

United States International Trade Commission

Andean Trade Preference Act:

Impact on U.S. Industries
and Consumers and on Drug
Crop Eradication and Crop
Substitution, 2011

Fifteenth Report

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PREFACE

This report to Congress is the 15th in a series of reports by the U.S. International Trade Commission (“the Commission” or “USITC”) on the impact of the Andean Trade Preference Act (ATPA) on U.S. industries and consumers and on the effectiveness of the Act in promoting drug crop eradication and crop substitution. The current report fulfills the Commission’s reporting requirement for calendar years 2010 and 2011.

ATPA, enacted on December 4, 1991, authorized the President to proclaim duty-free treatment for eligible articles from Bolivia, Colombia, Ecuador, and Peru. ATPA has been amended and the authority to provide preferential treatment has been extended several times, most recently by Public Law 112-42. The authority to provide preferential treatment is scheduled to expire on July 31, 2013.

The number of countries eligible for ATPA preferences has fallen in recent years. Bolivia was suspended from eligibility effective December 15, 2008, and was dropped as a result of subsequent legislation. The U.S.-Peru Trade Promotion Agreement (TPA) entered into force on February 1, 2009. Peru retained its ATPA eligibility after the TPA entered into force for nearly two years after that date, but became ineligible after December 31, 2010. The U.S.-Colombia TPA entered into force on May 15, 2012, at which time Colombia lost its ATPA beneficiary status.

Because of these changes, this report’s analysis of the impact of ATPA on the United States in 2011 reflects imports from Ecuador and Colombia only. Since Colombia exited ATPA in 2012, the analysis of the probable future effects of ATPA covers only Ecuador.

Section 206 of ATPA requires the Commission to assess the economic impact of the Act “on United States industries and consumers, and in conjunction with other agencies, the effectiveness of this Act in promoting drug-related crop eradication and crop substitution efforts of beneficiary countries.” The Commission is required to submit its report to Congress biennially by September 30 of the year following the period covered in each report.

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Abbreviations and Acronyms

| | |
|-------------------|--|
| ATPA | Andean Trade Preference Act (original 1991 legislation) |
| ATPDEA | Andean Trade Promotion and Drug Eradication Act (2002 amendments) |
| ATPEA | Andean Trade Preferences Extension Act (2006 amendments) |
| CBERA | Caribbean Basin Economic Recovery Act |
| c.i.f. | cost, insurance, and freight |
| CNC | Crime and Narcotics Center, Central Intelligence Agency |
| Commission | U.S. International Trade Commission |
| FDI | foreign direct investment |
| FTA | free trade agreement |
| FY | fiscal year |
| GATT | General Agreement on Tariffs and Trade |
| GDP | gross domestic product |
| GSP | Generalized System of Preferences |
| ha | hectare |
| HS | Harmonized System (international tariff classification system) |
| HTS | Harmonized Tariff Schedule of the United States |
| INCSR | International Narcotics Control Strategy Report |
| IPR | intellectual property rights |
| NAFTA | North American Free Trade Agreement |
| n.e.s.o.i. | not elsewhere specified or included |
| NTR | normal trade relations (commonly and historically called most-favored-nation status) |
| ONDCP | Office of National Drug Control Policy |
| OTEXA | Office of Textiles and Apparel, U.S. Department of Commerce |
| SMEs | square meter equivalents |
| TPA | Trade Promotion Agreement (term for U.S. FTAs with the Andean countries) |
| TRQ | tariff-rate quota |
| UNODC | United Nations Office on Drugs and Crime |
| USAID | U.S. Agency for International Development |
| USDOC | U.S. Department of Commerce |
| USDOS | U.S. Department of State |
| USITC | U.S. International Trade Commission |
| U.S.-Colombia TPA | United States-Colombia Trade Promotion Agreement |
| U.S.-Peru TPA | United States-Peru Trade Promotion Agreement |
| USTR | U.S. Trade Representative |
| WTO | World Trade Organization |

Executive Summary

The Andean Trade Preference Act (ATPA)¹ was enacted in 1991 to promote the development of viable economic alternatives to coca cultivation and cocaine production by offering duty-free or other preferential treatment to imports of eligible goods from Bolivia, Colombia, Ecuador, and Peru.² In 2002, ATPA was extended and the scope was expanded by the Andean Trade Promotion and Drug Eradication Act (ATPDEA).³ This report, the 15th in this series, assesses the actual and the probable future effects of ATPA on the U.S. economy generally, on U.S. industries, and on U.S. consumers, as well as the estimated effect of ATPA on drug-related crop eradication and crop substitution efforts of the beneficiary countries.

Since its enactment ATPA in 1991, it has had a minimal economic impact on the U.S. economy as a whole and on the great majority of U.S. industries and consumers. This continued to be the case during 2010 and 2011. The probable future effects of ATPA on U.S. industries and consumers are likely to be minimal, since Ecuador is the only remaining ATPA beneficiary and since recent investments in the Ecuadorian industries that most take advantage of ATPA preferences have been made chiefly to maintain existing operations, rather than to increase exports to the United States.

The President's authority to provide preferential treatment under ATPA has expired, and been extended, several times. Preferential treatment under ATPA is currently set to expire on July 31, 2013.

While the report covers the period 2010–11, it focuses mainly on developments in calendar year 2011. Colombia and Ecuador were the only Andean countries that were ATPA beneficiaries in 2011, as Bolivia lost eligibility in December 2008 and Peru at the end of 2010.⁴ Hence the analysis of the impact of ATPA on the United States in 2011 reflects imports from Colombia and Ecuador only. Since Colombia exited ATPA in May 2012, the analysis of the probable future effects of ATPA only covers Ecuador. Historical data for Bolivia and Peru are included as appropriate.

In 2010–11, the effectiveness of ATPA in reducing illicit coca cultivation and promoting crop substitution efforts in the Andean countries continued to be small and mostly indirect. U.S. government programs in 2011 continued to provide alternative development assistance in the Andean region to promote legal crop cultivation and economic activity in priority areas where illicit coca cultivation was significant.

¹ 19 U.S.C. § 3207 et seq.

² Coca leaves are the raw material used in the production of cocaine. Essentially all cocaine worldwide originates in Bolivia, Colombia, and Peru. Ecuador has no significant coca cultivation, but serves as a major transit country for illegal drugs.

³ Throughout this report, the term “ATPA” refers to ATPA as amended by ATPDEA and subsequent legislation. Also for the purposes of this report, the term “Andean” refers only to the countries Bolivia, Colombia, Ecuador, and Peru.

⁴ Bolivia was suspended from eligibility effective December 15, 2008, and was dropped as a result of subsequent legislation. The U.S.-Peru Trade Promotion Agreement (TPA) entered into force on February 1, 2009. Peru retained its ATPA eligibility after the TPA entered into force until December 31, 2010. The U.S.-Colombia TPA entered into force on May 15, 2012. Colombia lost ATPA beneficiary status at that time.

Impact of ATPA in 2011

Overview

Effects of ATPA on the United States were negligible. The overall effect of ATPA-exclusive imports (imports that could receive tariff preferences only under ATPA provisions) on the U.S. economy and U.S. consumers continued to be negligible in 2011. Total imports from ATPA countries represented a minor share (1.5 percent) of the total value of U.S. merchandise imports. ATPA-exclusive imports accounted for an even smaller share (0.19 percent) of the total value of U.S. imports.

ATPA preferences expired on February 12, 2011, but were retroactively renewed on October 21, 2011, resulting in a sharp drop in recorded imports under ATPA.⁵ In addition, Peru lost its ATPA beneficiary status at the end of 2010, accounting for a small additional drop in imports under ATPA in 2011. As a result of the lapse and the exit of Peru, imports entered under ATPA fell 70 percent, and ATPA-exclusive imports fell 68 percent.

Most U.S. imports that entered under ATPA preferences were eligible for duty-free treatment only under ATPA. Of the \$4.4 billion in U.S. imports that were entered under ATPA in 2011, imports valued at \$4.2 billion could not have received tariff preferences under any other program. The remaining imports that were entered under ATPA could have been entered free of duty under the Generalized System of Preferences (GSP). The ATPA-exclusive imports accounted for 13.1 percent of the value of total U.S. imports from ATPA countries.

Petroleum and petroleum products have come to dominate the list of leading imports that benefit exclusively from ATPA, accounting for 75.8 percent of the value of the 20 leading items in 2007, 84.8 percent in 2008, 90.9 percent in 2009, 94.3 percent in 2010, and 93.9 percent in 2011. The five leading items benefiting exclusively from ATPA in 2011 were heavy crude oil, light crude oil, heavy fuel oil, fresh cut roses, and light oil mixtures.

Effects on U.S. Consumers and Net Welfare Gains

Duty-free entry of fresh cut roses and fresh cut chrysanthemums provided the largest benefit to U.S. consumers as measured by the increase in consumer surplus. An increase in “consumer surplus” is the gain to consumers (measured in dollars) resulting from lower prices resulting from lower duties. Fresh cut roses imported under ATPA provided the largest single gain in consumer surplus (between \$8.9 million and \$9.2 million), followed by fresh cut chrysanthemums from Colombia (between \$2.0 million and \$2.1 million).

Fresh cut roses, tuna in airtight containers, and fresh cut chrysanthemums provided the largest net welfare gains. “Net welfare gain” is the gain in consumer surplus minus the loss of tariff revenues that result from duty-free treatment under ATPA. U.S. imports of each of the leading ATPA-exclusive items for which adequate data were available

⁵ Although preferences were renewed retroactively, trade statistics available to the Commission do not include retroactive entries.

produced net welfare gains in 2011. Fresh cut roses yielded the largest net gain, valued at between \$342,000 and \$559,000, followed by tuna in airtight containers and fresh cut chrysanthemums from Colombia.

Effects on U.S. Producers

The largest potential relative displacement effects on U.S. producers were for fresh cut roses. The analysis indicates that ATPA preferences may have resulted in displacement of 0.3–2.0 percent of U.S. production of fresh cut roses, valued at \$59,000 to \$362,000. This displacement occurred mainly because of the very high U.S. market shares enjoyed by imports of roses benefiting exclusively from ATPA preferences.

Probable Future Effects on the United States

Future effects of ATPA on the overall U.S. economy are expected to be minimal, because U.S. imports from Ecuador represent such a small portion of total U.S. imports (0.43 percent in 2011). Future effects in most economic sectors are also likely to be minimal, because most recent foreign and domestic investments in Ecuador, the only remaining ATPA beneficiary country, have been made to maintain existing operations and improve production processes to remain competitive, rather than to increase production and exports to the United States.

Uncertainty over the future of ATPA trade preferences discouraged investment in some sectors. Nevertheless, the Commission was able to identify some investments that could generate future exports to the United States under ATPA, including investments in the frozen broccoli and cauliflower, pouched tuna, and plywood sectors. In the fresh cut flower (mainly roses) sector, a few companies reported investments that could generate future exports to the United States, but other companies reported farm closures and downsizing; in addition, one company shifted production from roses destined for the United States to carnations targeted for Japan. Ecuadorian exports of pineapples are expected to decline steeply, as a major exporter reported shifting production from pineapples to bananas, which receive U.S. duty-free treatment under normal trade relations (NTR) rates of duty.

Impact on Drug Crop Eradication and Crop Substitution Efforts

The effectiveness of ATPA in reducing illicit coca cultivation and promoting crop substitution efforts in the Andean countries continued to be small and mostly indirect during 2010 and 2011. Although data were unavailable for 2011, illicit coca cultivation in the Andean region has tended to decline in recent years, falling from a peak of 232,500 hectares in 2007 to an estimated 187,500 hectares in 2010. Sustained aerial and manual eradication operations in Colombia reduced coca cultivation nearly 15 percent in 2010 to approximately 100,000 hectares, while Ecuador remained essentially free of drug-crop cultivation despite being a major transit country for drug trafficking.

Countries in the Andean region continued to benefit indirectly from assistance originally provided under ATPA provisions designed to help shift producers away from illicit coca cultivation and toward legal crop cultivation, marketing, sales, and exports. Although Bolivia and Peru did not qualify for ATPA beneficiary status in 2011, U.S. economic assistance continued to provide some form of alternative development

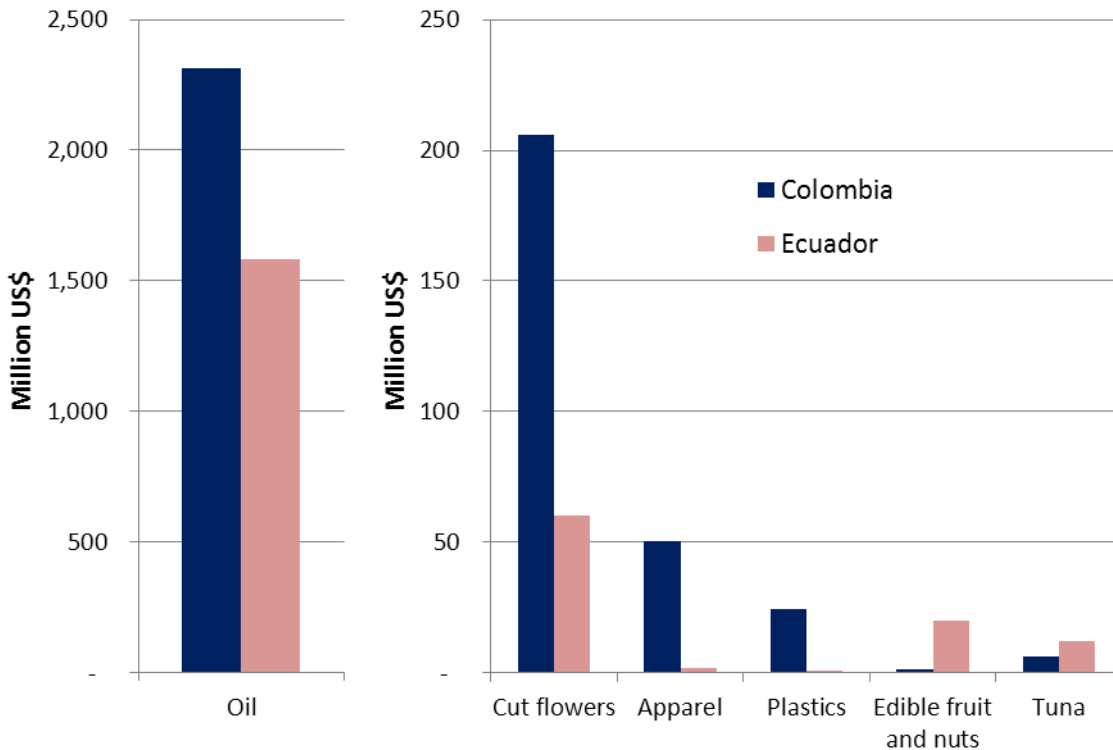
program in all four Andean countries to promote substituting the cultivation of licit crops—such as bananas, pineapples, hearts of palm, coffee, and cacao—as alternatives to illicit coca cultivation.

U.S.-Andean Trade in 2011

U.S. imports from the ATPA countries have grown significantly since ATPA was enacted in 1991. Total U.S. imports from the ATPA countries have grown more than six fold, rising from \$5.0 billion in 1991 to \$31.9 billion in 2011. Leading imports under ATPA, broken down by source country, are shown in figure ES.1.

U.S. imports under ATPA decreased because of the lapse in preferential treatment. In 2011, U.S. imports entered under ATPA totaled \$4.4 billion, down from \$14.4 billion in 2010. This decrease in reported imports under ATPA was primarily because of the lapse of ATPA preferences during most of 2011; total imports of affected products actually increased. Imports of the top 20 products entered under ATPA in 2011 decreased from \$13.3 billion in 2010 to \$4.2 billion in 2011, while total imports of these same products increased from \$16.2 billion in 2010 to \$19.5 billion in 2011.

FIGURE ES.1 Leading U.S. imports under ATPA, broken down by source country, 2011



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

Leading imports entered under ATPA in 2011 were petroleum and petroleum products (collectively referred to as “oil”), cut flowers, and apparel products. Together, oil and cut flowers accounted for 94.9 percent of imports under ATPA in 2011, with no other product accounting for more than 2 percent of ATPA imports.

- Oil (mostly crude oil) was the leading ATPA import category in 2011, with imports valued at \$3.9 billion, or 88.9 percent of total imports under ATPA (up from shares under 70 percent before 2008). Oil’s increased share of imports under ATPA is primarily due to two factors: (1) oil prices have generally increased in recent years despite a temporary decrease in 2009; and (2) Peru’s exit from the program in 2011 reduced the diversity of products imported under ATPA. In 2011, Colombia was the main supplier of oil imports under ATPA, although oil comprised a larger share of imports from Ecuador under ATPA.
- Cut flowers (including roses, chrysanthemums, alstroemeria and other flowers, and carnations) made up the second largest ATPA import category, with imports valued at \$266.1 million in 2011—6.1 percent of total imports under ATPA (54.6 percent of non-oil ATPA imports). Imports of cut flowers under ATPA remained between \$620 and \$690 million between 2007 and 2010, and decreased less relative to other sectors in 2011. Total imports of cut flowers from Colombia and Ecuador actually increased from \$685 million in 2010 to \$709 million in 2011.
- Apparel products made up the third largest ATPA import category in 2011, with imports valued at \$52.4 million—1.2 percent of total imports under ATPA (10.7 percent of non-oil ATPA imports). Like other products, apparel imports under ATPA decreased due to the lapse in the program in 2011, but have also decreased due to the exit of Peru, which accounted for 46.0 percent of imports of apparel under ATPA in 2010.

Colombia supplied the majority of ATPA imports in 2011. Colombia supplied 61.1 percent of U.S. imports under ATPA in 2011, and Ecuador supplied 38.9 percent.

- Imports under ATPA from Colombia were \$2.7 billion in 2011, or 61.1 percent of the total imports entering under ATPA. Oil made up 86.5 percent of imports under ATPA from Colombia. Other leading imports under ATPA from Colombia included cut flowers (largely roses, chrysanthemums, and carnations), apparel, and plastic products.
- Imports under ATPA from Ecuador were \$1.7 billion in 2011, or 38.9 percent of the total. Oil made up 92.7 percent of imports under ATPA from Ecuador in 2011. Other leading imports under ATPA from Ecuador included cut flowers (including roses, chrysanthemums, and carnations), edible fruit and nuts, and tuna.

U.S. exports to the ATPA countries have also risen, as has the U.S. trade deficit with ATPA countries. U.S. exports to the ATPA countries have more than quadrupled since ATPA was enacted, growing from \$3.8 billion in 1991 to \$18.3 billion in 2011. The United States continued to be the leading exporter to Colombia and Ecuador in 2011. Economic growth in the ATPA countries has led to increased demand for U.S. capital and consumer goods, resulting in rapid growth of U.S. exports to the region. In 2011, Peru was no longer an ATPA beneficiary country, resulting in a \$3.7 billion decrease in total exports to ATPA beneficiary countries despite increased exports to the two remaining partners—Colombia and Ecuador. In 2011, the U.S. trade deficit with Colombia and Ecuador was \$13.5 billion, a record high for trade with the ATPA countries.

Positions of Interested Parties

The Commission received several written public submissions relating to the 15th report in response to a notice published in the *Federal Register*.⁶ The submissions generally related to ATPA's positive effect on beneficiary countries. Interested parties said that ATPA has promoted exports and investment, which have generated economic growth and employment in Ecuador and the United States. One submission asserted that ATPA has promoted investment, export-oriented production, and continued regional and inter-regional supply chain integration, all of which has stimulated job creation. Ecuador's Ambassador to the United States urged the U.S. government to maintain ATPA benefits for Ecuador until the program's expiration on July 31, 2013, and to support the extension of ATPA benefits for Ecuador beyond July 2013.

⁶ Appendix A reproduces the Federal Register notice by which the Commission solicited public comment and appendix B contains summaries of submissions received by the Commission in response to the *Federal Register* notice.

CHAPTER 1

Introduction

The Andean Trade Preference Act (ATPA)¹ was enacted in 1991 for a 10-year period to encourage the Andean countries of Bolivia, Colombia, Ecuador, and Peru to reduce drug-crop cultivation and production by authorizing the U.S. President to grant tariff preferences to qualifying Andean products in order to foster trade, including the production and export of nontraditional products.² In 2002, ATPA was extended and product coverage was expanded by the Andean Trade Promotion and Drug Eradication Act (ATPDEA).³ ATPA, as amended by ATPDEA, authorizes the President to grant duty-free treatment to many Andean products entering the United States. The President's authority to provide duty-free treatment under the act expired on February 12, 2011, and was renewed retroactively on October 21, 2011, until July 31, 2013.⁴

Several developments have reduced the number of ATPA beneficiary countries in recent years. The United States began bilateral free trade agreement (FTA) negotiations with three ATPA beneficiary countries in 2004—Peru, Colombia, and Ecuador.⁵ The United States and Peru concluded work on a bilateral FTA (known as the U.S.-Peru Trade Promotion Agreement, or U.S.-Peru TPA) in December 2005. The agreement was signed in April 2006 and entered into force on February 1, 2009.⁶ The United States and Colombia reached agreement on a bilateral FTA (the U.S.-Colombia Trade Promotion Agreement) in February 2006,⁷ and U.S. implementing legislation was enacted on October 21, 2011.⁸ FTA negotiations with Ecuador were suspended in 2006.⁹ In addition, Bolivia was suspended as an ATPA beneficiary country effective December 15, 2008. More information about the status of ATPA countries is provided below.

¹ Pub. L. 102-182, 105 Stat. 1236. ATPA as amended is codified at 19 U.S.C. § 3201 et seq. ATPA became effective July 22, 1992, for Colombia and Bolivia (Presidential Proclamation 6455, 57 Fed. Reg. 30069, and Presidential Proclamation 6456, 57 Fed. Reg. 30087, respectively); Apr. 30, 1993, for Ecuador (Presidential Proclamation 6544, 58 Fed. Reg. 19547); and August 31, 1993, for Peru (Presidential Proclamation 6585, 58 Fed. Reg. 43239).

² As a unilateral U.S. trade preference program, ATPA does not require the ATPA beneficiary countries to grant tariff preferences to imports from the United States.

³ Pub. L. 107-210. ATPDEA duty-free treatment became effective for all four beneficiary countries on October 31, 2002 (Presidential Proclamation 7616 of October 31, 2002, 67 Fed. Reg. 67283 (November 5, 2002)).

⁴ Pub. L. 112-42, section 501. ATPA was extended through the end of 2010 by Pub. L. 111-124, section 2 on December 28, 2009. It was extended through February 12, 2011, by Pub. L. 111-344, section 201 on December 29, 2010.

⁵ On May 18–19, 2004, Colombia, Ecuador, and Peru launched FTA negotiations with the United States. See USTR, “Peru and Ecuador to Join with Colombia,” May 3, 2004.

⁶ USTR, “United States and Peru Sign Trade Promotion Agreement,” April 12, 2006. See also USITC, *U.S.-Peru Trade Promotion Agreement*, 2006, and Proclamation No. 8341 of January 16, 2009, 74 Fed. Reg. 4105 (January 22, 2009).

⁷ USTR, “United States and Colombia Conclude Free Trade Agreement,” February 27, 2006.

Consistent with statutory requirements, the President had notified Congress of his intention to enter into an FTA with Colombia on August 24, 2006.

⁸ Pub. L. 112-42, 19 U.S.C. § 3805 note. The Colombian legislature ratified the FTA in 2007. USTR, *Fifth ATPA Report*, June 30, 2010, 28. The agreement was submitted to Congress by President Bush on April 8, 2008. The U.S.-Colombia TPA entered into force on May 15, 2012. Presidential Proclamation 8818 of May 14, 2012, 77 Fed. Reg. 29519 (May 18, 2012).

⁹ FTA negotiations between the United States and Ecuador were suspended after Ecuador canceled its contract with Occidental Petroleum in May 2006.

Section 206 of ATPA¹⁰ requires that the U.S. International Trade Commission (the Commission or USITC) report biennially to Congress on the economic impact of ATPA on U.S. industries, U.S. consumers, and the U.S. economy in general, as well as on the estimated effect of ATPA on drug-related crop eradication and crop substitution efforts of the beneficiary countries. This report is the 15th in the series and covers the period since the previous report—that is, calendar years 2010 and 2011—focusing on developments in 2011.

Throughout this report, the term “ATPA” refers to ATPA as amended by ATPDEA. The term “original ATPA” will be used to identify provisions of the original ATPA program that was enacted in 1991, so that the scope and requirements of that statute can be discussed appropriately.

Summary of the ATPA Program

ATPA authorizes the President to grant certain unilateral preferential trade benefits to Bolivia, Colombia, Ecuador, and Peru in the form of duty-free treatment of eligible products imported into the customs territory of the United States, based on importer claims for this treatment. ATPDEA amended the original ATPA to expand the number of products eligible for duty-free treatment. On October 31, 2002, the President designated all four original ATPA beneficiary countries as ATPDEA beneficiary countries and designated most of the additional ATPDEA-eligible products as eligible for duty-free treatment.¹¹ The following sections summarize ATPA provisions concerning beneficiaries, trade benefits, and qualifying rules, and the relationship between ATPA and the U.S. Generalized System of Preferences (GSP).

Beneficiaries

Under the statute as originally enacted and as amended in 2002, only Bolivia, Colombia, Ecuador, and Peru are eligible to be designated as beneficiary countries. Designations are made by the President, subject to certain statutory limitations and after taking into account certain statutory factors.¹² Under the original ATPA, the President determined that all four countries met the eligibility requirements of the statute, and all were designated as beneficiary countries. (See box 1.1.) All four designations remained in effect until 2002, when the ATPA provisions were amended by ATPDEA. Among other things, the ATPDEA amendments specified additional criteria for eligibility,¹³ which required the President to make new determinations of eligibility for each of the four countries under the expanded list of limitations and factors. The President subsequently redesignated each of the four countries in 2002.¹⁴

¹⁰ 19 U.S.C. § 3204.

¹¹ Presidential Proclamation 7616 of October 31, 2002, 67 Fed. Reg. 67283 (November 5, 2002). See a later section in this chapter, “Trade Benefits under ATPA,” for more specific information on the exception for import-sensitive products.

¹² These factors are set out in 19 U.S.C. § 3202(c)–(d).

¹³ 19 U.S.C. § 3203(b)(6)(B).

¹⁴ Proclamation 7616 of October 31, 2002, 67 Fed. Reg. 67283 (November 5, 2002).

BOX 1.1 ATPA and ATPDEA Beneficiary Countries

Four Andean countries are named in the statute as eligible to be designated as ATPA or ATPDEA beneficiary countries—Bolivia, Colombia, Ecuador, and Peru.

Bolivia and Colombia were designated as ATPA beneficiary countries in 1992, and Ecuador and Peru were designated as ATPA beneficiary countries in 1993.

All four were designated as ATPDEA beneficiary countries in 2002, allowing the duty-free entry of the products added to ATPA by ATPDEA. References in this report to “ATPA countries” or “ATPA beneficiary countries” generally include both designations.

Bolivia lost its ATPA beneficiary status on December 15, 2008.

Peru lost its ATPA beneficiary status on December 31, 2010.

Colombia lost its ATPA beneficiary status on May 15, 2012.

After May 15, 2012, Ecuador is the only ATPA beneficiary country.

Unless otherwise specified, references to “ATPA countries” or “ATPA beneficiary countries” in this report means the countries that were designated ATPA beneficiaries at the time being considered in the text or table.

Tables include data from all four countries through the end of 2008. They include data from Colombia, Ecuador, and Peru in 2009 and 2010, and data from only Colombia and Ecuador in 2011.

The circumstances of these changes in ATPA beneficiary country status are discussed in the “Beneficiaries” subsection of this chapter.

Bolivia, however, was suspended as an ATPA beneficiary country in late 2008, following a series of developments that year. On September 25, 2008, the President announced that he proposed to suspend Bolivia’s designation as a beneficiary country under ATPA and as an ATPDEA beneficiary country.¹⁵ This announcement followed the President’s identification of Bolivia as a major drug transit or major illicit drug-producing country in his report issued on September 15, 2008, under section 706(1) of the Foreign Relations Authorization Act, Fiscal Year 2003 (Public Law 107-228).¹⁶ On November 25, 2008, after statutorily required public notice, acceptance of comments from the public, and a public hearing, the President announced the suspension of Bolivia as an ATPA and ATPDEA beneficiary country, effective December 15, 2008, for failure to adhere to its obligations under international counternarcotics agreements.¹⁷

ATPA was extended to the end of 2009 on October 16, 2008, with contingency provisions for Bolivia and Ecuador.¹⁸ Continuation of beneficiary status for Bolivia and Ecuador past July 1, 2009, was made contingent on Presidential review of the

¹⁵ Memorandum of September 25, 2008, “Assignment of Function under Section 203(e)(2)(A) of the Andean Trade Preference Act, as Amended,” 73 Fed. Reg. 56701 (September 29, 2008).

¹⁶ Presidential Determination No. 2008-28 of September 15, 2008, “Major Drug Transit or Major Illicit Drug Producing Countries for Fiscal Year 2009: Memorandum for the Secretary of State,” 73 Fed. Reg. 54927 (September 24, 2008).

¹⁷ Proclamation No. 8323 of November 25, 2008, 73 Fed. Reg. 72677 (November 28, 2008); USTR, “U.S. Trade Representative Schwab Announces Proposed Suspension of Bolivia’s Tariff Benefits,” September 26, 2008; 73 Fed. Reg. 57158 (October 1, 2008).

¹⁸ Pub. L. 110-436.

performance of Bolivia and Ecuador with respect to ATPA's eligibility criteria.¹⁹ As a result of the President's review and determination on June 30, 2009, Bolivia's eligibility for ATPA beneficiary country status was ended and Ecuador's eligibility was continued.²⁰

The United States-Peru Trade Promotion Agreement Implementation Act was signed into law on December 14, 2007.²¹ The U.S.-Peru TPA entered into force on February 1, 2009.²² Peru lost GSP eligibility at that time, but continued to be an ATPA beneficiary until the end of 2010.²³

Colombia was an ATPA beneficiary during the entire period covered by this report. The United States-Colombia Trade Promotion Agreement Implementation Act was signed into law on October 21, 2011.²⁴ The U.S.-Colombia TPA entered into force on May 15, 2012.²⁵ Colombia lost GSP and ATPA eligibility at that time.

Ecuador has been the only ATPA beneficiary since May 15, 2012.

Eligible Articles

ATPA provides duty-free treatment to qualifying imports from designated beneficiary countries.²⁶ For some products, duty-free entry under ATPA is subject to certain conditions in addition to basic preference eligibility rules. Imports of sugar, like those of some other agricultural products, remain subject to any applicable and generally imposed U.S. tariff-rate quotas (TRQs) and food-safety requirements.²⁷ In-quota shipments of

¹⁹ Preferential treatment for Ecuador was to continue unless the President found that Ecuador did not satisfy the eligibility requirements, and would end for Bolivia unless the President found that Bolivia did satisfy the eligibility requirements. Pub. L. 110-436, section 1.

²⁰ "Determinations and Report of the President Concerning the Review of Ecuador and Bolivia under the Andean Trade Preference Act, As Amended," June 30, 2009.

²¹ Pub. L. 110-138, 19 U.S.C. § 3805 note.

²² Proclamation No. 8341 of January 16, 2009, 74 Fed. Reg. 4105 (January 22, 2009).

²³ The U.S.-Peru TPA implementing legislation did not remove Peru from ATPA eligibility. This fact was recognized in a Federal Register notice, 74 Fed. Reg. 6441 (February 9, 2009). Peru's ATPA beneficiary status was terminated in Pub. L. 111-344, section 201(a)(1)(B). The retention of ATPA beneficiary status by Peru was different from the usual practice when a beneficiary of a U.S. unilateral preference program has entered into an FTA with the United States. For example, when the U.S.-Dominican Republic-Central America Free Trade Agreement entered into force for each country, each country's Caribbean Basin Economic Recovery Act (CBERA) beneficiary status was ended.

²⁴ Pub. L. 112-42, 19 U.S.C. § 3805 note.

²⁵ Presidential Proclamation 8818 of May 14, 2012, 77 Fed. Reg. 29519 (May 18, 2012).

²⁶ General Note 3(c) to the Harmonized Tariff Schedule (HTS) summarizes the special tariff treatment for eligible products of designated countries under various U.S. trade programs, including ATPA. General Note 11 sets out product eligibility rules and country designations under ATPA and ATPDEA. ATPA does not cover trade in services.

