Grand total	12,378,710	2,331,301	1,136,948

Note.--Calculations based on unrounded data.

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

Table B-10
U.S. imports for consumption from Malaysia, total and under the production-sharing provisions (PSP) of HTS Chapter 98, by commodity groups, 1999

(Thousand dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Agricultural products	292,882	0	0
Forest products	274,215	0	0
Chemicals, coal, petroleum, natural gas, and related products:			
Fabricated plastic and rubber products	69,595	1	(1)
Other energy and chemical products	563,875	0	0
Total	633,470	1	(1)
Textiles, apparel, and footwear:			
Textiles and textile products (except apparel)	74,565	0	0
Apparel	1,280,460	21,106	832
Footwear and parts	1,836	66	17
Total	1,356,862	21,173	849
Minerals and metals:			
Steel mill products	30,615	0	0
Copper and related products	14,313	0	0
Aluminum mill products	325	0	0
Builders' hardware	10,766	0	0
Other metal products	203,734	6	(1)
Total	259,753	6	(1)
Miscellaneous manufactures:			
Luggage, handbags and flat goods	11,349	0	0
Jewelry	6,861	3	3
Furniture	465,936	0	0
Lamps and lighting fixtures	22,399	0	0
Other miscellaneous manufactured articles	250,105	0	0
Total	756,651	3	3
Machinery and equipment:			
Air conditioning equipment	52,030	7	6
Household appliances, including commercial applications	71,445	0	0
Centrifuges, filtering and purifying equipment, and pumps for liquids	1,949	0	0
Semiconductor equipment, robots, and other equipment	3,001	47	46
Taps, cocks, valves, and similar devices	2,423	0	0
Electric motors generators and related equipment	18,586	691	258
Electrical transformers static converters and inductors	116,299	6,225	1,588
Powered handtools and parts thereof	1,951	0	0
Flashlights and other similar electric lights light bulbs and fluorescent tubes; arc lights	1,536	0	0
Nonautomotive insulated electrical wire and related products	39,048	0	0
Miscellaneous machinery and equipment	20,125	44	4
Total	328,395	7,014	1,901
Transportation equipment:			
Aircraft engines and gas turbines	65,397	0	0
Motors and engines, except internal combustion, aircraft, or electric	25	0	0
Internal combustion piston engines, other than for aircraft	1,604	0	0
Construction and mining equipment	7,010	0	0
Forklift trucks and similar industrial vehicles	515	0	0
Ball and rollers bearings	3,957	0	0
Certain motor-vehicle parts	9,882	0	0
Primary cells and batteries and electric storage batteries	47,828	0	0
Ignition starting, lighting, and other electrical equipment	4,376	0	0

See note(s) at end of table.

Table B-10--*Continued*
U.S. imports for consumption from Malaysia, total and under the production-sharing provisions (PSP) of HTS Chapter 98, by commodity groups, 1999

(Thousand dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Transportation equipment--*Continued*			
Rail locomotive and rolling stock	1,105	0	0
Automobiles, trucks, buses, and bodies and chassis of the foregoing	20	0	0
Aircraft, spacecraft, and related equipment, except engines	1,193	453	221
Ships, tugs, pleasure boats, and similar vessels	11,701	11,331	2,218
Miscellaneous vehicles and transportation-related equipment	8,426	0	0
Motorcycles, mopeds, and parts	101	0	0
Total	163,139	11,784	2,439
Electronic products:			
Office machines	58,335	0	0
Telephone and telegraph apparatus	1,011,953	48	36
Optical fibers, optical fiber bundles and cables	5,644	3,422	2,694
Microphones, loudspeakers, audio amplifiers, and combinations thereof	1,961,641	0	0
Unrecorded magnetic tapes, discs, and other media	44,066	0	0
Records, tapes, compact discs, computer software, and other recorded media	17,843	9	5
Radio navigational aid, radar, and remote control apparatus	4,283	0	0
Television receivers, video monitors, and combinations including television receivers	654,076	0	0
Television picture tubes and other cathode-ray tubes	30,127	0	0
Television apparatus (except receivers and monitors), including cameras camcorders and cable apparatus	34,064	0	0
Electric sound and visual signaling apparatus	55,417	1,641	1,546
Special-purpose tubes	21	0	0
Electrical and electronic articles, apparatus, and parts not elsewhere provided for	255,523	2,926	1,440
Electrical capacitors and resistors	30,851	190	101
Semiconductor devices	5,027,601	2,038,290	979,891
Computer hardware	7,474,728	8,518	4,803
Photographic cameras and equipment	155,279	0	0
Photographic supplies	546	0	0
Medical goods	37,821	955	804
Optical goods	6,251	0	0
Drawing and mathematical calculating and measuring instruments	1,375	0	0
Watches	18,119	0	0
Measuring, testing, controlling and analyzing instruments	67,777	13,077	1,534
Total	16,953,339	2,069,076	992,855
Seats, wiring, and pumps for vehicles:			
Seats for motor vehicles and aircraft	2,406	0	0
Wiring harnesses for motor vehicles	11	0	0
Pumps for motor vehicles	0	0	0
Total	2,417	0	0
Special provisions	370,056	0	0
Grand total	21,391,177	2,109,056	998,048

[1]Less than $500.

Note.--Calculations based on unrounded data.

