

United States International Trade Commission

**Certain Vegetables
and Grape Juice:
Probable Economic Effect
of Accelerated Tariff
Elimination for Certain
Goods of Chile**

Investigation No. 332-498 and Chile FTA-103-020

USITC Publication 4017

June 2008



U.S. International Trade Commission

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Certain Vegetables and Grape Juice: Probable Economic Effect of Accelerated Tariff Elimination for Certain Goods of Chile

Investigation Nos. 332-498 and Chile FTA-103-020



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CHAPTER 1

Introduction

Background

The United States-Chile Free Trade Agreement (U.S.-Chile FTA), signed June 6, 2003,¹ was implemented in both countries on January 1, 2004. Under the agreement, all U.S. duties on fruit and vegetable imports from Chile were scheduled to be eliminated by the year 2015. Most fruit and vegetable items were granted duty-free status immediately when the agreement came into force. However, some products were subject to tariff elimination phased over several years. U.S. imports of certain frozen vegetables and grape juice² from Chile (subject products of these investigations) continue to be subject to duties in 2008, with duties scheduled for elimination by 2011. In addition, the U.S.-Chile FTA established an annual tariff-rate quota of 950 metric tons for U.S. imports of canned artichokes from Chile (also covered in these investigations), continuing at the same volume through 2014, with in-quota product entering duty free. Over-quota imports of canned artichokes faced a base tariff of 14.9 percent ad valorem with phased elimination, varying with the value of the goods entered, through 2014 (table 1.1).

The U.S.-Chile Free Trade Agreement Implementation Act (Act)³ allows the President to proclaim modifications to the staging of any duty reductions upon mutual agreement by both parties. Recently, the United States Trade Representative (USTR) was contacted by Chilealimentos,⁴ a Chilean trade association representing domestic fruit and vegetable processors, requesting accelerated tariff elimination for certain vegetables and grape juice from Chile.⁵ Specifically, accelerated tariff elimination was requested for seven articles: frozen beans, reduced in size (HTS 0710.22.40); frozen spinach, New Zealand spinach, and orache spinach (HTS 0710.30.00); frozen sweet corn (HTS 0710.40.00); frozen vegetables, nesi, reduced in size (HTS 0710.80.97); frozen mixtures of vegetables, nesi (HTS 0710.90.91); artichokes, prepared or preserved (2005.99.80); and grape juice (HTS 2009.69.00). Following this request, the United States and Chile agreed to enter into consultations to consider acceleration of the elimination of U.S. tariffs for these products.

Before proclaiming tariff staging modifications, the Act requires the President to obtain advice regarding the proposed action from the Commission.⁶ This report contains this advice, derived from the Commission's assessment of the probable economic effect (PE) on

¹ USTR, *United States and Chile Sign Historic Free Trade Agreement*, press release, June 6, 2003.

² The grape juice to be included in these investigations is covered under HTS subheading 2009.69.00, grape juice (including grape must), other, of a Brix value exceeding 30 degrees. The Brix value specified signifies concentrate. It does not include grape juice of a Brix value not exceeding 30 degrees (HTS 2009.61.00).

³ Section 201(b) of the Act (19 U.S.C. 3805 note).

⁴ For more information on Chilealimentos, see <http://www.chilealimentos.com>.

⁵ Chilealimentos requested accelerated tariff elimination for all products subject to this investigation; for canned artichokes, the National Food Trading Corp., Atalanta Corp., and REMA Foods were also petitioners.

⁶ Section 103 of the Act (19 U.S.C. 3805 note).