²⁷ These U.S. measures include TRQs on imports of sugar, dairy products, beef, certain food preparations, and cotton fibers established under sections 401 and 404 of the Uruguay Round Agreements Act (URAA), with the exception of quotas on sugar, which had already been converted to TRQs in 1990 as a result of a ruling under the General Agreement on Tariffs and Trade (GATT). The TRQs replaced absolute quotas on imports of certain agricultural products; U.S. quotas had been imposed under section 22 of the Agricultural Adjustment Act of 1933 (7 U.S.C. § 624) and under the Meat Import Act of 1979 (Pub. L. 88-482). The URAA also amended ATPA by excluding from tariff preferences any imports from beneficiary countries in quantities exceeding the new TRQ global trigger levels. Imports of agricultural products from beneficiary countries remain subject to sanitary and phytosanitary restrictions, such as those administered by the U.S. Animal and Plant Health Inspection Service.

such products subject to TRQs are eligible to enter free of duty under ATPA. Under the original ATPA, certain leather handbags, luggage, flat goods (such as wallets and portfolios), work gloves, and leather wearing apparel from ATPA countries were eligible to enter at reduced (but not free) rates of duty.²⁸ The original ATPA specifically excluded from eligibility most textiles and apparel, certain footwear, canned tuna, petroleum and petroleum derivatives, certain watches and watch parts,²⁹ certain sugar products, and rum and tafia.³⁰

ATPDEA amended ATPA to authorize the President to extend duty-free treatment to some of the products previously ineligible for preferences under the original ATPA, including certain textiles and apparel, footwear, tuna in foil or other flexible airtight packages (not cans), petroleum and petroleum products, and watches and watch parts (including cases, bracelets, and straps). ATPDEA amended ATPA to make certain handbags, luggage, flat goods, work gloves, and leather wearing apparel, previously eligible only for reduced rates of duty under the original ATPA,³¹ eligible for duty-free treatment.³² ATPA authorizes the President to proclaim duty-free treatment for qualifying additional articles if he determines that such articles are “not import sensitive in the context of imports from ATPDEA beneficiary countries.”³³ Following the amendment of ATPA by ATPDEA, the President extended duty-free treatment to most newly eligible products. However, he did not include 17 footwear tariff lines, on the basis of their import sensitivity in the context of imports from ATPDEA countries.³⁴

After ATPDEA was enacted, nearly 6,300 tariff lines or products were covered by ATPA trade preferences, of which about 700 were made eligible by ATPDEA.³⁵ The following products continue to be excluded by statute from receiving preferential treatment: certain textile and apparel articles; canned tuna; above-quota imports of certain agricultural products subject to TRQs, including sugars, syrups, and sugar-containing products; and rum and tafia.³⁶

²⁸ This provision applied to certain articles that were not designated for GSP duty-free entry as of August 5, 1983 (the date of enactment of CBERA). Under the provisions of the original ATPA, beginning in 1992, duties on those goods were reduced by a total of 20 percent, not to exceed 2.5 percent ad valorem, in five equal annual stages. ATPDEA amended ATPA to repeal this provision and allowed the President to determine if duty-free entry is appropriate.

²⁹ The original ATPA excluded watches and watch parts containing components produced in countries subject to column 2 duty rates—effectively, Communist countries. Since 1989, the number of countries subject to column 2 rates of duty has diminished to two—Cuba and North Korea.

³⁰ Original ATPA section 204(b) (repealed 2002). Tafia is a type of inexpensive rum.

³¹ ATPDEA repealed section 204(c) of the original ATPA, which had provided duty reductions for certain handbags, luggage, flat goods, work gloves, and leather wearing apparel.

³² 91 U.S.C. § 3203(b)(1)(D).

³³ 19 U.S.C. § 3203(b)(1).

³⁴ Presidential Proclamation 7616 of October 31, 2002, 67 Fed. Reg. 67283 (November 5, 2002); USTR, *First ATPA Report*, April 30, 2003, 6.

³⁵ USTR, “New Andean Trade Benefits,” September 25, 2002. Accordingly, about 90 percent of rate lines provide duty-free treatment to U.S. imports from the ATPA region (60 percent fall under ATPA and 30 percent have normal trade relations, or NTR, rates of free). U.S. imports under the rate lines remaining (about 10 percent) are dutiable.

³⁶ 19 U.S.C. § 3203(b)(2).

Qualifying Rules

To be eligible for ATPA treatment, ATPA products must either be wholly grown, produced, or manufactured in a designated ATPA country or be “new or different” articles made from substantially transformed non-ATPA inputs.³⁷ The cost or value of the local (ATPA country) materials and the direct costs of processing in one or more ATPA countries must total at least 35 percent of the appraised customs value of the product at the time of entry. ATPA countries are permitted to pool their resources to meet the value-content requirement and to count inputs from Puerto Rico, the U.S. Virgin Islands, and countries designated under the Caribbean Basin Economic Recovery Act (CBERA)³⁸ toward the value threshold. In addition, goods with an ATPA content of 20 percent of the customs value and the remaining 15 percent attributable to U.S.-made (excluding Puerto Rican) materials or components,³⁹ as well as goods containing third-country inputs that undergo double substantial transformation within the ATPA countries and are counted with other qualifying inputs to total 35 percent, are deemed to meet the 35 percent value-content requirement.⁴⁰

ATPDEA amended ATPA to extend duty-free treatment for the first time to certain textile and apparel articles imported from designated ATPDEA beneficiary countries.⁴¹ The ATPDEA amendments authorized unlimited duty-free and quota-free treatment for imports of textile and apparel articles made in beneficiary countries from fabrics or fabric components wholly formed, or components knit-to-shape, in the United States from yarns produced in the United States or one or more ATPDEA beneficiary countries, provided the fabrics are also dyed, printed, and finished in the United States.⁴² The ATPDEA amendments also provide for unlimited preferential treatment for apparel assembled from ATPDEA-country fabrics or fabric components formed, or components knit-to-shape, of llama, alpaca, or vicuña.

Apparel items assembled in ATPDEA beneficiary countries from fabrics or components formed in, or knit-to-shape from yarns produced in, the United States or one or more ATPDEA beneficiary countries (known as “regional fabrics or components”) are also

³⁷ Products undergoing the following operations do not qualify: simple combining or packaging operations, dilution with water, or dilution with another substance that does not materially alter the characteristics of the article (19 U.S.C. § 3203(a)(2)).

³⁸ Since October 10, 2010, the CBERA countries are Antigua, Aruba, The Bahamas, Barbados, Belize, British Virgin Islands, Dominica, Grenada, Guatemala, Guyana, Haiti, Jamaica, Montserrat, Panama, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago.

³⁹ 19 U.S.C. § 3203(a).

⁴⁰ Double substantial transformation involves transforming foreign material into a new or different product that, in turn, becomes the constituent material used to produce a second new or different article in the beneficiary country. Thus, ATPA countries can import inputs from non-ATPA countries, transform the inputs into intermediate material, and transform the intermediate material into ATPA-eligible articles. The cost or value of the constituent intermediate material can be counted toward the 35 percent ATPA content requirement. For additional information, see USDOC and USAID, *Guidebook to the Andean Trade Preference Act*, 1992, 5.

⁴¹ 19 U.S.C. § 3203(b)(3).

⁴² The dyeing, printing, and finishing requirement does not refer to post-assembly and other operations such as garment dyeing and stone washing.

eligible to enter free of duty but are subject to a cap.⁴³ The principal textile and apparel provisions of the ATPDEA amendments are summarized in table 1.1.

Annual Reviews

The USTR is required to conduct an annual review of the eligibility of articles and countries for ATPA benefits similar to the annual reviews performed for GSP.⁴⁴ The USTR initiated its 2010 ATPA review on August 9, 2010, requesting the submission of petitions for changes in tariff treatment.⁴⁵ Five parties filed submissions in response to that request, but none of the submissions constituted petitions that were accepted for review.⁴⁶

The USTR submits annual reports to Congress on the operation of ATPA, including the results of its annual reviews.⁴⁷ The most recent USTR report on the operation of the ATPA program was issued in June 2012.⁴⁸ No actions have been taken to withdraw, suspend, or limit ATPA benefits on the basis of the USTR reviews.⁴⁹

ATPA and GSP

Ecuador is a GSP beneficiary.⁵⁰ Although Colombia is no longer a GSP beneficiary, it was a beneficiary during the period covered by this report.⁵¹ As noted earlier, Peru was a GSP beneficiary until the U.S.-Peru TPA entered into force on February 1, 2009. ATPA and GSP provisions are similar in many ways, and many products can enter the United States free of duty under either program—all of the major imports from ATPA countries that are designated as GSP-eligible are also ATPA-eligible. Both programs offer increased access to the U.S. market. Like ATPA, GSP requires that eligible imports (1) be imported directly from beneficiaries into the customs territory of the United States, (2)

⁴³ 19 U.S.C. § 3203(b)(3)(B)(iii). The cap on U.S. imports of apparel made in the ATPA countries from regionally knit or woven fabrics was set at 2 percent of the aggregate square meter equivalents (SMEs) of total U.S. imports of apparel from the world for the one-year period beginning on October 1, 2002, increasing in each of the four succeeding one-year periods by equal increments up to its current maximum of 5 percent. For the period from October 1, 2010, through September 30, 2011, the fill rate was just 1.80 percent or 22.2 million SME of the 1.23 billion SME allowed under the cap. USDOC, Office of Textiles and Apparel (OTEXA), “Trade Preference Programs: Utilization of Certain Tariff Rate Quotas (TRQ), 2011,” http://otexa.ita.doc.gov/agoa-cbtpa/agoa-cbtpa_2011.htm (accessed June 25, 2012).

⁴⁴ 19 U.S.C. § 3202 note.

⁴⁵ 75 Fed. Reg. 47878–79 (August 9, 2010). USTR did not initiate a review in 2011. USTR, *Sixth ATPA Report*, June 30, 2012, 39.

⁴⁶ USTR, *Sixth ATPA Report*, June 30, 2012, 39.

⁴⁷ 19 U.S.C. § 3202(f). The reporting requirement for USTR was made annual and the due date for USTR’s reports was moved to June 30, starting in 2010, by section 2(c) of Pub. L. 111-124, December 28, 2009. No report was issued in 2011 because of the lapse in the program. USTR, *Sixth ATPA Report*, June 30, 2012, 39.

⁴⁸ USTR, *Sixth ATPA Report*, June 30, 2012.

⁴⁹ *Ibid.*

⁵⁰ The U.S. GSP program originally was enacted for 10 years under title V of the Trade Act of 1974 (Pub. L. 93-618, 88 Stat. 2066 et seq.) and was renewed for an additional 10 years under title V of the Trade and Tariff Act of 1984 (Pub. L. 98-573, 98 Stat. 3018 et seq.), as amended (19 U.S.C. § 2461 et seq.). Since that time, the GSP program has expired and been renewed several times. GSP preferences are currently effective through July 31, 2013. Pub. L. 112-40.

⁵¹ As discussed above, Colombia lost its GSP beneficiary status when the U.S.-Colombia TPA entered into force on May 15, 2012.

TABLE 1.1 ATPDEA amendments to ATPA: Key apparel and textile provisions

| Articles eligible to enter free of duty and quota | Criteria |
|--|--|
| Apparel assembled in one or more ATPDEA beneficiary countries from fabrics or fabric components wholly formed, or components knit-to-shape, in the United States | <ul style="list-style-type: none"> • Apparel must be made from U.S. or Andean yarn. • Knit and woven fabrics must be dyed, printed, and finished in the United States. |
| Apparel assembled from Andean fabrics or fabric components formed, or components knit-to-shape, of llama, alpaca, or vicuña | <ul style="list-style-type: none"> • Apparel must be made from Andean yarn. • Fabrics or components must be in chief value of llama, alpaca, or vicuña.^c |
| Apparel cut and assembled from fabrics or yarns identified in Annex 401 of NAFTA as being not available in commercial quantities (in "short supply") in the United States (HTS 9821.11.10) | <ul style="list-style-type: none"> • The fabrics and yarns include fine-count cotton knitted fabrics for certain apparel; linen; silk; cotton velveteen; fine-wale corduroy; Harris Tweed; certain woven fabrics made with animal hairs; certain lightweight, high-thread-count polyester-cotton woven fabrics; and certain lightweight, high-thread-count broadwoven fabrics for use in men's and boys' shirts.^a |
| Apparel assembled in ATPDEA countries from fabrics or yarns deemed not available in commercial quantities at the request of any interested party | <ul style="list-style-type: none"> • The President must determine that such fabrics or yarns cannot be supplied by the domestic industry in commercial quantities in a timely manner based on advice from the appropriate advisory committee and the USITC within 60 days after the request. |
| Apparel assembled in ATPDEA countries from regional fabrics or regional components formed or knit-to-shape in the region | <ul style="list-style-type: none"> • Apparel must be made from U.S. or Andean yarn. • Apparel is subject to a cap.^b |
| Certified handloomed, handmade, and folklore articles | <ul style="list-style-type: none"> • Articles must originate in ATPDEA countries. |
| Certain brassieres cut and sewn or otherwise assembled in the United States, or one or more ATPDEA countries, or both | <ul style="list-style-type: none"> • Producer must satisfy a rule that, in each of four one-year periods starting on Oct. 1, 2003, at least 75 percent of the value of the fabric contained in the firm's brassieres in the preceding year was attributable to fabric components formed in the United States (the 75 percent standard rises to 85 percent for a producer found by Customs not to have met the 75 percent standard in the preceding year). |
| Apparel assembled in ATPDEA countries from qualifying fabrics that contain findings or trimmings of foreign origin | <ul style="list-style-type: none"> • Findings or trimmings may not exceed 25 percent of the cost of the components of the assembled product. |
| Apparel assembled in ATPDEA countries from qualifying fabrics that contain certain interlinings of foreign origin | <ul style="list-style-type: none"> • Value of such interlinings (and any findings and trimmings) may not exceed 25 percent of the cost of the components of the assembled article. |
| Apparel assembled in ATPDEA countries from qualifying fabrics that contain yarns not wholly formed in the United States or in one or more ATPDEA countries | <ul style="list-style-type: none"> • Total weight of such yarns may not exceed 7 percent of the total weight of the good. |
| Textile luggage assembled in ATPDEA countries from U.S. fabrics | <ul style="list-style-type: none"> • Luggage must be of U.S. yarn and U.S. fabric. |

Source: Compiled by USITC staff.

^a As described in General Note 12(t), Chapter rule 2 for Chapter 62 of the Harmonized Tariff Schedule from the NAFTA rules of origin.

^b Originally a maximum of 2 percent of the aggregate SMEs of all apparel articles imported into the United States in the preceding 12-month period for which data are available, the cap was increased in equal increments in each succeeding one-year period to a maximum of 5 percent beginning October 1, 2006. The 5 percent limit is still in effect.

^c An article is in chief value of a material if such material exceeds in value each other single component material of the article.

meet the (usually double) substantial transformation requirement for any foreign inputs, and (3) contain a minimum of 35 percent qualifying value content.

However, the two programs differ in several ways that tend to make ATPA country producers prefer the more comprehensive and liberal ATPA. First, ATPA authorizes duty-free treatment on more tariff categories than GSP, including textile and apparel articles ineligible for GSP treatment. Unless specifically excluded, all products can be designated as having a tariff preference under ATPA. Second, unlike U.S. imports under GSP, U.S. imports under ATPA are not subject to competitive-need and country-income restrictions. Imports of a product entered under ATPA will not lose preferential treatment when they exceed a certain threshold, either in absolute terms or as a percentage of U.S. imports (the competitive need limit under GSP). Nor will an ATPA beneficiary country lose preferential treatment if its national income exceeds a specified amount. Third, ATPA qualifying rules of origin for products are more liberal than those of GSP. GSP requires that 35 percent of the value of the product be added in a single beneficiary country or in a specified association of GSP-eligible countries, whereas ATPA allows regional aggregation within ATPA, plus U.S. and Caribbean content.

Analytical Approach

The core of ATPA is the duty-free treatment importers can claim when entering qualifying products of designated beneficiary countries. For almost all eligible products, duties were eliminated in single actions (rather than through staged duty reductions) when countries were designated as beneficiaries, first under original ATPA and later under ATPDEA. Direct effects of such a one-time duty elimination can be expected to consist primarily of increased U.S. imports from beneficiary countries resulting from trade and resource diversion to take advantage of lower duties in the U.S. market. Specifically, diversions will include (1) a diversion of U.S. imports from non-beneficiary to beneficiary countries; (2) a diversion of beneficiary-country production from domestic sales and non-U.S. foreign markets to the U.S. market; and (3) a diversion of variable resources (such as labor and materials) from production for domestic and non-U.S. foreign markets to production for the U.S. market. These direct effects likely occurred within a short time (probably one or two years) after the duty elimination, or by about 1992–93 for the original ATPA, and by about the end of 2004 for the additional products made eligible by the ATPDEA amendments.

Over a longer period, the effects of ATPA will likely flow mostly from investment in industries in beneficiary countries that benefit from the U.S. duty elimination. Both the short-term and long-term effects on the United States are limited by the small size of the ATPA beneficiary-country economies relative to the U.S. economy. In addition, the long-term effects of ATPA on the U.S. economy are likely to be difficult to distinguish from other market forces in play since the programs were initiated. With those limitations in mind, investment data were collected to examine the trends in, and composition of, export-oriented investment in Ecuador, the only country remaining in the program, to assess the probable future effects of ATPA.

The effects of ATPA on the U.S. economy, industries, and consumers are assessed through (1) an analysis of imports entered under the program and trends in U.S. consumption of those imports; (2) estimates of gains to U.S. consumers due to lower prices or greater availability of goods, losses to the U.S. Treasury resulting from reduced tariff revenues, and potential displacement in U.S. industries competing with the leading

U.S. imports that benefited exclusively from the ATPA program in 2011;⁵² and (3) an examination of trends in production and other economic factors in the industries identified as likely to be particularly affected by such imports. General economic and trade data come from official statistics of the U.S. Department of Commerce and from materials developed by USITC country/regional and industry analysts. The report also incorporates public comments received in response to the Commission's *Federal Register* notice regarding this 15th report.⁵³

As in previous reports in this series, the effects of ATPA are analyzed by estimating the differences in benefits to U.S. consumers, levels of U.S. tariff revenues, and U.S. industry production that probably would have occurred if normal trade relations (NTR) tariffs⁵⁴ had been in place for beneficiary countries in 2011 (Colombia and Ecuador). Actual 2011 market conditions are compared with a hypothetical case in which NTR duties are imposed for the year. The effects of ATPA duty preferences for 2011 are estimated by using a standard economic approach for measuring the impact of a change in the prices of one or more goods. Specifically, a partial equilibrium model (i.e., a sector-based analysis) is used to estimate the gains to consumers, losses in tariff revenues, and industry displacement for each of the 20 leading U.S. imports that benefited exclusively from ATPA during 2011.⁵⁵ Previous analyses in this series have shown that since ATPA went into effect, U.S. consumers have benefited from lower prices and higher consumption, competing U.S. producers have experienced lower sales, and tariff revenues to the U.S. Treasury have been lower.

Generally, the net welfare effect is measured by adding three components: (1) the change in consumer surplus, (2) the change in tariff revenues to the U.S. Treasury resulting from the ATPA duty reduction, and (3) the change in producer surplus.⁵⁶ The model used in this analysis assumes that the supply of U.S. domestic production is perfectly elastic; that is, U.S. domestic prices do not fall in response to ATPA duty reductions. Thus, price-related decreases in U.S. producer surplus are not captured in this analysis. However, the effects of ATPA duty reductions on most U.S. industries are expected to be small because the NTR duty rates on most imports and the U.S. market shares of most imports from ATPA countries are relatively small.

This analysis estimates potential net welfare effects and industry displacement, and these estimates reflect a range of assumed substitutabilities between ATPA products and competing U.S. output. The upper estimates reflect the assumption of high substitution elasticities, whereas the lower estimates reflect the assumption of low substitution

⁵² That is, those imports entered under ATPA that are not excluded or do not receive unconditional column 1-general duty-free treatment or duty-free treatment under other preference programs such as GSP.

⁵³ A copy of the notice appears in appendix A. summaries of the positions of interested parties are provided in appendix B.

⁵⁴ This is nondiscriminatory tariff treatment, which is commonly and historically called "most-favored-nation" (MFN) status but is officially called "normal trade relations" (NTR) status in the United States.

⁵⁵ A more detailed explanation of the approach can be found in appendix C of this report.

⁵⁶ Consumer surplus is defined as the difference between the total value consumers receive from the consumption of a particular good and the total amount they pay for the good. The change in consumer surplus is a dollar measure of the total net gain to U.S. consumers from lower prices. Producer surplus is defined as the return to entrepreneurs and owners of capital that exceeds earnings for their next-best opportunities. The change in producer surplus is a dollar measure of the total net loss to competing U.S. producers from increased competition with imports. The welfare effects do not include adjustment costs to the economy from reallocating resources among different industries. These topics are discussed in more detail in appendix C of this report.

elasticities.⁵⁷ Upper estimates are used to identify items that could be most affected by ATPA.

The Commission's analysis covers the 20 leading items from ATPA beneficiary countries (Ecuador and Colombia) in 2011 that benefited exclusively from ATPA tariff preferences.⁵⁸ The analysis provides estimates of welfare and potential U.S. industry displacement. Industries for which estimated upper potential displacement is more than 5 percent of the value of U.S. production are normally selected for further analysis in this series of reports, but there were no such industries in 2011.

The lapse of the ATPA program starting February 12, 2011, and continuing until its retroactive renewal on October 21, 2011, means that many imports may have eventually received ATPA benefits that weren't recorded in the readily available trade data.⁵⁹ The Commission analyzed ATPA's impact using data on the value of imports under ATPA that were recorded at the time of importation. After the effective date of the retroactive renewal, duties that were paid during the lapse period could be adjusted to receive preferential treatment, and refunds provided to the importers, but the trade data available to the Commission do not account for those refunds.⁶⁰

Commission analysis of the probable future effects of ATPA is based on a qualitative analysis of economic trends and investment patterns in beneficiary countries (Ecuador only) and in competing U.S. industries. The primary sources for information on investment in ATPA-related production facilities are U.S. embassies in the region, hearing testimony and written submissions, and published sources.

To assess the effect of ATPA on the drug-crop eradication and crop substitution efforts of the beneficiary countries, the Commission relied primarily on information from other U.S. government agencies, such as the U.S. Department of State and the Office of National Drug Control Policy.

Organization of the Report

This chapter summarizes the provisions of ATPA and describes the analytical approach used in the report. Chapter 2 analyzes U.S. merchandise trade with Colombia and Ecuador during 2011, and general changes in trends since 2007, including trade with Bolivia and Peru while they were ATPA beneficiaries; it also provides information on

⁵⁷ Commission industry analysts provided evaluations of the substitutability of ATPA products and competing U.S. products, which were translated into a range of substitution elasticities. A more detailed discussion of the elasticities used in the model is provided in appendix C of this report.

⁵⁸ See table 3.2 in chapter 3 of this report. Commission industry analysts provided estimates of U.S. production and exports for the 20 leading items that benefited exclusively from ATPA, as well as evaluations of the substitutability of ATPA-exclusive imports and competing U.S. products. Items were ranked at the 8-digit level of HTS tariff classification.

⁵⁹ The renewal legislation was enacted on October 21, 2011, but became effective on the 15th day after it was enacted—November 5, 2011. Pub. L. 112-42, section 501(c)(1).

⁶⁰ There was a similar lapse in the ATPA program after the original statute expired in December 2001. See USITC, *ATPA, Fifth Report, 2002, 2003, 2-9*. Retroactive entries under ATPA were not recorded after that lapse. Analysis of the impact of ATPA in that report was done only using data on the value of imports under ATPA that were recorded

total U.S. imports from ATPA countries, U.S. imports under ATPA,⁶¹ and U.S. exports to the ATPA countries. Chapter 3 analyzes imports that benefit exclusively from ATPA to estimate the impact of ATPA in 2011 on the U.S. economy generally, as well as on U.S. industries and consumers. Chapter 3 also examines the probable future effects of ATPA. Chapter 4 assesses the estimated effect of ATPA on the drug-crop eradication and crop substitution efforts of the Andean countries.

Appendix A reproduces the *Federal Register* notices, including a date correction, by which the Commission solicited public comments. Appendix B summarizes the positions of interested parties who provided written submissions in connection with this investigation. Appendix C explains the economic model used to derive the findings presented in chapter 3. Appendix D provides additional statistical tables.

Data Sources

General economic and trade data come from official statistics of the U.S. Department of Commerce and from relevant information developed by country/regional and industry analysts of the Commission. Other primary sources of information include U.S. embassies in the ATPA countries; other published sources for information on ATPA-related investment and production; and other U.S. government departments and offices, including the U.S. Department of State and the White House Office of National Drug Control Policy, for information on drug-crop eradication and crop substitution efforts. The report also incorporates written public comments received in response to the Commission's *Federal Register* notice regarding this 15th report.⁶²

⁶¹ As discussed elsewhere in this report, ATPA imports include some articles that are also eligible for GSP duty-free entry. Imports that benefit exclusively from ATPA are discussed in chapter 3 of this report.

⁶² A copy of the notice appears in appendix A of this report.

CHAPTER 2

U.S. Trade with the ATPA Countries

This chapter describes and analyzes U.S. imports under ATPA.¹ Total U.S. imports from the ATPA countries and U.S. exports to the ATPA countries are also examined. Two major developments affected U.S. trade with ATPA countries in 2011: (1) Peru lost ATPA eligibility as of December 31, 2010, following the entry into force of the U.S.-Peru TPA on February 1, 2009; and (2) the President's authority to provide preferential treatment under ATPA lapsed on February 12, 2011, and was not restored until October 21, 2011.

Key Findings

While the value of total U.S. imports from the ATPA countries (that is, both imports under ATPA and all other imports) increased in the 2009–11 period, the value of U.S. imports entered specifically under ATPA decreased. Total U.S. imports from the ATPA countries rose in value from \$20.7 billion in 2009 to \$28.2 billion in 2010, and then rose further to \$31.9 billion in 2011. This increase resulted from higher oil prices and larger quantities of oil imports as well as from a recovery from the 2009 global decrease in trade, counteracting the exit of Peru from the program at the end of 2010. However, although increased total imports from ATPA countries in 2011 included products normally eligible for duty-free treatment under ATPA, the lapse in ATPA preferential treatment through most of 2011 sharply cut the value of U.S. imports entered under ATPA, which fell 69.6 percent from \$14.4 billion in 2010 to \$4.4 billion in 2011.²

The decrease in the value of U.S. imports under ATPA extended across most product groups, including oil and cut flowers. Nonetheless, the product shares of ATPA imports shifted more toward oil and, to a lesser extent, cut flowers from 2010 to 2011. Oil imports under ATPA were \$3.9 billion in 2011, down sharply from \$12.4 billion in 2010, but the share of total U.S. imports under ATPA accounted for by oil increased from 86.2 percent in 2010 to an all-time high of 88.9 percent in 2011. Similarly, while imports of cut flowers dropped from \$685.7 million in 2010 to \$266.1 million in 2011, the share of cut flowers in non-oil imports under ATPA expanded over the same period, from 34.5 percent to 54.6 percent. Most other imports under ATPA either decreased as a share of non-oil imports under ATPA (as occurred for apparel products) or remained at significantly lower values. The increased share of oil was driven by the exit of Peru from the program, as both remaining countries in 2011 were primarily oil exporters to the United States under ATPA.

U.S. exports to the ATPA countries increased in 2010 due to a renewal in demand for U.S. machinery and capital goods, refined petroleum products, and electronic goods, from \$16.7 billion in 2009 to \$22.1 billion in 2010. However, U.S. exports to the ATPA countries decreased to \$18.3 billion in 2011 as a result of Peru's exit from ATPA in 2011.

¹ All trade discussed in the report is merchandise trade, as ATPA does not cover trade in services.

² As noted in chapter 1, the trade data on U.S. imports under ATPA does not include imports that received retroactive duty-free treatment after ATPA was renewed.

Approach

The chapter is organized as follows. First, it presents trends in overall U.S. imports from the ATPA countries and the dutiable share of total imports from these countries from 2007 to 2011. Next is an analysis of the leading U.S. imports under ATPA from 2007 to 2011 (which include imports eligible under the original ATPA and those eligible under ATPDEA). Data are also presented for U.S. trade with individual beneficiary countries. Finally, the chapter examines the composition of U.S. exports to the ATPA countries from 2007 to 2011. In this chapter, historical data on Peru and Bolivia's trade with the United States are included only for the years that those countries were eligible for ATPA—that is, 1991 through 2008 for Bolivia, and 1991 through 2010 for Peru. Trade with ATPA countries in 2011, therefore, only includes trade with Colombia and Ecuador. Data on imports that are entered exclusively under ATPA are examined in chapter 3.

Trade Overview

Since ATPA was enacted in 1991, U.S. trade with the ATPA countries has grown significantly despite the suspension of Bolivia beginning in 2009 and the exit of Peru at the end of 2010. The value of U.S. imports from the ATPA countries increased from \$5.0 billion in 1991 to \$31.9 billion in 2011 (table 2.1), rising from 1.0 percent of global U.S. imports to 1.5 percent over the same period. After the amendment of ATPA in October 2002 by ATPDEA, which significantly expanded the list of products eligible for duty-free treatment under ATPA, U.S. imports from ATPA countries more than doubled in value between 2003 and 2008, increasing from \$11.6 billion to \$28.5 billion during this period. In 2009, the global recession, a drop in oil prices (which outweighed a corresponding increase in the quantity of oil imports), and the suspension of Bolivia from the group of ATPA countries led to a 27.4 percent decrease in imports from the ATPA countries. As U.S. imports recovered globally and oil prices and quantities increased in 2010, U.S. imports from the three remaining ATPA countries—Colombia, Ecuador, and Peru—rose from \$20.7 billion in 2009 to \$28.2 billion in 2010. These growth trends continued in 2011, but the exit of Peru from the group of ATPA countries led to a smaller increase in imports than in the previous year. In 2011, U.S. imports from the remaining two ATPA countries—Colombia and Ecuador—were \$31.9 billion (figure 2.1).³

U.S. exports to the ATPA countries rose from \$3.8 billion in 1991 to \$18.3 billion in 2011. These exports grew from 0.9 percent of global U.S. exports to 1.4 percent over the same period, led primarily by increased demand for machinery (especially construction equipment and capital goods), petroleum products, electronic goods, chemicals, and plastics. Most of the recent expansion in U.S. exports to the ATPA countries occurred after 2003, as exports increased from \$6.5 billion in 2003 to \$19.8 billion in 2008. In 2009, the global recession and the suspension of Bolivia from ATPA led to a decrease in U.S. exports to the ATPA countries to \$16.7 billion. In 2010, U.S. exports to the three remaining ATPA countries totaled \$22.1 billion, reaching a high of 2.0 percent of global U.S. exports. With the exit of Peru in 2011, U.S. exports to the two remaining ATPA countries totaled \$18.3 billion, a 16.9 percent decrease from 2010 exports. As U.S. exports fell concurrently with the increase in U.S. imports from the ATPA countries, the U.S. merchandise trade deficit with the ATPA countries widened to a record high of \$13.5 billion in 2011, compared to \$6.1 billion in 2010 (table 2.1).

³ For U.S. imports from ATPA by country, see table D.1 in appendix D.

TABLE 2.1 U.S. trade with ATPA countries, 1991–2011

| Year | Imports from | Exports to | Trade balance | ATPA countries' share | ATPA countries' share |
|-------------------|------------------------|----------------|---------------|-----------------------|-----------------------|
| | ATPA countries | ATPA countries | with ATPA | of U.S. imports from | of U.S. exports to |
| | Value (millions of \$) | | | Percent | |
| 1991 | 4,969 | 3,798 | -1,171 | 1.0 | 0.9 |
| 1992 | 5,059 | 5,320 | 261 | 1.0 | 1.3 |
| 1993 | 5,282 | 5,359 | 77 | 0.9 | 1.2 |
| 1994 | 5,880 | 6,445 | 566 | 0.9 | 1.3 |
| 1995 | 6,969 | 7,820 | 851 | 0.9 | 1.4 |
| 1996 | 7,868 | 7,719 | -149 | 1.0 | 1.3 |
| 1997 | 8,674 | 8,682 | 8 | 1.0 | 1.3 |
| 1998 | 8,361 | 8,670 | 309 | 0.9 | 1.4 |
| 1999 | 9,830 | 6,263 | -3,567 | 1.0 | 1.0 |
| 2000 | 11,117 | 6,295 | -4,822 | 0.9 | 0.9 |
| 2001 | 9,569 | 6,363 | -3,205 | 0.8 | 1.0 |
| 2002 | 9,611 | 6,464 | -3,148 | 0.8 | 1.0 |
| 2003 | 11,639 | 6,526 | -5,114 | 0.9 | 1.0 |
| 2004 | 15,490 | 7,664 | -7,826 | 1.1 | 1.1 |
| 2005 | 20,060 | 8,919 | -11,141 | 1.2 | 1.1 |
| 2006 | 22,511 | 11,637 | -10,874 | 1.2 | 1.3 |
| 2007 | 20,923 | 14,621 | -6,302 | 1.1 | 1.4 |
| 2008 | 28,483 | 19,763 | -8,720 | 1.4 | 1.7 |
| 2009 ^a | 20,690 | 16,697 | -3,993 | 1.3 | 1.8 |
| 2010 ^a | 28,179 | 22,078 | -6,101 | 1.5 | 2.0 |
| 2011 ^b | 31,891 | 18,347 | -13,544 | 1.5 | 1.4 |

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

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

^a Bolivia was not included beginning in 2009. Colombia, Ecuador, and Peru were included in 2009 and 2010.

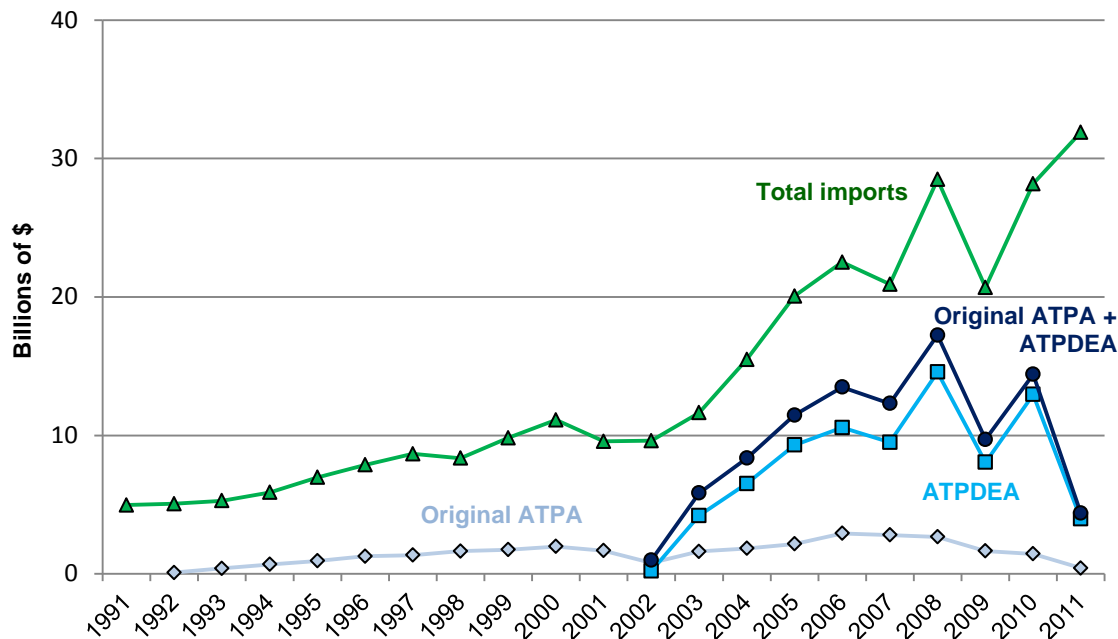
^b Peru was not included beginning in 2011. The remaining countries in 2011 were Colombia and Ecuador.