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

Table B-11
U.S. imports for consumption from Korea, total and under the production-sharing provisions (PSP) of HTS Chapter 98, by commodity groups, 1999

(Thousand dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Agricultural products	184,287	0	0
Forest products	294,687	0	0
Chemicals, coal, petroleum, natural gas, and related products:			
Fabricated plastic and rubber products	655,173	107	36
Other energy and chemical products	864,499	0	0
Total	1,519,672	107	36
Textiles, apparel, and footwear:			
Textiles and textile products (except apparel)	923,960	4,069	663
Apparel	2,264,697	24,519	1,387
Footwear and parts	162,235	50,728	5,055
Total	3,350,892	79,316	7,105
Minerals and metals:			
Steel mill products	911,706	0	0
Copper and related products	34,358	0	0
Aluminum mill products	42,365	0	0
Builders' hardware	28,586	0	0
Other metal products	976,081	2,741	275
Total	1,993,096	2,741	275
Miscellaneous manufactures:			
Luggage, handbags and flat goods	166,817	548	44
Jewelry	238,228	919	526
Furniture	62,014	0	0
Lamps and lighting fixtures	26,745	0	0
Other miscellaneous manufactured articles	551,242	1,003	380
Total	1,045,047	2,470	951
Machinery and equipment:			
Air conditioning equipment	341,371	0	0
Household appliances, including commercial applications	634,041	0	0
Centrifuges, filtering and purifying equipment, and pumps for liquids	31,498	0	0
Semiconductor equipment, robots, and other equipment	27,803	32	16
Taps, cocks, valves, and similar devices	88,513	0	0
Electric motors generators and related equipment	157,868	6,122	1,722
Electrical transformers static converters and inductors	99,959	0	0
Powered handtools and parts thereof	5,077	0	0
Flashlights and other similar electric lights light bulbs and fluorescent tubes; arc lights	84,211	0	0
Nonautomotive insulated electrical wire and related products	20,309	7	1
Miscellaneous machinery and equipment	459,942	10,543	1,137
Total	1,950,593	16,703	2,877
Transportation equipment:			
Aircraft engines and gas turbines	94,408	0	0
Motors and engines, except internal combustion, aircraft, or electric	14,046	0	0
Internal combustion piston engines, other than for aircraft	41,118	0	0
Construction and mining equipment	245,619	0	0
Forklift trucks and similar industrial vehicles	116,760	0	0
Ball and rollers bearings	22,556	0	0
Certain motor-vehicle parts	280,299	31,602	21,164
Primary cells and batteries and electric storage batteries	57,755	0	0
Ignition starting, lighting, and other electrical equipment	88,050	2,472	687

See note(s) at end of table.

Table B-11--*Continued*
U.S. imports for consumption from Korea, total and under the production-sharing provisions (PSP) of HTS Chapter 98, by commodity groups, 1999

(Thousand dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Transportation equipment--*Continued*			
Rail locomotive and rolling stock	21,489	4,200	3,720
Automobiles, trucks, buses, and bodies and chassis of the foregoing	2,885,664	20,629	5,455
Aircraft, spacecraft, and related equipment, except engines	126,660	0	0
Ships, tugs, pleasure boats, and similar vessels	4,237	0	0
Miscellaneous vehicles and transportation-related equipment	80,477	11,521	2,739
Motorcycles, mopeds, and parts	15,326	0	0
Total	4,094,467	70,424	33,766
Electronic products:			
Office machines	36,983	0	0
Telephone and telegraph apparatus	1,957,941	1,249	691
Optical fibers, optical fiber bundles and cables	3,889	0	0
Microphones, loudspeakers, audio amplifiers, and combinations thereof	737,187	125	2
Unrecorded magnetic tapes, discs, and other media	191,594	0	0
Records, tapes, compact discs, computer software, and other recorded media	70,655	51	22
Radio navigational aid, radar, and remote control apparatus	15,352	3	2
Television receivers, video monitors, and combinations including television receivers	134,085	0	0
Television picture tubes and other cathode-ray tubes	17,706	0	0
Television apparatus (except receivers and monitors), including cameras camcorders and cable apparatus	67,652	1,276	811
Electric sound and visual signaling apparatus	83,036	0	0
Special-purpose tubes	4,117	0	0
Electrical and electronic articles, apparatus, and parts not elsewhere provided for	296,201	195	93
Electrical capacitors and resistors	37,280	3	3
Semiconductor devices	6,621,658	1,719,944	910,475
Computer hardware	5,461,875	94,618	82,026
Photographic cameras and equipment	90,842	0	0
Photographic supplies	25,918	0	0
Medical goods	50,087	0	0
Optical goods	116,795	0	0
Drawing and mathematical calculating and measuring instruments	4,633	0	0
Watches	18,468	0	0
Measuring, testing, controlling and analyzing instruments	55,926	79	25
Total	16,099,879	1,817,543	994,149
Seats, wiring, and pumps for vehicles:			
Seats for motor vehicles and aircraft	7,842	0	0
Wiring harnesses for motor vehicles	1,227	0	0
Pumps for motor vehicles	15,221	13,018	3,017
Total	24,290	13,018	3,017
Special provisions	595,394	0	0
Grand total	31,152,305	2,002,321	1,042,176

Note.--Calculations based on unrounded data.

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

Table B-12
U.S. imports for consumption from Honduras, total and under the production-sharing provisions (PSP) of HTS Chapter 98, by commodity groups, 1999