Table 1.1 Staging of U.S. tariff reductions under the U.S.-Chile FTA

HTS item	Product description	Base	Duty									
		rate	2003	2007	2008	2009	2010	2011	2012	2013	2014	2015
0710.22.40	Beans, reduced in size, frozen	11.2%	5.6%	4.2%	2.8%	1.4%	Free	Free	Free	Free	Free	Free
0710.30.00	Spinach, New Zealand spinach, and orache spinach, frozen	14.0%	7.0%	5.2%	3.5%	1.7%	Free	Free	Free	Free	Free	Free
0710.40.00	Sweet corn, frozen	14.0%	7.0%	5.2%	3.5%	1.7%	Free	Free	Free	Free	Free	Free
0710.80.97	Vegetables, nesi, reduced in size, frozen	14.9%	7.4%	5.5%	3.7%	1.8%	Free	Free	Free	Free	Free	Free
0710.90.91	Mixtures of vegetables, nesi, frozen	14.0%	7.0%	5.2%	3.5%	1.7%	Free	Free	Free	Free	Free	Free
2005.99.80	Artichokes, prepared or preserved, not frozen:	14.9%										
9911.20.05	Within quota:											
	Quota (metric tons)	—	950	950	950	950	950	950	950	950	950	—
	Duty	—	Free	Free	Free	Free	Free	Free	Free	Free	Free	—
	Over quota:											
9911.20.11	Less than 32.25¢/kg	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	Free
9911.20.12	32.25¢/kg or more, < 51.6¢/kg	14.9%	13.4%	13.0%	12.6%	12.2%	11.9%	11.5%	11.1%	10.7%	10.3%	Free
9911.20.13	51.6¢/kg or more, < 77.4¢/kg	14.9%	12.4%	11.7%	11.1%	10.5%	9.9%	9.3%	8.6%	8.0%	7.4%	Free
9911.20.14	77.4¢/kg or more, < \$1.161/kg	14.9%	11.4%	10.4%	9.6%	8.8%	7.9%	7.0%	6.1%	5.3%	4.5%	Free
9911.20.15	\$1.161/kg or more	14.9%	9.9%	8.6%	7.4%	6.2%	4.9%	3.7%	2.4%	1.2%	0%	Free
2009.69.00	Grape juice	4.4¢/L	2.2¢/L	1.6¢/L	1.1¢/L	0.5¢/L	Free	Free	Free	Free	Free	Free

Source: Harmonized Tariff Schedule of the United States (2008) and *Modifications to the Harmonized Tariff Schedule of the United States to Implement the United States-Chile Free Trade Agreement*, Annex I and II, USITC Pub. No. 3652, December 2003.

Note: The quota on originating goods from Chile under subheading 9911.20.05 became effective in calendar year 2004. Beginning in calendar year 2015, quantitative limitations shall cease to apply on such originating goods of Chile.

domestic industries producing these products, on workers in these industries, and on consumers, of accelerating the elimination of U.S. tariffs (effective on or about January 1, 2009) applicable to imports of certain vegetables and grape juice from Chile.⁷ Appendix A of this report presents the request letters from the USTR. Appendix B contains the Commission's *Federal Register* notice announcing institution of these investigations and a request for written submissions. Appendix C presents a summary of views of interested parties.

Analytical Approach and Probable Effect Codes

The Commission used a partial equilibrium model and qualitative analysis to develop its PE advice in this investigation.⁸ The inputs for the model include product-specific data for imports and production, as well as various estimates pertaining to the price sensitivity of market participants. The PE advice is also based on information gathered from public and private sources, including official U.S. Government statistics and views of interested parties.

⁷ The Commission instituted investigation Nos. 332-498 and Chile FTA-103-020, *Certain Vegetables and Grape Juice: Probable Economic Effect of Accelerated Tariff Elimination for Certain Goods of Chile*, effective March 7, 2008. See appendix B for the *Federal Register* notice of institution.

⁸ Partial equilibrium results were estimated based on shipments of domestic production, imports, and calculated duties.

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Industry and Market

United States

Certain Vegetables⁹

The United States is a major producer of the vegetables examined in these investigations (except canned artichokes)¹⁰ and also an important consumer of all of these vegetables. In recent years, all vegetables principally for processing (including canning, freezing, and drying) were grown by about 10,200 U.S. farms on an estimated 611,000 hectares (1.5 million acres).¹¹ Estimated U.S. production of these vegetables amounted to \$3 billion in 2007 (table 1.2),¹² with most production concentrated in California, Michigan, Washington, and New York. In most of these production areas, these vegetables are grown specifically for processing rather than being diverted to processing use after fresh-market demand has been satisfied. There were an estimated 40 firms processing frozen vegetables in 2006, ten in California and many of the rest in Washington, Oregon, Idaho, Michigan, Ohio, New York, and New Jersey.¹³

Table 1.2 United States and Chile: Production, consumption, and trade, by product, 2007