U.S. Imports from the ATPA Countries

In 2011, the United States continued to be the leading destination for exports from Colombia and Ecuador, making up 38 and 45 percent of each country's exports, respectively.⁴ U.S. imports from the ATPA countries consisted primarily of raw materials and their derivatives, agricultural and horticultural products, organic chemicals, and seafood. Table 2.2 shows the composition of total U.S. imports from the ATPA countries by HTS chapter during the years 2007–11. Mineral fuels and oils—mostly petroleum oil and coal—accounted for 70.2 percent of the value of total imports from ATPA countries in 2011, driven by high oil prices as well as a higher volume of oil imports. Imports of precious stones and metals, consisting mostly of gold bullion, but also precious stones, silver, and platinum, accounted for 7.2 percent of total U.S. imports from the ATPA countries in 2011 (24.1 percent of non-oil imports). Imports of coffee increased 23.3 percent in 2011 to \$1.3 billion, and represented 4.2 percent of total imports in 2011 (14.2 percent of non-oil imports). In 2011, imports of organic chemicals from the ATPA

⁴ Global Trade Atlas database.

FIGURE 2.1 U.S. imports from Andean countries, under original ATPA concessions and under ATPA amended by ATPDEA, 1991–2011



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

Note: Bolivia was not included beginning in 2009; Peru was not included beginning in 2011.

countries increased by over 300 percent to \$910 million, driven primarily by increases in cyclic and acyclic hydrocarbons.

Table 2.3 lists the 20 leading U.S. imports from the ATPA countries in 2011 on an 8-digit HTS subheading basis, as well as the value of those imports from 2007 to 2011. Since ATPA was amended by ATPDEA in 2002, all of these leading products have been eligible for duty-free entry, including under ATPA, GSP, and the U.S.-Peru TPA, or through NTR duty rates. Products that have NTR duty rates of free include many traditional imports from the Andean countries: gold and silver bullion, petroleum coke, coffee, coal, bananas, shrimp, petroleum gases, ethylene and propylene, and cocoa beans. Of the leading U.S. imports from the ATPA countries, several HTS products grew at rates over 100 percent in 2011, including refined petroleum products and by-products as well as certain organic chemicals.

Duty Treatment

With the temporary lapse of ATPA preferential treatment in 2011 (which suspended duty-free access under ATPA for all countries for the majority of the year), over 50 percent of imports from ATPA countries were dutiable (up from under 13 percent between 2007 and 2010), with most of those being petroleum and petroleum products that would normally have had duty-free access under ATPA (table 2.4).⁵ U.S. imports from the ATPA countries entered free of duty in one of the following ways in 2011: (1) unconditionally free of duty under NTR tariff rates (34.0 percent of all imports from the ATPA countries, up from 27.9 percent in 2010); (2) conditionally free of duty under

⁵ For country-specific duty treatment, see table D.2 in appendix D.

TABLE 2.2 Leading U.S. imports for consumption from ATPA countries, by HTS chapter, in value and share of non-oil imports for consumption, 2007–11

| HTS chapter | Description | 2007 | 2008 | 2009 ^a | 2010 ^a | 2011 ^b | Change 2010–11 |
|-------------|---|--------------------------|----------|-------------------|-------------------|-------------------|-------------------|
| | | Value (millions of \$) | | | | | Percent |
| 27 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes | 10,410.3 | 16,930.0 | 10,583.5 | 17,035.1 | 22,400.6 | 31.5 |
| 71 | Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof; imitation jewelry; coin | 1,533.9 | 1,930.4 | 2,038.0 | 2,244.5 | 2,289.3 | 2.0 |
| 09 | Coffee, tea, mate and spices | 890.4 | 1,067.0 | 941.6 | 1,092.4 | 1,347.4 | 23.3 |
| 29 | Organic chemicals | 89.3 | 136.0 | 145.5 | 218.2 | 910.3 | 317.2 |
| 06 | Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage | 668.1 | 653.0 | 637.2 | 703.7 | 726.7 | 3.3 |
| 08 | Edible fruit and nuts; peel of citrus fruit or melons | 597.1 | 696.2 | 821.0 | 879.6 | 721.6 | -18.0 |
| 03 | Fish and crustaceans, molluscs and other aquatic invertebrates | 574.2 | 603.2 | 612.4 | 704.8 | 711.5 | 0.9 |
| 18 | Cocoa and cocoa preparations | 75.4 | 144.6 | 215.8 | 130.3 | 258.0 | 98.0 |
| 25 | Salt; sulfur; earths and stone; plastering materials, lime and cement | 132.7 | 98.7 | 74.4 | 61.4 | 183.6 | 199.2 |
| 39 | Plastics and articles thereof | 180.6 | 184.0 | 126.3 | 183.5 | 181.2 | -1.3 |
| | Subtotal | 15,151.9 | 22,443.0 | 16,195.9 | 23,253.5 | 29,730.2 | 27.9 |
| | All other | 5,771.1 | 6,040.0 | 4,493.9 | 4,925.4 | 2,161.0 | -56.1 |
| | Total | 20,922.9 | 28,483.0 | 20,689.9 | 28,178.9 | 31,891.3 | 13.2 |
| | | Percent of total imports | | | | | Percentage points |
| 27 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes | 49.8 | 59.4 | 51.2 | 60.5 | 70.2 | 9.8 |
| | | Percent of non-oil total | | | | | |
| 71 | Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof; imitation jewelry; coin | 14.6 | 16.7 | 20.2 | 20.1 | 24.1 | 4.0 |
| 09 | Coffee, tea, mate and spices | 8.5 | 9.2 | 9.3 | 9.8 | 14.2 | 4.4 |
| 29 | Organic chemicals | 0.8 | 1.2 | 1.4 | 2.0 | 9.6 | 7.6 |
| 06 | Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage | 6.4 | 5.7 | 6.3 | 6.3 | 7.7 | 1.3 |
| 08 | Edible fruit and nuts; peel of citrus fruit or melons | 5.7 | 6.0 | 8.1 | 7.9 | 7.6 | -0.3 |
| 03 | Fish and crustaceans, molluscs and other aquatic invertebrates | 5.5 | 5.2 | 6.1 | 6.3 | 7.5 | 1.2 |
| 18 | Cocoa and cocoa preparations | 0.7 | 1.3 | 2.1 | 1.2 | 2.7 | 1.5 |
| 25 | Salt; sulfur; earths and stone; plastering materials, lime and cement | 1.3 | 0.9 | 0.7 | 0.6 | 1.9 | 1.4 |
| 39 | Plastics and articles thereof | 1.7 | 1.6 | 1.2 | 1.6 | 1.9 | 0.3 |
| | Subtotal | 45.1 | 47.7 | 55.5 | 55.8 | 77.2 | 21.4 |
| | All other | 54.9 | 52.3 | 44.5 | 44.2 | 22.8 | -21.4 |
| | Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | |

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

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

^a Bolivia was not included beginning in 2009. Colombia, Ecuador, and Peru were included in 2009 and 2010.

^b Peru was not included beginning in 2011. The remaining countries in 2011 were Colombia and Ecuador.

TABLE 2.3 Leading U.S. imports for consumption from ATPA countries, by HTS number, 2007–11

| HTS number | Description | 2007 | 2008 | 2009 ^a | 2010 ^a | 2011 ^b | Change 2010–11 |
|------------|---|----------------|----------|-------------------|-------------------|-------------------|-------------------|
| | | Millions of \$ | | | | | Percent |
| 2709.00.10 | Petroleum oils and oils from bituminous minerals, crude, testing under 25 degrees A.P.I. | 5,999.1 | 11,042.9 | 7,273.7 | 10,737.1 | 14,296.5 | 33.2 |
| 2709.00.20 | Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more | 1,819.3 | 2,147.6 | 1,049.4 | 3,407.0 | 2,423.0 | -28.9 |
| 7108.12.10 | Gold, nonmonetary, bullion and dore | 632.1 | 867.0 | 1,643.8 | 1,915.8 | 1,991.4 | 3.9 |
| 2710.19.05 | Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing under 25 degrees A.P.I. | 712.8 | 938.1 | 474.2 | 822.0 | 1,467.1 | 78.5 |
| 2713.11.00 | Coke, petroleum, not calcined | 18.6 | 39.4 | 144.4 | 126.3 | 1,226.0 | 870.7 |
| 0901.11.00 | Coffee, not roasted, not decaffeinated | 766.1 | 902.8 | 780.0 | 943.6 | 1,194.4 | 26.6 |
| 2701.12.00 | Coal, bituminous, whether or not pulverized, but not agglomerated | 771.7 | 1,001.8 | 802.1 | 841.5 | 606.8 | -27.9 |
| 0803.00.20 | Bananas, fresh or dried | 385.8 | 446.6 | 592.9 | 624.1 | 572.4 | -8.3 |
| 0306.13.00 | Shrimps and prawns, cooked in shell or uncooked, dried, salted or in brine, frozen | 355.9 | 392.0 | 376.8 | 456.0 | 527.3 | 15.6 |
| 2711.29.00 | Petroleum gases and other gaseous hydrocarbons, except natural gas | 32.1 | 53.0 | 70.2 | 80.3 | 504.9 | 529.2 |
| 0603.11.00 | Roses, fresh cut | 327.6 | 310.6 | 305.2 | 313.7 | 351.7 | 12.1 |
| 2901.21.00 | Ethylene | 30.2 | 52.5 | 12.2 | 77.5 | 287.3 | 270.7 |
| 2711.14.00 | Ethylene, propylene, butylene and butadiene, liquefied | 9.7 | 23.6 | 49.9 | 42.4 | 274.8 | 547.4 |
| 2707.99.90 | Other products of hi-temp coal tar distillation and like products in which aromatic constituents exceed nonaromatic constituents, n.e.s.o.i. | 3.1 | 3.3 | 11.4 | 18.3 | 257.8 | 1307.7 |
| 2710.11.45 | Light oil mixt. of hydrocarbons fr petro oils & bitum min(o/than crude) or prep 70%+ wt. fr petro oils, n.e.s.o.i.,n/o 50% any single hydrocarbon | 0.0 | 119.0 | 97.3 | 215.2 | 248.9 | 15.7 |
| 2710.19.10 | Distillate and residual fuel oil (including blends) derived from petroleum oils or oil of bituminous minerals, testing 25 degree A.P.I. or > | 19.9 | 129.3 | 1.3 | 42.3 | 246.5 | 483.1 |
| 1801.00.00 | Cocoa beans, whole or broken, raw or roasted | 60.8 | 95.9 | 177.1 | 98.7 | 236.1 | 139.2 |
| 2701.19.00 | Coal, other than anthracite or bituminous, whether or not pulverized, but not agglomerated | 467.7 | 491.8 | 275.8 | 81.8 | 180.7 | 120.9 |
| 0603.19.00 | Fresh cut, anthuriums, alstroemeria, gypsophila, lilies, snapdragons, and flowers, n.e.s.o.i. | 191.0 | 196.1 | 189.0 | 215.2 | 179.6 | -16.6 |
| 2901.22.00 | Propene (propylene) | 21.6 | 28.0 | 24.3 | 36.2 | 172.0 | 375.0 |
| | Subtotal | 12,625.1 | 19,281.3 | 14,351.1 | 21,094.9 | 27,245.0 | 29.2 |
| | All other | 8,297.8 | 9,201.7 | 6,338.8 | 7,084.0 | 4,646.2 | -34.4 |
| | Total | 20,922.9 | 28,483.0 | 20,689.9 | 28,178.9 | 31,891.3 | 13.2 |

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

Note: Because of rounding, figures may not add to totals shown. The abbreviation n.e.s.o.i. stands for "not elsewhere specified or included."

^a Bolivia was not included beginning in 2009. Colombia, Ecuador, and Peru were included in 2009 and 2010.

^b Peru was not included beginning in 2011. The remaining countries in 2011 were Colombia and Ecuador.

TABLE 2.4 U.S. imports for consumption from ATPA countries, by duty treatments, 2007–11

| Duty treatment | 2007 | 2008 | 2009 ^a | 2010 ^a | 2011 ^{ab} |
|----------------------------------|------------------------|------------------|-------------------|-------------------|--------------------|
| | Value (millions of \$) | | | | |
| Dutiable imports | 1,292.8 | 2,587.3 | 2,515.0 | 3,410.4 | 16,137.3 |
| Duty-free value: | | | | | |
| NTR duty-free | 6,462.9 | 7,818.8 | 7,235.8 | 7,866.5 | 10,841.8 |
| ATPA | | | | | |
| Exclusive | 11,488.0 | 16,359.8 | 7,963.1 | 13,007.3 | 4,189.8 |
| Non-exclusive | 818.8 | 882.8 | 1,751.2 | 1,403.6 | 190.4 |
| Total ATPA | 12,306.8 | 17,242.7 | 9,714.2 | 14,410.9 | 4,380.1 |
| GSP | 599.3 | 611.6 | 271.7 | 212.8 | 531.0 |
| Peru TPA | 0.0 | 0.0 | 898.1 | 2,204.8 | (^b) |
| Other duty-free | 0.7 | 0.9 | 1.6 | 0.2 | 0.2 |
| Total duty-free value | 19,369.6 | 25,673.9 | 18,121.5 | 24,695.1 | 15,753.2 |
| U.S. Virgin Islands ^c | 260.5 | 221.8 | 53.4 | 73.4 | 0.8 |
| Total imports | 20,922.9 | 28,483.0 | 20,689.9 | 28,178.9 | 31,891.3 |
| | Percent of total | | | | |
| Dutiable imports | 6.2 | 9.1 | 12.2 | 12.1 | 50.6 |
| Duty-free value: | | | | | |
| NTR duty-free | 30.9 | 27.5 | 35.0 | 27.9 | 34.0 |
| ATPA | | | | | |
| Exclusive | 54.9 | 57.4 | 38.5 | 46.2 | 13.1 |
| Non-exclusive | 3.9 | 3.1 | 8.5 | 5.0 | 0.6 |
| Total ATPA | 58.8 | 60.5 | 47.0 | 51.1 | 13.7 |
| GSP | 2.9 | 2.1 | 1.3 | 0.8 | 1.7 |
| Peru TPA | 0.0 | 0.0 | 4.3 | 7.8 | (^b) |
| Other duty-free | (^d) | (^d) | (^d) | (^d) | (^d) |
| Total duty-free value | 92.6 | 90.1 | 87.6 | 87.6 | 49.4 |
| U.S. Virgin Islands ^c | 1.2 | 0.8 | 0.3 | 0.3 | (^d) |
| Total imports | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

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

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

^a Bolivia was not included beginning in 2009. Colombia, Ecuador, and Peru were included in 2009 and 2010.

^b Peru was not included beginning in 2011. Imports from Peru under ATPA/ATPDEA of \$4.8 million in 2011 were reported after it was no longer a designated ATPA beneficiary country, but not included in this table. The remaining countries in 2011 were Colombia and Ecuador.

^c The U.S. Virgin Islands has its own tariff schedule and laws separate from the rest of the United States and is outside the U.S. customs territory; therefore, imports that enter the U.S. Virgin Islands are not identified as either dutiable or free of duty.

^d Less than 0.05 percent.

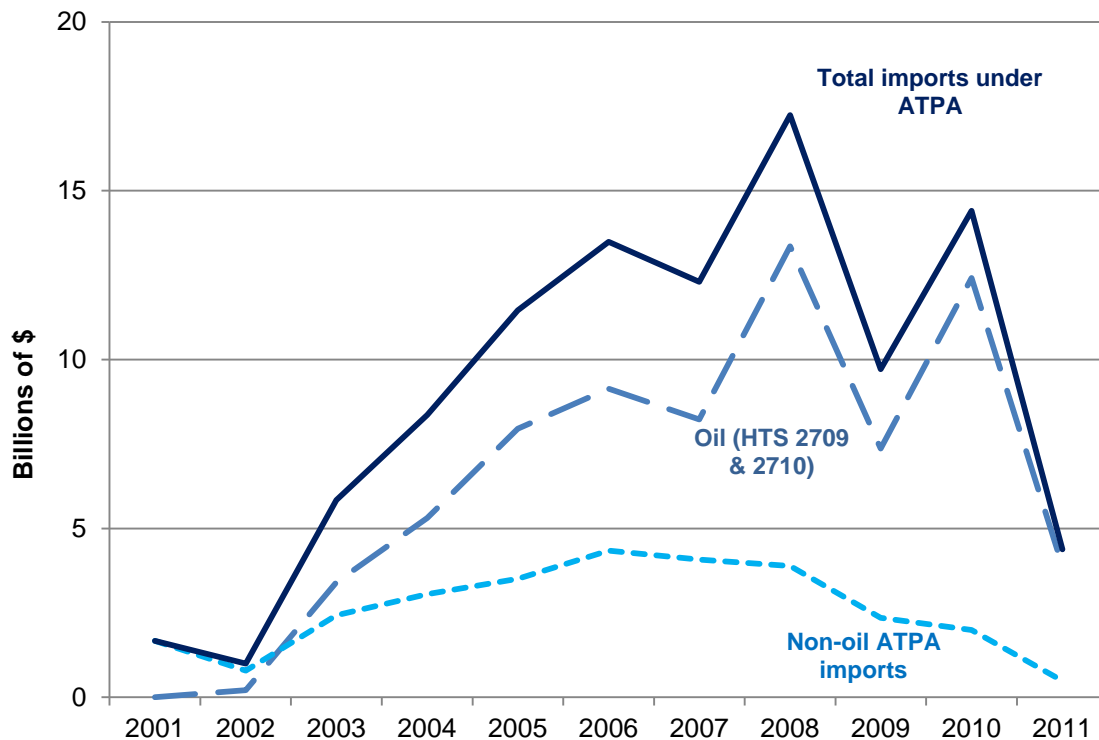
ATPA (13.7 percent, down from 51.1 percent); and (3) conditionally free of duty under GSP or other special programs (1.7 percent, up from 0.8 percent).⁶

Imports under ATPA

U.S. imports under ATPA in 2011 were \$4.4 billion, compared to \$14.4 billion in 2010 (figure 2.2). The decline in the value of U.S. imports entered under ATPA in 2011 was mostly attributable to the lapse in ATPA preferential treatment during much of 2011; Peru's exit from the program in 2011 had a smaller impact because of a gradual shift toward imports under the U.S.-Peru TPA since 2009. Imports under ATPA accounted for a 0.2 percent share of total U.S. imports in 2011, this figure was down from 0.8 percent in

⁶ For more information on duty-free eligibility of imports under ATPA and other programs, see chapter 3, Impact of ATPA on the United States in 2011.

FIGURE 2.2 U.S. imports under ATPA, 2001–11



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

2010 and the lowest share since 2002, which was also a year during which there was a lapse in ATPA (see chapter 1). This section reports the values of imports under ATPA and also reports shares of total imports under ATPA broken down by member countries and product categories, which are more comparable across years.⁷

While this section focuses primarily on imports entering under ATPA, it should be noted that total U.S. imports (including dutiable imports) of products that are eligible for duty-free access under ATPA actually increased despite the lapse. U.S. imports of the 20 leading products entered under ATPA in 2011 decreased from \$13.3 billion in 2010 to \$4.2 billion in 2011, but total U.S. imports of these same products increased from \$16.2 billion in 2010 to \$19.5 billion in 2011.

Product Composition and Leading Import Categories

In 2011, imports under ATPA were primarily in three broad categories: natural resources, agricultural and fisheries products, and apparel (see figure 2.3). Natural resources were primarily petroleum and petroleum products (HTS 2709 and 2710, hereafter also referred to as “oil”). Agricultural products included primarily cut flowers (HTS 0603); edible fruits and nuts (HTS 08); tuna (HTS 1604.14); prepared vegetables, fruits, and nuts (HTS 20); edible vegetables, roots, and tubers (HTS 07); and miscellaneous food preparations (HTS 2106.90). Apparel products included both knitted (HTS 61) and non-knitted apparel (HTS 62). Plastics (HTS 39) was also a significant import product category.

⁷ For leading U.S. imports under ATPA by HS chapter and HTS provisions, see tables D.3 and D.4 in appendix D.

FIGURE 2.3a U.S. imports for consumption from the world and ATPA countries as shares, and U.S. non-oil imports for consumption under ATPA as shares, 2011

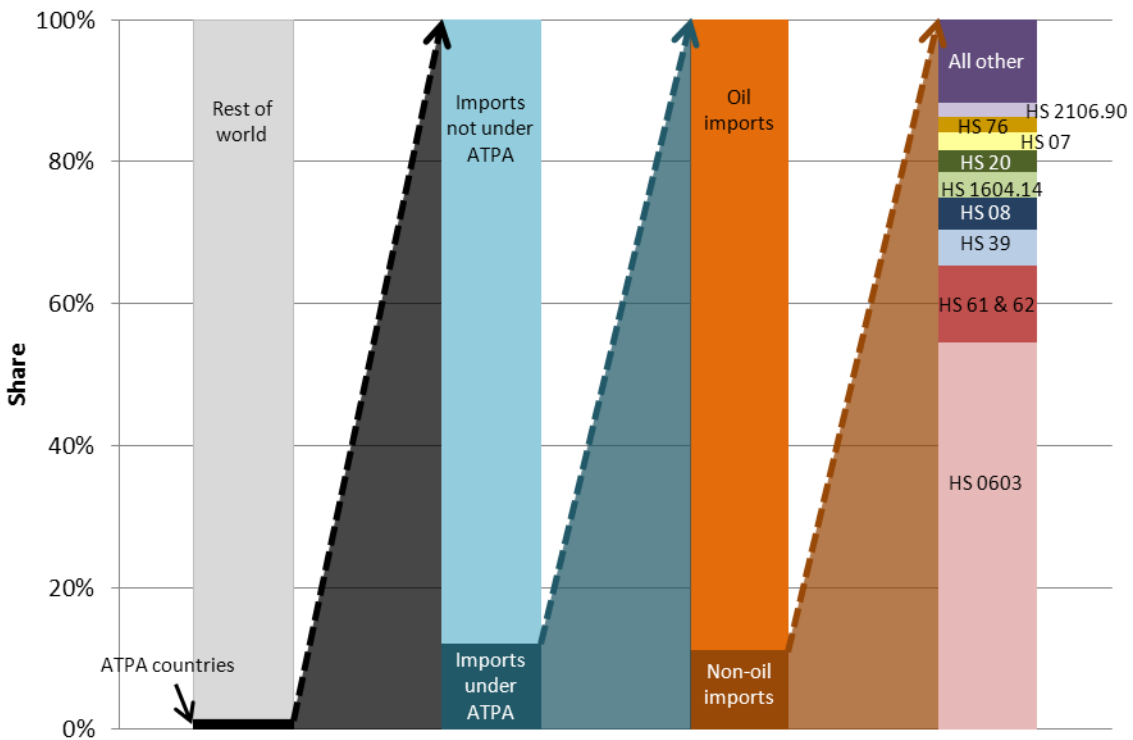
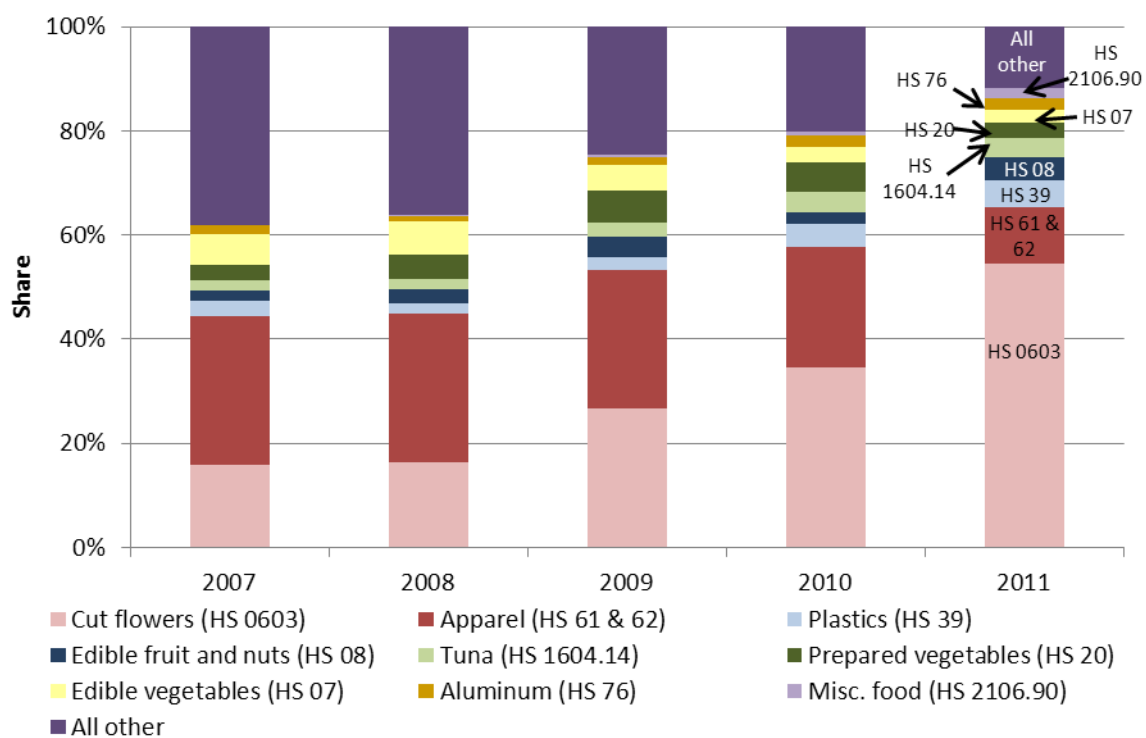


FIGURE 2.3b U.S. non-oil imports for consumption under ATPA as shares, 2007–11



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

Note: Bolivia was not included beginning in 2009; Peru was not included beginning in 2011.

Taken together, these goods accounted for almost 98 percent of total imports under ATPA in 2011, and are analyzed in more detail below.

Oil has increasingly driven the overall trend in imports under ATPA since being given duty-free access in 2002 under ATPDEA. Figure 2.2 and table 2.5 illustrate the dominance of oil in imports under ATPA during 2007–11. U.S. imports of oil accounted for 75.8 percent of imports under ATPA in 2009, increasing to 86.2 percent in 2010 and 88.9 percent in 2011. In 2010, oil imports under ATPA were \$12.4 billion, approaching the historic high of \$13.4 billion in 2008, a period of similarly high oil prices. The \$5.1 billion increase of oil imports under ATPA in 2010 was higher than the \$4.7 billion increase in total imports under ATPA, as overall growth was driven down by decreased imports in non-oil sectors. In 2011, imports of oil under ATPA decreased to \$3.9 billion, down by 68.7 percent from the 2010 value. The decrease in oil imports accounted for 85.0 percent of the total decrease in imports under ATPA from 2010 to 2011.

Oil's increased share of imports under ATPA—and the overall growth and decline of imports under ATPA—is largely due to the shift of duty-free imports from Peru toward the U.S.-Peru TPA and the eventual exit of Peru from ATPA, reflecting the loss in the greater diversity of imports under ATPA from Peru. However, the value of oil imports under ATPA has also increased due to higher prices and volume of imports. As shown in figure 2.4, the 71.7 percent increase in the value of crude oil (HTS 2709.00.10 and 2709.00.20) imports under ATPA in 2010 was due to a combination of higher unit values (35.0 percent higher) and a higher quantity of imports (27.1 percent). In contrast, the 69.6 percent decrease in the value of crude oil imports under ATPA in 2011 was driven almost entirely by a 76.5 percent decrease in quantity of imports, counteracted slightly by unit values that had risen 29.4 percent. The decrease in the quantity of crude oil imports under ATPA in 2011 (down from 163 million barrels to 38 million) is primarily the result of the lapse in ATPA preferential treatment during much of 2011.

The lapse in preferential treatment also contributed to a decrease in the value of imports over a wide variety of non-oil products under ATPA. Imports of cut flowers—which had remained between \$620 and \$690 million between 2007 and 2010—fell by 61.2 percent to \$266.1 million in 2011. Despite this decrease, the cut flowers' share of non-oil imports under ATPA increased from 34.5 percent in 2010 to 54.6 percent in 2011, reflecting even sharper decreases among other product types. Peru's gradual exit from ATPA was the driving factor behind the decline in other major imports under ATPA, especially imports of apparel products and copper cathodes. In 2008, the year before the entry into force of the U.S.-Peru TPA, apparel products made up the largest non-oil product type to be imported under ATPA (28.5 percent of non-oil imports), and 69.8 percent of those imports came from Peru. Between 2010 and 2011, the combination of Peru's final exit from ATPA and the lapse in preferential treatment caused imports of apparel under ATPA to plunge from \$463.0 million to \$52.4 million, an 88.7 percent decrease. In 2011, apparel imports—primarily from Colombia—made up only 10.7 percent of non-oil imports under ATPA. In a similar trend, imports of copper cathodes, another major U.S. import from Peru in past years, made up 21.7 percent of non-oil imports under ATPA in 2008, but began to shrink with the entry into force of the U.S.-Peru TPA and did not enter under ATPA at all after Peru's exit from ATPA at the end of 2010.

With Colombia and Ecuador as the only remaining ATPA countries in 2011, no product category other than oil, cut flowers, and apparel exceeded \$30 million in imports, or 6 percent of total imports, under ATPA. Imports of plastics, edible fruits and nuts, tuna,

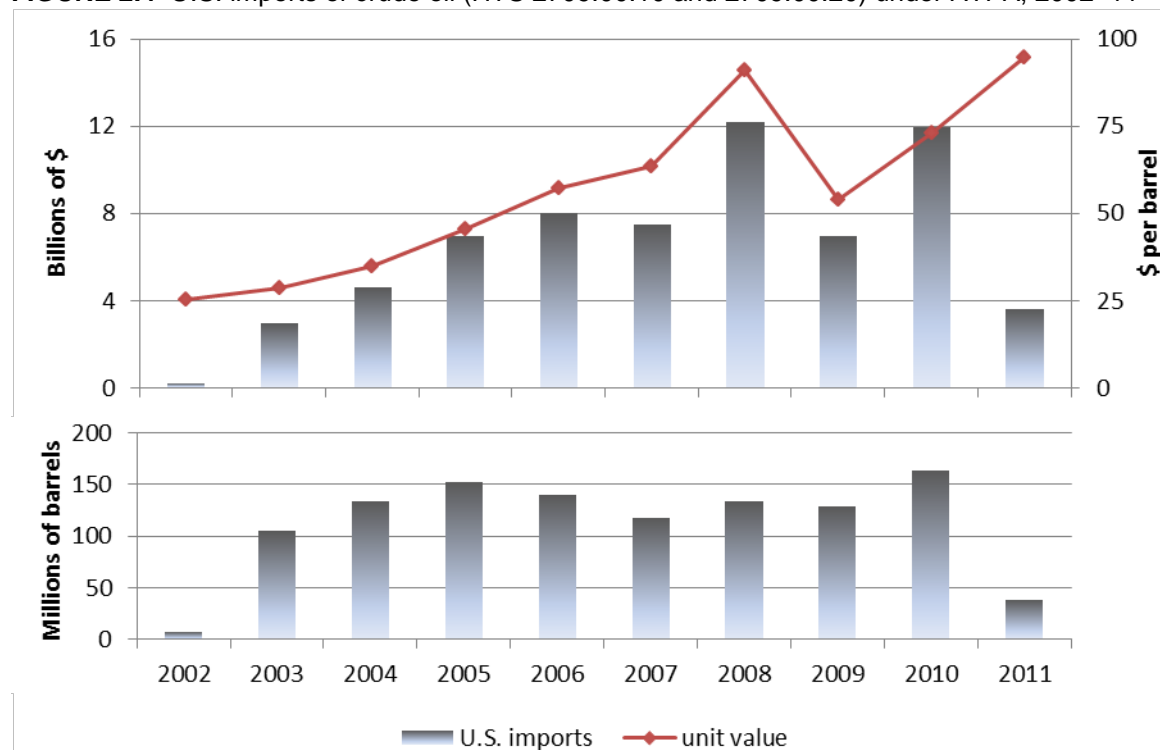
TABLE 2.5 Leading U.S. imports for consumption entered under ATPA, by major product categories, in value and share of non-oil imports, 2007–11

| Product category (HTS code) | 2007 | 2008 | 2009 | 2010 | 2011 | Change 2010–11 |
|---|--------------------------|----------|---------|----------|---------|----------------------|
| | Value (millions of \$) | | | | | Percent |
| Petroleum oils and oils obtained from bituminous minerals (HTS 2709 and 2710) | 8,224.9 | 13,353.4 | 7,363.8 | 12,420.5 | 3,892.7 | -68.7 |
| Cut flowers and buds suitable for bouquets or ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared (HTS 0603) | 651.7 | 633.3 | 625.1 | 685.7 | 266.1 | -61.2 |
| Articles of apparel and clothing accessories (HTS 61 and 62) | 1,165.7 | 1,108.7 | 624.5 | 463.0 | 52.4 | -88.7 |
| Plastics and articles thereof (HTS 39) | 111.0 | 82.7 | 60.4 | 90.0 | 25.1 | -72.1 |
| Edible fruit and nuts; peel of citrus fruit or melons (HTS 08) | 87.8 | 99.2 | 92.7 | 42.8 | 21.4 | -50.1 |
| Tunas, skipjack and bonito (<i>sarda</i> spp), prepared or preserved, whole or in pieces, but not minced (HTS 1604.14) | 76.7 | 84.2 | 63.9 | 79.6 | 18.2 | -77.1 |
| Preparations of vegetables, fruit, nuts, or other parts of plants (HTS 20) | 118.9 | 174.8 | 146.6 | 111.4 | 14.9 | -86.6 |
| Edible vegetables and certain roots and tubers (HTS 07) | 245.7 | 248.8 | 115.3 | 58.1 | 11.7 | -79.9 |
| Aluminum and articles thereof (HTS 76) | 64.4 | 45.1 | 33.8 | 45.2 | 10.9 | -75.9 |
| Food preparations n.e.s.o.i. (HTS 2106.90) | 3.9 | 4.3 | 8.0 | 13.9 | 9.3 | -32.6 |
| Subtotal | 10,750.8 | 15,834.5 | 9134.1 | 14,010.3 | 4,322.8 | -69.1 |
| All other | 1,556.0 | 1,408.1 | 580.1 | 400.6 | 57.4 | -85.7 |
| Total | 12,306.8 | 17,242.7 | 9714.2 | 14,410.9 | 4,380.1 | -69.6 |
| | Percent of total imports | | | | | In percentage points |
| Petroleum oils and oils obtained from bituminous minerals (HTS 2709 and 2710) | 66.8 | 77.4 | 75.8 | 86.2 | 88.9 | 2.7 |
| | Percent of non-oil total | | | | | |
| Cut flowers and buds suitable for bouquets or ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared (HTS 0603) | 16.0 | 16.3 | 26.6 | 34.5 | 54.6 | 20.1 |
| Articles of apparel and clothing accessories (HTS 61 and 62) | 28.6 | 28.5 | 26.6 | 23.3 | 10.7 | -12.5 |
| Plastics and articles thereof (HTS 39) | 2.7 | 2.1 | 2.6 | 4.5 | 5.2 | 0.6 |
| Edible fruit and nuts; peel of citrus fruit or melons (HTS 08) | 2.2 | 2.6 | 3.9 | 2.2 | 4.4 | 2.2 |
| Tunas, skipjack and bonito (<i>sarda</i> spp), prepared or preserved, whole or in pieces, but not minced (HTS 1604.14) | 1.9 | 2.2 | 2.7 | 4.0 | 3.7 | -0.3 |
| Preparations of vegetables, fruit, nuts, or other parts of plants (HTS 20) | 2.9 | 4.5 | 6.2 | 5.6 | 3.1 | -2.5 |
| Edible vegetables and certain roots and tubers (HTS 07) | 6.0 | 6.4 | 4.9 | 2.9 | 2.4 | -0.5 |
| Aluminum and articles thereof (HTS 76) | 1.6 | 1.2 | 1.4 | 2.3 | 2.2 | 0.0 |
| Food preparations n.e.s.o.i. (HTS 2106.90) | 0.1 | 0.1 | 0.3 | 0.7 | 1.9 | 1.2 |
| Subtotal | 61.9 | 63.8 | 75.3 | 79.9 | 88.2 | 8.4 |
| All other | 38.1 | 36.2 | 24.7 | 20.1 | 11.8 | -8.4 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | |

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

Note: Because of rounding, figures may not add to totals shown. The abbreviation n.e.s.o.i. stands for "not elsewhere specified or included."