(Thousand dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Agricultural products:	290,708	0	0
Forest products:	26,522	0	0
Chemicals, coal, petroleum, natural gas, and related products:			
Fabricated plastic and rubber products	7,428	1	(1)
Other energy and chemical products	790	0	0
Total	8,218	1	(1)
Textiles, apparel, and footwear:			
Textiles and textile products (except apparel)	6,819	1,036	929
Apparel	2,197,767	1,859,791	1,317,171
Footwear and parts	822	0	0
Total	2,205,408	1,860,827	1,318,100
Minerals and metals:			
Steel mill products	868	0	0
Copper and related products	716	0	0
Aluminum mill products	0	0	0
Builders' hardware	0	0	0
Other metal products	12,313	0	0
Total	13,896	0	0
Miscellaneous manufactures:			
Luggage, handbags and flat goods	2,032	1,923	1,422
Jewelry	62	0	0
Furniture	42,477	0	0
Lamps and lighting fixtures	105	0	0
Other miscellaneous manufactured articles	20,069	58	54
Total	64,745	1,981	1,476
Machinery and equipment:			
Air conditioning equipment	2	0	0
Household appliances, including commercial applications	67	0	0
Centrifuges, filtering and purifying equipment, and pumps for liquids	0	0	0
Semiconductor equipment, robots, and other equipment	0	0	0
Taps, cocks, valves, and similar devices	10	0	0
Electric motors generators and related equipment	0	0	0
Electrical transformers static converters and inductors	2,727	0	0
Powered handtools and parts thereof	0	0	0
Flashlights and other similar electric lights light bulbs and fluorescent tubes; arc lights	3	0	0
Nonautomotive insulated electrical wire and related products	350	0	0
Miscellaneous machinery and equipment	128	0	0
Total	3,286	0	0
Transportation equipment:			
Aircraft engines and gas turbines	0	0	0
Motors and engines, except internal combustion, aircraft, or electric	0	0	0
Internal combustion piston engines, other than for aircraft	6	0	0
Construction and mining equipment	0	0	0
Forklift trucks and similar industrial vehicles	13	0	0
Ball and rollers bearings	2	0	0
Certain motor-vehicle parts	4,895	0	0
Primary cells and batteries and electric storage batteries	3	0	0
Ignition starting, lighting, and other electrical equipment	0	0	0

See note(s) at end of table.

Table B-12--*Continued*
U.S. imports for consumption from Honduras, total and under the production-sharing provisions (PSP) of HTS Chapter 98, by commodity groups, 1999

(Thousand dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Transportation equipment–*Continued*			
Rail locomotive and rolling stock	0	0	0
Automobiles, trucks, buses, and bodies and chassis of the foregoing	0	0	0
Aircraft, spacecraft, and related equipment, except engines	0	0	0
Ships, tugs, pleasure boats, and similar vessels	0	0	0
Miscellaneous vehicles and transportation-related equipment	0	0	0
Motorcycles, mopeds, and parts	0	0	0
Total	4,919	0	0
Electronic products:			
Office machines	0	0	0
Telephone and telegraph apparatus	21	0	0
Optical fibers, optical fiber bundles and cables	0	0	0
Microphones, loudspeakers, audio amplifiers, and combinations thereof	41	0	0
Unrecorded magnetic tapes, discs, and other media	0	0	0
Records, tapes, compact discs, computer software, and other recorded media	0	0	0
Radio navigational aid, radar, and remote control apparatus	112	112	98
Television receivers, video monitors, and combinations including television receivers	0	0	0
Television picture tubes and other cathode-ray tubes	0	0	0
Television apparatus (except receivers and monitors), including cameras camcorders and cable apparatus	345	299	245
Electric sound and visual signaling apparatus	4	0	0
Special-purpose tubes	0	0	0
Electrical and electronic articles, apparatus, and parts not elsewhere provided for	6,150	10	9
Electrical capacitors and resistors	0	0	0
Semiconductor devices	25	0	0
Computer hardware	32	0	0
Photographic cameras and equipment	0	0	0
Photographic supplies	0	0	0
Medical goods	53	0	0
Optical goods	0	0	0
Drawing and mathematical calculating and measuring instruments	3	0	0
Watches	10	0	0
Measuring, testing, controlling and analyzing instruments	0	0	0
Total	6,795	420	352
Seats, wiring, and pumps for vehicles:			
Seats for motor vehicles and aircraft	0	0	0
Wiring harnesses for motor vehicles	36,171	18,782	8,913
Pumps for motor vehicles	0	0	0
Total	36,171	18,782	8,913
Special provisions:	51,240	0	0
Grand total	2,711,908	1,882,012	1,328,843

[1]Less than $500.

Note.–Calculations based on unrounded data.

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

Table B-13
U.S. imports for consumption from Taiwan, total and under the production-sharing provisions (PSP) of HTS Chapter 98, by commodity groups, 1999

(Thousand dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Agricultural products:	411,729	0	0
Forest products:	210,973	0	0
Chemicals, coal, petroleum, natural gas, and related products:			
Fabricated plastic and rubber products	1,100,842	48	7
Other energy and chemical products	310,382	13	11
Total	1,411,224	61	18
Textiles, apparel, and footwear:			
Textiles and textile products (except apparel)	838,403	10,797	913
Apparel	2,077,422	17,531	364
Footwear and parts	110,852	35,034	2,695
Total	3,026,677	63,362	3,972
Minerals and metals:			
Steel mill products	406,375	0	0
Copper and related products	139,937	0	0
Aluminum mill products	5,640	0	0
Builders' hardware	374,710	0	0
Other metal products	2,337,687	373	82
Total	3,264,351	373	82
Miscellaneous manufactures:			
Luggage, handbags and flat goods	141,285	0	0
Jewelry	40,542	0	0
Furniture	1,010,000	36	3
Lamps and lighting fixtures	256,769	27	10
Other miscellaneous manufactured articles	1,516,503	76,934	12,732
Total	2,965,100	76,996	12,745
Machinery and equipment:			
Air conditioning equipment	431,388	0	0
Household appliances, including commercial applications	187,787	231	38
Centrifuges, filtering and purifying equipment, and pumps for liquids	72,196	0	0
Semiconductor equipment, robots, and other equipment	15,790	0	0
Taps, cocks, valves, and similar devices	365,606	0	0
Electric motors generators and related equipment	119,346	0	0
Electrical transformers static converters and inductors	279,473	82	30
Powered handtools and parts thereof	239,367	0	0
Flashlights and other similar electric lights light bulbs and fluorescent tubes; arc lights	43,971	0	0
Nonautomotive insulated electrical wire and related products	193,607	106	60
Miscellaneous machinery and equipment	1,055,530	14,922	2,036
Total	3,004,062	15,341	2,164
Transportation equipment:			
Aircraft engines and gas turbines	21,294	0	0
Motors and engines, except internal combustion, aircraft, or electric	2,371	0	0
Internal combustion piston engines, other than for aircraft	58,241	0	0
Construction and mining equipment	2,114	0	0
Forklift trucks and similar industrial vehicles	10,664	0	0
Ball and rollers bearings	38,995	0	0
Certain motor-vehicle parts	548,789	0	0
Primary cells and batteries and electric storage batteries	115,992	268	59
Ignition starting, lighting, and other electrical equipment	221,051	0	0

See note(s) at end of table.