HTS item	Product description	U.S. production	Total U.S. exports	U.S. imports from world	U.S. imports from Chile	U.S. consumption	Ratio of imports from Chile to consumption
Thousands of U.S. dollars							Percent
0710.22.40	Beans, reduced in size, frozen	342,750	5,600	14,627	0	351,777	0
0710.30.00	Spinach, New Zealand spinach, and orache spinach, frozen	256,840	5,130	11,844	0	263,554	0
0710.40.00	Sweet corn, frozen	1,380,930	49,114	22,045	0	1,353,861	0
0710.80.97	Vegetables, nesi, reduced in size, frozen	893,320	29,124	324,733	2,694	1,188,929	(^a)
0710.90.91	Mixtures of vegetables, nesi, frozen	87,320	28,459	62,449	2,754	121,310	2
2005.99.80	Artichokes, prepared or preserved	0	0	82,755	14,431	82,755	17
	Total certain vegetables	<u>2,961,160</u>	<u>117,427</u>	<u>518,453</u>	<u>19,879</u>	<u>3,362,186</u>	<u>1</u>
2009.69.00	Grape juice	<u>103,932</u>	<u>48,565</u>	<u>82,263</u>	<u>2,972</u>	<u>137,630</u>	<u>2</u>

Source: U.S. production estimated by Commission staff; exports and imports compiled from official statistics of the U.S. Department of Commerce.

Note: For beans, miscellaneous vegetables, mixtures of vegetables, artichokes, and grape juice, U.S. export data include additional products not covered in the corresponding import subheading.

^aLess than 0.5 percent.

⁹ Certain vegetables include frozen beans reduced in size; frozen spinach, New Zealand spinach, and Orache spinach; frozen sweet corn; frozen miscellaneous vegetables reduced in size; mixtures of frozen vegetables; and canned artichokes.

¹⁰ California produces large amounts of artichokes, but nearly all of these artichokes are consumed fresh. U.S. industry representative, telephone interview by Commission staff, February 25, 2008.

¹¹ Data are for 2002, the most recent year available. *2002 Census of Agriculture*. State Data, Vegetables and Melons Harvested for Sale, 2002, table 29, 454.

¹² Calculated by Commission staff from data of the American Frozen Food Institute, McLean, VA.

¹³ *2006 Membership Directory*, American Frozen Food Institute, McLean, VA.

Trade between the United States and Chile for certain vegetables (except canned artichokes) is a small part of total U.S. trade in vegetables. Total U.S. imports of certain vegetables from all sources amounted to \$518 million in 2007, with major suppliers including Mexico, Canada, China, Peru, and Spain. Total imports have risen dramatically in recent years, with most of the rise accounted for by these suppliers. In 2007, U.S. imports of certain vegetables from Chile were valued at about \$20 million, with canned artichokes accounting for nearly three-fourths of the amount.¹⁴ Imports of canned artichokes from Chile have risen by nearly 300 percent since 2003 and accounted for 17 percent of total U.S. canned artichoke imports in 2007.¹⁵ U.S. imports from Chile of frozen miscellaneous vegetables (HTS 0710.80.97) and mixtures of frozen vegetables (HTS 0710.90.91) also rose through the 2003–07 period, but accounted for less than 5 percent of total U.S. imports of these products. The United States, with total exports of certain vegetables valued at an estimated \$117 million in 2007, was a leading global exporter of some of these vegetables, particularly frozen sweet corn and frozen miscellaneous vegetables. U.S. exports of certain vegetables to all markets ranged from \$5.1 million (spinach) to \$49.1 million (sweet corn) in 2007, and were shipped mainly to Canada, Japan, and Mexico; there were no U.S. exports of certain vegetables to Chile in 2007.¹⁶

Grape Juice

About 524,000 metric tons (mt) of juice grapes grown in the United States, with an estimated value of \$87 million, were processed into grape juice (including concentrate) and grape juice products in 2007.¹⁷ Most domestic grape juice is produced in the states of California, Washington, New York, Michigan, and Pennsylvania. Grape juice processed mainly from Concord and Niagara grapes is produced in New York, Washington, Michigan, and Pennsylvania.¹⁸ In these states, grapes are grown principally for making grape juice and grape juice concentrate.¹⁹ In California, while some grapes are grown for juice production, the majority of the states' grape juice concentrate derives from grapes grown for primary uses as table grapes, wine, and especially raisins.²⁰ There are three producers of grape juice concentrate in California,²¹ two in New York (one company with processing plants in other states), and one in Washington.²²

The United States is a major producer of grape juice concentrate and also an important consumer of this product. The production of grape juice concentrate is reported to be an important alternative market for domestic growers of wine grapes.²³ In recent years, imports have accounted for a significant share of domestic consumption, especially during those times when U.S.-produced grape juice is not available,²⁴ as most U.S. retail sales of grape

¹⁴ USITC, Dataweb.

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ USDA, NASS, *Noncitrus Fruits and Nuts 2007 Preliminary Summary*, January 2008. The value of juice grapes was estimated by Commission staff.