FIGURE 2.4 U.S. imports of crude oil (HTS 2709.00.10 and 2709.00.20) under ATPA, 2002–11



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

prepared vegetables, fruits, and nuts, and edible vegetables, roots, and tubers decreased in 2011 by between 50 and 90 percent. Miscellaneous food preparations became one of the top imported goods under ATPA in 2011, primarily because these imports decreased by only 32.6 percent.

Imports under ATPA by Country

The share of imports under ATPA by country shifted considerably following the entry into force of the U.S.-Peru TPA in 2009 and Peru's exit from the program at the end of 2010. Peru, which primarily supplied non-oil U.S. imports under ATPA, dropped behind Ecuador to become the third largest source of imports under ATPA beginning in 2003, shortly after ATPA was amended by ATPDEA and preferential treatment was extended to oil imports.⁸ Nonetheless, in 2008 Peru had an 18.4 percent share of total imports under ATPA.

With Peru's exit from the program at the end of 2010, Colombia and Ecuador remained the only two sources of imports under ATPA. After 2003, oil imports dominated U.S. imports under ATPA from Colombia and Ecuador, and therefore shifts in the share of imports under ATPA between the two countries were largely determined by the value of oil imports. Colombia's share of U.S. imports under the program increased from 42.6 percent in 2008 to 65.7 percent in 2010 (table 2.6) as a result of increased quantities and prices of crude oil imports. In 2011, however, oil did not constitute as large a share of

⁸ Bolivia remained the smallest source of U.S. imports entered under ATPA throughout its inclusion in the program. Between 2003 and its final year in the program in 2008, Bolivia accounted for less than 2 percent of U.S. imports entered under ATPA.

TABLE 2.6 U.S. imports entered under ATPA, by source, 2007–11

| Market | 2007 | 2008 | 2009 | 2010 | 2011 | Change |
|-------------------------------------|----------|----------|------------------|------------------|------------------|----------------------|
| | | | | | | 2010–11 |
| Value (millions of \$) | | | | | | Percent |
| Colombia | 4,527.7 | 7,339.2 | 5,589.5 | 9,472.6 | 2,674.6 | -71.8 |
| Ecuador | 4,613.8 | 6,594.8 | 2,748.4 | 4,179.1 | 1,705.5 | -59.2 |
| Peru | 3,017.2 | 3,168.7 | 1,376.3 | 759.3 | (^a) | -100.0 |
| Bolivia | 148.1 | 140.0 | (^b) | (^b) | (^b) | (^b) |
| Total | 12,306.8 | 17,242.7 | 9,714.2 | 14,410.9 | 4,380.1 | -69.6 |
| Percent of total imports under ATPA | | | | | | In percentage points |
| Colombia | 36.8 | 42.6 | 57.5 | 65.7 | 61.1 | -4.7 |
| Ecuador | 37.5 | 38.2 | 28.3 | 29.0 | 38.9 | 9.9 |
| Peru | 24.5 | 18.4 | 14.2 | 5.3 | (^a) | -5.3 |
| Bolivia | 1.2 | 0.8 | (^b) | (^b) | (^b) | (^b) |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | |

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

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

^a Bolivia was not included beginning in 2009.

^b Peru was not included beginning in 2011.

imports from Colombia under ATPA (86.5 percent) as it did for Ecuador (92.7 percent). High oil prices in 2011 therefore caused Ecuador's share of total imports under ATPA to increase from 29.0 percent to 38.9 percent.

Non-oil U.S. imports under ATPA plummeted 75.5 percent to \$487.5 million in 2011. Nevertheless, the share of non-oil imports in the value of total U.S. imports under ATPA from each country changed only slightly in 2011, rising from 12.6 percent in 2010 to 13.5 percent in 2011 for Colombia and decreasing from 8.5 percent to 7.3 percent for Ecuador. The country-specific sections below give more information about selected imports under ATPA.

Colombia

U.S. imports from Colombia under ATPA were \$2.7 billion in 2011, down from \$9.5 billion in 2010; this decrease of 71.8 percent was due primarily to the lapse of ATPA in 2011. Imports from Colombia under ATPA in 2011 consisted primarily of oil, cut flowers, apparel, plastics, and miscellaneous food preparations (tables 2.7 and 2.8). Oil accounted for 86.5 percent (\$2.3 billion) of all imports under ATPA from Colombia in 2011, compared to 87.4 percent (\$8.3 billion) in 2010. Counting all dutiable and duty-free imports of oil, Colombia was the 4th-largest U.S. source of heavy crude oil (HTS 2709.00.10) and the 11th-largest U.S. source of light crude oil (HTS 2709.00.20) in 2011. Following a spike in both quantity and value in 2010 (67.2 million barrels valued at \$4.8 billion), U.S. imports of heavy crude oil under ATPA from Colombia fell sharply in 2011, to \$1.2 billion (14.0 million barrels). U.S. imports of light crude oil under ATPA from Colombia also decreased in 2011, from \$3.2 billion (41.1 million barrels) in 2010 to \$816.5 million (8.2 million barrels).

Cut flowers were the second-largest category of imports under ATPA from Colombia. Imports of cut flowers under ATPA decreased 62.4 percent, from \$547.7 million in 2010 to \$206.0 million in 2011. However, cut flowers increased to 7.7 percent of U.S. imports from Colombia under ATPA in 2011 (56.9 percent of non-oil imports under ATPA from Colombia) from 5.8 percent (45.8 percent of non-oil imports) in 2010. Colombian cut

TABLE 2.7 Leading U.S. imports for consumption entered under ATPA, by major product categories, by source, in value and share of non-oil imports, 2011

| Product category (HTS code) | Colombia | Ecuador | ATPA |
|---|--------------------------|---------|---------|
| | Value (millions of \$) | | |
| Petroleum oils and oils obtained from bituminous minerals (HTS 2709 & 2710) | 2,312.4 | 1,580.3 | 3,892.7 |
| Cut flowers and buds suitable for bouquets or ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared (HTS 0603) | 206.0 | 60.1 | 266.1 |
| Articles of apparel and clothing accessories (HTS 61 & 62) | 50.4 | 1.9 | 52.4 |
| Plastics and articles thereof (HTS 39) | 24.3 | 0.9 | 25.1 |
| Edible fruit and nuts; peel of citrus fruit or melons (HTS 08) | 1.5 | 19.9 | 21.4 |
| Tunas, skipjack and bonito (<i>sarda</i> spp), prepared or preserved, whole or in pieces, but not minced (HTS 1604.14) | 6.1 | 12.2 | 18.2 |
| Preparations of vegetables, fruit, nuts, or other parts of plants (HTS 20) | 4.6 | 10.3 | 14.9 |
| Edible vegetables and certain roots and tubers (HTS 07) | 1.2 | 10.5 | 11.7 |
| Aluminum and articles thereof (HTS 76) | 9.5 | 1.4 | 10.9 |
| Food preparations n.e.s.o.i. (HTS 2106.90) | 9.3 | 0.1 | 9.3 |
| Subtotal | 2,625.2 | 1,697.6 | 4,322.8 |
| All other | 49.5 | 7.9 | 57.4 |
| Total | 2,674.6 | 1,705.5 | 4,380.1 |
| | Percent of total imports | | |
| Petroleum oils and oils obtained from bituminous minerals (HTS 2709 & 2710) | 86.5 | 92.7 | 88.9 |
| | Percent of non-oil total | | |
| Cut flowers and buds suitable for bouquets or ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared (HTS 0603) | 56.9 | 48.0 | 54.6 |
| Articles of apparel and clothing accessories (HTS 61 & 62) | 13.9 | 1.6 | 10.7 |
| Plastics and articles thereof (HTS 39) | 6.7 | 0.7 | 5.2 |
| Edible fruit and nuts; peel of citrus fruit or melons (HTS 08) | 0.4 | 15.9 | 4.4 |
| Tunas, skipjack and bonito (<i>sarda</i> spp), prepared or preserved, whole or in pieces, but not minced (HTS 1604.14) | 1.7 | 9.7 | 3.7 |
| Preparations of vegetables, fruit, nuts, or other parts of plants (HTS 20) | 1.3 | 8.2 | 3.1 |
| Edible vegetables and certain roots and tubers (HTS 07) | 0.3 | 8.4 | 2.4 |
| Aluminum and articles thereof (HTS 76) | 2.6 | 1.1 | 2.2 |
| Food preparations n.e.s.o.i. (HTS 2106.90) | 2.6 | 0.0 | 1.9 |
| Subtotal | 86.3 | 93.7 | 88.2 |
| All other | 13.7 | 6.3 | 11.8 |
| Total | 100.0 | 100.0 | 100.0 |

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

Note: Because of rounding, figures may not add to totals shown. The abbreviation n.e.s.o.i. stands for "not elsewhere specified or included."

flower varieties in 2011 included roses (49.8 percent), chrysanthemums (16.4 percent), carnations (13.1 percent), and other fresh cut flowers (20.7 percent).⁹ Including non-ATPA imports, U.S. imports of cut flowers from Colombia in 2011 were \$562.2 million, making Colombia the largest source of U.S. cut flower imports in 2011.

In 2011, imports of apparel under ATPA from Colombia decreased 79.2 percent, from \$242.7 million in 2010 to \$50.4 million. Apparel imports from Colombia were 1.9 percent of total imports under ATPA (13.9 percent of non-oil imports under ATPA), down from 2.6 percent of total imports under ATPA in 2010 (20.3 percent of non-oil imports under ATPA). Colombia provided 96.2 percent of all U.S. apparel imports under ATPA in 2011.

⁹ This category includes anthuriums, alstroemeria, gypsophila, lilies, snapdragons, and other flowers.

TABLE 2.8 Leading U.S. imports for consumption entered under ATPA, by major product categories, by source, 2007–11

| Source | Product category (HTS code) | 2007 | 2008 | 2009 | 2010 | 2011 | Change 2010–11 |
|----------|---|----------------|---------|---------|---------|---------|-------------------|
| | | Millions of \$ | | | | | Percent |
| Bolivia | Petroleum oils and oils obtained from bituminous minerals (HTS 2709 & 2710) | 37.3 | 71.6 | 0.0 | 0.0 | 0.0 | N/A |
| | Jewelry and parts thereof, of precious metal other than silver (HTS 7113.19) | 57.3 | 28.4 | 0.0 | 0.0 | 0.0 | N/A |
| | Articles of apparel and clothing accessories, knitted or crocheted (HTS 61) | 18.4 | 10.5 | 0.0 | 0.0 | 0.0 | N/A |
| | Jewelry articles of precious or semiprecious stones, valued over \$40 per piece (HTS 7116.20.15) | 0.0 | 7.8 | 0.0 | 0.0 | 0.0 | N/A |
| | Gold (including gold plated with platinum), nonmonetary, in semimanufactured forms (except gold leaf), n.e.s.o.i. (HTS 7108.13.70) | 0.2 | 6.6 | 0.0 | 0.0 | 0.0 | N/A |
| | Subtotal | 112 | 124.3 | 0.0 | 0.0 | 0.0 | N/A |
| | All other | 36.2 | 15.6 | 0.0 | 0.0 | 0.0 | N/A |
| Total | 148.1 | 140.0 | 0.0 | 0.0 | 0.0 | N/A | |
| Colombia | Petroleum oils and oils obtained from bituminous minerals (HTS 2709 & 2710) | 3,293.8 | 6,189.2 | 4,567.2 | 8,277.6 | 2,312.4 | -72.1 |
| | Cut flowers and buds suitable for bouquets or ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared (HTS 0603) | 506.3 | 498.6 | 505.9 | 547.7 | 206.0 | -62.4 |
| | Articles of apparel and clothing accessories (HTS 61 & 62) | 339.4 | 313.0 | 209.9 | 242.7 | 50.4 | -79.2 |
| | Plastics and articles thereof (HTS 39) | 100.8 | 74.5 | 53.2 | 86.2 | 24.3 | -71.9 |
| | Food preparations n.e.s.o.i. (HTS 2106.90) | 3.6 | 3.9 | 7.0 | 12.5 | 9.3 | -25.8 |
| | Subtotal | 4,243.8 | 7,079.3 | 5,343.1 | 9,166.7 | 2,602.3 | -71.6 |
| | All other | 283.8 | 260.0 | 246.4 | 305.9 | 72.3 | -76.4 |
| Total | 4,527.7 | 7,339.2 | 5,589.5 | 9,472.6 | 2,674.6 | -71.8 | |
| Ecuador | Petroleum oils and oils obtained from bituminous minerals (HTS 2709 & 2710) | 4,235.6 | 6,221.6 | 2,412.5 | 3,822.6 | 1,580.3 | -58.7 |
| | Cut flowers and buds suitable for bouquets or ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared (HTS 0603) | 143.2 | 132.6 | 118.3 | 136.7 | 60.1 | -56.0 |
| | Edible fruit and nuts; peel of citrus fruit or melons (HTS 08) | 31.6 | 27.5 | 35.1 | 29.7 | 19.9 | -33.0 |
| | Tunas, skipjack and bonito (<i>sarda</i> spp), prepared or preserved, whole or in pieces, but not minced (HTS 1604.14) | 76.7 | 82.9 | 57.2 | 56.9 | 12.2 | -78.6 |
| | Edible vegetables and certain roots and tubers (HTS 07) | 35.3 | 42.9 | 40.6 | 37.3 | 10.5 | -71.8 |
| | Subtotal | 4,522.4 | 6,507.5 | 2,663.6 | 4,083.3 | 1,683.0 | -58.8 |
| | All other | 91.4 | 87.3 | 84.8 | 95.8 | 22.5 | -76.5 |
| Total | 4,613.8 | 6,594.8 | 2,748.4 | 4,179.1 | 1,705.5 | -59.2 | |
| Peru | Petroleum oils and oils obtained from bituminous minerals (HTS 2709 & 2710) | 658.3 | 871.1 | 384.1 | 320.4 | 0.0 | -100.0 |
| | Articles of apparel and clothing accessories (HTS 61 & 62) | 791.8 | 774.3 | 407.5 | 213.2 | 0.0 | -100.0 |
| | Preparations of vegetables, fruit, nuts, or other parts of plants (HTS 20) | 81.3 | 129.2 | 91.1 | 55.6 | 0.0 | -100.0 |
| | Refined copper cathodes and sections of cathodes (HTS 7403.11.00) | 989.1 | 844.4 | 215.5 | 10.8 | 0.0 | -100.0 |
| | Molybdenum and tungsten ores and concentrates (HTS 2611 & 2613) | 49.1 | 63.6 | 17.1 | 31.0 | 0.0 | -100.0 |
| | Subtotal | 2,569.5 | 2,682.6 | 1,115.3 | 630.9 | 0.0 | -100.0 |
| | All other | 447.7 | 486.1 | 261.0 | 128.4 | 0.0 | -100.0 |
| Total | 3,017.2 | 3,168.7 | 1,376.3 | 759.3 | 0.0 | -100.0 | |

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

Note: Because of rounding, figures may not add to totals shown. The abbreviation n.e.s.o.i. stands for "not elsewhere specified or included."

Ecuador

The value of U.S. imports from Ecuador under ATPA was \$1.7 billion in 2011, down from \$4.2 billion in 2010; again, this decline of 59.2 percent was due primarily to the lapse of ATPA preferential treatment during much of 2011. Imports under ATPA in 2011 consisted primarily of oil, cut flowers, edible fruits and nuts, and edible vegetables, roots, and tubers (tables 2.7 and 2.8). Oil accounted for 92.7 percent of all imports under ATPA from Ecuador in 2011. Counting all dutiable and duty-free imports of oil, Ecuador was the fifth-largest source for U.S. imports of heavy crude petroleum in 2011. The value of imports of heavy crude petroleum entered under ATPA from Ecuador decreased 59.6 percent compared to 2010, to \$1.5 billion, and accounted for 96.3 percent of oil imports under ATPA from Ecuador. In terms of quantity, imports of heavy crude petroleum under ATPA from Ecuador decreased even more substantially, falling 68.7 percent to 16.1 million barrels in 2011.

Cut flowers constituted the second-largest category of imports under ATPA from Ecuador in 2011. U.S. imports of cut flowers under ATPA from Ecuador accounted for \$60.1 million in 2011, a decline of 56.0 percent from 2010. Although cut flowers were only 3.5 percent of U.S. imports under ATPA from Ecuador in 2011, they were 48.0 percent of non-oil imports under ATPA from Ecuador. Imports of Ecuadorian cut flowers under ATPA in 2011 were primarily roses (62.1 percent), but included carnations (0.8 percent), chrysanthemums (0.7 percent), and other cut flowers (36.3 percent).¹⁰ Including non-ATPA imports, U.S. imports of cut flowers from Ecuador in 2011 were \$146.7 million, making Ecuador the second-largest source of U.S. imports of cut flowers in 2011 after Colombia.

In 2011, the value of imports of edible fruits and nuts under ATPA from Ecuador decreased by 33.0 percent to \$19.9 million, and made up 15.9 percent of non-oil U.S. imports under ATPA from Ecuador. Fruits and nuts imports under ATPA were primarily composed of fresh guavas, mangoes, and mangosteens (72.8 percent) and pineapples (15.5 percent), while the remainder was spread over a variety of other fruits and nuts. U.S. imports of tuna under ATPA decreased 78.6 percent to \$12.2 million, making up 9.7 percent of U.S. non-oil imports under ATPA from Ecuador.¹¹ In 2011, total U.S. tuna imports from Ecuador were \$94.1 million, making Ecuador the second-largest source of U.S. tuna imports after Thailand.

U.S. Exports to the ATPA Countries

In 2011, the value of U.S. exports to the ATPA countries fell 16.9 percent from \$22.1 billion in 2010 to \$18.3 billion (table 2.9). The exit of Peru from ATPA at the end of 2010 accounted for this decrease, as U.S. exports to Peru were not included in the calculation of exports to the ATPA countries in 2011. U.S. exports to the two remaining countries (Colombia and Ecuador) increased 14.7 percent, from \$16.0 billion in 2010 to \$18.3 billion. The United States continued to be the leading supplier of goods to both Colombia and Ecuador.¹² Colombia accounted for almost 70 percent of U.S. exports to the ATPA countries in 2011, while the remaining 30 percent went to Ecuador (table 2.9).

¹⁰ This category includes anthuriums, alstroemeria, gypsophila, lilies, snapdragons, and other flowers.

¹¹ The only tuna eligible for duty-free access under ATPA is tuna in flexible foil containers.

¹² Global Trade Atlas database.

TABLE 2.9 U.S. domestic exports to ATPA countries, by market, 2007–11^a

| Market | 2007 | 2008 | 2009 ^b | 2010 ^b | 2011 ^{bc} | Change 2010–11 |
|----------|--------------------------|--------|-------------------|-------------------|--------------------|-------------------------|
| | Value (millions of \$) | | | | | Percent |
| Colombia | 7,884 | 10,568 | 8,752 | 10,991 | 12,830 | 16.7 |
| Ecuador | 2,709 | 3,150 | 3,589 | 5,009 | 5,517 | 10.1 |
| Peru | 3,764 | 5,687 | 4,356 | 6,079 | 0.0 | -100.0 |
| Bolivia | 263 | 358 | 0.0 | 0.0 | 0.0 | N/A |
| Total | 14,621 | 19,763 | 16,697 | 22,078 | 18,347 | -16.9 |
| | Percent of total exports | | | | | In percentage points |
| Colombia | 53.9 | 53.5 | 52.4 | 49.8 | 69.9 | 20.1 |
| Ecuador | 18.5 | 15.9 | 21.5 | 22.7 | 30.1 | 7.4 |
| Peru | 25.7 | 28.8 | 26.1 | 27.5 | 0.0 | -27.5 |
| Bolivia | 1.8 | 1.8 | 0.0 | 0.0 | 0.0 | N/A |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | |

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

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

^a Domestic exports are equal to total exports less foreign exports. Foreign exports are primarily composed of transshipments, and in the United States are usually a very small portion of total exports.

^b Bolivia was not included beginning in 2009. Colombia, Ecuador, and Peru were included in 2009 and 2010.

^c Peru was not included beginning in 2011. The remaining countries in 2011 were Colombia and Ecuador.

The ATPA countries collectively accounted for 1.4 percent of total U.S. exports in 2011, down from a high of 2.0 percent in 2010.

Table 2.10 shows the leading U.S. exports to ATPA countries by HS chapter, while table 2.11 shows the leading U.S. exports to ATPA countries at the HS 6-digit level.¹³ U.S. exports of mineral fuels and oils (HS 27) to the ATPA countries were the leading export category at \$5.0 billion in 2011, down 4.6 percent from \$5.3 billion in 2010. Refined petroleum products (HS 2710) accounted for 96.2 percent of U.S. mineral fuels and oils exports to ATPA countries in 2011, and alone made up 26.3 percent of total U.S. exports to the ATPA countries. Colombia and Ecuador were, respectively, the 8th- and 15th-largest destinations for U.S. exports of mineral fuels and oils in 2011, and together were the destination for 3.9 percent of U.S. exports of these products.

U.S. exports to the ATPA countries of non-electrical machinery and parts (HS 84, which includes computers) decreased 26.5 percent, from \$4.2 billion in 2010 to \$3.1 billion in 2011, and accounted for 16.8 percent of total U.S. exports to the ATPA countries. Exports under this HS chapter consisted of a wide variety of machinery products, and were led by machinery and parts intended for use in oil and gas fields and construction. Parts for boring or sinking machinery (HS 8431.43), parts and attachments for heavy equipment (HS 8431.49), and self-propelled mechanical shovels (HS 8429.52) were the leading product categories from this sector in 2011. The ATPA countries received 1.9 percent of all U.S. exports of non-electrical machinery and parts in 2011.

¹³ The United States has adopted the Harmonized System (HS) as the basis of both its export classification system (Schedule B) and its import classification system used in the Harmonized Tariff Schedule (HTS). The first six digits of the commodity numbers in chapters 1 through 97 of both the HTS and the Schedule B are identical with respect to descriptions and codes due to this shared basis in the HS. For purposes of this report, and for ease of comparison with the analysis of imports, Schedule B numbers are referred to here as HS numbers. For more information on Schedule B, see U.S. Census Bureau, "Schedule B 2012 – Introduction."

TABLE 2.10 Leading U.S. domestic exports to ATPA countries, by major product categories, in value and share, 2007–11^a

| HS chapter | Description | 2007 | 2008 | 2009 ^b | 2010 ^b | 2011 ^{bc} | Change 2010–11 |
|------------|--|--------------------------|----------|-------------------|-------------------|--------------------|----------------------|
| | | Value (millions of \$) | | | | | Percent |
| 27 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes | 1,368.7 | 2,728.0 | 2,688.9 | 5,267.4 | 5,026.1 | –4.6 |
| 84 | Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof | 3,089.0 | 4,289.1 | 3,669.7 | 4,195.6 | 3,083.0 | –26.5 |
| 85 | Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories | 1,215.1 | 1,532.0 | 1,267.9 | 1,370.0 | 1,066.0 | –22.2 |
| 29 | Organic chemicals | 1,100.7 | 1,208.9 | 820.7 | 1,053.6 | 1,020.7 | –3.1 |
| 39 | Plastics and articles thereof | 1,152.8 | 1,373.9 | 1,076.8 | 1,384.7 | 926.3 | –33.1 |
| 87 | Vehicles, other than railway or tramway rolling stock, and parts and accessories thereof | 561.6 | 774.8 | 728.4 | 1,087.2 | 838.5 | –22.9 |
| 90 | Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof | 547.7 | 704.7 | 655.9 | 772.8 | 737.4 | –4.6 |
| 10 | Cereals | 1,085.3 | 1,232.8 | 655.2 | 637.1 | 476.8 | –25.2 |
| 88 | Aircraft, spacecraft, and parts thereof | 239.4 | 318.9 | 505.5 | 483.2 | 349.4 | –27.7 |
| 38 | Miscellaneous chemical products | 316.3 | 383.0 | 393.7 | 415.6 | 346.3 | –16.7 |
| | Subtotal | 10,676.4 | 14,546.1 | 12,462.6 | 16,667.1 | 13,870.5 | –16.8 |
| | All other | 3,944.1 | 5,216.7 | 4,234.7 | 5,410.9 | 4,476.3 | –17.3 |
| | Total | 14,620.5 | 19,762.7 | 16,697.3 | 22,078.1 | 18,346.8 | –16.9 |
| | | Percent of total exports | | | | | In percentage points |
| 27 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes | 9.4 | 13.8 | 16.1 | 23.9 | 27.4 | 3.5 |
| 84 | Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof | 21.1 | 21.7 | 22.0 | 19.0 | 16.8 | –2.2 |
| 85 | Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories | 8.3 | 7.8 | 7.6 | 6.2 | 5.8 | –0.4 |
| 29 | Organic chemicals | 7.5 | 6.1 | 4.9 | 4.8 | 5.6 | 0.8 |
| 39 | Plastics and articles thereof | 7.9 | 7.0 | 6.4 | 6.3 | 5.0 | –1.2 |
| 87 | Vehicles, other than railway or tramway rolling stock, and parts and accessories thereof | 3.8 | 3.9 | 4.4 | 4.9 | 4.6 | –0.4 |
| 90 | Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof | 3.7 | 3.6 | 3.9 | 3.5 | 4.0 | 0.5 |
| 10 | Cereals | 7.4 | 6.2 | 3.9 | 2.9 | 2.6 | –0.3 |
| 88 | Aircraft, spacecraft, and parts thereof | 1.6 | 1.6 | 3.0 | 2.2 | 1.9 | –0.3 |
| 38 | Miscellaneous chemical products | 2.2 | 1.9 | 2.4 | 1.9 | 1.9 | 0.0 |
| | Subtotal | 73.0 | 73.6 | 74.6 | 75.5 | 75.6 | 0.1 |
| | All other | 27.0 | 26.4 | 25.4 | 24.5 | 24.4 | –0.1 |
| | Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | |

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

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

^a Domestic exports are equal to total exports less foreign exports. Foreign exports are primarily composed of transshipments, and in the United States are usually a very small portion of total exports.

^b Bolivia was not included beginning in 2009. Colombia, Ecuador, and Peru were included in 2009 and 2010.

^c Peru was not included beginning in 2011. The remaining countries in 2011 were Colombia and Ecuador.

TABLE 2.11 Leading U.S. domestic exports to ATPA countries, by HS number, 2007–11^a

| HS number | Description | 2007 | 2008 | 2009 ^b | 2010 ^b | 2011 ^{bc} | Change 2010–11 |
|----------------------|---|----------------|----------|-------------------|-------------------|--------------------|-------------------|
| | | Millions of \$ | | | | | Percent |
| 2710.19 | Petroleum oils & oils (not light) from bituminous minerals or preps n.e.s.o.i. 70%+ by wt. from petroleum oils or bitum. min. | 1,181.7 | 2,519.5 | 2,113.4 | 3,996.8 | 3,292.6 | -17.6 |
| 2710.11 | Light oils and preparations from petroleum oils & oils from bituminous min. or preps 70%+ by wt. from petro. oils or bitum. min. | 149.1 | 91.5 | 394.1 | 944.3 | 1540.8 | 63.2 |
| 8431.43 | Parts for boring or sinking machinery, n.e.s.o.i. | 424.8 | 573.0 | 397.6 | 463.5 | 311.5 | -32.8 |
| 8704.10 | Dumpers (dump trucks) designed for off-highway use | 98.7 | 186.9 | 200.2 | 282.9 | 259.2 | -8.4 |
| 1001.90 | Wheat (other than durum wheat) and meslin | 396.0 | 503.7 | 250.8 | 366.4 | 251.3 | -31.4 |
| 8800.00 ^d | Aircraft, spacecraft, and parts thereof | 219.2 | 277.7 | 347.9 | 403.1 | 239.5 | -40.6 |
| 2903.21 | Vinyl chloride (chloroethylene) | 199.2 | 225.5 | 123.1 | 152.7 | 226.6 | 48.4 |
| 1005.90 | Corn (maize), other than seed corn | 679.1 | 711.9 | 374.2 | 258.4 | 213.6 | -17.3 |
| 5201.00 | Cotton, not carded or combed | 160.3 | 171.5 | 152.1 | 275.3 | 178.4 | -35.2 |
| 8431.49 | Parts and attachments, n.e.s.o.i., for derricks, cranes, self-propelled bulldozers, graders, etc., and other grading, scraping, etc., machinery | 182.9 | 294.7 | 208.6 | 218.9 | 167.3 | -23.6 |
| 2901.22 | Propene (propylene) | 216.9 | 249.6 | 137.6 | 162.6 | 157.6 | -3.1 |
| 2902.50 | Styrene (vinylbenzene; phenylethylene) | 121.7 | 120.9 | 79.1 | 130.9 | 157.3 | 20.2 |
| 2304.00 | Soybean oilcake and other solid residues resulting from the extraction of soy bean oil, whether or not ground or in the form of pellets | 93.4 | 144.0 | 129.2 | 107.7 | 149.4 | 38.7 |
| 3901.10 | Polyethylene having a specific gravity of less than 0.94, in primary forms | 190.9 | 244.2 | 187.5 | 201.1 | 148.7 | -26.1 |
| 2711.12 | Propane, liquefied | 26.3 | 92.5 | 136.5 | 210.8 | 141.2 | -33.0 |
| 3901.20 | Polyethylene having a specific gravity of 0.94 or more, in primary forms | 206.7 | 211.8 | 159.2 | 216.7 | 125.1 | -42.3 |
| 4804.11 | Kraftliner, uncoated, unbleached, in rolls or sheets | 163.3 | 151.7 | 92.2 | 141.7 | 124.1 | -12.4 |
| 8429.52 | Mechanical shovels, excavators and shovel loaders with 360 degree revolving superstructure, self-propelled | 47.6 | 180.2 | 190.3 | 172.2 | 116.0 | -32.6 |
| 8517.62 | Machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus | 102.8 | 145.3 | 108.8 | 119.6 | 103.9 | -13.1 |
| 8471.30 | Portable automatic data processing machines, weight not more than 10 kg, consisting of at least a central processing unit, keyboard & a display | 70.1 | 117.9 | 131.1 | 134.9 | 103.5 | -23.3 |
| | Subtotal | 4,930.8 | 7,214.2 | 5,913.5 | 8,960.4 | 8,007.6 | -10.6 |
| | All other | 9,689.7 | 12,548.6 | 10,783.9 | 13,117.6 | 10,339.2 | -21.2 |
| | Total | 14,620.5 | 19,762.7 | 16,697.3 | 22,078.1 | 18,346.8 | -16.9 |

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

Note: Because of rounding, figures may not add to totals shown. The abbreviation n.e.s.o.i. stands for "not elsewhere specified or included."