Table B-13--*Continued*
U.S. imports for consumption from Taiwan, total and under the production-sharing provisions (PSP) of HTS Chapter 98, by commodity groups, 1999

(Thousand dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Transportation equipment–*Continued*			
Rail locomotive and rolling stock	2,398	0	0
Automobiles, trucks, buses, and bodies and chassis of the foregoing	2,636	0	0
Aircraft, spacecraft, and related equipment, except engines	15,652	0	0
Ships, tugs, pleasure boats, and similar vessels	102,256	72,181	17,940
Miscellaneous vehicles and transportation-related equipment	117,596	0	0
Motorcycles, mopeds, and parts	67,512	0	0
Total	1,327,561	72,449	17,999
Electronic products:			
Office machines	181,511	0	0
Telephone and telegraph apparatus	660,077	1,306	817
Optical fibers, optical fiber bundles and cables	3,242	9	2
Microphones, loudspeakers, audio amplifiers, and combinations thereof	509,927	58	19
Unrecorded magnetic tapes, discs, and other media	356,459	0	0
Records, tapes, compact discs, computer software, and other recorded media	97,859	0	0
Radio navigational aid, radar, and remote control apparatus	155,579	122	33
Television receivers, video monitors, and combinations including television receivers	67,329	0	0
Television picture tubes and other cathode-ray tubes	21,480	0	0
Television apparatus (except receivers and monitors), including cameras camcorders and cable apparatus	856,520	669,167	7,156
Electric sound and visual signaling apparatus	197,607	0	0
Special-purpose tubes	16,435	0	0
Electrical and electronic articles, apparatus, and parts not elsewhere provided for	1,082,655	5,282	2,194
Electrical capacitors and resistors	112,438	18	6
Semiconductor devices	3,673,534	797,148	532,822
Computer hardware	9,688,360	7,949	3,753
Photographic cameras and equipment	160,533	0	0
Photographic supplies	14,166	0	0
Medical goods	88,753	202	27
Optical goods	243,481	0	0
Drawing and mathematical calculating and measuring instruments	23,655	0	0
Watches	41,648	4	2
Measuring, testing, controlling and analyzing instruments	145,804	102	41
Total	18,399,054	1,481,364	546,872
Seats, wiring, and pumps for vehicles:			
Seats for motor vehicles and aircraft	3,929	0	0
Wiring harnesses for motor vehicles	20,425	6,726	1,184
Pumps for motor vehicles	3,038	0	0
Total	27,392	6,726	1,184
Special provisions:	1,008,914	0	0
Grand total	35,057,037	1,716,673	585,036

Note.–Calculations based on unrounded data.

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

Table B-14
U.S. imports for consumption from China, total and under the production-sharing provisions (PSP) of HTS Chapter 98, by commodity groups, 1999

(Thousand dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Agricultural products:	1,191,337	770	579
Forest products:	1,526,242	4,792	567
Chemicals, coal, petroleum, natural gas, and related products:			
Fabricated plastic and rubber products	2,545,225	690	56
Other energy and chemical products	1,998,674	3,185	1,163
Total	4,543,899	3,875	1,219
Textiles, apparel, and footwear:			
Textiles and textile products (except apparel)	1,834,994	7,573	1,528
Apparel	7,398,879	87,260	20,359
Footwear and parts	8,437,973	984,430	69,815
Total	17,671,845	1,079,264	91,702
Minerals and metals:			
Steel mill products	217,137	0	0
Copper and related products	87,044	0	0
Aluminum mill products	17,326	0	0
Builders' hardware	277,522	36	17
Other metal products	4,921,146	11,588	3,747
Total	5,520,175	11,623	3,765
Miscellaneous manufactures:			
Luggage, handbags and flat goods	1,966,802	1,902	115
Jewelry	436,385	1,979	1,028
Furniture	3,000,681	363	18
Lamps and lighting fixtures	2,280,313	2,443	454
Other miscellaneous manufactured articles	14,025,442	42,236	6,167
Total	21,709,623	48,925	7,781
Machinery and equipment:			
Air conditioning equipment	846,548	220	61
Household appliances, including commercial applications	1,898,903	22,592	1,908
Centrifuges, filtering and purifying equipment, and pumps for liquids	123,438	8,522	972
Semiconductor equipment, robots, and other equipment	1,120	0	0
Taps, cocks, valves, and similar devices	222,301	204	2
Electric motors generators and related equipment	374,661	2,033	74
Electrical transformers static converters and inductors	881,638	42,189	5,857
Powered handtools and parts thereof	388,906	54,197	3,899
Flashlights and other similar electric lights light bulbs and fluorescent tubes; arc lights	263,837	1,188	384
Nonautomotive insulated electrical wire and related products	556,011	1,153	637
Miscellaneous machinery and equipment	584,374	3,221	610
Total	6,141,735	135,519	14,404
Transportation equipment:			
Aircraft engines and gas turbines	32,293	0	0
Motors and engines, except internal combustion, aircraft, or electric	4,770	0	0
Internal combustion piston engines, other than for aircraft	72,255	889	33
Construction and mining equipment	73,673	0	0
Forklift trucks and similar industrial vehicles	24,715	0	0
Ball and rollers bearings	155,200	2,812	107
Certain motor-vehicle parts	299,474	6,536	2,543
Primary cells and batteries and electric storage batteries	298,065	492	108
Ignition starting, lighting, and other electrical equipment	84,541	4,104	434

See note(s) at end of table.