¹⁸ MKF Research LLC, "Economic Impact of New York Grapes, Grape Juice and Wine 2005," 2005, 44–45.

¹⁹ U.S. industry representative, telephone interview by Commission staff, March 31, 2008.

²⁰ Paggi, "Grape Juice Concentrate Trade Profile 2004," April 2005, 2. In the U.S. market, grape juice concentrate is sold mainly as a food ingredient, including as juice stock, as a natural sweetener, and, in the case of red grapes, as a food coloring agent.

²¹ MaGill, Greg, 2004 Grape Juice Concentrate Summary Report and Future Projections, Joseph W. Ciatti Co., LLC, 4.

²² U.S. industry representative, telephone interview by Commission staff, March 5, 2008.

²³ Juice Products Association, written submission to the USITC, April 4, 2008, 2.

²⁴ U.S. industry representative, email to Commission staff, April 9, 2008.

juice are products blended from U.S. and imported juice.²⁵ Total U.S. imports of grape juice concentrate were valued at \$82 million in 2007, up by about 240 percent from \$24 million in 2003, with nearly all of the increase accounted for by rising shipments from Argentina. Argentina accounted for 81 percent of all U.S. imports of grape juice concentrate in 2007, and Canada, Mexico, and Chile accounted for most of the remainder.²⁶ Imports from Chile were valued at \$3 million, or about 4 percent of total U.S. imports in 2007, and have trended downward irregularly since 2003.²⁷ The United States, with total exports of grape juice concentrate valued at nearly \$50 million in 2007, was the fourth leading global exporter behind Argentina, Italy, and Spain, and accounted for about 9.5 percent of global trade.²⁸ U.S. exports rose by nearly 12 percent between 2003 and 2007, with Canada accounting for about 62 percent of U.S. grape juice concentrate exports in 2007. In 2007, there were no U.S. exports of grape juice concentrate to Chile.²⁹

Chile

Certain Vegetables

A wide variety of vegetables is grown throughout Chile, with production intended for sales in both domestic and export markets.³⁰ The topography of Chile allows for the production of certain vegetables in multiple climatic regions within Chile, which results in product availability throughout much of the year.³¹ In addition, Chile benefits from its counterseasonality to major consuming markets in the Northern Hemisphere, although this may be less important with frozen products.

Chilean production of certain vegetables was 53,208 mt grown on 8,636 hectares (21,374 acres) in 2007.³² Frozen sweet corn and canned artichokes accounted for almost 65 percent of the total production volume for the category. Data on the Chilean value of production and production trends of these vegetables are not available; however, it is known that Chile's processed vegetable industry is significant and growing.³³ Frozen fruit and vegetable production exceeded \$101 million in 2003 (the latest year for which data are available),³⁴ while food processing, in particular frozen food production, reportedly grew by 10 percent annually in recent years.³⁵ Additionally, Chilean investment in its canned food industry has risen, resulting in an increase in capacity of up to 20 percent for some sectors in 2005 over the previous year.³⁶ According to Chilean sources, one of the most promising new products for the Chilean canned food industry is canned artichokes.³⁷

²⁵ Juice Products Association, written submission to the USITC, April 4, 2008, 1.

²⁶ USITC, Dataweb.

²⁷ Ibid.

²⁸ GTIS, Global Trade Atlas.

²⁹ Ibid.

³⁰ "Chilean Agriculture Overview," Agrarian Policies and Studies Bureau, December 2005, 42.

³¹ Ibid., 43.

³² Chilealimentos, email communication with Commission staff, April 2, 2008.

³³ "Gold in Frozen Fruits," *FOODNEWS*, September 2006, 12.

³⁴ "Processed Food," Ag-Network-Chile, Embassy of Chile, Washington, DC, 3.

³⁵ "Gold in Frozen Fruits," *FOODNEWS*, September 2006, 12.

³⁶ "New Horizons," *FOODNEWS*, September 2006, 8.

³⁷ Ibid., 16.