^a Domestic exports are equal to total exports less foreign exports. Foreign exports are primarily composed of transshipments, and in the United States are usually a very small portion of total exports.

^b Bolivia was not included beginning in 2009. Colombia, Ecuador, and Peru were included in 2009 and 2010.

^c Peru was not included beginning in 2011. The remaining countries in 2011 were Colombia and Ecuador.

^d Data for 2007–08 consolidated from Schedule B subheading list.

U.S. exports of electrical machinery and parts (HS 85) to the ATPA countries decreased 22.2 percent from \$1.4 billion in 2010 to \$1.1 billion in 2011, and accounted for 5.8 percent of total U.S. exports to the ATPA countries (table 2.10). These exports consisted of a wide variety of products, including telecommunications equipment and computer parts and accessories. Routers and switches (HS 8517.62) and cellular phones (HS 8517.12) were the leading U.S. exports to ATPA countries in this category in 2011. The ATPA countries received 1.0 percent of all U.S. exports of electrical machinery and parts in 2011.

U.S. exports of organic chemicals (HS 29) to the ATPA countries were \$1.0 billion, or 5.6 percent of total U.S. exports to the ATPA countries in 2011 (table 2.10). Vinyl chloride (HS 2903.21), propylene (HS 2901.22), and styrene (HS 2902.50) were the leading organic chemicals exported in 2011. The ATPA countries received 2.3 percent of all U.S. exports of organic chemicals in 2011.

U.S. exports of plastics (HS 39) to the ATPA countries were \$926.3 million in 2011, a decrease of 33.1 percent from 2010 (table 2.10). Polymers of ethylene (HS 3901), polyvinyl chloride (HS 3904), and polyacetals (HS 3907) were the leading products within the plastics chapter in 2011. The ATPA countries received 1.6 percent of all U.S. exports of plastics in 2011.

U.S. exports of motor vehicles (HS 87) to the ATPA countries decreased 22.9 percent, from \$1.1 billion in 2010 to \$838.5 million in 2011, and accounted for 4.6 percent of total U.S. exports to the ATPA countries (table 2.10). U.S. exports of dumpers (dump trucks) designed for off-highway use (HS 8704.10) and of motor vehicles designed to transport people (HS 8703) were the leading motor vehicle products exported in 2011. The ATPA countries received 0.8 percent of all U.S. exports of vehicles, parts, and accessories thereof in 2011.

Although not a leading export sector, U.S. exports of textiles and apparel play an important role in U.S. exports to the ATPA countries because of special provisions under ATPA. ATPDEA provides duty-free treatment for certain apparel imports using designated U.S. inputs. This provision provides an incentive for the use of U.S. inputs, contributing to U.S. exports of textile and apparel inputs to the ATPA countries. Although U.S. exports of textiles and apparel to the ATPA countries increased steadily between 2002 (when amendments to ATPA by ATPDEA made certain textile products eligible for duty-free treatment under ATPA) and 2007, U.S. sector exports to these countries declined from \$210.8 in 2007 to \$158.2 million in 2011 due to the 2009 global recession followed by the exit of Peru from ATPA in 2011.

CHAPTER 3

Economic Impact of ATPA on the United States and Probable Future Effects

This chapter addresses two issues: the economic impact of ATPA on the U.S. economy, industries, and consumers in 2010 and 2011, focusing on 2011 data, and the probable future effects of the program.¹ The economic impact analysis identifies those items most affected by ATPA preferences and examines U.S. industries that are potentially most affected. In 2011, Ecuador and Colombia were the only ATPA beneficiary countries, so the analysis in this part of the chapter only reflects imports from those countries. The chapter also assesses the probable future effects of ATPA based on information about the investment environment in Ecuador, the only remaining ATPA beneficiary country going forward, as well as ATPA-related investment in Ecuador. This information was collected from U.S. embassy in Ecuador and from other public sources and written submissions to the Commission.

Key Findings

The overall impact of ATPA-exclusive imports² on the U.S. economy and on U.S. industries and consumers continued to be negligible in 2011. The five leading ATPA-exclusive imports in 2011 were heavy crude oil, light crude oil, heavy fuel oil, fresh cut roses, and light oil mixtures. Fresh cut roses and fresh cut chrysanthemums from Colombia provided the largest gains in consumer surplus and the largest net welfare gains.³ The analysis indicates that the largest potential relative displacement effects on domestic production were for fresh cut roses and fresh cut chrysanthemums from Colombia, mainly because of the very high U.S. market shares enjoyed by these products.

In assessing the probable future effect of ATPA, the Commission analyzed 2010–11 investment trends in Ecuador for the near-term production and export of ATPA-eligible products. This analysis indicates that 2010–11 investment is not likely to result in U.S. imports that will have a measurable economic impact on U.S. consumers and producers, as Ecuador is now the only ATPA beneficiary country; Ecuador is, and is likely to remain, a small supplier relative to the U.S. market. Future effects in most economic sectors are also likely to be minimal, because most foreign and domestic investments in Ecuador were made to maintain existing operations and improve production processes to maintain competitiveness, rather than to increase production and exports to the United States. Uncertainty over the future of ATPA trade preferences discouraged investment in some sectors. Nevertheless, the Commission was able to identify some investments that could generate future exports to the United States under ATPA, including in the frozen broccoli and cauliflower, pouched tuna, and plywood sectors.

¹ As discussed in chapter 1 of this report, “ATPA” refers to ATPA as amended by subsequent legislation, and “original ATPA” is used to identify provisions of the original ATPA program that was enacted in 1991.

² As indicated earlier, “ATPA-exclusive imports” are imported products that can receive tariff preferences only under ATPA provisions.

³ Consumer surplus and net welfare effects are defined in the “Analytical Approach” section in chapter 1.

Impact of ATPA on the United States in 2011

Since its implementation, ATPA has had a minimal effect on the overall economy of the United States and 2011 was no different. From 1992 through 2002, the value of ATPA duty-free U.S. imports was 0.02 percent or less of U.S. GDP. Following the expansion of trade preferences under the ATPDEA amendments,⁴ imports under ATPA rose to a peak at 0.10 percent in 2008; in 2011 they totaled 0.03 percent. Imports under ATPA provisions were 0.20 percent of total U.S. imports in 2011.

However, the potential of the ATPA program to affect the U.S. economy, consumers, and industries has declined since implementation for a number of reasons. This potential became significantly lower starting in 2009 because most products from Peru had the option to be entered under the U.S.-Peru TPA starting February 1, 2009; the option for products from Peru to be entered under ATPA ended after 2010; and Bolivia's beneficiary status was suspended effective December 15, 2008. Also, the value of the program to beneficiary countries and its potential to affect the United States have also declined because the margin of preference for many products has eroded as normal trade relations (NTR) duty rates have fallen (to free in some instances) on many products produced in the region. In addition, the advantages of preferential access to the U.S. market have been diluted as more U.S. trading partners have received preferential access under other programs or free trade agreements (FTAs) and as apparel quotas under the international Agreement on Textiles and Clothing (ATC) ended in 2005, allowing substantial increases in U.S. imports of apparel from Asian producers.⁵

Evaluation of the impact of ATPA requires that only that portion of U.S. imports that could receive preferential treatment only under ATPA—that is, imports that benefit exclusively from ATPA—be considered in the analysis. Many ATPA-eligible products are also eligible for duty-free entry under the Generalized System of Preferences (GSP) and therefore are not included in the analysis.⁶ Similarly, from February 1, 2009, until the end of 2010, most ATPA-eligible products from Peru were also eligible for duty-free treatment under the U.S.-Peru TPA. Accordingly, practically all imports from Peru that were entered under ATPA from February 1, 2009, to December 31, 2010, are excluded from the analysis. Since Peru lost ATPA eligibility at the end of 2010, all imports from Peru are excluded from the analysis in 2011.⁷

⁴ The ATPDEA amendments to ATPA sharply increased the number of products and value of imports benefiting from ATPA, especially apparel and petroleum and petroleum products.

⁵ For most intents and purposes, ATPA countries were not subject to apparel quotas. For a more detailed analysis of the erosion of the margin of preference, see USITC, *ATPA, Fifth Report, 1997, 1998*, 132.

⁶ Because of special circumstances in the way GSP has been administered, the analysis excluded ATPA-eligible products that were also GSP eligible, as is customary in these reports, even though GSP preferences lapsed from January 1, 2011, until they were renewed retroactively at the same time as ATPA preferences. Importers of GSP-eligible products were instructed to pay the NTR duty rate but continue to flag GSP-eligible imports with the applicable special program indicator (SPI). Duties paid on goods entered with the GSP SPI were automatically refunded after GSP was renewed. As such GSP remained an alternative to duty-free entry under ATPA throughout 2011. See CBP, "GSP Terminated," January 4, 2011; CBP, "What is the GSP?" January 31, 2012; CBP, "Renewal of the GSP," October 24, 2011.

⁷ Note that duty-free imports from Peru under ATPA after it was no longer a designated ATPA beneficiary were officially recorded as \$4.75 million in 2011. Imports from Peru in 2011 are not included in tables in this chapter or in chapter 2 of this report. Imports from Peru under ATPA continued to be recorded in 2012—\$68,000 so far through July 2012.

Because the original ATPA preferences were enacted for a longer time period (the initial program was for the 10 years from 1991 to 2001) and GSP lapsed several times during this period, ATPA provided greater assurance than the GSP program that GSP-eligible products from ATPA countries would enter the United States free of duty. The greater continuity of the ATPA program in this period made investment related to such products more attractive than would have been the case in the absence of ATPA. Since 2001, however, both ATPA and GSP have been subject to short extensions, giving rise to uncertainties under both programs. Assessing the quantitative impact of such uncertainties is beyond the scope of the analysis conducted in this study. However, a qualitative assessment is given in the section below, which addresses the probable future effects of ATPA.

The material that follows in this section defines products that benefit exclusively from ATPA; presents quantitative estimates of the impact of ATPA on U.S. consumers, the U.S. Treasury, and U.S. industries whose goods compete with U.S. imports under ATPA; and describes the U.S. imports that benefited exclusively from ATPA in 2011 and had the largest potential impact on competing U.S. industries.

Products That Benefited Exclusively from ATPA in 2011

U.S. imports of products benefiting exclusively from ATPA in 2011 are defined as those that entered free of duty under ATPA and were not eligible to enter free of duty under NTR rates or under other programs, such as the U.S.-Peru TPA (during 2009–10) or GSP.⁸ Consistent with this definition, GSP-eligible products imported from ATPA countries that were entered under ATPA preferences were considered to benefit exclusively from ATPA only if imports of the product from a designated beneficiary country had exceeded GSP competitive need limits and had therefore lost GSP eligibility.⁹

The value of U.S. imports that benefited exclusively from ATPA swung widely in recent years. These imports peaked at \$16.4 billion in 2008. However, they fell in value by 51.3 percent to \$8.0 billion in 2009 as the U.S. economy contracted and oil prices collapsed, then rose 63.4 percent in 2010 as the economy recovered and oil prices rebounded. The lapse in ATPA preferences in 2011 led to a drop in ATPA-exclusive imports of 67.8 percent to \$4.2 billion (table 3.1).

The share of ATPA-exclusive imports in total U.S. imports from ATPA countries has also varied widely in recent years. This share peaked at 57 percent in 2008, mainly because of high oil and copper prices. However it fell sharply to 38 percent in 2009—first, because commodity prices fell, and second, because all of the major ATPA-eligible products from Peru became eligible for duty-free entry under the U.S.-Peru TPA on February 1, 2009, and hence no longer benefited exclusively from ATPA. The exclusively benefiting share recovered to 46 percent in 2010 as oil prices recovered, but then fell to just 13 percent in 2011 because of the lapse in the ATPA program.

⁸ Because ATPDEA amended ATPA, imports under ATPA and imports benefiting exclusively from ATPA include imports made eligible for preferential treatment by ATPDEA.

⁹ Thus, eligible products that are excluded from duty-free entry under GSP because their competitive need limits have been exceeded can still receive duty-free entry under ATPA. For additional information, see “ATPA and GSP” in chapter 1 of this report.

TABLE 3.1 Total U.S. imports from Andean countries, imports entered under ATPA, and imports that benefited exclusively from ATPA, 2007–11^a

| Item | 2007 | 2008 | 2009 | 2010 | 2011 |
|--|--------|--------|--------|--------|--------|
| Total imports from Andean countries | | | | | |
| Value (million dollars ^b) | 20,923 | 24,483 | 20,690 | 28,179 | 31,891 |
| Imports entered under ATPA ^c | | | | | |
| Value (million dollars ^b) | 12,307 | 17,243 | 9,714 | 14,411 | 4,380 |
| Percentage of total | 58.8 | 60.5 | 47.0 | 51.1 | 13.7 |
| Imports that benefited exclusively from ATPA | | | | | |
| Value (million dollars ^b) | 11,488 | 16,360 | 7,963 | 13,008 | 4,190 |
| Percentage of total | 54.9 | 57.4 | 38.5 | 46.2 | 13.1 |

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

^a Bolivia not included after 2008. Peru not included in 2011.

^b Customs value.

^c Includes articles entered free of duty under ATPA provisions. Those provisions are discussed in chap. 1.

Petroleum and petroleum products have come to dominate the list of leading imports that benefit exclusively from ATPA, accounting for 75.8 percent of the value of the 20 leading items in 2007, 84.8 percent in 2008, 90.9 percent in 2009, 94.3 percent in 2010, and 93.9 percent in 2011.

The 20 leading imports that benefited exclusively from ATPA in 2011 are shown in table 3.2. The most notable changes in the value of such imports relative to 2010 were for petroleum and petroleum products, down \$8.2 billion (68 percent). (See table D.5 for the 20 leading imports that benefited exclusively from ATPA in 2010.)

Welfare and Displacement Effects of ATPA on U.S. Industries and Consumers in 2011

The analytical approach for estimating the welfare and displacement effects of ATPA was described in chapter 1 and is discussed in more detail in appendix C. Upper estimates and lower estimates reported in this analysis reflect the assumption of higher substitution elasticities and lower substitution elasticities, respectively.

The Commission focused its analysis on the 20 leading imports that benefited exclusively from ATPA in 2011 (table 3.2),¹⁰ and estimated the welfare and potential U.S. industry displacement effects. Estimates of potential U.S. industry displacement effects were small, with no industry having an upper estimate of displacement of more than 5.0 percent, the cutoff traditionally used in this series for selecting industries for further analysis.

¹⁰ USITC industry analysts provided estimates of U.S. production and exports for the 20 leading items that benefited exclusively from ATPA, as well as evaluations of the substitutability of ATPA-exclusive imports and competing U.S. products.

Table 3.2 Leading U.S. imports that benefited exclusively from ATPA, 2011

| HTS number | Description | Customs value | C.i.f. value |
|-------------------------|---|-----------------|--------------|
| | | Thousands of \$ | |
| 2709.00.10 | Petroleum oils and oils from bituminous minerals, crude, testing under 25 degrees A.P.I. | 2,772,306 | 2,832,047 |
| 2709.00.20 | Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more | 856,746 | 869,025 |
| 2710.19.05 | Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing under 25 degrees A.P.I. | 215,560 | 220,021 |
| 0603.11.00 | Roses, fresh cut | 139,908 | 168,838 |
| 2710.11.45 | Light oil mixt. of hydrocarbons fr petro oils & bitum min(o/than crude) or prep 70%+ wt. fr petro oils, n.e.s.o.i.,n/o 50% any single hydrocarbon | 48,054 | 49,055 |
| 0603.14.00 ^a | Chrysanthemums, fresh cut | 33,712 | 40,631 |
| 0603.12.70 ^a | Other carnations, fresh cut | 18,482 | 21,923 |
| 1604.14.30 | Tunas and skipjack, not in oil, in airtight containers, n/o 7 kg, not of U.S. possessions, over quota | 9,990 | 10,434 |
| 6203.42.40 | Men's or boys' trousers and shorts, not bibs, not knitted or crocheted, of cotton, not containing 15% or more by weight of down, etc. | 9,853 | 9,937 |
| 0710.80.97 | Vegetables n.e.s.o.i., uncooked or cooked by steaming or boiling in water, frozen, reduced in size | 5,480 | 6,439 |
| 1604.14.40 | Tunas and skipjack, not in airtight containers, not in oil, in bulk or in immediate containers weighing with contents over 6.8 kg each | 6,075 | 6,280 |
| 6908.90.00 | Glazed ceramic flags and paving, hearth or wall tiles; glazed ceramic mosaic cubes and the like, n.e.s.o.i. | 3,729 | 4,373 |
| 9602.00.50 ^a | Vegetable, mineral or gum materials, worked, and articles of these materials | 4,087 | 4,157 |
| 6109.10.00 | T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton | 3,745 | 3,809 |
| 0804.30.40 | Pineapples, fresh or dried, not reduced in size, in crates or other packages | 3,154 | 3,707 |
| 6112.41.00 | Women's or girls' knitted or crocheted swimwear of synthetic fibers | 3,613 | 3,703 |
| 6204.62.40 | Women's or girls' trousers, breeches and shorts, not knitted or crocheted, of cotton, n.e.s.o.i. | 3,089 | 3,223 |
| 4202.21.30 | Handbags, with or without shoulder strap or without handle, with outer surface of reptile leather | 3,180 | 3,186 |
| 6203.41.18 | Men's or boys' trousers and breeches, other than of HTS 6203.41.05, n.e.s.o.i. | 3,104 | 3,166 |
| 2106.90.83 | Food preps, n.e.s.o.i., n/o 10% by wt of milk solids, subject to gen. note 15 of the HTS | 2,239 | 2,539 |
| | Total of above | 4,146,107 | 4,266,493 |
| | All other | 43,680 | 45,525 |
| | Total | 4,189,787 | 4,312,018 |

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

Note: The abbreviation n.e.s.o.i. stands for "not elsewhere specified or included."

^a Includes only imports from Colombia. Item is GSP-eligible, but imports from Colombia exceeded the competitive need limit and thus were eligible for duty-free entry only under ATPA.

A limited number of U.S. producers benefited from ATPA preferences because they supplied inputs (yarns or fabrics) to apparel assembled in ATPA countries. The effects of ATPA on those producers are not explicitly analyzed because of data limitations.¹¹

Items Analyzed

Although a large number of products are eligible for tariff preferences under ATPA, a relatively small group accounts for most of the imports that benefit exclusively from ATPA. Table 3.2 presents the 20 leading products that benefited exclusively from ATPA in 2011; they are ranked and selected on the basis of their cost, insurance, and freight (c.i.f.) import values.¹² Those products totaled \$4.2 billion (96 percent) of the \$4.4 billion in imports that benefited exclusively from ATPA during 2011.¹³ The five leading ATPA-exclusive imports in 2011 were (1) heavy crude oil (HTS 2709.00.10), (2) light crude oil (HTS 2709.00.20), (3) heavy fuel oil (HTS 2710.19.05), (4) fresh cut roses (HTS 0603.11.00), and (5) light oil mixtures (HTS 2710.11.45). Colombia was the leading supplier of four out of these five products. Ecuador was the leading supplier of heavy crude oil. In 2010, just as in 2011, heavy crude oil ranked first among ATPA-exclusive imports, and light crude oil ranked second.¹⁴

For any particular product, the U.S. market share accounted for by ATPA-exclusive imports (the value of imports benefiting exclusively from ATPA relative to apparent consumption) was a major factor in determining the estimated impact on competing domestic producers.¹⁵ These market shares varied considerably in 2011 (table 3.3). For instance, the market share of ATPA-exclusive imports of fresh cut roses was approximately 36 percent, whereas the market share of ATPA-exclusive imports of heavy fuel oil was 0.9 percent.

Estimated Effects on Consumers and Producers

Tables 3.4 and 3.5 present the estimated impact of ATPA tariff preferences related to leading imports that benefited exclusively from ATPA in 2011.¹⁶ Estimates of the gains in consumer surplus and the losses in tariff revenue, as well as measures of the potential displacement of U.S. production, are discussed next.

¹¹ To estimate the impact of ATPA on U.S. textile producers, it would be necessary to separate imports of apparel made with U.S. fabric from imports made from regional fabric. Data available to the Commission do not allow this distinction to be made.

¹² In the analysis, U.S. market expenditure shares were used to compute estimates of welfare and domestic production displacement effects. Because U.S. expenditures on imports necessarily include freight and insurance charges and duties, when applicable, the analysis used c.i.f. values for duty-free products benefiting exclusively from ATPA, and landed, duty-paid values for the remaining imports. Landed, duty-paid values are equal to c.i.f. values for products entering free of duty.

¹³ The import values reported in tables 3.2 and 3.3 reflect only that portion of imports under each HTS number that entered free of duty under ATPA. Even though all of these items were eligible for ATPA tariff preferences, full duties were paid on a certain portion of imports under each HTS provision for a variety of reasons, such as failure to claim preferences, insufficient documentation, and indirect shipment patterns.

¹⁴ For the list of items benefiting exclusively from ATPA in 2010, see table D.5.

¹⁵ Other factors include the ad valorem equivalent tariff rate; the substitutability among beneficiary imports, nonbeneficiary imports, and domestic production; and the overall demand elasticity for the product category.

¹⁶ The methodology used is described in appendix C.

TABLE 3.3 Leading U.S. imports that benefited exclusively from ATPA, apparent U.S. consumption, and ATPA exclusive market share, 2011

| HTS number | Description | Imports from ATPA countries (c.i.f. value) (A) | Apparent U.S. consumption (B) ^a | Market share (A/B) |
|-------------------------|--|--|--|--------------------------|
| | | Thousands of \$ | | Percent |
| 2709.00.10 | Petroleum oils and oils from bituminous minerals, crude, testing under 25 degrees A.P.I. | 2,832,047 | 304,618,057 | 0.9 |
| 2709.00.20 | Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more | 869,025 | 155,549,548 | 0.6 |
| 2710.19.05 | Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing under 25 degrees A.P.I. | 220,021 | 78,090,153 | 0.3 |
| 0603.11.00 | Roses, fresh cut | 168,838 | 471,865 | 35.8 |
| 2710.11.45 | Light oil mixt. of hydrocarbons fr petro oils & bitum min(o/than crude) or prep 70%+ wt. fr petro oils, n.e.s.o.i., n/o 50% any single hydrocarbon | 49,055 | 18,841,791 | 0.3 |
| 0603.14.00 | Chrysanthemums, fresh cut | 40,631 | 143,673 | 28.3 |
| 0603.12.70 ^b | Other carnations, fresh cut | 21,923 | (^c) | (^c) |
| 1604.14.30 | Tunas and skipjack, not in oil, in airtight containers, n/o 7 kg, not of U.S. possessions, over quota | 10,434 | 1,563,627 | 0.7 |
| 6203.42.40 | Men's or boys' trousers and shorts, not bibs, not knitted or crocheted, of cotton, not containing 15% or more by weight of down, etc | 9,937 | (^c) | (^c) |
| 0710.80.97 | Vegetables n.e.s.o.i., uncooked or cooked by steaming or boiling in water, frozen, reduced in size | 6,439 | 501,244 | 1.3 |
| 1604.14.40 | Tunas and skipjack, not in airtight containers, not in oil, in bulk or in immediate containers weighing with contents over 6.8 kg each | 6,280 | 541,322 | 1.2 |
| 6908.90.00 | Glazed ceramic flags and paving, hearth or wall tiles; glazed ceramic mosaic cubes and the like, n.e.s.o.i. | 4,373 | 1,533,774 | 0.3 |
| 9602.00.50 | Vegetable, mineral or gum materials, worked and articles of these materials | 4,157 | 66,231 | 6.3 |
| 6109.10.00 | T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton | 3,809 | (^c) | (^c) |
| 0804.30.40 | Pineapples, fresh or dried, not reduced in size, in crates or other packages | 3,707 | 567,433 | 0.7 |
| 6112.41.00 | Women's or girls' knitted or crocheted swimwear of synthetic fibers | 3,703 | (^c) | (^c) |
| 6204.62.40 | Women's or girls' trousers, breeches and shorts, not knitted or crocheted, of cotton, n.e.s.o.i. | 3,223 | (^c) | (^c) |
| 4202.21.30 | Handbags, with or without shoulder strap or without handle, with outer surface of reptile leather | 3,186 | (^c) | (^c) |
| 6203.41.18 | Men's or boys' trousers and breeches, other than of HTS 6203.41.05, n.e.s.o.i. | 3,166 | (^c) | (^c) |
| 2106.90.83 | Food preps, n.e.s.o.i., n/o 10% by wt of milk solids, subject to gen. note 15 of the HTS | 2,539 | (^c) | (^c) |

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

Note: The abbreviation n.e.s.o.i. stands for "not elsewhere specified or included."

^a Apparent U.S. consumption defined as U.S. production plus total imports (landed, duty-paid basis) minus exports.

^b Data for exports of other carnations not available separately.

^c U.S. production and/or export data not available.

Table 3.4 Estimated welfare effects on the United States of leading imports that benefited exclusively from ATPA, 2011

| HTS number | Description | Gain in consumer surplus (A) | | Loss in tariff revenue (B) | | Net welfare effect (A-B) | |
|-----------------|---|------------------------------|------------------|----------------------------|------------------|--------------------------|------------------|
| | | Upper estimate | Lower estimate | Upper estimate | Lower estimate | Upper estimate | Lower estimate |
| Thousands of \$ | | | | | | | |
| 2709.00.10 | Petroleum oils and oils from bituminous minerals, crude, testing under 25 degrees A.P.I. | 2,042 | 2,044 | 2,038 | 2,041 | 4 | 2 |
| 2709.00.20 | Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more | 1,157 | 1,158 | 1,153 | 1,156 | 4 | 2 |
| 2710.19.05 | Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing under 25 degrees A.P.I. | 141 | 141 | 141 | 141 | (^a) | (^a) |
| 0603.11.00 | Roses, fresh cut | 8,920 | 9,156 | 8,361 | 8,814 | 559 | 342 |
| 2710.11.45 | Light oil mixt. of hydrocarbons fr petro oils & bitum min(o/than crude) or prep 70%+ wt. fr petro oils, n.e.s.o.i.,n/o 50% any single hydrocarbon | 60 | 60 | 60 | 60 | (^a) | (^a) |
| 0603.14.00 | Chrysanthemums, fresh cut | 2,023 | 2,080 | 1,897 | 2,005 | 127 | 75 |
| 0603.12.70 | Other carnations, fresh cut | (^b) | (^b) | (^b) | (^b) | (^b) | (^b) |
| 1604.14.30 | Tunas and skipjack, not in oil, in airtight containers, n/o 7 kg, not of U.S. possessions, over quota | 950 | 1,057 | 712 | 891 | 238 | 165 |
| 6203.42.40 | Men's or boys' trousers and shorts, not bibs, not knitted or crocheted, of cotton, not containing 15% or more by weight of down, etc | (^b) | (^b) | (^b) | (^b) | (^b) | (^b) |
| 0710.80.97 | Vegetables n.e.s.o.i., uncooked or cooked by steaming or boiling in water, frozen, reduced in size | 685 | 769 | 573 | 726 | 112 | 44 |
| 1604.14.40 | Tunas and skipjack, not in airtight containers, not in oil, in bulk or in immediate containers weighing with contents over 6.8 kg each | 17 | 17 | 17 | 17 | (^a) | (^a) |
| 6908.90.00 | Glazed ceramic flags and paving, hearth or wall tiles; glazed ceramic mosaic cubes and the like, n.e.s.o.i. | 276 | 296 | 240 | 276 | 36 | 20 |
| 9602.00.50 | Vegetable, mineral or gum materials, worked and articles of these materials | 105 | 108 | 100 | 105 | 5 | 3 |
| 6109.10.00 | T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton | (^b) | (^b) | (^b) | (^b) | (^b) | (^b) |
| 0804.30.40 | Pineapples, fresh or dried, not reduced in size, in crates or other packages | 38 | 38 | 37 | 38 | 1 | 0 |
| 6112.41.00 | Women's or girls' knitted or crocheted swimwear of synthetic fibers | (^b) | (^b) | (^b) | (^b) | (^b) | (^b) |
| 6204.62.40 | Women's or girls' trousers, breeches and shorts, not knitted or crocheted, of cotton, n.e.s.o.i. | (^b) | (^b) | (^b) | (^b) | (^b) | (^b) |
| 4202.21.30 | Handbags, with or without shoulder strap or without handle, with outer surface of reptile leather | (^b) | (^b) | (^b) | (^b) | (^b) | (^b) |
| 6203.41.18 | Men's or boys' trousers and breeches, other than of HTS 6203.41.05, n.e.s.o.i. | (^b) | (^b) | (^b) | (^b) | (^b) | (^b) |
| 2106.90.83 | Food preps, n.e.s.o.i., n/o 10% by wt of milk solids, subject to gen. note 15 of the HTS | (^b) | (^b) | (^b) | (^b) | (^b) | (^b) |

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

Note: The abbreviation n.e.s.o.i. stands for "not elsewhere specified or included."

^a Less than \$500.

^b Welfare and displacement effects were not calculated because of unavailability of U.S. production and/or export data.

Table 3.5 Estimated displacement effects on the United States of leading imports that benefited exclusively from ATPA, 2011

| HTS number | Description | Reduction in U.S. production | | | | |
|------------|---|------------------------------|------------------|------------------|------------------|------------------|
| | | U.S. production | Value | | Share | |
| | | | Upper estimate | Lower estimate | Upper estimate | Lower estimate |
| | | Thousands of \$ | | | Percent | |
| 2709.00.10 | Petroleum oils and oils from bituminous minerals, crude, testing under 25 degrees A.P.I. | 189,972,246 | 5,331 | 2,780 | (^a) | (^a) |
| 2709.00.20 | Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more | 20,666,151 | 591 | 308 | (^a) | (^a) |
| 2710.19.05 | Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing under 25 degrees A.P.I. | 42,778,512 | 202 | 105 | (^a) | (^a) |
| 0603.11.00 | Roses, fresh cut | 17,912 | 362 | 59 | 2.02 | 0.33 |
| 2710.11.45 | Light oil mixt. of hydrocarbons fr petro oils & bitum min(o/than crude) or prep 70%+ wt. fr petro oils, n.e.s.o.i.,n/o 50% any single hydrocarbon | 11,158,000 | 143 | 75 | 0.00 | 0.00 |
| 0603.14.00 | Chrysanthemums, fresh cut | 11,048 | 210 | 35 | 1.90 | 0.31 |
| 0603.12.70 | Other carnations, fresh cut | 233 | (^b) | (^b) | (^b) | (^b) |
| 1604.14.30 | Tunas and skipjack, not in oil, in airtight containers, n/o 7 kg, not of U.S. possessions, over quota | 764,000 | 2,696 | 1,547 | 0.35 | 0.20 |
| 6203.42.40 | Men's or boys' trousers and shorts, not bibs, not knitted or crocheted, of cotton, not containing 15% or more by weight of down, etc | (^b) | (^b) | (^b) | (^b) | (^b) |
| 0710.80.97 | Vegetables n.e.s.o.i., uncooked or cooked by steaming or boiling in water, frozen, reduced in size | 30,400 | 122 | 35 | 0.40 | 0.11 |
| 1604.14.40 | Tunas and skipjack, not in airtight containers, not in oil, in bulk or in immediate containers weighing with contents over 6.8 kg each | 267,000 | 39 | 22 | 0.01 | 0.01 |
| 6908.90.00 | Glazed ceramic flags and paving, hearth or wall tiles; glazed ceramic mosaic cubes and the like, n.e.s.o.i. | 510,000 | 338 | 145 | 0.07 | 0.03 |
| 9602.00.50 | Vegetable, mineral or gum materials, worked and articles of these materials | 40,000 | 190 | 87 | 0.48 | 0.22 |
| 6109.10.00 | T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton | (^b) | (^b) | (^b) | (^b) | (^b) |
| 0804.30.40 | Pineapples, fresh or dried, not reduced in size, in crates or other packages | 45,000 | 6 | 2 | 0.01 | 0.00 |
| 6112.41.00 | Women's or girls' knitted or crocheted swimwear of synthetic fibers | (^b) | (^b) | (^b) | (^b) | (^b) |
| 6204.62.40 | Women's or girls' trousers, breeches and shorts, not knitted or crocheted, of cotton, n.e.s.o.i. | (^b) | (^b) | (^b) | (^b) | (^b) |
| 4202.21.30 | Handbags, with or without shoulder strap or without handle, with outer surface of reptile leather | (^b) | (^b) | (^b) | (^b) | (^b) |
| 6203.41.18 | Men's or boys' trousers and breeches, other than of HTS 6203.41.05, n.e.s.o.i. | (^b) | (^b) | (^b) | (^b) | (^b) |
| 2106.90.83 | Food preps, n.e.s.o.i., n/o 10% by wt of milk solids, subject to gen. note 15 of the HTS | (^b) | (^b) | (^b) | (^b) | (^b) |

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

Note: The abbreviation n.e.s.o.i. stands for "not elsewhere specified or included."

^a Less than 0.005 percent.

^b Welfare and displacement effects were not calculated because of unavailability of U.S. production and/or export data.

Effects on U.S. consumers

Fresh cut roses provided the largest estimated gain in consumer surplus resulting exclusively from ATPA tariff preferences in 2011, with a range of \$8.9 million to \$9.2 million (table 3.4). Without ATPA, the price that U.S. consumers (importers) would have paid for such imports of fresh cut roses from ATPA countries would have been as much as 5.6 percent higher (the ad valorem duty rate, adjusted for freight and insurance charges). Fresh cut chrysanthemums from Colombia provided the second-largest estimated gain in consumer surplus, with a range of \$2.0 million to \$2.1 million. Without ATPA, the price of imports of such fresh cut chrysanthemums from ATPA countries would have been as much as 5.3 percent higher. In general, products providing the largest gains in consumer surplus also have either some of the highest NTR tariff rates or the largest volumes of imports, or both.