Table B-14--*Continued*
U.S. imports for consumption from China, total and under the production-sharing provisions (PSP) of HTS Chapter 98, by commodity groups, 1999

(Thousand dollars)

Commodity group	Total imports	Total under HTS PSP	U.S. content
Transportation equipment--*Continued*			
Rail locomotive and rolling stock	50,174	0	0
Automobiles, trucks, buses, and bodies and chassis of the foregoing	436	0	0
Aircraft, spacecraft, and related equipment, except engines	27,204	0	0
Ships, tugs, pleasure boats, and similar vessels	14,660	3,620	959
Miscellaneous vehicles and transportation-related equipment	78,022	0	0
Motorcycles, mopeds, and parts	6,450	0	0
Total	1,221,931	18,452	4,185
Electronic products:			
Office machines	607,206	145	55
Telephone and telegraph apparatus	2,172,367	2,428	1,938
Optical fibers, optical fiber bundles and cables	26,961	998	341
Microphones, loudspeakers, audio amplifiers, and combinations thereof	4,755,542	403	358
Unrecorded magnetic tapes, discs, and other media	129,682	0	0
Records, tapes, compact discs, computer software, and other recorded media	29,083	0	0
Radio navigational aid, radar, and remote control apparatus	30,264	166	131
Television receivers, video monitors, and combinations including television receivers	129,150	143	105
Television picture tubes and other cathode-ray tubes	6,787	0	0
Television apparatus (except receivers and monitors), including cameras camcorders and cable apparatus	304,950	2,074	437
Electric sound and visual signaling apparatus	328,813	126	32
Special-purpose tubes	4,328	0	0
Electrical and electronic articles, apparatus, and parts not elsewhere provided for	1,099,161	37,194	8,177
Electrical capacitors and resistors	19,685	37	21
Semiconductor devices	639,506	179,650	115,382
Computer hardware	7,761,498	17,742	2,471
Photographic cameras and equipment	1,077,032	21,443	6,277
Photographic supplies	2,788	0	0
Medical goods	369,652	27	13
Optical goods	525,523	0	0
Drawing and mathematical calculating and measuring instruments	32,026	0	0
Watches	575,101	51	21
Measuring, testing, controlling and analyzing instruments	289,527	6,483	3,427
Total	20,916,631	269,111	139,186
Seats, wiring, and pumps for vehicles:			
Seats for motor vehicles and aircraft	22,994	0	0
Wiring harnesses for motor vehicles	130,785	39,647	8,342
Pumps for motor vehicles	10,921	0	0
Total	164,700	39,647	8,342
Special provisions:	914,162	0	0
Grand total	81,522,281	1,611,978	271,729

Note.–Calculations based on unrounded data.

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

Table B-15
U.S. imports for consumption under HTS heading 9802.00.60, by country and commodity, 1999
(*Thousand dollars*)

Monitoring group	Korea	Mexico	Canada	Germany	China	All other	Total
Other metal products	0	1,882	14,348	14,528	8,337	2,384	41,479
Internal combustion piston engines, other than for aircraft	0	3	22,100	26,470	0	962	49,534
Certain motor-vehicle parts	0	36,459	1,380	7	0	0	37,845
Semiconductor devices	71,291	0	0	0	0	33	71,324
Computer hardware	90,104	0	36	93	0	23	90,256
All other	1,315	57,060	43,560	480	4,197	15,329	121,941
Total	162,710	95,403	81,423	41,578	12,534	18,732	412,379

Note.--Calculations based on unrounded data.

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

Table B-16
U.S. imports for consumption under HTS heading 9802.00.90 from Mexico, by commodity, 1998 and 1999
(Thousand dollars)

Monitoring group	1998	1999
Forest products	0	102
Textiles, apparel, and footwear:		
Textiles and textile products (except apparel)	107,123	49,324
Apparel	4,348,433	3,680,580
Footwear and parts	168	281
Minerals and metals:		
Other metal products	4	0
Miscellaneous manufactures:		
Luggage, handbags and flat goods	91,118	80,966
Furniture	0	71
Machinery and equipment:		
Household appliances, including commercial applications	3	5
Electrical transformers static converters and inductors	3	0
Nonautomotive insulated electrical wire and related products	122	263
Transportation equipment:		
Certain motor-vehicle parts	870	338
Ignition starting, lighting, and other electrical equipment	3	0
Miscellaneous vehicles and transportation-related equipment	7	42
Electronic products:		
Microphones, loudspeakers, audio amplifiers, and combinations thereof	19	0
Television apparatus (except receivers and monitors), including cameras, camcorders and cable apparatus	0	4
Electrical and electronic articles, apparatus, and parts not elsewhere provided for	0	3
Total	4,547,873	3,811,979

Note:--Calculations based on unrounded data.