Chile is also a global exporter of fresh and frozen vegetables, exporting over 75 different fruits and vegetables to 70 countries in recent years.³⁸ In 2005, the frozen food industry exported products valued at \$146 million, with frozen vegetables accounting for 21 percent of this value.³⁹ Frozen food products exported in greatest values in recent years included artichokes, asparagus, mushrooms, and peppers.⁴⁰ As U.S. tariffs are phased out,⁴¹ Chilean producers are expecting to increase exports of vegetables, including canned artichokes. Further, several companies are reportedly increasing investments in packaging design as a larger share of their products is exported in retail-size containers.⁴² Finally, in an effort to remain a major foreign supplier of processed foods, Chilean food companies are concentrating on such current global trade issues as food safety and product traceability, satisfying changing consumer demands through innovative product design and packaging, and expanding efforts to improve overall domestic farming practices.⁴³

Chilean exports of certain frozen vegetables⁴⁴ rose by approximately 60 percent during 2003-07 reaching an estimated value of \$36 million.⁴⁵ Exports were mainly to the EU, the United States, Venezuela, and Colombia. Exports to the United States increased more rapidly than overall exports. Exports to the United States increased by more than 90 percent from 2003 to 2007, and, with a value of \$9 million in 2007, were about 25 percent of total exports. Chilean imports of those vegetables covered here were valued at approximately \$3 million in 2007; imports, about three-fifths of which were miscellaneous frozen vegetables and canned artichokes, were imported from a number of countries including Argentina, Peru, and the EU.

Chilean exports of certain canned vegetables including canned artichokes grew by 140 percent in value between 2003 and 2007 to about \$15 million.⁴⁶ The vast majority of exports were to the United States, with a small amount to Russia and Canada during the period. Chilean imports of certain canned vegetables (including canned artichokes) were valued at less than \$1 million in 2007 and were received mainly from Spain, Thailand, and Morocco.

Grape Juice

Chile is a leading global producer and exporter of both wine and table grapes. During 2007, Chile produced 1.3 million mt of table grapes of which it exported 69 percent⁴⁷ and produced 770 million liters of wine of which it exported 78 percent.⁴⁸ Chile has an estimated 8,000 producers of wine grapes and an estimated wine-grape planted area of about 117,000 hectares (290,000 acres).⁴⁹ In contrast, only 7,833 ha (19,340 acres) were devoted to grapes for juice concentrate in 2007.⁵⁰ In 2006, processing (for grape juice and wine)

³⁸ "Fresh Fruits and Vegetables," Ag-Network-Chile, Embassy of Chile, Washington, DC, 4.

³⁹ "Gold in Frozen Fruits," *FOODNEWS*, September 2006, 12.

⁴⁰ "Becoming a World Leader," *FOODNEWS*, September 2006, 18.

⁴¹ "New Horizons," *FOODNEWS*, September 2006, 16.

⁴² "A National Priority," *FOODNEWS*, September 2006, 6.

⁴³ *Ibid.*, 3-6.

⁴⁴ Because trade data are available only at the aggregated 6-digit HTS level, the data presented here for certain frozen vegetables include certain beans, other vegetables, and vegetable mixtures that are not included in the category of certain vegetables subject to this report.

⁴⁵ GTIS, Global Trade Atlas.

⁴⁶ *Ibid.*

⁴⁷ USDA, FAS, *Chile Fresh Deciduous Fruit Annual 2007*, November 20, 2007, 7.

⁴⁸ USDA, FAS, *Chile Wine Annual 2007*, June 13, 2007, 4.

⁴⁹ *Ibid.*, 3.

⁵⁰ Chilealimentos, email communication with Commission staff, April 2, 2008.

accounted for 21 percent of total Chilean grape production, domestic table grape consumption accounted for about 9 percent, and most of the remainder was exported as table grapes.⁵¹

Total Chilean exports of grape juice concentrate grew by nearly 300 percent from 2003 to 2007 reaching an estimated value of \$46 million. Nearly all of the export increase was to Chile's top four markets: Japan, Mexico, Canada, and Venezuela. Exports to the United States fluctuated downward during 2003–07 and, with a value of \$3.2 million in 2007, were about 7 percent of total Chilean grape juice concentrate exports.⁵² Chile's imports of grape juice concentrate, virtually all from Argentina⁵³ and none from the United States in 2007,⁵⁴ were valued at \$5 million and were used mostly in Chile's wine industry.⁵⁵

⁵¹ USDA, FAS, *Chile Fresh Deciduous Fruit Annual 2007*, November 20, 2007, 7.

⁵² GTIS, Global Trade Atlas.

⁵³ Ibid.

⁵⁴ USITC, Dataweb.

⁵⁵ U.S. industry representative, telephone interview by Commission staff, February 27, 2008.