ATPA preferences also reduced U.S. tariff revenues, offsetting much of the gain in consumer surplus. For example, for tuna in airtight containers (HTS 1604.14.30),¹⁷ lower tariff revenues offset 75 percent to 84 percent of the gain in consumer surplus, and for frozen vegetables (HTS 0710.08.97), the offset was about 84 percent to 94 percent. For many of the other products listed in table 3.4, reduced tariff revenues offset nearly all of the gain in consumer surplus; this situation typically occurs when NTR duty rates are relatively low, as is the case with many ATPA-exclusive products. Overall, the estimated net welfare effects of ATPA were small. The gain in consumer surplus (column A of table 3.4) was greater than the corresponding decline in tariff revenue (column B) for all of the products analyzed for which data were available. Of the resulting estimated net welfare gains, the largest were for fresh cut roses (\$342,000 to \$559,000), tuna in airtight containers (\$165,000 to \$238,000), and fresh cut chrysanthemums from Colombia (\$75,000 to \$127,000). Apparel products probably led in net welfare gains, given the relatively high duty rates on these products, but a lack of U.S. production data precludes making such estimates.

Effects on U.S. producers¹⁸

Estimates of the potential displacement of domestic production (table 3.5) were small for most of the individual sectors.¹⁹ The analysis indicates that the largest potential relative displacement effects were for fresh cut roses (0.3 percent to 2.0 percent displaced, valued at \$59,000 to \$362,000) and fresh cut chrysanthemums from Colombia (0.3 percent to 1.9 percent of U.S. domestic production displaced, valued at \$35,000 to \$210,000), mainly because of the very high U.S. market shares enjoyed by these products (see table 3.3). However, for the majority of the products benefiting exclusively from ATPA, even the upper estimates of the displacement share were less than 1 percent.

¹⁷ All of the tuna benefiting exclusively from ATPA under HTS 1604.14.30 was entered in flexible foil containers under HTS 1604.14.3051 and HTS 1604.14.3091. For more information, see chapter 2.

¹⁸ As noted in chapter 1 and appendix C, the Commission's analysis assumes that the domestic supply is perfectly elastic. This assumption means that any change in the demand for domestic production (such as that resulting from a drop in the price of imports from ATPA country suppliers) results in quantity changes and not price changes.

¹⁹ U.S. market share, ad valorem equivalent tariff rate, and elasticity of substitution between beneficiary imports and competing U.S. production share are the main factors that affect the estimated displacement of U.S. domestic shipments. In general, the larger the ATPA share of the U.S. market, ad valorem equivalent tariff rate, and substitution elasticity, the larger the displacement of domestic shipments.

Overall, the above estimates suggest that the impact of ATPA in 2011 on the U.S. economy, industries, and consumers was minimal, mainly because of the very small portion of U.S. imports that come from ATPA countries. Similarly, none of the items that benefit exclusively from ATPA had any significant displacement impact on U.S. production.

Probable Future Effects of ATPA

As noted in chapter 1, the direct effects on the U.S. economy and consumers of a one-time elimination of duties under a preference program such as ATPA generally occur within two years of the program's implementation. However, other effects may occur over time as a result of an increase in export-oriented investment in the ATPA beneficiary countries. Such investment—in new production facilities or in the expansion of existing facilities—may occur in response to the availability of ATPA tariff preferences and may lead to increased exports under ATPA to the United States. Therefore, to the extent possible, the Commission has identified ATPA-related investment in beneficiary countries as a proxy for the future trade effects of ATPA on the United States.²⁰ As noted in chapter 1, this report limits the probable future effects analysis to one beneficiary country—Ecuador—because the other Andean countries are no longer designated ATPA beneficiaries.

Because U.S. imports from Ecuador represented such a small portion of total U.S. imports in 2011 (0.43 percent), and an even smaller share with respect to U.S. imports exclusively under ATPA from Ecuador (0.08 percent), the probable future effects of ATPA on the overall U.S. economy are likely to be minimal. The U.S. embassy in Ecuador and Commission staff were able to identify some new investments in 2011 that could generate future exports to the United States under ATPA, including in the frozen broccoli and cauliflower, pouched tuna, and plywood sectors.²¹ Moreover, in the frozen vegetables sector, companies identified investments made to expand production into new products, such as asparagus, spinach, edamame, artichokes, beans, strawberries, and uvilla (cape gooseberry). The Commission was also able to identify investments in other sectors—textiles and apparel, petroleum, and mangoes²²—but most of these investments were made to maintain existing operations and improve production processes to remain competitive, rather than to increase production and exports to the United States. In the fresh cut flower (mainly roses) sector, ATPA's likely effects on future exports were unclear. A few companies reported investments that could generate future exports to the United States, but other companies reported farm closures and downsizing; in addition, one company shifted production from roses destined for the United States to carnations targeted for Japan. In the pineapple industry, a major exporter to the United States

²⁰ It is assumed that increased investment expands the capital stock and therefore the production base used to produce goods for export, extending the probable future effects of ATPA beyond the direct effects of tariff reductions. The practice of using investment to assess probable future economic effects on the United States was developed as part of the Commission's reporting requirement on the Caribbean Basin Economic Recovery Act, where similar analysis is provided for Caribbean countries. For a more detailed discussion of the methodology, see USITC, *CBERA, First Report, 1984–85*, 1986, 4-1.

²¹ Plywood is also eligible for duty-free treatment under the GSP.

²² Mangoes are also eligible for duty-free treatment under the GSP.

reported shifting production of ATPA-exclusive pineapples to bananas, which enter the U.S. market duty free under NTR.²³

According to industry representatives, the uncertainty about the future availability of ATPA preferences will continue to discourage ATPA-related investment in some sectors, including roses and pouched tuna, where despite some new investments, other investments were delayed.²⁴ In the absence of ATPA, the competitiveness of Ecuadorian products—such as roses, pouched tuna, canned artichokes²⁵ and mangoes²⁶—in the U.S. market would be reduced because the U.S. tariff would make the Ecuadorian product either less competitive or uncompetitive with products that have tariff-free access to the United States, including products from former ATPA beneficiaries that now have FTAs with the United States (e.g., roses from Colombia and artichokes from Peru). For example, the U.S. tariff on roses is 6.8 percent; on frozen broccoli, 14.9 percent; on canned artichokes, 14.9 percent; on pouched tuna in water, 12.5 percent; and on pouched tuna in oil, 35 percent.²⁷ Furthermore, according to the U.S. Embassy in Ecuador, since 2007, when the President’s authority to provide preferential treatment was subject to short-term extensions, companies have increasingly focused on diversifying export markets, such as in the roses and frozen broccoli industries.²⁸

The section on Ecuador below provides more detailed information on ATPA-related investments during 2010–11. Information on ATPA-related investment activity and trends during 2010–11 was drawn largely from official telegrams from the U.S. embassy in Ecuador. Written submissions to the Commission also provided important information. Because disaggregated ATPA-related investment data are not available, overall FDI data are presented to provide context.

Ecuador

FDI inflows to Ecuador more than tripled from 2010 to 2011, but still lagged the levels reached in 2008 (table 3.6) and in the early 2000s.²⁹ Over 60 percent of 2011 FDI was concentrated in the natural resources (oil and mining) sector, while nearly 18 percent was

²³ U.S. Department of State, U.S. Embassy, Quito, “Ecuador: Input for USITC Andean Investment and Drug Crop Survey for ATPA Report,” July 3, 2012.

²⁴ U.S. Department of State, U.S. Embassy, Quito, “Ecuador: Input for USITC Andean Investment and Drug Crop Survey for ATPA Report,” July 3, 2012.

²⁵ Written submissions from U.S. importers of canned artichokes, including Chex Finer Foods, George DeLallo Co. Inc., Linbro, Inc., The Napoleon Co., Rubinelli, Inc., and The Zidian Group; INEXPO, written submission to the USITC, June 14, 2012.

²⁶ Although mangoes are also eligible for duty-free treatment under the GSP, the majority of U.S. imports of mangoes from Ecuador enter under ATPA.

²⁷ Embassy of Ecuador in the United States, written submission to the USITC, July 3, 2012, 4–5; U.S. Department of State, U.S. Embassy, Quito, “Ecuador: Input for USITC Andean Investment and Drug Crop Survey for ATPA Report,” July 3, 2012.

²⁸ U.S. Department of State, U.S. Embassy, Quito, “Termination of ATPDEA for Ecuador Would Mean Heavy, but Not Devastating Losses,” May 16, 2011.

²⁹ UNCTAD, *World Investment Report, 2012*, table I.1; ECLAC, “Foreign Direct Investment in Latin America and the Caribbean, 2011,” table I.2.

TABLE 3.6 Foreign direct investment inflows, by host regions and by economies, 2006–11

(Million dollars)

| Host region/economy | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| World | 1,463,351 | 1,975,537 | 1,790,706 | 1,197,824 | 1,309,001 | 1,524,422 |
| Developing countries | 427,163 | 574,311 | 650,017 | 519,225 | 616,661 | 684,399 |
| Latin America and the Caribbean | 98,175 | 172,281 | 209,517 | 149,402 | 187,401 | 216,988 |
| Andean countries | 10,675 | 15,100 | 19,063 | 14,312 | 16,155 | 22,894 |
| Bolivia | 281 | 366 | 513 | 423 | 643 | 859 |
| Colombia | 6,656 | 9,049 | 10,620 | 7,137 | 6,899 | 13,234 |
| Ecuador | 271 | 194 | 1,006 | 321 | 158 | 568 |
| Peru | 3,467 | 5,491 | 6,924 | 6,431 | 8,455 | 8,233 |

Source: United Nations' Conference on Trade and Development (UNCTAD), *World Investment Report, 2012*, Annex table I.1.

invested in manufacturing. FDI inflows in natural resources more than doubled compared to 2010, while FDI inflows in manufacturing declined almost 18 percent from 2010.³⁰

Investment in the mining sector likely increased in response to the identification of mining by the Ecuadorian government as a key area of the economy to develop and the adoption of a new mining law in 2009.³¹ However, FDI in Ecuador as a share of GDP remains among the lowest in Latin America (just 0.9 percent in 2011 compared to an average 5.8 percent FDI-to-GDP ratio for Latin America and the Caribbean).³² Unpredictable policymaking and state intervention in strategic sectors like the oil industry continued to deter private investment. While the Ecuadorian government has tried to provide incentives for private investment through its investment promotion program, Invest Ecuador, and through the inclusion of tax incentives for certain products in its production code, FDI remains modest.³³

The U.S. Embassy conducted an informal survey of companies producing Ecuador's major exports under ATPA, including petroleum, fresh cut flowers, pouched tuna, frozen vegetables, pineapples, mangoes, and plywood.³⁴ The Commission was able to collect similar information about the textiles and apparel sector. Most of the non-oil industries claimed that in the absence of ATPA, there would be a significant adverse impact on their exports. Ecuadorian exports of plywood and mangoes, however, are also eligible for duty-free treatment under GSP, and thus any impact may be less severe.

Petroleum-related products (mostly crude) accounted for over 90 percent of U.S. imports under ATPA from Ecuador in 2010–11. However, Ecuadorian oil production has

³⁰ Central Bank of Ecuador, Inversion Extranjera Directa por modalidad de Inversion, <http://www.bce.fin.ec/documentos/Estadisticas/SectorExterno/BalanzaPagos/InversionExtranjera/Directa/indice.htm> (accessed June 25, 2012).

³¹ EIU, "Ecuador: Country Report," February 2012, 12.

³² EIU, "Ecuador: Country Report," June 2012, 16. In 2011, Ecuador ranked the lowest among all Latin American and Caribbean countries. See ECLAC, "Foreign Direct Investment in Latin America and the Caribbean, 2011," figure I.6, 28.

³³ U.S. Department of State, "2012 Investment Climate Statement—Ecuador," June 2012, 1.

³⁴ U.S. Department of State, U.S. Embassy, Quito, "Ecuador: Input for USITC Andean Investment and Drug Crop Survey for ATPA Report," July 3, 2012.

declined over the past five years as fields have matured and investments have declined. According to the U.S. Embassy in Ecuador, investments over the next years will aim at stabilizing production. Moreover, according to the Embassy, “ATPDEA has little effect on Ecuadorian oil exports and investments, as the tariff that would be applied absent ATPDEA is only 5.25 cents per barrel.”³⁵

The number of hectares producing fresh cut roses in Ecuador has declined since the economic crisis of 2008–09. According to the U.S. Embassy, most investments that have recently been made in this sector are focused on increasing plant density to improve efficiency and productivity per hectare to reduce costs, rather than on expanding the area under cultivation. In response to the U.S. Embassy survey of companies producing roses and other cut flowers, most companies reported making new investments in 2010–11, ranging from \$150,000 to \$38 million. These investments were made for a variety of reasons, including to improve post-harvest infrastructure, such as cold storage, or to purchase new greenhouses, irrigation equipment, and vehicles. A few of these companies anticipate increased sales and exports as a result of the investments. Overall, however, rose growers are reluctant to make additional investments because of the uncertainties associated with the renewal of ATPA preferential treatment authority. One company reported replacing hectares of roses intended for the U.S. market with carnations for the Japanese market due to the uncertainties surrounding the future of ATPA. Other companies responding to the survey reported selling off flower farms and other assets, closing greenhouses to reduce the scope of their operations, and reducing employment.

Companies producing pouched tuna for the U.S. market reported investments in 2011 that resulted in increased exports to the United States, but also reported that other investments were delayed because of the uncertainty over the future of ATPDEA preferences. In the plywood sector, one company reported that it stopped manufacturing plywood for the U.S. market in 2010, while another company indicated it had made investments to expand its production for the U.S. market in 2011, which have already resulted in increased exports to the United States. Investments were also made in the plywood sector to modify operations to comply with regulations on formaldehyde emissions.

Companies exporting frozen broccoli and cauliflower to the United States under ATPA reported investments to expand production in 2011. These investments were made to increase production of their current product lines (frozen broccoli and/or cauliflower) and to expand to new, nontraditional products, including spinach, asparagus, edamame, strawberries, uvilla (cape gooseberry), artichokes, and beans. These companies anticipate increased exports to the United States in 2012 as a result of these investments.

Exporters of fresh tropical fruits, including pineapples and mangoes, also responded to the Embassy’s survey. One major pineapple exporter to the United States reported that competition with Costa Rica has led it to replace its pineapple production with bananas, which will result in a steep decline in Ecuadorian pineapple exports to the United States in 2012. Other companies producing pineapples reported that ATPA does not play a major role in investment decisions, because a majority of their exports are destined for countries other than the United States. Representatives of the mango sector reported investments in 2011 to improve production methods, including in the use of fertilizers

³⁵ U.S. Department of State, U.S. Embassy, Quito, “Ecuador: Input for USITC Andean Investment and Drug Crop Survey for ATPA Report,” July 3, 2012. For example, the ad valorem equivalent duty rate on heavy crude oil imports from Ecuador in 2011 would be 0.05 percent on the average unit value of \$99.

and phytosanitary controls,³⁶ and to upgrade hydrothermal and chilling processes in packaging plants.

³⁶ For background on fresh-cut sliced mangoes and phytosanitary controls, see “US Approves Ecuador Mango Access,” January 14, 2009, found at <http://mangotrdefocus.blogspot.com/2009/01/us-approves-ecuador-mango-access.html>.

CHAPTER 4

Impact of ATPA on Drug-Related Crop Eradication and Crop Substitution

This chapter provides the Commission’s estimate of the effect of the ATPA program on the drug-related crop eradication and crop substitution efforts of the beneficiary countries, as required by section 206(b)(1)(C) of ATPA. The discussion below focuses primarily on Colombia and Ecuador, which were beneficiary countries for the entire period covered by this report, and to a lesser extent on Peru, which was a beneficiary country during the first of the two years covered by the report. Information in this chapter has been drawn from official U.S. and other national government sources, as well as in past reports testimony and submissions to the Commission. Data presented in this chapter are official statistics published by the U.S. Department of State (USDOS) unless otherwise noted.

Introduction

A central goal of the original ATPA legislation was to expand economic incentives to encourage four Andean countries—Bolivia, Colombia, Ecuador, and Peru—to reduce and eliminate the production, processing, and shipment of illegal drugs in favor of production of legitimate products. Besides increased access to the U.S. market through tariff preferences, these incentives were to include such measures as expanded agricultural development assistance to promote substituting legal crops for illicit ones.¹ Broadly known as “alternative development” (AD) and currently in operation under USAID as “Alternative Development and Livelihoods” (ADL) programs, this assistance goes beyond aid with simple crop substitution to more comprehensive improvements, including access to credit, better security, and the provision of basic government services such as reliable water and electricity supply and the building of roads, schools, health centers, and the like.² AD programs provide farmers opportunities to abandon illegal activities and join the legitimate economy,³ an objective supported by the ATPA provisions that help build an international export market for ATPA-eligible legal alternative crops developed through these programs, even though these programs and ATPA’s duty-free provisions are not directly connected.

¹ U.S. Congress, House of Representatives, Committee on Ways and Means, *Overview and Compilation of U.S. Trade Statutes—Part I of II, 2010 Edition*, December 2010, 41. Reviewing issues concerning the renewal of ATPA legislation, the Congressional Research Service summarized: “ATPA was intended to promote export-led economic growth in the Andean region and to encourage a shift away from the cultivation of illegal coca by supporting alternative crop production.” Sullivan et al., “Latin America and the Caribbean: Issues for the 110th Congress,” June 22, 2007.

² Wyler, “International Drug Control Policy,” March 21, 2011, 26; USDOS, INL, *International Narcotics Control Strategy Report* (hereafter *INCSR*), March 2009, 18. Descriptive titles for these programs can vary—for example, they may be called Integrated Alternative Development, or Alternative Development and Livelihoods programs.

³ Wyler, “International Drug Control Policy,” March 21, 2011, 25–26; USDOS, INL, *INCSR 2009*, March 2009, 19; ONDCP, *FY 2013 Budget and Performance Summary*, April 2012, 249.

Role of ATPA in Counternarcotics Efforts

In recent years, AD programs have been consolidating earlier gains as introduced legal crops reach full-yielding maturity.⁴ These programs have also been working more closely with national government AD and counternarcotics programs, increasingly integrating U.S. projects with national AD projects and objectives.⁵ As a consequence, ATPA continues to contribute indirectly to U.S. counternarcotics efforts by operating in tandem with other U.S. economic programs that together help establish an environment where local farmers have an incentive to abandon illegal crop production in favor of legal crops that can in turn be exported to the U.S. market free of duty.⁶

In estimating the effect of ATPA on the drug-related crop eradication and crop substitution efforts of the beneficiary countries, it is difficult to separate the effects attributable to ATPA from the effects attributable to other factors, including domestic programs, U.S. and other foreign programs (other than ATPA) that promote eradication and crop substitution, law enforcement efforts at all levels, and commodity prices and other economic factors that affect decision-making at the farm level. Nonetheless, using an analysis of trade and drug-crop trends, and a review of relevant literature, unclassified U.S. embassy reports, and publications from relevant U.S. government agencies, the Commission estimates that the ATPA program's benefits providing duty-free market access, past and present, have had a small yet positive impact on promoting economic development in the region and consequently stemming growth of the drug trade in the Andean region.

Regional Cultivation and Eradication Trends

As of July 2012, no U.S. government data were available indicating net coca cultivation for 2011 in the Andean region—including Bolivia, Colombia, Ecuador, and Peru. Since a peak of 232,500 hectares (ha) in 2007, net coca cultivation has fallen to a low of 187,500 ha in 2010, as reported in the 2011 and 2012 *International Narcotics Control Strategy Report (INCSR)* reports from the U.S. Department of State.⁷ (See figure 4.1.) This trend is corroborated by UN data—obtained using a different survey methodology—showing a decrease in coca cultivation from a peak of 181,600 ha in 2007, to a low of 149,100 ha in 2010.⁸ In 2010, Colombia continued to have the Andes' largest area planted to coca, estimated at approximately 100,000 ha,⁹ followed by Peru with 53,000 ha¹⁰ and by Bolivia with 34,500 ha.¹¹ (See table 4.1.) Ecuador continued to be essentially free of illicit drug crops, although it remained a major transit country for illegal narcotics and chemical precursors used to process narcotics.¹²

⁴ USDOS, INL, *INCSR 2012*, March 2012, 15; USDOS, INL, *INCSR 2010*, March 2010, 207; USDOS, INL, *INCSR 2009*, March 2009, 19, 433; USDOS, INL, *INCSR 2008*, March 2008, 109, 127.

⁵ USDOS, INL, *INCSR 2011*, March 2011, 13; USDOS, INL, *INCSR 2010*, March 2010, 14, 214–15.

⁶ USDOS, INL, *INCSR 2009*, March 2009, 19.

⁷ USDOS, INL, *INCSR 2011*, March 2011, 21; USDOS, INL, *INCSR 2012*, March 2012, 127, 170, 207–8, 363.

⁸ UNODC, *Colombia: Monitoreo de Cultivos de Coca 2010* [Colombia: Coca cultivation survey 2010], June 2011, 11.

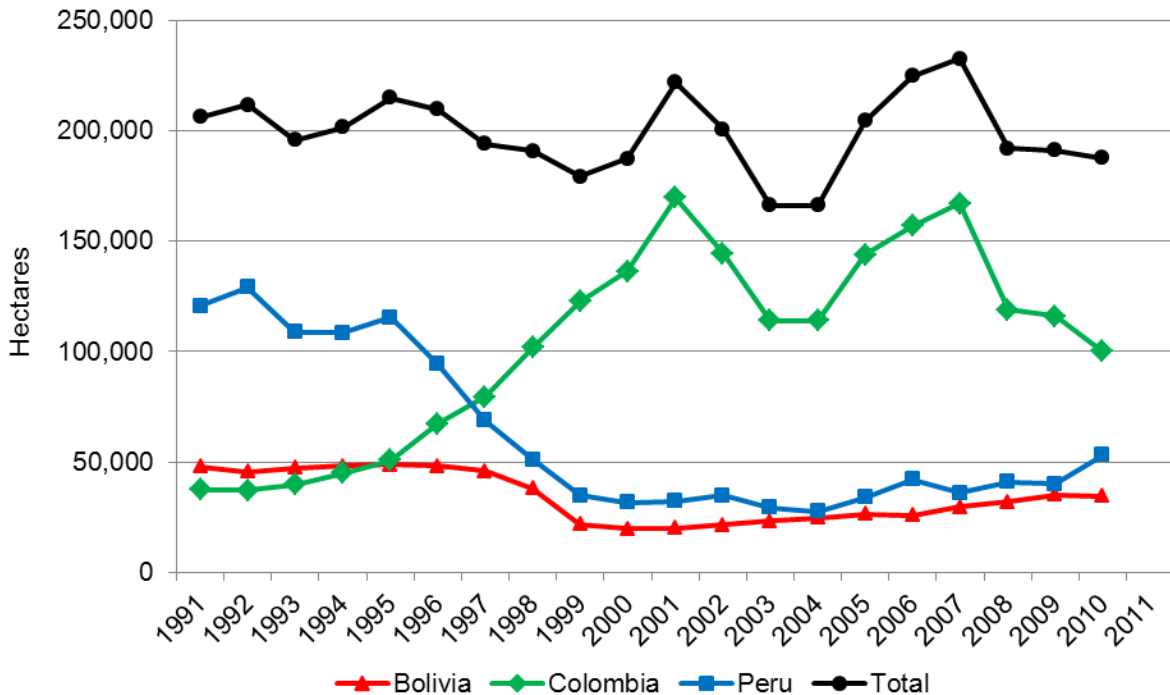
⁹ USDOS, INL, *INCSR 2012*, March 2012, 170.

¹⁰ USDOS, INL, *INCSR 2012*, March 2012, 362.

¹¹ USDOS, INL, *INCSR 2012*, March 2012, 127.

¹² USDOS, INL, *INCSR 2012*, March 2012, 206–8.

FIGURE 4.1 Net coca cultivation in the Andean countries, 1991–2011



Source: USDOS, *INCSR 2012*, and previous issues. Figure includes most recent data available.

The U.S. Department of State reported that it carries out Alternative Development and Livelihoods (ADL) programs in the three main coca-producing countries of Bolivia, Colombia, and Peru, as well as similar efforts in Ecuador, to support a number of U.S. foreign assistance objectives, including the generation of licit employment and income opportunities, improvement of the capacity of municipal governments to plan and provide basic services and infrastructure, promotion of citizen participation in local decision-making, strengthening of social infrastructure, and promotion of transparency and accountability at the local level. This AD assistance helps raise farmers’ incomes and improve long-term development prospects by enhancing production, productivity, and the quality of alternative products.¹³

The number of hectares of alternative crops under cultivation has a direct relationship to job creation and income levels in targeted areas, according to the USDOS.¹⁴ For fiscal year (FY) 2010, the USDOS reported better-than-expected results in increasing the number of hectares of alternative crops under cultivation in three of the four original

¹³ USDOS, Secretary of State, *Congressional Budget Justification*, vol. 2, *Foreign Operations*, February 1, 2010, 284–85. Such alternative products have variously included amaranth, annatto seed (achiote), asparagus, bananas, broccoli, cacao, cassava, coffee, corn, cotton, fish and poultry products, hearts of palm (palmito), herbs, honey, milk, other fruits and vegetables as well as their preparations, palm fruit (pijuayo), palm oil, pineapples, stevia (a natural plant sweetener), and tea. Additional jobs have been created under U.S. AD programs in ATPA beneficiary countries in the textile and apparel industries following the 2002 ATPDEA amendments, and to a lesser extent, in industries such as jewelry and wood products.

¹⁴ USDOS, Secretary of State, *Congressional Budget Justification*, vol. 2, *Foreign Operations*, February 1, 2010, 285.

TABLE 4.1 Coca cultivation and eradication in the Andean countries, 1991–2011

| | Bolivia | Colombia | Ecuador ^a | Peru | Total ^b |
|------------------------------------|---------|----------|----------------------|---------|--------------------|
| Net cultivation^c | | | | | |
| 1991 | 47,900 | 37,500 | 40 | 120,800 | 206,240 |
| 1992 | 45,500 | 37,100 | 0 | 129,100 | 211,700 |
| 1993 | 47,200 | 39,700 | 0 | 108,800 | 195,700 |
| 1994 | 48,100 | 45,000 | 0 | 108,600 | 201,700 |
| 1995 | 48,600 | 50,900 | 0 | 115,300 | 214,800 |
| 1996 | 48,100 | 67,200 | 0 | 94,400 | 209,700 |
| 1997 | 45,800 | 79,500 | 0 | 68,800 | 194,100 |
| 1998 | 38,000 | 101,800 | 0 | 51,000 | 190,800 |
| 1999 | 21,800 | 122,800 | 0 | 34,700 | 179,300 |
| 2000 | 19,600 | 136,200 | 0 | 31,700 | 187,500 |
| 2001 | 19,900 | 169,800 | 0 | 32,100 | 221,800 |
| 2002 | 21,600 | 144,450 | 0 | 34,700 | 200,750 |
| 2003 | 23,200 | 113,850 | 0 | 29,250 | 166,300 |
| 2004 | 24,600 | 114,100 | 0 | 27,500 | 166,200 |
| 2005 | 26,500 | 144,000 | 0 | 34,000 | 204,500 |
| 2006 | 25,800 | 157,000 | 0 | 42,000 | 224,800 |
| 2007 | 29,500 | 167,000 | 0 | 36,000 | 232,500 |
| 2008 | 32,000 | 119,000 | 0 | 41,000 | 192,000 |
| 2009 | 35,000 | 116,000 | 0 | 40,000 | 191,000 |
| 2010 | 34,500 | 100,000 | 0 | 53,000 | 187,525 |
| 2011 | n.a. | n.a. | n.a. | n.a. | n.a. |
| Eradication^d | | | | | |
| 1991 | 5,488 | 972 | 80 | 0 | 6,540 |
| 1992 | 3,152 | 959 | 0 | 0 | 4,111 |
| 1993 | 2,397 | 793 | 0 | 0 | 3,190 |
| 1994 | 1,058 | 4,910 | 0 | 0 | 5,968 |
| 1995 | 5,493 | 8,750 | 0 | 0 | 14,243 |
| 1996 | 7,512 | 5,600 | 0 | 1,259 | 14,371 |
| 1997 | 7,026 | 41,843 | 0 | 3,462 | 52,331 |
| 1998 | 11,621 | 66,366 | 0 | 7,825 | 85,812 |
| 1999 | 16,999 | 43,246 | 0 | 14,733 | 74,978 |
| 2000 | 7,953 | 47,371 | 0 | 6,206 | 61,530 |
| 2001 | 9,435 | 84,251 | 0 | 6,436 | 100,122 |
| 2002 | 11,839 | 122,695 | 0 | 7,134 | 141,668 |
| 2003 | 10,000 | 132,817 | 0 | 7,022 | 149,839 |
| 2004 | 8,437 | 147,546 | 0 | 7,605 | 163,588 |
| 2005 | 6,073 | 170,033 | 0 | 8,966 | 185,072 |
| 2006 | 5,070 | 213,724 | 0 | 10,137 | 228,931 |
| 2007 | 6,269 | 219,529 | 0 | 11,057 | 236,855 |
| 2008 | 5,484 | 229,228 | 0 | 10,143 | 244,855 |
| 2009 | 6,341 | 165,272 | 0 | 10,025 | 181,638 |
| 2010 | 8,200 | 146,714 | 0 | 11,700 | 166,614 |
| 2011 | 10,000 | 136,840 | 0 | 10,290 | 157,130 |

Source: USDOS, *INCSR 2012*, March 2012, and previous issues.

Note: "n.a." means not available.

^a Ecuador eliminated its small area of coca cultivation by 1992. In the *INCSR 2012*, the USDOS found Ecuador to be an insignificant producer of coca cultivation.

^b Total is the simple sum of the data shown for the four Andean countries.

^c In 2005, the USDOS discontinued publication of its "total cultivation" series, which was the sum of net cultivation and eradicated cultivation.

^d In 2004, the USDOS began to publish a breakdown of total eradication data for Colombia into aerial and manual eradication.

ATPA countries. In Bolivia, the USDOS reported that “ADL activities helped increase the number of hectares dedicated to alternative crops by 160 percent,”¹⁵ as recent favorable market prices for coffee motivated more farmers to participate. USAID also reported significant progress in the Yungas region of Bolivia during FY 2010, when weather conditions favorable to illicit coca production also favored the licit production of annatto, a seed containing a dye in high demand by the garment industry.¹⁶ In Peru, the ADL program was reported to benefit from the addition of new farmers in the Ucayali region when eradication efforts proved more successful than planned, as well as from the cultivation of additional land by already participating farmers. In Ecuador, the ADL program was likewise reported to benefit from both new plantings and existing plantings proving more productive than expected. Results were less clear in Colombia, where three projects were extended in FY 2010 when successor projects were delayed as a result of procurement difficulties.¹⁷

Country Profiles on Eradication and Alternative Development

Under the statute as originally enacted, Bolivia, Colombia, Ecuador, and Peru were designated by the U.S. President as ATPA beneficiary countries qualified for trade preferences under the program. As noted in earlier chapters, Bolivia’s eligibility to receive preferences under ATPA was suspended on December 15, 2008, for failure to adhere to its obligations under international counternarcotics agreements. Peru’s eligibility for trade preferences under ATPA ended on December 31, 2010.¹⁸ Therefore, country profiles are presented only for Colombia and Ecuador.

Colombia

Although there were no U.S. government data for coca cultivation in Colombia for 2011, U.S. data from the USDOS showed a declining trend from a peak of 167,000 ha in 2007 to roughly 100,000 ha in 2010, a trend also reflected by data from the United Nations Office on Drugs and Crime (UNODC).¹⁹ In 2011, Colombia eliminated a reported

¹⁵ USDOS, Secretary of State, *Congressional Budget Justification*, vol. 2, *Foreign Operations*, February 14, 2011, 361.

¹⁶ Although Bolivia was suspended in 2008 as an eligible country for ATPA/ATPDEA preferences, the U.S. President also determined in 2008 that continued support for bilateral programs in Bolivia was vital to the national interests of the United States. As a consequence of this national interest waiver, funding for other programs considered critical to U.S. foreign policy interests are permitted to continue, such as USAID ADL programs. Presidential Determination No. 2008-28 of September 15, 2008, “Major Drug Transit or Major Illicit Drug Producing Countries for Fiscal Year 2009: Memorandum for the Secretary of State,” 73 Fed. Reg. 54927 (September 24, 2008); White House, *Determinations and Report of the President*, June 30, 2009; USDOS, INL, *INCSR 2009*, March 2009, 7–11.

¹⁷ USDOS, Secretary of State, *Congressional Budget Justification*, vol. 2, *Foreign Operations*, February 14, 2011, 361.

¹⁸ For further details, see chapter. 1.