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

Table B-17
Duty savings from use of the production-sharing provisions (PSP) of HTS Chapter 98, by monitoring group, 1999

Monitoring group	Total value	U.S. content	Percent dutiable	Nominal rate[1]	Effective rate[2]	Duty savings
	Thousand dollars		*Percent*			*Thousand dollars*
Agricultural products	2,289	1,385	40	2	1	24
Forest products	135,736	77,821	43	3	1	2,058
Fabricated plastic and rubber products	141,131	77,249	45	4	2	3,270
Other energy and chemical products	75,374	31,831	58	([3])	([3])	135
Textiles and textile products (except apparel)	391,239	225,240	42	6	2	13,183
Apparel	13,474,475	8,067,713	40	18	7	1,515,930
Footwear and parts	1,689,716	228,618	86	14	12	37,668
Steel mill products	14,227	9,691	32	3	1	288
Copper and related products	10,258	4,566	55	2	1	116
Aluminum mill products	9,650	6,377	34	4	2	259
Builders' hardware	149,823	81,783	45	4	2	3,505
Other metal products	425,026	234,644	45	4	2	10,182
Luggage, handbags and flat goods	130,864	75,471	42	17	7	13,111
Jewelry	62,296	42,512	32	8	2	3,554
Furniture	16,813	10,252	39	([3])	([3])	([4])
Lamps and lighting fixtures	152,279	102,012	33	7	2	7,214
Other miscellaneous manufactured articles	297,707	97,327	67	7	5	5,906
Air conditioning equipment	303,332	218,338	28	1	([3])	3,099
Household appliances, including commercial applications	433,440	247,631	43	2	1	5,535
Centrifuges, filtering and purifying equipment, and pumps for liquids	87,999	55,721	37	0	0	0
Semiconductor equipment, robots, and other equipment	4,804	1,184	75	1	1	7
Taps, cocks, valves, and similar devices	390,354	279,959	28	2	1	5,906
Electric motors generators and related equipment	1,140,507	650,692	43	4	1	24,117
Electrical transformers static converters and inductors	742,618	359,455	52	3	1	9,517
Powered handtools and parts thereof	201,504	64,511	68	1	1	159
Flashlights and other similar electric lights, light bulbs and fluorescent tubes; arc lights	146,127	94,633	35	2	1	2,177
Nonautomotive insulated electrical wire and related products	612,660	373,934	39	2	1	9,137
Miscellaneous machinery and equipment	570,436	179,954	68	1	1	2,271
Aircraft engines and gas turbines	53,802	42,265	21	2	([3])	958
Motors and engines, except internal combustion, aircraft, or electric	11,512	8,005	30	0	0	0
Internal combustion piston engines, other						

See note(s) at end of table.

Table B-17--*Continued*
Duty savings from use of the production-sharing provisions (PSP) of HTS Chapter 98, by monitoring group, 1999

Monitoring group	Total value	U.S. content	Percent dutiable	Nominal rate[1]	Effective rate[2]	Duty savings
	Thousand dollars		*Percent*			*Thousand dollars*
than for aircraft	426,525	88,264	79	2	1	1,407
Construction and mining equipment	163,686	22,260	86	0	0	0
Forklift trucks and similar industrial vehicles	9,489	364	96	0	0	0
Ball and rollers bearings	43,553	22,259	49	7	3	1,679
Certain motor-vehicle parts	1,911,416	897,988	53	2	1	22,448
Primary cells and batteries and electric storage batteries	420,140	96,407	77	3	2	2,484
Ignition starting, lighting, and other electrical equipment	273,508	167,749	39	2	1	3,718
Rail locomotive and rolling stock	121,565	28,996	76	3	2	628
Automobiles, trucks, buses, and bodies and chassis of the foregoing	30,883,389	1,532,246	95	3	2	59,595
Aircraft, spacecraft, and related equipment, except engines	65,155	55,993	14	0	0	0
Ships, tugs, pleasure boats, and similar vessels	253,296	40,301	84	1	1	604
Miscellaneous vehicles and transportation-related equipment	212,836	105,798	50	([3])	([3])	17
Motorcycles, mopeds, and parts	680	461	32	0	0	0
Office machines	60,005	32,358	46	2	1	569
Telephone and telegraph apparatus	537,505	268,253	50	2	1	5,000
Optical fibers, optical fiber bundles and cables	43,519	27,063	38	3	1	698
Microphones, loudspeakers, audio amplifiers, and combinations thereof	354,214	96,344	73	4	3	4,234
Unrecorded magnetic tapes, discs, and other media	27,032	7,739	71	0	0	0
Records, tapes, compact discs, computer software, and other recorded media	691	243	65	([3])	([3])	([4])
Radio navigational aid, radar, and remote control apparatus	91,352	37,608	59	2	2	774
Television receivers, video monitors, and combinations including television receivers	1,816,076	819,155	55	5	3	39,199
Television picture tubes and other cathode-ray tubes	45,830	15,879	65	([3])	([3])	38
Television apparatus (except receivers and monitors), including cameras camcorders and cable apparatus	853,462	66,304	92	1	1	1,125
Electric sound and visual signaling apparatus	137,070	28,885	79	1	1	361

See note(s) at end of table.

Table B-17--*Continued*
Duty savings from use of the production-sharing provisions (PSP) of HTS Chapter 98, by monitoring group, 1999

Monitoring group	Total value	U.S. content	Percent dutiable	Nominal rate[1]	Effective rate[2]	Duty savings
	Thousand dollars		*Percent*			*Thousand dollars*
Special-purpose tubes	458	212	54	([3])	([3])	1
Electrical and electronic articles, apparatus, and parts not elsewhere provided for	1,956,804	1,108,457	43	2	1	25,444
Electrical capacitors and resistors	427,954	296,569	31	2	1	6,546
Semiconductor devices	8,463,487	4,687,441	45	0	0	0
Computer hardware	1,509,300	488,093	68	([3])	([3])	32
Photographic cameras and equipment	23,222	6,919	70	([3])	([3])	32
Photographic supplies	70,908	31,138	56	4	2	1,152
Medical goods	984,478	463,344	53	([3])	([3])	182
Optical goods	149,456	35,150	76	4	3	1,551
Drawing and mathematical calculating and measuring instruments	112,429	3,572	97	1	1	48
Watches	165,209	57,332	65	8	5	5,006
Measuring, testing, controlling and analyzing instruments	542,545	323,488	40	1	1	4,112
Seats for motor vehicles and aircraft	634,313	54,798	91	0	0	0
Wiring harnesses for motor vehicles	2,623,388	1,376,881	48	5	2	68,844
Pumps for motor vehicles	32,886	14,866	55	3	1	372
Total	78,326,835	25,357,949	68	5	3	1,937,189

[1]Trade-weighted average rate of duty applicable to the products imported under HTS 9802.00.80 for each monitoring group. This is the rate that is applied to the dutiable portion of such imports.
[2]Trade-weighted average rate of duty after accounting for the duty-free U.S.-origin content of imports under provision 9802.00.80.
[3]Less than 0.5 percent.
[4]Less than $500.