CHAPTER 2

Probable Effect Advice

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APPENDIX A
REQUEST LETTERS FROM THE USTR

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

FEB 08 2008

DOCKET NUMBER 2597
Office of the Secretary Int'l Trade Commission

The Honorable Daniel R. Pearson
Chairman
U.S. International Trade Commission
500 E Street, SW
Washington, DC 20436

Dear Chairman Pearson:

I have annexed to this letter a list of articles with respect to which the President may eliminate duties under the United States-Chile Free Trade Agreement (USCFTA) on certain eligible goods of Chile. Duties on these goods would be eliminated on or about January 1, 2009.

Section 201(b) of the U.S.-Chile Free Trade Agreement Implementation Act ("the Act") authorizes the President, subject to the consultation and layover requirements of section 103 of the Act, to proclaim such modifications as the United States may agree to with Chile regarding the staging of any duty treatment set forth in Annex 3.3 of the USCFTA. Section 103 of the Act requires the President to obtain advice regarding the proposed action from the United States International Trade Commission ("the Commission").

Pursuant to section 332(g) of the Tariff Act of 1930 and authority that the President has delegated to the USTR, I request the Commission provide advice as to the probable economic effect on domestic industries producing like or directly competitive articles, workers in these industries, and on consumers of the affected goods of eliminating the U.S. tariff under the USCFTA on the articles listed in the Annex.

I ask the Commission to provide this advice at the earliest possible date, but not later than April 30, 2008. The Commission should issue, as soon as possible thereafter, a public version of its report with any business confidential information deleted.

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

Sincerely,



Susan C. Schwab

Enclosure

**List of Proposed Subheadings for Which the United States May Accelerate the
Elimination of Duties for Qualifying Goods of Chile**

HTSUS Number	Product Description
0710.22.40	Beans, reduced in size
0710.30.00	Spinach, New Zealand spinach, orache spinach
0710.40.00	Sweet corn
0710.80.97	Vegetables nesi, uncooked or cooked by steaming or boiling in water, frozen, reduced in size
0710.90.91	Mixtures of vegetables not elsewhere specified or included, uncooked or cooked by steaming or boiling in water, frozen
2005.99.80	Artichokes
2009.69.00	Grape juice (including grape must), other

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

February 22, 2008

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

Dear Chairman Pearson:

I refer to Ambassador Schwab's letter of February 6, 2008, which asked the U.S. International Trade Commission ("the Commission") to provide advice regarding certain eligible goods of Chile with respect to which the President may eliminate duties under the United States-Chile Free Trade Agreement (USCFTA).

Ambassador Schwab has asked me to request that the Commission mark as "Confidential" those portions of the Commission's report and related working papers that contain the Commission's advice on the probable economic effect on (1) U.S. industries that produce like or directly competitive articles; (2) workers in these industries; and (3) consumers. All other parts of the report are unclassified, but the overall classification marked on the front and back covers of the report should be "Confidential" to conform to the confidential sections contained therein. All business confidential information contained in the report should be clearly identified.

When the Commission's confidential report is provided to USTR, please issue as soon as possible thereafter, a public version of the report containing only the unclassified sections and with any business confidential information deleted.

Due to the additional requirement, Ambassador Schwab has asked me to modify the date by which the Commission is requested to complete the report to three months from the receipt of this letter, or as soon as possible.

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

Sincerely,



Carmen Suro-Bredie

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FEB 23 2008

APPENDIX B

***FEDERAL REGISTER* NOTICE**

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 332–498 and Chile FTA–103–020]

Certain Vegetables and Grape Juice: Probable Economic Effect of Accelerated Tariff Elimination for Certain Goods of Chile

AGENCY: United States International Trade Commission.

ACTION: Institution of investigation and request for written submissions.

SUMMARY: Following receipt of a request on February 11, 2008, from the United States Trade Representative (USTR), as amended by a letter received on February 22, 2008, for an investigation and advice pursuant to section 332(g) of the Tariff Act of 1930 (19 U.S.C. (332(g)) and in accordance with section 103 of the U.S.–Chile Free Trade Agreement Implementation Act (19 U.S.C. 3805 note), the Commission instituted Investigation No. 332–498 and Chile FTA–103–020, *Certain Vegetables and Grape Juice: Probable Economic Effect of Accelerated Tariff Elimination for Certain Goods of Chile*.

DATES: February 11, 2008: Date of receipt of request, amended by letter received February 22, 2008.

March 7, 2008: Date of institution of investigation.

April 4, 2008: Deadline for written statements.

May 22, 2008: Transmittal of report to the USTR.