¹⁹ The UNODC data, estimated using a different methodology than U.S. government data, showed a decline from approximately 99,000 ha in 2007 to 57,000 ha in 2010. In 2009, UNODC data introduced an adjustment to its estimate of coca cultivation in Colombia, adding in estimates for small plots less than one-quarter hectare. Using this measure, coca cultivation in Colombia declined from 73,000 ha in 2009, to 62,000 ha in 2010. UNODC, *Colombia: Monitoreo de Cultivos de Coca 2010* [Colombia: Coca cultivation survey 2010], June 2011, 11; USTR, *Sixth Report to the Congress on the Operation of the Andean Trade Preference Act as Amended*, June 30, 2012, 22. On July 25, 2012, the UNODC released its 2011 estimate of coca

136,840 ha of coca,²⁰ spraying over 100,000 ha through its aerial eradication program. Manual eradication in the border areas accounted for the remainder (the government does not conduct aerial spraying within 10 kilometers of its border with Ecuador).²¹ In addition, U.S. government sources indicate that existing coca fields are reported to be less productive, less dense, and in smaller plots than when eradication operations began in the late 1990s.²²

Launched in 2009, Colombia's current Plan Nacional de Consolidación (National Consolidation Plan)—the successor to Plan Colombia—is focused broadly on advancing law enforcement capacity and economic development in regions threatened by drugs and crime, moving beyond traditional programs of drug eradication, drug interdiction, drug demand reduction, and alternative development.²³ The NCP seeks to increase state presence and security in conflict zones, to improve local governance and the rule of law so that security responsibilities can be transferred from military to police control, and finally to provide a wide range of social and economic services in priority zones and regions prone to conflict and violence.²⁴

Alternative Development

Since 2010, USAID's AD program has been channeled through the U.S. government's Colombia Strategic Development Initiative (CSDI) to support the Colombian government's National Consolidation Plan goals.²⁵ USAID programs are intended to strengthen communities after security forces have retaken a conflict area and help these communities improve their capacity to withstand threats by narco-traffickers and other armed groups who deter stable, licit crop cultivation and other legal activities.²⁶ Short-term U.S. support activities in 2010 and 2011 included meeting basic food security needs and focusing on priority community projects, such as road and bridge improvement, the establishment of health posts, and electrification, to promote both recovery from conflict and coca eradication efforts.²⁷

Once security is consolidated, the key objective of USAID assistance is to support CSDI goals with medium- and longer-term assistance, such as through the Re-establishing Safe and Productive Communities program.²⁸ USAID agricultural programs, along with efforts such as the Safe and Productive Communities program, aim to support community transition from an economy dependent on illicit coca cultivation to the legal economy by offering small producers the opportunity to cultivate crops such as coffee, cacao, and

cultivation in Colombia of 64,000 ha, showing essentially stable cultivation. UNODC, *Colombia: Monitoreo de Cultivos de Coca 2010* [Colombia: Coca cultivation survey 2010], June 2011, 10.

²⁰ USDOS, INL, *INCSR 2012*, Colombia Statistics (2001–2011), March 2012, 177. Government of Colombia authorities reported a very similar quantity of 137,794 ha; *Ibid.*, 170.

²¹ USDOS, INL, *INCSR 2012*, March 2012, 173.

²² USDOS, INL, *INCSR 2012*, March 2012, 173.

²³ USDOS, INL, *INCSR 2012*, March 2012, 15.

²⁴ USDOS, INL, *INCSR 2012*, March 2012, 171.

²⁵ USDOS, INL, *INCSR 2012*, March 2012, 171.

²⁶ USDOS, Secretary of State, Congressional Budget Justification, vol. 2, Foreign Operations, annex, Regional Perspectives, February 14, 2011, 735.

²⁷ USDOS, INL, *INCSR 2012*, March 2012, 176; USDOS, U.S. Embassy, Bogotá, USAID, "Re-establishing Safe and Productive Communities," (accessed July 3, 2012).

²⁸ USDOS, U.S. Embassy, Bogotá, USAID, "Re-establishing Safe and Productive Communities," (accessed July 3, 2012).

rubber.²⁹ A key focus of the Safe and Productive Communities program, in addition to continued support for basic services, is to strengthen linkages between licit crop production, associations of crop producers, and final local, regional, or export markets for the crops. The Safe and Productive Communities program further aims to give technical assistance to civilian agencies that will strengthen the linkages between local community bodies and government beyond the local level.³⁰

Ecuador

In 2011, coca cultivation in Ecuador remained insignificant, with authorities reporting eradication of small-scale coca and poppy cultivation amounting to 50,950 coca plants and 22,149 opium poppy plants.³¹

Alternative Development

In 2011, USAID continued to work with the government of Ecuador and local partners through AD programs designed to create jobs and raise incomes for vulnerable groups in Ecuador's border regions in order to reduce incentives for illicit activities. USAID estimates that benefits have reached over 500,000 people in the border regions since FY 2000, with U.S. assistance focused on local governments' ability to deliver basic services, provide productive infrastructure, and maintain community cohesion to resist illicit activities.³²

In 2010, the AD program—focused on the northern and southern border regions—strengthened or improved infrastructure in 42 projects that targeted roads, bridges, irrigation canals, and water and sanitation systems and that benefited some 34,500 people.³³ These projects reportedly generated 5,896 jobs for small producers, and raised average family income by 17 percent. Additional USAID support in Ecuador in 2010 and 2011 focused on the supply and value chains of small rural producers and small and medium-sized enterprises. Improvements in these value chains raise local incomes by raising product quality and promoting greater specialization. Stronger value chains can then link small producers of cacao, coffee, fruits, and other products with medium-sized “anchor” firms in order to give producers access to new local and international export markets, such as those provided under ATPA and other preferential trade programs.³⁴

²⁹ USDOS, Secretary of State, *Congressional Budget Justification*, vol. 2, *Foreign Operations*, annex, *Regional Perspectives*, February 14, 2011, 735.

³⁰ USDOS, INL, *INCSR 2012*, March 2012, 176; USDOS, U.S. Embassy, Bogotá, USAID, “Re-establishing Safe and Productive Communities,” (accessed July 3, 2012).

³¹ USDOS, U.S. Embassy, Quito, “Ecuador: Input for USITC Andean Investment and Drug Crop Survey for ATPA Report (Quito 000682),” July 3, 2012, par. 26; USDOS, *INCSR2012*, March 2012, 208; USTR, *Sixth Report to the Congress*, Washington, DC: USTR, June 30, 2012, 33.

³² USDOS, Secretary of State, *Congressional Budget Justification*, vol. 2, *Foreign Operations*, annex, *Regional Perspectives*, February 1, 2010, 687; USDOS, Secretary of State, *Congressional Budget Justification*, vol. 2, *Foreign Operations*, annex, *Regional Perspectives*, February 14, 2011, 735.

³³ USDOS, INL, *INCSR 2012*, March 2012, 209.

³⁴ USDOS, U.S. Embassy, Quito, USAID Ecuador, “Acerca de USAID: Areas de Colaboración; Desarrollo Alternativo [About USAID: Areas of collaboration; Alternative development],” (accessed June 19, 2012); USDOS, INL, *INCSR 2012*, March 2012, 209.

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APPENDIX A
***Federal Register* Notices**

Dated: May 9, 2012.
 Erica Haspiel-Szlosek,
 Chief, Office of Communications.
 [FR Doc. 2012-11717 Filed 5-14-12; 8:45 am]
 BILLING CODE 4310-HC-P

DEPARTMENT OF THE INTERIOR

Bureau of Ocean Energy Management

[Docket No. BOEM-2012-0043]

Notice of Determination of No Competitive Interest

AGENCY: Bureau of Ocean Energy Management, Interior.

ACTION: Notice of Determination of No Competitive Interest for Proposed Right-of-Way Grant Area

SUMMARY: This notice provides the Bureau of Ocean Energy Management (BOEM) determination of no competitive interest (DNCI) for the area requested by Atlantic Grid Holdings LLC's (AGH) application for a right-of-way (ROW) grant to build an offshore electrical transmission system on the Outer Continental Shelf off the coasts of New York, New Jersey, Delaware, Maryland, and Virginia as described in the December 21, 2011, Notice of Proposed Grant Area and Request for Competitive Interest (RFCI) in the Area of the Atlantic Wind Connection Proposal (76 FR 79206).

DATES: Effective May 15, 2012.

FOR FURTHER INFORMATION CONTACT: For information on the DNCI, contact Mr. Casey Reeves, BOEM, Office of Renewable Energy Programs, 381 Elden Street HM 1328, Herndon, Virginia 20170-4817; phone (703) 787-1320.

SUPPLEMENTARY INFORMATION:

1. Authority

This DNCI is published pursuant to subsection 8(p)(3) of the Outer Continental Shelf (OCS) Lands Act, which was added by section 388 of the Energy Policy Act of 2005 (EPA) (43 U.S.C. 1337(p)(3)), and the implementing regulations at 30 CFR part 585. Subsection 8(p)(3) of the OCS Lands Act requires that OCS renewable energy leases, easements, and rights-of-way be issued "on a competitive basis unless the Secretary determines after public notice of a proposed lease, easement, or right-of-way that there is no competitive interest." The authority to make such determinations has been delegated to BOEM.

2. Determination and Next Steps

This DNCI provides notice to the public that BOEM has determined there

is no competitive interest in the proposed ROW grant area, as no indications of competitive interest were submitted in response to the RFCI.

In the RFCI, BOEM also solicited public comment on site conditions and multiple uses within the ROW grant area that would be relevant to the proposed project or its impacts. BOEM received public comment submissions from 56 parties in response. The comments received in response to the RFCI will be used to inform BOEM in subsequent agency decisions. After the publication of this DNCI, BOEM will proceed with the noncompetitive ROW grant process outlined at 30 CFR 585.306(b).

3. Map of the Area

A map of the area proposed for a ROW grant area can be found at the following URL: <http://www.boem.gov/Renewable-Energy-Program/State-Activities/Regional-Proposals.aspx>.

Dated: April 27, 2012.

Tommy P. Beaudreau,
 Director, Bureau of Ocean Energy Management.

[FR Doc. 2012-11823 Filed 5-14-12; 8:45 am]

BILLING CODE 4310-VH-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 332-352]

Andean Trade Preference Act: Impact on the U.S. Economy and on Andean Drug Crop Eradication

AGENCY: United States International Trade Commission.

ACTION: Notice of opportunity to submit comments in connection with the 15th report on the Andean Trade Preference Act (ATPA).

SUMMARY: Section 206 of the ATPA (19 U.S.C. 3204) requires the Commission to report biennially to the Congress by September 30 of each reporting year on the economic impact of the Act on U.S. industries and U.S. consumers, as well as on the effectiveness of the Act in promoting drug related crop eradication and crop substitution efforts by beneficiary countries. The Commission prepares these reports under investigation No. 332-352, *Andean Trade Preference Act: Impact on the U.S. Economy and on Andean Drug Crop Eradication*.

DATES:

July 3, 2012: Deadline for filing written submissions.

September 30, 2010: Transmittal of Commission report to Congress.

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

FOR FURTHER INFORMATION CONTACT:

Walker Pollard (202-205-3228, or walker.pollard@usitc.gov), Country and Regional Analysis Division, Office of Economics, U.S. International Trade Commission, Washington, DC 20436. For information on the legal aspects of this investigation, contact William Gearhart of the Commission's Office of the General Counsel (202-205-3091 or william.gearhart@usitc.gov). The media should contact Peg O'Laughlin, Public Affairs Officer (202-205-1819 or margaret.olaughlin@usitc.gov). General information concerning the Commission may be obtained by accessing its Internet server (<http://www.usitc.gov>).

Background: Section 206 of the Andean Trade Preference Act (ATPA) (19 U.S.C. 3204) requires that the Commission submit biennial reports to the Congress regarding the economic impact of the Act on U.S. industries and consumers and, in conjunction with other agencies, the effectiveness of the Act in promoting drug-related crop eradication and crop substitution efforts of the beneficiary countries. Section 206(b) of the Act requires that each report include:

(1) The actual effect of ATPA on the U.S. economy generally as well as on specific domestic industries which produce articles that are like, or directly competitive with, articles being imported under the Act from beneficiary countries;

(2) The probable future effect that ATPA will have on the U.S. economy generally and on such domestic industries; and

(3) The estimated effect that ATPA has had on drug-related crop eradication and crop substitution efforts of beneficiary countries.

Notice of institution of this investigation for preparing these reports was published in the *Federal Register* of March 10, 1994 (59 FR 11308). This 15th report, covering 2010-2011, the period since the previous report, is to be submitted by September 30, 2012.

Written Submissions: Interested parties are invited to submit written

statements concerning this investigation. All written submissions should be addressed to the Secretary, and should be received not later than 5:15 p.m., July 3, 2012. All written submissions must conform to the provisions of section 201.8 of the Commission's *Rules of Practice and Procedure* (19 C.P.R. 201.8). Section 201.8 and the Commission's Handbook on Filing Procedures require that interested parties file documents electronically on or before the filing deadline and submit eight (8) true paper copies by 12:00 noon eastern time on the next business day. In the event that confidential treatment of a document is requested, interested parties must file, at the same time as the eight paper copies, at least four (4) additional true paper copies in which the confidential information must be deleted (see the following paragraph for further information regarding confidential business information). Persons with questions regarding electronic filing should contact the Secretary (202-205-2000).

Any submissions that contain confidential business information must also conform with the requirements of section 201.6 of the *Commission's Rules of Practice and Procedure* (19 CFR 201.6). Section 201.6 of the rules requires that the cover of the document and the individual pages be clearly marked as to whether they are the "confidential" or "non-confidential" version, and that the confidential business information be clearly identified by means of brackets. All written submissions, except for confidential business information, will be made available for inspection by interested parties.

Congressional committee staff has indicated that the receiving committees intend to make the Commission's report available to the public in its entirety, and has asked that the Commission not include any confidential business information or national security classified information in the report that the Commission sends to the Congress. Any confidential business information received by the Commission in this investigation and used in preparing this report will not be published in a manner that would reveal the operations of the firm supplying the information.

By order of the Commission,

Issued: May 9, 2012.

James R. Holbein,

Secretary of the Commission.

[FR Doc. 2012-11685 Filed 5-14-12; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 337-TA-745]

Certain Wireless Communication Devices, Portable Music and Data Processing Devices, Computers and Components Thereof; Notice of Request for Statements on the Public Interest

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the presiding administrative law judge has issued a Final Initial Determination and Recommended Determination on Remedy and Bonding in the above-captioned investigation. The Commission is soliciting comments on public interest issues raised by the recommended relief, specifically a limited exclusion order with respect to respondent Apple, Inc.'s ("Apple") accused products and a cease and desist order directed toward Apple.

FOR FURTHER INFORMATION CONTACT: Lisa R. Barton, Acting Secretary to the Commission, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436, telephone (202) 205-2000. The public version of the complaint can be accessed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>, and will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436, telephone (202) 205-2000.

General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on (202) 205-1810.

SUPPLEMENTARY INFORMATION: Section 337 of the Tariff Act of 1930 provides that if the Commission finds a violation it shall exclude the articles concerned from the United States:

unless, after considering the effect of such exclusion upon the public health and welfare, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, and United States consumers, it finds that such articles should not be excluded from entry.

19 U.S.C. 1337(d)(1). A similar provision applies to cease and desist orders. 19 U.S.C. 1337(f)(1).

The Commission is interested in further development of the record on the public interest in these investigations. Accordingly, members of the public are invited to file submissions of no more than five (5) pages, inclusive of attachments, concerning the public interest in light of the administrative law judge's Recommended Determination on Remedy and Bonding issued in this investigation on May 9, 2012. Comments should address whether issuance of a limited exclusion order and a cease and desist order in this investigation would affect the public health and welfare in the United States, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, or United States consumers.

In particular, the Commission is interested in comments that:

(i) Explain how the articles potentially subject to the recommended orders are used in the United States;

(ii) Identify any public health, safety, or welfare concerns in the United States relating to the recommended orders;

(iii) Identify like or directly competitive articles that complainant, its licensees, or third parties make in the United States which could replace the subject articles if they were to be excluded;

(iv) Indicate whether complainant, complainant's licensees, and/or third party suppliers have the capacity to replace the volume of articles potentially subject to the recommended exclusion order and/or a cease and desist order within a commercially reasonable time; and

(v) Explain how the limited exclusion order and cease and desist order would impact consumers in the United States.

Written submissions must be filed no later than by close of business on June 6, 2012.

Persons filing written submissions must file the original document electronically on or before the deadline stated above and submit 8 true paper copies to the Office of the Secretary by noon the next day pursuant to section 210.4(f) of the Commission's Rules of Practice and Procedure (19 CFR 210.4(f)). Submissions should refer to the investigation number ("Inv. No. 337-TA-745") in a prominent place on the cover page and/or the first page. (See Handbook for Electronic Filing Procedures, http://www.usitc.gov/secretary/fed_reg_notices/rules/)

INTERNATIONAL TRADE COMMISSION

[Investigation No. 332-352]

Andean Trade Preference Act: Impact on the U.S. Economy and on Andean Drug Crop Eradication

AGENCY: United States International Trade Commission.

ACTION: Correction of notice of investigation.

SUMMARY: The Commission's notice published in the Federal Register on May 15, 2012 (77 FR 28620) contained an error that incorrectly identified "September 30, 2010" as the date for transmittal to Congress of the Commission report under investigation No. 332-352, *Andean Trade Preference Act: Impact on the U.S. Economy and on Andean Drug Crop Eradication*, under section 206 of the Andean Trade Preference Act (19 U.S.C. 3204). The correct date for transmittal of the Commission report to Congress is September 28, 2012.

Issued: May 17, 2012.

By order of the Commission.

James R. Holbein,
Secretary to the Commission.

[FR Doc. 2012-12598 Filed 5-23-12; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 337-TA-843]

Certain Electronic Devices Having a Retractable USB Connector; Institution of Investigation Pursuant to 19 U.S.C. 1337

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that a complaint was filed with the U.S. International Trade Commission on April 18, 2012, under section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. 1337, on behalf of Anu IP LLC of Longview, Texas. The complaint alleges violations of section 337 based upon the importation into the United States, the sale for importation, and the sale within the United States after importation of certain electronic devices having a retractable USB connector by reason of infringement of certain claims of U.S. Patent No. 6,979,210 ("the '210 patent") and U.S. Patent No. 7,090,515 ("the '515 patent"). The complaint further alleges that an industry in the United States exists or is in the process of being

established as required by subsection (a)(2) of section 337.

The complainant requests that the Commission institute an investigation and, after the investigation, issue an exclusion order and cease and desist orders.

ADDRESSES: The complaint, except for any confidential information contained therein, is available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street SW., Room 112, Washington, DC 20436, telephone (202) 205-2000. Hearing impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on (202) 205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at (202) 205-2000. General information concerning the Commission may also be obtained by accessing its internet server at <http://www.usitc.gov>. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

FOR FURTHER INFORMATION CONTACT: The Office of Unfair Import Investigations, U.S. International Trade Commission, telephone (202) 205-2560.

Authority: The authority for institution of this investigation is contained in section 337 of the Tariff Act of 1930, as amended, and in section 210.10 of the Commission's Rules of Practice and Procedure, 19 CFR 210.10 (2011).

Scope of Investigation: Having considered the complaint, the U.S. International Trade Commission, on May 17, 2012, *ordered that*—

(1) Pursuant to subsection (b) of section 337 of the Tariff Act of 1930, as amended, an investigation be instituted to determine whether there is a violation of subsection (a)(1)(B) of section 337 in the importation into the United States, the sale for importation, or the sale within the United States after importation of certain electronic devices having a retractable USB connector that infringe one or more of claims 1-4, 7, and 8 of the '210 patent and claims 1-4, 7, and 8 of the '515 patent, and whether an industry in the United States exists as required by subsection (a)(2) of section 337;

(2) For the purpose of the investigation so instituted, the following are hereby named as parties upon which this notice of investigation shall be served:

(a) The complainant is:

Anu IP LLC, 3301 W. Marshal Ave., Suite 303, Longview, TX 75604.

(b) The respondents are the following entities alleged to be in violation of section 337, and are the parties upon which the complaint is to be served: AIPTEK International, Inc., 19 Industry E Rd. 4, Hsinchu Science Park, Hsinchu, Taiwan.
Aluratek, Inc., 14831 Myford Rd. Ste A, Tustin, CA 92780.
Archos S.A., 12, rue Ampère, 91430 Igny, France.
Archos, Inc., 7951 E. Maplewood Ave. #260, Greenwood Village, CO 80111.
Bluestar Alliance LLC, 1370 Broadway, Ste 1107, New York, NY 10018.
Centon Electronics, Inc., 27412 Aliso Viejo Parkway, Aliso Viejo, CA 92656.
Coby Electronics Corporation, 1991 Marcus Ave., Lake Success, NY 11042.
Corsair Memory, Inc., 46221 Landing Parkway, Fremont, CA 94538.
Emtec Electronics, Inc., 7607 Green Meadows Dr., Lew Center, OH 43035.
General Imaging Company, 2411 W. 190th Street #550, Torrance California, 90504.
Huawei Technology Company, Ltd., Huawei Industrial Base, Shenzhen 518129, China.
Iriver, Inc., 39 Peters Canyon Road, Irvine, CA 92606.
JVC Kenwood Corporation, 3-12, Moriyacho, Kanagawa-ku, Yokohama-shi, Kanagawa 221-8528, Japan.
JVC Americas Corporation, 1700 Valley Road, Suite 1, Wayne, NJ 07470.
Latte Communications, Inc., 675 E. Brokaw Road, San Jose, CA 95112.
Lexar Media, Inc., 47300 Bayside Parkway, Fremont, CA 94538.
Maxell Corporation of America, Inc., 3 Garrett Mountain Plaza, 3rd Floor, Woodland Park, NJ 07424.
Hitachi Maxell, Ltd., 1-1-88, Ushitora, Ibaraki, Osaka 567-8567, Japan.
Office Depot, Inc., 6600 North Military Trail, Boca Raton, Florida 33496.
Olympus Corporation, Shinjuku Monolith, 3-1 Nishi-Shinjuku, 2-chome, Shinjuku-ku, Tokyo 163-0914, Japan.
Olympus Corporation of the Americas, 3500 Corporate Pkwy, Center Valley, PA 18034.
Option NV, Gaston Geenslaan 14, 3001 Leuven, Belgium.
Option, Inc., Morris Road 13010, Alpharetta, GA 30004.
Panasonic Corporation, 1006 Oaza Kadoma, Kadoma, Osaka 571-8501, Japan.
Panasonic Corporation North America, 1 Panasonic Way, Secaucus, NJ 07094.
Patriot Memory LLC, 47027 Benicia Street, Fremont, CA 94538.
Provantage LLC, 7249 Whipple Avenue NW., North Canton, OH 44720.

APPENDIX B
Summary of Submissions in Response
to the *Federal Register* Notice

Summaries of Positions of Interested Parties¹

In the Commission's institution notice for this investigation, interested parties were invited to file written submissions. This appendix summarizes the views expressed to the Commission and reflects the principal points made by the parties. The views expressed here should be considered to be those of the submitting parties and not of the Commissioners or Commission staff. In preparing this summary, Commission staff did not undertake to confirm the accuracy of, or otherwise correct, the information summarized. For the full text of the written submissions, see entries associated with investigation 332-352 at the Commission's Electronic Docket Information System (<http://edis.usitc.gov>).

Government of Ecuador²

In a written submission, Ambassador Nathalie Cely said that the U.S. government should maintain ATPA benefits for Ecuador until the program's expiration on July 31, 2013, and support the extension of ATPA benefits for Ecuador beyond July 2013. The Ambassador indicated Ecuador believes that it is crucial for the United States to maintain its support of the program in order to sustain and increase jobs, economic growth, and social development in Ecuador. She asserted that Ecuador's recent political stability has not only contributed to Ecuador's economic growth and development, but has been one of the main reasons for ATPA's continued success. According to the Ambassador, such growth and stability also represents the best tool for combating drug trafficking activities in the region.

The ambassador indicated that ATPA helps support the U.S.-Ecuador bilateral relationship, enhancing trade and counternarcotics cooperation between the two countries and facilitating a formal dialogue through the U.S.-Ecuadorian Bilateral Dialogue (headed by the U.S. Department of State and the Ecuador Ministry of Foreign Affairs) and the U.S.-Ecuador Trade and Investment Council (headed by the U.S. Trade Representative). According to the Ambassador, ATPA and the bilateral dialogues are part of a shared commitment to continue the countries' partnership of open dialogue and cooperation that is rooted in mutual respect and mutual interest and the benefit of both peoples.

In her submission, the Ambassador stated that:

- ATPA contributes tremendously to Ecuador's trade relations with the United States. Ecuador's major non-petroleum exports to the United States include bananas, shrimp, roses, cacao, crustaceans, tilapia, tuna (pouch), and plantains, with bananas, shrimp, roses, and cacao, accounting for nearly 60 percent of Ecuador's exports under ATPA. These products, as well as 250 other non-petroleum products, receive free access to the U.S. market and represent 4.8 percent of Ecuador's total trade with the United States, or 19.8 percent of its non-petroleum trade with the United States. Moreover,

¹ Editor's note. Several of the interested parties appear to use ATPA and ATPDEA interchangeably. ATPA is the name of the U.S. statute that provides for the current program. ATPDEA is the name of the statute that amended ATPA in 2002.

² Nathalie Cely, Ambassador to the United States from Ecuador, written submission, July 3, 2012.

from 2000 to 2010, Ecuadorian exports under ATPA represented 61 percent of the country's exports to the United States.

- The elimination of ATPA would significantly reduce exports to the United States, affecting major industries that support Ecuador's economic growth and thousands of jobs in the country, including those of farmers, transportation workers, and distribution employees, as well as impacting vendors and customers in the United States and Ecuador.
- Commodities likely to be adversely affected by the elimination of ATPA include cut flowers, broccoli, albacore tuna, pineapples, artichokes, roses, mangoes, bananas, juices, plywood sheets, pigeon peas, almonds, tomatoes, canned food, cocoa preparations, aluminum, ceramics, textiles and apparel, and handicrafts.

INAEXPO³

In a written submission, INAEXPO said that it represents 150 Ecuadorian artichoke growers and packers that cultivate 823 hectares and employ 520 farm workers. The submission said that the United States is its largest commercial partner, accounting for 80 percent of its exports. INAEXPO indicated that without ATPA, Ecuador would lose its competitiveness with its neighbors, which would force the closure of many businesses and eliminate hundreds of farming and production jobs. It also stated that in addition to the farm workers, 280 factory workers, as well as several hundred workers employed by suppliers, depend exclusively on Ecuador's artichoke exports to the United States. According to the submission, since Ecuador's artichoke industry exports only canned artichokes, it does not take business away from the U.S. industry, which markets only fresh artichokes. INAEXPO stated that Ecuador's role is to complement U.S. producers in the U.S. market, not to compete with them.

Ecuadorian-American Chamber of Commerce⁴

In a written submission, the Ecuadorian-American Chamber of Commerce indicated that it was commissioned by Ecuador's private sector to coordinate efforts to secure the renewal and continuation of ATPDEA benefits for Ecuador. The Chamber made the following points in support of the ATPDEA program:

- ATPDEA has become the cornerstone of Ecuador's export promotion program among all the duty preference programs used by Ecuador.
- The program has helped craft a major policy mechanism in terms of its fundamental objective to curb the production, transportation, and sale of controlled narcotic substances.
- ATPA has promoted investment, export-oriented production, and the development of regional and intraregional supply chain integration, all of which has stimulated job creation in both Ecuador and the United States.
- In addition to traditional exports such as petroleum, bananas, shrimp, coffee, and cocoa, over \$365 million worth of exports to the U.S. were generated in newer,

³ Gonzalo Moya Vallejo, International Division Vice President, INAEXPO, written submission, June 14, 2012.

⁴ Cristian Espinosa C., Executive Director, AMCHAM-Quito-Ecuador, written submission, June 27, 2012.

nontraditional ATPDEA-dependent industries such as fresh cut flowers, broccoli, wood articles, tropical fruit (mangoes, pineapples), tuna, and textiles.

- Exports from nontraditional industries have generated over 400,000 jobs. Most of these jobs are located in Ecuador's northern provinces, near the Colombian border, an area known for its poverty and susceptibility to drug cultivation.

Expoflores⁵

In a written submission, Expoflores said that ATPA should continue because the extension of duty-free status is essential for the survival of Ecuador's cut flower industry. Expoflores described itself as a trade association representing Ecuadorian flower growers that employ nearly 100,000 workers either directly or indirectly. Expoflores noted that Ecuadorian flower growers pay higher wages than the illegal coca producers located in the Putumayo area of Colombia that borders Ecuador. The company asserted that many of the industry's workers will lose their jobs if Ecuadorian roses lose their duty-free status. It also stated that 15 percent of total investment in Ecuadorian flower production comes from the United States and that two of Ecuador's largest flower growers are U.S. owned. The association identified a number of U.S. companies that benefit directly from Ecuador's cut flower exports under ATPDEA, including cargo airlines (UPS, Federal Express, Florida West, LAN Cargo, Centurion Air Cargo, and Atlas), commercial airlines (United, Delta, and American), banks (Wells Fargo), and agrochemical producers (Monsanto, Dow AgroSciences, Miller Ag, and Floralife, Inc.).

Valleflor Cia. Ltda⁶

Valleflor submitted letters from three Ecuadorian companies, Esprit Miami, Springalways, Inc., and Natural Flowers, that produce fresh cut flowers. All three companies expressed support for the renewal of ATPA, saying it will sustain the American flower industry and the jobs it generates in both Ecuador and the United States. In its letter, Esprit Miami asserted that the Ecuadorian fresh cut flower industry supplies a majority of the flowers consumed in the United States.⁷ Esprit Miami indicated that ATPDEA provides U.S. consumers with more and higher-quality fresh cut flowers. The submission noted that ATPDEA has benefited both economies and has given employment to people who would not otherwise have had jobs, particularly women heads of household. The submission declared that the elimination of ATPDEA would cause severe financial consequences for Esprit Miami, create layoffs, and harm its clients. According to Esprit Miami, profit margins are currently low and additional duties cannot be absorbed by the company or its customers. In its letter, Springalways, Inc., stated that the renewal of ATPDEA will support the fight against narcotics production, since Ecuador's flower industry and other alternative industries have reduced acreage dedicated to illicit crop production, provided alternative employment opportunities with better wages, and given Ecuadorian children a much better quality of life.⁸ In the third letter,

⁵ Alejandro Martinez, Executive President, Expoflores, written submission, July 18, 2012.

⁶ Juan Pablo Ponce, Sales Manager, written submission, June 26, 2012.

⁷ Amy Hernandez, Procurement Manager, Esprit Miami, Inc., written submission, June 26, 2012.

⁸ Monica Bracco, Springalways, Inc., written submission, June 26, 2012.

Natural Flowers indicated that ATPDEA has enabled Ecuadorian entrepreneurs to provide jobs, inspire hope, and produce economic growth and political stability.⁹

Flowers for Kids/Memorial Day Flowers¹⁰

In a written submission, Flowers for Kids/Memorial Day Flowers expressed support for the extension of the ATPA or the implementation of some other program that continued duty-free entry for Ecuadorian roses. The company described itself as an educational program that teaches children and parents about flower care and bouquet making. Memorial Day Flowers organizes the donation and distribution of flowers at cemeteries across the USA, including 50,000 Ecuadorian roses and 2,000 California bouquets for Arlington National Cemetery in 2011. The company stated that the Ecuadorian flower industry was the agricultural star of the Andes and greatly benefits working women.

Cámara de Industrias y Producción¹¹

In a written submission, the Cámara de Industrias y Producción (Chamber of Industries and Production), located in Quito, Ecuador, stated that the renewal of ATPDEA is vital to the reinforcement of bilateral trade ties between Ecuador and the United States. It said that Ecuador's main non-oil exports to the United States under the ATPDEA program include roses, tuna, plywood, sugar cane, aluminum profiles, sacks and bags of polymers of ethylene, glazed ceramics, pineapples, artichokes, pantyhose and tights, and sardines. The submission indicated that Chamber members have created 80,000 direct jobs with 320 of Ecuador's largest companies and noted that U.S. International Trade Commission (USITC) reported that Ecuador's ATPDEA exports grew at an average annual rate of 26 percent from \$177 million in 2003 to \$4.8 billion in 2010. In addition, the submission noted that USITC data showed that Ecuadorian exports of agricultural products totaled \$254 million, sea products totaled \$62 million, and manufactured goods totaled \$40 million in 2010. The submission also stated that since 2007, ATPDEA allowed Ecuador to export \$15 million in nontraditional manufactured goods such as plywood and \$2 million in new products like sacks and bags of polymers. According to the Chamber, its members paid \$400 million in income taxes (25 percent of total national income tax) and exported \$1.3 billion in 2011 under ATPDEA. It also stated that its members contributed \$50 million to Ecuador's social security system and distributed \$280 million in profits to workers in 2010.

E.G. Hill Company¹²

In a written submission, E.G. Hill Co. expressed support for the extension of the ATPA or the implementation of some other program to continue the duty-free entry of roses from Ecuador. The submission explained that E.G. Hill, once the largest fresh cut rose grower in the world, ended its U.S. production about 15 years ago due to high energy costs and the lack of ideal growing conditions; the firm continues to breed roses for sale

⁹ Franco Corrales, written submission, June 26, 2012.

¹⁰ Ramiro Penaherrera, Director, Flowers For Kids/Memorial Day Flowers, written submission, July 3, 2012.

¹¹ Dr. Pablo Dávila, Executive President, Cámara de Industrias y Producción, June 28, 2012.

¹² Dean E. Rule, Legal Representative, E.G. Hill Company, Inc.—Ecuador, written submission, July 26, 2012.

and licensing in key growing areas in South America and Africa. The submission noted that in the late 1990s E.G. Hill opened a branch in Ecuador after it closed its U.S. growing facility. According to the submission, the company breeds its roses in Richmond, Indiana, sends them to Colombia for germination, then ships them to Ecuador for the final selection and variety introduction. The company stated that its mother plants currently enjoy duty-free entry into Ecuador and that without the royalties collected from Ecuador, both its Ecuadorian branch and the Richmond, Indiana, facility would close.

Importers of Canned Artichokes

In written submissions, the companies listed below expressed their support for the continuation of ATPDEA. The companies indicated that they import canned artichokes from Ecuador and that the country has successfully carved out an important share of the U.S. and European artichoke market due to consistent quality and Ecuador's year-round production capability. Canned artichokes, according to the companies, have become an important ingredient in many value-added blends and prepared meals currently produced and distributed in the United States and Europe by U.S. firms. They also noted that artichokes from Ecuador are important components of these companies' overall competitiveness, revenue base, and viability. According to the companies, the loss of ATPDEA benefits for Ecuador would put them and their American retailer customers at a crippling disadvantage.