Note:--Calculations based on unrounded data.

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

Table B-18
U.S. imports under the production-sharing provisions (PSP) of HTS Chapter 98 for all countries, by Standard Industrial Classification (SIC) code, 1998 and 1999
(*Million dollars*)

SIC code	Description	1998		1999	
		Total	U.S. content	Total	U.S. content
011	Cash grains and other crops	0	0	(1)	(1)
016	Vegetables and melons	(1)	(1)	(1)	(1)
017	Fruits and tree nuts	0	0	(1)	(1)
018	Horticultural specialties	1	(1)	1	1
021	Livestock, except dairy, poultry and animal specialties	(1)	(1)	(1)	(1)
083	Forestry products, nspf	0	0	1	1
141	Granite, limestone, etc suitable for monumental, paving, etc and marble rough and squared	0	0	(1)	(1)
144	Sand and gravel	(1)	(1)	0	0
203	Canned and preserved seafood, fruits, vegetables, jams, etc	(1)	(1)	0	0
206	Sugar and confectionery products	(1)	(1)	(1)	(1)
207	Fats and oils	(1)	(1)	(1)	(1)
208	Beverages and flavoring extracts	0	0	(1)	(1)
209	Food preparations and related products, nspf	2	(1)	(1)	(1)
221	Broad woven fabrics, cotton	1	1	1	1
222	Broad woven fabrics, manmade fibers and silk	(1)	(1)	(1)	(1)
223	Broad woven fabrics, wool	(1)	(1)	0	0
224	Narrow woven fabrics	8	3	5	3
225	Hosiery and knit fabrics	340	304	422	375
227	Floor coverings	1	1	2	2
228	Yarn and thread, textile fibers	(1)	(1)	(1)	(1)
229	Textile goods, nspf	48	26	55	27
231	Suits and coats, men's and boys', except raincoats	300	159	303	158
232	Shirts, nightwear, underwear, trousers, and work clothing, men's and boys	6,056	3,885	6,566	4,063
233	Blouses, waists, dresses, suits, coats, and skirts, women's and misses' new, not knit or crocheted	1,922	1,060	1,735	924
234	Nightwear and underwear, women's, girls', childrens' and infants'; corsets and allied garments	1,428	937	1,491	993
235	Headwear, except rubber or plastic	21	13	20	13
236	Outerwear, nspf, textile fibers	2,904	1,725	2,792	1,463
237	Fur clothing and other articles made of furskins, nspf	(1)	(1)	(1)	(1)
238	Wearing apparel and accessories, nspf	145	76	118	64
239	Fabricated textile articles, nspf	836	614	819	595
243	Millwork, veneer, plywood, and structural wood products	19	10	11	8
244	Wooden containers	(1)	(1)	(1)	(1)
245	Wood buildings and mobile homes	(1)	(1)	(1)	(1)
249	Miscellaneous wood products	6	4	10	7
251	Household furniture	(1)	(1)	(1)	(1)
254	Partitions, shelving, lockers, and office and store fixtures	(1)	(1)	(1)	(1)
259	Venetian blinds and parts, iron, steel or aluminum; furniture, nspf	702	110	663	71
262	Paper mill products	(1)	(1)	(1)	(1)
265	Paperboard containers and boxes	(1)	(1)	1	1
267	Converted paper and paperboard products, except containers and boxes	10	6	12	7
272	Periodicals, unbound, except as waste	0	0	(1)	(1)
273	Books and pamphlets	(1)	(1)	0	0
274	Miscellaneous publications	(1)	(1)	(1)	(1)
275	Commercial printed matter	16	13	12	9
277	Greeting cards	15	12	16	12
278	Blankbooks, loose leaf binders and devices	68	32	82	39
281	Industrial inorganic chemicals	(1)	(1)	3	1
282	Plastics materials and synthetic resins; synthetic rubber; synthetic and other manmade fibers, except glass	(1)	(1)	(1)	(1)
283	Drugs	35	27	1	1

See note(s) at end of table.

Table B-18–*Continued*
U.S. imports under the production-sharing provisions (PSP) of HTS Chapter 98 for all countries, by Standard Industrial Classification (SIC) code, 1998 and 1999
(*Million dollars*)