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

FOR FURTHER INFORMATION CONTACT:

Information may be obtained from Timothy McCarty, (202–205–3324 or timothy.mccarty@usitc.gov); for information on the legal aspects, contact William Gearhart of the Commission's Office of the General Counsel (202–205–3091 or william.gearhart@usitc.gov). The media should contact Margaret O'Laughlin, Office of External Relations (202–205–1819 or margaret.olaughlin@usitc.gov). Hearing impaired individuals are advised that information on this matter can be obtained by contacting the TDD terminal on (202–205–1810). General information concerning the Commission

may also be obtained by accessing its internet server (<http://www.usitc.gov>). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS–ONLINE) at <http://www.usitc.gov/secretary/edis.htm>. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000.

SUPPLEMENTARY INFORMATION: According to the USTR's letter and annex thereto, the President may accelerate the elimination of duties under the United States–Chile Free Trade Agreement (U.S.–Chile FTA) on certain vegetables and grape juice that are qualifying goods of Chile and classified in the tariff items listed below. Duties on these goods would be eliminated on or about January 1, 2009. Section 201(b) of the U.S.–Chile Free Trade Agreement Implementation Act (Act) authorizes the President, subject to the consultation and layover requirements in section 103 of the Act, to proclaim such modifications as the United States may agree to with Chile regarding the staging of any duty treatment set forth in Annex 3.3 of the U.S.–Chile FTA. Section 103 of the Act requires the President to obtain advice regarding the proposed action from the Commission.

The USTR requested that the Commission provide advice as to the probable economic effect of eliminating the U.S. tariff under the U.S.–Chile FTA on domestic industries producing like or directly competitive articles, workers in these industries, and on consumers of the affected goods, on the articles provided for in the following Harmonized Tariff Schedule subheadings: (1) 0710.22.40 (beans, reduced in size); (2) 0710.30.00 (spinach, New Zealand spinach, and orache spinach); (3) 0710.40.00 (sweet corn); (4) 0710.80.97 (vegetables, nesi, uncooked or cooked by steaming or boiling in water, frozen, reduced in size); (5) 0710.90.91 (mixtures of vegetables, nesi, uncooked or cooked by steaming or boiling in water, frozen); (6) 2005.99.80 (artichokes); and (7) 2009.69.00 (grape juice including grape must, other).

As requested, the Commission will provide its advice to the USTR by May 22, 2008. USTR requested that the Commission mark as “confidential” those portions of its report and working papers that contain the Commission's probable economic effect advice. The USTR requested that the Commission, as soon as possible after May 22, issue a public version of its report with portions classified as “confidential” and

any confidential business information deleted.

Written Submissions: In lieu of a public hearing, interested parties are invited to submit written statements concerning the matters to be addressed by the Commission in this investigation. Submissions should be addressed to the Secretary, United States International Trade Commission, 500 E Street, SW., Washington, DC 20436. To be assured of consideration by the Commission, written statements should be submitted to the Commission at the earliest practical date and should be received no later than the close of business on April 4, 2008. All written submissions must conform with the provisions of section 201.8 of the Commission's Rules of Practice and Procedure (19 CFR 201.8). Section 201.8 of the rules requires that a signed original (or copy designated as an original) and fourteen (14) copies of each document be filed. In the event that confidential treatment of the document is requested, at least four (4) additional copies must be filed, from which the confidential business information must be deleted (see the following paragraph for further information regarding confidential business information). The Commission's rules authorize filing submissions with the Secretary by facsimile or electronic means only to the extent permitted by section 201.8 of the rules (see Handbook for Electronic Filing Procedures, http://www.usitc.gov/secretary/fed_reg_notices/rules/documents/handbook_on_electronic_filing.pdf). Persons with questions regarding electronic filing should contact the Secretary (202–205–2000 or edis@usitc.gov).

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

The Commission may include some or all of the confidential business information submitted in the course of this investigation in the report it sends to the USTR and the President. However, the Commission will not

publish such confidential business information in the public version of its report in a manner that would reveal the operations of the firm supplying the information.

Issued: March 7, 2008.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E8-4877 Filed 3-11-08; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-1145 (Preliminary)]

Certain Steel Threaded Rod From China

AGENCY: United States International Trade Commission.

ACTION: Institution of antidumping duty investigation and scheduling of a preliminary phase investigation.