- Chex Finer Foods, located in Mansfield, MA, is a third-generation family-owned and -operated specialty and natural foods distributor.¹³ The company stated that the loss of ATPA would negatively affect Chex's ability to compete in the fast-growing specialty food trade.
- Rubinelli, Inc., said that it is a 91-year-old U.S. company located in Bolingbrook, IL, that employs 31 workers.¹⁴
- Zidian Specialty Foods is a 65-year-old U.S. company located in Youngstown, Ohio, that employs 150 workers.¹⁵
- George Delallo Co., Inc., described itself as a 62-year-old company located in Mount Pleasant, PA.¹⁶
- The Napoleon Co. described itself as a 109-year-old company located in Bellevue, WA, with annual revenues of \$10 million.¹⁷
- Linbro, Inc., said that it was established in 1978 and is located in San Rafael, CA.¹⁸

¹³ Jim Isenberg, President, Chex Finer Foods, written submission, June 27, 2012.

¹⁴ Robert T. Rubinelli, Rubinelli, Inc., written submission, June 27, 2012.

¹⁵ Jim Bucci, Director of Central Planning, the Zidian Group, written submission, June 14, 2012.

¹⁶ Anthony DiPietro, Vice President, George DeLallo, Co. Inc., written submission, June 20, 2012.

¹⁷ Milo Magnano, Jr., Procurement Manager, The Napoleon Co., written submission, June 27, 2012.

¹⁸ George Lin, Linbro, Inc., written statement, June 28, 2012.

APPENDIX C

Technical Notes to Chapter 3

Technical Notes to CHAPTER 3: Partial Equilibrium Analysis

This section presents the methodology used to estimate the impact of ATPA on the U.S. economy in 2011.¹ The economic effects of ATPA duty reductions² were evaluated using a comparative static analysis. Since ATPA tariff preferences were already in effect in 2011, the impact of the program was measured by comparing current market conditions (duty-free entry for eligible products entered under ATPA provisions) with those that might have existed under full tariffs (i.e., no ATPA tariff preferences). Thus, the analysis provides an estimate of what the potential costs and benefits to the U.S. economy would have been if ATPA had not been in place during 2011. However, the material on welfare and displacement effects, in the section titled “Analytical Approach” in chapter 1 and in this appendix, discusses the impact of ATPA in terms of duty reductions, rather than the “removal” of duty eliminations already in place.³ The effects of a duty reduction and a duty imposition are symmetrical and lead to results that are equivalent in magnitude but opposite in sign.⁴ Thus, the discussion is framed with respect to the implementation of duty reductions simply for clarity.

A partial equilibrium framework was used to model three different markets in the United States, namely, the markets for ATPA products, competing non-ATPA (foreign) products, and competing domestic products. These three markets are depicted in panels *a*, *b*, and *c* of figure C.1. In the model, imports from ATPA beneficiaries, imports from non-ATPA countries, and competing domestic output are assumed to be imperfect substitutes for each other, and each is characterized by a separate market where different equilibrium prices exist.

The ATPA and non-ATPA import demand curves, D_a and D_n , and the demand curve for domestic output, D_d , are all assumed to be downward sloping with a constant elasticity of demand.⁵ It is assumed that the ATPA import supply curve to the U.S. market, the non-ATPA import supply curve, and the domestic industry supply curve, S_a , S_n , and S_d , are all horizontal, that is, perfectly elastic. The assumption of perfectly elastic

¹ As discussed in chapter 1, the term “ATPA” as used in this report refers to ATPA as amended by ATPDEA.

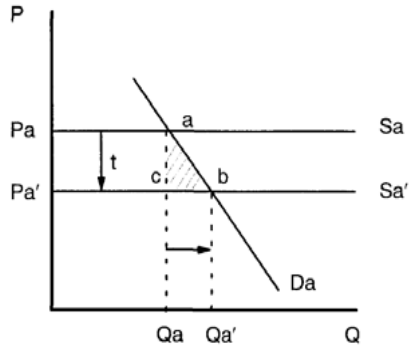
² Although the term *duty reduction* is used, the methodology employed in the analysis for this report applies equally to a duty elimination (which is a duty reduction in the full amount of the duty).

³ Most comparative static analyses are used to evaluate the effects of an event that has not yet happened, such as a proposed tariff elimination. This comparative analysis evaluates the effects of an event that has already happened—ATPA duty elimination has been in effect since 1992. The method described in this section can be used in either situation.

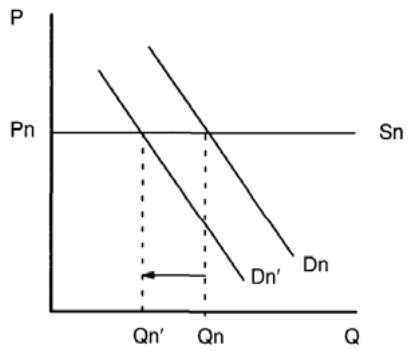
⁴ Caveat: this is technically true only if income effects are negligible. Given the small U.S. expenditure on goods from ATPA countries, income effects are likely to be negligible for the products under consideration. See R. Willig, “Consumer’s Surplus without Apology,” *American Economic Review* 66 (1976), 589–597.

⁵ The subscripts *a*, *n*, and *d* refer to ATPA imports, non-ATPA imports, and U.S. domestic output, respectively.

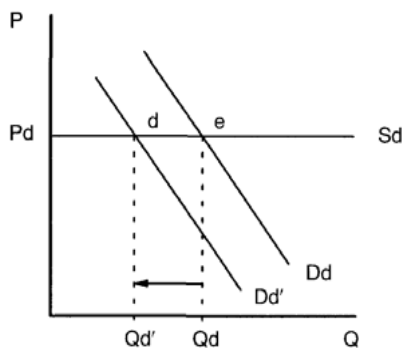
Figure C-1
Partial equilibrium analysis of the effects of ATPA duty provisions on U.S. imports



a. ATPA imports



b. non-ATPA imports



c. U.S. domestic output

supply curves greatly simplifies computation although it leads to an upward bias in the estimates of the welfare and domestic displacement effects on the U.S. economy.⁶

The change from full tariffs to duty-free treatment for ATPA imports causes the import supply curve, S_a , in panel a to shift down to S'_a by the amount of the ad valorem tariff, t . Thus, the equilibrium price in the U.S. market for ATPA imports decreases from P_a to P'_a , whereas the quantity imported increases from Q_a to Q'_a . The relationship between the price with the tariff (P_a) and the tariff-free price (P'_a) is $P_a = P'_a(1+t)$.

The decrease in the price of ATPA imports leads to a decrease in demand for similar goods from other countries and domestic U.S. producers. Thus, the demand curves for both non-ATPA imports and domestic output, D_n and D_d , shift back to D'_n and D'_d , respectively. Since the supply curves in both of these markets are assumed to be perfectly elastic, the equilibrium prices do not change. The equilibrium quantity supplied in each market decreases from Q_n and Q_d to Q'_n and Q'_d , respectively.

The impact of ATPA on the U.S. economy was measured by examining the welfare effects of the tariff reduction in the market for ATPA imports and the domestic displacement effects of a decrease in demand in the competing U.S. market. The displacement of non-ATPA country imports because of ATPA tariff preferences was not estimated because the focus of the analysis was on the direct effects of ATPA provisions on the United States.

The decrease in the tariff for ATPA imports leads to an increase in consumer surplus for these products. This is measured by the trapezoid $P_aabP'_a$ in panel a . There is also an accompanying decrease in the tariff revenue collected from ATPA imports. This is measured by the area of the rectangle $P_aacP'_a$ in panel a .

The net welfare effect of ATPA is equal to the increase in consumer surplus plus the decrease in tariff revenue—the trapezoid $P_aabP'_a$ minus the rectangle $P_aacP'_a$ in panel a , that is, triangle abc .⁷ The dollar amount by which ATPA imports displace U.S. output is measured by the rectangle Q'_ddeQ_d in panel c .

Given the above assumptions and the additional assumption of constant elasticity demand curves, the markets for the three goods are described by the following three equations:

$$(1) \quad (Q_a / Q'_a) = (P_a / P'_a)^{\epsilon_{aa}}$$

$$(2) \quad (Q_n / Q'_n) = (P_a / P'_a)^{\epsilon_{na}}$$

⁶ Since ATPA imports account for a very small share of U.S. domestic consumption in most sectors, even the upper estimates were very small. Assuming upward-sloping supply curves would have resulted in even lower estimates.

⁷ Welfare effects typically include a measure of the change in producer surplus. The change in producer surplus for ATPA producers was not considered in this analysis because the focus of the analysis was on the direct effects of ATPA provisions on the United States.

$$(3) \quad (Q_d / Q'_d) = (P_a / P'_a)^{\varepsilon_{da}}$$

Given that $P_a = P'_a(1+t)$, these can be restated as

$$(1) \quad (Q_a / Q'_a) = (1+t)^{\varepsilon_{aa}}$$

$$(2) \quad (Q_n / Q'_n) = (1+t)^{\varepsilon_{na}}$$

$$(3) \quad (Q_d / Q'_d) = (1+t)^{\varepsilon_{da}}$$

where ε_{ij} is the uncompensated elasticity of demand for good i with respect to price j . The values for the elasticities ε_{aa} , ε_{na} , and ε_{da} are derived from the following relations:

$$(4) \quad \varepsilon_{aa} = V_a \eta - V_n \sigma_{ca} - V_d \sigma_{da}$$

$$(5) \quad \varepsilon_{na} = V_a (\sigma_{na} + \eta)$$

$$(6) \quad \varepsilon_{da} = V_a (\sigma_{da} + \eta)$$

where the V_i 's are market shares for ATPA imports, non-ATPA imports, and domestic output, respectively, η is the aggregate demand elasticity, and the σ_{ij} 's are the elasticities of substitution between the i th and j th products.⁸ Estimates of the aggregate demand elasticities were taken from the literature.⁹ Ranges of potential net welfare and industry displacement estimates are reported. The reported ranges reflect a range of assumed substitutabilities between ATPA products and competing U.S. output. The upper estimates reflect the assumption of high substitution elasticities. The lower estimates reflect the assumption of low substitution elasticities.¹⁰

After the implementation of ATPDEA in October 2002, apparel assembled in ATPA countries from U.S.-made fabric and components became important in the list of leading imports benefiting exclusively from ATPA, although that importance has since diminished considerably. U.S. producers of such fabric and components benefit from

⁸ Equations (4) through (6) are derived from P.R.G. Layard and A.A. Walters, *Microeconomic Theory* (New York: McGraw-Hill, 1978).

⁹ The aggregate elasticities were taken from sources referenced in USITC, *Potential Impact on the U.S. Economy and Selected Industries of the North American Free-Trade Agreement*, USITC publication 2596, January 1993.

¹⁰ Commission industry analysts provided evaluations of the substitutability of ATPA products and competing U.S. products, which were translated into a range of substitution elasticities—3 to 5 for high substitutability, 2 to 4 for medium, and 1 to 3 for low. Although there is no theoretical upper limit to elasticities of substitution, a substitution elasticity of 5 is consistent with the upper range of estimates in the economics literature. Estimates in the literature tend to be predominantly lower. See, for example, Clinton R. Shiells, Robert M. Stern, and Alan V. Deardorff, "Estimates of the Elasticities of Substitution between Imports and Home Goods for the United States," *Weltwirtschaftliches Archiv* 122 (1986), 497–519; Michael P. Gallaway, Christine A. McDaniel, and Sandra A. Rivera, "Short-Run and Long-Run Estimates of U.S. Armington Elasticities," *North American Journal of Economics and Finance* 14 (2003), 49–68.

ATPA duty preferences. Where the U.S. value of components can be identified (for example, the U.S. value of components assembled abroad under HTS heading 9802.00.80 is recorded and data are readily available), it is possible to estimate the effect of ATPA tariff preferences on U.S. producers of the components. In the case of cut apparel parts used in the assembly of apparel in ATPA countries, the U.S.-produced cut parts are recorded as apparel production in the United States and the effect of ATPA tariff preferences can be added to the (negative) displacement effects for that industry.

Given equations (1)' through (3)', one can derive the following equations for calculating the changes in consumer surplus, tariff revenue, and domestic output:

Consumer surplus (where k is a constant)

area of
trapezoid $P_a abP'_a = \int_{P'_a}^{P_a} kP_a^{\epsilon_{aa}} dP_a$

$$= [1/(1 + \epsilon_{aa})] [(1+t)^{(1+\epsilon_{aa})} - 1] P'_a Q'_a \quad \text{if } \epsilon_{aa} \neq -1$$

$$k \ln(1+t) \quad \text{if } \epsilon_{aa} = -1$$

Tariff revenue from U.S. imports from ATPA partners

area of
rectangle $P_a acP'_a = (P_a - P'_a) Q_a$

$$= P'_a t Q_a \quad \text{given } P_a = P'_a (1+t)$$

$$= t P'_a Q'_a (1+t)^{\epsilon_{aa}} \quad \text{given } Q_a = Q'_a (1+t)^{\epsilon_{aa}}$$

Domestic output

area of
rectangle $Q'_d deQ_d = P_d (Q_d - Q'_d)$

$$= P_d Q'_d [(1+t)^{\epsilon_{da}} - 1]$$

The change in the value of U.S. cut apparel parts $= u P'_a Q'_a [(1+t')^{\epsilon_{aa}} - 1]$, where u is the ratio of the value of U.S. cut apparel parts to total imports under ATPA, and t' is the ad valorem equivalent of duties paid on imports under HTS 9802.00.80 under ATPA; t is opposite in sign to the displacement effect shown above. The net effect of ATPA tariff preferences on domestic output is estimated as

$$P_d Q'_d [(1+t)^{\epsilon_{da}} - 1] + u P'_a Q'_a [(1+t')^{\epsilon_{aa}} - 1].$$

APPENDIX D

Statistical Tables

TABLE D.1 U.S. imports from ATPA countries, by source, 2007–11

| Source | 2007 | 2008 | 2009 | 2010 | 2011 | Change |
|--|----------|----------|------------------|------------------|------------------|----------------------|
| | | | | | | 2010–11 |
| Value (millions of \$) | | | | | | Percent |
| Colombia | 9,251.2 | 13,058.8 | 11,209.4 | 15,672.6 | 22,390.9 | 42.9 |
| Ecuador | 6,131.0 | 9,043.8 | 5,245.9 | 7,333.8 | 9,500.3 | 29.5 |
| Peru | 5,207.1 | 5,839.9 | 4,234.6 | 5,172.5 | (^a) | -100.0 |
| Bolivia | 333.6 | 540.4 | (^b) | (^b) | (^b) | (^b) |
| Total | 20,922.9 | 28,483.0 | 20,689.9 | 28,178.9 | 31,891.3 | 13.2 |
| Percent of total imports from ATPA countries | | | | | | In percentage points |
| Colombia | 44.2 | 45.8 | 54.2 | 55.6 | 70.2 | 14.6 |
| Ecuador | 29.3 | 31.8 | 25.4 | 26.0 | 29.8 | 3.8 |
| Peru | 24.9 | 20.5 | 20.5 | 18.4 | (^a) | -18.4 |
| Bolivia | 1.6 | 1.9 | (^b) | (^b) | (^b) | (^b) |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | |

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

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

^a Peru was not included beginning in 2011. The remaining ATPA countries in 2011 were Colombia and Ecuador.

^b Bolivia was not included beginning in 2009. Colombia, Ecuador, and Peru were included in 2009 and 2010.

TABLE D.2 U.S. imports for consumption from ATPA countries, by duty treatments, 2007–11

| Duty treatment | 2007 | 2008 | 2009 ^a | 2010 ^a | 2011 ^b |
|----------------------------------|------------------------|----------|-------------------|-------------------|-------------------|
| | Value (millions of \$) | | | | |
| Bolivia | | | | | |
| Dutiable imports | 6.1 | 69.2 | 0.0 | 0.0 | 0.0 |
| Duty-free imports | | | | | |
| NTR duty-free | 138.7 | 252.5 | 0.0 | 0.0 | 0.0 |
| ATPA | | | | | |
| Original ATPA | 91.3 | 57.0 | 0.0 | 0.0 | 0.0 |
| ATPDEA | 56.9 | 83.0 | 0.0 | 0.0 | 0.0 |
| Total ATPA | 148.1 | 140.0 | 0.0 | 0.0 | 0.0 |
| GSP | 40.7 | 47.6 | 0.0 | 0.0 | 0.0 |
| Other duty-free | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 |
| Total duty-free value | 327.6 | 440.2 | 0.0 | 0.0 | 0.0 |
| U.S. Virgin Islands ^c | 0.0 | 31.0 | 0.0 | 0.0 | 0.0 |
| Total imports | 333.6 | 540.4 | 0.0 | 0.0 | 0.0 |
| Colombia | | | | | |
| Dutiable imports | 817.5 | 1,057.6 | 1,250.8 | 1,140.4 | 10,182.8 |
| Duty-free imports | | | | | |
| NTR duty-free | 3,492.3 | 4,315.1 | 4,178.7 | 4,883.3 | 9,149.0 |
| ATPA | | | | | |
| Original ATPA | 864.7 | 811.5 | 796.9 | 933.7 | 306.2 |
| ATPDEA | 3,663.0 | 6,527.8 | 4,792.6 | 8,538.9 | 2,368.4 |
| Total ATPA | 4,527.7 | 7,339.2 | 5,589.5 | 9,472.6 | 2,674.6 |
| GSP | 236.4 | 235.8 | 188.7 | 158.5 | 383.6 |
| Other duty-free | 0.4 | 0.4 | 1.2 | 0.1 | 0.2 |
| Total duty-free value | 8,256.8 | 11,890.6 | 9,958.0 | 14,514.6 | 12,207.4 |
| U.S. Virgin Islands ^c | 176.9 | 110.7 | 0.5 | 17.7 | 0.7 |
| Total imports | 9,251.2 | 13,058.8 | 11,209.4 | 15,672.6 | 22,390.9 |
| Ecuador | | | | | |
| Dutiable imports | 318.1 | 1,128.4 | 989.8 | 1,826.7 | 5,954.5 |
| Duty-free imports | | | | | |
| NTR duty-free | 1,104.1 | 1,263.0 | 1,445.5 | 1,273.5 | 1,692.8 |
| ATPA | | | | | |
| Original ATPA | 289.1 | 283.7 | 271.5 | 292.5 | 110.9 |
| ATPDEA | 4,324.6 | 6,311.1 | 2,476.9 | 3,886.6 | 1,594.6 |
| Total ATPA | 4,613.8 | 6,594.8 | 2,748.4 | 4,179.1 | 1,705.5 |
| GSP | 76.6 | 57.1 | 52.3 | 54.3 | 147.4 |
| Other duty-free | 0.2 | 0.1 | 0.4 | 0.0 | 0.0 |
| Total duty-free value | 5,794.6 | 7,914.9 | 4,246.6 | 5,506.9 | 3,545.8 |
| U.S. Virgin Islands ^c | 18.2 | 0.5 | 9.5 | 0.2 | 0.0 |
| Total imports | 6,131.0 | 9,043.8 | 5,245.9 | 7,333.8 | 9,500.3 |
| Peru | | | | | |
| Dutiable imports | 151.1 | 332.1 | 274.4 | 443.3 | 0.0 |
| Duty-free imports | | | | | |
| NTR duty-free | 1,727.8 | 1,988.2 | 1,611.7 | 1,709.6 | 0.0 |
| ATPA | | | | | |
| Exclusive | 1,565.0 | 1,520.1 | 583.3 | 225.2 | 0.0 |
| Non-exclusive | 1,452.2 | 1,648.6 | 793.0 | 534.1 | 0.0 |
| Total ATPA | 3,017.2 | 3,168.7 | 1,376.3 | 759.3 | 0.0 |
| GSP | 245.5 | 271.0 | 30.7 | 0.0 | 0.0 |
| Peru TPA | 0.0 | 0.0 | 898.1 | 2,204.8 | 0.0 |
| Other duty-free | 0.1 | 0.2 | 0.0 | 0.0 | 0.0 |
| Total duty-free value | 4,990.6 | 5,428.1 | 3,916.8 | 4,673.7 | 0.0 |
| U.S. Virgin Islands ^c | 65.3 | 79.7 | 43.4 | 55.5 | 0.0 |
| Total imports | 5,207.1 | 5,839.9 | 4,234.6 | 5,172.5 | 0.0 |

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

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

^a Bolivia was not included beginning in 2009. Colombia, Ecuador, and Peru were included in 2009 and 2010.

^b Peru was not included beginning in 2011. Imports from Peru under ATPA/ATPDEA of \$4.8 million in 2011 were reported after it was no longer a designated ATPA beneficiary country, but are not included in this table. The remaining ATPA countries in 2011 were Colombia and Ecuador.

^c The U.S. Virgin Islands has its own tariff schedule and laws separate from the rest of the United States and is outside the U.S. customs territory; therefore, imports that enter the U.S. Virgin Islands are not identified as either dutiable or free of duty.

TABLE D.3 Leading U.S. imports for consumption under ATPA, by HS chapter, in value and share of non-oil imports for consumption, 2007–11

| HTS chapter | Description | 2007 | 2008 | 2009 ^a | 2010 ^a | 2011 ^b | Change 2010–11 |
|-------------|--|--------------------------|----------|-------------------|-------------------|-------------------|-------------------|
| | | Value (millions of \$) | | | | | Percent |
| 27 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes | 8,224.9 | 13,353.4 | 7,363.8 | 12,420.5 | 3,892.7 | -68.7 |
| 06 | Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage | 652.7 | 635.3 | 626.8 | 687.7 | 266.7 | -61.2 |
| 62 | Articles of apparel and clothing accessories, not knitted or crocheted | 243.7 | 219.5 | 134.3 | 137.5 | 26.5 | -80.8 |
| 61 | Articles of apparel and clothing accessories, knitted or crocheted | 922.0 | 889.2 | 490.3 | 325.5 | 25.9 | -92.0 |
| 39 | Plastics and articles thereof | 111.0 | 82.7 | 60.4 | 90.0 | 25.1 | -72.1 |
| 08 | Edible fruit and nuts; peel of citrus fruit or melons | 87.8 | 99.2 | 92.7 | 42.8 | 21.4 | -50.1 |
| 16 | Edible preparations of meat, fish, crustaceans, molluscs or other aquatic invertebrates | 78.5 | 86.8 | 68.4 | 84.6 | 20.4 | -75.9 |
| 20 | Preparations of vegetables, fruit, nuts, or other parts of plants | 118.9 | 174.8 | 146.6 | 111.4 | 14.9 | -86.6 |
| 07 | Edible vegetables and certain roots and tubers | 245.7 | 248.8 | 115.3 | 58.1 | 11.7 | -79.9 |
| 76 | Aluminum and articles thereof | 64.4 | 45.1 | 33.8 | 45.2 | 10.9 | -75.9 |
| | Subtotal | 10,749.8 | 15,834.8 | 9,132.3 | 14,003.4 | 4,316.1 | -69.2 |
| | All other | 1,557.1 | 1,407.9 | 581.9 | 407.5 | 64.0 | -84.3 |
| | Total | 12,306.8 | 17,242.7 | 9,714.2 | 14,410.9 | 4,380.1 | -69.6 |
| | | Percent of total imports | | | | | Percentage points |
| 27 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes | 66.8 | 77.4 | 75.8 | 86.2 | 88.9 | 2.7 |
| | | Percent of non-oil total | | | | | |
| 06 | Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage | 16.0 | 16.3 | 26.7 | 34.5 | 54.7 | 20.2 |
| 62 | Articles of apparel and clothing accessories, not knitted or crocheted | 6.0 | 5.6 | 5.7 | 6.9 | 5.4 | -1.5 |
| 61 | Articles of apparel and clothing accessories, knitted or crocheted | 22.6 | 22.9 | 20.9 | 16.4 | 5.3 | -11.0 |
| 39 | Plastics and articles thereof | 2.7 | 2.1 | 2.6 | 4.5 | 5.2 | 0.6 |
| 08 | Edible fruit and nuts; peel of citrus fruit or melons | 2.2 | 2.6 | 3.9 | 2.2 | 4.4 | 2.2 |
| 16 | Edible preparations of meat, fish, crustaceans, molluscs or other aquatic invertebrates | 1.9 | 2.2 | 2.9 | 4.3 | 4.2 | -0.1 |
| 20 | Preparations of vegetables, fruit, nuts, or other parts of plants | 2.9 | 4.5 | 6.2 | 5.6 | 3.1 | -2.5 |
| 07 | Edible vegetables and certain roots and tubers | 6.0 | 6.4 | 4.9 | 2.9 | 2.4 | -0.5 |
| 76 | Aluminum and articles thereof | 1.6 | 1.2 | 1.4 | 2.3 | 2.2 | 0.0 |
| | Subtotal | 61.9 | 63.8 | 75.2 | 79.5 | 86.9 | 7.3 |
| | All other | 38.1 | 36.2 | 24.8 | 20.5 | 13.1 | -7.3 |
| | Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | |

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

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

^a Bolivia was not included beginning in 2009. Colombia, Ecuador, and Peru were included in 2009 and 2010.

^b Peru was not included beginning in 2011. The remaining ATPA countries in 2011 were Colombia and Ecuador.

TABLE D.4 Leading U.S. imports for consumption under ATPA, by HTS number, 2007–11

| HTS number | Description | 2007 | 2008 | 2009 ^a | 2010 ^a | 2011 ^b | Change |
|------------|---|----------------|----------|-------------------|-------------------|-------------------|---------|
| | | | | | | | 2010–11 |
| | | Millions of \$ | | | | | Percent |
| 2709.00.10 | Petroleum oils and oils from bituminous minerals, crude, testing under 25 degrees A.P.I. | 5840.3 | 10128.1 | 6036.1 | 8772.2 | 2772.3 | -68.4 |
| 2709.00.20 | Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more | 1644.9 | 2078.5 | 920.6 | 3172.4 | 856.7 | -73.0 |
| 2710.19.05 | Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing under 25 degrees A.P.I. | 408.7 | 628.7 | 244.7 | 310.0 | 215.6 | -30.5 |
| 0603.11.00 | Roses, fresh cut | 327.2 | 310.3 | 304.9 | 313.5 | 139.9 | -55.4 |
| 0603.19.00 | Anthuriums, alstroemeria, gypsophila, lilies, snapdragons, and flowers, fresh cut, n.e.s.o.i. | 187.8 | 192.5 | 187.8 | 212.1 | 64.5 | -69.6 |
| 2710.11.45 | Light oil mixt. of hydrocarbons fr petro oils & bitum min(o/than crude) or prep 70%+ wt. fr petro oils, n.e.s.o.i.,n/o 50% any single hydrocarbon | 0.0 | 36.1 | 31.5 | 64.9 | 48.1 | -26.0 |
| 0603.14.00 | Chrysanthemums, fresh cut | 65.5 | 66.9 | 75.3 | 97.4 | 34.2 | -64.9 |
| 0603.12.70 | Other carnations, fresh cut | 42.2 | 37.8 | 33.9 | 40.1 | 18.9 | -52.8 |
| 0804.50.40 | Guavas, mangoes, and mangosteens, fresh, if entered during the period September 1 through May 31, inclusive | 30.0 | 32.6 | 31.4 | 12.0 | 14.5 | 20.6 |
| 1604.14.30 | Tunas and skipjack, not in oil, in airtight containers, n/o 7 kg, not of U.S. possessions, over quota | 67.9 | 70.1 | 43.4 | 44.5 | 10.0 | -77.5 |
| 6203.42.40 | Men's or boys' trousers and shorts, not bibs, not knitted or crocheted, of cotton, not containing 15% or more by weight of down, etc. | 98.6 | 85.8 | 48.7 | 65.9 | 9.9 | -85.0 |
| 0603.12.30 | Miniature (spray) carnations, fresh cut | 27.7 | 24.2 | 21.5 | 21.8 | 8.5 | -60.8 |
| 3904.10.00 | Polyvinyl chloride, not mixed with any other substances, in primary forms | 42.8 | 34.2 | 18.8 | 22.6 | 7.8 | -65.4 |
| 2106.90.99 | Food preparations not elsewhere specified or included, not canned or frozen | 3.7 | 4.1 | 4.2 | 11.0 | 7.1 | -35.2 |
| 1604.14.40 | Tunas and skipjack, not in airtight containers, not in oil, in bulk or in immediate containers weighing with contents over 6.8 kg each | 4.3 | 5.8 | 6.9 | 23.0 | 6.1 | -73.6 |
| 0710.80.97 | Vegetables n.e.s.o.i., uncooked or cooked by steaming or boiling in water, frozen, reduced in size | 34.8 | 36.0 | 27.3 | 24.1 | 5.5 | -77.2 |
| 7610.10.00 | Aluminum doors, windows and their frames and thresholds for doors | 27.1 | 18.4 | 12.6 | 17.4 | 5.3 | -69.4 |
| 1704.90.35 | Sugar confections or sweetmeats ready for consumption, not containing cocoa, other than candied nuts or cough drops | 8.9 | 11.8 | 16.3 | 21.4 | 5.3 | -75.3 |
| 3921.12.11 | Nonadhesive plates, sheets, film, foil, strip, cellular, of polymers of vinyl chloride, with man-made textile fibers, over 70% plastics | 10.5 | 12.5 | 8.3 | 13.6 | 4.9 | -64.2 |
| 2008.99.15 | Bananas, other than pulp, otherwise prepared or preserved, n.e.s.o.i. | 7.8 | 10.9 | 13.2 | 14.1 | 4.3 | -69.1 |
| | Subtotal | 8,880.7 | 13,825.4 | 8,087.4 | 13,273.9 | 4,239.3 | -68.1 |
| | All other | 3,426.2 | 3,417.3 | 1,626.8 | 1,137.1 | 140.9 | -87.6 |
| | Total | 12,306.8 | 17,242.7 | 9,714.2 | 14,410.9 | 4,380.1 | -69.6 |

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

Note: Because of rounding, figures may not add to totals shown. The abbreviation n.e.s.o.i. stands for "not elsewhere specified or included."

^a Bolivia was not included beginning in 2009. Colombia, Ecuador, and Peru were included in 2009 and 2010.

^b Peru was not included beginning in 2011. The remaining countries in 2011 were Colombia and Ecuador.

Table D.5 Leading U.S. imports that benefited exclusively from ATPA, 2010

| HTS number | Description | Customs value | C.i.f. value |
|-------------------------|---|-----------------|--------------|
| | | Thousands of \$ | |
| 2709.90.10 | Petroleum oils and oils from bituminous minerals, crude, testing under 25 degrees A.P.I. | 8,519,593 | 8,744,179 |
| 2709.90.20 | Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more | 3,172,427 | 3,238,863 |
| 0603.31.00 | Roses, fresh cut | 313,519 | 389,346 |
| 2710.01.05 | Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing under 25 degrees A.P.I. | 309,954 | 319,475 |
| 0603.31.00 ^a | Chrysanthemums, fresh cut | 97,019 | 118,687 |
| 6203.34.40 | Men's or boys' trousers and shorts, not bibs, not knitted or crocheted, of cotton, not containing 15% or more by weight of down, etc. | 63,362 | 64,196 |
| 0603.31.70 ^a | Other carnations, fresh cut | 39,878 | 48,943 |
| 2710.01.45 | Light oil mixt. of hydrocarbons fr petro oils & bitum min(o/than crude) or prep 70%+ wt. fr petro oils, n.e.s.o.i.,n/o 50% any single hydrocarbon | 44,835 | 46,032 |
| 1604.41.30 | Tunas and skipjack, not in oil, in airtight containers, n/o 7 kg, not of U.S. possessions, over quota | 44,468 | 45,857 |
| 2710.01.25 | Naphthas (exc. motor fuel/mtr fuel blend. stock) fr petroleum oils & bitumin minerals (o/than crude) or preps 70%+ by wt. fr petroleum oils | 32,279 | 32,891 |
| 6908.89.00 | Glazed ceramic flags and paving, hearth or wall tiles; glazed ceramic mosaic cubes and the like, n.e.s.o.i. | 23,193 | 27,919 |
| 0710.08.97 | Vegetables n.e.s.o.i., uncooked or cooked by steaming or boiling in water, frozen, reduced in size | 20,941 | 24,046 |
| 1604.41.40 | Tunas and skipjack, not in airtight containers, not in oil, in bulk or in immediate containers weighing with contents over 6.8 kg each | 23,035 | 23,655 |
| 6204.46.40 | Women's or girls' trousers, breeches and shorts, not knitted or crocheted, of cotton, n.e.s.o.i. | 19,013 | 19,543 |
| 6109.91.00 | T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton | 19,054 | 19,434 |
| 2710.01.10 | Distillate and residual fuel oil (including blends) derived from petroleum oils or oil of bituminous minerals, testing 25 degree A.P.I. or > | 15,970 | 16,398 |
| 0804.43.40 | Pineapples, fresh or dried, not reduced in size, in crates or other packages | 12,703 | 15,089 |
| 1604.41.10 | Tunas and skipjack, whole or in pieces, but not minced, in oil, in airtight containers | 12,058 | 12,365 |
| 6110.03.30 | Sweaters, pullovers and similar articles, knitted or crocheted, of manmade fibers, n.e.s.o.i. | 11,869 | 12,188 |
| 9602.20.50 ^a | Vegetable, mineral or gum materials, worked and articles of these materials | 11,443 | 11,611 |
| | Total of above | 12,806,614 | 13,230,716 |
| | All other | 201,301 | 209,838 |
| | Total | 13,007,915 | 13,440,554 |

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

Note: The abbreviation n.e.s.o.i. stands for "not elsewhere specified or included."

^a Includes only imports from Colombia. Item is GSP-eligible, but imports from Colombia exceeded the competitive need limit and thus were eligible for duty-free entry only under ATPA.