SIC code	Description	1998		1999	
		Total	U.S. content	Total	U.S. content
284	Soaps, detergents, and cleaning preparations; perfumes, cosmetics, and other toilet preparations	73	24	43	15
286	Industrial organic chemicals	3	2	4	2
287	Agricultural chemicals	(1)	(1)	0	0
289	Miscellaneous chemicals	13	5	8	4
299	Petroleum and coal products, nspf	(1)	(1)	0	0
301	Tires and inner tubes	(1)	(1)	0	0
302	Rubber and plastic footwear	526	33	641	51
305	Rubber and plastics hose and belting	30	14	31	11
306	Fabricated rubber products, nspf	48	27	42	23
308	Miscellaneous plastics products	80	48	91	54
311	Leather, tanned or finished	(1)	(1)	0	0
313	Prepared parts of footwear, all materials other than rubber, elastomer resin, metal, and asbestos	67	54	64	52
314	Footwear, except rubber and plastic	995	130	976	123
315	Leather gloves, except sport gloves	13	7	7	2
316	Luggage and related items	123	70	111	70
317	Handbags and other personal leather goods	50	12	20	7
319	Leather goods, nspf	1	1	1	(1)
322	Glass containers; pressed and blown glass and glassware	7	4	7	4
323	Products of purchased glass, nspf	27	14	34	16
326	Pottery and related products	62	10	64	10
329	Abrasive, asbestos, and miscellaneous nonmetallic mineral products	5	2	5	2
331	Blast furnace, steel works, rolling mill, and finishing mill products	74	52	24	13
332	Iron and steel products	1	(1)	1	(1)
333	Smelter and refined nonferrous metal	1	(1)	1	(1)
335	Rolled, drawn, and extruded nonferrous metal	665	420	689	421
336	Nonferrous metal castings and forgings	3	1	8	5
339	Primary metal products, nspf	1	(1)	(1)	(1)
341	Cans, used for transport of goods, of iron, steel, or aluminum	3	3	2	2
342	Cutlery, hand tools, and hardware, nspf	330	190	277	176
343	Heating equipment, except electric and warm air; and plumbing fixtures	24	14	17	11
344	Fabricated structural metal products	28	11	39	16
345	Bolts, nuts, screws, rivets, washers and similar articles of base metals	(1)	(1)	5	4
346	Metal forgings and stampings	1	1	(1)	(1)
348	Ordnance and accessories, except vehicles and guided missiles	7	1	3	(1)
349	Fabricated metal products, nspf	675	474	479	338
351	Engines and turbines, and parts and accessories, nspf	119	58	206	91
352	Farm and garden machinery and equipment, and parts and attachments, nspf	64	40	40	28
353	Construction, mining, and materials handling machinery	691	148	402	99
354	Metalworking machines and equipment, and parts, accessories and attachments, nspf	472	116	276	70
355	Special industry machines and equipment, nspf, and parts, accessories and attachments, nspf	50	8	43	5
356	General industrial machines and equipment, nspf, and parts and attachments, nspf	316	177	297	179
357	Office, computing, and accounting machines, and parts and accessories, nspf	1,290	444	1,545	463

See note(s) at end of table.

Table B-18–*Continued*
U.S. imports under the production-sharing provisions (PSP) of HTS Chapter 98 for all countries, by Standard Industrial Classification (SIC) code, 1998 and 1999
(*Million dollars*)

SIC code	Description	1998		1999	
		Total	U.S. content	Total	U.S. content
358	Refrigeration and service machinery, and parts and attachments, nspf	192	129	220	160
359	Flexible tubing and piping of base metal; and machine parts, nspf, nonelectric, nspf	34	20	50	27
361	Electric transmission and distribution equipment, and parts, nspf	448	246	449	250
362	Electrical industrial apparatus	1,774	993	1,726	945
363	Household appliances, and parts, nspf	496	231	531	267
364	Electric lighting and wiring equipment	1,083	629	1,035	614
365	Radio and tv receiving sets; phonographs; recorders; microphones; loudspeakers; audio amplifiers; & other audio equipment & accessories	3,552	1,328	2,025	886
366	Communication equipment and apparatus	1,218	271	1,577	367
367	Electronic components and accessories	10,259	5,490	10,211	5,632
369	Electrical machinery, apparatus, and parts, nspf	3,058	1,508	3,241	1,566
371	Motor vehicles and motor vehicle equipment, and parts, nspf	27,028	1,343	32,793	2,173
372	Aircraft and parts, nspf	48	33	72	60
373	Ship and boat building and repairing	135	29	253	40
374	Railroad equipment	94	20	117	25
375	Motorcycles, motor scooters, motorbikes, and cycles, not motorized, nspf, and parts, nspf	119	25	143	27
379	Miscellaneous transportation equipment, and parts, nspf	4	1	4	1
381	Aircraft flight, nautical & navigational, laboratory & scientific, geophysical, surveying & drafting instruments, & parts, nspf	110	41	92	38
382	Instruments for measuring, detecting, testing, and/or controlling nonelectric quantities, nspf, and parts & accessories, nspf	1,037	473	682	354
384	Surgical, medical, and dental instruments and supplies	1,089	557	1,018	533
385	Opthalmic focus lenses, unmounted, including contact lenses; and spectacles, and parts, nspf	3	1	4	1
386	Photographic equipment and supplies	103	43	94	38
387	Watches, clocks, clockwork operated devices, and parts, nspf	63	9	91	14
391	Jewelry of precious metal; jewelry findings; precious and semiprecious stones, not set or strung; silverware and plated ware	75	58	57	39
393	Musical instruments, and parts and accessories, nspf	39	12	30	9
394	Toys and sporting, athletic, and gymnastic goods, appliances, apparatus or accessories, nspf	86	24	69	23
395	Pens, pencils, and other office and stationery supplies, and artists' materials	43	25	37	29
396	Jewelry, nspf; buttons, needles, and miscellaneous notions	16	11	7	4
399	Brooms and brushes; linoleum and other floor coverings with a textile base; matches; candles, tapers and similar items	28	11	50	31
910	Scrap and waste	(1)	(1)	(1)	(1)
920	Used or second-hand merchandise	(1)	(1)	0	0
980	Goods imported from Canada and returned to Canada without having been advanced in value or improved in condition or combined with other articles	12	12	0	0

See note(s) at end of table.

Table B-18–*Continued*
U.S. imports under the production-sharing provisions (PSP) of HTS Chapter 98 for all countries, by Standard Industrial Classification (SIC) code, 1998 and 1999
(*Million dollars*)

SIC code	Description	1998 Total	1998 U.S. content	1999 Total	1999 U.S. content
990	Special classification provisions, nspf	([1])	([1])	([1])	([1])
	Total	74,068	25,213	78,327	25,358

[1]Less than $500,000.

Note.–Calculations based on unrounded data.

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