SUMMARY: The Commission hereby gives notice of the institution of an investigation and commencement of preliminary phase antidumping duty investigation No. 731-TA-1145 (Preliminary) under section 733(a) (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from China of certain steel threaded rod provided for in statistical reporting number 7318.15.5060 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value. Unless the Department of Commerce extends the time for initiation pursuant to section 732(c)(1)(B) of the Act (19 U.S.C. 1673a(c)(1)(B)), the Commission must reach a preliminary determination in antidumping duty investigations in 45 days, or in this case by April 21, 2008. The Commission's views are due at Commerce within five business days thereafter, or by April 28, 2008.

For further information concerning the conduct of this investigation and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and B (19 CFR part 207).

EFFECTIVE DATE: March 5, 2008.

FOR FURTHER INFORMATION CONTACT: Jim McClure (202-205-3191), Office of Investigations, U.S. International Trade

Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter 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 (<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>.

SUPPLEMENTARY INFORMATION:

Background.—This investigation is being instituted in response to a petition filed on March 5, 2008, by Vulcan Threaded Products, Inc., Pelham, AL.

Participation in the investigation and public service list.—Persons (other than petitioners) wishing to participate in the investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in sections 201.11 and 207.10 of the Commission's rules, not later than seven days after publication of this notice in the **Federal Register**. Industrial users and (if the merchandise under investigation is sold at the retail level) representative consumer organizations have the right to appear as parties in Commission antidumping duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to this investigation upon the expiration of the period for filing entries of appearance.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in this investigation available to authorized applicants representing interested parties (as defined in 19 U.S.C. 1677(9)) who are parties to the investigation under the APO issued in the investigation, provided that the application is made not later than seven days after the publication of this notice in the **Federal Register**. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Conference.—The Commission's Director of Operations has scheduled a conference in connection with this investigation for 9:30 a.m. on March 26, 2008, at the U.S. International Trade Commission Building, 500 E Street SW.,

Washington, DC. Parties wishing to participate in the conference should contact Jim McClure (202-205-3191) not later than March 21, 2008, to arrange for their appearance. Parties in support of the imposition of antidumping duties in this investigation and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written submissions.—As provided in sections 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before March 31, 2008, a written brief containing information and arguments pertinent to the subject matter of the investigation. Parties may file written testimony in connection with their presentation at the conference no later than three days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II (C) of the Commission's Handbook on Electronic Filing Procedures, 67 FR 68168, 68173 (November 8, 2002).

In accordance with sections 201.16(c) and 207.3 of the rules, each document filed by a party to the investigation must be served on all other parties to the investigation (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: This investigation is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.12 of the Commission's rules.

By order of the Commission.

Issued: March 6, 2008.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E8-4832 Filed 3-11-08; 8:45 am]

BILLING CODE 7020-02-P

APPENDIX C
SUMMARY OF VIEWS OF INTERESTED
PARTIES

The Juice Products Association¹

In its submission, the Juice Products Association (Association), whose membership consists of major packers and distributors of fruit and vegetable juices which account for a significant majority of juice processors in the United States, opposes any reduction of the duty on U.S. imports of grape juice from Chile. Although many of its processor members also import grape juice concentrate, the Association maintains that the current duty structure supports a competitive balance between domestically-produced juice and imported juice. The Association states that, faced with lagging domestic wine sales as a result of intensifying competition from wine imports, U.S. growers and processors have been able to divert their excess grape production into grape juice and concentrate, but that the ability of U.S. producers to raise prices is constrained by the low prices of grape juice concentrate imports. The Association states that a tariff reduction for Chile and the resulting low prices would harm the U.S. juice industry, reduce grower revenue, and may cause some U.S. juice extractors to go out of business.

The Wine Institute and the California Association of Wine Grape Growers²

The California Association of Wine Grape Growers (CAWG) is a farmer advocacy group providing leadership on public policy, research and education programs, sustainable farming practices, and trade policy to the California wine-grape industry; the Wine Institute is the public policy advocacy organization for California wineries and affiliated businesses supporting legislative and regulatory advocacy, international market development, media relations, scientific research, and education programs. In their joint submission, the Wine Institute and CAWG support the continuation of the original phase-out schedule for duties on grape juice concentrate (HTS 2009.69.00) established under the U.S.-Chile FTA. They maintain that the current schedule allows U.S. producers of grape juice concentrate the opportunity to adjust to, and plan for, increased competition from Chile, while accelerating tariff elimination would create a competitive disadvantage for the U.S. industry.

¹ Paul Rosenthal, Kelley Drye & Warren, counsel for the Juice Products Association, written submission, April 4, 2008.

² Jim Gore and Jim Clawson, JBC International, on behalf of the Wine Institute and California Association of Wine Grape Growers, written submission, April 4, 2008.